



Preliminary 2023 Corporate Operating Plan (COP)

November 15, 2022

Assumptions

Revenue Adjustments

- The 2023 Preliminary COP recommends no general rate increase
- 2.9% increase in the fuel and purchased power factor

Retail Energy Sales (MWh)

- 6.8% increase from 2022 budget
- 6.8% increase from 2022 projected

Wholesale Revenues (Dollars)

- 48.9% increase from 2022 budget
- 19.0% decrease from 2022 projected

Purchased Power (Dollars)

- 30.2% increase from 2022 budget
- 13.4% decrease from 2022 projected

Assumptions

Fuel (Dollars)

- 11.5% increase from 2022 budget
- 11.9% decrease from 2022 projected

Expenditures

- Capital, operating and maintenance expenditures are planned to maintain system reliability, future load growth, and strategic priorities
- Total 2023 budgeted expenditures of \$1.9 billion

Financing

- Revenue bonds with net proceeds of \$478.9 million are included in the 2023 budget
- The proceeds of these bonds are expected to be used for funding capital and construction projects

Fort Calhoun Station

- Budgeted contributions to the decommissioning trust fund of \$95.2 million
- Budgeted decommissioning expenditures from the trust fund of \$115.3 million
- Budgeted Restart & Recovery amortization of \$13.6 million

Assumptions

Reserves

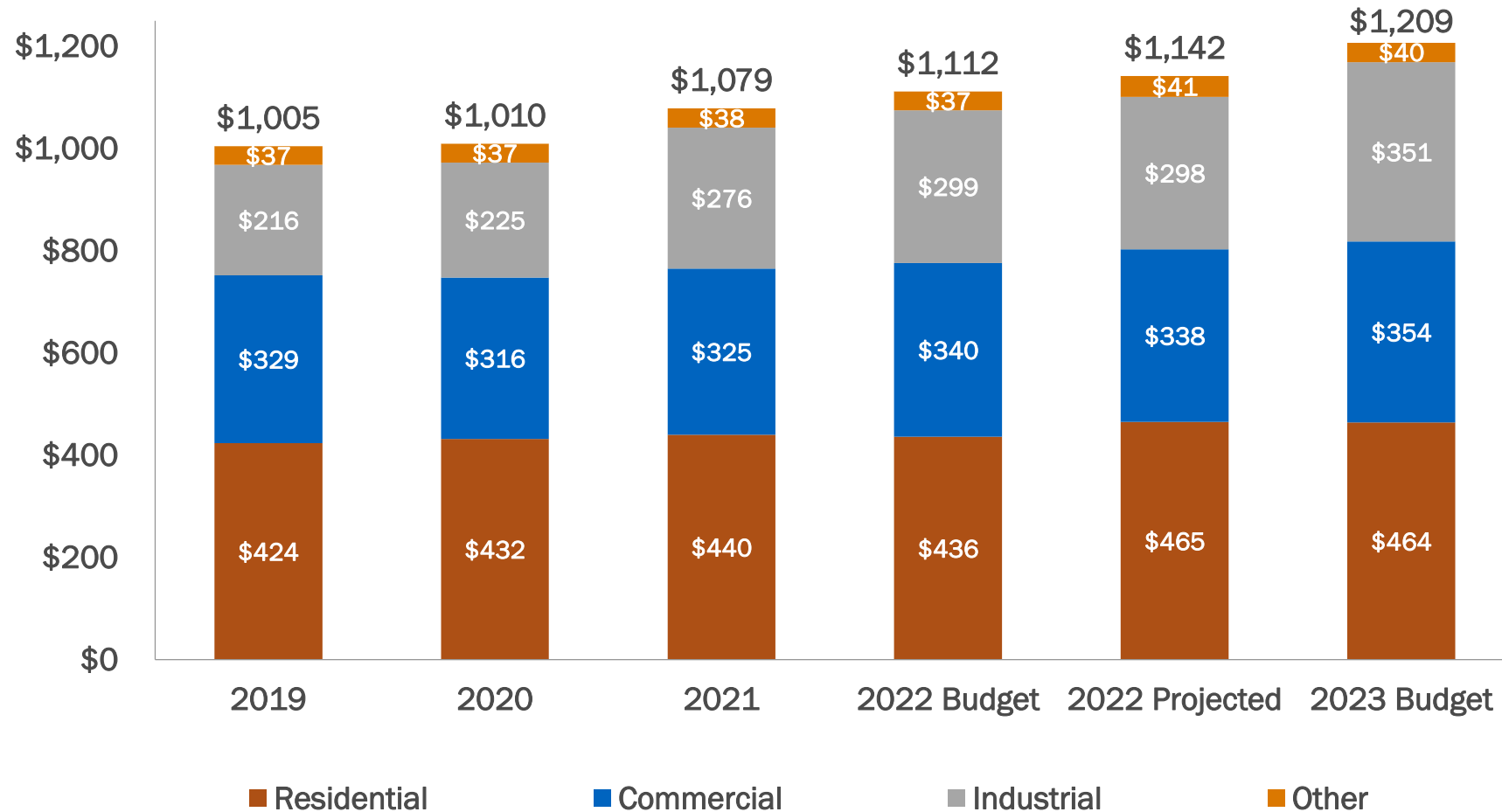
- No change in reserves for the Decommission Benefits Reserve Account or Rate Stabilization are planned for years 2022 or 2023

2023 Baseload Budgeted Major Outages

Unit	Duration	Budget
Nebraska City Station Unit Number 1	14 Days	\$3.4 million
Nebraska City Station Unit Number 2	44 Days	\$12.2 million
North Omaha Station Unit Number 4	44 Days	\$5.5 million
North Omaha Station Unit Number 4	7 Days	\$0.8 million
North Omaha Station Unit Number 5	9 Days	\$1.4 million

Operating Revenue excluding Wholesale Revenues

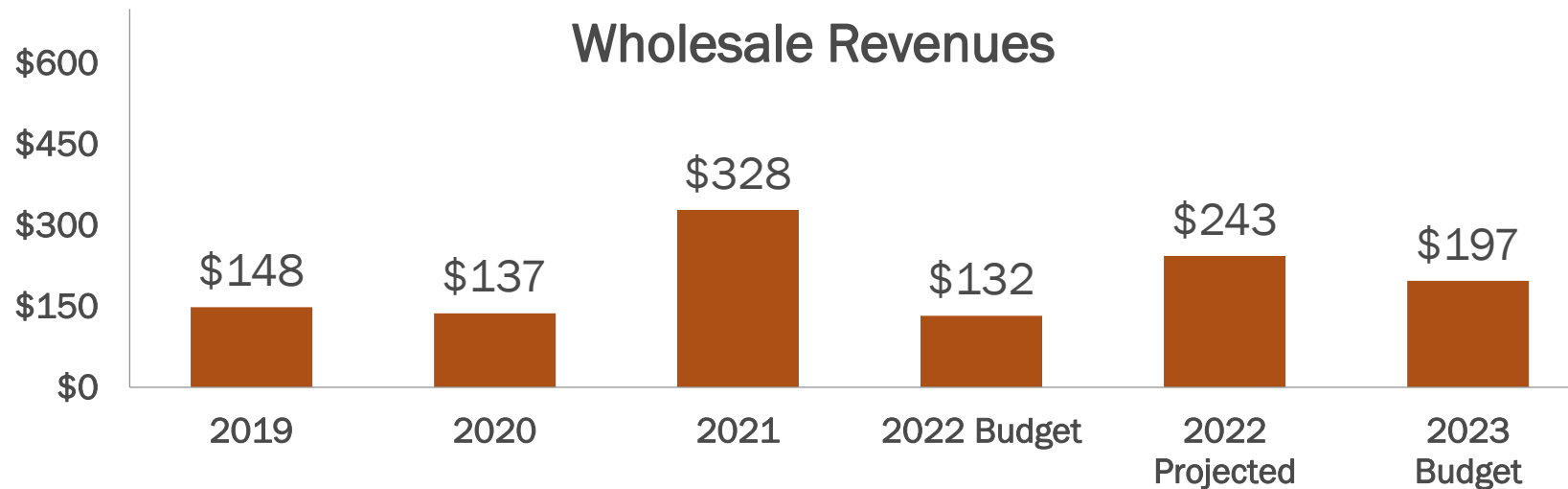
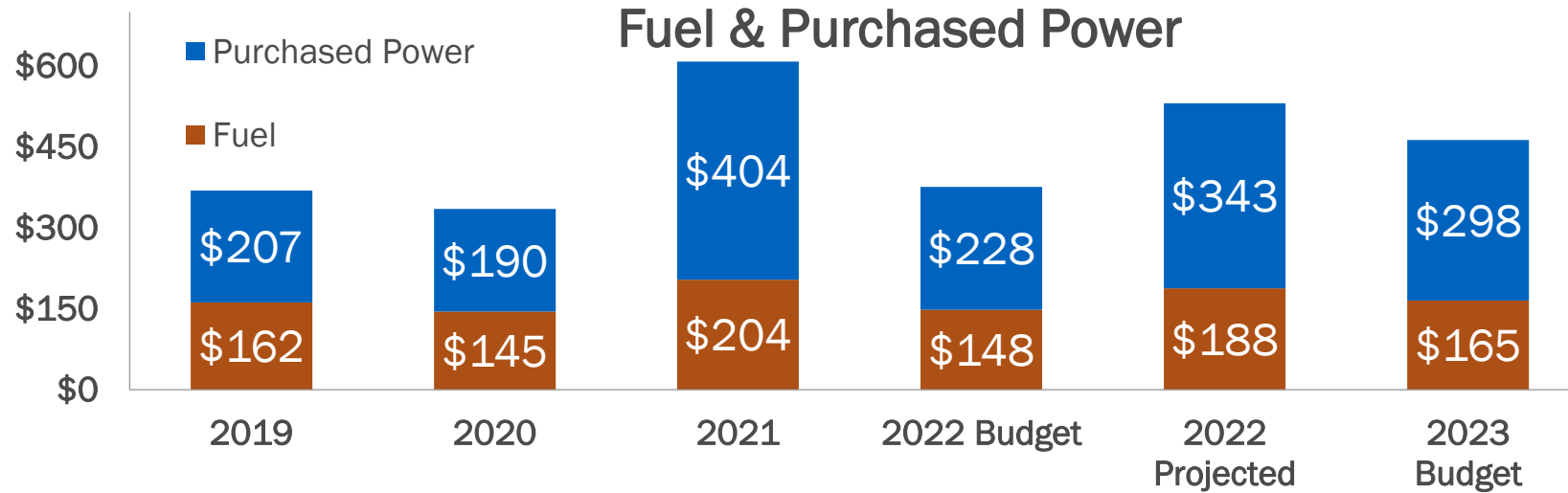
\$ in millions



*Excludes activity for Rate Stabilization and Decommissioning and Benefit Reserve, Unbilled, and Fuel and Purchased Power Adjustment accruals/reversals

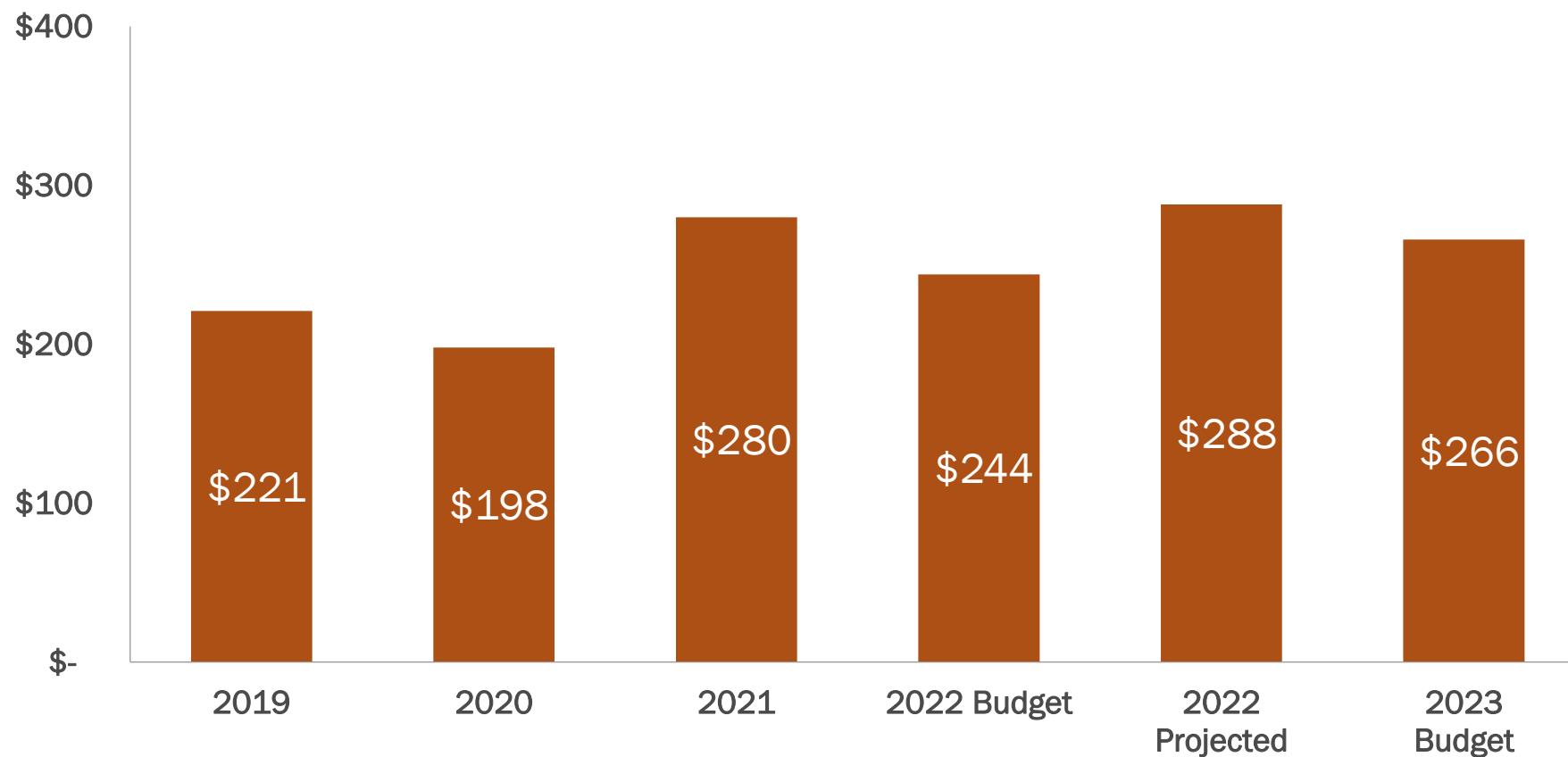
Fuel, Purchased Power and Wholesale Revenues

\$ in millions



Net Power Costs*

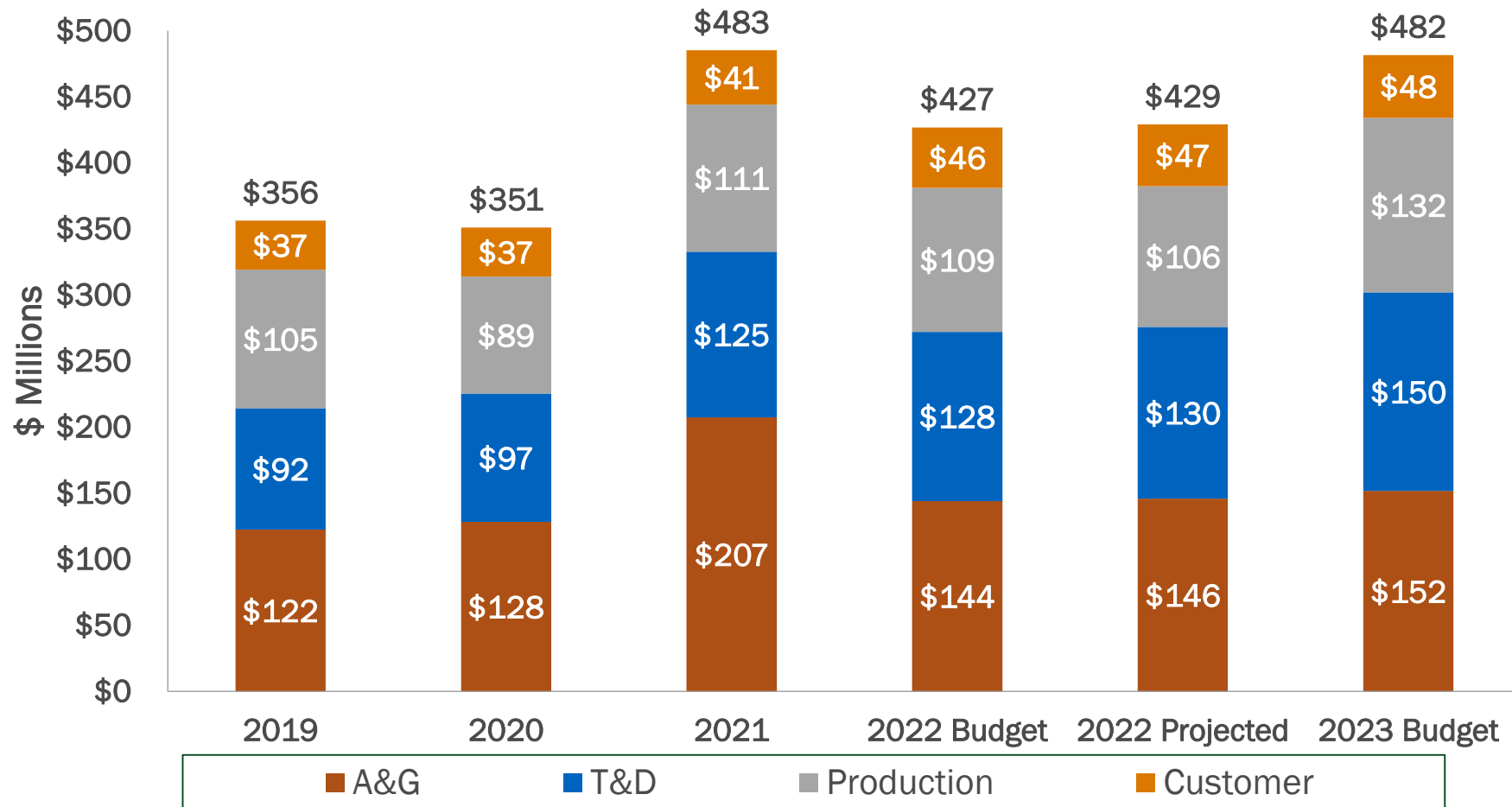
\$ in millions



*Net power costs are the summation of Fuel and Purchased Power, netted with Wholesale Revenues

Operations & Maintenance Expense*

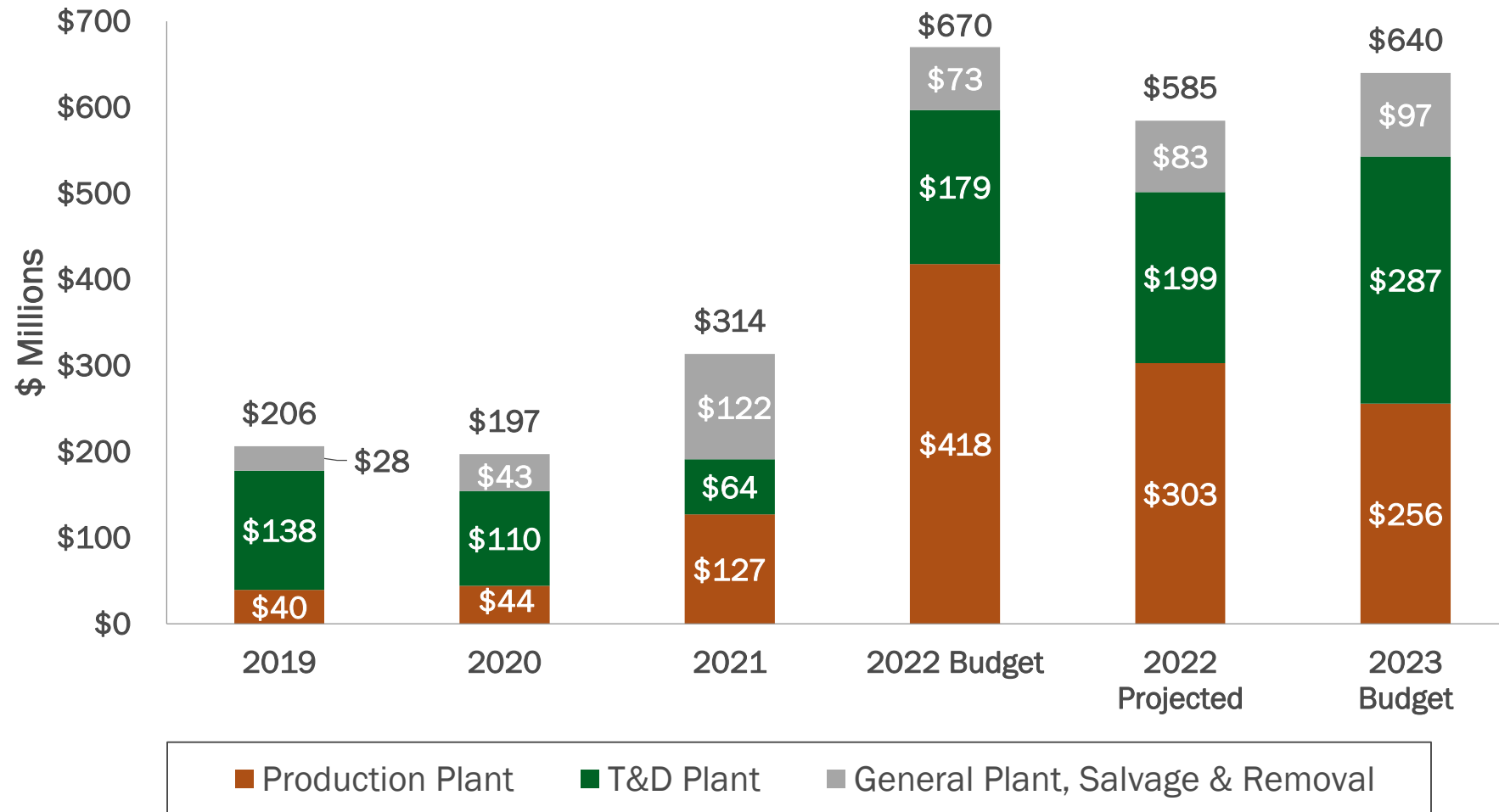
(Excludes Energy Cost)



*Excludes Fort Calhoun Station decommissioning funding and expenditures.

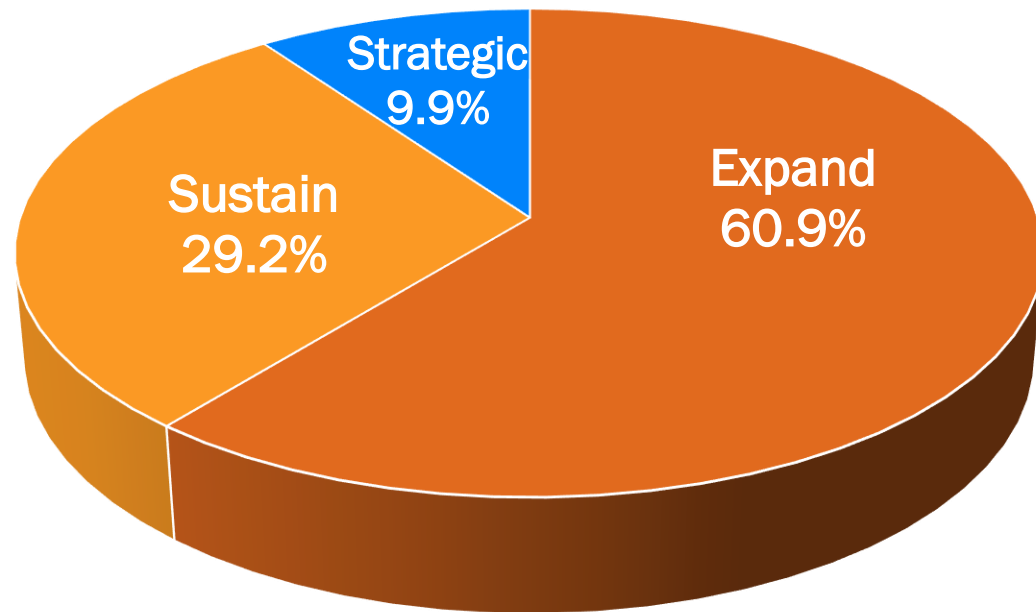
*Operations and Maintenance Expenses presented by FERC accounts, as opposed to business units.

Capital Expenditures



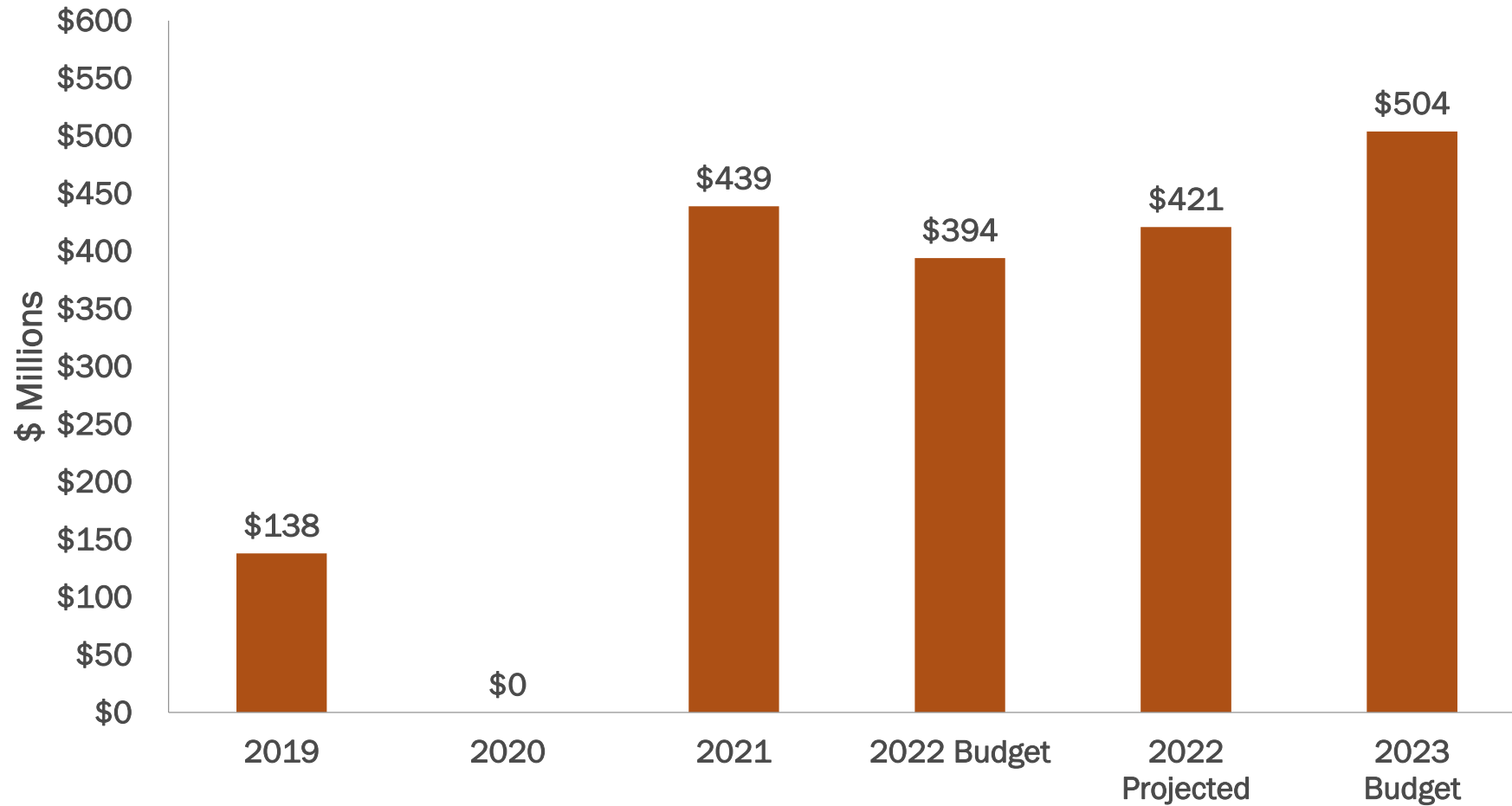
Note: Large increase in Production Plant in 2022 & 2023 is primarily related to Power with Purpose infrastructure investment.

Capital Expenditures Philosophy

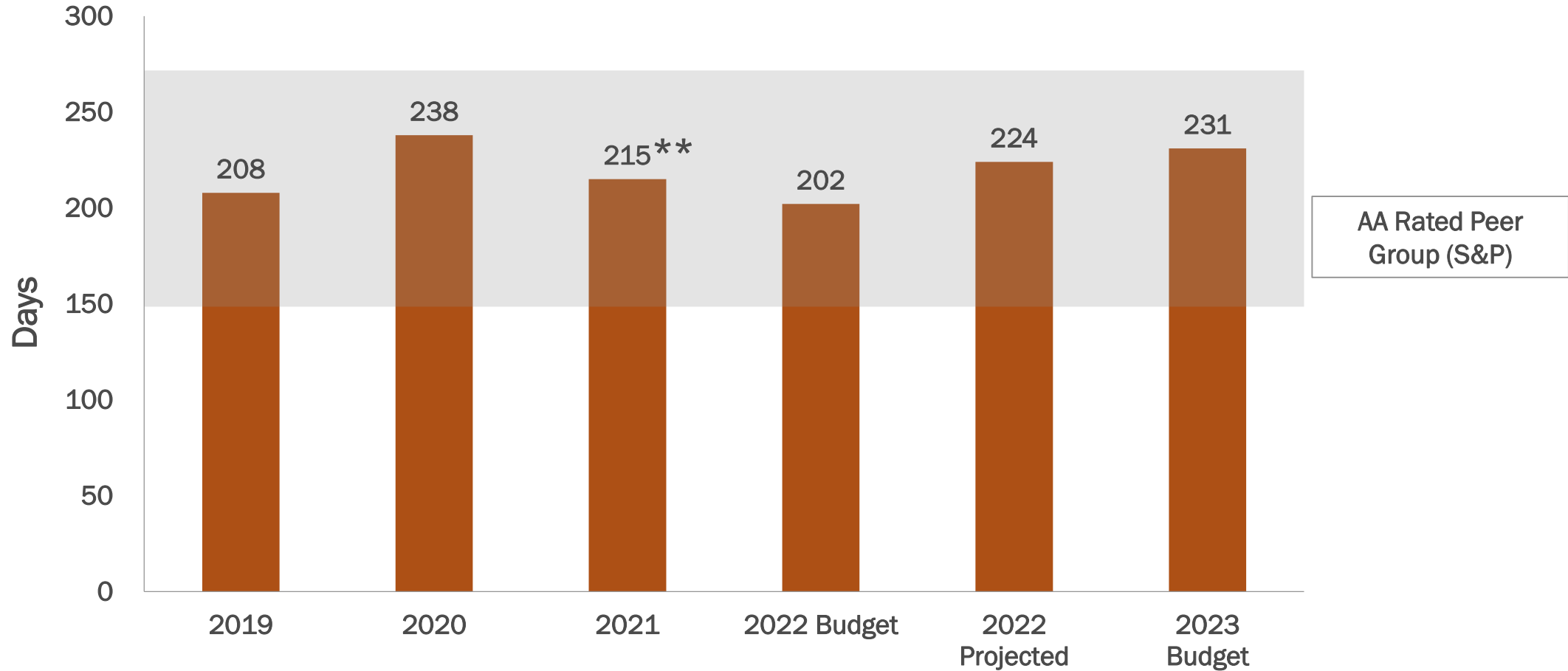


- **Sustain, Expand and Strategic** investment categories are used to calibrate the 2023 Capital Expenditures budget total
- **Sustain** category includes routine capital projects that are aimed at maintaining and improving existing assets and is budgeted at a consistent level year over year.
 - 29% or \$187.2 million of the 2023 total Capital Budget
- **Expand** category is for new assets planned to be added to the District's asset base, such as the Power with Purpose infrastructure investments
 - 61% or \$389.7 million of the 2023 total Capital Budget
- **Strategic** category includes capital projects that represent investments in the District's strategic priorities, such as Advanced Metering Infrastructure
 - 10% or \$63.1 million of the 2023 total Capital Budget
- This philosophy is important to ensure that existing assets are still receiving sufficient investment at a time when the system is undergoing expansion.

Long-Term Debt Financing



Days Cash on Hand*

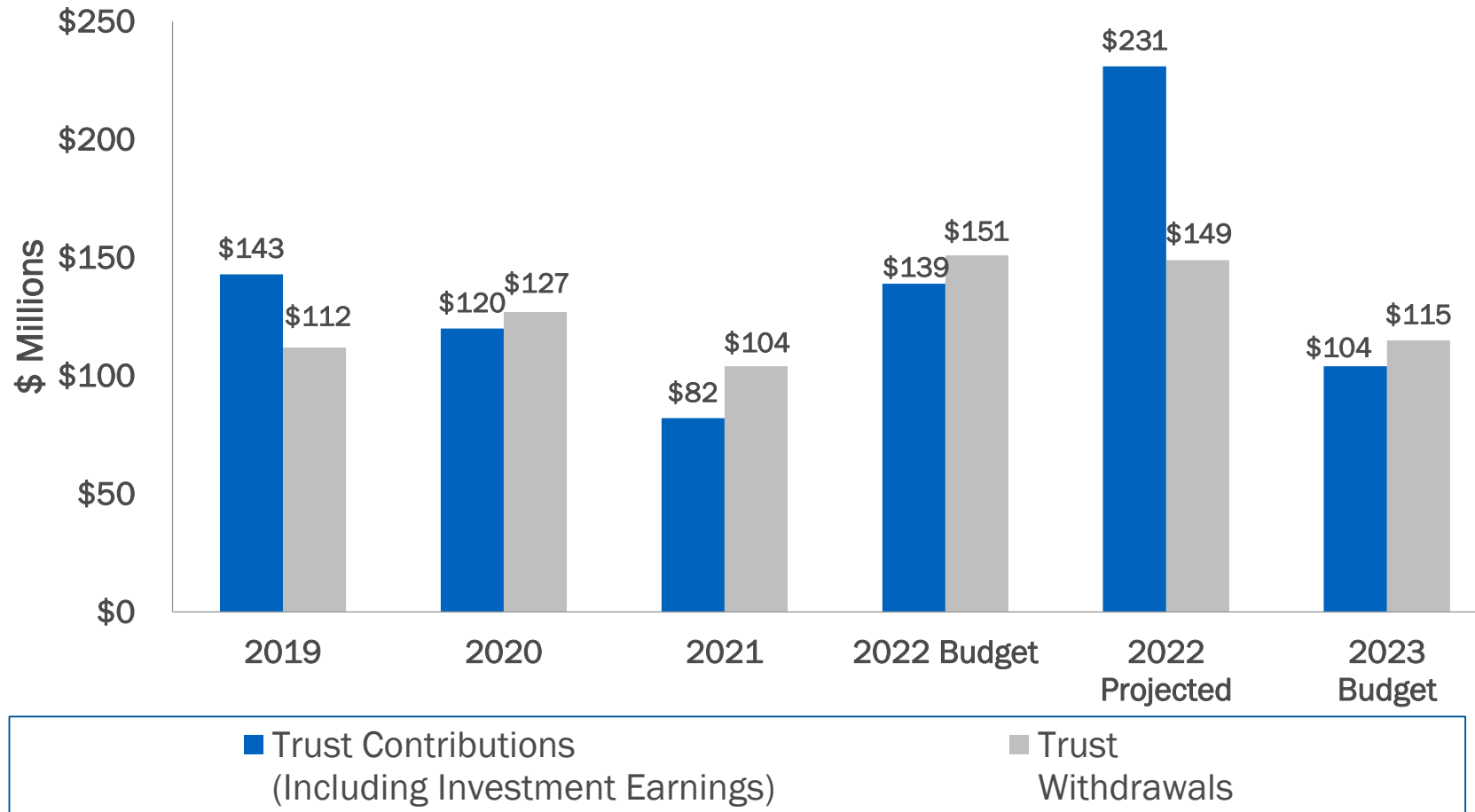


* Number of days that operating expenses can be paid with current cash, excluding liquidity facilities

* Supports Board Strategic Directive Policy SD-3: Access to Credit Markets

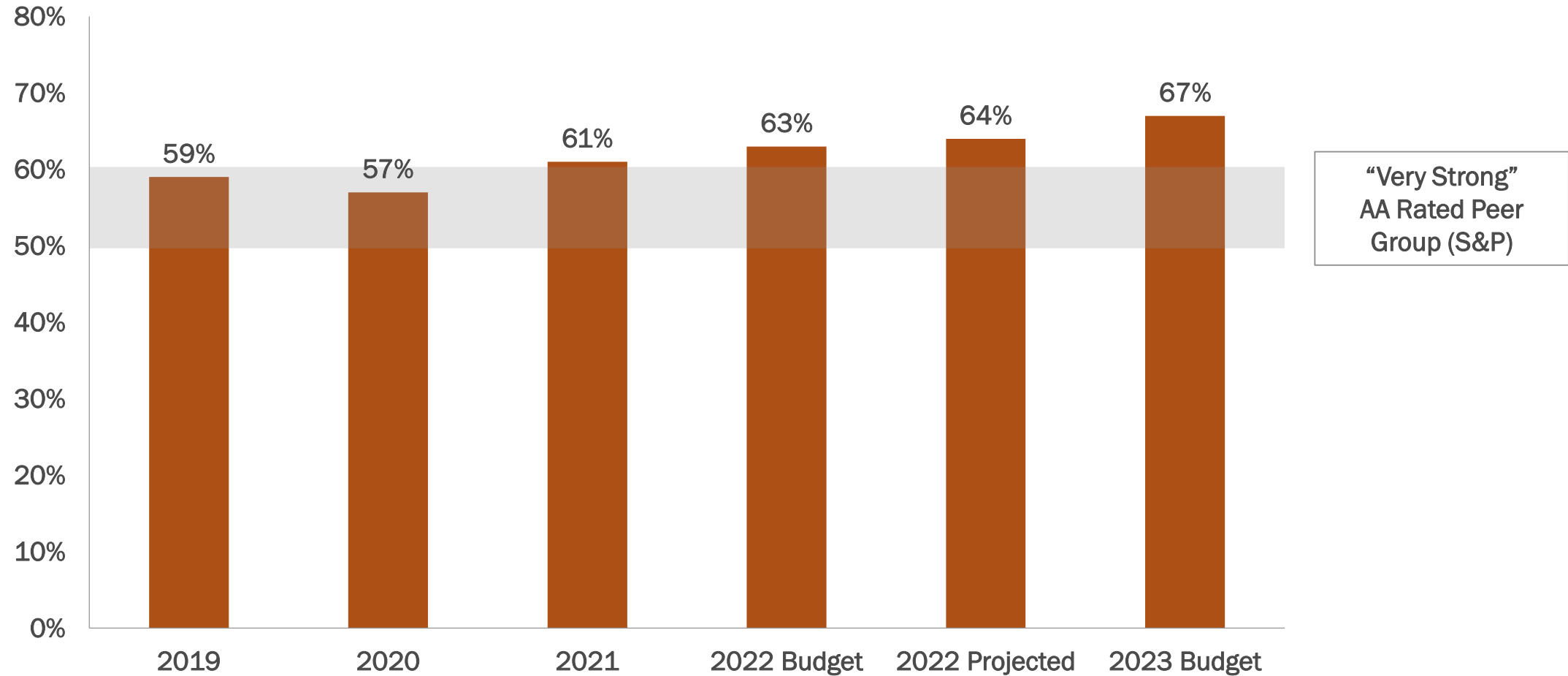
** Normalized for polar vortex

Decommissioning Fund Balances*



* All values shown at year end and include both the 1990 and 1992 trust funds.

Debt Ratio*



* Total Debt Outstanding as a percentage of Total Capitalization at year end

The Brattle Group Inc.

- Virtual Half Day Reviews Held September 30th, October 3rd and 4th
 - Customer Usage Forecasts / Methodology
 - Revenue Forecasts
 - Resource Planning
 - Generation Plan / Scheduling
 - Fuel Budget
 - Operation & Maintenance Expense Budget
 - Fort Calhoun Station Decommissioning
 - Capital Expenditure Plan
 - Preliminary review complete, final report expected in December

Next Steps

- Review and collect feedback on the proposed 2023 Preliminary COP
- Present a summary of changes between the Preliminary and Final COP at the December Finance Pre-Committee meeting
- Present a summary of changes between the Preliminary and Final COP at the December Board of Directors Committee meeting on December 13th
- 2023 Corporate Operating Plan will be disseminated to the Board on December 13th
- Proposed Board approval at December Board meeting on December 15th



2023 Rate Action



Fuel & Purchased Power Adjustment

- By formula, OPPD recovers the costs incurred for fuel and purchase power by its Fuel and Purchase Power Adjustment (FPPA)- Rider Schedule NO. 461.
- The FPPA recovers costs via two mechanisms, the Base Rate which is included in the general rate and the FPPA Factor, which is an adjustment that recovers fluctuations in fuel and purchased power outside of the utility's control. The FPPA Factor is a charge based on customer usage (kWh) and billed separately relative to the general rate.
- Due to rising commodity prices, increased purchased power costs, and an overall increase in the operation of our balancing generation resources to meet our energy needs, OPPD is adjusting the FPPA Factor to recover the increased power costs.
- The FPPA Factor will increase from 0.186 cents per kilowatt hour to 0.48 cents per kilowatt hour effective January 1, 2023. This change results in an average 2.9% increase across all customer classes.

Fuel & Purchased Power Adjustment

Average Percent Increase by Customer Class

	Residential	Commercial	Industrial	Lighting	Wholesale	Total
FPPA Increase*	2.5%	3.4%	4.4%	0.8%	4.1%	2.9%

*This is an average increase at the customer class level. Rates within each customer class will have varying increases. Customers within each rate will have varying increases.

PILOT- Rate 261M

- OPPD is required to pay 5% of incorporated retail revenue to the respective counties (Payment in Lieu of Taxes, PILOT) per Nebraska State Constitution Article VIII-11.
- The PILOT allocation for Rate Schedule 261M is currently estimated based on the forecasted revenue for Rate 261M customers and included in the demand charge and not the energy charge like all other rate schedules due to Rate 261M customers paying market energy prices.
- To eliminate the risk of under and over collecting PILOT to Customers on Rate 261M, the recommendation is to remove the allocation for PILOT within the Cost of Service Study for 261M, therefore decreasing the demand charge and billing the 5% directly to 261M customers as a separate line item on their bill, making the change revenue neutral.

2023 Rate Action

Other Rate Items

- To continue the multi-year project to convert all streetlights to LEDs, there will be 20 new LED streetlight methods added and 19 streetlight methods that will be retired.
 - Per Resolution No. 5733, OPPD can add, delete, or restrict lighting rates at any time provided that any changes are based on generally accepted cost of service ratemaking principles and reviewed by the board's rate consultant.