



Spurgeon/Bishop

RESOLUTION NO. 6575

WHEREAS, the Board of the Directors has determined it is in the best interest of the District, its employees, and its customer-owners to establish written policies that describe and document OPPD's corporate governance principles and procedures; and

WHEREAS, each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process; and

WHEREAS, the Board's Finance Committee (the "Committee") is responsible for evaluating Board Policy SD-2: Rates on an annual basis. The Committee has reviewed the SD-2: Rates Monitoring Report and finds OPPD to be sufficiently in compliance with the policy as stated.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Omaha Public Power District accepts the SD-2: Rates Monitoring Report in the form as set forth on Exhibit A, attached hereto and made a part hereof, and finds OPPD to be sufficiently in compliance with the policy as stated.

Monitoring Report SD-2: Rates Finance Committee June 13, 2023

Jeff Bishop, Vice President – Financial Services & CFO

SD-2: Rates

Strategic Directive

On December 2022, the Board of Directors approved a revised version of SD-2. In implementing this directive, OPPD shall:

- Maintain fair, reasonable, and non-discriminatory rates as stated in Nebraska Revised Statute 70-655;
- Equitably assign costs across and within all customer classes;
- Monitor affordability indicators;
- Pursue rate process and structure changes to reflect the cost of energy when it is used;
- Offer flexibility and options;
- Be simple and easy to understand; and
- Pursue a directional rate target of 10% below average published rates of seven states in the North Central Region on a system average basis.

SD-2: Rates

Directional Rate Target

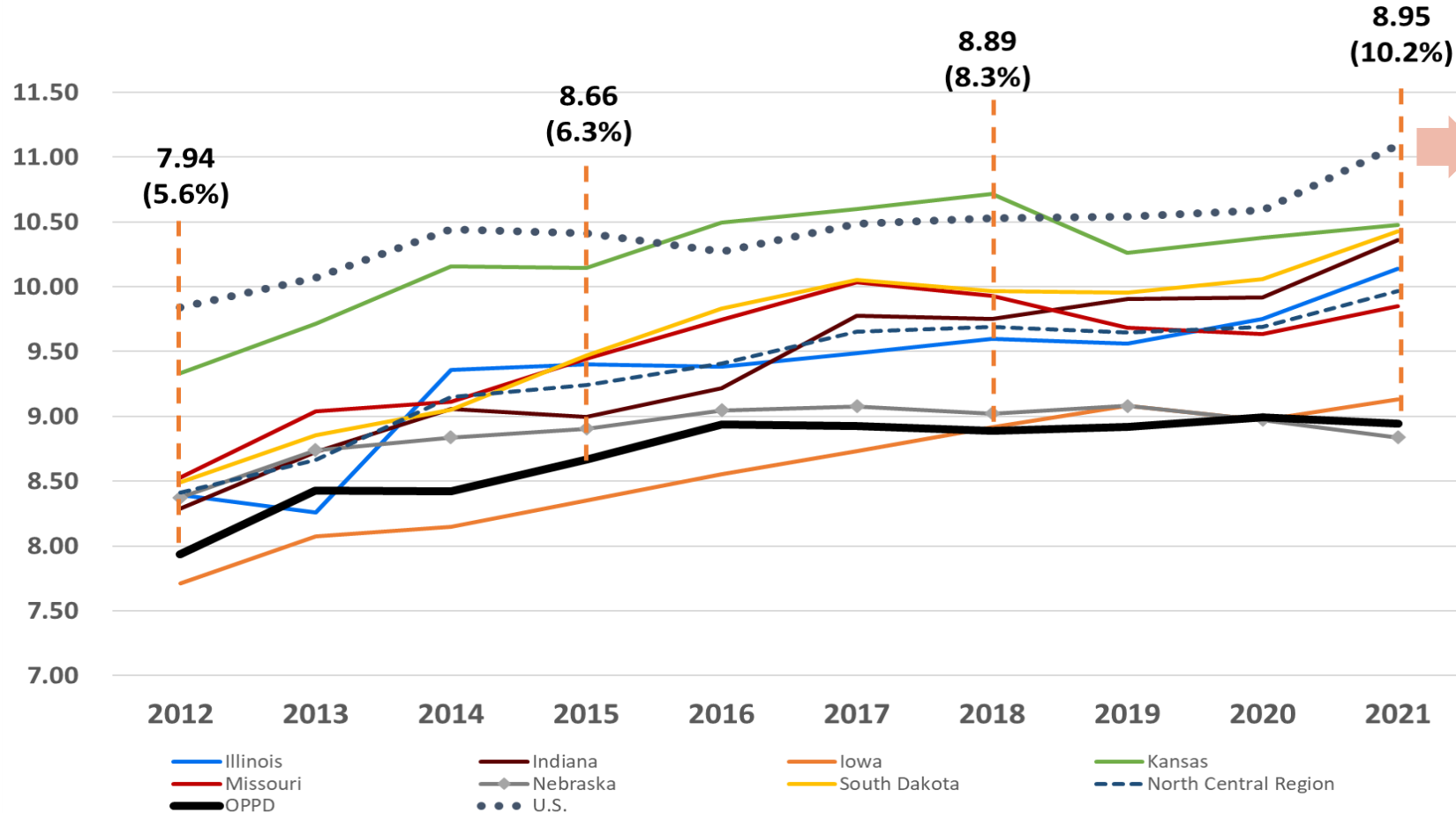
- **Comparison against the North Central Region:**
 - *North Central Region, as defined by OPPD, is the region made up of the following seven states: Illinois, Iowa, Indiana, Kansas, Missouri, Nebraska and South Dakota.*
 - *Comparison is done on a System Average Basis: Total revenue billed to retail customers divided by total kWh sold to retail customers. The result is measured in cents per kWh.*
 - *OPPD will continue to use data from the Energy Information Administration's (EIA)*
- **Directional goal of 10% below the North Central Region average rates**
 - *The no general rate increase from 2017 – 2021 was an important step in keeping our rates below regional average.*
 - *This presentation includes metrics from 2021. While the no general rate increase language was removed from SD-2, the metrics in the presentation are within the time period of the no general rate increase.*

SD-2: Rates

Directional Rate Target

North Central Region* Average Rates All Rate Classes (¢/kWh)

Data from EIA- Electric Sales, Revenue, and Average Price



OPPD 19.4% below national average

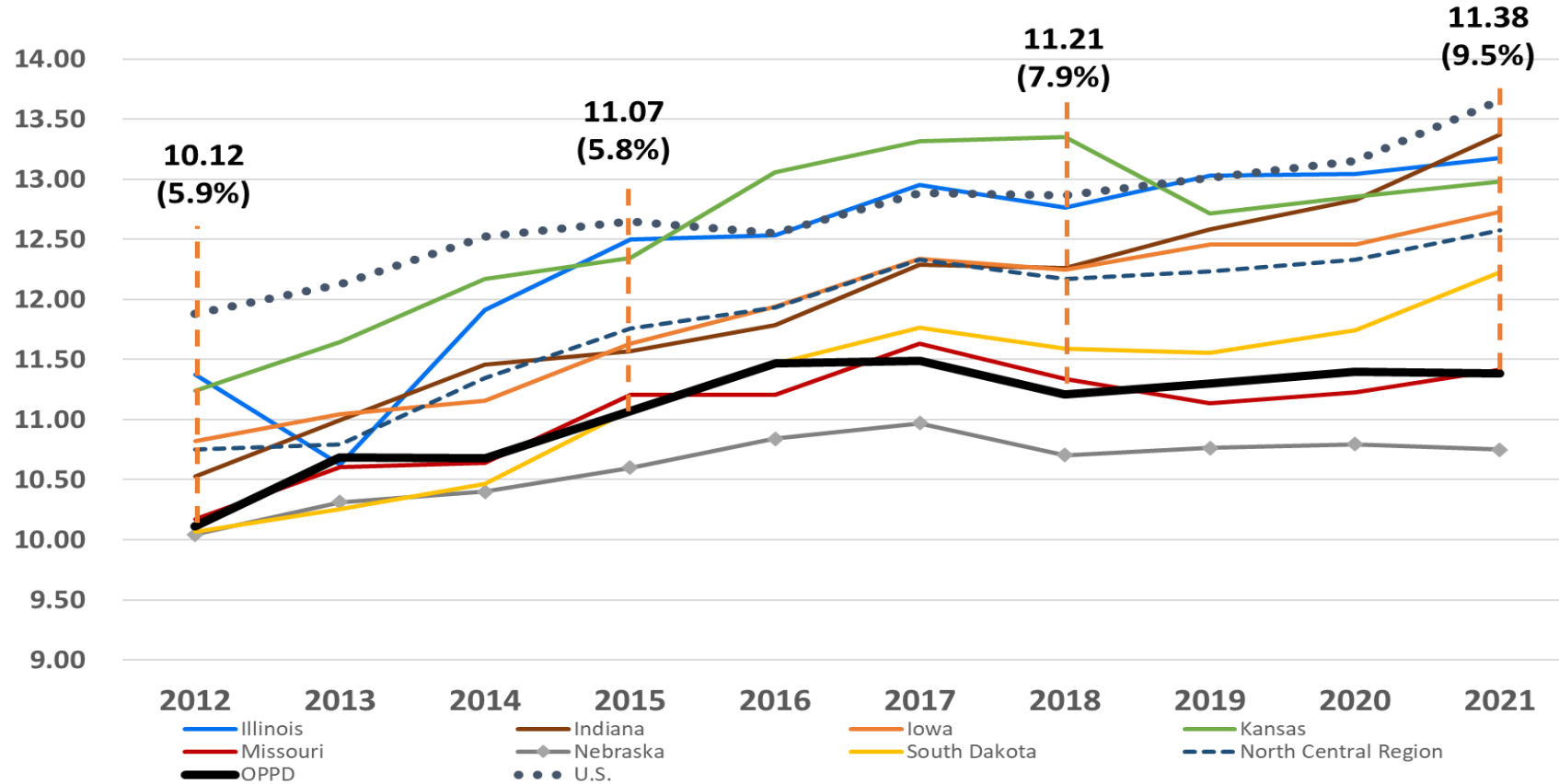
* OPPD-defined region composed of: Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, and South Dakota

SD-2: Rates

Directional Rate Target

North Central Region* Average Residential Rates (¢/kWh)

Data from EIA- Electric Sales, Revenue, and Average Price



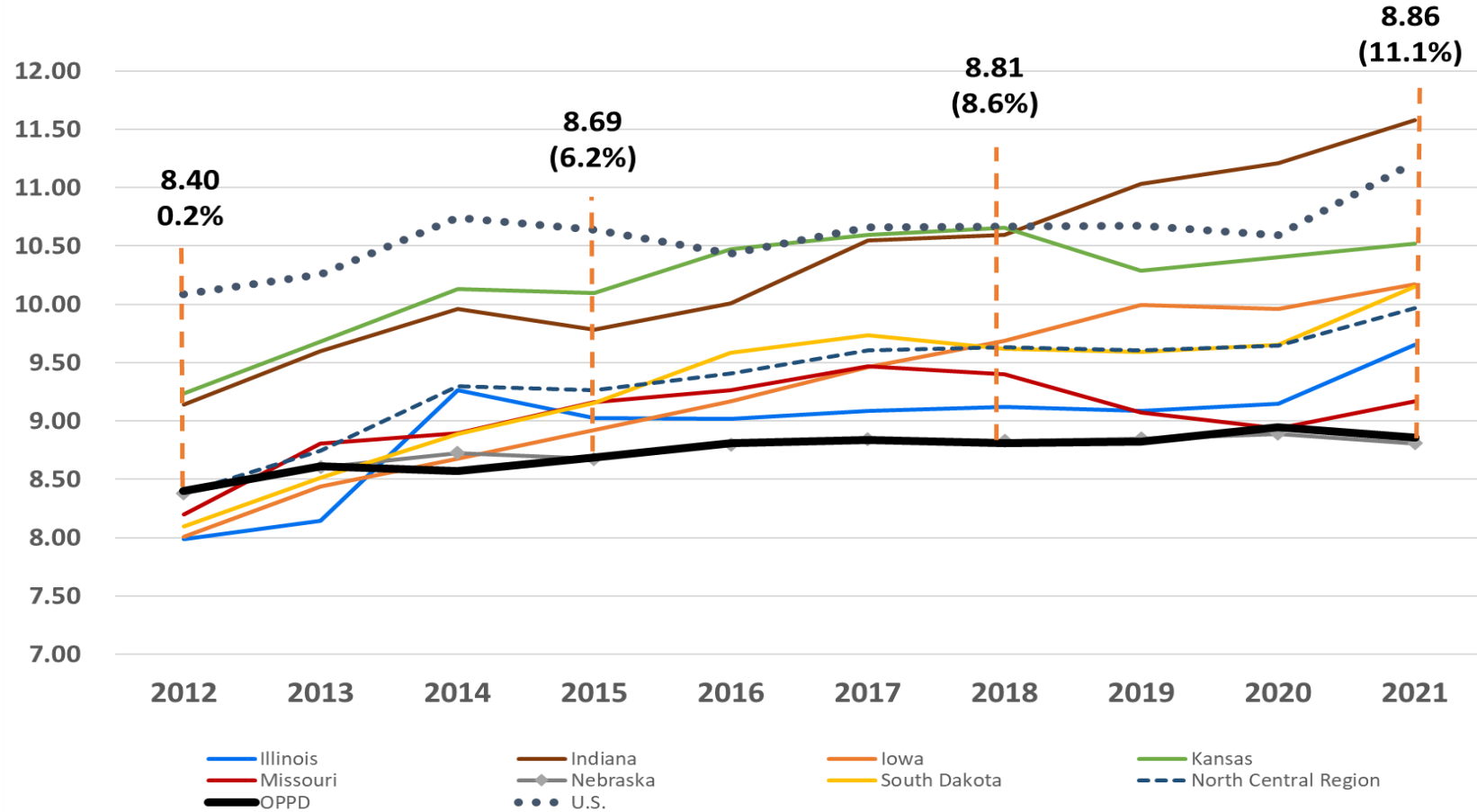
* OPPD-defined region composed of: Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, and South Dakota

SD-2: Rates

Directional Rate Target

North Central Region* Average Commercial Rates (¢/kWh)

Data from EIA- Electric Sales, Revenue, and Average Price



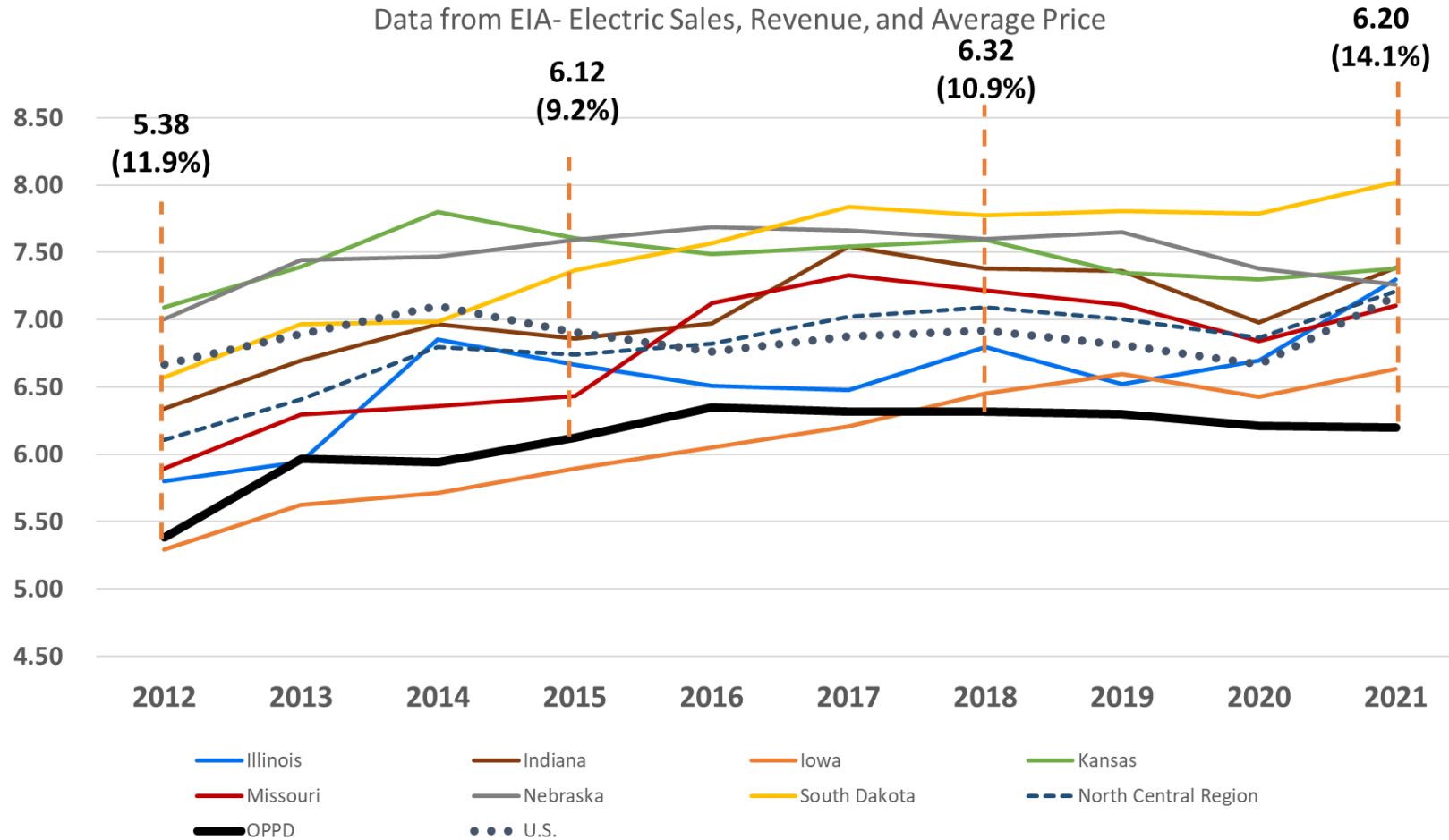
* OPPD-defined region composed of: Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, and South Dakota

SD-2: Rates

Directional Rate Target

North Central Region* Average Industrial Rates (¢/kWh)

Data from EIA- Electric Sales, Revenue, and Average Price



* OPPD-defined region composed of: Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, and South Dakota

SD-2: Rates

Fair, Reasonable, and Non-Discriminatory

- **Maintain fair, reasonable and non-discriminatory rates as stated in Nebraska Revised Statute 70-655**
 - *An industry standard Cost of Service Study (COSS) is completed to align rates with cost drivers.*
 - *Continually evaluating allocations based on changes within the organization and industry.*
 - *Costs are allocated across classes according to their unique energy usage characteristics.*
 - *The rate setting process is reviewed by an outside consultant (The Brattle Group).*
- **In 2022, OPPD started the Rate Design Project.**
 - *Phase 1 of this engagement and outreach process aims to:*
 - *Align rate principles with the input that was received from customers and the board*
 - *Develop a high-level roadmap for rate design*
 - *Through 3 board workshops held, the Board of Directors had the opportunity to discuss and review OPPD's rate principles.*

SD-2: Rates

Cost Assignment Across and Within Classes

- **Equitably assign costs across and within all customer classes.**
 - *Equitable assignment of costs within rate classes is dependent on rate structure, metering technology, and customer homogeneity.*

	Industrial	Commercial	Residential
Customer Costs*	●	●	●
Energy Costs	●	●	●
Demand Costs*	●	Partial	Partial

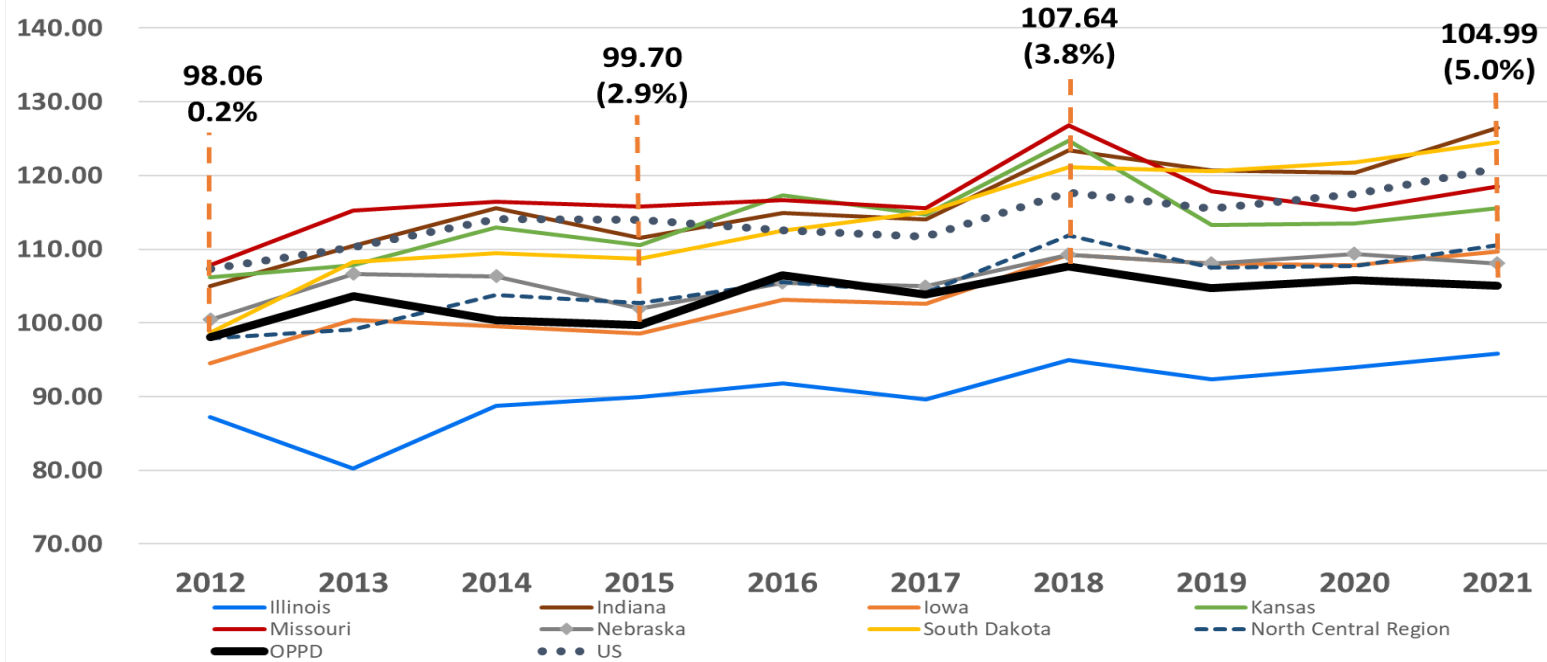
**Service charge recovers a portion of the customer and distribution related costs for small commercial and residential rate classes*

SD-2: Rates

Monitor Affordability Indicators

North Central Region* Average Residential Bill (\$/Month)

Data from EIA- Electric Sales, Revenue, and Average Price



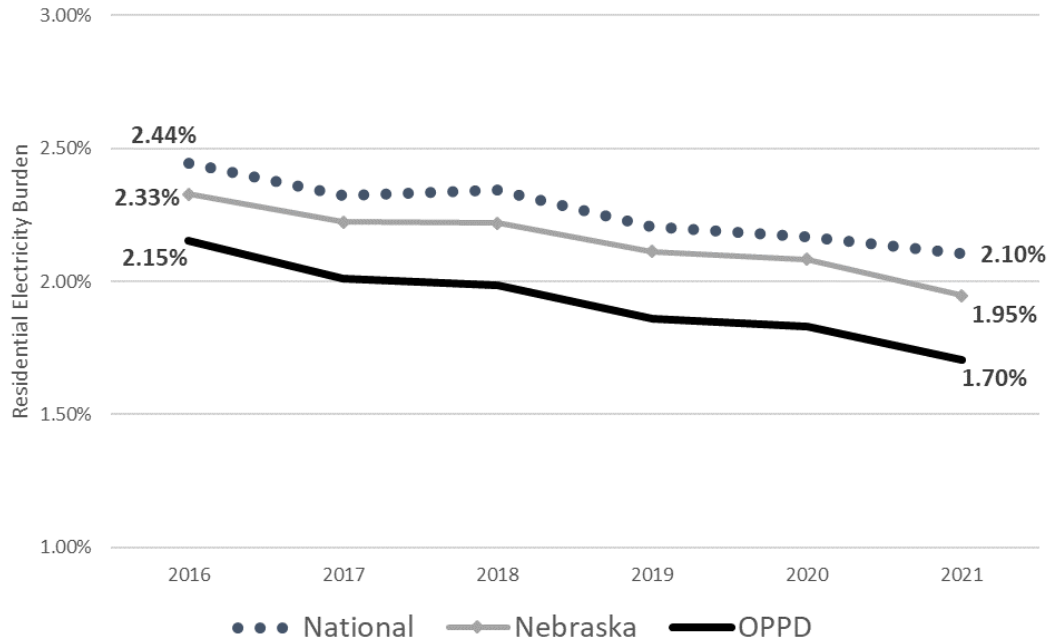
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
OPPD	\$98.06	\$103.60	\$100.37	\$99.70	\$106.43	\$103.82	\$107.64	\$104.77	\$105.82	\$104.99
Compared to Region	0.2%	4.5%	-3.3%	-2.9%	0.9%	-0.3%	-3.8%	-2.6%	-1.8%	-5.0%
Compared to U.S.	-8.6%	-6.1%	-12.0%	-12.6%	-5.5%	-7.0%	-8.5%	-9.3%	-9.9%	-13.2%

* OPPD-defined region composed of: Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, and South Dakota

SD-2: Rates

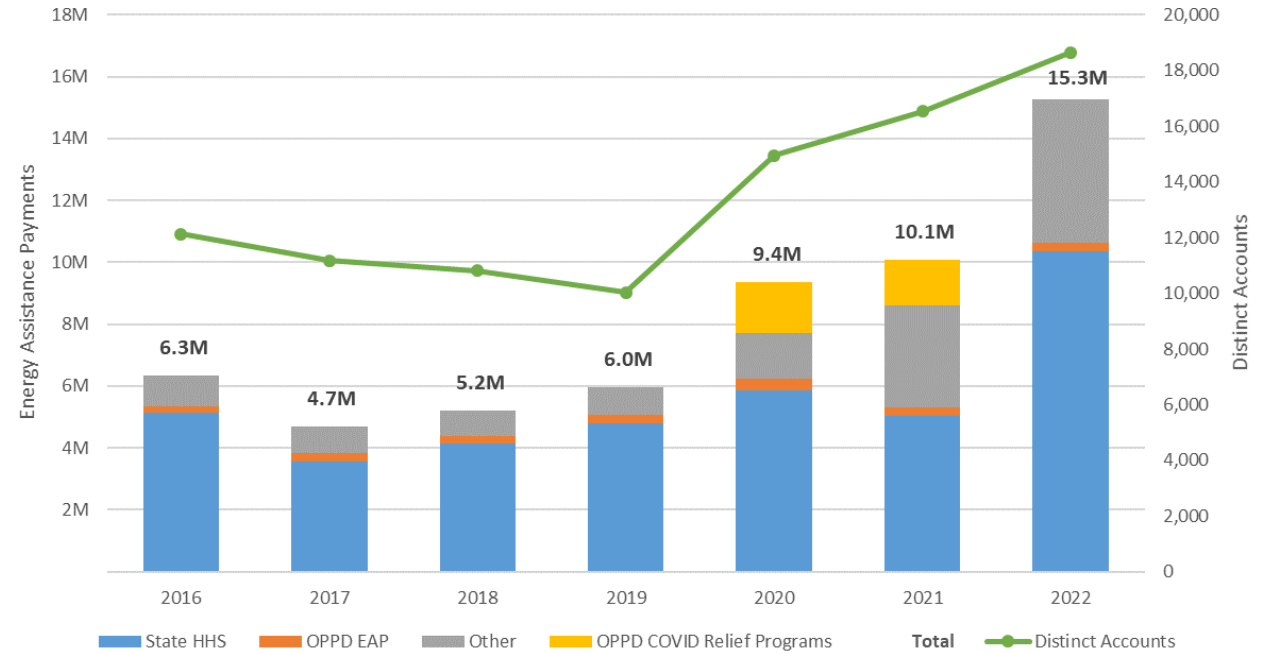
Monitor Affordability Indicators

Residential Electricity Burden



Median Household Income Data from US Census, ACS-5Y,
Electricity Data from EIA Annual Electric Utility Data

Energy Assistance Payments



- 156% percent increase in annual assistance funding since 2019
- 67% increase in amount of customers receiving assistance
- Increase has mitigated the impact of the pandemic on affordability

SD-2: Rates

Cost of Energy When Used

- Pursue rate process and structure changes to reflect the cost of energy when it is used:
 - Residential and Small Commercial Rates include a seasonal energy charge: Summer being June through September and Non-Summer being October through May.
 - Currently, time of use rates are available through Rider Schedule No. 469 - General Service- Time of Use.
 - Fuel and Purchase Power is calculated based on seasonal energy prices reflecting the cost of the energy when it is expected to be used.
 - In 261M rate (Large Power – High-voltage Transmission Level – Market Energy) energy is priced hourly at the SPP market price.
 - OPPD will continue to evaluate more advanced rate structures as AMI and other technologies are monitored and implemented.

SD-2: Rates

Flexibility and Options

- Offer flexibility and options

- *The following options exist to increase flexibility and options for interested and eligible customers.*
- *OPPD is continuously working toward future rate, product, and service offerings to meet the needs of customers.*

Residential	General Service	
Heat Pump	261M	Standby Service*
Private Outdoor Lighting	Street Lights	Curtable*
Cogeneration and Small Power*	Cogeneration and Small Power*	Time of Use*
Surge Guard*	Surge Guard*	Green Sponsorship*
Net Metering*	Net Metering*	Supplemental Capacity*
Community Solar*	Community Solar*	Primary Service Discount*

* Denotes Rider

SD-2: Rates

Simple and Easy to Understand

- **Be simple and easy to understand**

- *In 2022, board workshops were held as part of the Rate Design Project that provided the board and the public additional education on the following topics:*

- *Rate Setting Principles*
- *Cost of Service Analysis*
- *Rate Design*

This information is available through OPPD Community Connect.

- *In 2022, Corporate Communications used broad communication channels such as Outlets, The Wire, social media and oppd.com to educate customers about the change to the FPPA. Topics included:*

- *General bill components*
- *What is the FPPA line item?*
- *Bill impact of FPPA change*

- *The Residential Rates and Business Rates web pages at oppd.com were updated to reflect recent changes and to expand on education related to costs and bill components.*

Recommendation

- The Finance Committee has reviewed and accepted this Monitoring Report for SD-2 and recommends that the Board find OPPD to be sufficiently in compliance with Board Policy SD-2.

**Any additional reflections on
what has been
accomplished ... or
challenges or gaps**





Board Action

BOARD OF DIRECTORS

June 13, 2023

ITEM

SD-2: Rates Monitoring Report

PURPOSE

To ensure full Board review, discussion and acceptance of SD-2: Rates Monitoring Report.

FACTS

- a. The Board confirmed the Corporate Governance Initiative Charter in December 2014, in order to assess and refine OPPD's corporate governance infrastructure.
- b. The first set of Board policies was approved by the Board on July 16, 2015. A second set of Board policies was approved by the Board on October 15, 2015.
- c. Each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process.
- d. The Finance Committee is responsible for evaluating Board Policy SD-2: Rates on an annual basis.
- e. Board Policy SD-2: Rates was revised and approved by the Board on December 15, 2022.
- f. The Finance Committee has reviewed the SD-2: Rates Monitoring Report and is recommending that OPPD be found to be sufficiently in compliance with the policy as stated.

ACTION

The Finance Committee recommends Board approval of the SD-2: Rates Monitoring Report.

RECOMMENDED:

DocuSigned by:

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Jeffrey M. Bishop
Vice President and Chief Financial Officer

APPROVED FOR BOARD CONSIDERATION:

DocuSigned by:

AC399FDCE56247E...

L. Javier Fernandez
President and Chief Executive Officer

JMB:bjs

Attachment: Exhibit A – Monitoring Report
Resolution