

Spurgeon/Bishop

RESOLUTION NO. 6665

WHEREAS, the District incurred significant costs to repair storm damage and restore power to customers from several storms in 2024, which are expected to qualify for reimbursement from FEMA/NEMA; and

WHEREAS, accounting standards would typically require the District to recognize these costs when they are incurred; and

WHEREAS, the Governmental Accounting Standards Board (GASB) requires that grant revenues be recognized after a grant agreement is approved, which is the project worksheet for FEMA/NEMA grants; and

WHEREAS, GASB accounting standards for regulatory accounting permits the District to include revenues or costs in a period other than the period in which these revenues or costs would be recognized by an unregulated entity; and

WHEREAS, the establishment of a regulatory asset for storm restoration costs that qualify for FEMA/NEMA reimbursement would allow the recognition of expense to better match the revenues for FEMA/NEMA reimbursement; and

WHEREAS, Management recommends and seeks approval to establish a regulatory asset for storm restoration costs that qualify for FEMA/NEMA reimbursement for the 2024 storms, which will be recognized as expense when the revenue is recognized for the related FEMA/NEMA reimbursement.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Omaha Public Power District hereby approves the use of regulatory accounting for storm restoration costs for the 2024 storms that qualify for FEMA/NEMA reimbursement with recognition as expense in the future to match the related grant revenues.



Action Item

BOARD OF DIRECTORS

October 15, 2024

ITEM

Regulatory Accounting for 2024 Storm Costs

PURPOSE

Approval of the Use of Regulatory Accounting for 2024 Storm Costs

FACTS

- a. There have been an unprecedented number of storms that have impacted the District's service territory in 2024 including the storm on July 31, 2024 that resulted in a historic number of customer outages and an extraordinary amount of support to make repairs and restore power. As a result, the District incurred significant storm related costs in 2024, which would typically be recognized when the costs are incurred in accordance with accounting standards.
- b. The 2024 storm events are expected to qualify for reimbursement from the Federal Emergency Management Agency (FEMA)/Nebraska Emergency Management Agency (NEMA). However, before the revenue is recognized for these reimbursements, the Governmental Accounting Standards Board (GASB) requires execution of the grant agreement, which in this case are the approved project worksheets.
- c. GASB allows for the use of regulatory accounting to include revenues or costs in a period other than the period in which the revenues or costs would have been recognized by an unregulated entity, with Board of Directors approval.
- d. To better match the revenue from FEMA/NEMA grants to the expenditures for related storm restoration costs, Management recommends using regulatory accounting to defer recognition of these expenditures until the revenue is recognized from FEMA/NEMA. This will establish a regulatory asset for storm restoration costs that are eligible for FEMA/NEMA reimbursement. The regulatory asset will then be recognized as expense when the revenue is recognized from the FEMA/NEMA reimbursement.

ACTION

Board approval of the use of regulatory accounting to establish a regulatory asset for storm restoration costs that are eligible for reimbursement from FEMA/NEMA for the 2024 storms.

RECOMMENDED:

Signed by:

Jeffrey M. Bishop

Vice President and Chief Financial Officer

APPROVED FOR REPORTING TO THE BOARD:

Signed by:

L. Javier Fernandez

President and Chief Executive Officer

JMB:lm

Attachments: Resolution