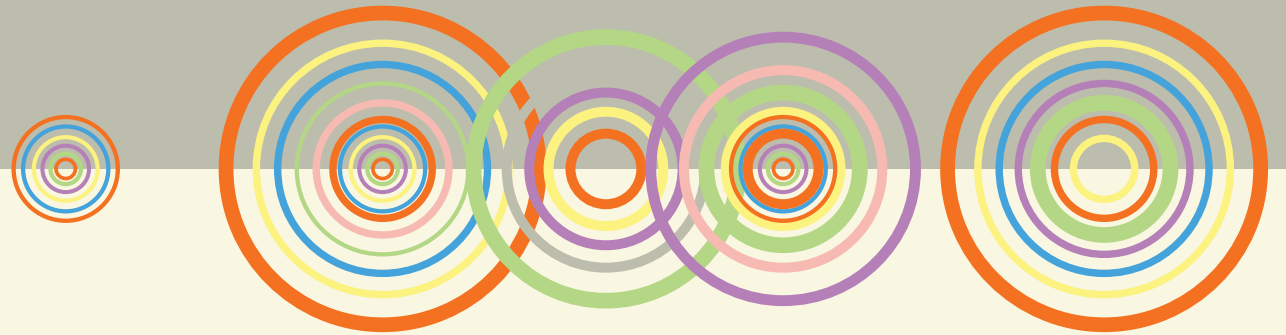


➤ 06.16.26 ➤

SD-2: RATES MONITORING REPORT



Brad Underwood
Vice President and Chief Financial Officer



SD-2: RATES

Strategic Directive

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.*

***TERMS AND DEFINITIONS**

Seven states in the North Central Region: Illinois, Iowa, Indiana, Kansas, Missouri, Nebraska, South Dakota.

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 or the average system basis.

SD-2: RATES

Directional Rate Target

COMPARISON

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)



DIRECTION

Directional goal of 10% below the North Central Region average rates:

- OPPD experienced a 2.5% rate increase in 2024
- OPPD met this directional goal and remained 18.7% below the regional average in 2024 (latest available)



SD-2: RATES

Data Reporting Changes

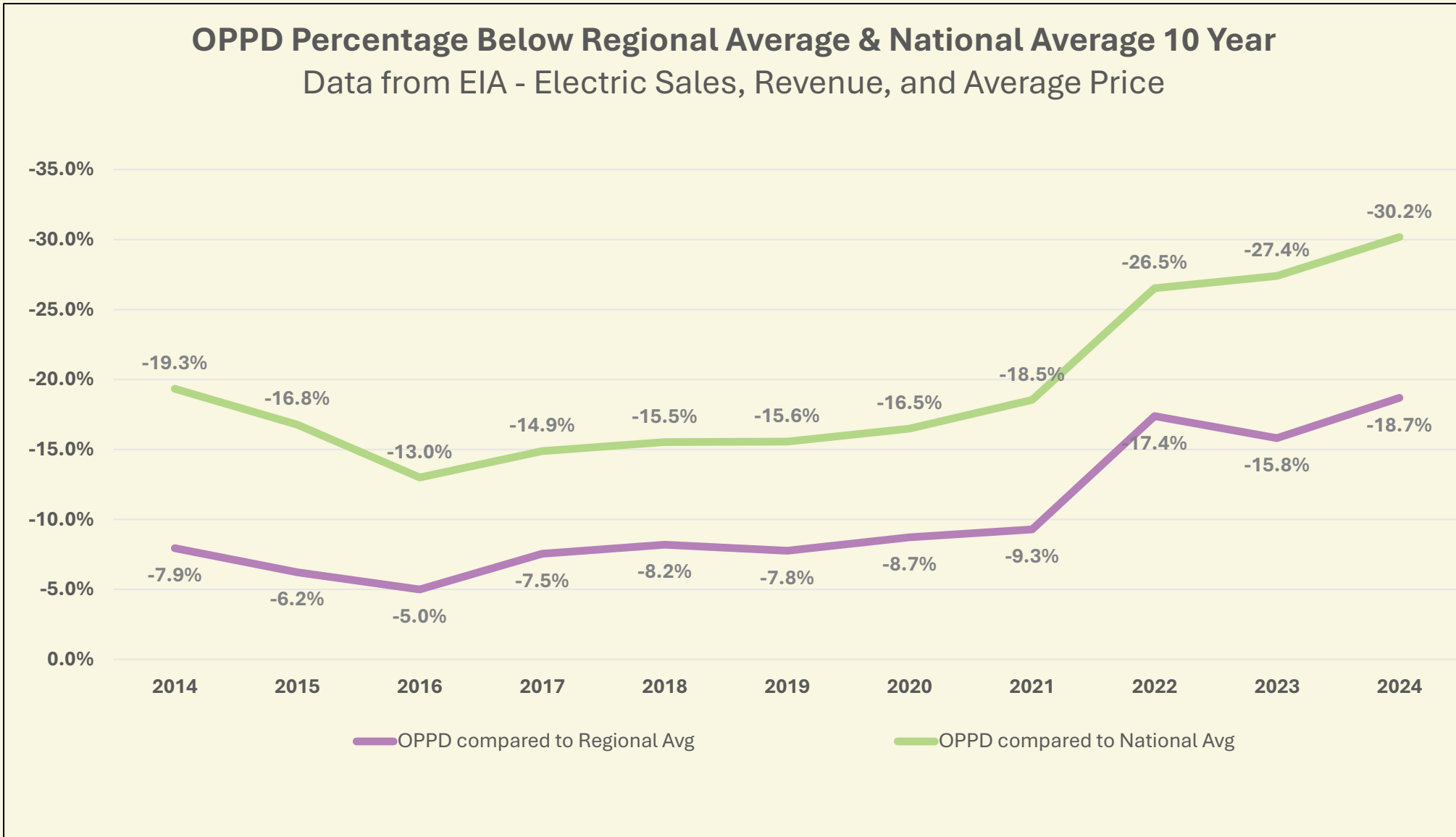
PRIOR TO 2023

- EIA had no reporting requirements for Data Centers and Crypto Customers
- OPPD reported some Data Center and Crypto Customers as Commercial, some as Industrial, based on current OPPD class parameters

STARTING IN 2023

- EIA created a requirement for Data Centers and Crypto Customers to be reported in Commercial Rates
- OPPD has followed EIA reporting for this SD-2 Report
- In all other OPPD reporting, OPPD reports some Data Center and Crypto Customers as Commercial, some as Industrial, based on current OPPD class parameters

SD-2: RETAIL RATES



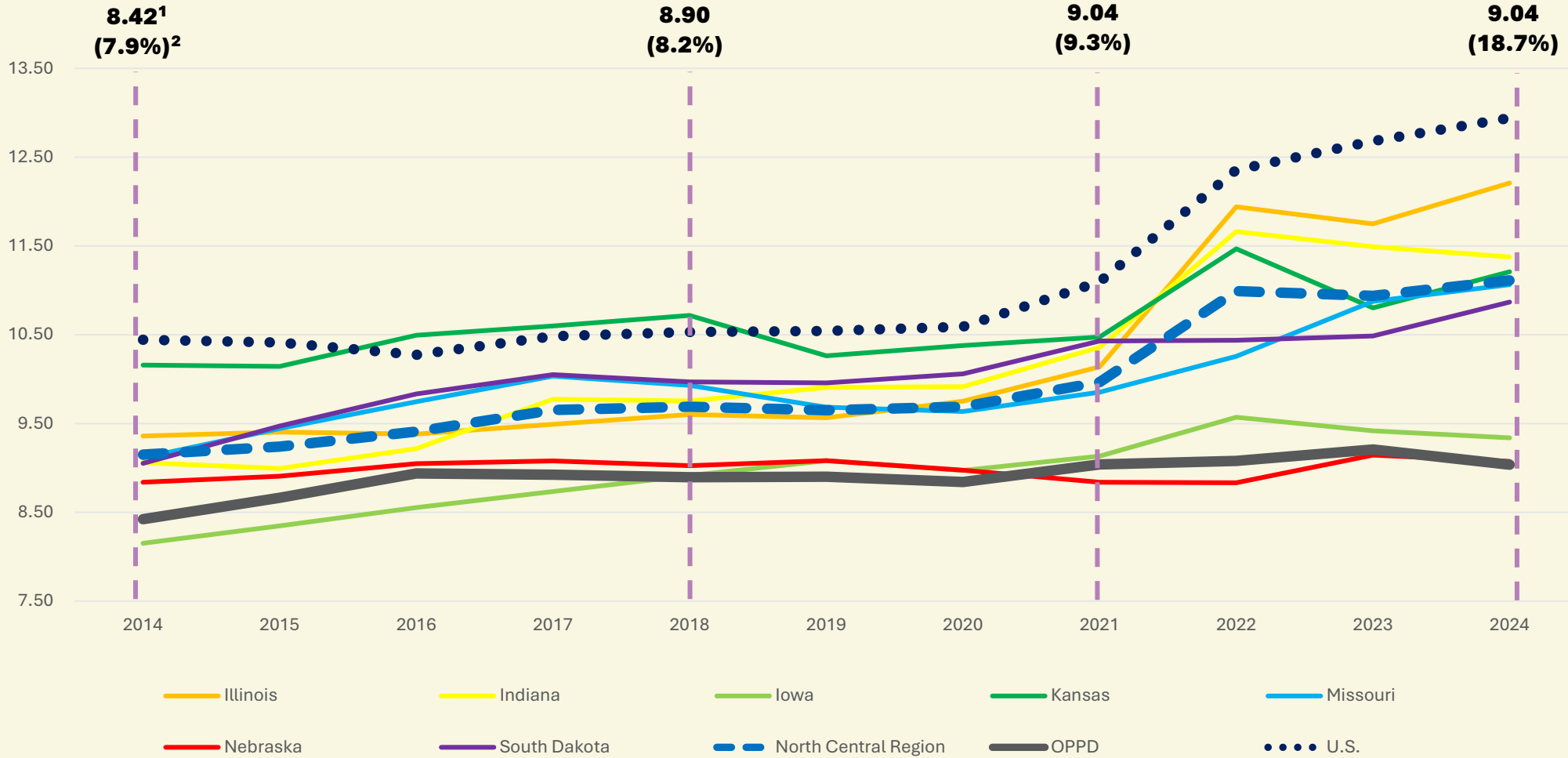
*OPPD-defined region (North Central Region) composed of: Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, and South Dakota was changed from EIA-defined region (West North Central) which was approved in 2022

SD-2: RETAIL RATES – REGIONAL COMPARISON



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

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



**OPPD
18.7%
below
regional
average**

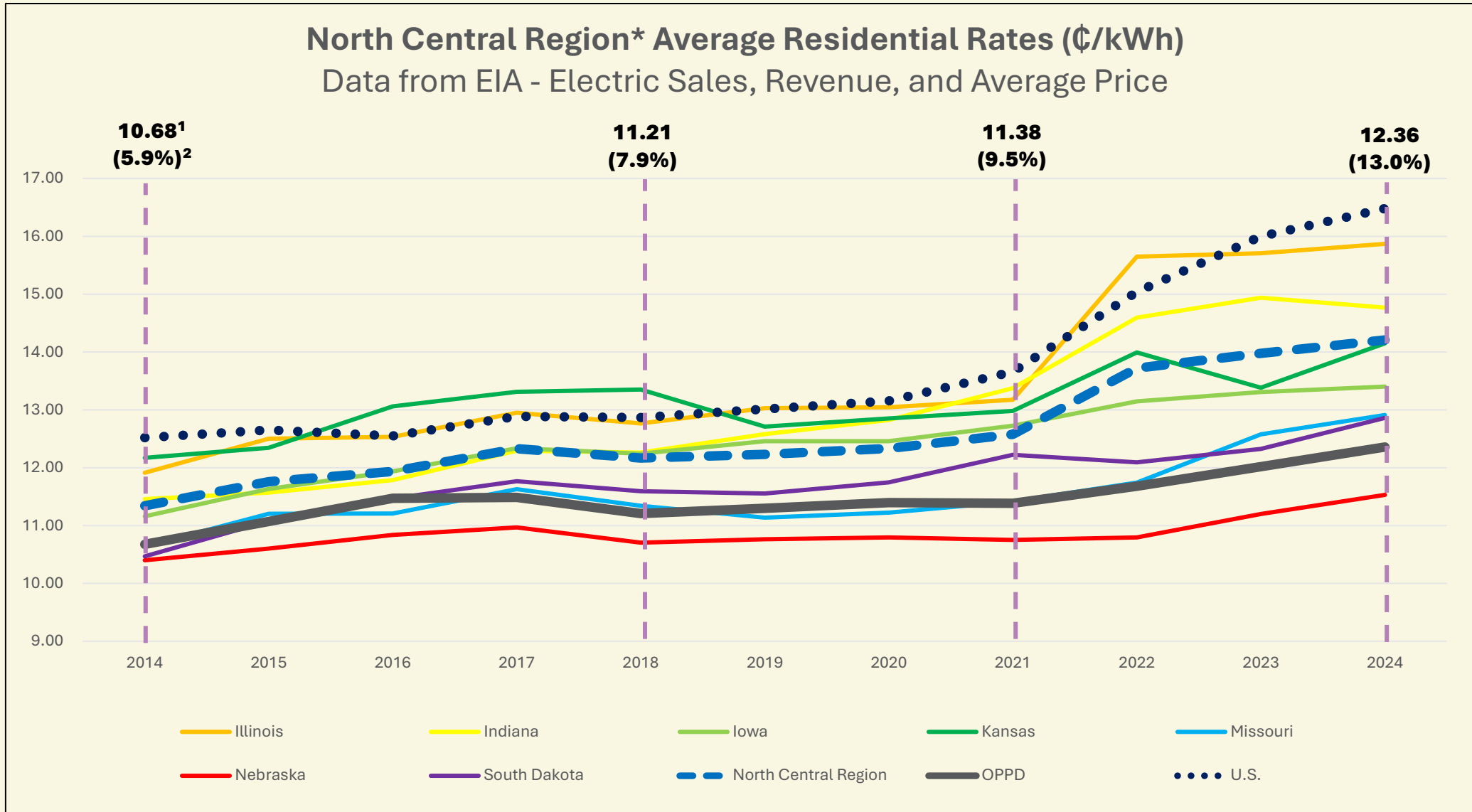
**OPPD
30.2%
below
national
average**

*OPPD-defined region (North Central Region) composed of: Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, and South Dakota

¹ OPPD Cents/kWh

² OPPD Percentage below Regional Average

SD-2: RESIDENTIAL RATES – REGIONAL COMPARISON



OPPD
13.0%
below
regional
average

OPPD
25.0%
below
national
average

*OPPD-defined region (North Central Region) composed of: Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, and South Dakota

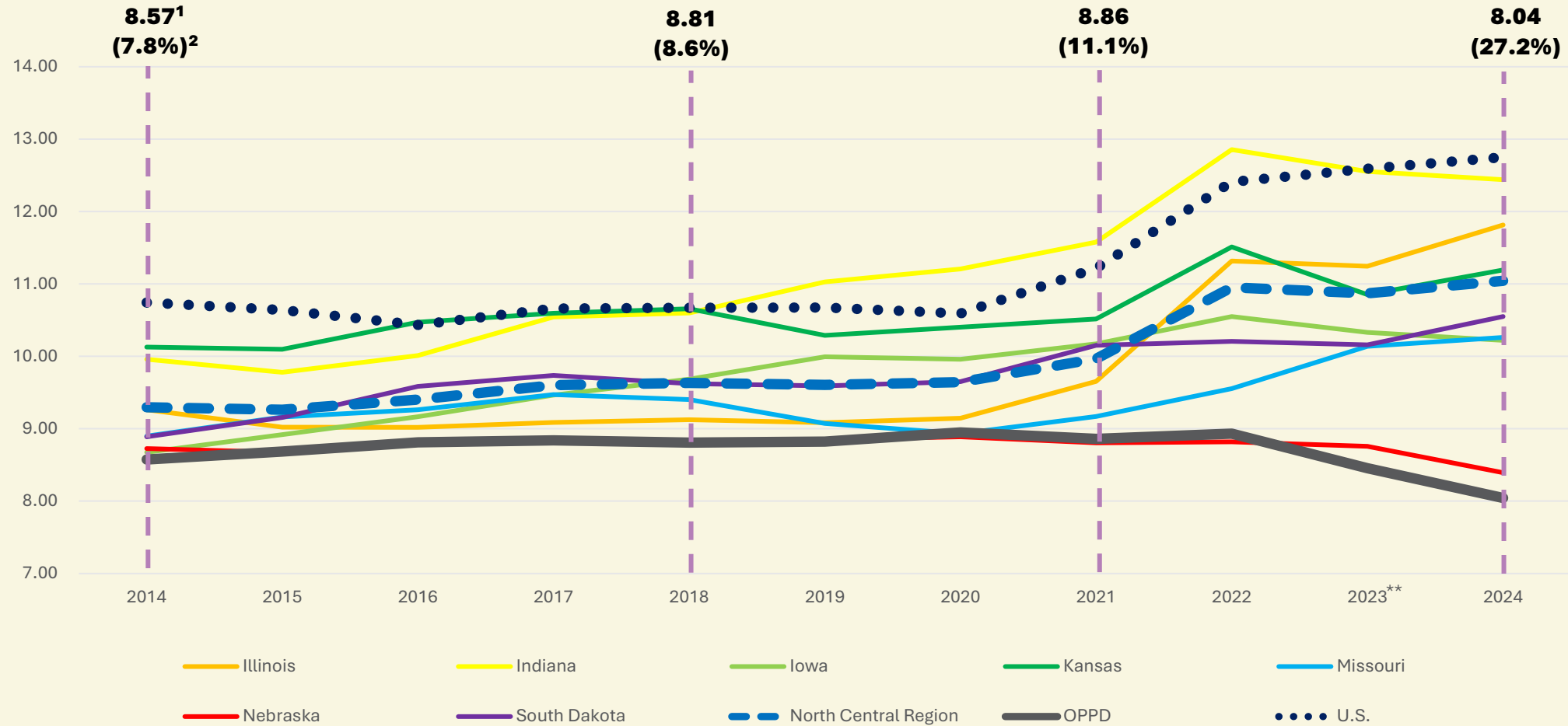
¹ OPPD Cents/kWh

² OPPD Percentage below Regional Average

SD-2: COMMERCIAL RATES – REGIONAL COMPARISON



North Central Region* Average Commercial Rates (¢/kWh)
Data from EIA - Electric Sales, Revenue, and Average Price



**OPPD
27.2%
below
regional
average**

**OPPD
36.9%
below
national
average**

*OPPD-defined region (North Central Region) composed of: Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, and South Dakota

**In 2023, EIA shifted Data Centers and Crypto (261M) from Industrial to Commercial

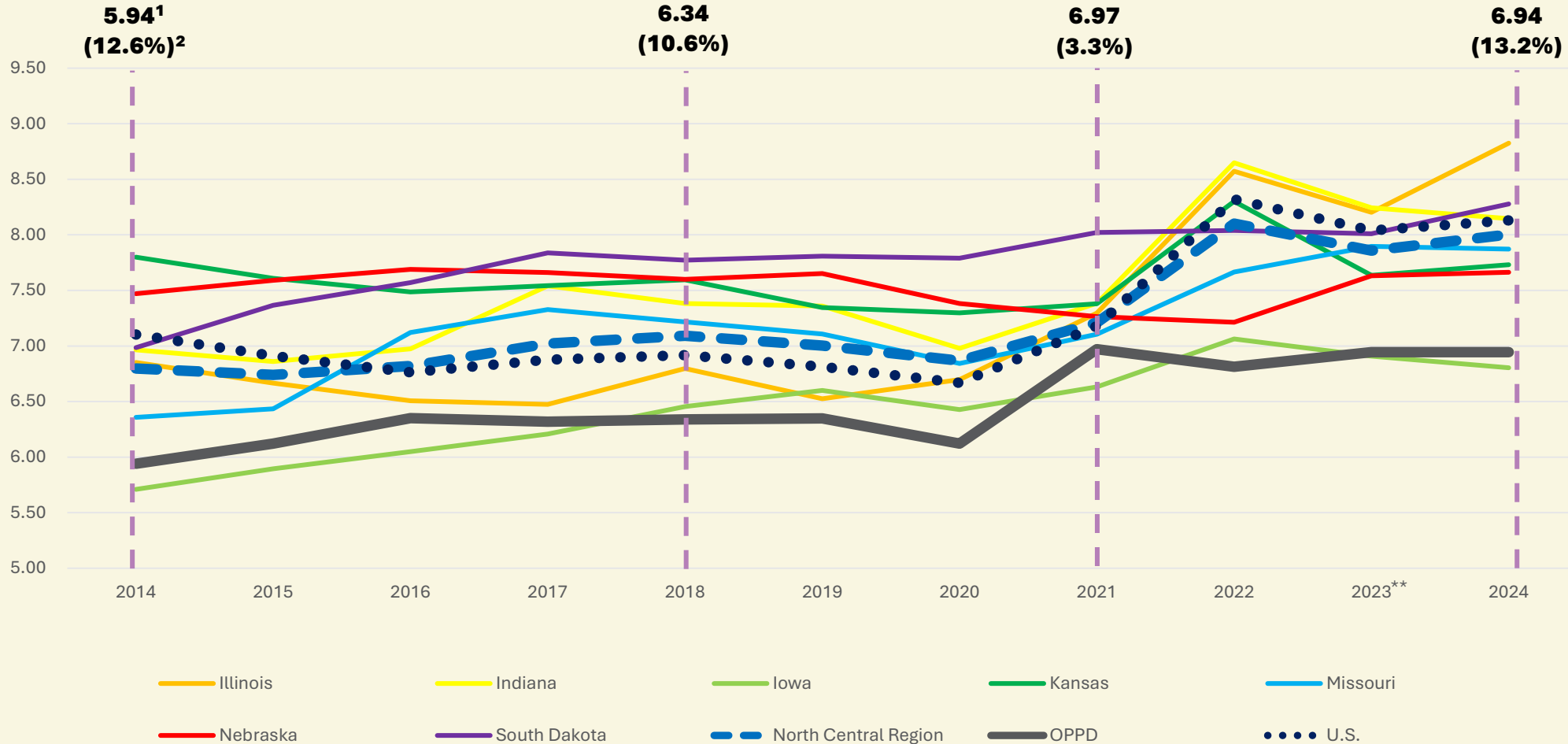
¹ OPPD Cents/kWh

² OPPD Percentage below Regional Average

SD-2: INDUSTRIAL RATES – REGIONAL COMPARISON



North Central Region* Average Industrial Rates (¢/kWh)
Data from EIA - Electric Sales, Revenue, and Average Price



OPPD
13.2%
below
regional
average

OPPD
14.6%
below
national
average

*OPPD-defined region (North Central Region) composed of: Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, and South Dakota

**In 2023, EIA shifted Data Centers and Crypto (261M) from Industrial to Commercial

¹ OPPD Cents/kWh

² OPPD Percentage below Regional Average

SD-2: RATES

Fair, Reasonable, and Non-Discriminatory

MAINTAIN

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)

IMPLEMENT

Implement industry best practices in rate design (as recommended by The Brattle Group)

- Eliminated declining blocks for residential and commercial customers in 2025/early 2026
- Rates 245 and 250 were combined to rate 245 in January 2026 to simplify rate offerings as the system characteristics between these two rates didn't justify different rate structures
- Starting in 2027, established demand limits for the commercial and industrial rate classes go into effect

PLAN

Plan for a Time Varying Rates (TVR) pilot

- Currently performing analysis on Time of Use (TOU) options
- Recommendation to the board in late Q3 2026
- Pilot beginning in Spring of 2027

SD-2: RATES

Cost Assignment Across & 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 Cost-of-Service Study (COSS) in support of fair, reasonable, and non-discriminatory rate recovery principles

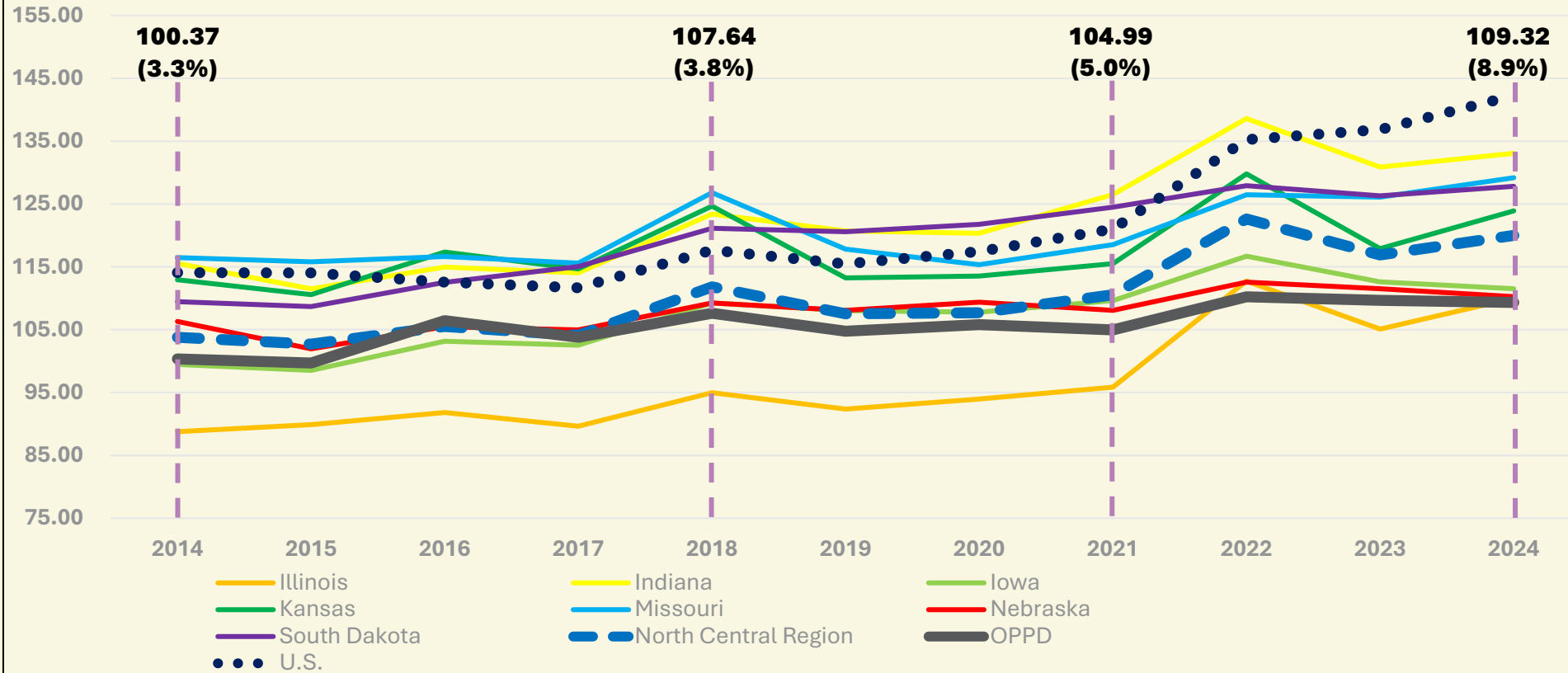
	Industrial	Commercial	Residential
Customer Costs*	●	●	●
Energy Costs	●	●	●
Demand Costs*	●	Partial	Partial

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

SD-2: AFFORDABILITY INDICATORS



North Central Region* Average Residential Bill (\$/Month)
Data from EIA - Electric Sales, Revenue, and Average Price



OPPD
8.9%
below
regional
average

OPPD
23.2%
below
national
average

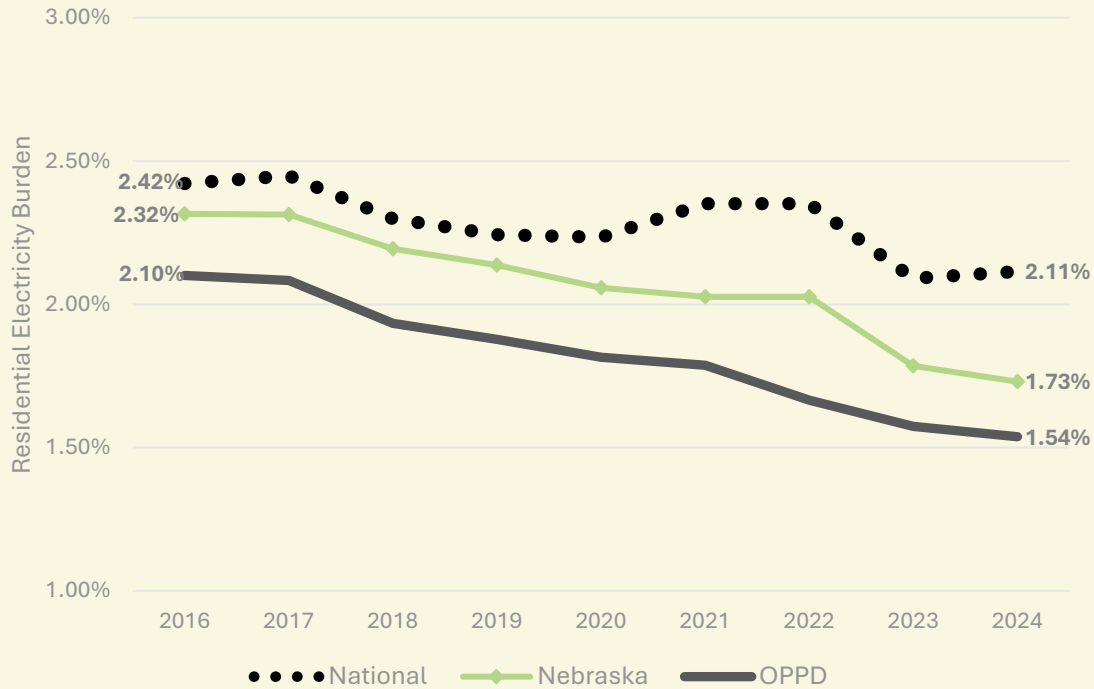
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPPD	\$100.37	\$99.70	\$106.43	\$103.82	\$107.64	\$104.77	\$105.82	\$104.99	\$110.24	\$109.67	\$109.32
Region	\$103.78	\$102.71	\$105.51	\$104.10	\$111.83	\$107.55	\$107.71	\$110.55	\$122.62	\$116.88	\$120.02
U.S.	\$114.09	\$114.03	\$112.59	\$111.67	\$117.65	\$115.49	\$117.46	\$121.01	\$135.25	\$136.84	\$142.26

*OPPD-defined region (North Central Region) composed of: Illinois, Indiana, Iowa, Kansas, Missouri, Nebraska, and South Dakota

SD-2: RATES

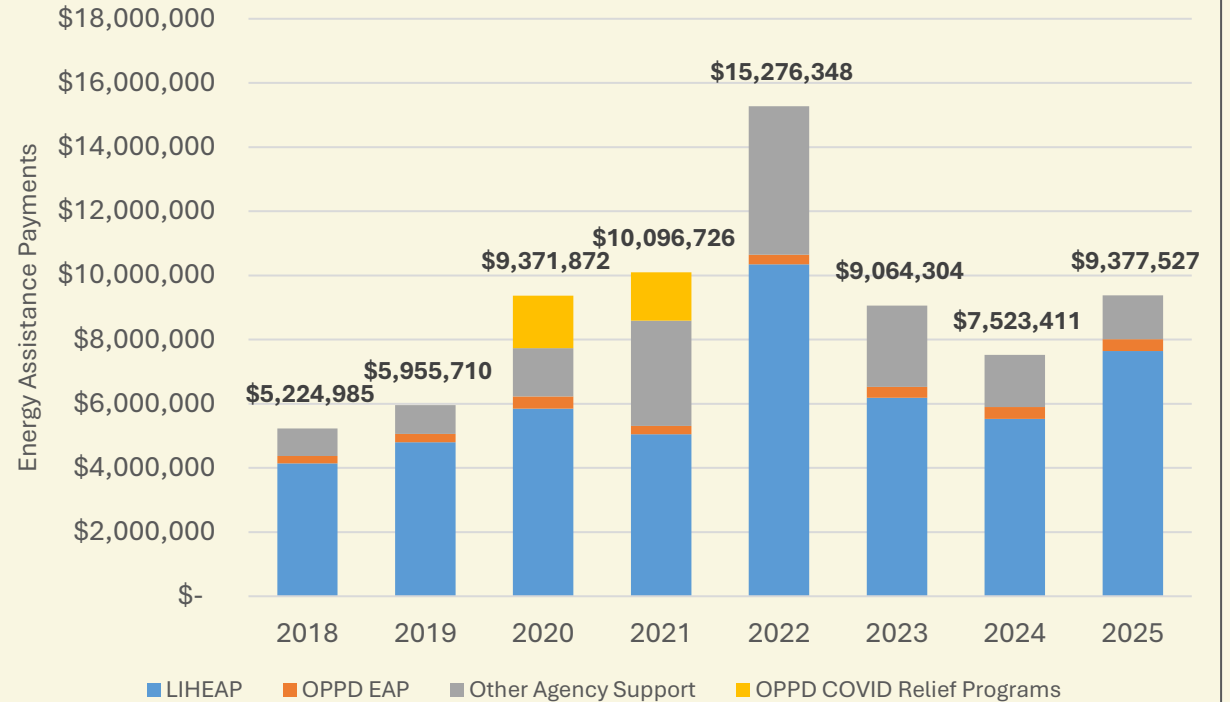
Affordability Indicators

Residential Electricity Burden



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

Energy Assistance Funding



- 20% increase in assistance funding from 2024
- LIHEAP Accounted for 82% of assistance funding received.
- Increase in assistance funding during pandemic helped mitigate the impact on arrears and affordability for income constrained customers

SD-2: RATES

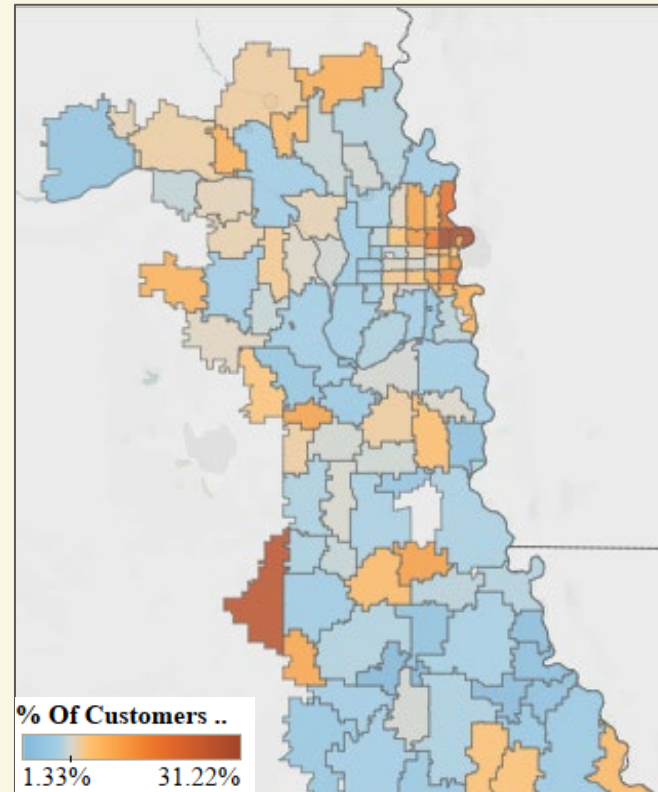
Monitor Affordability Indicators

Electricity burden is impacted by income, heating sources, efficiency of the premise, behavioral and other factors.

- 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 an indicator of high electricity burden

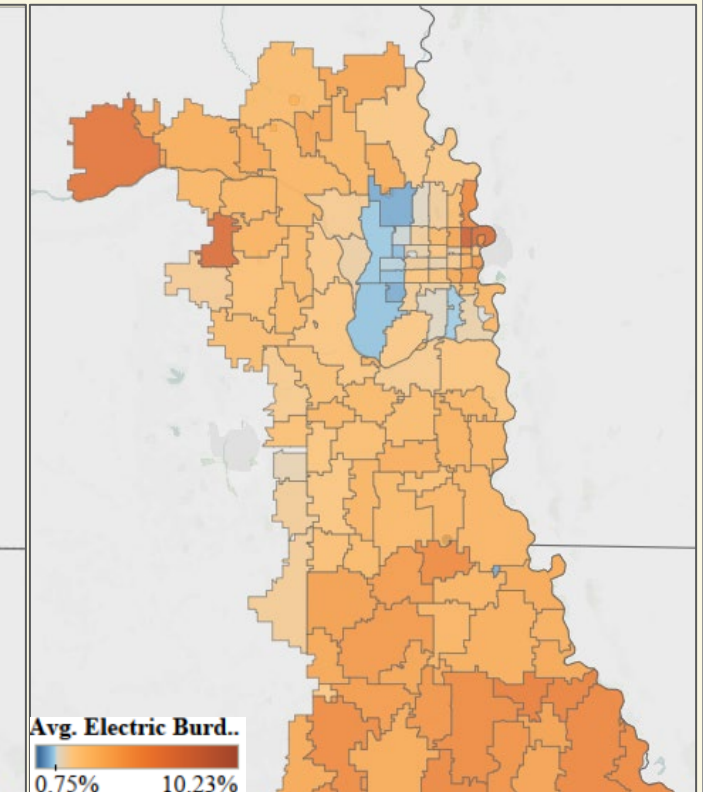
*<https://www.aceee.org/sites/default/files/pdfs/u2006.pdf>

Percentage of Customers with 3+ Disconnect Notices



- 3+ Disconnect Notices
- 37,459 customers had 3+ disconnect notices
 - The average electricity burden of customers with 3+ disconnect notices was 4.5%

Electric Burden by Zip Code



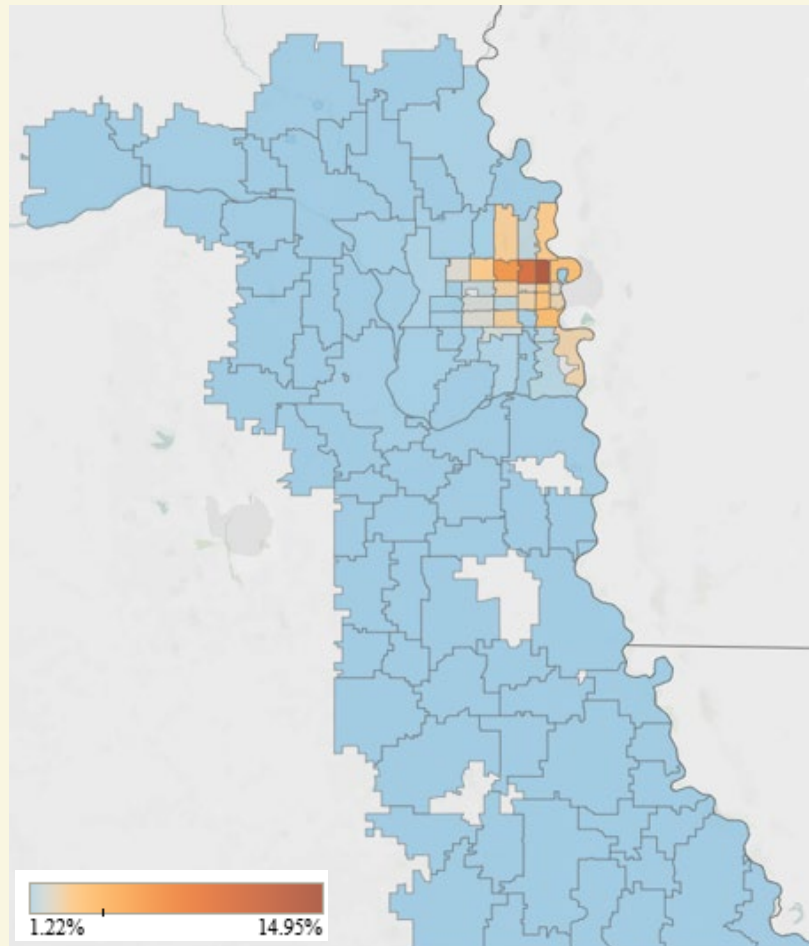
- Electricity Burden:
- For customers with at least 12 month of billing history
 - Does not include taxes or adjustments
 - Average 1.54%

SD-2: RATES

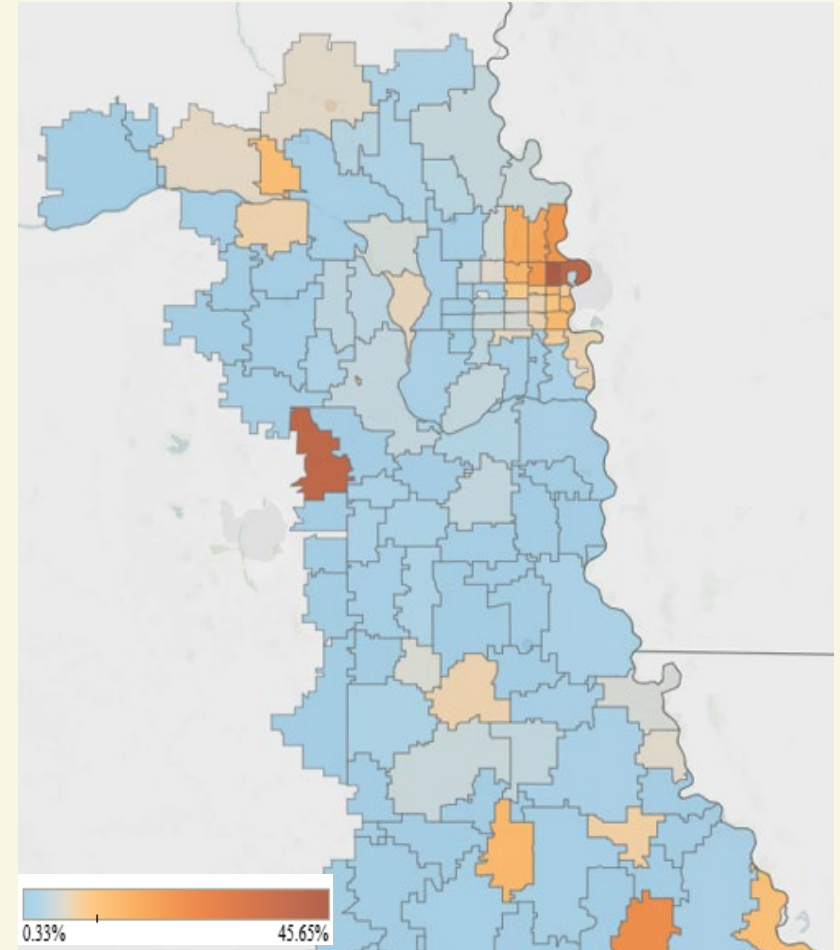


Monitor Affordability Indicators

Percentage of Total Energy Assistance Funding per Zip Code (Portion of the \$9,377,527 Funding)



Percentage of Customers Receiving Financial Assistance Per Zip Code



Energy Assistance Funding

- 29,037 energy assistance payments distributed in 2025
- Customers received an average assistance payment of \$323

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 customer needs

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

*Denotes Rider

SD-2: RATES



Cost of Energy When Used

PROCESS & STRUCTURE: Changes 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 & PURCHASE POWER ADJUSTMENT: Calculated using seasonal energy prices reflecting the cost of the energy when it is expected to be used

LARGE POWER: 261M priced at market energy

ADVANCED RATE STRUCTURE: 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

- Establish effective and engaging broad communication with customers
- OPPD Rates remain lower than regional and national averages

ENSURE

- 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

GUIDE

- The Rate Fundamentals Report is published on OPPD.com at the end of each year
- Provides foundational guidance to stakeholders regarding the rate setting process

SD-2: RATES

Recommendation

The Finance Committee has reviewed and accepted this Monitoring Report for SD-2: Rates 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?

