



Spurgeon/Bishop

RESOLUTION NO. 6653

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 18, 2024

Jeff Bishop, Vice President – Financial Services & CFO

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 obtains data from the Energy Information Administration's (EIA).*
- **Directional goal of 10% below the North Central Region average rates**
 - *Despite OPPD having a modest 2.5% general rate increase across all rate classes in 2022, OPPD trended further above the directional goal.*
 - *Specific to the region, States like Illinois and Indiana have retired significant capacity resources in recent years.**
 - *Illinois – 11 plants with total capacity of about 2,895 MW*
 - *Indiana – 8 plants with total capacity of about 2,712 MW*
 - *Kansas's largest electricity provider Evergy cited generation capacity and grid modernization in their latest rate case.*
 - *The utility industry and region have experienced upward pressure from trends in rising load growth, increasing wholesale power supply costs, supply constraints, and escalating inflationary costs.*

*Source: <https://ieefa.org/coal-unit-retirement>

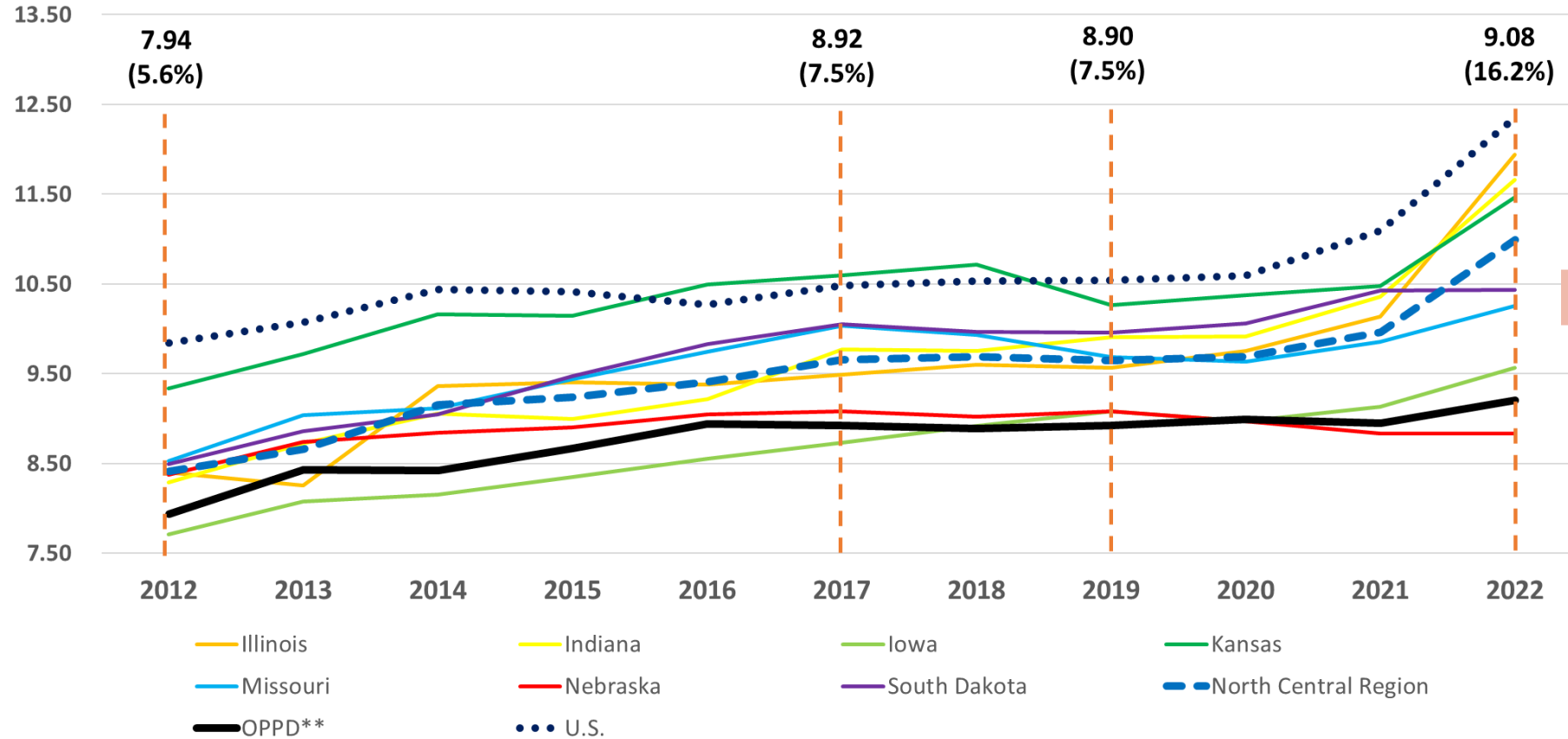
*Retirements in 2022 & 2023

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
25.5%
below
national
average

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

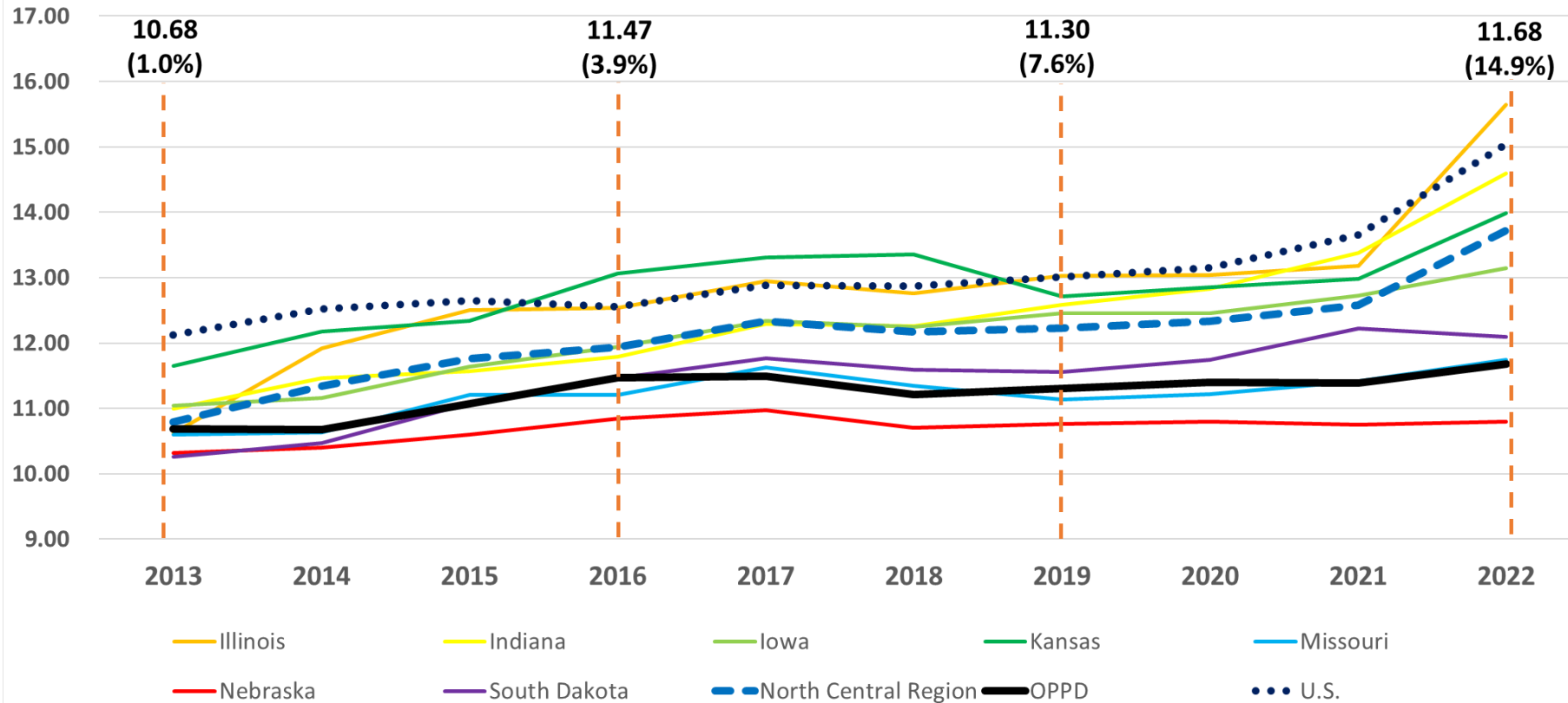
** Does not include market-based rates

SD-2: Rates

Directional Rate Target

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

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



OPPD
22.3%
below
national
average

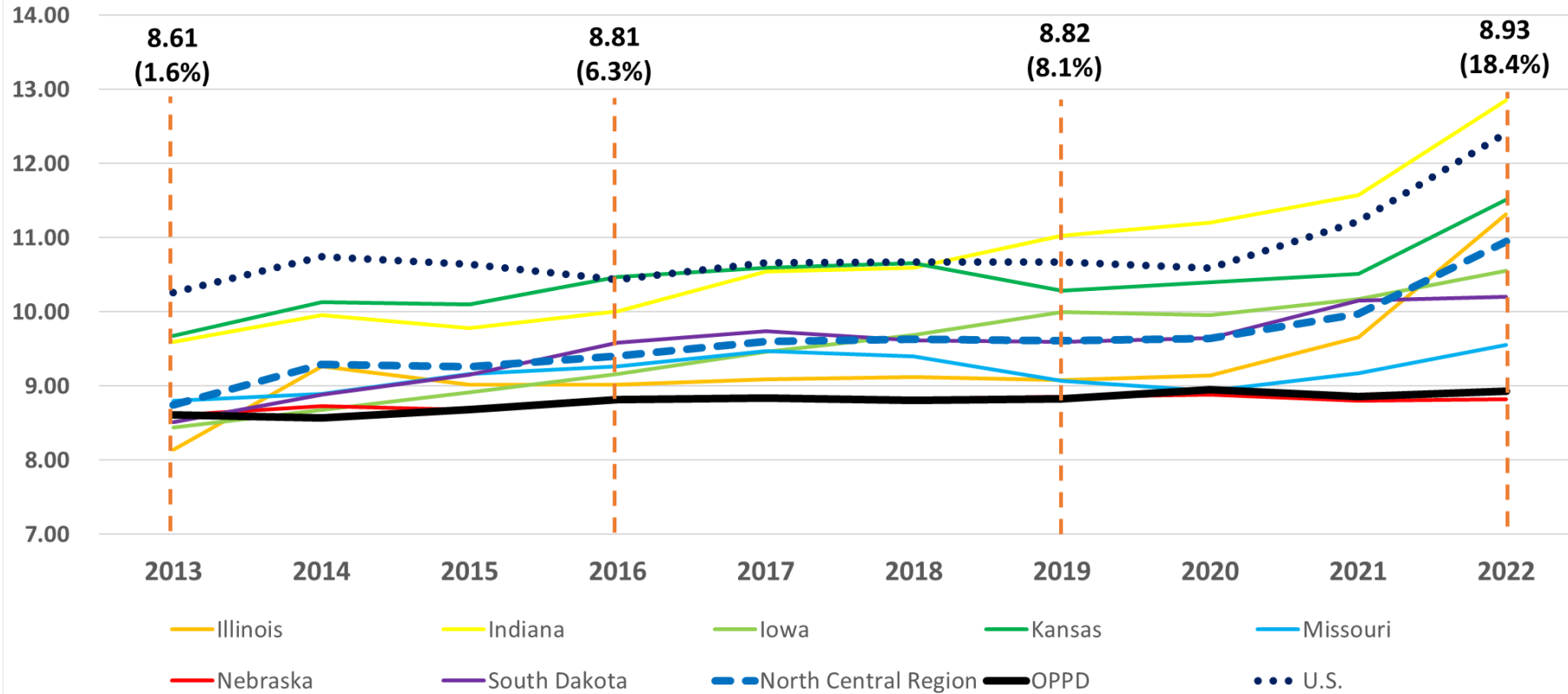
* OPPD-defined region composed of: Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, and South Dakota

SD-2: Rates

Directional Rate Target

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

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



OPPD
28.0%
below
national
average

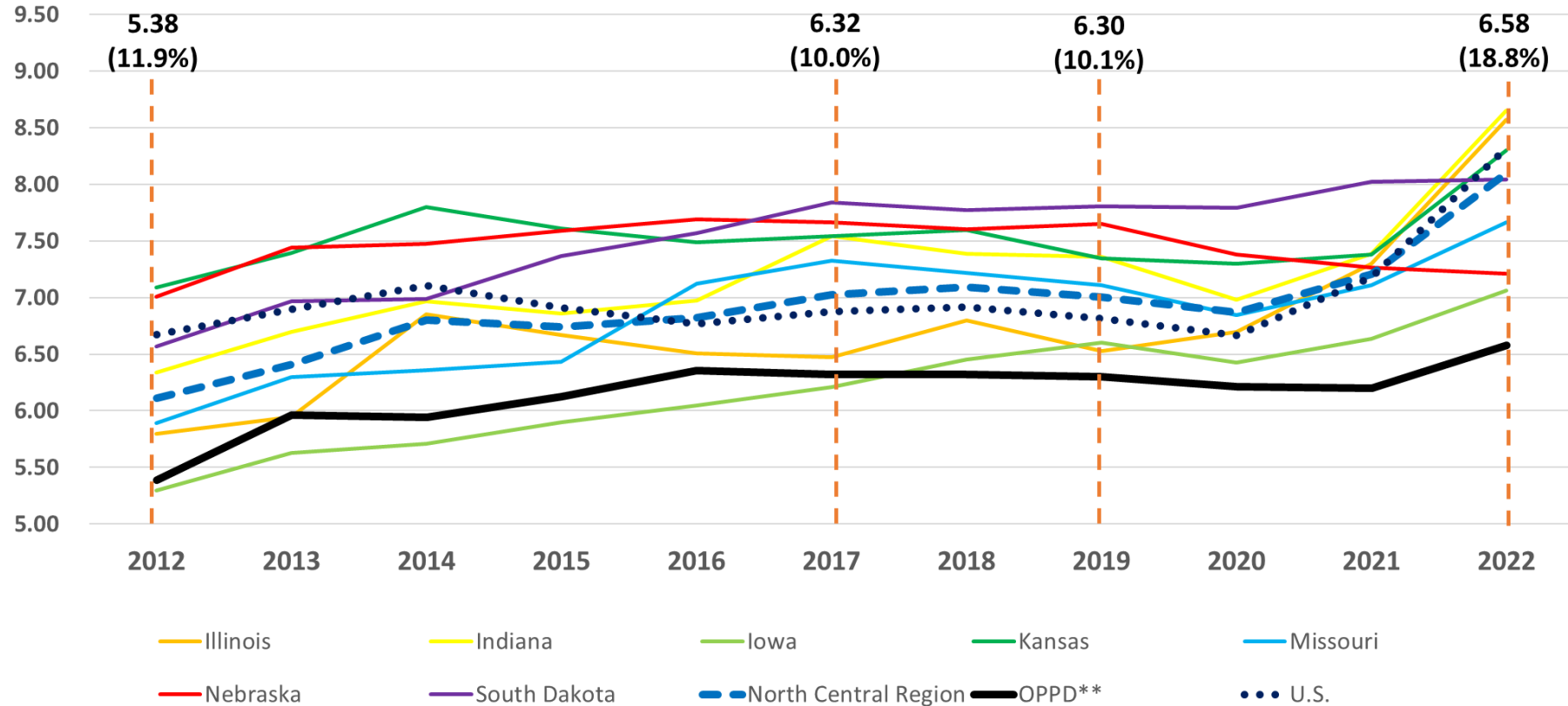
* OPPD-defined region composed of: Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, and South Dakota

SD-2: Rates

Directional Rate Target

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

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



OPPD
20.9%
below
national
average

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

** Does not include market-based rates

SD-2: Rates

Fair, Reasonable, and Non-Discriminatory

- **Maintain fair, reasonable and non-discriminatory rates as stated in Nebraska Revised Statute 70-655**
 - *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 usage characteristics.*
 - *The rate setting process is reviewed by an outside consultant (The Brattle Group).*
- **In 2023, OPPD continued the Rate Design Project (RDP).**
 - *Published Phase 1 Final Report on OPPD Community Connect.*
 - *Launched Phase 2 of project which aims to:*
 - *Develop multi-year vision leveraging AMI-based technology to offer customer solutions in alignment with rate principles established in Phase 1 of the RDP. This effort will include:*
 - *Near-term and long-term rate design considerations as we transform over the next several years.*
 - *Development of alternative rates with focus on customer outreach, education, alignment with policy objectives and ability to support the overall investments and revenue requirement.*

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.*
 - *2024 Rate Action aligned cost recovery to the COSS in support of fair, reasonable, and non-discriminatory rate recovery principles.*

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

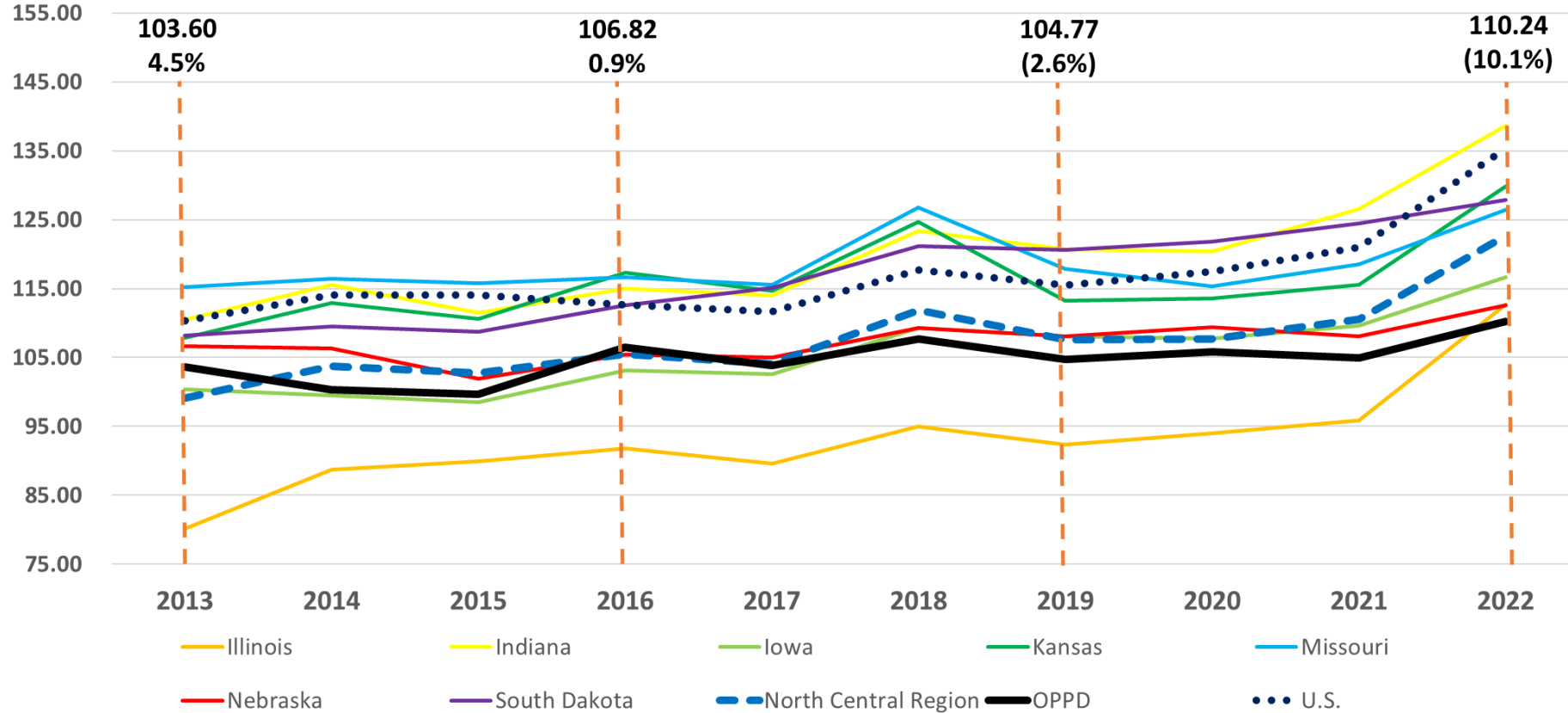
**Service charge recovers a portion of the customer and distribution related costs for small commercial and residential rate classes*

SD-2: Rates

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

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

Affordability Indicators



OPPD
18.5%
below
national
average

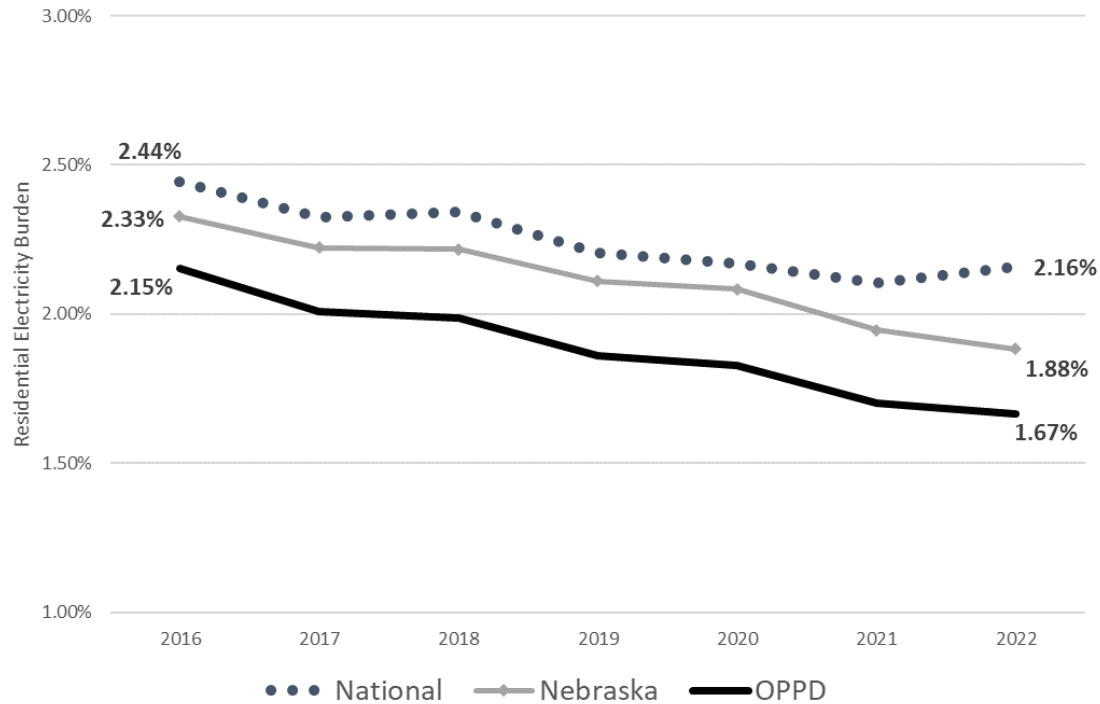
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
OPPD	\$98.06	\$103.60	\$100.37	\$99.70	\$106.43	\$103.82	\$107.64	\$104.77	\$105.82	\$104.99	\$110.24
Region	\$96.87	\$99.12	\$103.78	\$102.71	\$105.51	\$104.10	\$111.83	\$107.55	\$107.71	\$110.55	\$122.62
U.S.	\$107.28	\$110.30	\$114.09	\$114.03	\$112.59	\$111.67	\$117.65	\$115.49	\$117.46	\$121.01	\$135.25

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

SD-2: Rates

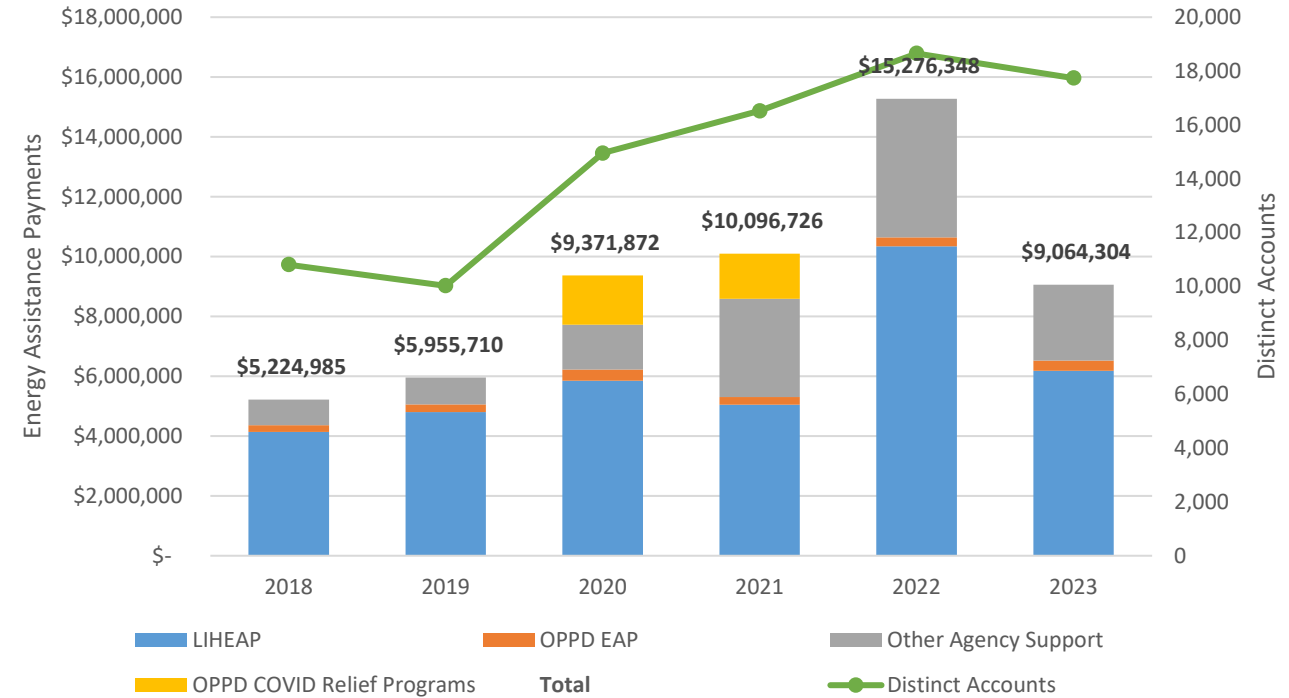
Affordability Indicators

Residential Electricity Burden



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

Energy Assistance Payments



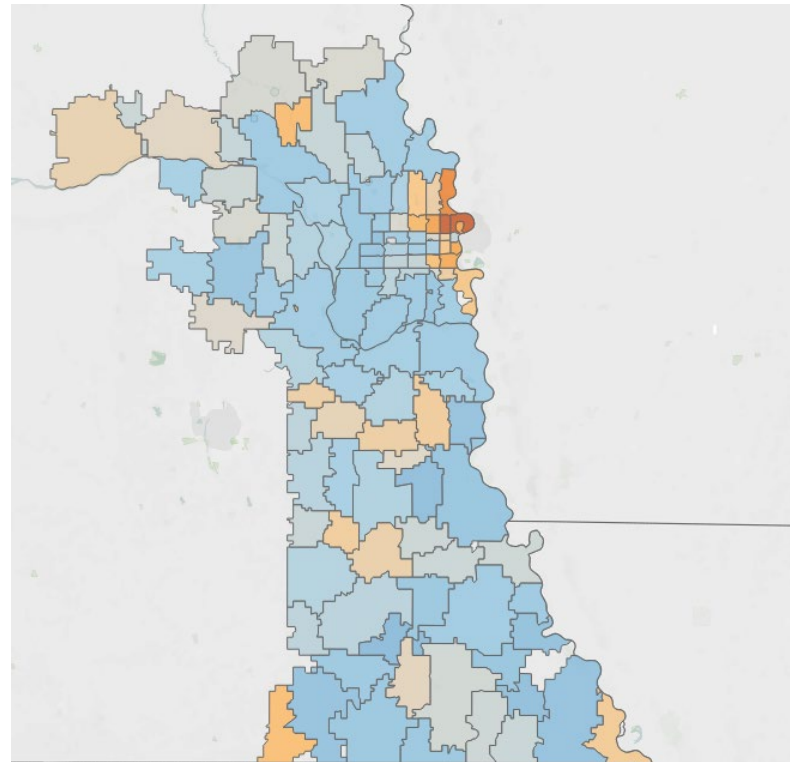
- 41% decrease in assistance funding from 2022
- Energy assistance funding has returned to pre-pandemic levels
- Increase in assistance funding during pandemic helped mitigate the impact on arrears and affordability for income constrained customers

SD-2: Rates

Monitor Affordability Indicators - 2022

- Average Electricity Burden varies throughout our service territory and is also impacted by the population within a zip code, heating source, and the efficiency of the premise
- Individual customer energy burdens can be above or below the zip code average
- A household with 6% or greater energy burden is considered to be a high energy burden household*
- Customer with 3+ disconnect notices is one indicator of high electricity burden

% Of Customers with 3+ Disconnect Notices



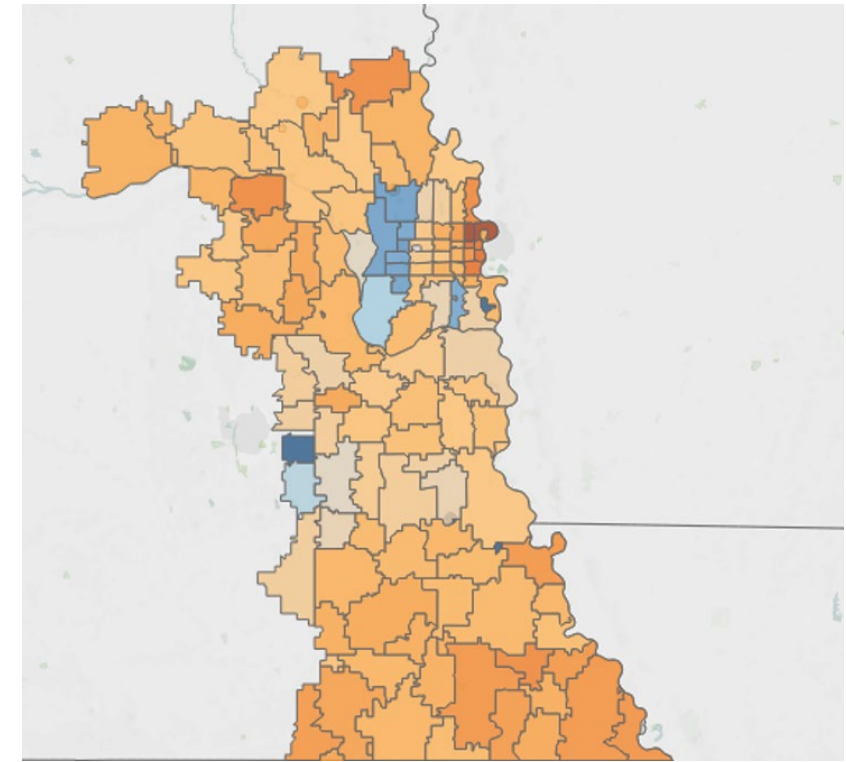
% Of Customers ..

1.33% 31.22%

3+ Disconnect Notices

- 28028 customers had 3+ disconnect notices in 2022
- The average electricity burden of customers with 3+ disconnect notices was 7.97%

Electric Burden by Zip Code



Avg. Electric Burd..

0.77% 10.18%

Electricity Burden:

- For customers with at least 12 month of billing history, 2022 data.
- Does not include taxes or adjustments
- 2022 average 1.67%

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	Streetlights	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

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
 - Non-Summer being October through May
 - Fuel and Purchase Power Adjustment is calculated using seasonal energy prices reflecting the cost of the energy when it is expected to be used.
 - In Large Power – High-voltage Transmission Level – Market Energy (261M Rate) energy is priced hourly at the SPP market nodal price.
 - Partnered with Product Development and Marketing team to refresh curtailment offerings to provide efficient investment price signals to encourage participation.
 - OPPD will continue to evaluate more advanced rate structures as AMI and other technologies are monitored and implemented.

SD-2: Rates

Simple and Easy to Understand

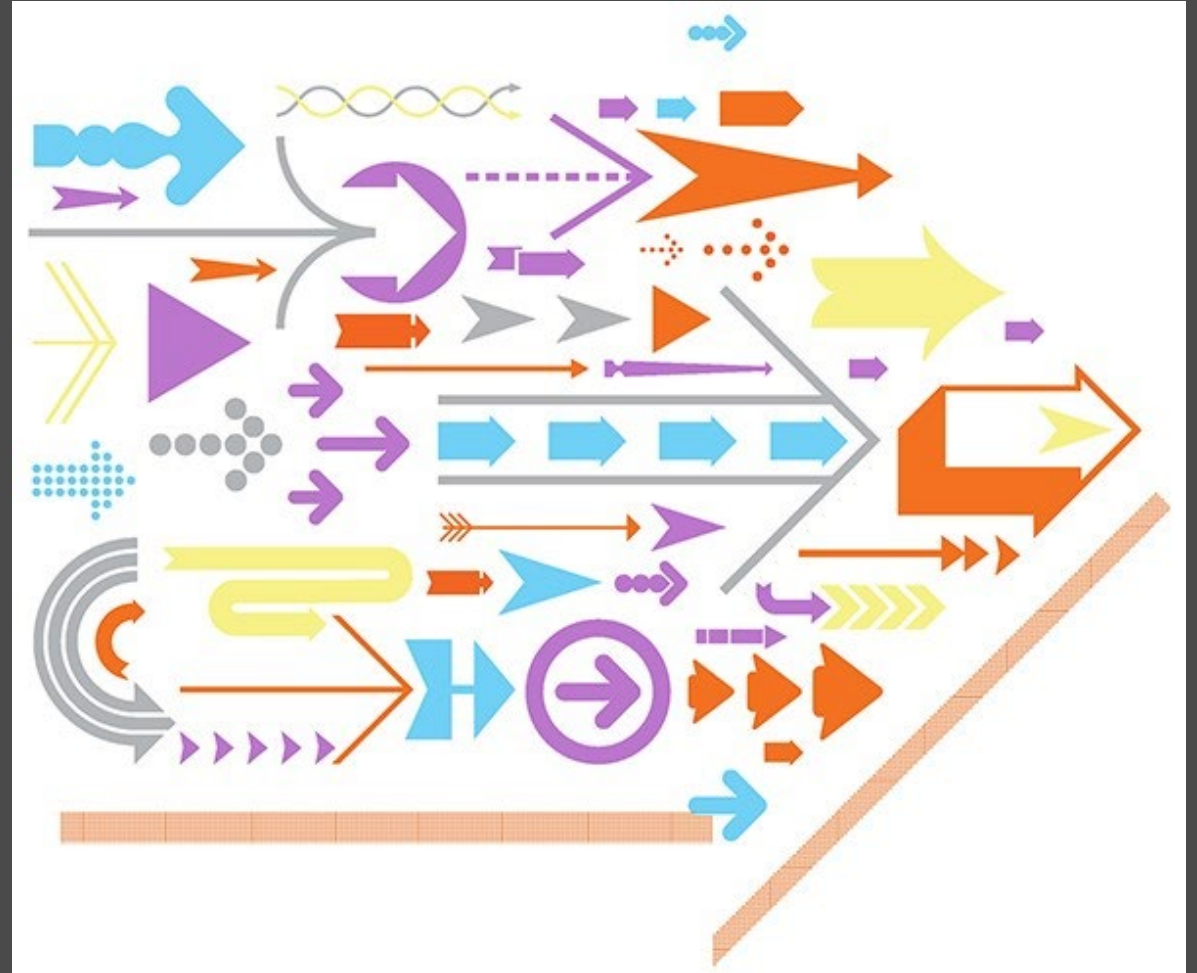
- Establish effective and engaging broad communication with customers
 - OPPD Rates remain lower than regional and national averages
- Ensure targeted and specific messaging for individual rate classes and customers using direct messaging and/or conversations about specific rate increase impacts
 - Provided customers more detailed explanations of the drivers of the rate increase
 - Provided customers an opportunity to have conversations with OPPD
 - Explored options through programs and offerings to better serve our customers
- Additionally, the Rate Fundamentals Report was published on OPPD.com in Fall 2023, which serves to provide foundational guidance to stakeholders regarding the rate setting process.

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 reflections on

**what has been
accomplished, challenges
and/or strategic
implications?**





Board Action

BOARD OF DIRECTORS

June 18, 2024

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:

Jeffrey M. Bishop
Vice President and Chief Financial Officer

APPROVED FOR BOARD CONSIDERATION:

DocuSigned by:

L. Javier Fernandez
President and Chief Executive Officer

JMB:emh

Attachment: Exhibit A – Monitoring Report
Resolution