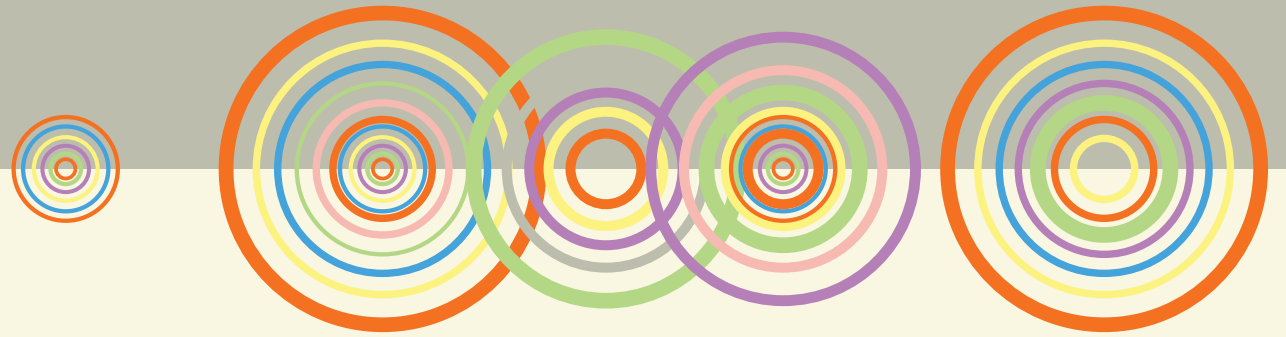


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OVERVIEW OF OPPD RATES

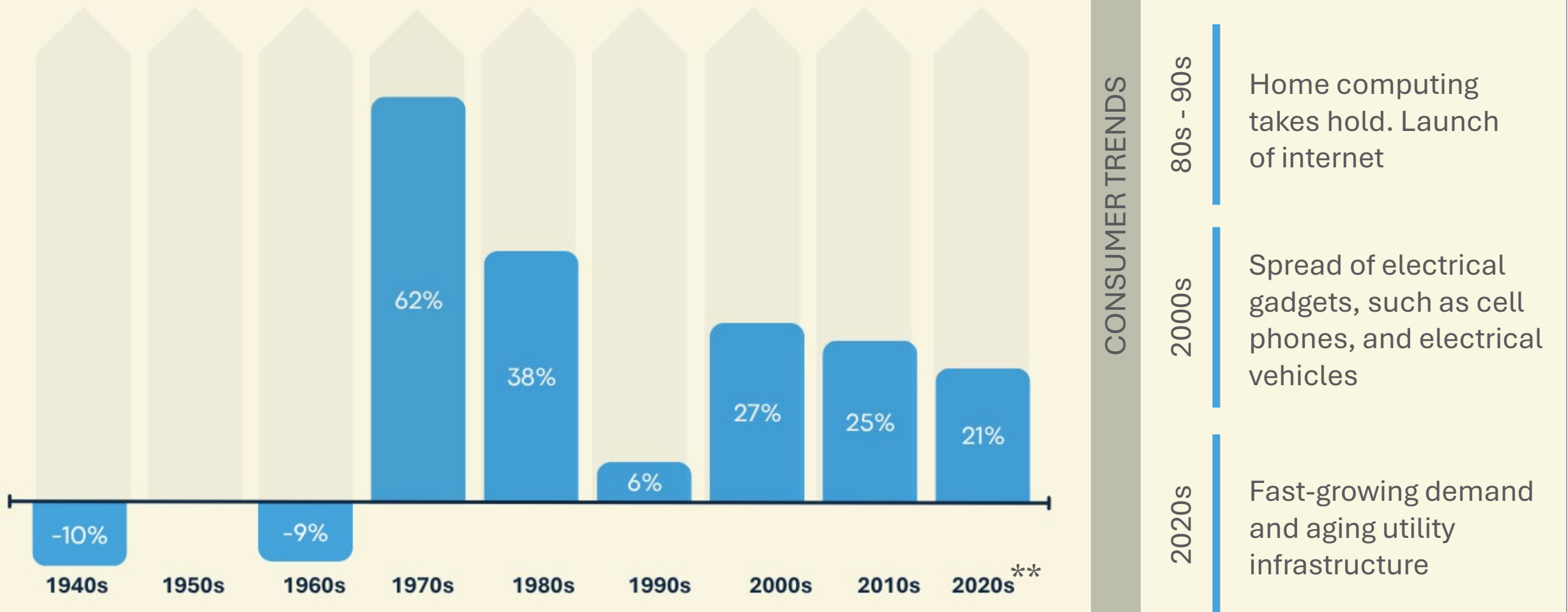


AGENDA

- **OPPD RATES: A historical look**
- **NORTH STAR: Legal obligation**
- **OVERVIEW: Ratemaking process**

OPPD RATE INCREASES*

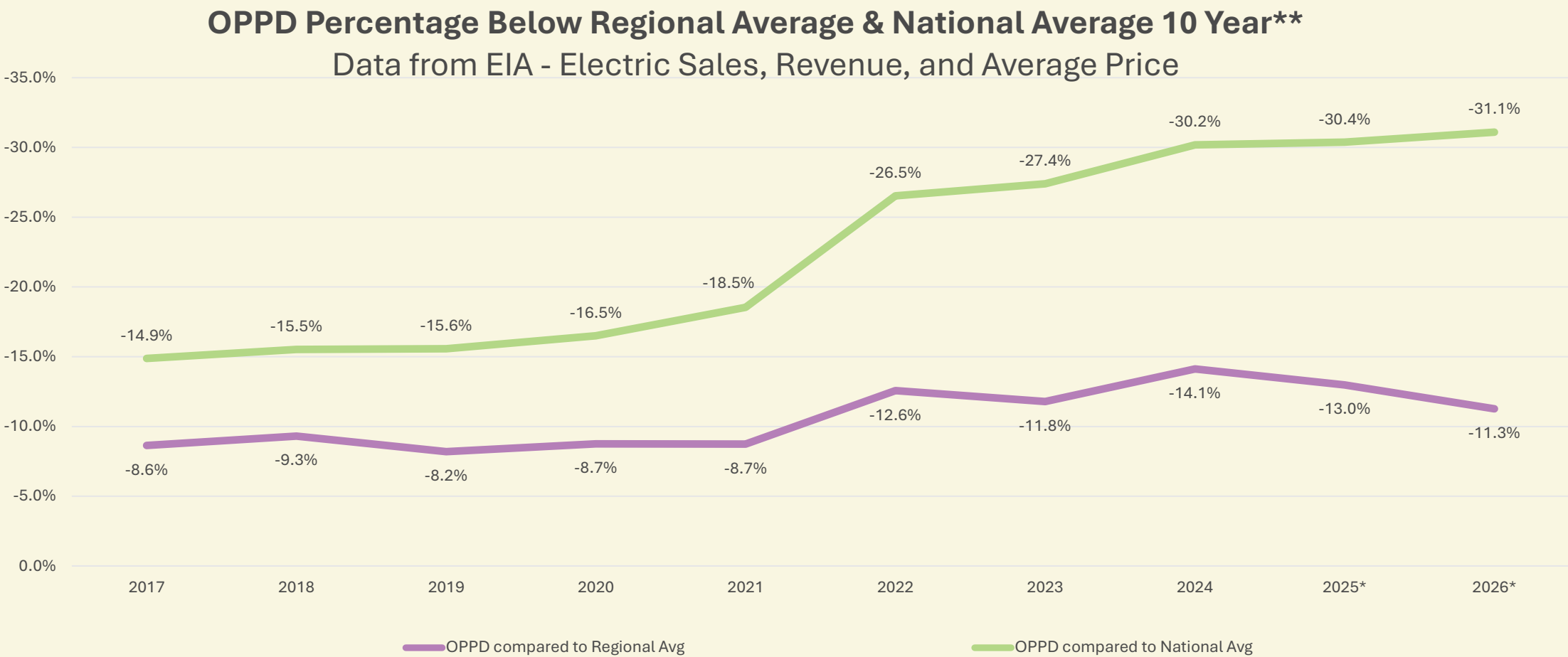
Economic development and changing consumer behavior drives usage and infrastructure needs, ultimately impacting retail rates



*Best available records, **2020s data does not reflect full decade

COMPETITIVE RATES

OPPD has maintained retail rates that are 31% below the national average but expects consistent rate increases in the foreseeable future to support growth and reliability



*Preliminary Data for 2025 and 2026 using EIA December YTD information for 2025, and June YTD information for 2026

**EIA-defined region (West North Central Region) composed of: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota. Changed from the OPPD-defined region (North Central Region) in 2026 with board approval

RATE GOVERNANCE

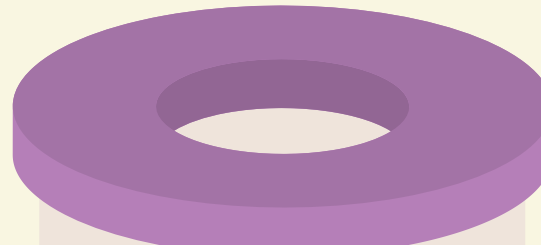
State law and legal precedents determine how we allocate costs to our customers



**OBLIGATION TO
SERVE**

**Nebraska State
Statute 70-1001**

OPPD must provide
electric service to anyone
that requests it.



**FAIR,
REASONABLE
AND NON-
DISCRIMINATORY**

**Nebraska State
Statute 70-655**

Legal requirements
guide how we allocate
costs to customers and
set rates



**FAIR,
REASONABLE AND
NOT UNDULY
DISCRIMINATORY**

LB1010

New state law updates
the standard for how we
pass on certain cost to
large load customers

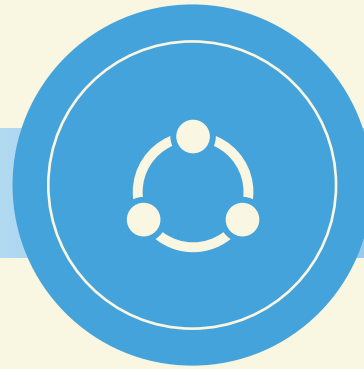
RIGOROUS APPROACH

Time-tested model with consistent reviews to ensure fairness and accuracy



LEGAL BASIS

Federal and state law, along with court rulings, guides our process



STANDARD METHODOLOGY

Allocations are made in a disciplined, consistent way every year



QUALITY CONTROL

A third party reviews our results to ensure our allocations are made in the correct way

RATEMAKING PROCESS



REVENUE REQUIREMENTS DETERMINATION



Functionalization

Production, transmission, distribution and more.



Classification

Demand, energy, other.



Allocation

Residential, Commercial, Industrial



Rate Design

Two-part, three-part, multi-part rates

01

02

03

04

REVIEW REQUIREMENTS

What

The quantitative process to derive how much revenue needs to be collected in a given year **to satisfy the financial metrics established in SD-3.**

How

The process uses customer class detail found in the district's **annual load forecast** and the existing rates (\$/kWh) for each class.





FUNCTIONALIZATION PRINCIPLES

What

Functionalization is the process of dividing the total revenue requirement into operating functions (value streams) of the utility.

How

The process uses regulated **uniform FERC account codes** used in the next year's budget to assign functional categorization.

CLASSIFICATION PRINCIPLES

What

Classification is the process of assigning functionalized **costs to their cost causes**. The classification principle organizes cost into three categories including **demand, energy, and customer**.

How

Costs are classified based on standards published by the **NARUC Electric Utility Cost Allocation**.



ALLOCATION PRINCIPLES

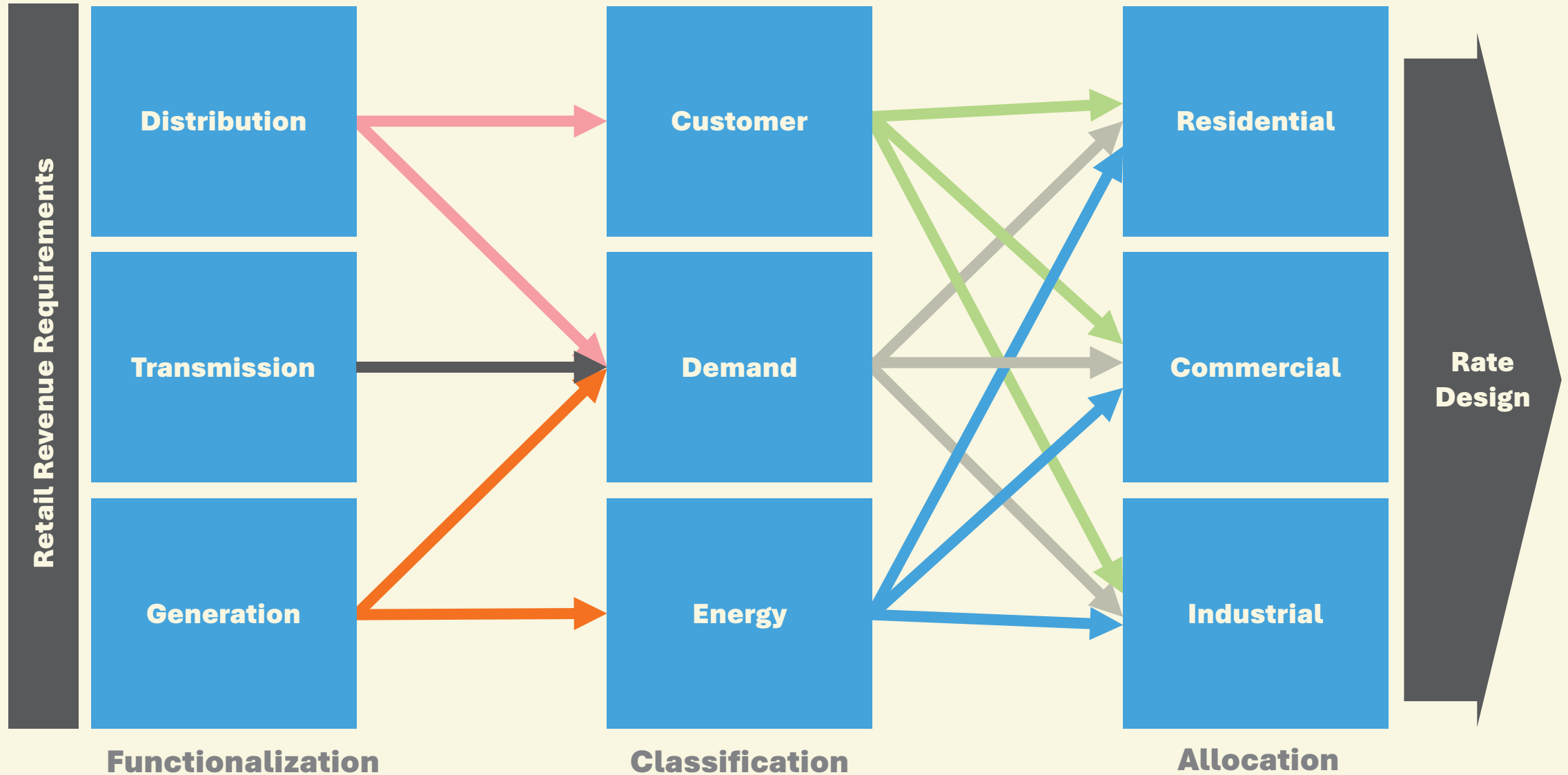
What

An exercise of the **apportioning of the classified costs to rate classes.**

How

Costs are allocated to customer classes based on the **relative proportion of their use of each of the services from the classification.**

RATEMAKING PROCESS VISUALIZED



**Size of shapes is not representative of the relative cost in each category*

KEY TAKEAWAYS

Rate process designed to ensure costs causers are cost payers

