

MINUTES OF LINCOLN ELECTRIC SYSTEM ADMINISTRATIVE BOARD

Minutes of the regular meeting held at 9:30 a.m., Friday, April 19, 2024, at the Kevin Wailes Operations Center, 9445 Rokeby Road, Lincoln, Nebraska. Public notice of today's meeting was published in the Lincoln Journal Star on April 12, 2024.

Board Members Present: Andrew Hunzeker, Kate Bolz, Carl Eskridge, Chelsea Johnson, Lucas Sabalka, David Spinar

Board Members Absent: Karen Griffin, Alyssa Martin, Eric Schafer

LES Staff Present: Emeka Anyanwu, Shelley Sahling-Zart, Emily Koenig, David Malcom, Paul Crist, Jason Fortik, Lisa Hale, Trish Owen, Pat Marik, Kelley Porter, Jim Rigg, Marc Shkolnick, Nick Wolf, Bryan Willnerd, Keith Snyder

Others Present: Doug Bantam, Bud Synhorst, another customer and numerous virtual participants via Microsoft Teams

News Media Present: None

Chair Andrew Hunzeker declared a quorum present and called the meeting to order at approximately 9:30 a.m. A safety briefing was provided. **Call to Order & Safety Briefing**
Chair Hunzeker noted that LES conducts its meetings in compliance with the Nebraska Open Meetings Act and noted that a copy of the Act is located on the wall in the back of the room.

Chair Andrew Hunzeker asked for approval of the March 15, 2024, meeting minutes. Carl Eskridge moved their approval. David Spinar seconded the motion. The vote for approval of the minutes was: **Approval of Minutes**

Aye: Kate Bolz, Carl Eskridge, Chelsea Johnson, Lucas Sabalka, Andrew Hunzeker, David Spinar

Nay: None

Abstain: None

Absent: Karen Griffin, Alyssa Martin, Eric Schafer, Chelsea Johnson

Chelsea Johnson arrived at this time.

Bud Synhorst, representing Sandhills Global, who expressed Sandhills' interest in LES policies regarding renewable energy and electric vehicle charging. He also mentioned that Sandhills has experienced numerous instantaneous blinks on its system and they would like to continue evaluating this situation with LES staff. **Customer Comments**

David Malcom, Vice President, Technology Services, introduced employee Pat Marik who was recognized by the Board for 20 years of service to LES. **Introduction and Recognition of Staff**

Lucas Sabalka, Chair of the Operations & Power Supply Committee, reported on Committee discussions held on April 9, 2024, including: 1) an update on the remodel of the Walter A. Canney Service Center geothermal and mechanical systems; 2) an update on the efforts to research a potential utility-scale solar generation project; and 3) an update on the coordination and contract negotiations regarding the energy storage project. (Exhibit I)

Operations & Power Supply Committee Report

Carl Eskridge, Chair of the Finance Committee reported on Committee discussions held on April 19, 2024, including: 1) a review from FORVIS, LES's external auditor, on the audit of LES's 2023 financial statements; 2) first quarter 2024 financial review and 2024 forecast; 3) the 2023 annual report from the Investment Committee; and 4) first quarter internal audit report; 5) overview of the proposed Renewable Energy Standby Rider; and 6) a review of proposed adjustments to internal payment authorization thresholds. (Exhibit II)

Finance Committee Report

Following the Finance Committee report, Carl Eskridge moved that the 2023 annual external audit by FORVIS, LLP be accepted (Exhibit III). David Spinar seconded the motion. The vote to accept the FORVIS external audit report was:

Acceptance of FORVIS, LLP External Audit

Aye: Kate Bolz, Carl Eskridge, Chelsea Johnson, Lucas Sabalka, Andrew Hunzeker, David Spinar

Nay: None

Abstain: None

Absent: Karen Griffin, Alyssa Martin, Eric Schafer

Shelley Sahling-Zart, Vice President & General Counsel, provided a final report on state legislation activities. (Exhibit IV) The Legislature adjourned sine die on April 18, concluding the two-year legislative session.

State Legislative Report

The Legislature ended up passing 197 legislative bills, though the total number of bills passed is actually higher as many of the bills passed were packages into which several bills were amended.

Sahling-Zart highlighted several bills that LES and public power were able to secure amendments to in order to eliminate or mitigate impacts to LES. Among them was LB 1300 adopting the Pacific Conflict Stress Test Act and Foreign Adversary Contracting Prohibition Act. The act, which was approved by the Governor, requires a state risk assessment that includes preparation of risk scenarios and threats, with focus on supply chain, for all state agencies, political subdivisions, and critical infrastructure entities. LES and other public power representatives worked with Senator Bostar and the Governor's office to secure amendments that enable utilities to continue to adequately protect sensitive cyber and physical critical infrastructure information.

The Legislature also passed the provisions of LB 1218 which were amended into LB 1317, a Revenue Committee package. LB 1218 deals with commercial electric vehicle charging stations. As introduced, the bill significantly restricted the ability of public entities like LES to install direct current (DC) fast-charging stations by providing that a public entity would have to provide public notice of an intent to install a DC fast charging station and give private entities a 90-day window to exercise a right of first refusal to install a station thereby precluding the public entity from doing so. LES strongly opposed this restriction that erodes local control and restricts the core business of electric utilities. The public power industry secured an amendment to the language that sunsets the right of first refusal on December 31, 2027, after which utilities will be precluded from installing a DC fast charging station within 10 miles of any DC fast charging station that exists, or is under construction, on January 1, 2028.

LES will be monitoring several interim studies that were introduced. Looking ahead to the 2025 legislative session, Sahling-Zart noted there will be fifteen new senators in the 2025 legislative session replacing thirteen term-limited senators and two who opted not to run for re-election. There will also be significant leadership changes in 2025 as eight of the term-limited senators are committee chairs.

Jason Fortik, Vice President, Power Supply, reviewed the First Quarter 2024 Power Supply Report. (Exhibit V) Net power costs are about \$3.5 million below budget due to lower generation expenses and higher market wholesale sales revenue. Fortik noted that natural gas prices remained well below budget despite very cold temperatures in January. Cold temperatures in January and varied temperatures in March resulted in higher customer demand in those months, but more moderate temperatures in February kept the system peak below expectations.

First Quarter 2024 Power Supply Report

Emily Koenig, Vice President Financial Services & CFO, reviewed the First Quarter 2024 Financial Review. (Exhibit VI) Residential and commercial revenues were lower than budget for the first quarter while industrial revenues were almost 7 percent higher than budget. Heating degree days were 9.4 percent lower than average primarily due to milder weather than normal in February. Operating expenses for the quarter were below budget which contributed to net revenues that were greater than budgeted for the first quarter.

First Quarter 2024 Financial Review

Emily Koenig, Vice President Financial Services & CFO, reviewed the Key Performance indicators for the first quarter of 2024. (Exhibit VII) The Days Away, Restricted, Transferred (DART) rate was 1.57 for the quarter compared to a forecast of zero. We continue to promote safety programs to maintain a low DART rate. The amount of obligated Sustainable Energy Program funds was lower than forecasted, but utilization of funds is expected to pick up with spring and summer construction.

First Quarter 2024 Key Performance Indicators Data

Bryan Willnerd, Manager, Treasury & Risk Management, provided the LES Investment Committee's 2023 Annual Report (Exhibit VIII). The

Investment Committee 2023 Annual Report

Investment Committee provides oversight of the LES Employees' 401(k) Retirement and Deferred Compensation Plans. The Investment Committee consists of the Chief Executive Officer, the Vice President of Financial Services & Chief Financial Officer, the Vice President of Corporate Operations, the Vice President of Communications and Corporate Records & General Counsel, and the Manager of Human Resources. LES retains a third-party administrator and recordkeeper for the plans as well as a third-party investment advisor.

The Investment Committee regularly reviews investment option performance, market trends and asset class performance, fund management changes, participant communications and education, and policy compliance and plan amendments. Willnerd reviewed key items of review in 2023.

Kelley Porter, Manager, Customer & Corporate Communications, presented **2023 LES Annual Report**. This report reflects the past year's achievements and LES' commitment to the community. The Annual Report highlights accomplishments in three areas: 1) local impacts; 2) sustainable impacts; and 3) utility impacts.

Key stories covered in the annual report include the retirement of former LES CEO Kevin Wailes at the end of 2023, participation in the national GridEx grid security exercise, and LES sustainability and community outreach activities. The 2023 Annual Report can be found at <https://annualreport.les.com>.

Following the meeting Eric Ruskamp, Manager, Regulatory Compliance, provided a Federal Energy Regulatory Commission Standards of Conduct training video for the board members. The training is required of all employees and board members. **FERC Standards of Conduct Training**

The Financial and Operating Statements for January, February, and March 2024 are available. (Exhibit IX) The Power Supply Division Monthly Reports for February and March 2024 are also available. (Exhibit X) **Monthly Financial and Power Supply Reports**

The next regular meeting of the LES Administrative Board will be Friday, May 17, 2024, at 9:30 a.m. **Next Meeting**

Without further business before the Board, Chair Hunzeker declared the meeting adjourned at approximately 10:49 a.m. **Adjournment**

Lucas Sabalka, Secretary

BY: Shelley Sahling-Zart
Shelley Sahling-Zart
Assistant Secretary

Exhibit I



Operations and Power Supply Committee Meeting Summary April 8, 2024 (virtual)

Attendees: C. Johnson, L. Sabalka (Committee Chair), E. Anyanwu, S. Benson, J. Fortik, C. Gebers, L. Hale, P. Ladd, T. Owen, S. Sahling-Zart, N. Wischhof

Service Center Geothermal & Mechanical Systems Remodel (Chad Gebers):

- A facilities assessment performed in the Fall of 2021 indicated that several mechanical and electrical systems at the site are past their useful life.
- The main electrical equipment is being upgraded, the heating and cooling equipment is being replaced with a geothermal based system, and the interior finishes in several areas are being updated.
- The geothermal based heating and cooling system will include drilling 240 wells to a depth of 400 feet. This new system is expected to produce a 35-45% efficiency improvement compared to the current system.
- Construction work on the \$15M project began in Q4 2023 and is expected to be completed in the Spring of 2026.

Solar Project Analysis Update (Scott Benson):

- Staff shared an update on the efforts to research a potential utility scale solar generation addition as previously discussed in the 2022 Integrated Resource Plan.
- A Geographic Information System (GIS) based tool was developed internally to help identify potential solar project sites in the vicinity of the LES service area.
- An external consulting firm was also hired to obtain assistance with identifying additional potential project sites, site suitability evaluations, preliminary equipment layout and designs, and federal tax credit guidance.
- Recently proposed changes in SPP's resource adequacy rules, summer and winter generating resource reserve margins, and the market implications of a solar project addition are being evaluated.

Energy Storage Project Update (Scott Benson):

- Staff briefed the Committee on the ongoing coordination and contract negotiations with the project developer and their potential financing partners and equipment suppliers.

Exhibit II



Finance Committee – April 19, 2024

Attendees: C. Eskridge (Chair), K. Bolz, A. Hunzeker, D. Spinar, E. Anyanwu, S. Sahling Zart, E. Koenig, D. Auman, T. Hopkins, B. Willnerd, N. Wolf, J. Cocklin, FORVIS Representatives

1. External Audit Review of 2023 Financial Statements (FORVIS)

- a. A representative from FORVIS, LES' external audit team, provided the Committee a review of the audit of LES' 2023 financial statements.
- b. LES received an unmodified (clean) audit opinion. This is the highest level of audit assurance that can be attained.
- c. A copy of the annual report and a communication letter from FORVIS have been provided to board members.

*At the completion of the Finance Committee minutes,
please make a motion to "accept" the 2023 annual audit.*

2. First Quarter 2024 Financial Review and 2024 Forecast (Emily)

Emily will present this information at today's board meeting.

- a. The first quarter 2024 financial results and year end forecast were reviewed with the committee.
- b. Financial metrics are currently expected to be favorable to budget at year-end.

3. Investment Committee 2023 Annual Report (Bryan)

Bryan will present this information at today's board meeting.

- a. The Annual Investment Committee Report was reviewed with the committee. The report outlines the roles of various groups which provide oversight to the LES retirement plans, fund options and metrics, significant actions of the Investment Committee in 2023 as well as a summary of the topics discussed at the quarterly Investment Committee meetings.

4. Internal Audit First Quarter Report and Follow-Up Report (David)

- a. Internal Auditing presented the first quarterly report for 2024.
- b. Final reports issued during the quarter include the Accounts Payable SAP Controls Audit, the Third-Party Risk Management Audit, the Sales Tax Review on Technology Services Projects, the Customer Rebilling Audit, and the Follow Up Report as of March 31, 2024.
- c. The audits all received clean opinions and had minor recommendations. We continue to make excellent progress and cooperation on implementing recommendations from the audits.

5. Renewable Standby Rider Overview (Joe)

- a. An initial overview of a proposed rider which would provide a billing mechanism for customers that install a large renewable energy facility, such as solar, was reviewed with the committee.
- b. The proposed standby rider would benefit customers by providing a reduced demand charge consistent with the costs required to provide standby service.
- c. Later this year the committee will determine whether the rider will be included in the proposed 2025 budget and rates package.

(OVER – More notes on reverse side)

6. Payment Authorization Levels (Emily)

- a. The payment amount thresholds which require various levels of approval by LES management staff have been in place for many years.
- b. A brief overview of proposed, revised authorization levels was reviewed with the committee as well as comparison information from peer utilities.
- c. Proposed revisions will require technology programming and changes are expected to be implemented later this year.

Exhibit III



2023 Annual Report

HISTORICAL FINANCIAL SUMMARY

(dollars in thousands)

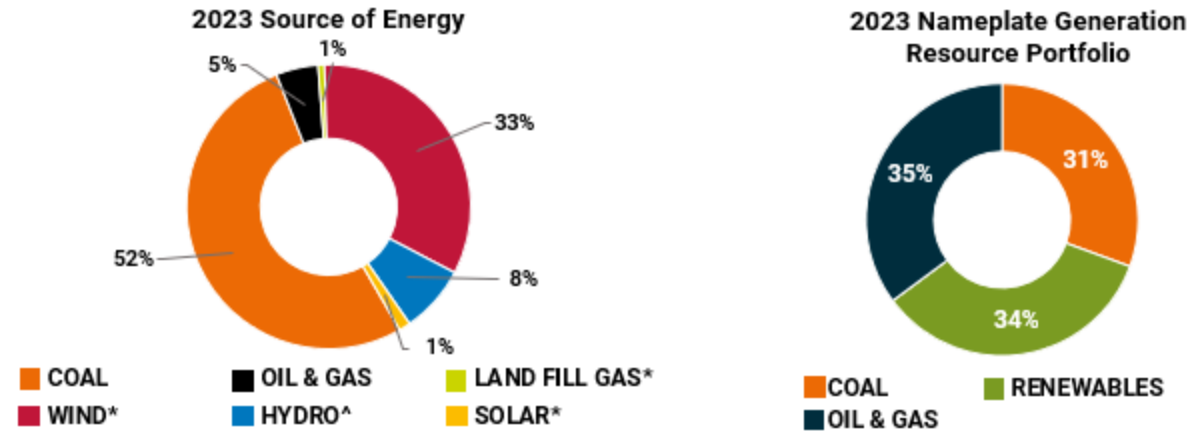
LINCOLN ELECTRIC SYSTEM

(Unaudited)	2023	2022	2021	2020	2019
Operating Revenues					
Electric retail	\$ 290,674	\$ 275,492	\$ 273,557	\$ 262,878	\$ 268,656
Electric wholesale	38,713	65,330	74,594	30,104	32,323
Other revenue ^[1]	20,642	20,561	20,747	18,231	16,231
Total Operating Revenues	350,029	361,383	368,898	311,213	317,210
Operating Expenses					
Purchased power	76,378	90,005	94,240	75,192	73,028
Produced power	61,048	74,377	73,983	43,875	48,773
Operations	25,565	16,797	15,022	18,021	18,306
Maintenance	12,437	9,815	8,070	8,296	8,368
Administration and general	59,032	56,643	51,111	50,474	44,828
Depreciation and amortization	35,555	34,495	35,926	39,211	52,913
Total Operating Expenses	270,015	282,132	278,352	235,069	246,216
Operating Income	80,014	79,251	90,546	76,144	70,994
Nonoperating Expenses (Net)	31,606	37,627	41,307	40,901	40,073
Income Before Capital Contributions	48,408	41,624	49,239	35,243	30,921
Net capital contributions	-	-	-	-	-
Change in Net Position	48,408	41,624	49,239	35,243	30,921
Total Capital Assets (Net)	\$ 1,011,884	\$ 995,864	\$ 980,496	\$ 971,143	\$ 947,361
Peak Hour Use (KW)	819,000	763,000	769,000	715,000	767,000
Megawatt-Hour Sales (MWh)					
Residential	1,347,649	1,345,068	1,310,455	1,284,674	1,275,179
Commercial ^[2] & street/highway lighting	1,481,761	1,475,289	1,443,632	1,367,406	1,461,763
Industrial	466,063	455,298	477,804	433,624	450,062
Subtotal retail	3,295,473	3,275,655	3,231,891	3,085,704	3,187,004
Wholesale	740,216	968,125	832,831	978,747	1,195,990
Total Megawatt-Hour Sales (MWh)	4,035,689	4,243,780	4,064,722	4,064,451	4,382,994
Revenue from Electric Sales					
Residential	\$ 137,735	\$ 130,691	\$ 127,733	\$ 125,672	\$ 124,380
Commercial ^[2] & street/highway lighting	121,124	114,501	113,358	107,709	113,505
Industrial	31,815	30,300	32,467	29,497	30,770
Subtotal retail	290,674	275,492	273,557	262,878	268,656
Wholesale	38,713	65,330	74,594	30,105	32,323
Total Revenue from Electric Sales	\$ 329,387	\$ 340,822	\$ 348,151	\$ 292,983	\$ 300,979
Average Number of Customers					
Residential	132,338	130,067	128,256	126,411	124,460
Commercial ^[2] & street/highway lighting	17,751	17,539	17,345	17,197	17,014
Industrial	233	231	233	180	176
Total Retail Customers	150,322	147,837	145,834	143,788	141,650
Wholesale	7	7	8	9	8
Total Average Number of Customers	150,329	147,844	145,842	143,797	141,658
Retail (12-Month Average Basis)					
Average kWh/customer	21,923	22,157	22,161	21,460	22,499
Cents/kWh	\$ 0.0882	\$ 0.0841	\$ 0.0846	\$ 0.0852	\$ 0.0843

[1] Other revenue includes City Dividend for Utility Ownership (CDFUO)

[2] Public Authority customers are reported in the Commercial classification.

RESOURCES



Sources of energy serve wholesale and retail loads.

* LES is selling the Renewable Energy Certificates (RECs) and the renewable attributes are transferred to the REC recipient.

^ Western Area Power Administration contract purchases, including a small portion of nonhydro, supplemental energy.

LES' resource portfolio includes the following:

RENEWABLE RESOURCES

Western Area Power Administration: LES purchases approximately 54 megawatts (MW) of firm power, 72 MW of summer firm peaking and 22 MW of winter firm peaking power from this hydropower resource.

LES Wind Turbines: LES has two wind turbines on the northeast side of Lincoln. The first wind turbine was completed in 1998 and the second in 1999. At full output, the turbines can generate a combined total of 1 MW of power.

Elkhorn Ridge Wind Farm: LES began receiving energy from a share of the Elkhorn Ridge Wind Farm in 2009, located 5 miles north of Bloomfield in northeast Nebraska. LES entered into a power purchase agreement for 6 MW of the total 80-MW wind project, which consists of 27 wind turbines. This power purchase agreement expires in 2029.

Laredo Ridge Wind Farm: LES began receiving energy from a share of the Laredo Ridge Wind Farm in 2011, located northeast of Petersburg, Nebraska, in Boone County. LES entered into a power purchase agreement for 10 MW of the total 80-MW wind project, which consists of 54 wind turbines. This power purchase agreement expires in 2031.

Crofton Bluffs Wind Farm: In 2012, LES began receiving energy from a share of the Crofton Bluffs Wind Farm located southwest of Crofton in northeast Nebraska. LES entered into a power purchase agreement for 3 MW of the total 42-MW wind project, which consists of 22 wind turbines. This power purchase agreement expires in 2032.

Broken Bow Wind Farm: LES began receiving energy from a share of the Broken Bow Wind Farm in 2012. LES entered into a power purchase agreement for 10 MW of the total 80-MW wind project, which consists of 50 wind turbines. The project is located just east of Broken Bow, in central Nebraska. This power purchase agreement expires in 2032.

Bluff Road Landfill Gas to Energy Plant: LES completed construction of a 5-MW landfill gas-generated facility in 2014. The methane fuel is supplied by the Bluff Road Landfill.

Arbuckle Mountain Wind Farm: LES began receiving energy from the Arbuckle Mountain Wind Farm in 2015. LES entered into a power purchase agreement for the full 100-MW project, which consists of 50 wind turbines. The project is in south-central Oklahoma, about 80 miles south of Oklahoma City. This power purchase agreement expires in 2035.

Buckeye Wind Energy Center: LES began receiving energy from the Buckeye Wind Energy Center in 2015. LES entered into a power purchase agreement for the full 100-MW project, which consists of 56 wind turbines. The project is in north-central Kansas, about 5 miles north of Hays, Kansas. This power purchase agreement expires in 2040.

Prairie Breeze II Wind Energy Center: LES began receiving energy from the Prairie Breeze II Wind Energy Center in 2015. LES entered into a power purchase agreement for the full 73-MW project, which consists of 41 wind turbines. The project is in northeast Nebraska, about 5 miles east of Elgin, Nebraska. This power purchase agreement expires in 2040.

Community Solar Project: In 2016, LES began receiving energy from the Community Solar Project, located on the west edge of Lincoln, Nebraska. LES entered into a power purchase agreement for the full facility of approximately 5-MW_{DC}/4-MW_{AC}. The project represents the first utility-scale solar facility in Nebraska and is one of the largest in the region. This power purchase agreement expires in 2036.

NATURAL GAS/OIL RESOURCES

J Street Generating Station: LES' oil or natural gas-fired power plant, with one simple-cycle combustion turbine totaling 30 MW, was installed in 1972.

Terry Bundy Generating Station (TBGS): LES' oil or natural gas-fired, 164-MW plant uses waste heat from two aeroderivative combustion turbines to create steam, which is used to operate a steam turbine and generate additional power in a combined-cycle configuration. A third aeroderivative combustion turbine is operated in a simple-cycle configuration. The plant also has a 2-MW "Black Start" unit on-site. The combustion turbines were placed in commercial operation in 2003, with the steam turbine following in 2004.

Rokeby Generation Station: LES' power station with three oil or natural gas-fired simple-cycle combustion turbines, totaling 255 MW, including a 3-MW diesel gen-set. The combustion turbines were installed in 1975, 1996 and 2001.

COAL RESOURCES

Laramie River Station (LRS): LES owns 12.76% of this coal-fired power plant, with approximately 10.50%, or 178 MW, available after ownership and participation sales. Construction was completed in 1982 on the three-unit, 1,710-MW plant.

Walter Scott Energy Center (WSEC) #4: LES owns 12.66% of WSEC Unit 4 along with MidAmerican Energy Company (MEC) and 12 other companies. The coal-fired plant was completed in 2007 and provides LES approximately 104 MW. To further diversify generation, in January 2008, LES executed an agreement with MEC to exchange energy derived from 50 MW of Unit 4 with 50 MW of Unit 3.

Gerald Gentleman Station (GGS): Owned by Nebraska Public Power District (NPPD), LES participates under a life-of-plant contract by purchasing 8.0% of the output, or approximately 109 MW. The final phase of this coal-fired plant was completed in 1982.

UNIT NAME	FUEL TYPE	COMMERCIAL OPERATION DATE	NET CAPABILITY (MW)	LES SHARE (%)	LES SHARE (MW) ^[1]
<u>OWNED UNITS</u>					
Laramie River Station (Net to LES) ^[2]	Coal	1982	1,698	10.50	178
Walter Scott Energy Center #4 ^[3]	Coal	2007	819	12.66	104
J Street Generating Station	Gas/Oil	1972	30	100.00	30
Terry Bundy Generating Station ^[4]	Gas/Oil	2003/2004	164	100.00	164
Rokeyby Generation Station ^[4]	Gas/Oil	1975/1996/2001	255	100.00	255
Local Wind Turbines	Wind	1998/1999	1	100.00	1
Bluff Road Landfill Gas to Energy Plant	Gas	2014	5	100.00	5
<u>PARTICIPATION UNITS</u>					
Gerald Gentleman Station	Coal	1982	1,365	8.00	109
Elkhorn Ridge Wind Farm ^[5]	Wind	2009	80	7.50	6
Laredo Ridge Wind Farm ^[5]	Wind	2011	80	12.50	10
Broken Bow Wind Farm ^[5]	Wind	2012	80	12.50	10
Crofton Bluffs Wind Farm ^[5]	Wind	2012	42	7.50	3
<u>FIRM CONTRACTS</u>					
Arbuckle Mountain Wind Farm ^[5]	Wind	2015	100	100.00	100
Buckeye Wind Energy Center ^[5]	Wind	2015	100	100.00	100
Prairie Breeze II Wind Energy Center ^[5]	Wind	2015	73	100.00	73
Western Area Power Administration	Hydro	1974	-	-	126
Community Solar	Solar	2016	4	100.00	4
TOTAL					1,278

[1] Summer net maximum rating.

[2] LES' share is listed after the deduction of participation sales.

[3] LES is a 12.66% joint owner of WSEC #4 operated by MEC. LES has an agreement with MEC whereby MEC will provide 50 MW of WSEC #3 in a swap for 50 MW of LES' share of WSEC #4.

[4] Does not include black start or diesel generators.

[5] LES is selling the Renewable Energy Certificates (REC) and the renewable attributes are transferred to the REC recipient.



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Independent Auditor's Report

Administrative Board
Lincoln Electric System
Lincoln, Nebraska

Opinion

We have audited the financial statements of Lincoln Electric System, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Lincoln Electric System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Lincoln Electric System, as of December 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Lincoln Electric System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only Lincoln Electric System and do not purport to, and do not, present fairly the financial position of the City of Lincoln, Nebraska as of December 31, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lincoln Electric System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the historical financial summary and other introductory information but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS,LLP

Lincoln, Nebraska
April 11, 2024

2023 SIGNIFICANT EVENTS

- Kevin Wailes retired from LES at the end of 2023 after serving as the company's chief executive officer for more than 13 years. The LES Administrative Board and Lincoln City Council approved the appointment of Emeka Anyanwu to fill the CEO position starting on January 2, 2024. The LES Board also approved the renaming of the LES Operations Center to the Kevin Wailes Operations Center.
- LES responded to the Department of Energy's mutual aid request for circuit breakers. Working with the Electricity Subsector Coordinating Council, LES provided four 115-kV SF6 breakers to help with mutual aid efforts.
- LES crews provided mutual aid assistance in Florida after Hurricane Idalia left many communities without power. Two crews comprised of 20 employees worked for a week to help restore power to the communities impacted by the Category 3 storm.
- The LES Administrative Board approved signing a contract to provide electrical service to Project Agate (also announced as the Google Data Center) being constructed in North Lincoln.
- In February 2023, LES and the U.S. Department of Homeland Security Cybersecurity and Infrastructure Security Agency completed a weeklong training program on understanding, protecting and securing Industrial Control Systems from cyberattacks. Roughly 100 participants from multiple entities across Nebraska attended the training at the Kevin Wailes Operations Center.
- The American Public Power Association recognized LES as a Smart Energy Provider. The Smart Energy Provider designation, which lasts for two years, recognizes public power utilities for demonstrating leading practices in four key disciplines: smart energy program structure, energy efficiency and distributed energy resources programs, environmental and sustainability initiatives, and customer experience. LES joins more than 90 public power utilities nationwide that hold the SEP designation.

FINANCIAL REPORT OVERVIEW

The information provided in the Management's Discussion and Analysis (MD&A) section of the Financial Report is provided to explain the activities, plans and events that impacted LES' financial position and operating results for the years ended December 31, 2023, and 2022. This overview from management is one of three components of the Financial Report. The other two components are the Financial Statements and Notes to the Financial Statements. The Financial Report should be read in its entirety to understand the events and conditions impacting LES.

LES' accounting records are maintained in accordance with all applicable pronouncements of the Governmental Accounting Standards Board (GASB). In 2020, GASB issued Statement No. 96, *Subscription-Based Information*

Technology Arrangements (SBITA), which creates a single model for SBITA accounting by requiring entities to report assets and liabilities for agreements previously considered operating expenses. LES has adopted this new GASB standard, effective January 1, 2023, and all 2023 financial statements and figures contained herein reflect the new standard. However, comparative historical information, contained solely in the MD&A section of the Financial Report, has not been restated under the new guidance. This results in immaterial differences in certain year-over-year comparisons in the MD&A section of the Financial Report.

Balance Sheet – This statement presents assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Assets and liabilities are each divided to distinguish current and noncurrent. This statement reveals liquidity, financial flexibility and capital structure.

Statement of Revenues, Expenses, and Changes in Net Position – Operating results are separated into operating revenue and expense, nonoperating revenue and expense, and capital contribution revenue and expense. This statement is useful in analyzing financial health.

Statement of Cash Flows – This statement classifies sources and uses of cash summarized by operating, noncapital financing, capital and related financing, and investing activities.

Notes to Financial Statements – The notes provide additional information to support the Financial Statements.

FINANCIAL POSITION AND OPERATING RESULTS

CONDENSED BALANCE SHEETS

	2023	2022
	(Dollars in thousands)	
Current Assets	\$ 269,276	\$ 266,487
Noncurrent Assets	36,570	20,763
Capital Assets (Net)	1,011,884	995,864
Deferred Outflows of Resources	13,317	12,601
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,331,047	\$ 1,295,715
Current Liabilities	\$ 170,585	\$ 154,424
Noncurrent Liabilities	547,101	576,275
Deferred Inflows of Resources	41,759	41,822
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	759,445	772,521
Net Investment in Capital Assets	395,813	346,153
Restricted for Debt Service	15,586	13,105
Unrestricted	160,203	163,936
NET POSITION	571,602	523,194
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,331,047	\$ 1,295,715

Comparison of 2023 to 2022

Total assets and deferred outflows of resources increased \$35,332,000 in 2023, compared to 2022, or 2.7%. Current assets increased by \$2,789,000, primarily due to an increase in inventory balances. Noncurrent assets increased \$15,807,000 in 2023, compared to 2022, due to an increase in restricted cash balances. Capital assets increased by \$16,020,000 due to increased capital spending. Deferred outflows of resources increased by \$716,000 due to the deferred cost for the asset retirement obligation.

Current liabilities increased by \$16,161,000 due to an increase in current maturities of long-term debt and contributed capital received in advance. Noncurrent liabilities decreased by \$29,174,000, primarily due to payments of bond principal and premium amortization. Deferred inflows of resources decreased by \$63,000 due to the amortization of deferred inflows from lease revenue.

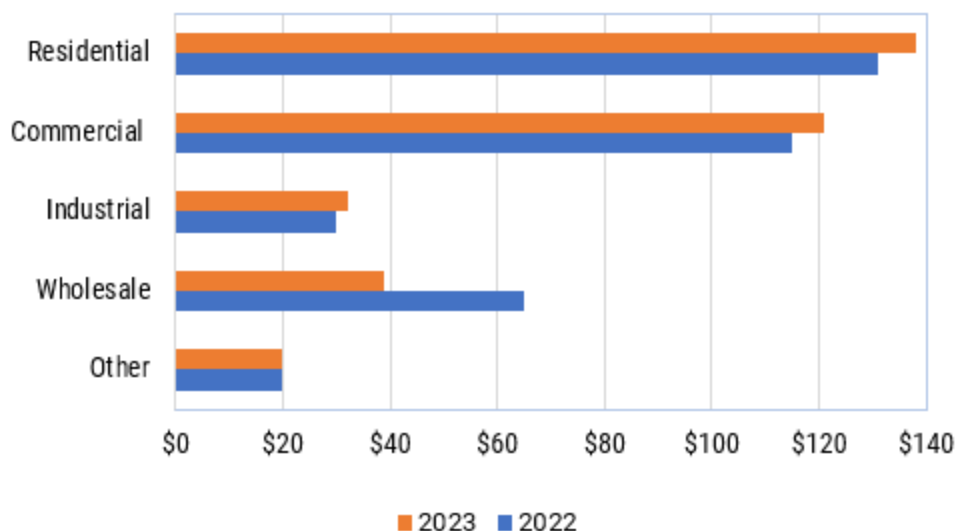
Net position increased by \$48,408,000, primarily due to a balance of revenues and expenses which led to a favorable financial position throughout the year. The net investment in capital assets increased by \$49,660,000 primarily due to additional capital expenditures and the reduction of revenue bond liabilities by principal payments.

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	2023	2022
	(Dollars in thousands)	
Operating Revenues	\$ 350,029	\$ 361,383
Operating Expenses	270,015	282,132
OPERATING INCOME	80,014	79,251
Interest Expense	(17,429)	(18,382)
Other Nonoperating Revenues (Expenses) (net)	(14,177)	(19,245)
TOTAL NONOPERATING EXPENSES	(31,606)	(37,627)
CHANGE IN NET POSITION	\$ 48,408	\$ 41,624

OPERATING REVENUES

(DOLLARS IN MILLIONS)

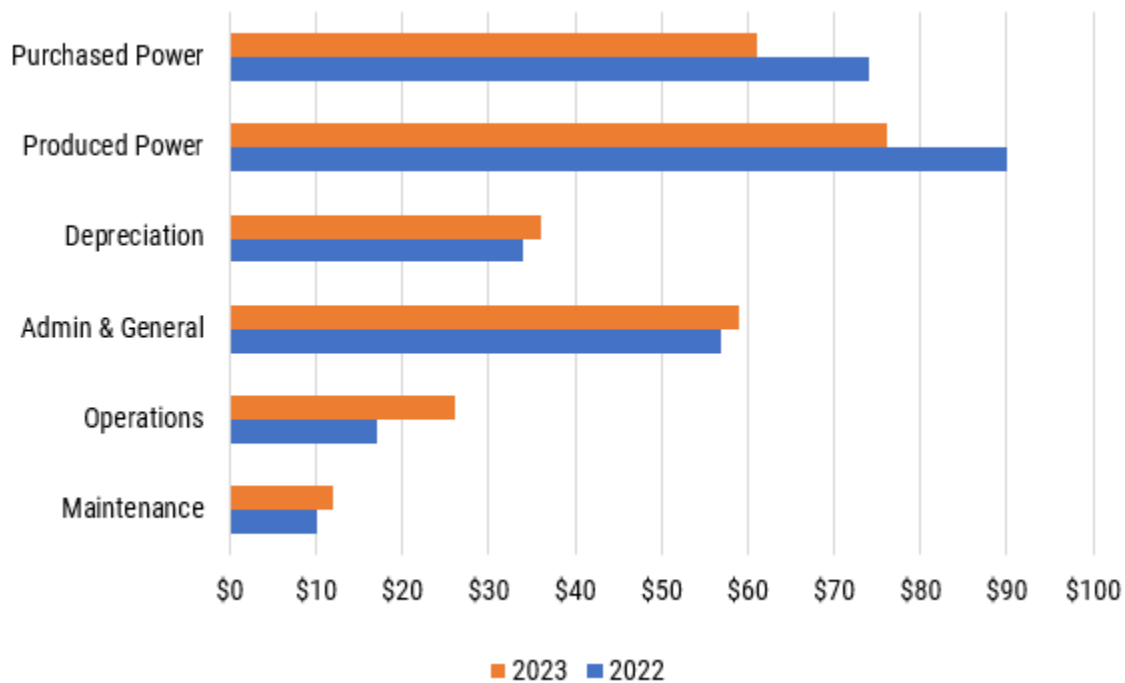


Comparison of 2023 to 2022

Operating revenues in 2023 were \$350,029,000, down 3.1% from 2022. Retail revenue was \$290,674,000, which was 5.5% higher than the 2022 revenue of \$275,492,000, due to higher energy rates. Wholesale revenue was \$38,713,000, down 40.7% from 2022 revenue of \$65,330,000, due primarily to lower local marginal prices in the SPP IM market and lower generation output.

OPERATING EXPENSES

(DOLLARS IN MILLIONS)



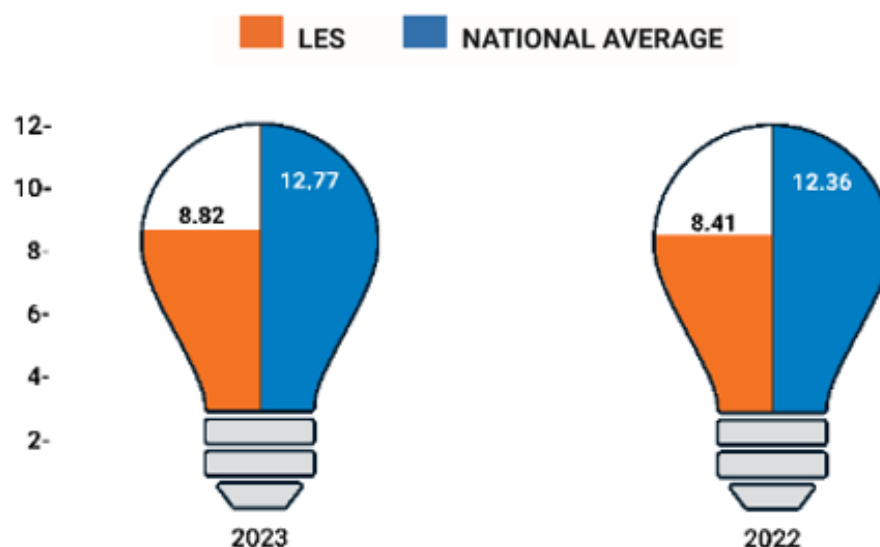
Comparison of 2023 to 2022

Operating expenses in 2023 were \$270,015,000, a decrease of 4.3% from 2022 expenses of \$282,132,000. Purchased power and produced power expenses were \$137,426,000, down 16.4% from 2022 expenses of \$164,382,000. This is primarily due to lower market prices in the SPP IM, resulting in reduced purchased and produced energy costs. Depreciation and amortization expenses were \$35,555,000, up 3.1% from 2022 expenses of \$34,495,000, primarily due to an increase in utility plant assets being depreciated. Administrative and general expenses were \$59,032,000, up 4.2% from 2022 expenses of \$56,643,000, primarily due to increased payroll-related costs and increased Sustainable Energy Program incentives in 2023. Operations and maintenance expenses were \$38,002,000, up 42.8% from 2022 expenses of \$26,612,000, as a result of higher transmission expenses due to the expiration of the SPP Balanced Portfolio credit.

RATES

AVERAGE RETAIL RATES

(CENTS PER KWH)



LES' average retail rates per kWh remain competitive as compared to the national average for retail rates (2023 is preliminary) according to the Energy Information Administration (EIA), U.S. Department of Energy. Based on the preliminary EIA data for 2023, LES' retail rates were 31% below the national average.

RATES COMPARISON

In 2023, LES implemented a system-wide retail rate increase of 4.8%. A six-state regional rate comparison (prepared by LES) shows LES' residential rates are among the least expensive when ranked among regional utilities. The study showed LES' annual rates for all customer classes remain among the lowest in the region. The regional rate comparison includes cities from Colorado, Iowa, Kansas, Minnesota, Missouri and Nebraska.

CASH AND FINANCING ACTIVITIES

CASH FLOWS

	2023	2022
	(Dollars in thousands)	
Cash Flows from Operating Activities	\$ 113,113	\$ 109,166
Cash Flows from Noncapital Financing Activities	(24,298)	(23,008)
Cash Flows from Capital and Related Financing Activities	(88,101)	(105,007)
Cash Flows from Investing Activities	13,515	12,232
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ 14,229	\$ (6,617)

Cash flows from operating activities contain transactions involving customers, suppliers and employees.

Cash flows from noncapital financing activities primarily include transactions related to the payment in lieu of tax and City Dividend for Utility Ownership.

Cash flows from capital and related financing activities contain transactions involving the acquisition and construction of capital assets and the long-term debt related to those assets.

Cash flows from investing activities contain transactions related to security purchases and maturities and investment income.

Comparison of 2023 to 2022

Cash inflows from operating activities were \$113,113,000, up \$3,947,000 from 2022, primarily due to decreased payments to suppliers for goods and services. Cash outflows from noncapital financing activities in 2023 increased by \$1,290,000 due to a higher payment for the City Dividend for Utility Ownership. In 2023, cash outflows from capital and related financing activities decreased by \$16,906,000 from 2022, due to capital contributions received in advance. Cash inflows from investing activities were \$13,515,000 in 2023, an increase of \$1,283,000 from 2022, primarily due to higher interest income in 2023.

FINANCING

No bonds were issued in 2023.

LES uses its Commercial Paper Program to provide liquidity between long-term financings. LES' Commercial Paper Program is authorized for \$150,000,000. The commercial paper outstanding amount was \$65,500,000 as of December 31, 2023.

In 2018, LES entered into a revolving credit agreement with JPMorgan Chase Bank, National Association. The agreement was amended in 2021, extending the expiration date to August 19, 2024. The revolving credit agreement supports the Commercial Paper Program. No advances were outstanding under the revolving credit agreement as of December 31, 2023.

Simultaneous to entering into the revolving credit agreement with JPMorgan Chase Bank, National Association, LES entered into a Note Purchase Agreement. The Note Purchase Agreement was amended in 2021, extending the expiration date to August 19, 2024. The 2021 amendment to the Note Purchase Agreement allows LES to issue both Taxable and Tax-Exempt notes. Amounts outstanding under the Note Purchase Agreement reduce the amount available under the revolving credit agreement which supports the Commercial Paper Program. There were no amounts outstanding under the Note Purchase Agreement as of December 31, 2023.

In 2023, LES entered into a revolving credit agreement with Bank of America National Association. The agreement allows LES to draw up to \$50,000,000 on a variable rate basis. The agreement was executed on April 6, 2023, and it replaced a similar agreement with U.S. Bank National Association that expired on March 17, 2023. The revolving

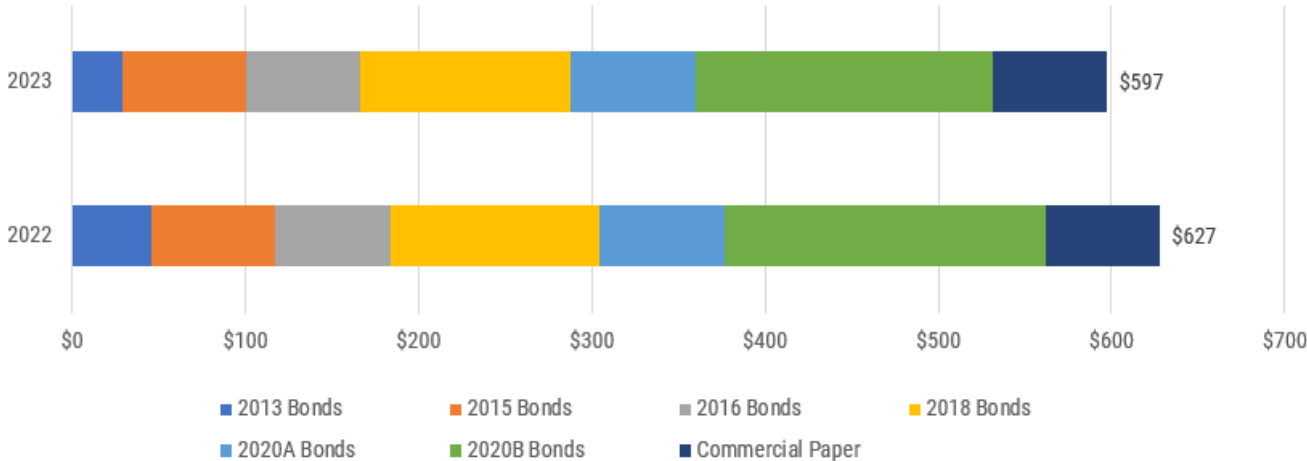
credit agreement with Bank of America National Association will expire in April 2026. Electric revenues secure the agreement. There were no amounts outstanding on the agreement as of December 31, 2023.

Also, in 2023, LES entered into a \$50,000,000 revolving credit agreement with Union Bank and Trust Company. The agreement was executed on July 12, 2023, and will expire in August 2026. The agreement is secured by electric revenues and is subordinate to the Bank of America National Association revolving credit agreement. There were no amounts outstanding on the agreement as of December 31, 2023.

The following chart shows outstanding debt as of December 31, 2023, and 2022:

OUTSTANDING DEBT

(DOLLARS IN MILLIONS)



RATINGS

Among other factors, the bond rating agencies assess an entity’s operations, stability of customer base, and financial profile when determining an entity’s bond rating. Standard & Poor’s Global Ratings (S&P) and Fitch Ratings (Fitch) have assigned ratings to LES that are among the highest granted to electric utilities. Bond covenants require LES to have ratings from two rating agencies. The following table provides the current ratings for outstanding debt. LES’ ratings have remained unchanged for more than 20 years.

	S&P	Fitch
Revenue Bonds	AA	AA
Commercial Paper	A-1+	F1+

DEBT SERVICE COVERAGE FOR REVENUE BONDS

2.41

2.32

2023

2022

LES' bond ordinance establishes a Debt Service Coverage requirement of 1.0.
 LES generally targets a minimum year-end Debt Service Coverage of 2.0.

The following table reflects the calculation of the debt service coverage ratio. The ratio reflects LES' year-end funds available to pay its debt service.

DEBT SERVICE COVERAGE RATIO

	2023	2022
	(Dollars in thousands)	
OPERATING REVENUES	\$350,029	\$361,383
Power Costs	(137,426)	(164,382)
Operations & Maintenance	(38,002)	(26,612)
Administrative & General	(59,032)	(56,643)
TOTAL OPERATING EXPENSES (EXCLUDING DEPRECIATION)	(234,460)	(247,637)
Net Operating Revenue	\$115,569	\$113,746
Interest Income*	8,472	2,968
Other Income	577	-
AVAILABLE FOR DEBT SERVICE	\$124,618	\$116,714
DEBT SERVICE**	\$51,691	\$50,226
DEBT SERVICE COVERAGE RATIO	2.41	2.32

*Excludes interest from the Rate Stabilization Fund. Excludes Lease Revenue in 2022 only.

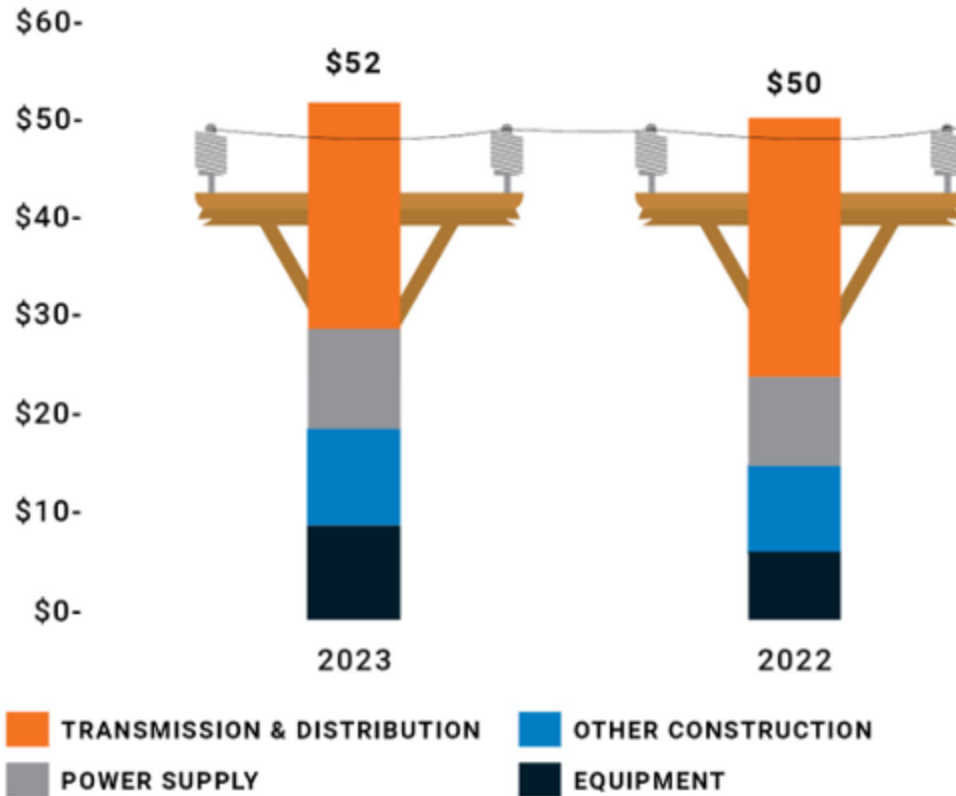
**The calculation of Debt Service Coverage includes only Debt Service on Revenue Bonds.

CAPITAL EXPENDITURES

Capital expenditures for 2023 and 2022 are shown in the chart below.

CAPITAL EXPENDITURES

(DOLLARS IN MILLIONS)



Significant capital projects during 2023 included the following:

- Costs for Underground Residential Extensions and Development in 2023 totaled \$4,611,000. This project installs primary and secondary extensions to new homes, residential developments and apartment complexes.
- Costs for Underground Relocations in 2023 totaled \$3,742,000. This project relocates existing underground equipment in conflict with non-LES projects and converts existing overhead electrical facilities to underground.
- LES' share of capital improvements at Laramie River Station (LRS) and Walter Scott, Jr. Energy Center (WSEC), for 2023, were \$3,506,000 and \$1,415,000, respectively.
- Costs for Underground Rebuilds in 2023 totaled \$3,133,000. This project rebuilds existing underground systems due to age, deterioration or other factors.

- Continued work on Terry Bundy Generating Stations' Units 3 and 4 resulted in \$2,958,000 in capital costs in 2023. Work on Unit 1 will begin in 2024 once the other two units are back in service. The project is for the repairs and upgrades of the three combustion turbines and is expected to be completed in early 2025 with an estimated cost of \$11,329,000.
- GASB Standard No. 96 changed the accounting for certain software subscription costs to be treated as capital expenses rather than operating expenses effective in 2023. The implementation of the standard resulted in \$2,834,000 in new software costs being capitalized within utility plant.
- Costs for Overhead Rebuilds in 2023 totaled \$2,871,000. This project is for the replacement or removal of deteriorated or obsolete facilities.
- Costs for Underground Commercial Extension/Development in 2023 totaled \$2,238,000. This project installs primary and secondary extensions for new or existing commercial customers.
- Significant work on the Walter A. Canney Service Center's HVAC and electrical systems took place in 2023, totaling \$2,137,000. The project is set to be completed in 2026, with the total project cost estimated to be \$15,000,000.
- Capital costs for the replacement of the 8th & N transformer totaled \$2,117,000 in 2023. This transformer serves downtown loads, is the only connection point for the 8th & J generator and has been identified as one of the top transformers for LES to replace. The project is expected to be completed in 2024 with an estimated cost of \$5,003,000.

FACTORS AFFECTING LES AND ELECTRIC UTILITY INDUSTRY

SOUTHWEST POWER POOL (SPP)

LES became an active member of the SPP Regional Transmission Organization (RTO) on April 1, 2009. Through its representation on various committees, LES continues to work with the SPP Board of Directors, members and staff to identify ways to improve energy market operations and overall organizational effectiveness. LES' participation in SPP and its energy market continues to be successful. Recent winter storms are driving new regulatory expectations for SPP and other RTOs in North America. SPP is making system improvements to better address reliability during these types of events. SPP also continues to expand its footprint with new commitments by electric utilities west of the existing RTO footprint.

CYBER AND PHYSICAL SECURITY

LES continues to be heavily involved in the utility industry's cyber and physical security activities. LES staff, including the chief executive officer, chief technology officer, vice president of Energy Delivery, and the vice president of Corporate Operations, actively participate in cyber and physical security-related industry groups, some of which involve classified briefings. In addition, they work with industry and government representatives to address incidents and best practices for protecting cyber and physical infrastructure, ensuring the electric

system's reliability. In 2023 LES' CEO served as co-chair of the Electricity Subsector Coordinating Council (ESCC). The ESCC is a group of electric industry chief executive officers who meet regularly with their government counterparts to address policy-related activities and initiatives designed to improve the reliability and resilience of the electric grid, including cyber and physical security. The LES Administrative Board receives regular cyber and physical security updates.

RENEWABLE RESOURCES AND DECARBONIZATION

Nebraska does not have a renewable portfolio standard. The electric utility industry continues to experience pressure from customers and regulators to incorporate additional renewable generating resources into generation portfolios. Although their intermittent production capability must be considered when assessing the system's reliability, renewable resources can serve as a hedge against future fossil fuel price volatility and/or environmental regulations. In 2023, LES sourced approximately 35% of its installed nameplate generating capacity from oil and natural gas, 31% from coal, and 34% from renewable resources, which includes hydro, landfill gas, wind, and solar. LES' 2023 energy production from renewable resources is equivalent to 39.6% of retail sales. In 2020, the LES Administrative Board adopted a 2040 goal to achieve net zero CO₂ production from the generation portfolio.

ENVIRONMENTAL REGULATIONS

The electric utility industry has repeatedly faced new and proposed environmental regulations. The increase in legislation is a major issue facing LES and all-electric utility providers. LES continues to work diligently with industry groups and government representatives to help shape legislation and implement cost-effective means to comply with all regulations. Monitoring the rapidly changing requirements within environmental regulations is a priority for LES. The regulations monitored by LES include:

CARBON EMISSIONS FROM EXISTING POWER PLANTS

The Environmental Protection Agency (EPA) has issued several versions of a plan to reduce carbon emissions from existing power plants. In its original form, the rule would have a significant impact on LES and the industry, as Nebraska would be required to reduce its CO₂ emission rate by 40%.

On May 23, 2023, the EPA proposed technology-based requirements as a Best System of Emission Reduction (BSER). The technologies include carbon sequestration, co-firing of low-carbon fuels, and efficiency standards for large power plants. It is not yet known how a final rule will affect LES and partner facilities. However, LES maintains its ongoing practice of analyzing power supply resource options that provide long-term financial benefits to its customers and position LES for compliance with carbon regulations in the future.

PERFORMANCE STANDARDS FOR GREENHOUSE GAS EMISSIONS FROM NEW, MODIFIED AND/OR RECONSTRUCTED STATIONARY SOURCES

LES monitors this rule due to its impact on greenhouse gas emissions from new, modified, and/or reconstructed turbines. On January 13, 2021, the EPA published the Pollutant-Specific Significant Contribution Finding for greenhouse gases, which established an alternative framework for evaluating emissions from power plants. However, this rule was vacated and remanded on April 5, 2021, under President Biden's Executive Order 13990. On May 23, 2023, the EPA proposed updated standards. LES and partner facilities are not affected at this time.

CROSS-STATE AIR POLLUTION

The Cross-State Air Pollution Rule (CSAPR) was initially issued in 2011, to assist states' compliance with ambient air quality standards by limiting downwind pollution. Under this rule, facilities must provide allowances for the emission of each ton of nitrogen oxide (NO_x) and sulfur dioxide (SO₂) emitted. Certain states, including Iowa, are also required to provide additional allowances for NO_x emissions during ozone season. Recent revisions to the rule, including the latest Good Neighbor Plan, have not yet affected LES and partner facilities. The EPA is proposing to add Iowa to the Good Neighbor Plan requirements.

REGIONAL HAZE RULE

The purpose of the regional haze regulations is to improve visibility by reducing regional haze in 156 national parks and wilderness areas (Class I areas) across the country. These regulations impact GGS and LRS. After analysis, by the State of Wyoming in 2021, it was determined that additional controls at LRS were unnecessary. GGS submitted additional air modeling data on SO₂ emissions, but no action was taken. The current draft of the State of Nebraska State Implementation Plan for Regional Haze does not include additional controls for GGS.

ACID RAIN PROGRAM

Implemented in accordance with the Clean Air Act Amendments of 1990, the Acid Rain Program is intended to achieve environmental benefits through reductions in SO₂ and NO_x emissions. All LES-owned and contracted resources operate within the acid rain regulations.

MERCURY AND AIR TOXIC STANDARDS

In February 2012, the EPA issued the final Mercury and Air Toxic Standards (MATS) rule intended to reduce emissions of toxic air pollutants from power plants. The MATS rule does not apply to simple-cycle and combined-cycle stationary combustion turbines, so TBGS, RGS and J Street Generating Station are not impacted. GGS, LRS and WSEC have installed mercury controls to comply with MATS. Each affected facility must demonstrate ongoing compliance with MATS.

COOLING WATER INTAKE STRUCTURES STANDARDS 316(b)

The EPA developed regulations, under Subsection 316(b) of the Clean Water Act, which affect facilities with cooling water intake structures. The regulations are intended to ensure location, design, construction, and capacity of the cooling water intake structures reflect the best technology available to minimize harmful impacts on aquatic life from impingement or entrainment.

Apart from GGS and WSEC #4, all units LES owns or contracts with meet the requirements of this rule. Currently the GGS National Pollutant Discharge Elimination System permit, which contains the installation schedule for the intake screens, was effective April 1, 2022. GGS will complete the construction of modified traveling screens in 2026 and advise the Nebraska Department of Environment & Energy (NDEE) of these activities. GGS will also complete a two-year Impingement Technology Performance Optimization Study in 2028 and submit the study results to NDEE the following year. WSEC will complete construction of modified traveling screens by January 1, 2024, and advise the Iowa Department of Natural Resources (IDNR) of these activities. Additionally, WSEC will submit an Impingement Technology Performance Optimization Study to IDNR in 2026.

COAL COMBUSTION RESIDUALS PROPOSED RULE

The Coal Combustion Residuals Proposed Rule requires owners of unlined surface ponds to conduct initial monitoring to detect indicators that may signify a release of contaminants from a surface pond. If contamination is found, the rule mandates closure or retrofitting of unlined surface ponds if the contamination cannot be attributed to another source.

As the Operating Agent for LRS, Basin Electric Power Cooperative hired a consultant to conduct Coal Combustion Residual (CCR) detection monitoring in 2016 and 2017. The consultant detected a Statistically Significant Increase (SSI) in one or more of the indicator constituents from an LRS ash pond. A Corrective Measure Assessment was completed August 30, 2019, with a Groundwater Remedy Selection Report issued in July 2020. Between August 2020 and March 2021, all CCR material was removed, and a liner installed. While the hydraulic capture pumping system was designed and contracted, supply chain issues prevented its installation on schedule. LRS planned to install the pumping system in 2023. Detailed CCR-related activities for 2023 were not available at the time this report was completed.

GGs has two active CCR units. Nebraska Public Power District (NPPD) submitted a series of Alternative Source Demonstration (ASD) reports to the Nebraska Department of Environment & Energy in October 2022 to indicate groundwater contamination was not related to seepage from CCR units based on a lab analysis of upgrade and downgrade wells, as well as constituent levels in surrounding water sources. Detection monitoring will continue and an ASD will likely need to be performed semi-annually for chloride and sulfate SSI exceedances.

WSEC has three CCR units: a landfill, a North Surface Impoundment and a South Surface Impoundment. While SSI exceedances were noted at the landfill in 2021, ASDs were not required since previously conducted ASDs addressed the causes of the observations. The South Surface Impoundment was planned for closure in 2023 and the North Surface Impoundment is scheduled to close in 2024.

CONTACT INFORMATION

This financial report is designed to provide a general overview of LES' financial status for 2023 and 2022. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the vice president of Financial Services and chief financial officer located at 9445 Rokeby Road in Lincoln, Nebraska, 68526-9788, or by email at finance@les.com.

LINCOLN ELECTRIC SYSTEM

BALANCE SHEET

As of December 31, 2023

Assets and Deferred Outflows of Resources	(Dollars in thousands)
Current Assets	
Cash and cash equivalents	\$ 148,929
Restricted cash, cash equivalents and investments	22,917
Accounts receivable, net	23,097
Lease receivable	359
Unbilled revenues	17,618
Accrued interest receivable	2,293
Materials, supplies and fuel inventory	31,727
Plant operation assets	17,790
Other current assets	4,546
Total current assets	269,276
Noncurrent Assets	
Restricted cash, cash equivalents and investments	26,005
Lease receivable	6,843
Accrued lease interest	86
Other noncurrent assets	3,636
Total noncurrent assets	36,570
Capital Assets	
Utility plant	1,842,990
Accumulated depreciation	(935,838)
Construction work in progress	104,732
Total capital assets	1,011,884
Deferred Outflows of Resources	
Deferred loss on refunded debt	8,127
Deferred costs for asset retirement obligations	5,190
Total deferred outflows of resources	13,317
Total assets and deferred outflows of resources	\$ 1,331,047
Liabilities and Deferred Inflows of Resources	
Current Liabilities	
Accounts payable	\$ 21,640
Accrual for payments in lieu of taxes	13,120
Commercial paper	65,500
Accrued software interest	26
Accrued liabilities	25,645
Current maturities of long-term debt	37,800
Current maturities of software liabilities	479
Accrued interest payable	6,375
Total current liabilities	170,585
Noncurrent Liabilities	
Long-term debt, net	528,310
Developer performance deposits	11,919
Health and dental plan reserves	722
Asset retirement obligation	5,190
Software liabilities	960
Total noncurrent liabilities	547,101
Deferred Inflows of Resources	
Reductions of future billings	34,932
Leases	6,827
Total deferred inflows of resources	41,759
Total deferred inflows of resources	759,445
Net Position	
Net investment in capital assets	395,813
Restricted for debt service	12,641
Restricted for employee health insurance claims	2,945
Unrestricted	160,203
Total net position	571,602
Total liabilities and net position	\$ 1,331,047

See Notes to the Financial Statements.

LINCOLN ELECTRIC SYSTEM**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

For the Year Ended December 31, 2023

	(Dollars in thousands)
Operating Revenues	
Electric retail	\$ 290,674
Electric wholesale	38,713
Other (includes City Dividend for Utility Ownership)	20,642
Total operating revenues	<u>350,029</u>
Operating Expenses	
Purchased power	76,378
Produced power	61,048
Operations	25,565
Maintenance	12,437
Administration and general	59,032
Depreciation and amortization	35,555
Total operating expenses	<u>270,015</u>
Operating Income	<u>80,014</u>
Nonoperating Revenues (Expenses)	
Interest expense	(17,429)
Payment in lieu of taxes	(13,354)
City Dividend for Utility Ownership	(11,890)
Interest income	10,490
Other income	577
Total nonoperating expenses	<u>(31,606)</u>
Capital Contributions	1,948
Plant Costs Recovered through Capital Contributions	<u>(1,948)</u>
Change in Net Position	48,408
Net Position - Beginning of Year	<u>523,194</u>
Net Position - End of Year	<u>\$ 571,602</u>

See Notes to the Financial Statements.

LINCOLN ELECTRIC SYSTEM

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2022
	(Dollars in thousands)
Operating Activities	
Received from sales to customers and users	\$ 355,748
Sales tax receipts	16,127
Paid to suppliers for goods and services	(224,493)
Paid to employees for services	(18,100)
Payments for sales tax	(16,169)
Net cash provided by operating activities	<u>113,113</u>
Noncapital Financing Activities	
Payment in lieu of taxes	(12,740)
City Dividend for Utility Ownership payments	(11,558)
Net cash used in noncapital financing activities	<u>(24,298)</u>
Capital and Related Financing Activities	
Capital expenditures	(51,421)
Net cost/salvage value of retiring plant	(2,442)
Capital contributions	1,470
Capital contributions received in advance	16,060
Cash received from leases	530
Payments for software agreements	(784)
Principal payments on long-term debt	(30,535)
Interest payments on long-term debt	(20,979)
Net cash used in capital and related financing activities	<u>(88,101)</u>
Investing Activities	
Net sales of investments	4,058
Interest received	9,457
Net cash provided by investing activities	<u>13,515</u>
Net Change in Cash and Cash Equivalents	14,229
Cash and Cash Equivalents - Beginning of Year	<u>20,790</u>
Cash and Cash Equivalents - End of Year	<u>\$ 35,019</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheet	
Cash and cash equivalents	\$ 148,929
Restricted cash, cash equivalents and investments - current	22,917
Restricted cash, cash equivalents and investments - noncurrent	26,005
Total cash, cash equivalents and investments	197,851
Less: investments not classified as cash equivalents	(162,832)
Total cash and cash equivalents	<u>\$ 35,019</u>

LINCOLN ELECTRIC SYSTEM**STATEMENT OF CASH FLOWS – CONTINUED**

For the Year Ended December 31, 2023

	(Dollars in thousands)
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 80,014
Noncash items included in operating income	
Depreciation charged to other accounts	1,067
Depreciation and amortization	35,555
Changes in operating assets and liabilities	
Accounts receivable	2,551
Unbilled revenues	(2,134)
Materials, supplies and fuel inventories	(4,036)
Plant operation assets	(4,040)
Other current assets	183
Other noncurrent assets	(279)
Accounts payable	4,994
Sales tax payable	(42)
Accrued expenses	(734)
Health and dental plan reserve	14
Net cash provided by operating activities	<u>\$ 113,113</u>
Supplemental Non-cash Activities	
Adjustment of investments to fair value	\$ (1,766)
Capital asset acquisitions included in accounts payable	316
Capital asset acquired through addition of software liabilities	1,471

See Notes to the Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

Reporting Entity

Lincoln Electric System (LES) is a municipal utility, owned by the City of Lincoln, Nebraska. LES is operated under the LES Administrative Board, appointed by the mayor, and confirmed by the Lincoln City Council. The City Council, as required by the City Charter, reserves authority to set the rates and charges, to adopt the annual budget and to incur debt. LES' service area covers approximately 200 square miles, including the city of Lincoln and surrounding communities.

In evaluating how to define LES, for financial reporting purposes, management has considered all potential component units for which financial accountability may exist. The determination of financial accountability includes consideration of several criteria, including: (1) LES' ability to appoint a voting majority of another entity's governing body and to impose its will on that entity; (2) the potential for that entity to provide specific financial benefits to, or impose specific financial burdens on, LES; and (3) the entity's fiscal dependency on LES. Based upon the above criteria, LES has determined that it has no reportable component units.

The financial statements present only LES, and do not purport to fairly present the city's financial position as of December 31, 2023 and the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States (GAAP).

Basis of Accounting and Presentation

LES' activities are accounted for with an economic resources measurement focus and an accrual basis of accounting. LES' accounting records are maintained in accordance with all applicable pronouncements of the Governmental Accounting Standards Board (GASB) and generally follow the Uniform System of Accounts for Public Utilities and Licenses prescribed by the Federal Energy Regulatory Commission (FERC). LES prepares its financial statements as a business-type activity in conformity with GAAP.

LES follows the provisions of GASB Codification Section Re10, *Regulated Operations*, which permits an entity with cost-based rates and board authorization to include certain revenues or costs in a period other than the period in which revenues or costs would be reported by an unregulated entity, to the extent that the rate-regulated entity is recovering, or expects to recover, such amounts in rates charged to its customers. This guidance applies to LES because rates for LES' regulated operations are established and approved by the LES Administrative Board and City Council.

Use of Estimates

The preparation of financial statements in conformity with GAAP, requires management to make estimates, and assumptions, that affect the reported amounts of assets, liabilities, deferred inflows and outflows of resources, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, and other changes in net position during the reporting period. Actual results may differ from those estimates.

Revenue Recognition

Electric revenues are recorded based on the related period of customer usage. Billings for electric revenues are rendered monthly on a cycle basis. Unbilled revenues representing estimated consumer usage for the period between the last billing date and the end of the period are accrued in the period of consumption.

Cash Equivalents

LES considers all highly liquid investments with an original maturity of three months or less at the date of purchase, to be cash equivalents. On December 31, 2023, cash equivalents consisted of money market funds, United States Government agencies and commercial paper.

Investments and Investment Income

LES maintains various designated and restricted accounts (see Note 2) which are held for debt service obligations, future health claims and other items. Investments in money market mutual funds are carried at cost, which approximates fair value. Investments in U.S. Treasury securities, U.S. agency obligations, and commercial paper are carried at fair value. Fair value is determined based on quoted market prices, or yields currently available, on comparable securities of issuers with similar credit ratings.

Investment income includes interest income and the net change for the year in the fair value of investments.

Accounts Receivable

Accounts receivable are reported, net of the allowance for uncollectible accounts of \$2,681,000 on December 31, 2023.

Inventory

Materials, supplies and fuel inventories are stated at the lower of cost or market. Cost is generally determined on a weighted-average basis.

Jointly Owned Facilities

Plant operation assets related to the operation of Laramie River Station (LRS) and Walter Scott Energy Center (WSEC) #4 (see Note 9) are comprised of operating assets, primarily fuel and supplies inventories, and operating cash. These assets are managed by the operating agents of LRS and WSEC #4 and are stated at cost. Operating expenses of LRS and WSEC #4 are included in the corresponding operating expense classifications in the Statement of Revenues, Expenses and Changes in Net Position.

Capital Assets

The costs of additions and betterments to the system are capitalized. Costs include material, labor, vehicle and equipment usage, related overhead costs and certain administrative and general costs. LES' capitalization threshold was \$5,000 in 2023.

Costs of labor, materials, supervision and other costs incurred in making repairs and minor replacements, and in maintaining the plant in efficient operating condition, are charged to expense. When plant assets are retired, the original cost, and removal cost less salvage are charged to accumulated depreciation.

Depreciation is computed on a straight-line basis using composite rates, ranging between 0.6% and 20.0%, depending on the respective asset type.

Leases

Leases are contracts that convey control of the right to use another entity's nonfinancial asset for a specified period of time in an exchange or exchange-like transaction, without the transfer of ownership of the asset. LES leases communication tower space throughout the service area. LES is considered the lessor in these arrangements.

For lessor contracts, lease receivables and deferred inflows of resources are established at present value utilizing LES' estimated incremental borrowing rate on the date the contract is signed, unless otherwise stated in the contract terms. Amortization of the lease receivable discount results in interest income, and amortization of the deferred inflows of resources, results in other income in the nonoperating section of the Statement of Revenues, Expenses and Changes in Net Position. LES monitors changes in circumstances, that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITA)

In 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements, which creates a single model for SBITA accounting by requiring entities to begin reporting assets and liabilities for agreements previously considered operating expenses. This guidance applies to contracts that convey control of the right to use another party's information technology software for a specified period of time in an exchange or exchange-like transaction, without the transfer of ownership of the asset. The subscription term is the period that LES has a noncancellable right to use the underlying asset. LES has identified various arrangements that qualify for the new accounting treatment, under GASB Statement No. 96, which were implemented effective January 1, 2023. SBITA assets and liabilities are reported at present value using LES' incremental borrowing rate unless otherwise noted in the contract terms. SBITA assets are reported in utility plant and SBITA liabilities are reported as software liabilities on the Balance Sheet.

Deferred Loss on Refunded Debt

Costs incurred in connection with the refinancing of various bond issuances are being amortized over the remaining life of the old bonds, or the life of the new bonds, whichever is shorter. Amortization is recorded as a component of interest expense within nonoperating expenses. The deferred loss on the refunded debt balance was \$8,127,000 as of December 31, 2023.

Recovery of Plant Costs

Capital contributions are received from customers and other third parties, primarily to offset the costs associated with an expansion of LES' electrical system. LES follows FERC guidelines for recording capital contributions. These guidelines direct the reduction of utility plant by the amount of these contributions. In order to comply with GASB Codification Section N50, *Non-exchange Transactions*, while continuing to follow FERC guidelines, capital contributions are recorded as income and offset by an expense, in the same amount, representing the recovery of plant costs.

Net Position Classification

Net position is required to be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt, are included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as debt covenants), contributors, the law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. Revenue bond funds and health insurance funds, net of any related liabilities, are included in this classification.

Unrestricted – This component of net position consists of the net amount of assets and liabilities that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is LES’ policy to use restricted resources first, then unrestricted as needed.

Classification of Revenues and Expenses

Operating revenues and expenses generally result from providing services in connection with the ongoing operation of the electric system. The principal operating revenues are charges to customers for electric service. Operating expenses include operation and maintenance, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Payment In Lieu of Taxes

LES makes a payment in lieu of taxes, equal to 5% of its electric retail revenues derived within the city limits of incorporated cities and towns served. In 2023, LES transferred a total of \$12,740,000 to the City of Lincoln, Lancaster County, Lincoln Public Schools and the City of Waverly for payment in lieu of taxes. As of December 31, 2023, \$13,120,000 was accrued for the next payment in lieu of taxes.

City Dividend for Utility Ownership (CDFUO)

In 2011, the Lincoln City Council approved an ordinance requiring LES to pay an annual dividend to the City of Lincoln for the city’s ownership of LES. As amended in 2020, the ordinance states that LES shall remit to the city a dividend for utility ownership in an amount equivalent to 2.4% of the Total Net Position (Net Assets) of LES, as of December 31, based upon the most recent audited year-end financial statements. The dividend is remitted to the city semiannually on the 20th day of February and August each year. Each payment represents 50% of the annual dividend payment. In 2023, LES submitted CDFUO payments totaling \$11,558,000.

The CDFUO is assessed on all retail customer billings and is treated as operating revenue on the Statement of Revenues, Expenses and Changes in Net Position. LES records the estimated liability for the CDFUO as a nonoperating expense on the Statement of Revenues, Expenses and Changes in Net Position. As of December 31, 2023, \$4,186,000 was included in the accrued liabilities for the next CDFUO payment.

Note 2: Deposits and Investments

Deposits

State statute requires banks to issue a bond, or pledge government securities, to LES for the amount of utility deposits. The statute allows pledged securities to be reduced by the amount of the deposit insured by the Federal Deposit Insurance Corporation (FDIC). LES' cash deposits are insured up to \$250,000 by the FDIC.

Investments

LES may invest in U.S. government securities and agencies, U.S. instrumentalities, instrumentalities of the United States, repurchase agreements, corporate issues, money market mutual funds, interest-bearing time deposits or savings accounts, state and/or local government taxable and/or tax-exempt debt, and other fixed term investments, as designated in the LES investment policy.

Fair Value Measurements

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction among market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. A hierarchy of three levels of inputs may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable, or can be corroborated by observable market data, for the full term of the assets or liabilities.

Level 3 – Unobservable inputs, supported by little or no market activity, and are significant to the fair value of the assets or liabilities.

Money market mutual funds are carried at cost and thus are not included within the fair value hierarchy.

The table below presents the fair value measurement of LES' assets recognized in the accompanying financial statements, measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurement falls at year-end.

As of December 31, 2023, LES had the following investments (dollars in thousands):

	Carrying Value	Maturities in Years		Credit Ratings Moody's / S&P	Fair Value Hierarchy Level
		Less Than 1	1-5		
Money market mutual funds	\$ 23,295	\$ 23,295	\$ -	Aaa	N/A
U.S. Treasury securities	43,028	43,028	-	Aaa/AA+	2
U.S. agency obligations	59,376	56,456	2,920	P-1/A-1+	2
Corp. Issues (Commercial Paper)	72,152	72,152	-	P-1/A-1	2
	<u>\$ 197,851</u>	<u>\$ 194,931</u>	<u>\$ 2,920</u>		

Interest Rate Risk

Interest rate risk is the risk in which interest rate changes will adversely affect an investment's fair value. It is LES' principal investment strategy to buy and hold securities to maturity, which reduces interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Corporate issues, state and/or local government taxable and/or tax-exempt debt, and money market funds are the only current investment types that require a minimum specific rating. All such investments held as of December 31, 2023, meet the minimum credit rating required by LES' investment policy at the time of purchase. Any investment that falls below the minimum credit rating requirement held in LES' investment portfolio, will follow pre-approved guidelines set forth within the investment policy.

Custodial Credit Risk

For an investment, custodial credit risk is a risk that, in the event of a failure of the counterparty, LES would be unable to recover the value of its investment securities in possession of an outside party. LES manages this risk by holding all investments in LES' name, as required by LES' investment policy.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with the amount of investments LES has with any one issuer. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement. LES' investment policy places the following limits on the amount that may be invested in any one type of investment and/or issuer.

Investment Type	Portfolio Composition	Limits of Individual Issuers	Maturity Limitations
U.S. government securities	100%	None	10 years
U.S. government agencies	100%	None	10 years
Federal instrumentalities	100%	None	10 years
Instrumentalities of the U.S.	20%	5%	10 years
Interest-bearing time deposit or savings accounts	100%	15%	5 years
Repurchase agreements	50%	15%	90 days
Corporate issues	50%	5%	-
Banker's acceptances	-	-	180 days
Commercial paper	-	-	270 days
Corporate notes	-	-	5 years
Money market mutual funds	100%	25%	N/A
State and/or local government taxable and/or tax-exempt taxable and/or tax exempt debt	30%	5%	3 years
Other fixed term investments	25%	25%	5 years

On December 31, 2023, LES had the following investment concentrations:

U.S. sponsored agency obligations	
Federal Home Loan Bank	27.97%

Summary of Carrying Values

Deposits and investments were included in the following Balance Sheet captions on December 31, 2023:

	(Dollars in thousands)
Current Assets	
Cash and cash equivalents	
Operating cash and cash equivalents	\$ 109,685
Rate stabilization fund	<u>39,244</u>
Total cash and cash equivalents	<u>148,929</u>
Restricted cash, cash equivalents and investments	
Bond principal and interest funds	18,810
Segregated funds - customer deposits	1,215
Health and dental claims funds	<u>2,892</u>
Total restricted cash, cash equivalents and investments	<u>22,917</u>
Noncurrent Assets	
Restricted cash and investments	
Bond reserve funds	9,399
Segregated funds - developer deposits	15,832
Health and dental claims reserve funds	<u>774</u>
Total restricted cash and investments	<u>26,005</u>
	<u>\$ 197,851</u>

Rate Stabilization Fund

LES maintains a Rate Stabilization Fund (RSF) to provide a method of mitigating risks that may result from unforeseen, or one-time events, and may have a significant financial impact on LES. It is not the intent to fund routine rate adjustments with funds from the RSF. Deposits to and withdrawals from the RSF are subject to approval by the LES Administrative Board. An annual liquidity study determines the target RSF balance, which evaluates the probability and financial impact of LES' risks, as determined via the Enterprise Risk Management program.

The RSF balance was \$39,244,000 as of December 31, 2023.

Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows (dollars in thousands):

	January 1, 2023 (as Restated)	Increases	Decreases	Transfers	December 31, 2023
Construction work in progress (not depreciated)	\$ 91,931	\$ 51,890	\$ (2,442)	\$ (36,647)	\$ 104,732
Utility plant	1,811,395	-	(5,052)	36,647	1,842,990
Less: Accumulated depreciation	(906,710)	(36,622)	7,494	-	(935,838)
Totals	<u>\$ 996,616</u>	<u>\$ 15,268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,011,884</u>

Note 4: Leases

LES leases communication tower space to third parties, the terms of which expire in 2050. The leases were measured at lease commencement. The lease receivables balance for these agreements was \$7,202,000 on December 31, 2023, of which \$359,000 is presented as current, and \$6,843,000 as long-term on the Balance Sheet. Total revenue recognized in 2023 was \$759,000, which was reported as other income and interest income on the Statement of Revenues, Expenses and Changes in Net Position.

The following table summarizes future lease principal and interest payments as of December 31, 2023 (dollars in thousands):

Year Ending December 31	Principal	Interest	Total
2024	\$ 359	\$ 137	\$ 496
2025	320	130	450
2026	302	125	427
2027	301	146	447
2028	237	167	403
2029-2033	1,065	888	1,953
2034-2038	1,701	582	2,283
2039-2043	1,752	287	2,039
2044-2048	1,041	92	1,133
2049-2050	<u>124</u>	<u>5</u>	<u>128</u>
Total	<u>\$ 7,202</u>	<u>\$ 2,559</u>	<u>\$ 9,759</u>

Note 5: Subscription Based Information Technology Agreements (SBITAs)

LES has SBITAs with contract terms ranging from one to five years, when including applicable extension terms. SBITA assets totaling \$2,223,000, and associated accumulated amortization of \$477,000 as of December 31, 2023 is included in utility plant and accumulated depreciation, respectively, on the Balance Sheet. There were no payments recorded in the current period that were not included in the measurement of the SBITA liability and no SBITA impairments as of December 31, 2023.

The following table summarizes future SBITA principal and interest payments as of December 31, 2023 (dollars in thousands):

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 479	\$ 61	\$ 540
2025	243	40	283
2026	222	30	252
2027	239	21	260
2028	<u>256</u>	<u>11</u>	<u>267</u>
Total	<u>\$ 1,439</u>	<u>\$ 163</u>	<u>\$1,602</u>

Note 6: Long-Term Debt and Liabilities

Long-term debt on December 31, 2023, was presented on the Balance Sheet as shown below:

	<u>Date Callable</u>	<u>(Dollars in thousands)</u>
Serial Bonds		
2013 Electric revenue and refunding, 2.70% - 5.00%, due from Sep. 1, 2021 to 2025	2023	\$ 29,065
2015 Electric revenue and refunding, 3.00% - 5.00%, due from Sep. 1, 2019 to 2036; partially refunded in 2020	2025	30,690
2016 Electric revenue and refunding, 3.00% - 5.00%, due from Sep. 1, 2017 to 2034	2027	65,960
2018 Electric revenue, 3.00% - 5.00%, due from Sep. 1, 2025 to 2034	2027	121,205
2020A Electric revenue, 5.00%, due from Sep. 1, 2025 to 2033	2030	72,200
2020B Electric revenue refunding, taxable, 0.40% - 2.10%, due from Sep 1, 2023 to 2037	N/A	171,625
Term Bonds		
2015 Electric revenue and refunding, 4.00%, due Sep. 1, 2040	2025	40,710
Long-term debt		<u>531,455</u>
Bond issuance premiums		34,655
Less: current maturities of long-term debt		<u>(37,800)</u>
Long-term debt, net		<u>\$ 528,310</u>

Long-term debt and liability activity for the year ended December 31, 2023, was as follows (dollars in thousands).

	2023			December 31,	Due Within
	(as Restated)	Increase	Decrease	2023	One Year
Revenue bonds	\$ 561,990	\$ -	\$ (30,535)	\$ 531,455	\$ 37,800
Bond issuance premiums	40,682	-	(6,027)	34,655	-
Developer performance deposits	250	16,060	(478)	15,832	3,913
Health and dental plan reserve	708	14	-	722	-
Software liabilities	752	1,471	(784)	1,439	479
Totals	<u>\$ 604,382</u>	<u>\$ 17,545</u>	<u>\$ (37,824)</u>	<u>\$ 584,103</u>	<u>\$ 42,192</u>

Debt service requirements for LES' revenue bonds as of December 31, 2023 was as follows (dollars in thousands):

Bond Year Ending August 31	Principal	Interest	Total
2024	\$ 37,800	\$ 18,385	\$ 56,185
2025	35,740	17,730	53,470
2026	37,580	16,807	54,387
2027	39,325	15,063	54,388
2028	40,915	13,458	54,373
2029-2033	223,480	43,887	267,367
2034-2038	88,945	12,330	101,275
2039-2040	27,670	1,671	29,341
Totals	<u>\$ 531,455</u>	<u>\$ 139,332</u>	<u>\$ 670,787</u>

All long-term debt is issued for the construction of additional utility plants, refunding of existing debt, or to reimburse LES for prior capital expenditures. All utility revenues after payment of operation and maintenance expenses are pledged for revenue bonds until the bonds are paid or defeased.

Debt Service for 2023 was \$51,691,000. Total gross revenues as defined for the same period were \$350,029,000.

Revenue and Refunding Bonds

There were no bond issuances in 2023.

As a result of refundings, the assets and related liabilities for certain defeased bonds are not included in LES' financial statements.

Bond reserves are set in accordance with terms stated upon issuance. All reserves are fully funded.

Revolving Credit Agreement

In 2023, LES entered into a revolving credit agreement with Bank of America National Association. The agreement allows LES to draw up to \$50,000,000 on a variable rate basis. The agreement was executed on April 6, 2023, and it replaced a similar agreement with U.S. Bank National Association that expired on March 17, 2023. The revolving credit agreement with Bank of America National Association will expire in April 2026. Electric revenues secure the agreement. There were no amounts outstanding on the agreement as of December 31, 2023.

Also in 2023, LES entered a revolving credit agreement with Union Bank and Trust Company. The revolving credit agreement allows LES to draw up to \$50,000,000 on a variable rate basis. The agreement was executed on July 12, 2023, and will expire on August 12, 2026. The Union Bank and Trust Company revolving credit agreement is secured by electric revenues and is subordinate to the Bank of America National Association revolving credit agreement. There were no amounts outstanding on the agreement as of December 31, 2023.

Note 7: Short-Term Obligations

Commercial Paper

Established by city ordinance, LES may borrow up to \$150,000,000 under a Commercial Paper Program. The payment of the Commercial Paper Notes is subordinated to the payment of the principal of, and interest, on the outstanding bonds. The commercial paper outstanding amount was \$65,500,000 on December 31, 2023. The notes mature at various dates, but no more than 270 days after the date of issuance. The weighted average interest rate was 3.35% for the year ended December 31, 2023. The outstanding commercial paper notes are secured by a revolving credit agreement with JPMorgan Chase Bank, National Association, that expires on August 19, 2024. No advances were outstanding under the revolving credit agreement as of December 31, 2023. The revolving credit agreement, which secures LES' Commercial Paper Program, also includes a Note Purchase Agreement that provides LES the ability to borrow monies on a short-term basis. There were no amounts outstanding under the Note Purchase Agreement as of December 31, 2023. Amounts outstanding under the Note Purchase Agreement reduce the amount available under the revolving credit agreement.

LES uses Commercial Paper Notes as part of its long-term financing strategy. As such, commercial paper is typically renewed as it matures. The weighted average length of maturity of Commercial Paper for 2023 was 69 days.

Commercial Paper activity for the year ended December 31, 2023, was as follows (dollars in thousands):

	January 1, 2023	Increase	Decrease	December 31, 2023	Due Within One Year
Commercial Paper Notes	\$ 65,500	\$ 359,000	\$ (359,000)	\$ 65,500	\$ 65,500

Note 8: Regulatory Assets and Liabilities

Rates for LES’ regulated operations are established and approved by the LES Administrative Board and Lincoln City Council. LES applies the regulated operations provision of GASB Codification Section Re10, *Regulated Operations*, which provides for the deferral of expenses that are expected to be recovered via customer rates over a future period (regulatory assets), and reductions in earnings to cover future expenditures (regulatory liabilities).

Regulatory assets are included in other noncurrent assets on the Balance Sheet. They are amortized in future rate periods when such costs are included in the revenue requirements to establish electric rates.

The composition of regulatory assets on December 31, 2023, was as follows:

(Dollars in thousands)	
Improvement costs on projects in which LES participates	\$ 1,555
Bond issuance costs	<u>2,081</u>
Totals	<u><u>\$ 3,636</u></u>

Regulatory liabilities are recorded as a deferred inflow of resources (reductions of future billings) on the Balance Sheet, representing revenues related to the outcomes of Winter Storm Uri. These liabilities will be recognized in future rate periods when such revenues are included in the revenue requirements to establish electric rates.

Note 9: Jointly Owned Facilities

Laramie River Station (LRS)

LES owns a 12.76% share of the Missouri Basin Power Project (MBPP) including LRS, a three-unit, 1,710-MW coal-fired generating station, in eastern Wyoming, and a related transmission system. LES has sold approximately 28 MW, or 13%, of its ownership in LRS to the Municipal Energy Agency of Nebraska (MEAN). Costs, net of accumulated depreciation, and excluding costs allocated to MEAN, for its ownership share associated with LRS of \$46,762,000, are reflected in utility plant on the Balance Sheet on December 31, 2023.

LES has a participation power sales agreement with the County of Los Alamos, New Mexico (the County), whereby the County purchases from LES, approximately 10 MW or 5% of LES’ capacity interest in LRS. The section of the agreement that provides for the County to pay LES monthly payments for the capital budget, processing and dispatch costs, was amended in September 2016. The monthly payments are subject to true-up, each January 1, based on actual costs (as compared to budget) of LRS. The agreement remains in effect until the final maturity occurs on any LRS-related debt or LRS is removed from commercial operation. LES billed the County \$2,206,000 in 2023 for demand and energy charges.

LRS has certain post-retirement obligations, which have not yet been billed to the owners, as these costs are not due and payable. Thus, LES has not reflected these costs in its financial statements. As a co-owner of LRS, LES' allocation of these post-retirement obligations was \$1,336,000 on December 31, 2023.

GASB Statement No. 83, *Certain Asset Retirement Obligations* established accounting standards for recognition and measurement, of a liability for an asset retirement obligation, and associated asset retirement cost. In accordance with this standard, LES, as a participant in MBPP, recognizes asset retirement obligations for the reclamation of wells, landfills and ash ponds.

LES recorded the following amounts as asset retirement obligations, which are offset with a deferred outflow of resources on the Balance Sheet:

(Dollars in thousands)	
Asset retirement obligations:	
Obligation, beginning of year	\$ 3,180
Additional obligations	2,081
Accretion	168
Liabilities settled	<u>(239)</u>
Obligation, end of year	<u><u>\$ 5,190</u></u>

Walter Scott Energy Center #4

MidAmerican Energy Company's (MEC) WSEC includes four coal-fired units. LES maintains an ownership interest of 12.66%, or 104 MW of WSEC #4. The 811-MW, coal-fired plant was completed in 2007. In order to minimize unit outage risk, LES executed a power purchase and sales agreement with MEC to "swap" capacity and energy from LES' WSEC #4 ownership with capacity and energy from WSEC #3. Under this agreement, LES schedules 50 MW of capacity and energy from WSEC #3 and 53 MW of capacity and energy from WSEC #4. This 20-year agreement can be extended through mutual agreement of the parties. LES is responsible for the operation and maintenance expenses and maintains a fuel inventory at the plant site. LES issued debt in conjunction with the construction of WSEC #4 and has capitalized these costs plus interest. Costs, net of accumulated depreciation, associated with WSEC #4 of \$107,749,000, were reflected in utility plant on the Balance Sheet on December 31, 2023.

Note 10: Jointly Governed Organizations

District Energy Corporation (DEC)

DEC was formed in 1989 by the City of Lincoln and Lancaster County to own, operate, maintain and finance the heating and cooling facilities utilized by certain city, county and state buildings. The DEC Board of Directors of DEC is comprised of five members: two appointed by the Lancaster County Board of Commissioners, two appointed by the mayor of Lincoln, whom the City Council must confirm, and one appointed by LES. No participant has any obligation, entitlement or residual interest.

Under a management agreement, the DEC Board of Directors has appointed LES to supervise and manage the system and business affairs of DEC. LES is reimbursed for these management services based on the actual allocated cost of these services. LES also provides electric energy to DEC on an established rate schedule. The total amount of payments to LES for management operations and maintenance services in 2023 was \$2,537,000. The total amount of payments to LES for energy in 2023 was \$940,000.

Note 11: Employee Benefit Plans

Retirement Plan

LES has a Defined Contribution Retirement Savings Plan, created in accordance with Internal Revenue Code Section 401(k) (401k Plan). Vanguard Fiduciary Trust Company serves as the plan custodian for the 401k Plan. The LES Administrative Board established the 401k Plan under its authority and is responsible for approving all amendments to the 401k Plan. LES' contribution is equal to 200% of the employee contributions, up to 5% of applicable compensation for eligible employees hired prior to January 1, 2011. The contributory rate for eligible employees hired after that date is equal to 100% of the employee contribution, up to 10% of applicable compensation. Vesting of LES matching contributions occurs over a three-year period, with LES contributions being 100 percent vested after three years of service.

Employees who have not met the vesting criteria forfeit the employer matching contributions at termination, which are used to reduce LES' future matching contribution obligations. Forfeitures reduced LES' contributions by \$97,000 in 2023. Vested benefits are fully funded. December participant contributions of \$233,000 were accrued in accounts payable as of December 31, 2023.

Contribution information for 2023 is shown in the table below:

(Dollars in thousands)	
Employer contributions	\$ 5,504
Employee contributions	<u>5,343</u>
Totals	<u>\$ 10,847</u>

LES also offers all eligible employees a Deferred Compensation Plan created in accordance with the Internal Revenue Code Section 457(b) (457 Plan). LES' 457 Plan custodian, Vanguard Fiduciary Trust Company, manages the 457 Plan's assets. The 457 Plan permits the employees to defer a portion of their salary until termination, retirement, or death. LES does not match any employee contributions to the 457 Plan.

Assets and liabilities of the 401k Plan and 457 Plan are not included in the LES financial statements, as all plan assets are held, managed and administered by the plan custodian, and the 401k Plan and 457 Plan are not considered to be component units or fiduciary activities of LES under the applicable accounting guidance.

Employee Health and Dental Insurance

LES has self-funded health and dental insurance programs with claims processed by a third-party administrator on behalf of the utility. A separate fund has been established into which accruals are made and from which actual claims and other program costs are paid. As part of the health plan, a reinsurance policy has been purchased that covers claims in excess of \$150,000 per individual. Accruals to the self-insured account in excess of the claims, and other costs paid, are monitored by LES. Health care claims and fees incurred (prior to reduction for premium payments from participants) were \$8,167,000 for the year ending December 31, 2023.

As required by Nebraska law, LES maintains an Incurred But Not Reported (IBNR) claims reserve, which is actuarially determined. The balance of the 2023 health portion of the IBNR reserve was estimated at 10% of the 2023 total claims due to the actuarial report being unavailable at the time of this report. The balance of the IBNR reserve was \$693,000 on December 31, 2023. LES established two separate bank accounts for the self-funded employee health and dental insurance plan reserves to ensure compliance with statutory requirements. Although not required by the statute, LES maintains excess insurance that limits the total claims liability for each plan year to not exceed more than 125% of the expected claims liability, up to an annual aggregate maximum of \$1,000,000.

Note 12: Derivatives

LES utilizes Auction Revenue Rights (ARRs) and Transmission Congestion Rights (TCRs) to hedge against congestion costs in the Southwest Power Pool Integrated Market (SPP IM). Awarded ARRs provide a fixed revenue stream to offset congestion costs. TCRs can be acquired through the conversion of ARRs or purchases from SPP auctions. ARRs do not meet the definition of a derivative because, once awarded, they cannot be sold, or assigned, to another party. TCRs meet the definition of a derivative; however, LES' TCRs meet the normal purchases and sales scope exception, of the applicable accounting guidance, because they are used by LES as factors in the cost of transmission. As such, GASB guidance for derivative accounting does not apply. Accrued liabilities included \$2,280,000 for ARRs on December 31, 2023.

Note 13: Risk Management

Insurance

LES is exposed to various risks of loss related to liability and property. LES carries commercially available insurance, subject to certain limits and deductibles, to reduce the financial impact for claims arising from such matters. Claims have not exceeded this coverage in any of the three preceding years.

To protect against other risks, LES participates in the City of Lincoln's self-insurance program, administered by the City's Risk Management Division. Premium amounts are paid annually to the city's Risk Management Division. LES continues identifying, evaluating, and mitigating inherent business risks as part of its Enterprise Risk Management (ERM) Program. LES has implemented a formalized process to expand the scope of risk identification and awareness. Throughout the organization, divisions and departments are encouraged to participate in the identification of risks, implementation of controls, and mitigation assessment process.

In 2022, LES restructured the ERM program, disbanding the Risk Management Committee and transferring risk oversight to the LES Executive Team and assigned risk owners. Executive team members, risk owners and subject matter experts manage current risks and recommend new risks as needed. The LES Administrative Board maintains a high-level awareness of significant risks facing LES, potential impacts, and related controls and mitigation strategies. To guide employees in their decision-making, the LES Administrative Board has adopted the following as the risk appetite statement for LES:

Risks will be managed in a manner that will not materially jeopardize LES' ability to serve its customers, achieve its performance targets, and maintain its AA-bond rating. LES has high standards of safety, regulatory, legal, and ethical conduct.

The active participation and engagement of the LES Administrative Board and executive management supports the success of LES' ERM Program. A report reflecting the status of LES' ERM Program is presented annually to the executive team and LES Administrative Board. Enhancements to the ERM Program are ongoing and will provide increased awareness of risks throughout the organization. The information gathered will improve risk control and mitigation efforts for strategic planning and decision-making purposes and eliminate duplicative efforts.

LES has a Commercial Risk Management Team (CRMT) to manage the risks associated with operating in the SPP IM. The CRMT provides general oversight of the financial, market and other risk exposures related to operating in the SPP IM. Members of the CRMT include the following LES employees: Energy and Environmental Operations manager (CRMT Chair), chief executive officer, Power Supply vice president, vice president & chief financial officer, vice president & general counsel, and Energy Management supervisor.

Note 14: Commitments and Contingencies

Western Area Power Administration (WAPA)

LES has an allocation from the U.S. Department of Energy, through WAPA, of firm power under contract from Upper Missouri Basin hydroelectric plants of approximately 54 MW. LES also receives an allocation of 72 MW of firm peaking power from WAPA for the six-month summer season and 22 MW for the remaining months. In 2017, LES signed an amendment which extends the contract from 2021 through 2051.

Participation Contracts with Nebraska Public Power District (NPPD)

During 2023, LES had a participation contract in one existing NPPD coal-fired power plant that provided for an entitlement of 8% (109 MW) of the output of the GGS power plant (nominally rated 1,365-MW).

LES is responsible for its respective participating interests in GGS capital additions and improvements. LES recognizes its share of capital acquisition costs and debt service payments, as power costs in the period the costs are billed, except costs approved for deferral under GASB Codification Section Re10, *Regulated Operations*. Fixed cost payments under the agreement are on a participation basis whether the plant is operating or operable.

The participation contract for GGS continues until the facilities are removed from commercial operation or the final maturity occurs on the related debt incurred by NPPD to finance the facilities, whichever occurs

last. The payments to NPPD under this contract, including capital additions and improvements, debt service payments, fixed costs and credits, were \$8,005,000 in 2023. Through the participation contract, LES may be required to pay costs associated with compliance of environmental regulations for GGS.

Other Power Purchase Agreements

LES participates in three wind plants through direct Power Purchase Agreements with the plant developer/owner: 100-MW Arbuckle Mountain Wind Farm in Oklahoma, 100-MW Buckeye Wind Energy Center in Kansas, and 73-MW Prairie Breeze II Wind Energy Center in Nebraska. In 2015 these wind energy facilities were placed in commercial operation. LES also participates in four Nebraska-based wind plants through Power Sales Agreements with NPPD: Laredo Ridge (10 MW), Broken Bow (10 MW), Elkhorn Ridge (6 MW) and Crofton Bluffs (3 MW). NPPD has a direct Power Purchase Agreement for each of these plants with the wind plant developer/owner.

Commitments for Contracts over One Million Dollars

LES has outstanding contract commitments totaling \$7,940,000 on December 31, 2023. These are primarily related to TBGS combustion turbine repairs, major equipment and structures related to the construction of new substations which includes a substation transformer, switchgear building and a control building.

Claims and Judgments

From time to time, LES is party to various claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel, that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the financial statements of LES.

Note 15: Environmental Regulations

Electric utilities are subject to continued environmental regulation. Federal, state and local standards and procedures, which regulate the environmental impact of electric utilities, are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance LES' facilities will remain subject to the regulations currently in effect, will meet future regulations without retrofit, anticipate the outcome of current regulatory and legislative processes, or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in additional capital and operating expenditures, reduced operating levels, or the complete shutdown of individual units not in compliance. As necessary, LES will make applications to the appropriate federal and state authorities for any permits, certifications and renewals required by federal and state law; regulations for the operations of its existing plants and for the construction of capital additions and improvements.



Lincoln Electric System

9445 Rokeby Road | Lincoln, NE 68526-9788



Report to the Administrative Board, Finance and Audit Committee, and Management

Lincoln Electric System

Results of the 2023 Financial Statement Audit, Including Required Communications

Lincoln, Nebraska
December, 31, 2023



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Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	<p>This report covers audit results related to your financial statements:</p> <ul style="list-style-type: none">• As of and for the year ended December 31, 2023• Conducted in accordance with our contract dated September 8, 2023
Our Responsibilities	<p>FORVIS is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP)</p>
Audit Scope & Inherent Limitations to Reasonable Assurance	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States (GAGAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.</p>



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Matter	Discussion
Extent of Our Communication	In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.
Independence	The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.
Your Responsibilities	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
Distribution Restriction	This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties: <ul style="list-style-type: none"><li data-bbox="491 915 1776 951">• The Administrative Board, Finance and Audit Committee, and Management<li data-bbox="491 971 1150 1006">• Others within Lincoln Electric System



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Government Auditing Standards

Matter	Discussion
Additional GAGAS Reporting	<p>We also provided reports as of December 31, 2023 on the following as required by GAGAS:</p> <ul style="list-style-type: none"><li data-bbox="491 418 2003 488">• Internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAGAS
Reporting Limitations	<p>Our consideration of internal control over financial reporting and our tests of compliance were not designed with an objective of forming an opinion on the effectiveness of internal control or on compliance, and accordingly, we do not express such an opinion.</p>



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Other Information Accompanying the Audited Financial Statements

The audited financial statements are presented along with management's annual report. Management, or those charged with governance, is responsible for preparing the annual report.

We were not engaged to audit the information contained in the annual report, and as a result, our opinion does not provide assurance as to the completeness and accuracy of the information contained therein.

As part of our procedures, we read the entire report to determine if financial information discussed in sections outside the financial statements materially contradicts the audited financial statements. If we identify any such matters, we bring them to management's attention and review subsequent revisions.



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Auditor Objectives Related to Other Information

Our objectives related to the other information accompanying the audited financial statements were to:

- Consider whether a material inconsistency exists between the other information and the financial statements
- Remain alert for indications that:
 - A material inconsistency exists between the other information and the auditor's knowledge obtained in the audit, or
 - A material misstatement of fact exists, or the other information is otherwise misleading
- Respond appropriately when we identify that such material inconsistencies appear to exist or when we otherwise become aware that other information appears to be materially misstated. Potential responsive actions would include requesting management to correct the identified inconsistency.
- Include the appropriate communication in our auditor's report, disclosing the procedures performed on the Other Information, as well as the results obtained.

No material inconsistencies were identified.

Qualitative Aspects of Significant Accounting Policies & Practices

The following matters are detailed in the following pages and included in our assessment:

Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics:

- During the year, Lincoln Electric System (LES) implemented the provisions of GASB 96, *Subscription-Based Information Technology Arrangements*

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- Proper accounting treatment in accordance the provisions of GASB Codification Section Re10, *Regulated Operations*, specifically as it relates to regulatory assets and liabilities, capital contributions and the recovery of plant costs.



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Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Calculation of unbilled revenues
- Allowance for uncollectible accounts
- Capital assets, including estimated useful lives, depreciation methods and allocation of overhead and other costs
- Reserves for future health and dental claims

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Long-term debt and liabilities
- Jointly-governed organizations
- Commitments and contingencies
- Environmental regulations

Our Judgment About the Quality of LES' Accounting Principles

During the course of the audit, we made the following observations regarding LES' application of accounting principles:

- No matters are reportable



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Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable

Uncorrected Misstatements

- No uncorrected misstatements



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Other Required Communication

Other Material Communication

Listed below is another material communication between management and us related to the audit:

- Management representation letter (see Attachment)

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Other Matters

We also observed other matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist.

However, these other matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures.

We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.


New Accounting Standards

The Governmental Accounting Standards Board has issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 updates the recognition and measurement guidance for compensated absences under a unified model. It defines compensated absences and requires that liabilities be recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled. GASB 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change).

This statement will be effective for LES' fiscal year ending December 31, 2024.



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The Governmental Accounting Standards Board has issued Statement No. 102, *Certain Risk Disclosures* (GASB 102). GASB 102 provides users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. GASB 102 defines a concentration and a constraint and requires a government to assess whether a concentration or constraint makes the government that reports a liability for revenue debt vulnerable to the risk of a substantial impact. If a government determines that those criteria for disclosure have been met for a concentration or constraint, GASB 102 defines the requirements for disclosure.

This statement will be effective for LES’ fiscal year ending December 31, 2025.



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Attachment

Management Representation Letter

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

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Representation of:

Lincoln Electric System
9445 Rokeby Road
Lincoln, Nebraska 68526

Provided to:

FORVIS, LLP

Certified Public Accountants
1248 "O" Street, Suite 1040
Lincoln, Nebraska 68508

The undersigned ("We") are providing this letter in connection with FORVIS' audits of our financial statements as of and for the years December 31, 2023 and 2022.

Our representations are current and effective as of the date of FORVIS' report: April 11, 2024.

Our engagement with FORVIS is based on our contract for services dated: September 8, 2023.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS' report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of FORVIS' Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.

Lincoln Electric System
Page 2

3. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of governing body meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
 - e. All significant contracts and grants.
4. We have responded fully and truthfully to all your inquiries.

Government Auditing Standards

5. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
6. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
7. We have identified and disclosed to you any violations or possible violations of laws, regulations, including those pertaining to adopting, approving, and amending budgets, and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
8. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
9. We have a process to track the status of audit findings and recommendations.
10. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.

Misappropriation, Misstatements, & Fraud

11. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.

12. We have no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management or employees who have significant roles in internal control over financial reporting, or
 - b. Others when the fraud could have a material effect on the financial statements.
13. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, regulators, citizens, suppliers, or others.
14. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

Related Parties

15. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware. The entity has not entered into any new agreements with a related party or modified terms related to an existing related-party transaction during the year under audit, or as of the date of this letter. Further, we do not have any existing or ongoing agreements with related parties that are still in effect as of the date of this letter.
16. We understand that the term related party refers to:
 - Affiliates
 - Management and members of their immediate families
 - Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

Litigation, Laws, Rulings, & Regulations

17. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America
18. We have no knowledge of communications from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
19. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.

20. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act* nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
21. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

Nonattest Services

22. You have provided nonattest services, including the following, during the period of this engagement:
 - Assistance with the printing and binding of the financial statements
23. With respect to these services:
 - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
 - e. Established and maintained internal controls, including monitoring ongoing activities.
 - f. When we receive final deliverables from you, we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

Financial Statements & Reports

24. With regard to other information that is presented in the form of our annual report:
 - a. We confirm that the 2023 Lincoln Electric System Financial Report comprises the annual report for the entity.
 - b. We have provided you with the final draft of the annual report.

Transactions, Records, & Adjustments

25. All transactions have been recorded in the accounting records and are reflected in the financial statements.
26. We have everything we need to keep our books and records.
27. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.

Governmental Accounting & Disclosure Matters

28. With regard to deposit and investment activities:
 - a. All deposit, and investment transactions have been made in accordance with legal and contractual requirements.
 - b. Investments are properly valued.
 - c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
29. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
30. We have identified and evaluated all potential fiduciary activities. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
31. Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.
32. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
33. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
34. The entity has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in debt agreements related to significant default or termination events with finance-related consequences, and significant subjective acceleration clauses in accordance with GASB Statement No. 88.
35. The entity's ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.
36. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

Accounting & Disclosure

37. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements, or other arrangements (either written or oral) that are in place..
38. Except as reflected in the financial statements, there are no:
 - a. Plans or intentions that may materially affect carrying values or classifications of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
 - g. Guarantees, whether written or oral, under which the entity is contingently liable.
 - h. Known or anticipated asset retirement obligations.
39. Except as disclosed in the financial statements, the entity has:
 - a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
 - b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

Revenue, Accounts Receivable, & Inventory

40. Adequate provisions and allowances have been accrued for any material losses from:
 - a. Uncollectible receivables.
 - b. Excess or obsolete inventories.
 - c. Sales commitments, including those unable to be fulfilled.
 - d. Purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

Estimates

41. We have identified all accounting estimates that could be material to the financial statements, and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
42. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to volumes of business, revenues, available sources of supply, or markets, investments, or deposits, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Fair Value

43. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:
 - a. The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated course of action.
 - b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.
 - c. The significant assumptions appropriately reflect market participant assumptions.
 - d. The disclosures related to fair values are complete, adequate, and in conformity with accounting principles generally accepted in the United States of America.
 - e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Tax-Exempt Bonds

44. Tax-exempt bonds issued have retained their tax-exempt status.
45. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.

GASB Statement 96, *Subscription-Based Information Technology Arrangements*

46. In connection with the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), we represent the following:
 - a. We have identified a complete population of potential subscription-based information technology arrangements (SBITAs) as of the implementation date.
 - b. We have reviewed all significant contracts to identify subscription and nonsubscription components as of the earliest date of adoption. Allocation of costs between subscription and nonsubscription components are based upon standalone prices or other reasonable factors.

- c. Measurements of the subscription assets and liabilities are based upon facts and circumstances that existed at the beginning of the period of implementation.
- d. The estimates related to any options to extend or terminate the SBITA terms within the measurement of subscription liability and an intangible right to use IT subscription asset agrees to management's plans for the SBITA.
- e. The discount rates for each SBITA are based upon what would be obtained by the entity for similar payment amounts during the subscription term as an incremental rate.
- f. We have adequate controls in place to prevent and/or detect errors in subscription assets and liabilities on a recurring basis.
- g. The footnotes to the financial statements appropriately describe the adoption of GASB 96 and include all additional disclosures required under the GASB 96.

Other Matters

- 47. We believe Lincoln Electric System may incur significant costs in the future as a result of the advanced technological improvements that may be needed as a result of new environmental regulations. However, the level of regulatory and legal uncertainty related to these regulations makes it impractical to quantify the specific potential financial impacts at this time.

DocuSigned by:

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Officer
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Exhibit IV



2023 CARRYOVER LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 49	Judiciary Committee	(Dungan) Changes provisions relating to solar energy and wind energy, declares certain instruments void and unenforceable, and provides for a civil cause of action. LB 49 permits counties and municipalities to consider a “right to direct sunlight” in its zoning regulations to encourage solar or wind energy. It also proposes to prohibit any deed or ownership document or homeowners’ association covenant from forbidding or restricting the installation of a solar energy system.	Monitor
LB 57	Business & Labor Committee	(M. Cavanaugh) Adopts the Paid Family and Medical Leave Insurance Act. It creates an insurance program to provide partial wage replacement for eligible employees to care for themselves or a family member following a serious illness or to care for a new child through birth, foster care, or adoption. Leave can also be used for military needs. The program is financed through employer contributions to the program, but an employer may also satisfy the requirements through an employer-provided insurance plan.	Monitor/Confer with the City
LB 61	Transportation Committee Sen. Brandt Priority Bill Approved by Governor	(Brandt) Authorizes the leasing of dark fiber and eliminates certain powers of the Public Service Commission. LB 61 was introduced at the request of OPPD and is intended to facilitate broadband development by amending statutory provisions regarding the lease, sale or license of dark fiber to eliminate provisions that have been a barrier to dark fiber leases. The goal of LB 61 is to promote effective public-private partnerships between communications providers and public power entities that own fiber infrastructure.	Monitor
LB 79	Revenue Committee	(Erdman) Adopt the Nebraska EPIC Option Consumption Tax Act. EPIC stands for the elimination of property, income, and corporate taxes. LB 79 would repeal state income, sales, inheritance, and property taxes and replace them with a consumption tax.	Monitor
LB 120	Natural Resources Committee Amended into LB 1370 Approved by Governor	(Bostelman) Eliminates obsolete provisions from 2014 requiring a transmission study that was completed by the Nebraska Power Review Board and its consultant, the Brattle Group, in 2014. LES supports repeal of these outdated statutes. 2024 Update: The committee held a hearing in February 2024 on an amendment that would strike the original bill and replace it with an amendment requiring that certain information be provided to the PRB if generation or transmission is constructed within 10 miles of a military installation. The bill was then amended into LB 1370, one of the committee packages. The committee amendment clarifies that military installation does not include National Guard bases so LES would not be covered by the provisions.	Monitor



2023 CARRYOVER LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 133	Government Committee	(J. Cavanaugh) Provides that entities exercising the power of eminent domain are subject to the Open Meetings Act. As a public entity, LES is already required to comply with the Open Meetings Act, but the bill will be monitored for any other amendments that may impact eminent domain authority.	Monitor
LB 134	Transportation Committee	(J. Cavanaugh) Amends the Small Wireless Facilities Deployment Act to require an authority (e.g., city) to provide reasonable notification to adjacent property owners prior to installation of a small wireless facility or installation of any new or modified pole to accommodate a small wireless facility. This bill appears to be in response to a situation in Omaha where a wireless provider installed a new pole literally in the middle of a public sidewalk restricting pedestrian traffic. LES agrees with the requirement to provide notice but would prefer to see responsibility placed on the wireless providers rather than the authority. We will discuss this matter with Sen. Cavanaugh.	Support/Confer with the City
LB 161	Business & Labor Committee	(McDonnell) Amends the Workplace Privacy Act to prohibit employers from requiring employees to wear a communication device that tracks their physical location, travel patterns, or contacts with other employees, except in a state of emergency declared by the Governor. LES does not require this of its employees, but we will monitor the bill for any other amendments.	Monitor/Confer with the City
LB 164	Urban Affairs Committee Committee Priority Bill Approved by Governor	(McKinney) Adopts updates to building and energy codes to align with the 2021 edition of the International Building Code, International Residential Code, and International Energy Conservation Code. These changes are on the customer side of the meter, but we will monitor for general awareness.	Monitor/Confer with the City
LB 169	Judiciary Committee	(Hunt) Prohibits discrimination based upon sexual orientation and gender identity. LES policies already prohibit discrimination based upon sexual orientation and gender identity, but the bill will be monitored for any amendments that may exceed LES policies.	Monitor/Confer with the City
LB 172	Urban Affairs Committee	(Bostar) Updates the Nebraska State Electrical Code to align with the minimum standards set forth in the 2023 National Electrical Code. These changes do not impact LES, but we will monitor for general awareness.	Monitor/Confer with the City
LB 205	Government Committee	(von Gillern) Adopts the Government Neutrality in Contracting Act to prohibit political subdivisions from, among other things, issuing RFPs or bid specifications that include language that requires, prohibits, encourages, or discourages bidders for public contracts from entering into or adhering to a collective bargaining agreement.	Monitor/Confer with the City



2023 CARRYOVER LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 209	Revenue Committee	(Bostar) Provides tax exemption relating to data centers. LB 209 provides personal property tax exemption and a sales and use tax exemption for computers and related equipment used in the operation or maintenance of a data center, including servers, temperature control infrastructure, and electrical power infrastructure. LB 209 also exempts the electricity used by the data center from sales and use taxes. The sales and use tax exemption has no impact to LES, but it would result in less tax revenue for the State and also the City. The Chamber of Commerce supports the bill.	Monitor/Confer with the City
LB 237	Appropriations Committee	(Wayne) Appropriates \$1 million in FY 2023-24 and \$1 million in FY 2024-25 to the Department of Environment and Energy for the Low-Income Weatherization Assistance Program to aid in carrying out energy efficiency audits and weatherization improvements.	Support
LB 255	Natural Resources Committee	(Brewer) LB 255 prohibits LES, NPPD, and OPPD from exercising the power of eminent domain to acquire property to construct or operate a wind or solar generation facility. LES opposes any efforts to erode eminent domain authority. LES's preference is always to work with property owners to negotiate a mutually acceptable purchase, but eminent domain is sometimes a necessary tool to fulfill a public purpose. If LB 255 passes, the result will likely be significant increases in property acquisition as property owners would be free to command a much higher purchase price without the fear of condemnation. The price could be significant depending on the type of facility and the size of the facility (megawatt production), including the geographic footprint of property necessary which could range from tens to hundreds of acres per facility site. LB 255 also amends other provisions related to special generation applications, which would not impact LES. An amendment was offered to expand the scope of the bill to restrict the use of eminent domain by a City of the Primary Class outside of LES' service territory. Additionally, the amendment sought to prohibit an electric utility from applying to the PRB for a generation facility or project, if by the power of eminent domain (1) includes more than 50 acres of real property in fee simple or (2) is located outside of the applicant's own service area. The bill and amendment remain in the Natural Resources Committee.	Oppose



2023 CARRYOVER LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 297	Government Committee Amended into LB 43 Approved by Governor	(Sanders) Adopts the Personal Privacy Protection Act which seems to amend the Administrative Procedure Act. LB 297 prohibits the State or any political subdivision from requesting or disclosing personal information which is defined to mean any list, registry or other information that identifies a person as a member, support, volunteer of, or donor to any nonprofit organization certified as a 501(c) entity under the Internal Revenue Code. An amendment offered by the Government Committee adds a maximum of \$2,500 liquidated damages per violation, and appropriate preliminary, equitable, or declaratory relief.	Monitor
LB 304	Government Committee Approved by Governor	(Linehan) Requires each political subdivision to disclose on its website membership dues paid annually to any association or organization, including the amount of dues paid. It also requires disclosure of fees paid to any individual lobbyist or lobbying firm or such association other than those that may be included in the membership dues. It is unclear what problem or concern LB 304 seeks to address. While LES supports transparency and would provide this information upon request, LES does not see a purpose to be served in merely adding more information to its website. LES works to provide information on its website that is of greatest importance or use to LES customers and to make that information easy to locate. That said, LES is happy to make the information available to any member of the public upon request	Oppose/Confer with the City
LB 367	Business & Labor Committee	(Conrad) Adopts the Fair Chance Hiring Act to prohibit employers and employment agencies from asking an applicant to disclose information concerning the applicant's criminal record or history until after the applicant has received a conditional offer of employment from the employer. This provision would not apply if a criminal history is otherwise required by state or federal law. This seems to be consistent with LES hiring practices.	Monitor/Confer with the City
LB 394	Judiciary Committee	(Erdman) Changes provisions relating to eminent domain to require that for agricultural land only the damages shall be two times the fair market value of the condemned property and severance damages shall include the replacement cost of dwellings, garages, sheds, barns, wells, septic systems, fences, and other permanent structures.	Oppose



2023 CARRYOVER LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 399	Natural Resources Committee Sen. Bostelman Priority Bill Approved by Governor	<p>(Brewer) Changes provisions relating to privately developed renewable energy generation facilities (PDREGF) to require Nebraska Power Review Board (NPRB) approval of such facilities. Under current law PDREGF are only required to certify to the NPRB that they have complied with the requirements of the statute, such as providing a decommissioning plan and certifying that the applicant has a joint transmission development agreement and has consulted with Game and Parks to address and impacts to species. LB 399 would require a hearing before the NPRB and subsequent approval. The application would be approved if the NPRB finds that the requirements have been met and that the application is “not outweighed by any testimony or evidence in opposition to the application offered by power suppliers, other interested parties, or members of the public.” This language is overly broad and vague. While this provision does not apply to the generation applications made by public power entities, this standard could set a precedent for changes in the public power approval criteria.</p> <p>2024 Update: There has been considerable discussion about LB 399 over the interim and during the 2024 legislative session and multiple drafts of amendments. The committee amendment provides that if either a public power supplier or private renewable energy developer proposes to build a new generation facility, they must hold a public meeting in the county where the facility will be located and provide an opportunity for ratepayers or property owners to provide input regarding the project. In addition, at least 50% of the governing body must attend the meeting, though only one is required to be physically present. Others may participate virtually. In addition, the committee amendment limits private developers to having a power purchase agreement with a Nebraska public power utility.</p>	Oppose as introduced/Neutral on committee amendment
LB 408	Government Committee	<p>(M. Cavanaugh) Changes provisions relating to conflicts of interest under the Nebraska Political Accountability and Disclosure Act. It requires members of nonelective government bodies to file a conflict-of-interest statement if the member is required to take action or make a decision in the discharge of their official duties that may cause financial benefit or detriment to the member or the member’s immediate family or business. This provision is consistent with existing conflict of interest provisions in the Lincoln Municipal Code so there is no impact to LES board members.</p>	Monitor/Confer with the City
LB 450	Natural Resources Committee	<p>(Brewer) Prohibits land disposal of wind turbine blades and their component parts. While LES has power purchase agreements with several wind projects, LES only owns two wind turbines. The matter of disposing of wind turbine blades is a continuing challenge nationwide and there is ongoing research and development regarding new technologies to deal with blade disposal.</p>	Monitor



2023 CARRYOVER LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 496	Revenue Committee	(Linehan) LB 496 provides a sales and use tax exemption on the gross receipts from the sale, lease, rental, and storage of business inputs. A business input is defined as a product or service purchased by a business entity from a retailer which is used in the regular production of a product or the provision of a service, and the cost of which is passed on to the customer and the customer is the ultimate consumer of such product or service. We will monitor until we learn more about the intent of the legislation.	Monitor/Confer with the City
LB 513	Government Committee Amended into LB 287 Approved by Governor	(Brewer) Changes proof of publication requirements for legal notices and requirements for published notice and virtual conferencing under the Open Meetings Act. It allows for alternatives for public posting of meeting agendas if there is no newspaper of general circulation within the public body's jurisdiction. The bill does not impact LES, but will be monitored for amendments.	Monitor
LB 541	Government Committee	(Lowe) Provides for nomination and election of public power district and public power and irrigation district directors on the partisan ballot. The bill does not directly impact LES, but will be monitored as it relates to the public power industry in Nebraska.	Monitor
LB 560	Appropriations Committee	(Blood) States the intent of the Legislature to seek all federal funds available through the Inflation Reduction Act of 2022 for the purposes of energy efficiency in homes and businesses, electric vehicle infrastructure, upgrading utility infrastructure, assisting the transition to cleaner energy, supporting drought-resistant agricultural practices, and creating jobs.	Support
LB 566	Executive Board	(Bostelman) Provides \$30,000 for a study of, among other things, intermittent renewable energy generation including an analysis of the short-term and long-term costs and economic risks of replacing baseload generation with intermittent renewable generation. The study would be conducted by the Natural Resources Committee who could contract with an outside consultant subject to approval by the Executive Board. The study is to be completed by November 15, 2023. LES is opposed to LB 566 as drafted because it frames a study with a bias. It seeks to evaluate the impacts of intermittent generation and the benefits of coal, hydrogen and nuclear. A study of generation should be framed as an objective evaluation of all generation resources.	Oppose
LB 569	Government Committee Approved by Governor	(Bostelman) LB 569 would prohibit a member of a county board or county planning commission, or a member of his or her immediate family, from having a financial interest in any entity that is involved in the development, construction, management, or operation of an electric generation facility or owns or leases property relating to a electric generation facility.	Monitor/Confer with the City



2023 CARRYOVER LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 636	Natural Resources Committee	(Albrecht) Prohibits political subdivisions from enacting ordinances or implementing any resolution, regulation, or policy that restricts or prohibits the sale, use, or supply of natural gas or propane. The bill does not impact LES, but it will be monitored for any amendments that may expand the scope to other types of energy.	Monitor/Confer with the City
LB 637	Government Committee Amended into LB 43 Approved by Governor	(Albrecht) Requires members of the public to be allowed to speak at each meeting subject to the Open Meetings Act. Current law does not require public comment at every open meeting. LES currently allows for public comment at each monthly board meeting.	Monitor/Confer with the City
LB 644	Banking Committee Approved by Governor	(McDonnell) Transfers \$80 million to the Site and Building Development Fund to support the identification, evaluation, and development of sites to attract advanced manufacturing, processing, trade, technology, aerospace, automotive, clean energy, life science and other transformational industries to Nebraska.	Support/Confer with the City
LB 650	Government Committee Amended into LB 43 Approved by Governor	(McDonnell) Amends the public records statutes to provide that certain cybersecurity records may be lawfully withheld from the public. A few years ago LES successfully secured similar legislation for critical energy infrastructure information. The provisions of LB 650 would also apply to LES and would provide additional protections for cybersecurity records.	Support/Confer with the City
LB 670	Business & Labor Committee	(Hunt) Prohibits discrimination under the Nebraska Fair Employment Practice Act on the basis of gender identity or sexual orientation and prohibit discrimination by employers regardless of size. As stated previously, this bill is consistent with existing LES employment policies.	Monitor/Confer with the City
LB 725	Natural Resources Committee	(Dungan) LB 725 was introduced to prohibit electric companies and electric cooperative corporations from using ratepayer funds for campaign/election purposes. LES does not contribute ratepayer funds to election campaigns as such contributions are already prohibited. However, the bill is drafted in a manner that poses unintentional consequences. The bill defines ratepayer proceeds to mean any money, funds, compensation, or property received from a ratepayer. It then goes on to prohibit a 'recipient of ratepayer proceeds' from contributing such proceeds to an election. Technically the bill could prohibit any utility employee, for example, from even contributing to a campaign in their individual capacity. This is likely an unintended consequence. LES will work with Sen. Dungan for an amendment to clarify this language. With clarification, LES would be neutral on the bill.	Monitor/Confer with the City/ Seek Amendments



2023 CARRYOVER LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 726	Natural Resources Committee	(Dungan) Adopts the Nebraska Electric Consumer Rights to Transparency and Local Control Act which would require LES to publish on its website the following: (1) Board meeting dates, times, locations, and agendas 10 days before the meeting; (2) Board meeting minutes 10 days after the date of the meeting; (3) current rate schedules, fees, rents, and other charges made or levied by the Board; (4) a full and complete list of the receipts and disbursements; (5) fiscal year budget; (6) list of all Board Members currently serving; (7) a method by which to contact Board Members; and (8) a method by which to contact LES staff. Much of this information is already available on LES' website and is subject to request under the public records laws. Some of the items are overly broad and could be an administrative burden to maintain, such as providing all receipts and disbursements. It is simply unclear what problem LB 726 seeks to address.	Oppose/Confer with the City
LB 733	Transportation Committee	(Bostar) Adopts the Broadband Pole Placement and Undergrounding Fund Act to provide funds for telecom providers to seek reimbursement for pole replacement costs they incur when installing broadband services in unserved areas. The bill does not directly impact LES as the Lincoln area would not be deemed an unserved area, but we will continue to monitor the bill for any amendments that would expand the scope.	Monitor/Confer with the City
LB 734	Judiciary Committee	(Bostar) Provides an enhanced Class II felony for damage to certain infrastructure facilities that are a significant factor contributing to the death or serious bodily injury of another person. This bill was introduced in response to the recent shooting attacks on several substations across the country. While LES supports punishment for perpetrators of attacks on electric infrastructure, the bill is unlikely to deter such activity.	Support/Confer with the City
LB 743	Banking Committee	(Kauth) LB 743 adopts the Investment Neutrality in Public Funds Act. The intent of the bill is to prohibit governing bodies of political subdivisions from making or supervising investment actions that in any way further social, political, or ideological interests. The bill defines fiduciary at the "governing body of a political subdivision acting as an investment manager or proxy advisor" which arguably does not apply to LES. Nonetheless LES opposes the bill as an attempt to erode local control.	Oppose/Confer with the City
LB 768	Appropriations Committee	(DeKay) Transfer money from the Cash Reserve Fund to the Critical Infrastructure Facilities Cash Fund. The bill does not further identify the purpose for the funding. Staff will contact Senator DeKay to learn more about the purpose for the funds. Provisions of LB 768 were amended into LB 814 and LB 818, which have been passed.	Monitor



2023 CARRYOVER LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LR 21	Executive Board	(Brewer) Provide for a special committee of the Legislature to be known as the Small Modular Nuclear Reactor Study Committee. There are no funds yet identified for the committee. LES is supportive of continued discussion and evaluation regarding the feasibility of advanced nuclear technologies in Nebraska.	Support
LR 133	Natural Resources Committee	(Bostelman) Interim study to examine issues under the jurisdiction of the Natural Resources Committee.	Monitor
LR 178	Executive Board	(Brewer) Interim study to examine the feasibility of constructing and operating small modular nuclear reactors to generate electric power in Nebraska.	Monitor
LR 184	Transportation Committee	(Moser) Interim study to examine the deployment of broadband services within the State of Nebraska.	Monitor
LR 185	Transportation Committee	(Moser) Interim study to examine issues under the jurisdiction of the Transportation and Telecommunications Committee.	Monitor
LR 216	Natural Resources Committee	(Dungan) Interim Study to examine the economic and climate impacts of the current reliance on fossil fuel energy generation in Nebraska.	Monitor
LR 242	Revenue Committee	(Jacobson) Interim study to examine methods to promote the development of a competitive electric vehicle charging market in Nebraska and the creation of electric infrastructure to support such market.	Monitor
LR 247	Government Committee	(J. Cavanaugh) Interim study to examine issues raised in LB 133, 2023, relating to laws regarding the use of eminent domain by state agencies, boards, commissions, and other political subdivisions.	Monitor
LR 248	Natural Resources Committee	(J. Cavanaugh) Interim study to survey Nebraska's small public utilities, municipalities, and cooperatives in a comprehensive manner, which consolidates information relating to rate classifications and equipment.	Monitor



2024 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 866	Natural Resources Committee Amended into LB 867 Committee Priority Bill Approved by Governor	(Bostelman) LB 866 was introduced at the request of the Nebraska Power Review Board (NPRB). The primary objective of the bill is to promote better continuity for the NPRB representation on the SPP Regional State Committee. The key provisions of the bill include: 1) removing the requirement to have an accountant on the board; 2) permitting at least one NPRB member to be any individual who previously worked as a director, officer, or employee of any electric utility within the four years preceding the member’s appointment to serve on the NPRB, provided the member refrains from voting or engaging on any proceedings involving their utility for a period of four years; 3) increasing NPRB terms from two to three consecutive four-year terms; and 4) increasing the member per diem from \$60 to \$100. The public power industry supports LB 866. Update: LB 866 has been amended into LB 867 which is a package of six bills and a Natural Resources Committee priority bill.	Support
LB 951	Government, Military and Veterans Affairs Committee Hearing February 15, 2024	(Linehan) Adopts the Public Officials on Private Boards Open Meetings Act to require that meetings of the governing boards of private entities comply with the Nebraska Open Meetings Act when the board is comprised of a majority of public officials. This bill does not directly impact LES, but will be monitored for any amendments that may impact LES.	Monitor
LB 956	Natural Resources Committee Amended into LB 1370 Approved by Governor	(Bostar, Brewer) LB 956 requires that light-mitigating technology be installed on any new wind energy conversion system or whenever an existing wind energy conversion system is repowered on or after July 1, 2025. The technology is designed to be activated when aircraft is near to mitigate the continuous strobe effect on property owners. Update: LB 956 was amended into LB 1370 which is a package of five bills and a Natural Resources Committee priority bill.	Support
LB 977	Judiciary Committee Hearing January 26, 2024	(Blood) LB 977 would prohibit discrimination on the basis of military or veteran status.	Support/Confer with the City
LB 991	Banking, Commerce and Insurance Committee General File	(Bostar) Adopts the Blockchain Basics Act. The intent is to prohibit political subdivisions from enacting zoning and other requirements that treat digital cryptomining differently than data centers.	Oppose as introduced/Confer with the City
LB 1018	Government, Military and Veterans Affairs Committee Hearing February 2, 2024	(Holdcroft, et al.) LB 1018 provides that a public employer, such as LES, may not require than a job applicant possess a postsecondary degree, provided the applicant has qualifying career and life skills. It does not apply to collegiate positions, judges, or positions for which a degree is required by state or federal law.	Oppose/Confer with the City



2024 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 1033	Transportation and Telecommunications Committee Hearing January 23, 2024	(Lippincott, et al.) Provides for enforcement of the prohibition against using a handheld wireless communication device while operating a motor vehicle as a primary action. Current law provides it can only be enforced as a secondary action to some other offense. We will monitor this bill for its impact to employees operating LES fleet vehicles.	Monitor/Confer with the City
LB 1076	Government, Military and Veterans Affairs Committee Hearing February 22, 2024	(Cavanaugh, M.) LB 1076 is similar to LB 951. It requires a governing body of a provides that sets policy for, makes decisions regarding, or supervises matters relating to any public contract to which the provider is a party to comply with open meeting provisions. There is not a direct impact to LES, but the bill will be monitored.	Monitor/Confer with the City
LB 1104	Executive Board Executive Board Priority Approved by Governor	(Aguilar) LB 1104 increases lobbyist registration fees from \$200 to \$300 and provides that such fees will be split between the offices of the Clerk of the Legislature and the Nebraska Accountability and Disclosure Commission. LES has one or two registered lobbyist in any given year.	Monitor
LB 1112	Transportation and Telecommunications Committee Hearing February 12, 2024	(Clements) Restricts local government control regarding permits and fees for the placement of communications infrastructure on poles and towers of the local government or utility. It provides that a local governing entity may not charge a fee that exceeds its reasonable costs but goes on to cap such fees at \$100 for an application fee and \$250 for a permit. These caps may in many cases not cover the actual costs of reviewing and processing an application.	Oppose/Confer with the City
LB 1119	Judiciary Committee Hearing January 25, 2024	(Dungan) LB 1119 prohibits homeowner associations from restricting the installation and use of solar panels in any covenant, declaration, bylaw, deed contract, or other agreement. The bill does not directly impact LES, but it will be monitored for its relation to LES customer generation policies.	Monitor/Confer with the City
LB 1139	Business and Labor Committee Hearing February 5, 2024	(Cavanaugh, M.) Adopts the Paid Family and Medical Leave Insurance Act. The bill is very similar to LB 57 introduced by Sen. Cavanaugh last session, but not yet advanced out of committee.	Monitor/Confer with the City
LB 1186	Transportation and Telecommunications Committee Hearing February 27, 2024	(Sanders) Amends the Nebraska One-Call Notification System Act to provide that an excavator will not be strictly liable to an operator for repair costs to any underground telecommunications line on residential property if it is buried at a distance of 12" or more from a building and at a depth of less than 10". LES is both an excavator and an operator under the Act and we will monitor this bill for an amendments.	Monitor/Confer with the City



2024 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 1218	Revenue Committee Amended into LB 1317 Approved by Governor	<p>(Bostar) Allows commercial electric vehicle (EV) charging stations to charge on a kilowatt-hour basis. Selling electricity on a kWh basis is considered a retail sale of electricity and state law provides that only utilities a certified retail service area may do so. The bill also proposes to significantly restrict the ability of public entities like LES from installing direct current fast-charging stations by providing that a public entity would have to provide public notice of an intent to install a DC fast charging station and give private entities a 90-day window to exercise a right of first refusal to install a station thereby precluding the public entity from doing so. LES and the public power industry have supported a narrow carve out to allow private EV charging stations to charge on a kWh basis. However, LES and public power strongly oppose any provisions that erode local control and restrict the core business of electric utilities.</p> <p>Update: LB 1218 was amended into LB 1317. Public power was able to secure an amendment that sunsets the right of first refusal provisions on December 31, 2027. After that, utilities would be precluded from installing a DC fast charging station within 10 miles of any DC fast charging station that exists, or is under construction, on January 1, 2028.</p>	Oppose/Confer with the City
LB 1219	Urban Affairs Committee Hearing February 13, 2024	(Cavanaugh, J.) Provides for adoption of updated building and energy codes, including the 2021 International Energy Conservation Code.	Monitor/Confer with the City
LB 1234	Appropriations Committee Hearing February 2, 2024	(Wayne) LB 1234 appropriates to the Department of Environment and Energy \$1 million for fiscal year 2023-24 and \$1 million for fiscal year 2024-25 for the Low-Income Weatherization Assistance Program.	Support/Confer with the City
LB 1277	Government, Military and Veterans Affairs Committee Hearing February 23, 2024	(Wayne) This bill allows the Governor to issue an emergency disaster proclamation for multiple counties when requested by a political subdivision that supplies electricity, natural gas, water, or sewer service without having to first request an emergency proclamation from each county. This provision will help to expedite disaster relief for essential services. While LES's service area is entirely in one county, the bill would provide assistance to the City of Lincoln for water service and also for LES's utility partners.	Support/Confer with the City
LB 1294	Banking, Commerce and Insurance Committee Amended into LB 1074 Approved by Governor	(Bostar, et al.) LB 1294 adopts the Data Privacy Act is primarily aimed at companies in the state that produce a product or service and engage in the sale of personal data. Among other things, it would require such companies to obtain consent to process or sell personal data. The bill as introduced specifically exempts the State, political subdivisions, and electric suppliers, among others, but the bill will be monitored for amendments that may expand the scope to include political subdivisions.	Monitor/Confer with the City



2024 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 1300	Government, Military and Veterans Affairs Committee Sen. Ballard Priority Bill Approved by Governor	<p>(Bostar, at the request of the Governor) Adopts the Pacific Conflict Stress Test Act and Foreign Adversary Contracting Prohibition Act with the emergency clause. It requires a state risk assessment that includes preparation of risk scenarios and threats, with focus on supply chain. The report is required to include identified vulnerabilities in critical infrastructure, military installations, cybersecurity, and public health, among others. We have identified concerns about releasing critical infrastructure information that would be published. Senator Bostar is willing to consider amendments that achieve the overall objective without comprising sensitive information.</p> <p>Update: Public power was able to secure amendments to LB 1300 that address concerns regarding publicizing vulnerabilities. The amendment ensures that public power utilities can continue to protect critical infrastructure information related to cyber and physical security.</p>	Oppose as introduced and seek amendment/Confer with the City
LB 1302	Government, Military and Government Affairs Committee Hearing February 8, 2024	<p>(Lippincott) Adopts the Cybersecurity Preparedness Act to provide funding to the State Chief Information Officer to procure hardware, software, or services to expand the state’s cybersecurity defense and response capabilities. The bill requires and provides support for cyber preparedness training and cyber drills. It also establishes a \$2 million program to provide grants to political subdivisions for the purpose of upgrading critical information technology infrastructure.</p>	Support/Confer with the City
LB 1319	Revenue Committee Hearing February 1, 2024	<p>(Linehan) LB 1319 repeals a sales and uses tax exemption for data centers. Since 2012, sales and use taxes have not been imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption of personal property and services of a data center. This bill does not directly impact LES, but it will be monitored given Google’s pending construction of a data center in Lincoln.</p>	Monitor/Confer with the City
LB 1342	Revenue Committee Hearing February 29, 2024	<p>(Wayne) LB 1342 would exempt residential sales and purchases of electricity and natural gas from sales and use taxes. Sales and use tax is a pass-through for LES so there is no financial impact to LES. However, the bill would result in less sales tax revenue for the City. We will confer with the City and support the City’s position on the bill.</p> <p>Update: LB 1342 was initially amended into LB 388 by the Revenue Committee, the Governor’s broad tax proposal, but it was later amended out due to concerns regarding the fiscal impacts of the total package.</p>	Monitor/Confer with the City



2024 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 1366	Judiciary Committee Hearing February 2, 2024	(Cavanaugh, J., Bostelman, Brewer) LB 1366 would significantly change the eminent domain authority of public entities. While LES could support provisions in the bill to clarify and encourage good faith efforts to negotiate with property owners, there are other provisions in the bill that are unacceptable. One of the primary objectionable provisions would prohibit a political subdivision from taking property outside the boundaries of the political subdivision through the use of eminent domain unless a majority vote of the governing body of the county, city, or village where the property is located approves the taking. This could significantly impact LES's ability to site transmission lines outside of its service area. This would also hamper the City's efforts related to securing a secondary water source.	Oppose/Confer with the City
LB 1369	Natural Resources Committee General File	(Cavanaugh, J.) LB 1369 would require a local electric distribution utility to interconnect and operate in parallel with an agricultural self-generation facility with a rated capacity of 100 kW or less that produces electricity using methane, wind, solar, biomass, hydropower, or geothermal resources as its energy source. LB 1369 specifically provides that such a system in not used for purposes of net metering. This would only apply where land meets the definition of agricultural or horticultural land.	Monitor/Confer with the City



2024 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 1370	Natural Resources Committee Committee Priority Bill Approved by Governor	<p>(Bostelman, + 24) LB 1370 would provide that prior to retiring an existing dispatchable electric generation facility in Nebraska, and electric supplier must certify to the Nebraska Power Review Board (NPRB) that the supplier has a) ‘secured and placed on the state’s electric grid’ a dispatchable generation facility with an equal or greater to nameplate capacity as the one being retired; and b) ‘adequate’ transmission infrastructure necessary to interconnect the new dispatchable generation facility. This bill would not apply if a unit retirement is mandated by federal law. Dispatchable generation means a facility using hydropower, coal, natural gas, hydrogen, or nuclear power to generate electricity. The bill raises a number of questions. As drafted, it would not apply to two of LES’s major resources at the Laramie River Station and the Walter Scott Energy Center as those plants are outside of Nebraska. It also would not seem to apply to LES’s participation in the Gerald Gentleman Station in that LES is a minority participant and not an owner, but would place an inordinate burden on NPPD to replace capacity it may not need. The legislation is a serious erosion of local control—both of the local utility governing bodies and the communities they serve. There are 25 original cosponsors on the bill which represents half of the 49-member Legislature. Several of these senators have expressed concern about what they perceive as an over-reliance on renewable energy generation.</p> <p>Update: Following considerable discussion with Senator Bostelman, the committee amendment provides an approach that LES will not oppose. The committee amendment provides that if a utility is considering retiring a dispatchable generation facility, it must notify the PRB. The PRB can choose to hold a closed hearing with the utility. The PRB will provide an advisory-only recommendation to the utility regarding its decision to decommission the facility which the utility governing body must consider as it makes its final decision to decommission the facility. All materials submitted remain confidential until a final decision regarding decommissioning is made by the utility.</p> <p>Four other bills were amended into LB 1370 and LB 1370 was designated as a committee priority bill. With regard to the committee amendment, LES is neutral or not impacted by the other provisions that were amended into LB 1370.</p>	Oppose/Neutral on Committee Amendment

Exhibit V

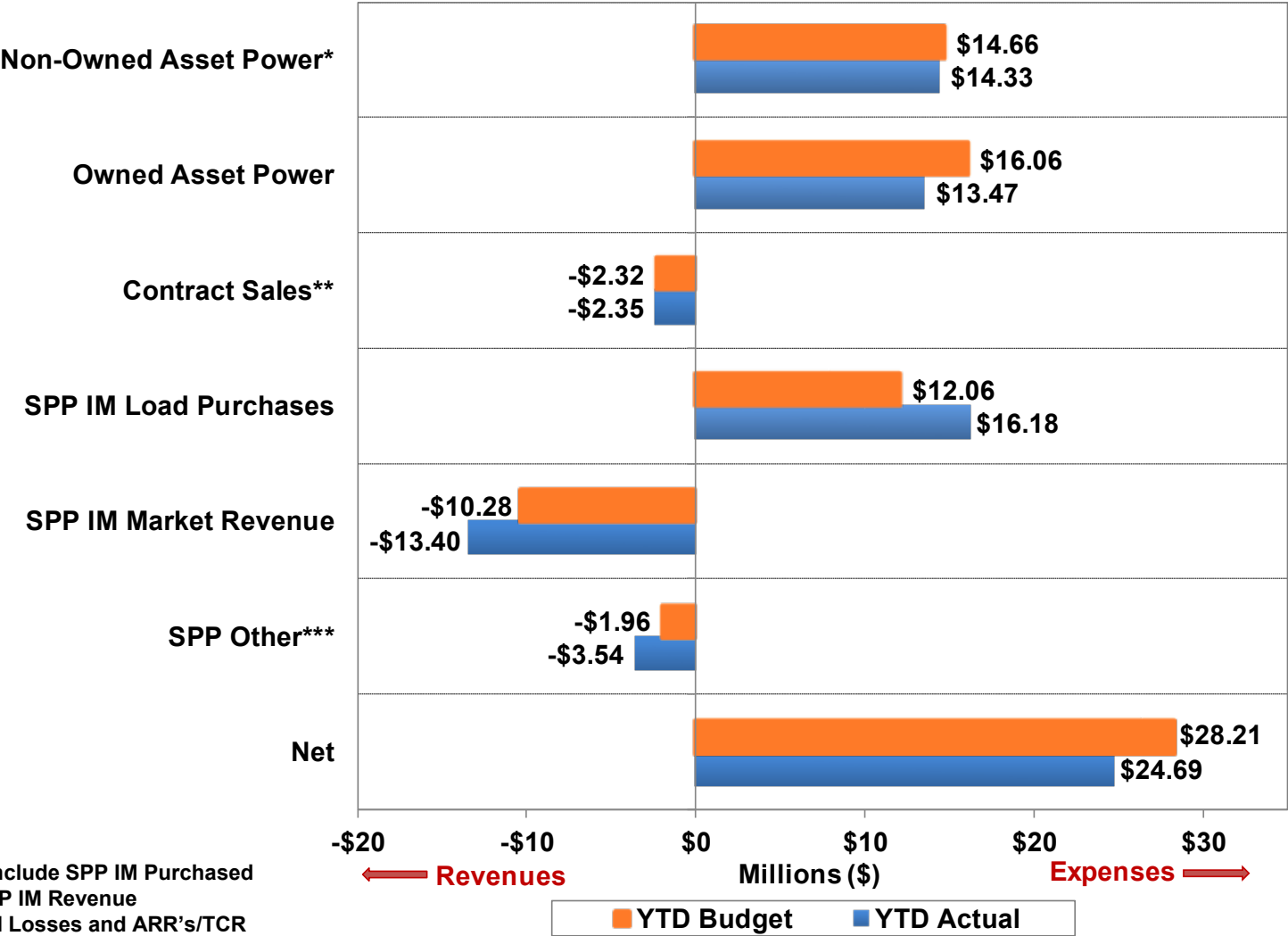
Power Supply Division 2024 First Quarter Update

April 19, 2024

Jason Fortik

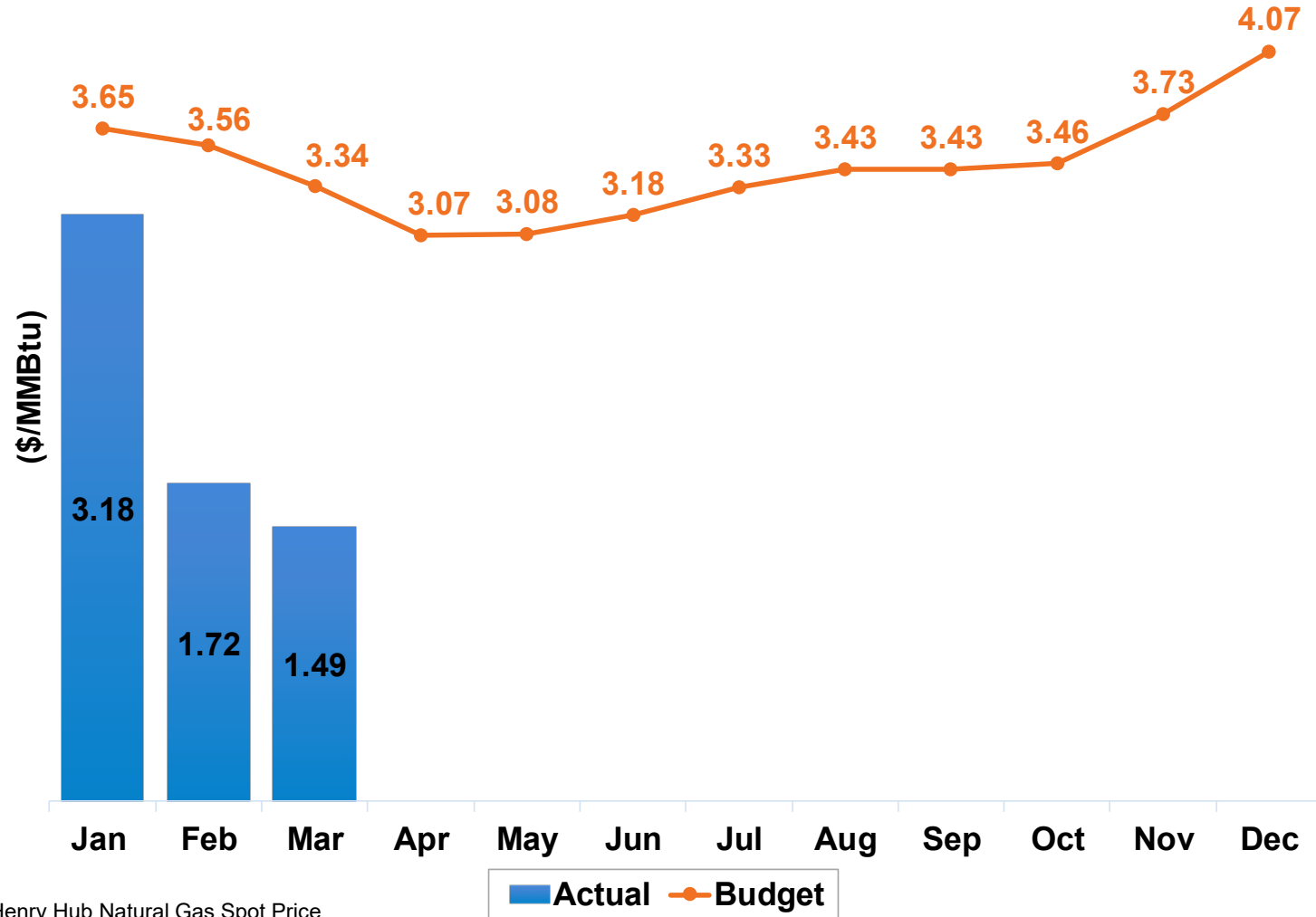
Vice President, Power Supply

2024 Q1 Net Power Costs are about \$3.5M (12.5%) below Budget. Lower than Budget generation expenses and higher market sales revenue more than offset above Budget energy purchase expenses.



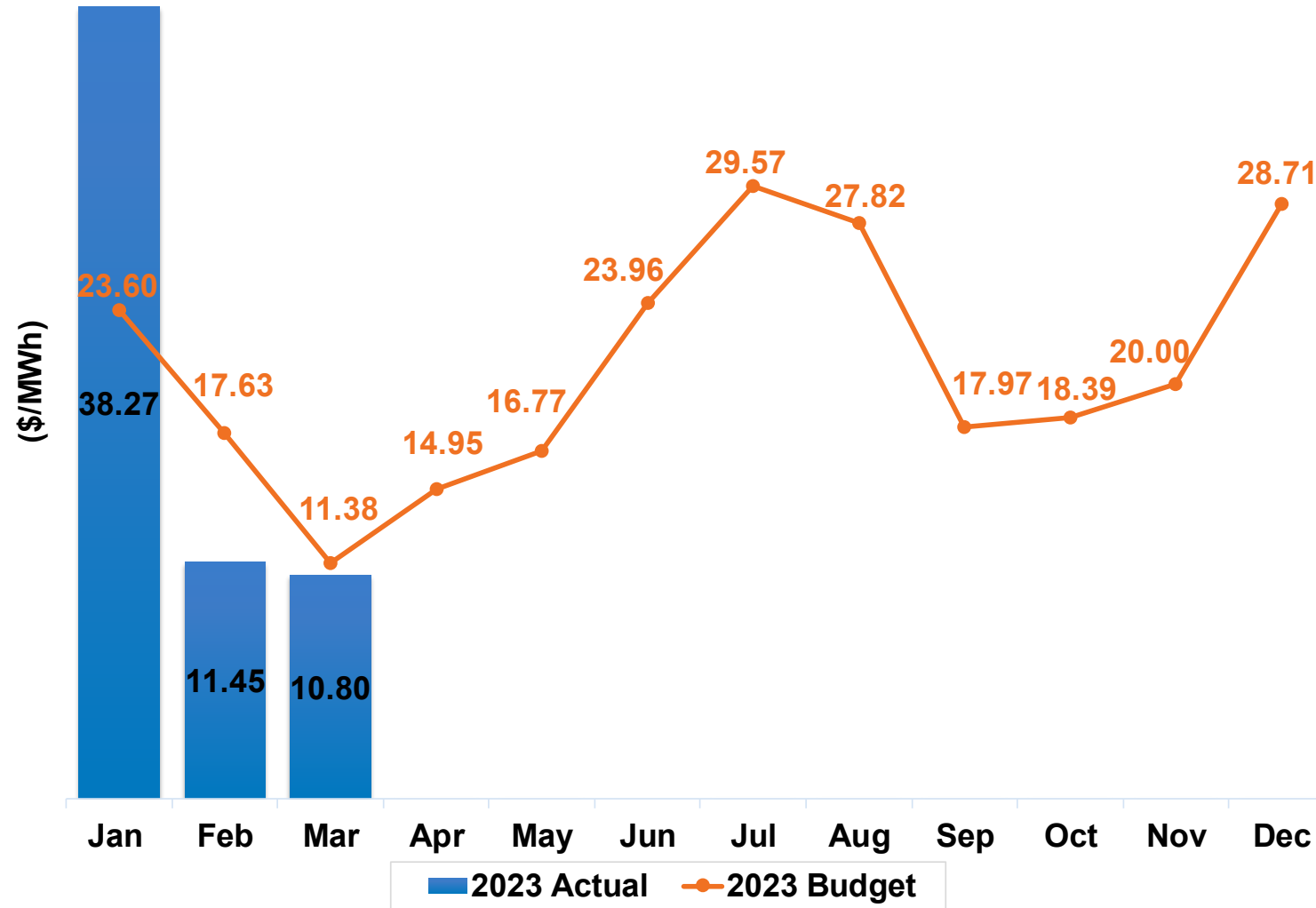
*Non-Owned Asset Power does not include SPP IM Purchased
 **Contract Sales does not include SPP IM Revenue
 ***SPP Other includes Over-Collected Losses and ARR's/TCR

Although colder temperatures in January put upward pressure on prices, natural gas prices remained well below Budget during Q1. Relatively high production levels and inventory levels, combined with lower consumption volumes, kept U.S. prices low.

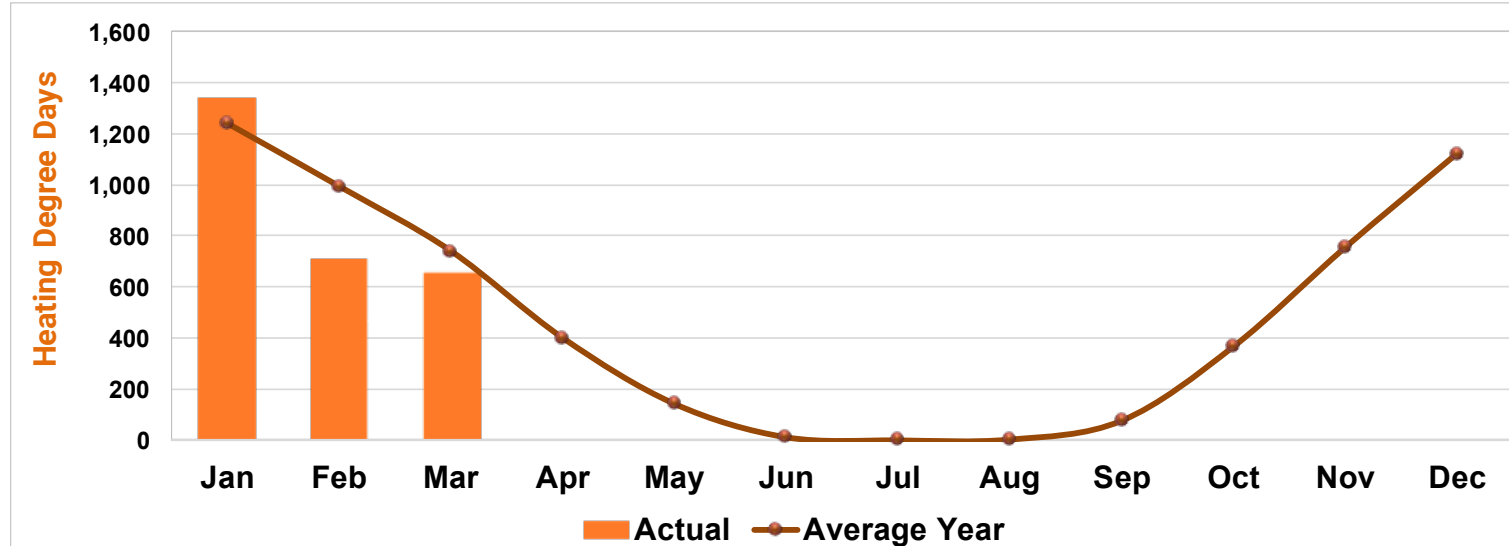
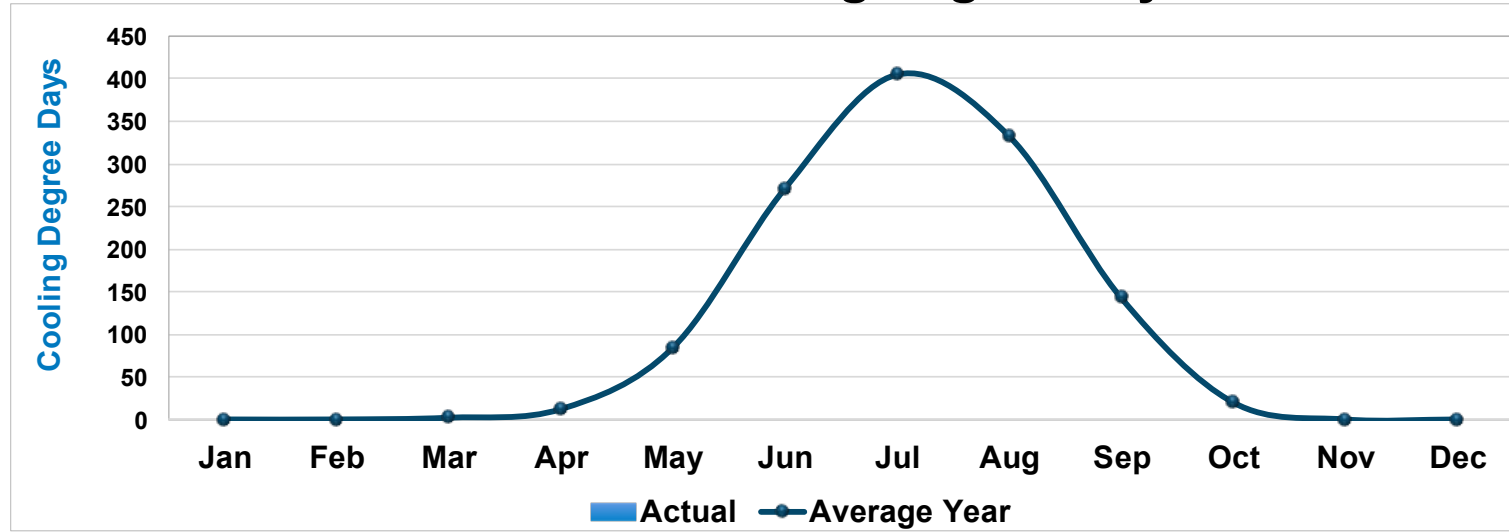


Source: U.S. Energy Information Administration – Henry Hub Natural Gas Spot Price

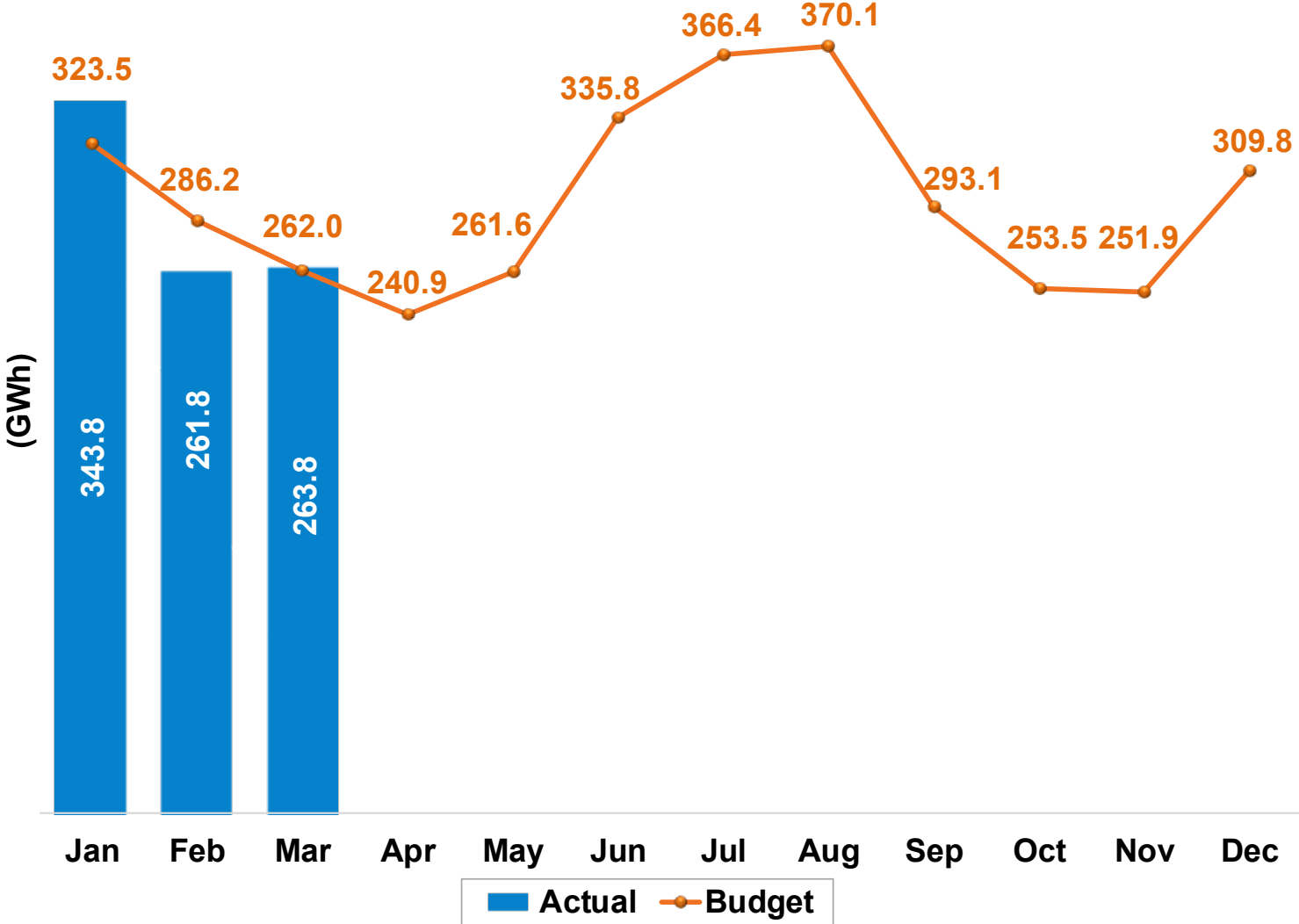
Winter Storm Gerri impacted prices in January, while moderate SPP footprint electrical loads, higher footprint wind production levels, and very low natural gas prices, kept Lincoln's market electricity prices below Budget during February and March.



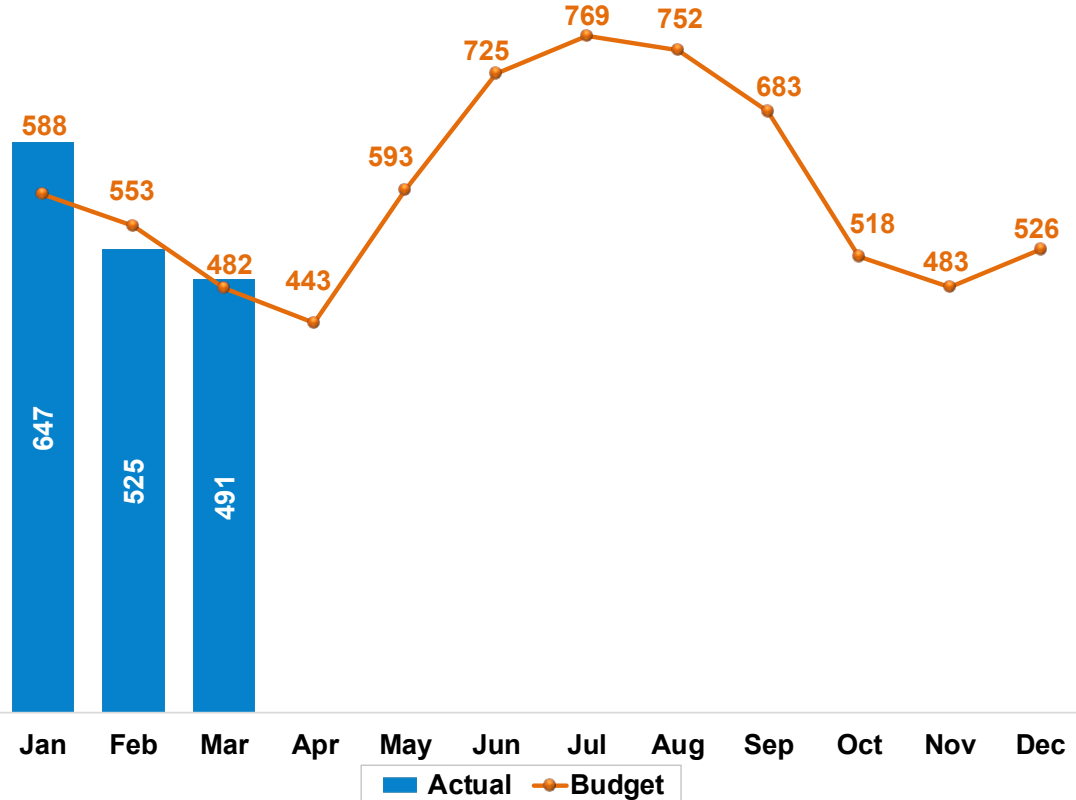
January's cold temperatures pushed heating degree days above average, while the mild conditions in February kept heating degree days 29% below average. Temperatures were volatile in March, but the month still ended with heating degree days about 12% below average.



Control Area Energy consumption for Q1 was 22 GWh (2.6%) below Budget



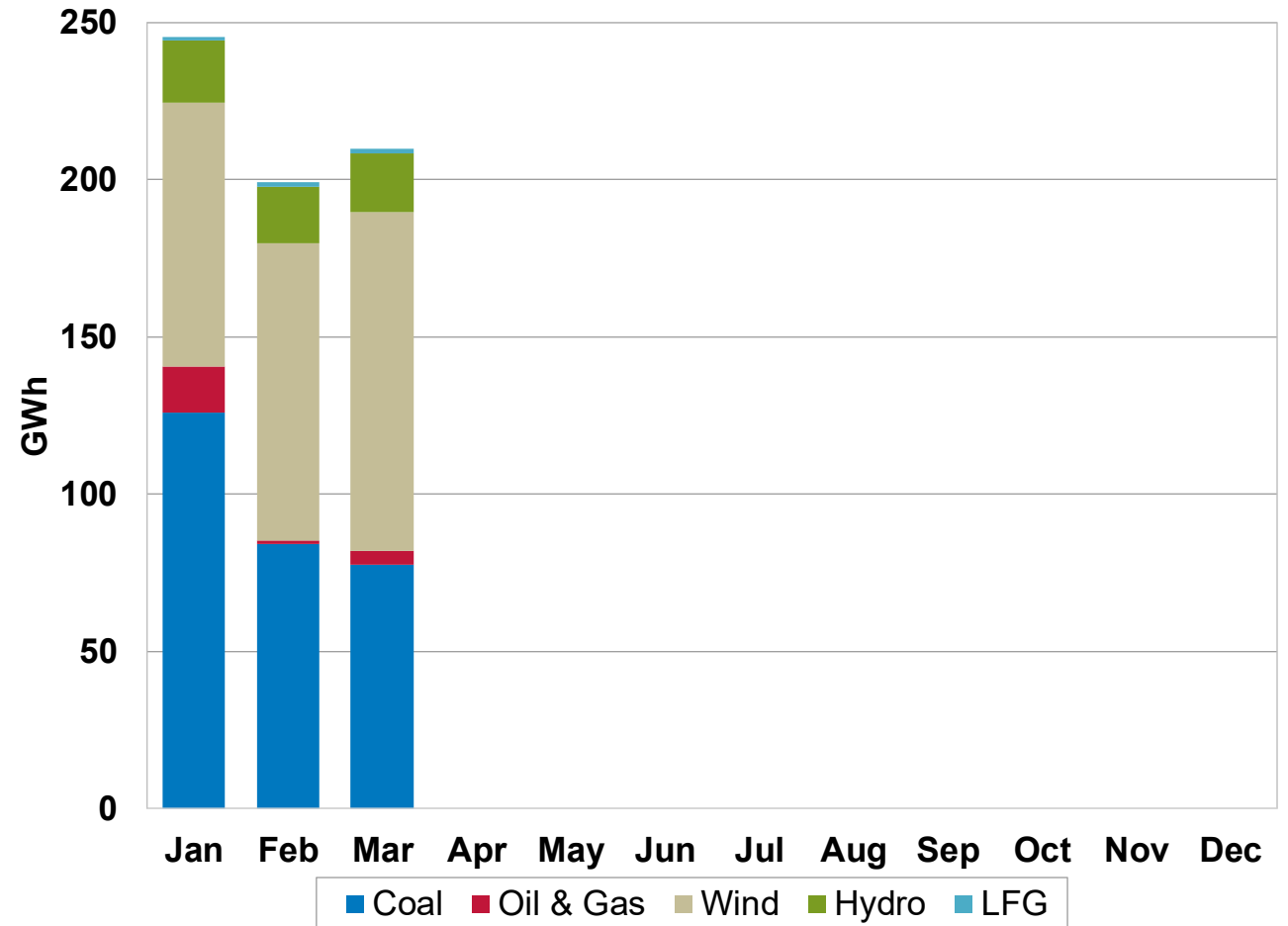
Cold temperatures in January and varying temperatures in March pushed customer demand for those months above Budget, while more moderate temperatures in February kept the system peak below expectations.



System Peak Load	2024 Peak Load Day = 647 MW, 1/15/2024 All Time System Peak = 819 MW, 8/22/2023
-------------------------	--

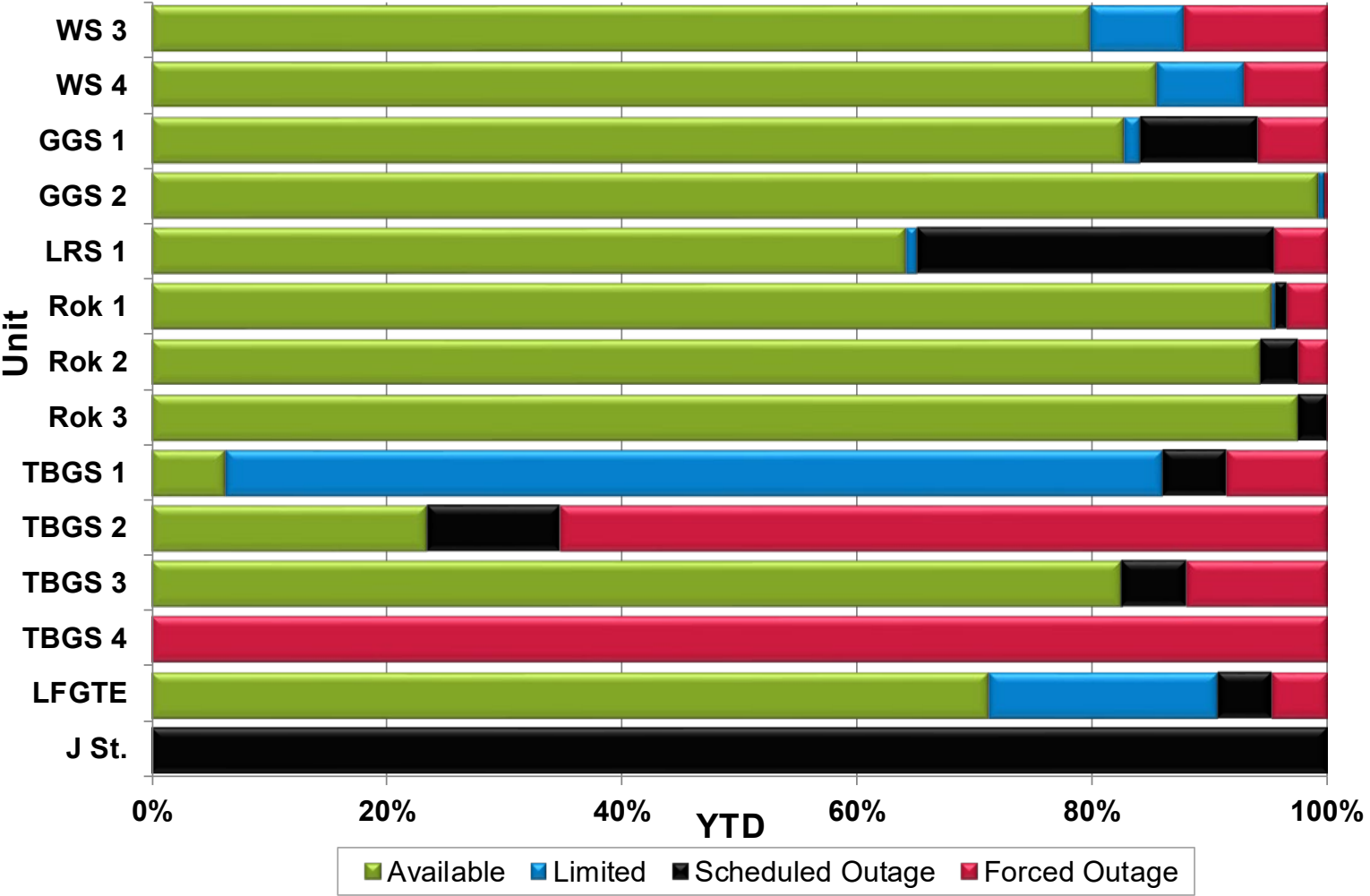
Q1 renewable energy production was about 7% below expectations, coal resource production was about 30% below expectations due primarily to reduced output from Laramie River Station, and natural gas resource production was 25% below expectations due to the ongoing outages at the Terry Bundy Generating Station and reduced market dispatch of the Rokeby units.

Retail Sales	2024 Q1 Retail Sales: Forecast = 825 GWh Actual = 808 GWh Difference = 17 GWh (-2.0%)
Renewable Energy Production	2024 Q1 Renewable Energy Production Expressed as a Percentage of Retail Sales: Forecast = 44.4% Actual = 41.9%

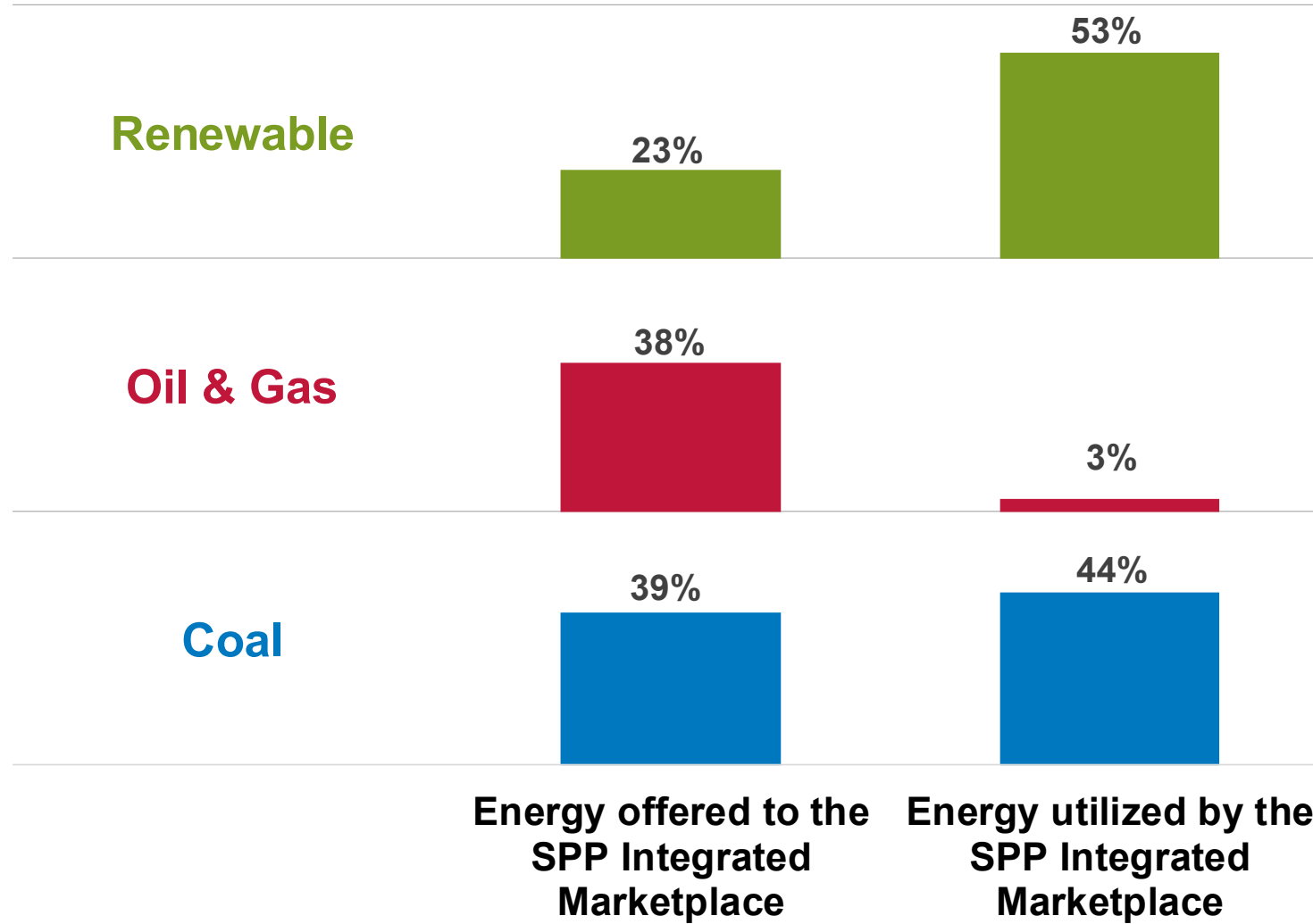


Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

Walter Scott 3 & 4 experienced a variety of equipment outages, Gerald Gentleman 1 addressed boiler tube leaks, and Laramie River Station returned from a planned outage in late January. Terry Bundy Generating Station Unit 3 returned from its extended outage, Unit 2 was taken offline to repair damage found during a borescope inspection, and Unit 4 remained in outage and offsite at the OEM's repair depot.



2024 Market Energy Metrics (January through March)



Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

Exhibit VI



Q1 2024 Financial Statements

LES Administrative Board | April 19, 2024

Emily N. Koenig | LES
Vice President, Financial Services & CFO

2024 Retail Revenue - YTD

Lower use by Residential Customers comprised most of the variance, while higher Industrial use offset low Commercial and Street Light usage.

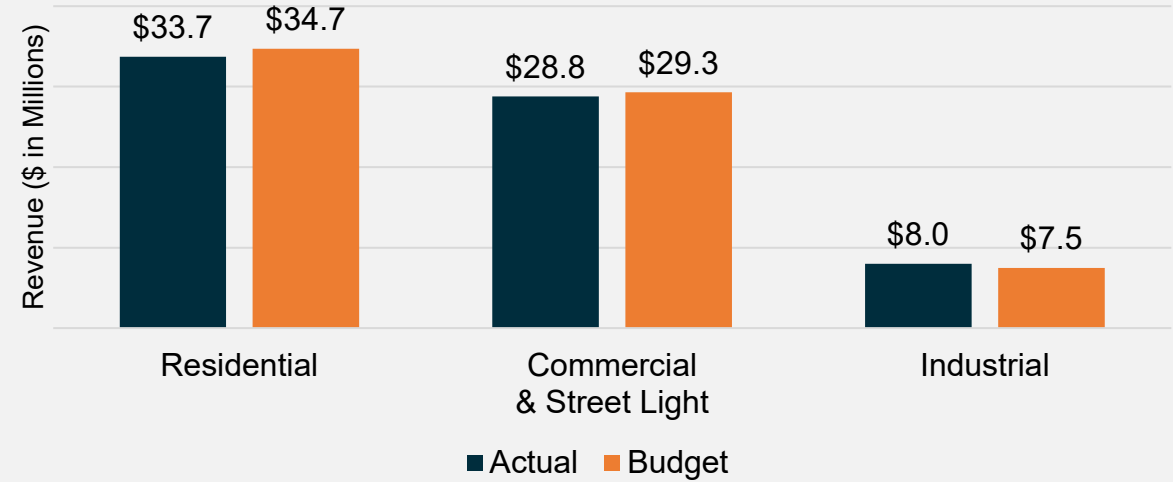


Actual	Budget	Variance
\$70.5M	\$71.4M	-\$0.9M / -1.3%

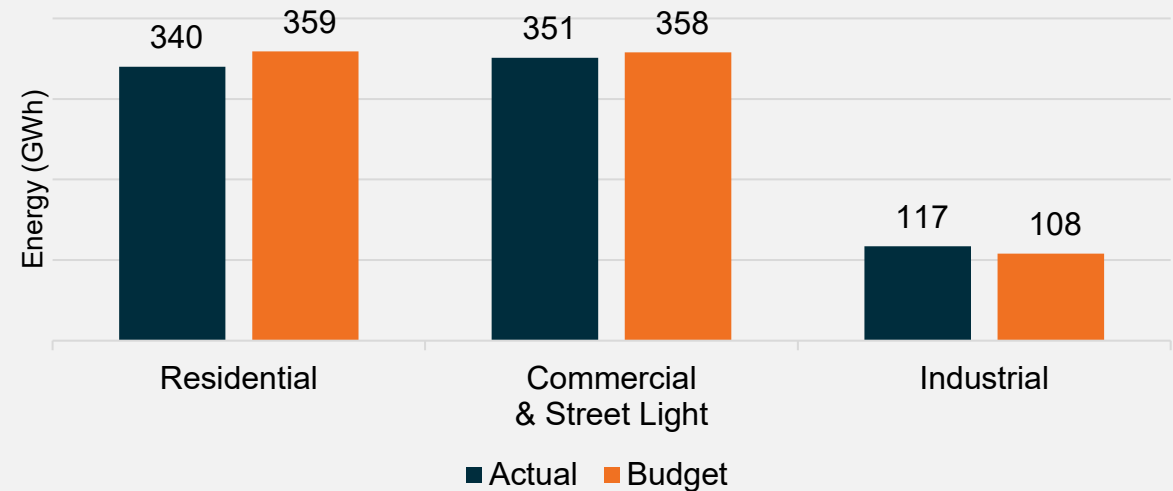
Residential, Commercial & Street Light revenues were 2.8% and 1.6% lower than budget.

Industrial revenues were 6.9% higher than budget.

Retail Revenue



Retail Energy

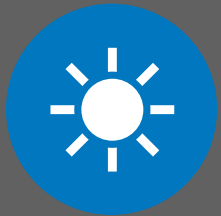


2024 Weather - YTD

In Q1 2024, overall temperatures were warmer than usual, with heating degree days being 9.4% lower than average and having zero cooling degree days.

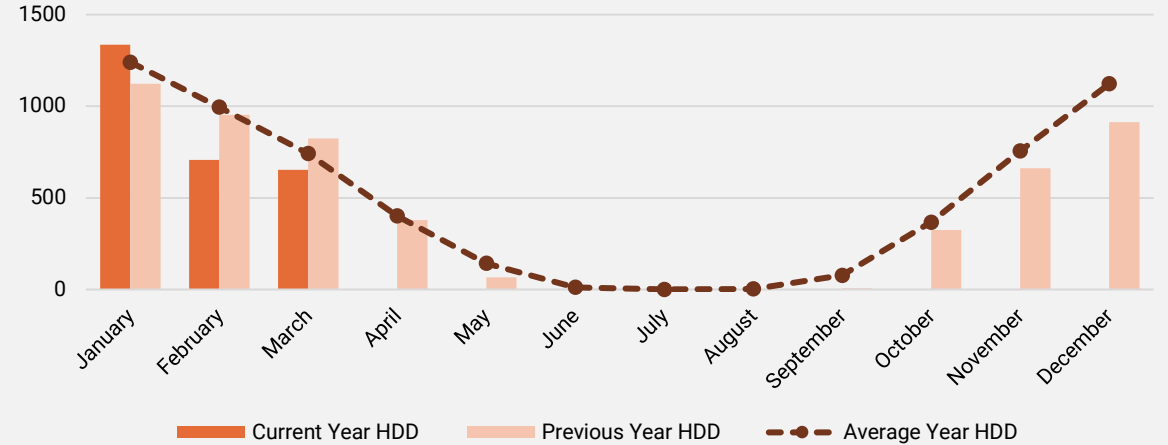


The milder weather in February and March offset January's colder temperatures, resulting in 281 fewer heating degree days than average.

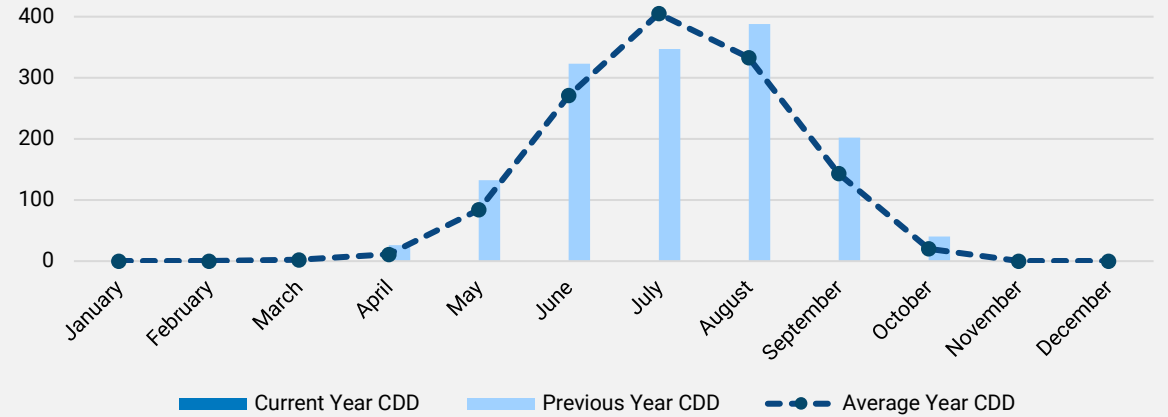


Mild temperatures resulted in zero cooling degree days, a negligible difference from the average.

2024 Heating Degree Days



2024 Cooling Degree Days



2024 Operating Expenses - YTD

Total Operating Expenses

Actual	Budget	Variance
\$66.0M	\$69.1M	-\$3.1M / -4.5%

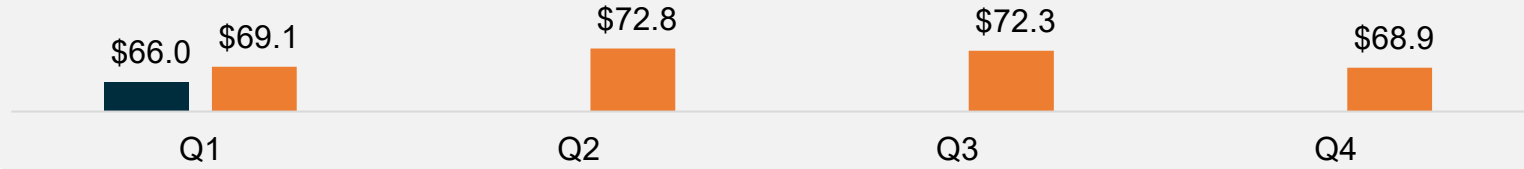
Total Operating Expenses (Less Power Cost)

Actual	Budget	Variance
\$32.7M	\$34.1M	-\$1.4M / -4.1%

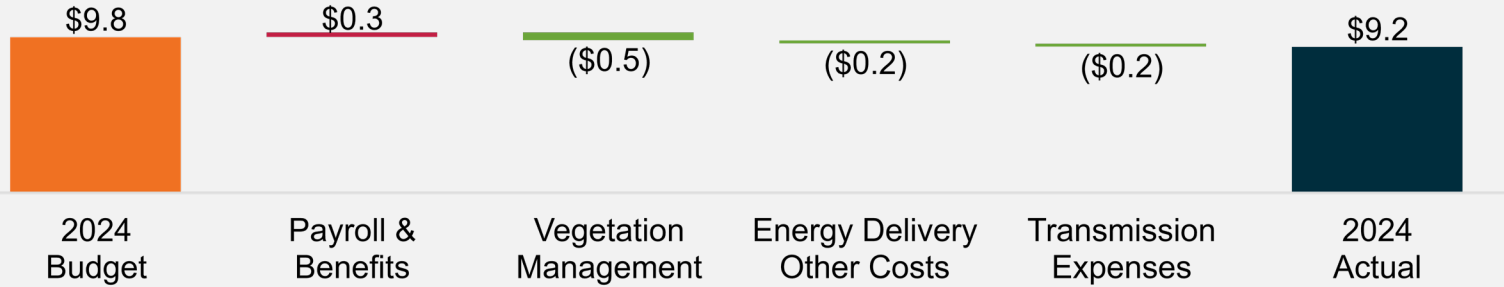
Actual vs Budget

(\$ in millions)

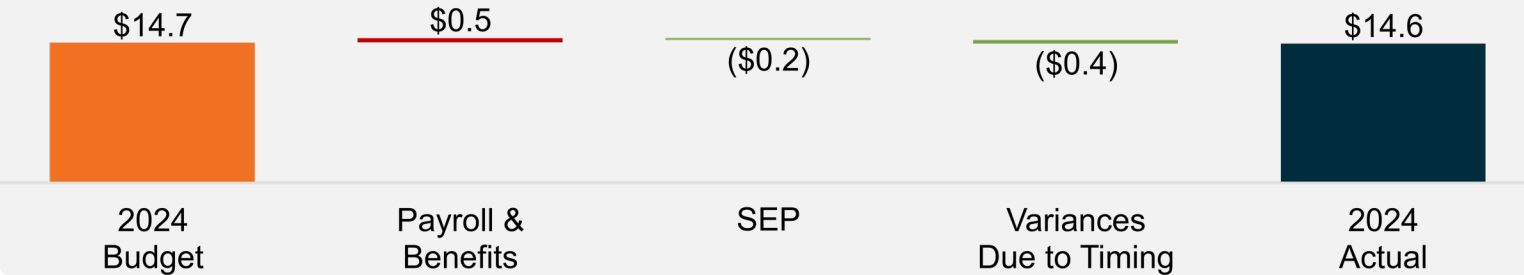
Actual Budget



Operations & Maintenance YTD Variances



Administrative & General YTD Variances



2024 Net Power Cost - YTD

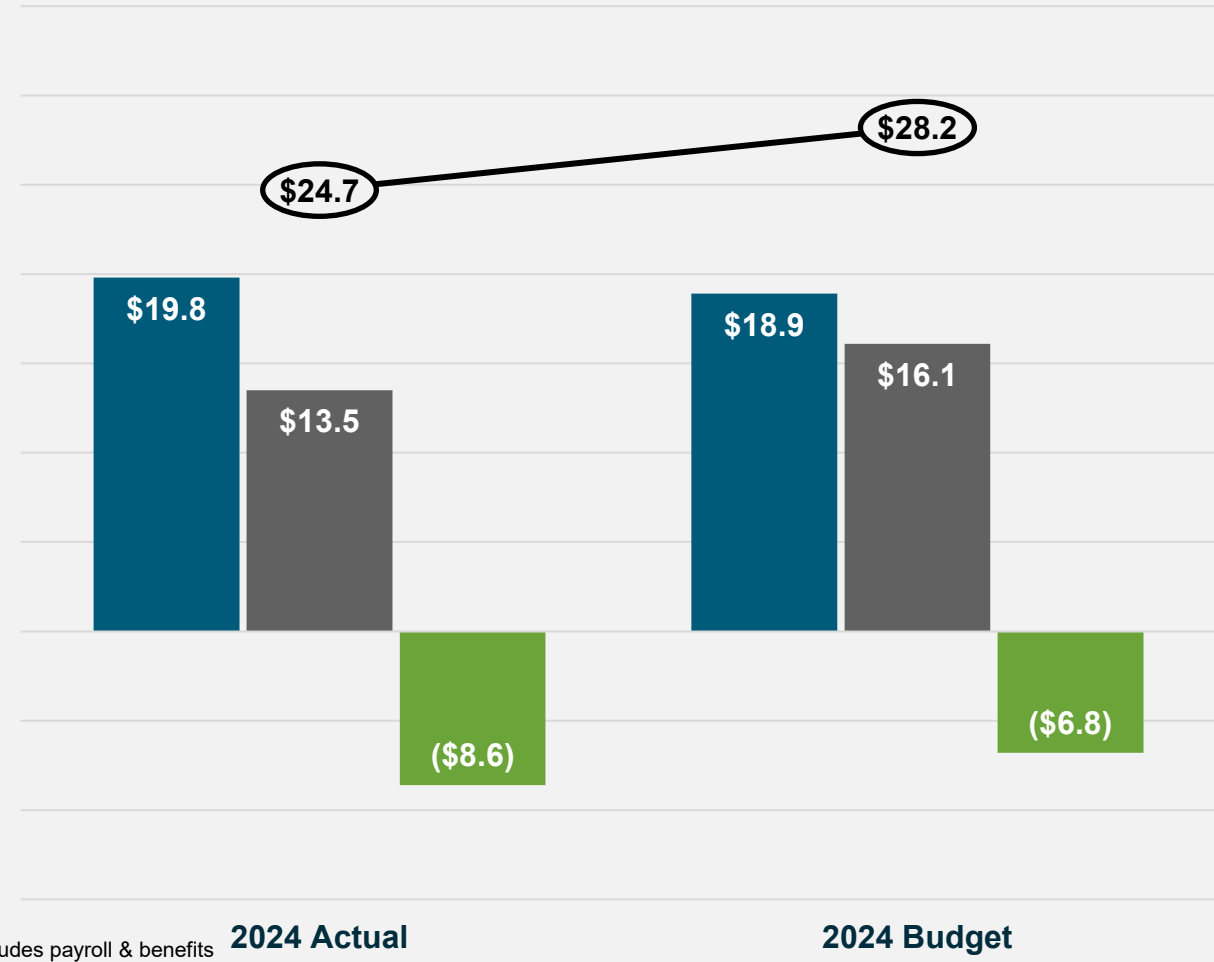
Actual	Budget	Variance
\$24.7M	\$28.2M	-\$3.5M / -12.4%

- Purchased power was over budget by \$0.9M, or 4.6%, due to higher SPP purchases partially offset by lower energy output at Walter Scott #3.
- Produced power was \$2.6M, or 16.1%, under budget due to lower costs at LRS. This is partially offset by increased fuel expenses for TBGS & RGS.
- Wholesale revenue exceeded budget by \$1.8M, or 26.3%, due to revenues from SPP activities.

2024 Net Power Cost* - YTD

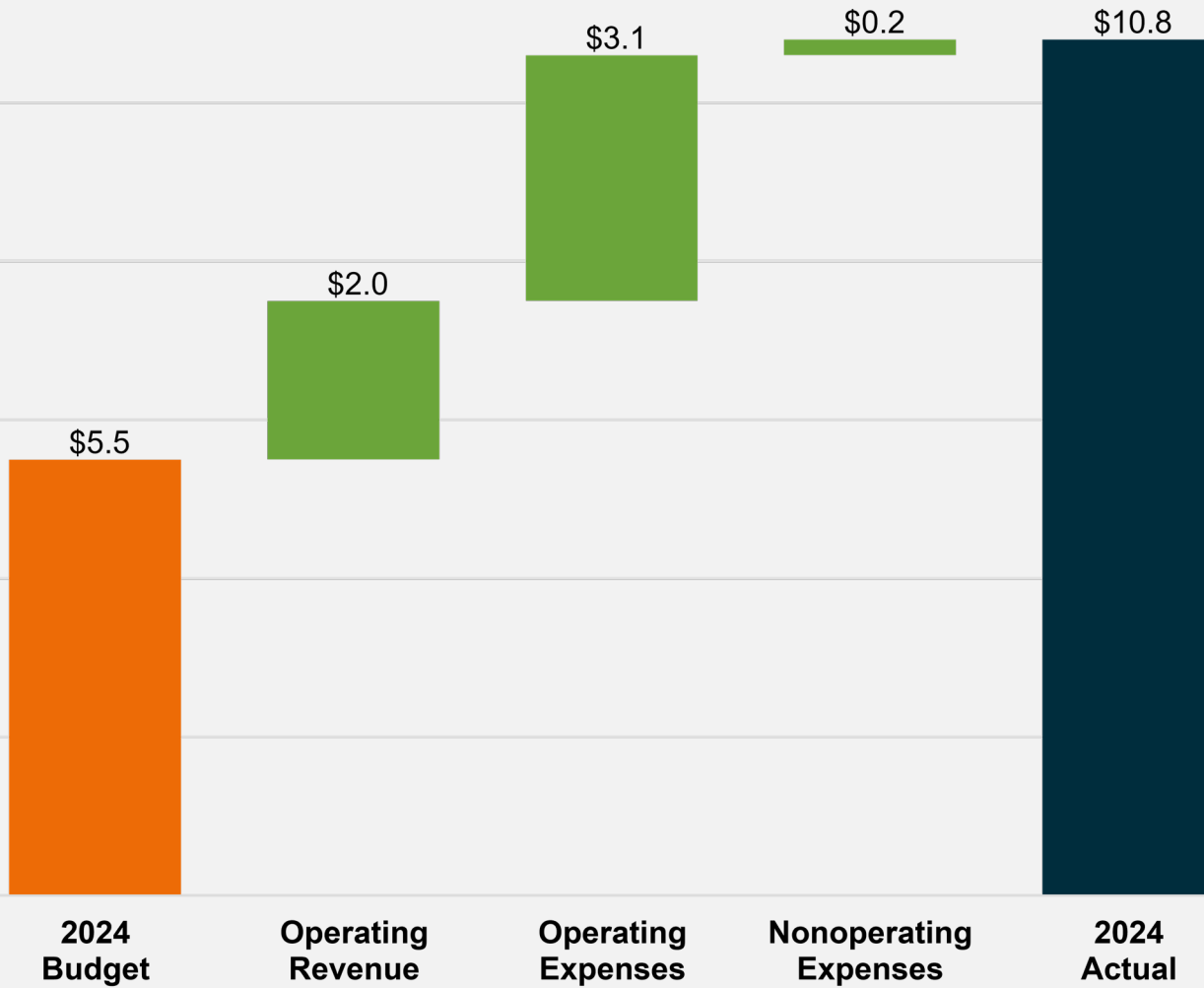
(\$ in Millions)

■ Purchased Power ■ Produced Power
■ Wholesale Revenue — Net Power Cost



Change in Net Position

(\$ in Millions)



Change in Net Position or “Net Revenue”

2024 YTD

Actual
\$10.8M

Budget
\$5.5M

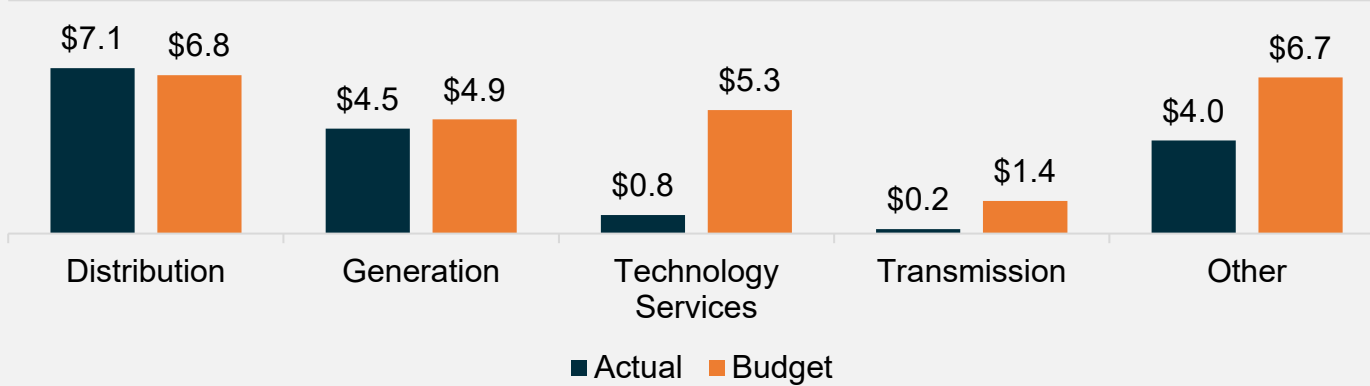
Variance
+\$5.3M / +97.0%

Increased revenues combined with lower expenses resulted in greater than budgeted Net Revenue.



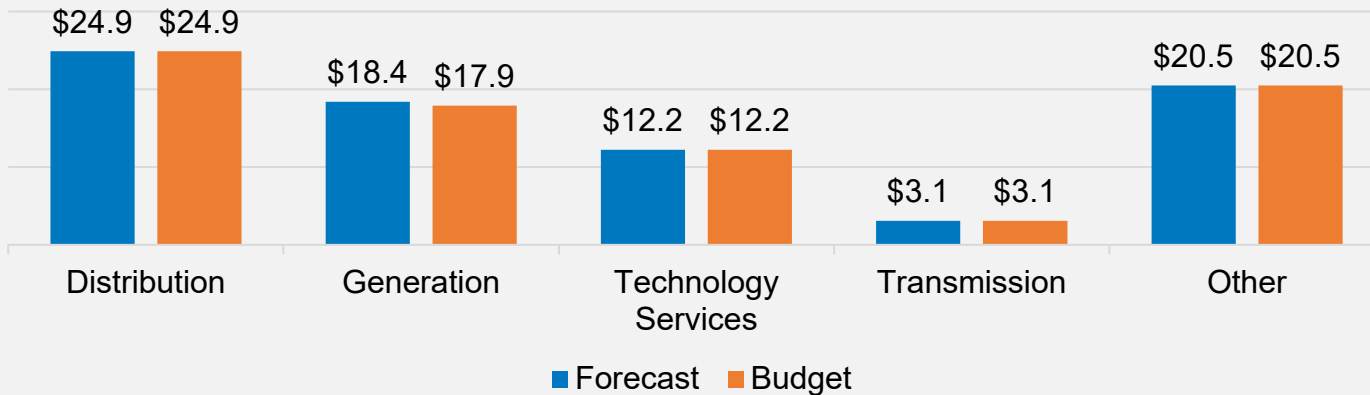
Q1 Capital Expenditures

(\$ in millions)



YE Capital Expenditures Forecast

(\$ in millions)



2024 Capital Expenditures

YTD Capital spending is below budget.
YE forecast assumes projects will return to budget.

YTD Actuals	Budget	Variance
\$16.6M	\$25.1M	-\$8.4M / -33.6%

Q1 variance driven by timing of large Technology Services projects.

Forecast	Budget	Variance
\$79.1M	\$78.6M	+\$0.5M / 0.7%

YE forecast includes additional wind turbine decommissioning costs.

Financial Metrics

LES has minimum target values for financial ratios when setting customer rates.

Fixed Charge Coverage Ratio

YE Forecast	Budget	Variance
1.51x	1.40x	0.11x

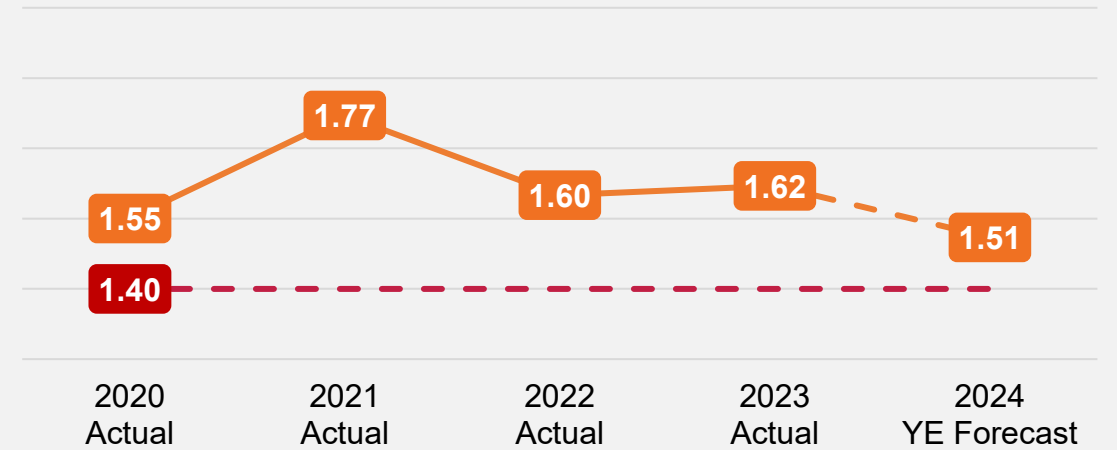
Higher or increasing values are considered favorable.

Debt Service Coverage Ratio

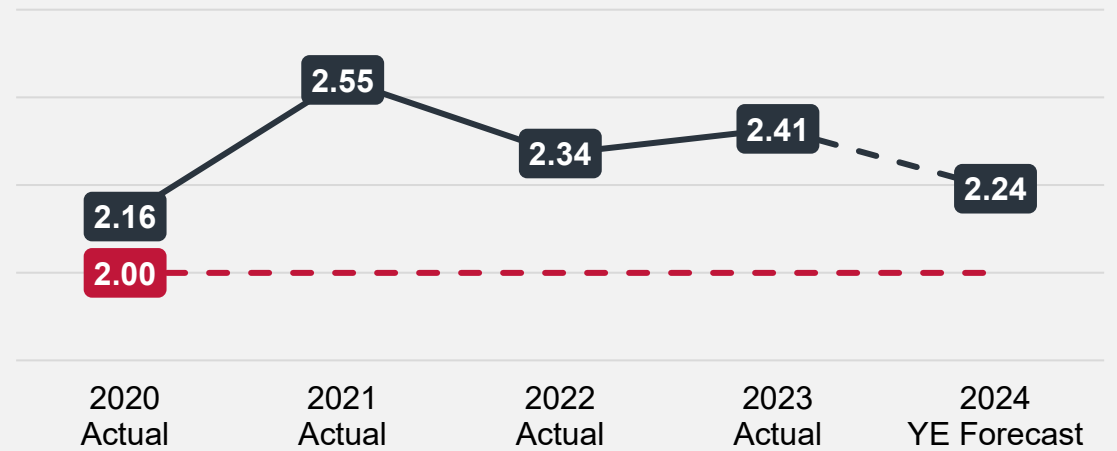
YE Forecast	Budget	Variance
2.24x	2.10x	0.14x

Higher or increasing values are considered favorable.

Fixed Charge Coverage Ratio



Debt Service Coverage Ratio



Financial Metrics

Debt to Capitalization

YE Forecast	Budget	Variance
49%	50%	-1%

Lower or decreasing values are considered favorable.

Net Debt Ratio

YE Forecast	Budget	Variance
4.74	5.30	0.56

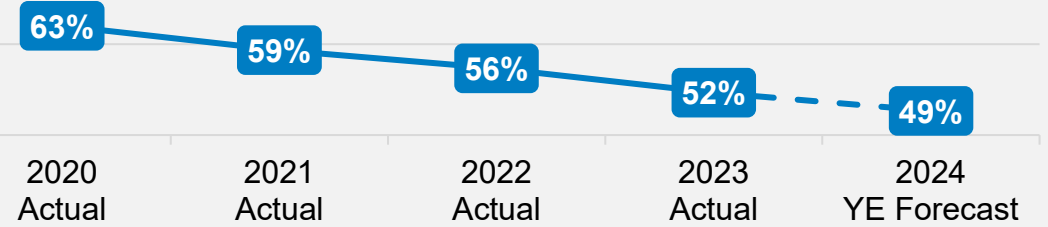
Lower or decreasing values are considered favorable.

Days Cash on Hand

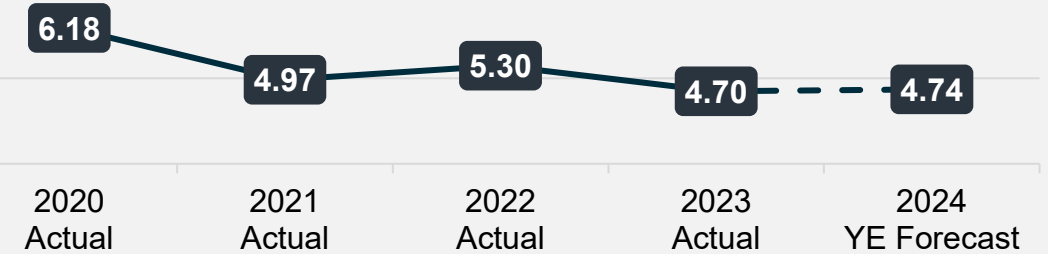
YE Forecast	Budget	Variance
130	116	14

When LES approaches the minimum target, short or long-term borrowings are utilized to replenish the cash balance.

Debt to Capitalization



Net Debt Ratio



Days Cash on Hand

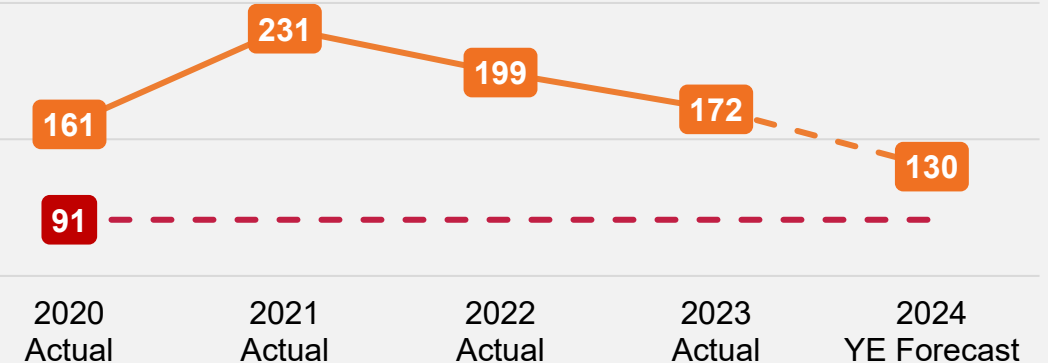


Exhibit VII

Performance Indicators 1st Quarter 2024

Administrative Board

April 19, 2024

Integrity & Fiscal Responsibility

Performance Indicator	Actual/ Projection	Forecast/ Target	Indicator	Previous Year Actual/ Projection*	Industry Average
Retail Energy Sales (GWH)	808	825	✓	831	
Projected Debt Coverage (YE)	2.24x	2.10x	✓	2.41x	2.16x ¹
Net Power Costs (\$/MWH)	\$40.89	\$45.00	✓	\$39.96	
SPP Lincoln Locational Marginal Price (\$/MWH)	\$20.17	\$17.54	✗	\$20.17	
Phishing Test Click Rate	4.73%	<5.00%	✓	7.10%	5.00%
Suspicious Emails	780		✓	701	
Cyber Events Reported (Opened/Closed)	0/0		✓	559/559	
Cyber Security Risk Assessments (New/Open/Closed)	9/0/9		✓	8/5/9	

¹ 2023 Peer Study Average

*Numbers represent 2023 1st Quarter unless specifically notated as YTD or YE in the Performance Indicator title

Sustainability and Environmental Responsibility

Performance Indicator	Actual/ Projection	Forecast/ Target	Indicator	Previous Year Actual/ Projection*	Industry Average
Sustainable Energy Program (Obligated YTD \$)	\$0.49M	\$0.63M	!	\$0.54M	
SEP Demand Reduction (YTD MW)	4.5	4.6	✓	5.7	
Renewable Energy (Expressed as an Equivalent % of Retail Sales) ²	41.9%	44.4%	✗	43.0%	
CO ₂ Emissions (Thousands of Metric Tons) ³	301	455	✓	442	
CO ₂ Produced (Metric Tons/MWh) ^{2,3}	0.47	0.57	✓	0.57	

² LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources, and the renewable attributes are transferred to the REC recipient

³ Preliminary estimate based on emissions rates for the previous calendar year

Safety and Employer of Choice

Performance Indicator	Actual/ Projection	Forecast/ Target	Indicator	Previous Year Actual/ Projection*	Industry Average
DART (YTD # of incidents per 100 employees that result in Days Away, Restricted, Transferred)	1.57	0.00	!	0.00	

Reliability and Customer Service

Average Speed of Answer (Seconds)	24.0	30.0	✓	17.0	37.0
Annual Average Outage Time (SAIDI) Per Customer (Normal Weather) (12-month rolling)	19.8	30.0	✓	15.0	123.0 ⁴

⁴ Rolling 5-Year national Average from available EIA date

*Numbers represent 2023 1st Quarter unless specifically notated as YTD or YE in the Performance Indicator title

Exhibit VIII



2023 Investment Committee Annual Report

LES Administration Board | April 19, 2024

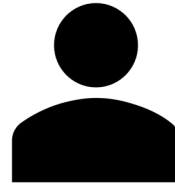
Bryan Willnerd | Lincoln Electric System
Manager, Treasury & Risk Management

LES's Investment Committee provides oversight of the retirement plans in accordance with LES policies



LES Administrative Board

- Designates Investment Committee members
- Adopt amendments to the Plan documents
- Authorize execution of provider agreements



Investment Committee

- Chief Executive Officer
- VP Financial Services and Chief Financial Officer
 - VP Corporate Operations
- VP Communications & Corporate Records and General Counsel
- Manager, Human Resources



Internal Audit

- Performs an audit of the plans every four years

External parties administer the retirement plans in accordance with LES policies



Third-Party Administrator & Recordkeeping Services

- Vanguard
- Began relationship in 2013
- Renewed the Vanguard agreement in 2023 via a Request for Proposal



Third-Party Investment Consultant

- CapTrust
- Began relationship in 2016
- Renewed contract in 2022



External Legal Counsel

- Cline Williams
- Ongoing relationship



Third-Party Audit Consultant

- The Angell Pension Group
- Specializes in Retirement Plan Audits
- Performed every four years

LES Retirement plan data as of December 31, 2023

	401k Plan	457b Plan
Plan Asset Size	\$189M	\$15M
# Available Funds To Participants ¹	14 Funds + Target Date Funds	
Plan Participation Rate % / VG Benchmark	98% / 78%	12%
Participant Match	Yes	No
Auto-Escalation	Yes	No
LES vs Peer Fund Expense Ratio ^{1,2}	0.20% / 0.35%	0.29% / 0.47%

¹ Calculated on a "Weighted Average" basis

LES offers diverse investment options to participants

Tier 1: Target Date / Hybrid

Target Date Funds:

Vanguard Target Retirement Funds

Hybrid Fund:

Vanguard Wellington

Tier 2: Passively Managed

Domestic Equity:

Vanguard Total Stock Market Index Institutional (*Large Cap Blend*)

International Equity:

Vanguard Total International Stock Index Admiral (*Large Cap Blend*)

Bond Fund:

Vanguard Total Bond Market Index Institutional (*Investment Grade Intermediate*)

Tier 3: Actively Managed Funds

Domestic Equity:

Vanguard Equity Income Admiral (*Large Cap Value*)

Victory Sycamore Established Value Fund (*Mid Cap Value*)

Fidelity Contrafund (*Large Cap Growth*)

MFS Mid Cap Growth Fund CT (*Mid Cap Growth*)

DFA U.S. Small Cap Institutional (*Small Cap Blend*)

International Equity:

Dodge & Cox International Stock (*Large Cap Value*)

Bond Fund:

Vanguard Retirement Savings Trust III (*Investment Grade Short*)

Vanguard Inflation-Protected Securities Admiral (*Investment Grade Intermediate*)

Allspring Core Bond Fund (*Investment Grade Intermediate*)

Other Funds:

DFA Emerging Markets Core Equity Institutional (*Diversified Emerging Markets*)

The Investment Committee discusses routine and specific items at quarterly meetings

Routine items:

- Investment performance benchmarking
- Market trends and asset class performance
- Policy compliance and Plan amendments
- Fund management changes *(As needed)*
- Participant inquiries *(As needed)*
- Participant communications & education
- Uncashed participant checks

2023 specific items:

- Changes to the Secure 2.0 Act
- Self-Directed Brokerage Option for LES participants
- Vanguard Cyber questionnaire
- Activity within the GIA Fund and eventual closure of the Fund
- Recordkeeper Request for Proposal
- Replacement of the Hartford MidCap Fund
- Investment Committee Fiduciary Training

Questions



Exhibit IX



Revenue & Expense Statement (Condensed)

JANUARY 2024

January results nearly matched budget with offsetting variances including lower retail revenue, lower net power and operating costs, and higher non-operating costs.

(Dollar amounts in 000)

YEAR TO DATE	2024 Actual	2024 Budget	Difference	Percentage Difference	Comments
1) Total Revenue	\$30,850	\$29,242	\$1,608	5%	Wholesale revenue exceeded budget by 60% (\$1.4M), primarily due to higher than expected revenues from SPP IM activities. Retail revenue was lower than budget by 2% (\$500k).
2) Power Costs	14,222	13,560	662	5%	Produced power was 26% (\$1.2M) over budget due primarily to higher than budgeted energy costs at Rokeby, WS4, & TBGS and higher operations & maintenance expenses at TBGS and LRS. Purchased power was under budget by 6% (\$520k) due to lower energy output at wind resources and WS3 partially offset by higher SPP purchases. January results were impacted by Winter Storm Gerri.
3) Other Operating Expenses	7,743	8,159	(416)	-5%	Other operating expenses were slightly under budget primarily due to reduced line clearance expenses (\$300k) and lower Sustainable Energy Program incentives (\$80k).
4) Depreciation	<u>2,967</u>	<u>3,202</u>	<u>(235)</u>	-7%	
5) Total Expenses	<u>24,932</u>	<u>24,921</u>	<u>11</u>	0%	
6) Operating Income	5,918	4,321	1,597	37%	
7) Non-Operating Expense (Income)	<u>4,606</u>	<u>2,945</u>	<u>1,661</u>	56%	Non-operating expenses exceeded budget primarily due to the reversal of the 2023 year-end market value adjustment on investments (\$1.8M).
8) Change in Net Position (Net Revenue)	<u>\$1,312</u>	<u>\$1,376</u>	<u>(\$64)</u>	-5%	
	<u>Year End Projection</u>	<u>Year End Budget</u>			
9) Fixed Charge Coverage	-	1.40x			
10) Debt Service Coverage	-	2.10x			
	<u>Month End Actual</u>	<u>Month End Budget</u>			
11) Days Cash on Hand (Days)	156	155			

LINCOLN ELECTRIC SYSTEM

FINANCIAL AND OPERATING STATEMENT

January 2024



INDEX

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NOTE: Federal Energy Regulatory Commission accounting guidance for the Southwest Power Pool Integrated Market (SPP IM) transactions (purchases, sales and other charges) requires netting together these transactions based on the time increments. If, during the time increment, sales to SPP are greater than purchases from SPP, the net amount is recorded as wholesale revenue. If, during the time increment, purchases from SPP are greater than sales to SPP, the net amount is recorded as purchased power cost. Because of this netting process, the energy (MWH's) amounts no longer directly correlate to wholesale revenue.



REVENUE & EXPENSE STATEMENT

CURRENT MONTH

JANUARY 2024

DESCRIPTION	CURRENT	CURRENT	VARIANCE FROM		LAST YEAR	VARIANCE FROM	
	MONTH	MONTH	BUDGET	%	MONTH	LAST YEAR	%
	ACTUAL	BUDGET	AMOUNT		ACTUAL	AMOUNT	
OPERATING REVENUES							
1. Retail	\$24,870,196	\$25,368,989	(\$498,793)	-2.0%	\$24,991,173	(\$120,977)	-0.5%
2. Wholesale	3,832,490	2,402,370	1,430,120	59.5%	3,732,536	99,954	2.7%
3. Other Revenue	1,108,839	449,326	659,513	146.8%	451,063	657,776	145.8%
4. CDFUO (a)	1,038,317	1,021,525	16,792	1.6%	951,551	86,766	9.1%
5. Total Operating Revenues	30,849,842	29,242,210	1,607,632	5.5%	30,126,323	723,519	2.4%
OPERATING EXPENSES							
6. Purchased Power	8,434,131	8,951,502	(517,371)	-5.8%	7,148,800	1,285,331	18.0%
7. Produced Power	5,788,365	4,608,450	1,179,915	25.6%	5,099,602	688,763	13.5%
8. Operations	2,186,239	2,200,226	(13,987)	-0.6%	1,947,434	238,805	12.3%
9. Maintenance	809,201	995,230	(186,029)	-18.7%	476,763	332,438	69.7%
10. Admin. & General	4,747,388	4,963,509	(216,121)	-4.4%	4,514,837	232,551	5.2%
11. Depreciation	2,966,718	3,201,708	(234,990)	-7.3%	2,917,835	48,883	1.7%
12. Total Operating Expenses	24,932,042	24,920,625	11,417	0.0%	22,105,271	2,826,771	12.8%
13. OPERATING INCOME	5,917,800	4,321,585	1,596,215	36.9%	8,021,052	(2,103,252)	-26.2%
NONOPERATING EXPENSES (INCOME)							
14. Interest Expense (b)	1,442,302	1,424,886	17,416	1.2%	1,408,962	33,340	2.4%
15. PILOT (c)	1,127,805	1,193,176	(65,371)	-5.5%	1,073,907	53,898	5.0%
16. CDFUO Expense (a)	1,046,389	1,046,389	0	0.0%	963,140	83,249	8.6%
17. Other Expense	0	0	0	--	34	(34)	-100.0%
18. Total Other Nonoperating Expense	3,616,496	3,664,451	(47,955)	-1.3%	3,446,043	170,453	4.9%
19. Other (Income)	(45,464)	(45,060)	(404)	0.9%	(43,248)	(2,216)	5.1%
20. Interest (Income)	1,034,697	(674,413)	1,709,110	-253.4%	326,333	708,364	-217.1%
21. Total Other Nonoperating (Income)	989,233	(719,473)	1,708,706	-237.5%	283,085	706,148	-249.4%
22. Total Nonoperating Expenses (Income)	4,605,729	2,944,978	1,660,751	56.4%	3,729,128	876,601	23.5%
23. Income Before Contributions	1,312,071	1,376,607	(64,536)	-4.7%	4,291,924	(2,979,853)	-69.4%
CONTRIBUTED CAPITAL							
24. Contributed Capital Received	40,785	182,757	(141,972)	-77.7%	51,686	(10,901)	-21.1%
25. Contributed Capital Used (d)	(40,785)	(182,757)	141,972	77.7%	(51,686)	10,901	21.1%
26. Net Contributed Capital	0	0	0	--	0	0	--
27. CHANGE IN NET POSITION	\$1,312,071	\$1,376,607	(\$64,536)	-4.7%	\$4,291,924	(\$2,979,853)	-69.4%

(a) City Dividend for Utility Ownership.

(b) Bond Interest \$1,532,116 + Software Agreements Interest \$5,048 + Variable Interest \$211,185 + Amortization of Issuance Costs on Outstanding Debt \$80,670 + Amortization of Loss on Refunded Debt \$107,776 - Amortization of Discount/

(c) Payment In Lieu of Tax.

(d) Reduction of Plant Costs Recovered through Contributions.



REVENUES, ENERGY & CUSTOMERS

CURRENT MONTH

JANUARY 2024

DESCRIPTION	CURRENT	CURRENT	VARIANCE FROM		LAST YEAR	VARIANCE FROM	
	MONTH ACTUAL	MONTH BUDGET	AMOUNT	%	MONTH ACTUAL	AMOUNT	%
REVENUE							
1. Residential	\$12,211,622	\$12,625,971	(\$414,349)	-3.3%	\$12,906,082	(\$694,460)	-5.4%
2. Commercial & Street Light	9,999,328	10,213,225	(213,897)	-2.1%	9,650,069	349,259	3.6%
3. Industrial	<u>2,659,246</u>	<u>2,529,793</u>	<u>129,453</u>	5.1%	<u>2,435,022</u>	<u>224,224</u>	9.2%
4. Total Retail	24,870,196	25,368,989	(498,793)	-2.0%	24,991,173	(120,977)	-0.5%
5. SPP Sales	2,916,521	1,623,713	1,292,808	79.6%	2,723,568	192,953	7.1%
6. Contract Sales	<u>915,969</u>	<u>778,657</u>	<u>137,312</u>	17.6%	<u>1,008,968</u>	<u>(92,999)</u>	-9.2%
7. Total Wholesale	<u>3,832,490</u>	<u>2,402,370</u>	<u>1,430,120</u>	59.5%	<u>3,732,536</u>	<u>99,954</u>	2.7%
8. Total	\$28,702,686	\$27,771,359	\$931,327	3.4%	\$28,723,709	-\$21,023	-0.1%
ENERGY (MWH'S)							
9. Residential	131,383	141,053	(9,670)	-6.9%	149,273	(17,890)	-12.0%
10. Commercial & Street Light	125,160	126,772	(1,612)	-1.3%	128,496	(3,336)	-2.6%
11. Industrial	<u>39,132</u>	<u>34,977</u>	<u>4,155</u>	11.9%	<u>35,942</u>	<u>3,190</u>	8.9%
12. Total Retail	295,675	302,802	(7,127)	-2.4%	313,711	(18,036)	-5.7%
13. SPP Sales	23,566	20,295	3,271	16.1%	28,517	(4,951)	-17.4%
14. Contract Sales	<u>28,561</u>	<u>22,189</u>	<u>6,372</u>	28.7%	<u>30,888</u>	<u>(2,327)</u>	-7.5%
15. Total Wholesale	<u>52,127</u>	<u>42,484</u>	<u>9,643</u>	22.7%	<u>59,405</u>	<u>(7,278)</u>	-12.3%
16. Total	347,802	345,286	2,516	0.7%	373,116	(25,314)	-6.8%
CUSTOMERS - AT MONTH END							
17. Residential	134,071	131,276	2,795	2.1%	131,267	2,804	2.1%
18. Commercial & Street Light	17,858	17,641	217	1.2%	17,630	228	1.3%
19. Industrial	<u>239</u>	<u>233</u>	<u>6</u>	2.6%	<u>230</u>	<u>9</u>	3.9%
20. Total Retail	152,168	149,150	3,018	2.0%	149,127	3,041	2.0%
21. Wholesale	<u>6</u>	<u>6</u>	<u>0</u>	0.0%	<u>7</u>	<u>(1)</u>	-14.3%
22. Total	152,174	149,156	3,018	2.0%	149,134	3,040	2.0%



OPERATING EXPENSE STATEMENT

CURRENT MONTH

JANUARY 2024

DESCRIPTION	CURRENT	CURRENT	VARIANCE FROM		LAST YEAR	VARIANCE FROM	
	MONTH	MONTH	BUDGET	%	MONTH	LAST YEAR	%
	ACTUAL	BUDGET	AMOUNT		ACTUAL	AMOUNT	
POWER COST							
1. SPP Purchased Power	\$3,885,662	\$3,498,259	\$387,403	11.1%	\$2,157,844	\$1,727,818	80.1%
2. Non-Owned Asset Power	4,548,469	5,453,243	(904,774)	-16.6%	4,990,956	(442,487)	-8.9%
3. Total Purchased Power	8,434,131	8,951,502	(517,371)	-5.8%	7,148,800	1,285,331	18.0%
4. Produced Power	5,788,365	4,608,450	1,179,915	25.6%	5,099,602	688,763	13.5%
5. Total Power Cost	14,222,496	13,559,952	662,544	4.9%	12,248,402	1,974,094	16.1%
OPERATION & MAINTENANCE (O&M)							
6. Energy Delivery	2,007,565	2,148,160	(140,595)	-6.5%	1,563,311	444,254	28.4%
7. Transmission	987,875	1,047,296	(59,421)	-5.7%	860,886	126,989	14.8%
8. Total O & M Expense	2,995,440	3,195,456	(200,016)	-6.3%	2,424,197	571,243	23.6%
ADMINISTRATIVE & GENERAL (A&G)							
9. Administration	188,075	259,139	(71,064)	-27.4%	234,276	(46,201)	-19.7%
10. Communication & Corporate Records	160,916	179,210	(18,294)	-10.2%	134,006	26,910	20.1%
11. Corporate Operations	1,350,571	1,007,763	342,808	34.0%	1,507,650	(157,079)	-10.4%
12. Customer Services	795,846	1,229,223	(433,377)	-35.3%	716,314	79,532	11.1%
13. Financial Services	475,852	451,834	24,018	5.3%	396,843	79,009	19.9%
14. Power Supply	433,283	444,473	(11,190)	-2.5%	371,591	61,692	16.6%
15. Technology Services	1,342,845	1,391,867	(49,022)	-3.5%	1,154,157	188,688	16.3%
16. Total A & G Expense	4,747,388	4,963,509	(216,121)	-4.4%	4,514,837	232,551	5.2%
17. DEPRECIATION	2,966,718	3,201,708	(234,990)	-7.3%	2,917,835	48,883	1.7%
18. TOTAL OPERATING EXPENSE	\$24,932,042	\$24,920,625	\$11,417	0.0%	\$22,105,271	\$2,826,771	12.8%



BALANCE SHEET

JANUARY 2024

ASSETS & DEFERRED OUTFLOWS OF RESOURCES			LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION		
DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1	DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1
CURRENT ASSETS:			CURRENT LIABILITIES:		
1. Revenue Fund (includes CDFUO)	\$85,086,704	(\$12,349,602)	OTHER LIABILITIES		
2. Payment in Lieu of Tax Fund	13,060,513	812,355	1. Accounts Payable	\$14,090,905	(\$7,549,267)
3. Rate Stabilization Fund	39,090,883	(153,264)	2. Accrued Payments in Lieu of Taxes	14,172,118	1,052,583
4. Bond Principal & Interest Funds	23,368,643	4,558,815	3. City Dividend for Utility Ownership Payable	5,231,945	1,046,389
5. Other Restricted/Designated Funds (a)	3,173,547	(933,302)	4. Commercial Paper Notes	65,500,000	0
6. Restricted/Designated Funds Total	65,633,073	3,472,249	5. Accrued Software Interest	30,874	5,048
7. Total Current Asset Funds (b)	163,780,290	(8,064,998)	6. Accrued Liabilities	16,496,042	(145,133)
8. Receivables Less Uncollectible Allowance	24,887,750	1,790,252	7. Total Other Liabilities	115,521,884	(5,590,380)
9. Unbilled Revenue	18,061,991	443,841	CURRENT LIABILITIES - RESTRICTED ASSETS		
10. Accrued Interest Receivable	2,318,156	25,484	8. Current Portion of Long-Term Debt	37,800,000	0
11. Materials, Supplies & Fuel Inventory	34,934,854	3,207,920	9. Accrued Interest	7,967,929	1,592,878
12. Plant Operation Assets	17,948,044	158,387	10. Other Current Liabilities (d)	916,251	10,835
13. Other Current Assets	4,154,492	(392,158)	11. Total Current Liabilities - Restricted Assets	46,684,180	1,603,713
14. Total Current Assets	266,085,577	(2,831,272)	12. Total Current Liabilities	162,206,064	(3,986,667)
NONCURRENT ASSETS:			NONCURRENT LIABILITIES:		
15. Bond Reserve Funds	9,383,029	(15,830)	13. 2013 Bonds	29,065,000	0
16. Self-Funded Benefits Reserve Fund (IBNP)	775,197	930	14. 2015A Bonds	71,400,000	0
17. Segregated Funds (c)	15,832,202	0	15. 2016 Bonds	65,960,000	0
18. Restricted Funds Total (b)	25,990,428	(14,900)	16. 2018 Bonds	121,205,000	0
19. Unamortized Debt Expense	2,053,194	(28,023)	17. 2020A Bonds	72,200,000	0
21. Accrued Lease Interest	89,600	3,938	18. 2020B Bonds	171,625,000	0
22. Other Noncurrent Assets	1,548,061	(7,182)	19. Total Revenue Bonds	531,455,000	0
23. Total Noncurrent Assets	\$36,852,393	(\$76,463)	20. Less Current Maturities	37,800,000	0
CAPITAL ASSETS:			21. Less Unamortized Discounts/Premiums	(34,160,101)	494,493
24. Utility Plant in Service	1,843,965,032	974,797	22. Note Purchase Agreement	0	0
25. Accumulated Depreciation & Amortization	(938,805,731)	(2,967,246)	23. Revolving Credit Agreement	0	0
26. Construction Work in Progress	106,662,339	1,930,595	24. Net Long Term Debt	527,815,101	(494,493)
27. Total Capital Assets	1,011,821,640	(61,854)	25. Liabilities Payable from Segregated Funds (e)	15,832,090	0
DEFERRED OUTFLOWS OF RESOURCES:			26. Asset Retirement Obligation	5,190,120	0
28. Deferred Loss on Refunded Debt	8,019,449	(107,776)	27. Software Liabilities	1,439,500	0
29. Deferred Costs for Asset Retirement Obligations	5,190,120	0	28. Other Noncurrent Liabilities	35,789,688	136,524
30. Total Deferred Outflows of Resources	13,209,569	(107,776)	29. Total Liabilities	748,272,563	(4,344,636)
			DEFERRED INFLOWS OF RESOURCES:		
			30. Deferred Inflow of Resource	6,782,692	(44,800)
			31. Total Deferred Inflows of Resources	6,782,692	(44,800)
			NET POSITION:		
			32. Net Investment in Capital Assets	396,023,171	210,456
			33. Restricted for Debt Service	15,591,047	2,950,107
			34. Restricted for Employee Health Insurance Claims	1,959,082	(986,124)
			35. Unrestricted	159,340,624	(862,368)
			36. Total Net Position	572,913,924	1,312,071
			37. TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION		
31. TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$1,327,969,179	(\$3,077,365)		\$1,327,969,179	(\$3,077,365)



STATEMENT OF CASH FLOWS
JANUARY 2024

	CURRENT MONTH	YEAR-TO-DATE
CASH FLOW FROM OPERATING ACTIVITIES:		
1. Received from Sales to Customers and Users	\$28,701,512	\$28,701,512
2. Sales Tax Receipts	\$1,394,736	\$1,394,736
3. Paid to Suppliers for Goods & Services	(\$30,620,266)	(\$30,620,266)
4. Paid to Employees for Services	(\$1,917,759)	(\$1,917,759)
5. Payments for Sales Tax	(1,196,886)	(1,196,886)
6. Cash Flow from Operating Activities (a)	(3,638,663)	(3,638,663)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
7. Payment in Lieu of Tax	(75,222)	(75,222)
8. City Dividend for Utility Ownership Payments	0	0
9. Other	0	0
10. Cash Flow from (used for) Noncapital Financing Activities	(75,222)	(75,222)
CASH FLOWS FROM INVESTING ACTIVITIES:		
11. Net (Purchases) Sales of Investments	13,741,768	13,741,768
12. Interest Income	(1,652,260)	(1,652,260)
13. Cash Flow from (used for) Investing Activities	12,089,508	12,089,508
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
14. Acquisition and Construction of Capital Assets	(1,395,585)	(1,395,585)
15. Salvage on Retirement of Plant	0	0
16. Cost of Removal of Property Retired	(26,674)	(26,674)
17. Debt Issuance Cost Paid	0	0
18. Debt Premiums Collected	0	0
19. Net Capital Contributions	40,785	40,785
20. Capital Contributions Recv'd in Advance	0	0
21. Cash Received from Leases	42,648	42,648
23. Net Proceeds from Issuance of Long-Term Debt	0	0
24. Principal Payments on Long-Term Debt	0	0
25. Interest Payments on Debt	(150,423)	(150,423)
26. Cash Flow from (used for) Capital Financing Activities	(1,489,249)	(1,489,249)
26. Cash Flow from (used for) Capital Financing Activities	6,886,374	6,886,374
27. Net Increase (Decrease) in Cash and Cash Equivalents	35,018,728	35,018,728
28. Cash and Cash Equivalents Beginning of Period	\$41,905,102	\$41,905,102
STATEMENT OF CASH FLOW FOOTNOTES		
(a) Reconciliation of operating income to cash flows from operating activities		
1. Net Operating Revenue	\$5,917,800	\$5,917,800
2. Noncash items included in operating income	3,063,161	3,063,161
3. Changes in Assets & Liabilities Increase/(Decrease)	(12,619,624)	(12,619,624)
4. Net cash flows from operating activities	(\$3,638,663)	(\$3,638,663)
(b) Cash and cash equivalents are defined as cash and investments with original maturities of three months or less.		



DEBT SERVICE COVERAGE

JANUARY 2024

DESCRIPTION	----- CURRENT MONTH -----			----- YEAR-TO-DATE -----		
	ACTUAL THIS YEAR	BUDGET THIS YEAR	ACTUAL LAST YEAR	ACTUAL THIS YEAR	BUDGET THIS YEAR	ACTUAL LAST YEAR
1. Total Operating Revenues	\$30,849,842	\$29,242,210	\$30,126,323	\$30,849,842	\$29,242,210	\$30,126,323
2. Total Operating Expenses	24,932,042	24,920,625	22,105,271	24,932,042	24,920,625	22,105,271
3. Less Depreciation	(2,966,718)	(3,201,708)	(2,917,835)	(2,966,718)	(3,201,708)	(2,917,835)
4. Operating Expense Net of Depreciation	21,965,324	21,718,917	19,187,436	21,965,324	21,718,917	19,187,436
5. Net Operating Revenue for Debt Service	8,884,518	7,523,293	10,938,887	8,884,518	7,523,293	10,938,887
6. Interest Income (a)	(896,475)	562,717	(348,199)	(896,475)	562,717	(348,199)
7. Other Income	45,464	45,060	0	45,464	45,060	0
8. Rate Stabilization Fund	0	0	0	0	0	0
9. AVAILABLE FOR DEBT SERVICE	8,033,507	8,131,070	10,590,688	8,033,507	8,131,070	10,590,688
10. DEBT SERVICE (b)	\$4,682,116	\$4,682,114	\$4,120,297	\$4,682,116	\$4,682,114	\$4,120,297
11. DEBT SERVICE COVERAGE	1.72	1.74	2.57	1.72	1.74	2.57

(a) Excludes Interest from Rate Stabilization Fund.

(b) Includes Bond Principal & Interest only.



Revenue & Expense Statement (Condensed)

FEBRUARY 2024

Year-to-date financial results were favorable due primarily to lower than budgeted net power costs.

(Dollar amounts in 000)

YEAR TO DATE	2024 Actual	2024 Budget	Difference	Percentage Difference	Comments
1) Total Revenue	\$59,567	\$56,871	\$2,696	5%	Wholesale revenue exceeded budget by 31% (\$1.4M), primarily due to higher than expected revenues from SPP IM activities. Retail revenue was slightly under budget (\$170k).
2) Power Costs	23,813	23,539	274	1%	Produced power was 7% (\$700k) over budget due primarily to higher than budgeted energy costs at Rokeby, TBGS, & WS4 and higher maintenance expenses at TBGS. Purchased power was under budget by 3% (\$430k) due to lower energy output at wind resources and WS3 partially offset by higher SPP purchases.
3) Other Operating Expenses	15,865	16,195	(330)	-2%	Other operating expenses were slightly under budget primarily due to reduced line clearance expenses (\$400k) and lower Sustainable Energy Program incentives (\$170k).
4) Depreciation	<u>5,932</u>	<u>6,400</u>	<u>(468)</u>	-7%	
5) Total Expenses	<u>45,610</u>	<u>46,134</u>	<u>(524)</u>	-1%	
6) Operating Income	13,957	10,737	3,220	30%	
7) Non-Operating Expense (Income)	<u>7,306</u>	<u>5,813</u>	<u>1,493</u>	26%	Non-operating expenses exceeded budget primarily due to the reversal of the 2023 year-end market value adjustment on investments (\$1.8M).
8) Change in Net Position (Net Revenue)	<u>\$6,651</u>	<u>\$4,924</u>	<u>\$1,727</u>	35%	
	<u>Year End Projection</u>	<u>Year End Budget</u>			
9) Fixed Charge Coverage	-	1.40x			
10) Debt Service Coverage	-	2.10x			
	<u>Month End Actual</u>	<u>Month End Budget</u>			
11) Days Cash on Hand (Days)	151	147			

LINCOLN ELECTRIC SYSTEM

FINANCIAL AND OPERATING STATEMENT

February 2024



INDEX

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NOTE: Federal Energy Regulatory Commission accounting guidance for the Southwest Power Pool Integrated Market (SPP IM) transactions (purchases, sales and other charges) requires netting together these transactions based on the time increments. If, during the time increment, sales to SPP are greater than purchases from SPP, the net amount is recorded as wholesale revenue. If, during the time increment, purchases from SPP are greater than sales to SPP, the net amount is recorded as purchased power cost. Because of this netting process, the energy (MWH's) amounts no longer directly correlate to wholesale revenue.



REVENUE & EXPENSE STATEMENT

CURRENT MONTH

FEBRUARY 2024

DESCRIPTION	CURRENT	CURRENT	VARIANCE FROM		LAST YEAR	VARIANCE FROM	
	MONTH	MONTH	BUDGET		MONTH	LAST YEAR	
	ACTUAL	BUDGET	AMOUNT	%	ACTUAL	AMOUNT	%
OPERATING REVENUES							
1. Retail	\$24,291,151	\$23,961,821	\$329,330	1.4%	\$21,418,106	\$2,873,045	13.4%
2. Wholesale	2,120,489	2,129,280	(8,791)	-0.4%	2,712,270	(591,781)	-21.8%
3. Other Revenue	1,214,491	504,533	709,958	140.7%	910,352	304,139	33.4%
4. CDFUO (a)	1,091,180	1,033,089	58,091	5.6%	950,015	141,165	14.9%
5. Total Operating Revenues	28,717,311	27,628,723	1,088,588	3.9%	25,990,743	2,726,568	10.5%
OPERATING EXPENSES							
6. Purchased Power	5,117,383	5,026,835	90,548	1.8%	6,167,889	(1,050,506)	-17.0%
7. Produced Power	4,472,854	4,951,989	(479,135)	-9.7%	4,195,995	276,859	6.6%
8. Operations	2,144,103	2,217,898	(73,795)	-3.3%	2,045,400	98,703	4.8%
9. Maintenance	867,045	1,008,355	(141,310)	-14.0%	667,359	199,686	29.9%
10. Admin. & General	5,110,585	4,809,595	300,990	6.3%	4,652,903	457,682	9.8%
11. Depreciation	2,965,543	3,197,821	(232,278)	-7.3%	2,918,295	47,248	1.6%
12. Total Operating Expenses	20,677,513	21,212,493	(534,980)	-2.5%	20,647,841	29,672	0.1%
13. OPERATING INCOME	8,039,798	6,416,230	1,623,568	25.3%	5,342,902	2,696,896	50.5%
NONOPERATING EXPENSES (INCOME)							
14. Interest Expense (b)	1,408,105	1,416,086	(7,981)	-0.6%	1,389,608	18,497	1.3%
15. PILOT (c)	1,136,389	1,137,778	(1,389)	-0.1%	1,068,729	67,660	6.3%
16. CDFUO Expense (a)	1,046,389	1,046,389	0	0.0%	963,140	83,249	8.6%
17. Other Expense	0	0	0	--	119	(119)	-100.0%
18. Total Other Nonoperating Expense	3,590,883	3,600,253	(9,370)	-0.3%	3,421,596	169,287	4.9%
19. Other (Income)	(45,464)	(45,060)	(404)	0.9%	(43,248)	(2,216)	5.1%
20. Interest (Income)	(845,483)	(686,892)	(158,591)	23.1%	(661,232)	(184,251)	27.9%
21. Total Other Nonoperating (Income)	(890,947)	(731,952)	(158,995)	21.7%	(704,480)	(186,467)	26.5%
22. Total Nonoperating Expenses (Income)	2,699,936	2,868,301	(168,365)	-5.9%	2,717,116	(17,180)	-0.6%
23. Income Before Contributions	5,339,862	3,547,929	1,791,933	50.5%	2,625,786	2,714,076	103.4%
CONTRIBUTED CAPITAL							
24. Contributed Capital Received	243,800	182,757	61,043	33.4%	5,172	238,628	4613.8%
25. Contributed Capital Used (d)	(243,800)	(182,757)	(61,043)	-33.4%	(5,172)	(238,628)	-4613.8%
26. Net Contributed Capital	0	0	0	--	0	0	--
27. CHANGE IN NET POSITION	\$5,339,862	\$3,547,929	\$1,791,933	50.5%	\$2,625,786	\$2,714,076	103.4%

(a) City Dividend for Utility Ownership.

(b) Bond Interest \$1,532,116 + Software Agreements Interest \$5,048 + Variable Interest \$187,343 + Amortization of Issuance Costs on Outstanding Debt \$70,315 + Amortization of Loss on Refunded Debt \$107,776 - Amortization of Discount/

(c) Payment In Lieu of Tax.

(d) Reduction of Plant Costs Recovered through Contributions.



REVENUE & EXPENSE STATEMENT

YEAR-TO-DATE

FEBRUARY 2024

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR	
			AMOUNT	%		AMOUNT	%
OPERATING REVENUES							
1. Retail	\$49,161,348	\$49,330,810	(\$169,462)	-0.3%	\$46,409,279	\$2,752,069	5.9%
2. Wholesale	5,952,978	4,531,650	1,421,328	31.4%	6,444,806	(491,828)	-7.6%
3. Other Revenue	2,323,330	953,859	1,369,471	143.6%	1,361,415	961,915	70.7%
4. CDFUO (a)	2,129,497	2,054,614	74,883	3.6%	1,901,567	227,930	12.0%
5. Total Operating Revenues	59,567,153	56,870,933	2,696,220	4.7%	56,117,067	3,450,086	6.1%
OPERATING EXPENSES							
6. Purchased Power	13,551,514	13,978,337	(426,823)	-3.1%	13,316,690	234,824	1.8%
7. Produced Power	10,261,219	9,560,439	700,780	7.3%	9,295,597	965,622	10.4%
8. Operations	4,330,342	4,418,124	(87,782)	-2.0%	3,992,833	337,509	8.5%
9. Maintenance	1,676,246	2,003,585	(327,339)	-16.3%	1,144,122	532,124	46.5%
10. Admin. & General	9,857,973	9,773,104	84,869	0.9%	9,167,740	690,233	7.5%
11. Depreciation	5,932,261	6,399,529	(467,268)	-7.3%	5,836,130	96,131	1.6%
12. Total Operating Expenses	45,609,555	46,133,118	(523,563)	-1.1%	42,753,112	2,856,443	6.7%
13. OPERATING INCOME	13,957,598	10,737,815	3,219,783	30.0%	13,363,955	593,643	4.4%
NONOPERATING EXPENSES (INCOME)							
14. Interest Expense (b)	2,850,407	2,840,972	9,435	0.3%	2,798,571	51,836	1.9%
15. PILOT (c)	2,264,193	2,330,954	(66,761)	-2.9%	2,142,636	121,557	5.7%
16. CDFUO Expense (a)	2,092,778	2,092,778	0	0.0%	1,926,280	166,498	8.6%
17. Other Expense	0	0	0	-	153	(153)	-100.0%
18. Total Other Nonoperating Expense	7,207,378	7,264,704	(57,326)	-0.8%	6,867,640	339,738	4.9%
19. Other (Income)	(90,928)	(90,120)	(808)	0.9%	(86,496)	(4,432)	5.1%
20. Interest (Income)	189,215	(1,361,305)	1,550,520	-113.9%	(334,899)	524,114	-156.5%
21. Total Other Nonoperating (Income)	98,287	(1,451,425)	1,549,712	-106.8%	(421,395)	519,682	-123.3%
22. Total Nonoperating Expenses (Income)	7,305,665	5,813,279	1,492,386	25.7%	6,446,245	859,420	13.3%
23. Income Before Contributions	6,651,933	4,924,536	1,727,397	35.1%	6,917,710	(265,777)	-3.8%
CONTRIBUTED CAPITAL							
24. Contributed Capital Received	284,585	365,514	(80,929)	-22.1%	56,858	227,727	400.5%
25. Contributed Capital Used (d)	(284,585)	(365,514)	80,929	22.1%	(56,858)	(227,727)	-400.5%
26. Net Contributed Capital	0	0	0	-	0	0	-
27. CHANGE IN NET POSITION	\$6,651,933	\$4,924,536	\$1,727,397	35.1%	\$6,917,710	(\$265,777)	-3.8%

(a) City Dividend for Utility Ownership.

(b) Bond Interest \$3,064,232 + Software Agreements Interest \$10,096 + Variable Interest \$398,528 + Amortization of Issuance Costs on Outstanding Debt \$150,985 + Amortization of Loss on Refunded Debt \$215,553 - Amortization of Discount/

(c) Payment In Lieu of Tax.

(d) Reduction of Plant Costs Recovered through Contributions.



REVENUES, ENERGY & CUSTOMERS

CURRENT MONTH

FEBRUARY 2024

DESCRIPTION	CURRENT	CURRENT	VARIANCE FROM		LAST YEAR	VARIANCE FROM	
	MONTH	MONTH	BUDGET	%	MONTH	LAST YEAR	%
	ACTUAL	BUDGET	AMOUNT		ACTUAL	AMOUNT	
REVENUE							
1. Residential	\$11,954,924	\$12,445,774	(\$490,850)	-3.9%	\$10,240,091	\$1,714,833	16.7%
2. Commercial & Street Light	9,695,796	9,206,851	488,945	5.3%	8,826,780	869,016	9.8%
3. Industrial	<u>2,640,431</u>	<u>2,309,196</u>	<u>331,235</u>	14.3%	<u>2,351,235</u>	<u>289,196</u>	12.3%
4. Total Retail	24,291,151	23,961,821	329,330	1.4%	21,418,106	2,873,045	13.4%
5. SPP Sales	1,268,761	1,358,362	(89,601)	-6.6%	1,916,511	(647,750)	-33.8%
6. Contract Sales	<u>851,728</u>	<u>770,918</u>	<u>80,810</u>	10.5%	<u>795,759</u>	<u>55,969</u>	7.0%
7. Total Wholesale	<u>2,120,489</u>	<u>2,129,280</u>	<u>(8,791)</u>	-0.4%	<u>2,712,270</u>	<u>(591,781)</u>	-21.8%
8. Total	\$26,411,640	\$26,091,101	\$320,539	1.2%	\$24,130,376	\$2,281,264	9.5%
ENERGY (MWH'S)							
9. Residential	121,867	126,731	(4,864)	-3.8%	111,031	10,836	9.8%
10. Commercial & Street Light	115,976	116,318	(342)	-0.3%	111,453	4,523	4.1%
11. Industrial	<u>38,052</u>	<u>35,444</u>	<u>2,608</u>	7.4%	<u>32,767</u>	<u>5,285</u>	16.1%
12. Total Retail	275,895	278,493	(2,598)	-0.9%	255,251	20,644	8.1%
13. SPP Sales	14,099	19,826	(5,727)	-28.9%	26,889	(12,790)	-47.6%
14. Contract Sales	<u>21,678</u>	<u>20,766</u>	<u>912</u>	4.4%	<u>17,785</u>	<u>3,893</u>	21.9%
15. Total Wholesale	<u>35,777</u>	<u>40,592</u>	<u>(4,815)</u>	-11.9%	<u>44,674</u>	<u>(8,897)</u>	-19.9%
16. Total	311,672	319,085	(7,413)	-2.3%	299,925	11,747	3.9%
CUSTOMERS - AT MONTH END							
17. Residential	134,221	131,336	2,885	2.2%	131,326	2,895	2.2%
18. Commercial & Street Light	17,856	17,655	201	1.1%	17,645	211	1.2%
19. Industrial	<u>239</u>	<u>233</u>	<u>6</u>	2.6%	<u>229</u>	<u>10</u>	4.4%
20. Total Retail	152,316	149,224	3,092	2.1%	149,200	3,116	2.1%
21. Wholesale	<u>6</u>	<u>6</u>	<u>0</u>	0.0%	<u>7</u>	<u>(1)</u>	-14.3%
22. Total	152,322	149,230	3,092	2.1%	149,207	3,115	2.1%



REVENUES, ENERGY & CUSTOMERS

YEAR-TO-DATE

FEBRUARY 2024

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR	
			AMOUNT	%		AMOUNT	%
REVENUE							
1. Residential	\$24,166,547	\$25,071,745	(\$905,198)	-3.6%	\$23,146,172	\$1,020,375	4.4%
2. Commercial & Street Light	19,695,124	19,420,076	275,048	1.4%	18,476,849	1,218,275	6.6%
3. Industrial	5,299,677	4,838,989	460,688	9.5%	4,786,258	513,419	10.7%
4. Total Retail	49,161,348	49,330,810	(169,462)	-0.3%	46,409,279	2,752,069	5.9%
5. SPP Sales	4,185,282	2,982,075	1,203,207	40.3%	4,640,080	(454,798)	-9.8%
6. Contract Sales	1,767,696	1,549,575	218,121	14.1%	1,804,726	(37,030)	-2.1%
7. Total Wholesale	5,952,978	4,531,650	1,421,328	31.4%	6,444,806	(491,828)	-7.6%
8. Total	\$55,114,326	\$53,862,460	\$1,251,866	2.3%	\$52,854,085	2,260,241	4.3%
ENERGY (MWH'S)							
9. Residential	253,251	267,784	(14,533)	-5.4%	260,303	(7,052)	-2.7%
10. Commercial & Street Light	241,136	243,090	(1,954)	-0.8%	239,949	1,187	0.5%
11. Industrial	77,183	70,421	6,762	9.6%	68,710	8,473	12.3%
12. Total Retail	571,570	581,295	(9,725)	-1.7%	568,962	2,608	0.5%
13. SPP Sales	37,665	40,121	(2,456)	-6.1%	55,406	(17,741)	-32.0%
14. Contract Sales	50,239	42,955	7,284	17.0%	48,673	1,566	3.2%
15. Total Wholesale	87,904	83,076	4,828	5.8%	104,079	(16,175)	-15.5%
16. Total	659,474	664,371	(4,897)	-0.7%	673,041	(13,567)	-2.0%
CUSTOMERS AVERAGE							
17. Residential	134,146	131,306	2,840	2.2%	131,296	2,850	2.2%
18. Commercial & Street Light	17,857	17,648	209	1.2%	17,638	219	1.2%
19. Industrial	239	233	6	2.6%	230	9	3.9%
20. Total Retail	152,242	149,187	3,055	2.0%	149,164	3,078	2.1%
21. Wholesale	6	6	0	0.0%	7	(1)	-14.3%
22. Total	152,248	149,193	3,055	2.0%	149,171	3,077	2.1%



OPERATING EXPENSE STATEMENT

CURRENT MONTH

FEBRUARY 2024

DESCRIPTION	CURRENT	CURRENT	VARIANCE FROM		LAST YEAR	VARIANCE FROM	
	MONTH	MONTH	BUDGET	%	MONTH	LAST YEAR	%
	ACTUAL	BUDGET	AMOUNT		ACTUAL	AMOUNT	
POWER COST							
1. SPP Purchased Power	\$548,092	\$232,713	\$315,379	135.5%	\$1,534,002	(\$985,910)	-64.3%
2. Non-Owned Asset Power	4,569,291	4,794,122	(224,831)	-4.7%	4,633,887	(64,596)	-1.4%
3. Total Purchased Power	5,117,383	5,026,835	90,548	1.8%	6,167,889	(1,050,506)	-17.0%
4. Produced Power	4,472,854	4,951,989	(479,135)	-9.7%	4,195,995	276,859	6.6%
5. Total Power Cost	9,590,237	9,978,824	(388,587)	-3.9%	10,363,884	(773,647)	-7.5%
OPERATION & MAINTENANCE (O&M)							
6. Energy Delivery	2,028,931	2,188,459	(159,528)	-7.3%	1,671,698	357,233	21.4%
7. Transmission	982,217	1,037,794	(55,577)	-5.4%	1,041,061	(58,844)	-5.7%
8. Total O & M Expense	3,011,148	3,226,253	(215,105)	-6.7%	2,712,759	298,389	11.0%
ADMINISTRATIVE & GENERAL (A&G)							
9. Administration	211,938	284,039	(72,101)	-25.4%	256,925	(44,987)	-17.5%
10. Communication & Corporate Records	225,413	189,883	35,530	18.7%	144,662	80,751	55.8%
11. Corporate Operations	1,051,422	912,728	138,694	15.2%	1,184,439	(133,017)	-11.2%
12. Customer Services	956,191	1,036,525	(80,334)	-7.8%	846,094	110,097	13.0%
13. Financial Services	445,458	446,146	(688)	-0.2%	517,665	(72,207)	-13.9%
14. Power Supply	419,987	564,411	(144,424)	-25.6%	374,919	45,068	12.0%
15. Technology Services	1,800,176	1,375,863	424,313	30.8%	1,328,199	471,977	35.5%
16. Total A & G Expense	5,110,585	4,809,595	300,990	6.3%	4,652,903	457,682	9.8%
17. DEPRECIATION	2,965,543	3,197,821	(232,278)	-7.3%	2,918,295	47,248	1.6%
18. TOTAL OPERATING EXPENSE	\$20,677,513	\$21,212,493	(\$534,980)	-2.5%	\$20,647,841	\$29,672	0.1%



OPERATING EXPENSE STATEMENT

YEAR-TO-DATE

FEBRUARY 2024

DESCRIPTION	YEAR TO DATE		VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE		VARIANCE FROM LAST YEAR	
	ACTUAL	BUDGET	AMOUNT	%	ACTUAL	AMOUNT	%	
POWER COST								
1. SPP Purchased Power	\$4,433,753	\$3,730,972	\$702,781	18.8%	\$3,691,846	\$741,907	20.1%	
2. Non-Owned Asset Power	9,117,761	10,247,365	(1,129,604)	-11.0%	9,624,844	(507,083)	-5.3%	
3. Total Purchased Power	13,551,514	13,978,337	(426,823)	-3.1%	13,316,690	234,824	1.8%	
4. Produced Power	10,261,219	9,560,439	700,780	7.3%	9,295,597	965,622	10.4%	
5. Total Power Cost	23,812,733	23,538,776	273,957	1.2%	22,612,287	1,200,446	5.3%	
OPERATION & MAINTENANCE (O&M)								
6. Energy Delivery	4,036,496	4,336,619	(300,123)	-6.9%	3,235,009	801,487	24.8%	
7. Transmission	1,970,092	2,085,090	(114,998)	-5.5%	1,901,946	68,146	3.6%	
8. Total O & M Expense	6,006,588	6,421,709	(415,121)	-6.5%	5,136,955	869,633	16.9%	
ADMINISTRATIVE & GENERAL (A&G)								
9. Administration	400,013	543,178	(143,165)	-26.4%	491,202	(91,189)	-18.6%	
10. Communication & Corporate Records	386,329	369,093	17,236	4.7%	278,668	107,661	38.6%	
11. Corporate Operations	2,401,993	1,920,491	481,502	25.1%	2,692,089	(290,096)	-10.8%	
12. Customer Services	1,752,037	2,265,748	(513,711)	-22.7%	1,562,408	189,629	12.1%	
13. Financial Services	921,310	897,980	23,330	2.6%	914,507	6,803	0.7%	
14. Power Supply	853,270	1,008,884	(155,614)	-15.4%	746,510	106,760	14.3%	
15. Technology Services	3,143,021	2,767,730	375,291	13.6%	2,482,356	660,665	26.6%	
16. Total A & G Expense	9,857,973	9,773,104	84,869	0.9%	9,167,740	690,233	7.5%	
17. DEPRECIATION	5,932,261	6,399,529	(467,268)	-7.3%	5,836,130	96,131	1.6%	
18. TOTAL OPERATING EXPENSE	\$45,609,555	\$46,133,118	(\$523,563)	-1.1%	\$42,753,112	\$2,856,443	6.7%	



BALANCE SHEET
FEBRUARY 2024

ASSETS & DEFERRED OUTFLOWS OF RESOURCES			LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION		
DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1	DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1
CURRENT ASSETS:			CURRENT LIABILITIES:		
1. Revenue Fund (includes CDFUO)	\$79,987,243	(\$17,449,063)	OTHER LIABILITIES		
2. Payment in Lieu of Tax Fund	14,243,636	1,995,478	1. Accounts Payable	\$17,489,187	(\$4,150,985)
3. Rate Stabilization Fund	39,383,048	138,901	2. Accrued Payments in Lieu of Taxes	15,308,506	2,188,971
4. Bond Principal & Interest Funds	28,195,209	9,385,381	3. City Dividend for Utility Ownership Payable	0	(4,185,556)
5. Other Restricted/Designated Funds (a)	3,274,608	(832,241)	4. Commercial Paper Notes	65,500,000	0
6. Other Restricted/Designated Funds Total	70,852,865	8,692,041	5. Accrued Software Interest	35,922	10,096
7. Total Current Asset Funds (b)	165,083,744	(6,761,544)	6. Accrued Liabilities	16,334,129	(307,046)
8. Receivables Less Uncollectible Allowance	25,481,778	2,384,280	7. Total Other Liabilities	114,667,744	(6,444,520)
9. Unbilled Revenue	17,776,886	158,736	CURRENT LIABILITIES - RESTRICTED ASSETS		
10. Accrued Interest Receivable	1,993,341	(299,331)	8. Current Portion of Long-Term Debt	37,800,000	0
11. Materials, Supplies & Fuel Inventory	34,620,375	2,893,441	9. Accrued Interest	9,304,993	2,929,942
12. Plant Operation Assets	17,933,441	143,784	10. Other Current Liabilities (d)	916,971	11,555
13. Other Current Assets	4,600,602	53,952	11. Total Current Liabilities - Restricted Assets	48,021,964	2,941,497
14. Total Current Assets	267,490,167	(1,426,682)	12. Total Current Liabilities	162,689,708	(3,503,023)
NONCURRENT ASSETS:			NONCURRENT LIABILITIES:		
15. Bond Reserve Funds	9,407,687	8,828	13. 2013 Bonds	29,065,000	0
16. Self-Funded Benefits Reserve Fund (IBNP)	859,496	85,229	14. 2015A Bonds	71,400,000	0
17. Segregated Funds (c)	15,832,202	0	15. 2016 Bonds	65,960,000	0
18. Restricted Funds Total (b)	26,099,385	94,057	16. 2018 Bonds	121,205,000	0
19. Unamortized Debt Expense	2,025,171	(56,046)	17. 2020A Bonds	72,200,000	0
21. Accrued Lease Interest	93,537	7,875	18. 2020B Bonds	171,625,000	0
22. Other Noncurrent Assets	1,455,280	(99,963)	19. Total Revenue Bonds	531,455,000	0
23. Total Noncurrent Assets	\$36,814,136	(\$114,720)	20. Less Current Maturities	37,800,000	0
CAPITAL ASSETS:			21. Less Unamortized Discounts/Premiums	(33,665,608)	988,986
24. Utility Plant in Service	1,844,718,806	1,728,571	22. Note Purchase Agreement	0	0
25. Accumulated Depreciation & Amortization	(941,697,020)	(5,858,535)	23. Revolving Credit Agreement	0	0
26. Construction Work in Progress	112,605,440	7,873,696	24. Net Long Term Debt	527,320,608	(988,986)
27. Total Capital Assets	1,015,627,226	3,743,732	25. Liabilities Payable from Segregated Funds (e)	15,612,020	(220,070)
DEFERRED OUTFLOWS OF RESOURCES:			26. Asset Retirement Obligation	5,204,088	13,968
28. Deferred Loss on Refunded Debt	7,911,673	(215,552)	27. Software Liabilities	1,439,500	0
29. Deferred Costs for Asset Retirement Obligations	5,204,088	13,968	28. Other Noncurrent Liabilities	35,789,688	136,524
30. Total Deferred Outflows of Resources	13,115,761	(201,584)	29. Total Liabilities	748,055,612	(4,561,587)
			DEFERRED INFLOWS OF RESOURCES:		
			30. Deferred Inflow of Resource	6,737,892	(89,600)
			31. Total Deferred Inflows of Resources	6,737,892	(89,600)
			NET POSITION:		
			32. Net Investment in Capital Assets	399,435,953	3,623,238
			33. Restricted for Debt Service	19,105,207	6,464,267
			34. Restricted for Employee Health Insurance Claims	1,694,568	(1,250,638)
			35. Unrestricted	158,018,058	(2,184,934)
			36. Total Net Position	578,253,786	6,651,933
			37. TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION		
31. TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$1,333,047,290	\$2,000,746		\$1,333,047,290	\$2,000,746



STATEMENT OF CASH FLOWS
FEBRUARY 2024

	CURRENT MONTH	YEAR-TO-DATE
CASH FLOW FROM OPERATING ACTIVITIES:		
1. Received from Sales to Customers and Users	\$28,818,029	\$57,519,541
2. Sales Tax Receipts	\$1,380,213	\$2,774,949
3. Paid to Suppliers for Goods & Services	(\$12,372,449)	(\$42,992,715)
4. Paid to Employees for Services	(\$1,738,225)	(\$3,655,984)
5. Payments for Sales Tax	(1,368,964)	(2,565,850)
6. Cash Flow from Operating Activities (a)	14,718,604	11,079,941
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
7. Payment in Lieu of Tax	0	(75,222)
8. City Dividend for Utility Ownership Payments	(6,278,334)	(6,278,334)
9. Other	0	0
10. Cash Flow from (used for) Noncapital Financing Activities	(6,278,334)	(6,353,556)
CASH FLOWS FROM INVESTING ACTIVITIES:		
11. Net (Purchases) Sales of Investments	7,507,193	21,248,961
12. Interest Income	(186,753)	(1,839,013)
13. Cash Flow from (used for) Investing Activities	7,320,440	19,409,948
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
14. Acquisition and Construction of Capital Assets	(5,963,322)	(7,358,907)
15. Salvage on Retirement of Plant	222	222
16. Cost of Removal of Property Retired	(102,508)	(129,182)
17. Debt Issuance Cost Paid	0	0
18. Debt Premiums Collected	0	0
19. Net Capital Contributions	23,730	64,515
20. Capital Contributions Recv'd in Advance	0	0
21. Cash Received from Leases	42,648	85,296
23. Net Proceeds from Issuance of Long-Term Debt	0	0
24. Principal Payments on Long-Term Debt	0	0
25. Interest Payments on Debt	(382,396)	(532,819)
26. Cash Flow from (used for) Capital Financing Activities	(6,381,626)	(7,870,875)
26. Cash Flow from (used for) Capital Financing Activities	9,379,084	16,265,458
27. Net Increase (Decrease) in Cash and Cash Equivalents	40,104,146	35,018,728
28. Cash and Cash Equivalents Beginning of Period	\$49,483,230	\$51,284,186
STATEMENT OF CASH FLOW FOOTNOTES		
(a) Reconciliation of operating income to cash flows from operating activities		
1. Net Operating Revenue	\$8,039,798	\$13,957,598
2. Noncash items included in operating income	3,062,349	6,125,510
3. Changes in Assets & Liabilities Increase/(Decrease)	3,616,457	(9,003,167)
4. Net cash flows from operating activities	\$14,718,604	\$11,079,941
(b) Cash and cash equivalents are defined as cash and investments with original maturities of three months or less.		



DEBT SERVICE COVERAGE

FEBRUARY 2024

DESCRIPTION	----- CURRENT MONTH -----			----- YEAR-TO-DATE -----		
	ACTUAL THIS YEAR	BUDGET THIS YEAR	ACTUAL LAST YEAR	ACTUAL THIS YEAR	BUDGET THIS YEAR	ACTUAL LAST YEAR
1. Total Operating Revenues	\$28,717,311	\$27,628,723	\$25,990,743	\$59,567,153	\$56,870,933	\$56,117,067
2. Total Operating Expenses	20,677,513	21,212,493	20,647,841	45,609,555	46,133,118	42,753,112
3. Less Depreciation	(2,965,543)	(3,197,821)	(2,918,295)	(5,932,261)	(6,399,529)	(5,836,130)
4. Operating Expense Net of Depreciation	17,711,970	18,014,672	17,729,546	39,677,294	39,733,589	36,916,982
5. Net Operating Revenue for Debt Service	11,005,341	9,614,051	8,261,197	19,889,859	17,137,344	19,200,085
6. Interest Income (a)	681,483	575,008	520,148	(214,993)	1,137,725	171,950
7. Other Income	45,464	45,060	0	90,928	90,120	0
8. Rate Stabilization Fund	0	0	0	0	0	0
9. AVAILABLE FOR DEBT SERVICE	11,732,288	10,234,119	8,781,345	19,765,794	18,365,189	19,372,035
10. DEBT SERVICE (b)	\$4,682,116	\$4,682,114	\$4,120,297	\$9,364,232	\$9,364,228	\$8,240,595
11. DEBT SERVICE COVERAGE	2.51	2.19	2.13	2.11	1.96	2.35

(a) Excludes Interest from Rate Stabilization Fund.

(b) Includes Bond Principal & Interest only.



Revenue & Expense Statement (Condensed)

MARCH 2024

Year-to-date financial results were favorable due primarily to lower than budgeted net power costs

(Dollar amounts in 000)

YEAR TO DATE	2024 Actual	2024 Budget	Difference	Percentage Difference	Comments
1) Total Revenue	\$85,351	\$83,335	\$2,016	2%	Wholesale revenue exceeded budget by 26% (\$1.8M), primarily due to higher than expected revenues from SPP IM activities. Retail revenue was 1% under budget (\$920k).
2) Power Costs	33,285	34,997	(1,712)	-5%	Produced power was 16% (\$2.6M) under budget due primarily to lower than budgeted energy costs at LRS and lower operations expenses at LRS and Rokeby. Purchased power was over budget by 5% (\$870k) due to higher SPP purchases.
3) Other Operating Expenses	23,832	24,532	(700)	-3%	Other operating expenses were slightly under budget primarily due to reduced line clearance expenses (\$500k) and lower Sustainable Energy Program incentives (\$220k).
4) Depreciation	8,899	9,599	(700)	-7%	
5) Total Expenses	<u>66,016</u>	<u>69,128</u>	<u>(3,112)</u>	-5%	
6) Operating Income	19,335	14,207	5,128	36%	
7) Non-Operating Expense (Income)	<u>8,512</u>	<u>8,712</u>	<u>(200)</u>	-2%	
8) Change in Net Position (Net Revenue)	<u>\$10,823</u>	<u>\$5,495</u>	<u>\$5,328</u>	97%	
	<u>Year End Projection</u>	<u>Year End Budget</u>			
9) Fixed Charge Coverage	1.51x	1.40x			
10) Debt Service Coverage	2.24x	2.10x			
	<u>Month End Actual</u>	<u>Month End Budget</u>			
11) Days Cash on Hand (Days)	152	144			

LINCOLN ELECTRIC SYSTEM

FINANCIAL AND OPERATING STATEMENT

March 2024



INDEX

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NOTE: Federal Energy Regulatory Commission accounting guidance for the Southwest Power Pool Integrated Market (SPP IM) transactions (purchases, sales and other charges) requires netting together these transactions based on the time increments. If, during the time increment, sales to SPP are greater than purchases from SPP, the net amount is recorded as wholesale revenue. If, during the time increment, purchases from SPP are greater than sales to SPP, the net amount is recorded as purchased power cost. Because of this netting process, the energy (MWH's) amounts no longer directly correlate to wholesale revenue.



REVENUE & EXPENSE STATEMENT

CURRENT MONTH

MARCH 2024

DESCRIPTION	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	VARIANCE FROM BUDGET		LAST YEAR MONTH ACTUAL	VARIANCE FROM LAST YEAR	
			AMOUNT	%		AMOUNT	%
OPERATING REVENUES							
1. Retail	\$21,324,633	\$22,075,305	(\$750,672)	-3.4%	\$22,086,820	(\$762,187)	-3.5%
2. Wholesale	2,620,660	2,255,264	365,396	16.2%	2,784,243	(163,583)	-5.9%
3. Other Revenue	807,384	1,125,812	(318,428)	-28.3%	436,519	370,865	85.0%
4. CDFUO (a)	1,031,475	1,007,831	23,644	2.3%	921,793	109,682	11.9%
5. Total Operating Revenues	25,784,152	26,464,212	(680,060)	-2.6%	26,229,375	(445,223)	-1.7%
OPERATING EXPENSES							
6. Purchased Power	6,261,489	4,962,450	1,299,039	26.2%	6,158,574	102,915	1.7%
7. Produced Power	3,210,452	6,495,869	(3,285,417)	-50.6%	4,389,164	(1,178,712)	-26.9%
8. Operations	2,213,528	2,371,793	(158,265)	-6.7%	2,115,041	98,487	4.7%
9. Maintenance	993,477	1,041,687	(48,210)	-4.6%	1,114,533	(121,056)	-10.9%
10. Admin. & General	4,760,642	4,923,759	(163,117)	-3.3%	5,033,473	(272,831)	-5.4%
11. Depreciation	2,966,578	3,199,836	(233,258)	-7.3%	2,919,872	46,706	1.6%
12. Total Operating Expenses	20,406,166	22,995,394	(2,589,228)	-11.3%	21,730,657	(1,324,491)	-6.1%
13. OPERATING INCOME	5,377,986	3,468,818	1,909,168	55.0%	4,498,718	879,268	19.5%
NONOPERATING EXPENSES (INCOME)							
14. Interest Expense (b)	1,374,870	1,440,191	(65,321)	-4.5%	1,425,970	(51,100)	-3.6%
15. PILOT (c)	1,052,772	1,101,544	(48,772)	-4.4%	1,001,880	50,892	5.1%
16. CDFUO Expense (a)	1,046,389	1,046,389	0	0.0%	963,140	83,249	8.6%
17. Other Expense	0	0	0	--	0	0	--
18. Total Other Nonoperating Expense	3,474,031	3,588,124	(114,093)	-3.2%	3,390,990	83,041	2.4%
19. Other (Income)	(45,464)	(45,060)	(404)	0.9%	(43,248)	(2,216)	5.1%
20. Interest (Income)	(2,221,829)	(644,767)	(1,577,062)	244.6%	(738,097)	(1,483,732)	201.0%
21. Total Other Nonoperating (Income)	(2,267,293)	(689,827)	(1,577,466)	228.7%	(781,345)	(1,485,948)	190.2%
22. Total Nonoperating Expenses (Income)	1,206,738	2,898,297	(1,691,559)	-58.4%	2,609,645	(1,402,907)	-53.8%
23. Income Before Contributions	4,171,248	570,521	3,600,727	631.1%	1,889,073	2,282,175	120.8%
CONTRIBUTED CAPITAL							
24. Contributed Capital Received	588,215	182,756	405,459	221.9%	132,068	456,147	345.4%
25. Contributed Capital Used (d)	(588,215)	(182,756)	(405,459)	-221.9%	(132,068)	(456,147)	-345.4%
26. Net Contributed Capital	0	0	0	--	0	0	--
27. CHANGE IN NET POSITION	\$4,171,248	\$570,521	\$3,600,727	631.1%	\$1,889,073	\$2,282,175	120.8%

(a) City Dividend for Utility Ownership.

(b) Bond Interest \$1,532,116 + Software Agreements Interest \$5,048 + Variable Interest \$127,178 + Amortization of Issuance Costs on Outstanding Debt \$97,245 + Amortization of Loss on Refunded Debt \$107,776 - Amortization of Discount/

(c) Payment In Lieu of Tax.

(d) Reduction of Plant Costs Recovered through Contributions.



REVENUE & EXPENSE STATEMENT

YEAR-TO-DATE

MARCH 2024

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR	
			AMOUNT	%		AMOUNT	%
OPERATING REVENUES							
1. Retail	\$70,485,981	\$71,406,115	(\$920,134)	-1.3%	\$68,496,099	\$1,989,882	2.9%
2. Wholesale	8,573,638	6,786,914	1,786,724	26.3%	9,229,049	(655,411)	-7.1%
3. Other Revenue	3,130,714	2,079,671	1,051,043	50.5%	1,797,934	1,332,780	74.1%
4. CDFUO (a)	3,160,972	3,062,445	98,527	3.2%	2,823,360	337,612	12.0%
5. Total Operating Revenues	85,351,305	83,335,145	2,016,160	2.4%	82,346,442	3,004,863	3.6%
OPERATING EXPENSES							
6. Purchased Power	19,813,004	18,940,787	872,217	4.6%	19,475,263	337,741	1.7%
7. Produced Power	13,471,670	16,056,308	(2,584,638)	-16.1%	13,684,762	(213,092)	-1.6%
8. Operations	6,543,870	6,789,917	(246,047)	-3.6%	6,107,875	435,995	7.1%
9. Maintenance	2,669,723	3,045,272	(375,549)	-12.3%	2,258,655	411,068	18.2%
10. Admin. & General	14,618,615	14,696,863	(78,248)	-0.5%	14,201,212	417,403	2.9%
11. Depreciation	8,898,839	9,599,365	(700,526)	-7.3%	8,756,001	142,838	1.6%
12. Total Operating Expenses	66,015,721	69,128,512	(3,112,791)	-4.5%	64,483,768	1,531,953	2.4%
13. OPERATING INCOME	19,335,584	14,206,633	5,128,951	36.1%	17,862,674	1,472,910	8.2%
NONOPERATING EXPENSES (INCOME)							
14. Interest Expense (b)	4,225,277	4,281,163	(55,886)	-1.3%	4,224,541	736	0.0%
15. PILOT (c)	3,316,965	3,432,498	(115,533)	-3.4%	3,144,516	172,449	5.5%
16. CDFUO Expense (a)	3,139,167	3,139,167	0	0.0%	2,889,420	249,747	8.6%
17. Other Expense	0	0	0	--	153	(153)	-100.0%
18. Total Other Nonoperating Expense	10,681,409	10,852,828	(171,419)	-1.6%	10,258,630	422,779	4.1%
19. Other (Income)	(136,392)	(135,180)	(1,212)	0.9%	(129,744)	(6,648)	5.1%
20. Interest (Income)	(2,032,614)	(2,006,072)	(26,542)	1.3%	(1,072,995)	(959,619)	89.4%
21. Total Other Nonoperating (Income)	(2,169,006)	(2,141,252)	(27,754)	1.3%	(1,202,739)	(966,267)	80.3%
22. Total Nonoperating Expenses (Income)	8,512,403	8,711,576	(199,173)	-2.3%	9,055,891	(543,488)	-6.0%
23. Income Before Contributions	10,823,181	5,495,057	5,328,124	97.0%	8,806,783	2,016,398	22.9%
CONTRIBUTED CAPITAL							
24. Contributed Capital Received	872,800	548,270	324,530	59.2%	188,926	683,874	362.0%
25. Contributed Capital Used (d)	(872,800)	(548,270)	(324,530)	-59.2%	(188,926)	(683,874)	-362.0%
26. Net Contributed Capital	0	0	0	--	0	0	--
27. CHANGE IN NET POSITION	\$10,823,181	\$5,495,057	\$5,328,124	97.0%	\$8,806,783	\$2,016,398	22.9%

(a) City Dividend for Utility Ownership.

(b) Bond Interest \$4,596,348 + Software Agreements Interest \$15,144 + Variable Interest \$525,706 + Amortization of Issuance Costs on Outstanding Debt \$248,230 + Amortization of Loss on Refunded Debt \$323,329 - Amortization of Discount/

(c) Payment In Lieu of Tax.

(d) Reduction of Plant Costs Recovered through Contributions.



REVENUES, ENERGY & CUSTOMERS

CURRENT MONTH

MARCH 2024

DESCRIPTION	CURRENT MONTH	CURRENT MONTH	VARIANCE FROM BUDGET		LAST YEAR MONTH	VARIANCE FROM LAST YEAR	
	ACTUAL	BUDGET	AMOUNT	%	ACTUAL	AMOUNT	%
REVENUE							
1. Residential	\$9,549,704	\$9,615,824	(\$66,120)	-0.7%	\$10,746,479	(\$1,196,775)	-11.1%
2. Commercial & Street Light	9,077,120	9,813,954	(736,834)	-7.5%	8,898,397	178,723	2.0%
3. Industrial	2,697,809	2,645,527	52,282	2.0%	2,441,944	255,865	10.5%
4. Total Retail	21,324,633	22,075,305	(750,672)	-3.4%	22,086,820	(762,187)	-3.5%
5. SPP Sales	2,041,335	1,480,506	560,829	37.9%	2,088,781	(47,446)	-2.3%
6. Contract Sales	579,325	774,758	(195,433)	-25.2%	695,462	(116,137)	-16.7%
7. Total Wholesale	2,620,660	2,255,264	365,396	16.2%	2,784,243	(163,583)	-5.9%
8. Total	\$23,945,293	\$24,330,569	-\$385,276	-1.6%	\$24,871,063	-\$925,770	-3.7%
ENERGY (MWH'S)							
9. Residential	86,681	91,495	(4,814)	-5.3%	108,429	(21,748)	-20.1%
10. Commercial & Street Light	110,216	114,486	(4,270)	-3.7%	117,039	(6,823)	-5.8%
11. Industrial	39,379	37,385	1,994	5.3%	36,426	2,953	8.1%
12. Total Retail	236,276	243,366	(7,090)	-2.9%	261,894	(25,618)	-9.8%
13. SPP Sales	27,968	28,168	(200)	-0.7%	35,303	(7,335)	-20.8%
14. Contract Sales	5,991	18,794	(12,803)	-68.1%	9,788	(3,797)	-38.8%
15. Total Wholesale	33,959	46,962	(13,003)	-27.7%	45,091	(11,132)	-24.7%
16. Total	270,235	290,328	(20,093)	-6.9%	306,985	(36,750)	-12.0%
CUSTOMERS - AT MONTH END							
17. Residential	134,214	131,397	2,817	2.1%	131,547	2,667	2.0%
18. Commercial & Street Light	17,879	17,670	209	1.2%	17,682	197	1.1%
19. Industrial	239	233	6	2.6%	230	9	3.9%
20. Total Retail	152,332	149,300	3,032	2.0%	149,459	2,873	1.9%
21. Wholesale	6	6	0	0.0%	7	(1)	-14.3%
22. Total	152,338	149,306	3,032	2.0%	149,466	2,872	1.9%



REVENUES, ENERGY & CUSTOMERS

YEAR-TO-DATE

MARCH 2024

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR	
			AMOUNT	%		AMOUNT	%
REVENUE							
1. Residential	\$33,716,250	\$34,687,569	(\$971,319)	-2.8%	\$33,892,652	(\$176,402)	-0.5%
2. Commercial & Street Light	28,772,244	29,234,030	(461,786)	-1.6%	27,375,246	1,396,998	5.1%
3. Industrial	7,997,487	7,484,516	512,971	6.9%	7,228,201	769,286	10.6%
4. Total Retail	70,485,981	71,406,115	(920,134)	-1.3%	68,496,099	1,989,882	2.9%
5. SPP Sales	6,226,617	4,462,581	1,764,036	39.5%	6,728,861	(502,244)	-7.5%
6. Contract Sales	2,347,021	2,324,333	22,688	1.0%	2,500,188	(153,167)	-6.1%
7. Total Wholesale	8,573,638	6,786,914	1,786,724	26.3%	9,229,049	(655,411)	-7.1%
8. Total	\$79,059,619	\$78,193,029	\$866,590	1.1%	\$77,725,148	1,334,471	1.7%
ENERGY (MWH'S)							
9. Residential	339,932	359,279	(19,347)	-5.4%	368,733	(28,801)	-7.8%
10. Commercial & Street Light	351,351	357,576	(6,225)	-1.7%	356,988	(5,637)	-1.6%
11. Industrial	116,563	107,806	8,757	8.1%	105,136	11,427	10.9%
12. Total Retail	807,846	824,661	(16,815)	-2.0%	830,857	(23,011)	-2.8%
13. SPP Sales	65,634	68,289	(2,655)	-3.9%	90,709	(25,075)	-27.6%
14. Contract Sales	56,230	61,749	(5,519)	-8.9%	58,461	(2,231)	-3.8%
15. Total Wholesale	121,864	130,038	(8,174)	-6.3%	149,170	(27,306)	-18.3%
16. Total	929,710	954,699	(24,989)	-2.6%	980,027	(50,317)	-5.1%
CUSTOMERS AVERAGE							
17. Residential	134,169	131,336	2,833	2.2%	131,380	2,789	2.1%
18. Commercial & Street Light	17,864	17,655	209	1.2%	17,652	212	1.2%
19. Industrial	239	233	6	2.6%	230	9	3.9%
20. Total Retail	152,272	149,224	3,048	2.0%	149,262	3,010	2.0%
21. Wholesale	6	6	0	0.0%	7	(1)	-14.3%
22. Total	152,278	149,230	3,048	2.0%	149,269	3,009	2.0%



OPERATING EXPENSE STATEMENT

CURRENT MONTH

MARCH 2024

DESCRIPTION	CURRENT	CURRENT	VARIANCE FROM		LAST YEAR	VARIANCE FROM	
	MONTH	MONTH	BUDGET	%	MONTH	LAST YEAR	%
	ACTUAL	BUDGET	AMOUNT		ACTUAL	AMOUNT	
POWER COST							
1. SPP Purchased Power	\$1,048,418	\$546,948	\$501,470	91.7%	\$1,052,971	(\$4,553)	-0.4%
2. Non-Owned Asset Power	<u>5,213,071</u>	<u>4,415,502</u>	<u>797,569</u>	18.1%	<u>5,105,603</u>	<u>107,468</u>	2.1%
3. Total Purchased Power	6,261,489	4,962,450	1,299,039	26.2%	6,158,574	102,915	1.7%
4. Produced Power	<u>3,210,452</u>	<u>6,495,869</u>	<u>(3,285,417)</u>	-50.6%	<u>4,389,164</u>	<u>(1,178,712)</u>	-26.9%
5. Total Power Cost	9,471,941	11,458,319	(1,986,378)	-17.3%	10,547,738	(1,075,797)	-10.2%
OPERATION & MAINTENANCE (O&M)							
6. Energy Delivery	2,230,577	2,377,967	(147,390)	-6.2%	2,263,937	(33,360)	-1.5%
7. Transmission	<u>976,428</u>	<u>1,035,513</u>	<u>(59,085)</u>	-5.7%	<u>965,637</u>	<u>10,791</u>	1.1%
8. Total O & M Expense	3,207,005	3,413,480	(206,475)	-6.0%	3,229,574	(22,569)	-0.7%
ADMINISTRATIVE & GENERAL (A&G)							
9. Administration	380,724	274,874	105,850	38.5%	204,877	175,847	85.8%
10. Communication & Corporate Records	231,910	197,300	34,610	17.5%	203,468	28,442	14.0%
11. Corporate Operations	1,041,133	929,971	111,162	12.0%	1,317,889	(276,756)	-21.0%
12. Customer Services	992,916	1,038,124	(45,208)	-4.4%	971,872	21,044	2.2%
13. Financial Services	492,289	501,579	(9,290)	-1.9%	400,963	91,326	22.8%
14. Power Supply	425,609	493,546	(67,937)	-13.8%	377,588	48,021	12.7%
15. Technology Services	<u>1,196,061</u>	<u>1,488,365</u>	<u>(292,304)</u>	-19.6%	<u>1,556,816</u>	<u>(360,755)</u>	-23.2%
16. Total A & G Expense	4,760,642	4,923,759	(163,117)	-3.3%	5,033,473	(272,831)	-5.4%
17. DEPRECIATION	2,966,578	3,199,836	(233,258)	-7.3%	2,919,872	46,706	1.6%
18. TOTAL OPERATING EXPENSE	\$20,406,166	\$22,995,394	(\$2,589,228)	-11.3%	\$21,730,657	(\$1,324,491)	-6.1%



OPERATING EXPENSE STATEMENT

YEAR-TO-DATE

MARCH 2024

DESCRIPTION	YEAR TO DATE		VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE		VARIANCE FROM LAST YEAR	
	ACTUAL	BUDGET	AMOUNT	%	ACTUAL	AMOUNT	%	
POWER COST								
1. SPP Purchased Power	\$5,482,172	\$4,277,920	\$1,204,252	28.2%	\$4,744,817	\$737,355	15.5%	
2. Non-Owned Asset Power	<u>14,330,832</u>	<u>14,662,867</u>	<u>(332,035)</u>	-2.3%	<u>14,730,446</u>	<u>(399,614)</u>	-2.7%	
3. Total Purchased Power	19,813,004	18,940,787	872,217	4.6%	19,475,263	337,741	1.7%	
4. Produced Power	<u>13,471,670</u>	<u>16,056,308</u>	<u>(2,584,638)</u>	-16.1%	<u>13,684,762</u>	<u>(213,092)</u>	-1.6%	
5. Total Power Cost	33,284,674	34,997,095	(1,712,421)	-4.9%	33,160,025	124,649	0.4%	
OPERATION & MAINTENANCE (O&M)								
6. Energy Delivery	6,267,074	6,714,586	(447,512)	-6.7%	5,498,946	768,128	14.0%	
7. Transmission	<u>2,946,519</u>	<u>3,120,603</u>	<u>(174,084)</u>	-5.6%	<u>2,867,584</u>	<u>78,935</u>	2.8%	
8. Total O & M Expense	9,213,593	9,835,189	(621,596)	-6.3%	8,366,530	847,063	10.1%	
ADMINISTRATIVE & GENERAL (A&G)								
9. Administration	780,736	818,052	(37,316)	-4.6%	696,078	84,658	12.2%	
10. Communication & Corporate Records	618,239	566,393	51,846	9.2%	482,136	136,103	28.2%	
11. Corporate Operations	3,443,127	2,850,462	592,665	20.8%	4,009,978	(566,851)	-14.1%	
12. Customer Services	2,744,953	3,303,872	(558,919)	-16.9%	2,534,279	210,674	8.3%	
13. Financial Services	1,413,599	1,399,559	14,040	1.0%	1,315,471	98,128	7.5%	
14. Power Supply	1,278,879	1,502,430	(223,551)	-14.9%	1,124,097	154,782	13.8%	
15. Technology Services	<u>4,339,082</u>	<u>4,256,095</u>	<u>82,987</u>	1.9%	<u>4,039,173</u>	<u>299,909</u>	7.4%	
16. Total A & G Expense	14,618,615	14,696,863	(78,248)	-0.5%	14,201,212	417,403	2.9%	
17. DEPRECIATION	8,898,839	9,599,365	(700,526)	-7.3%	8,756,001	142,838	1.6%	
18. TOTAL OPERATING EXPENSE	\$66,015,721	\$69,128,512	(\$3,112,791)	-4.5%	\$64,483,768	\$1,531,953	2.4%	



BALANCE SHEET

MARCH 2024

ASSETS & DEFERRED OUTFLOWS OF RESOURCES			LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION		
DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1	DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1
CURRENT ASSETS:			CURRENT LIABILITIES:		
1. Revenue Fund (includes CDFUO)	\$78,936,576	(\$18,499,730)	OTHER LIABILITIES		
2. Payment in Lieu of Tax Fund	15,505,699	3,257,541	1. Accounts Payable	\$19,756,528	(\$1,883,644)
3. Rate Stabilization Fund	39,793,088	548,941	2. Accrued Payments in Lieu of Taxes	16,361,278	3,241,743
4. Bond Principal & Interest Funds	23,951,641	5,141,813	3. City Dividend for Utility Ownership Payable	1,046,389	(3,139,167)
5. Other Restricted/Designated Funds (a)	4,006,003	(100,846)	4. Commercial Paper Notes	65,500,000	0
6. Restrictd/Designated Funds Total	67,750,732	5,589,908	5. Accrued Software Interest	38,369	12,543
7. Total Current Asset Funds (b)	162,193,007	(9,652,281)	6. Accrued Liabilities	16,606,963	(34,212)
8. Receivables Less Uncollectible Allowance	24,519,017	1,421,519	7. Total Other Liabilities	119,309,527	(1,802,737)
9. Unbilled Revenue	16,363,886	(1,254,264)	CURRENT LIABILITIES - RESTRICTED ASSETS		
10. Accrued Interest Receivable	1,807,125	(485,547)	8. Current Portion of Long-Term Debt	37,800,000	0
11. Materials, Supplies & Fuel Inventory	34,485,464	2,758,530	9. Accrued Interest	1,577,984	(4,797,067)
12. Plant Operation Assets	20,162,822	2,373,165	10. Other Current Liabilities (d)	921,913	16,497
13. Other Current Assets	4,404,057	(142,593)	11. Total Current Liabilities - Restricted Assets	40,299,897	(4,780,570)
14. Total Current Assets	263,935,378	(4,981,471)	12. Total Current Liabilities	159,609,424	(6,583,307)
NONCURRENT ASSETS:			NONCURRENT LIABILITIES:		
15. Bond Reserve Funds	9,464,238	65,379	13. 2013 Bonds	29,065,000	0
16. Self-Funded Benefits Reserve Fund (IBNP)	863,856	89,589	14. 2015A Bonds	71,400,000	0
17. Segregated Funds (c)	15,612,021	(220,181)	15. 2016 Bonds	65,960,000	0
18. Restricted Funds Total (b)	25,940,115	(65,213)	16. 2018 Bonds	121,205,000	0
19. Unamortized Debt Expense	1,997,148	(84,069)	17. 2020A Bonds	72,200,000	0
21. Accrued Lease Interest	97,475	11,813	18. 2020B Bonds	171,625,000	0
22. Other Noncurrent Assets	1,403,846	(151,397)	19. Total Revenue Bonds	531,455,000	0
23. Total Noncurrent Assets	\$36,548,948	(\$379,908)	20. Less Current Maturities	37,800,000	0
CAPITAL ASSETS:			21. Less Unamortized Discounts/Premiums	(33,171,114)	1,483,480
24. Utility Plant in Service	1,846,884,090	3,893,855	22. Note Purchase Agreement	0	0
25. Accumulated Depreciation & Amortization	(944,540,426)	(8,701,941)	23. Revolving Credit Agreement	0	0
26. Construction Work in Progress	117,737,344	13,005,600	24. Net Long Term Debt	526,826,114	(1,483,480)
27. Total Capital Assets	1,020,081,008	8,197,514	25. Liabilities Payable from Segregated Funds (e)	15,349,951	(482,139)
DEFERRED OUTFLOWS OF RESOURCES:			26. Asset Retirement Obligation	5,376,048	185,928
28. Deferred Loss on Refunded Debt	7,803,897	(323,328)	27. Software Liabilities	1,675,928	236,428
29. Deferred Costs for Asset Retirement Obligations	5,376,048	185,928	28. Other Noncurrent Liabilities	35,789,688	136,524
30. Total Deferred Outflows of Resources	13,179,945	(137,400)	29. Total Liabilities	744,627,153	(7,990,046)
			DEFERRED INFLOWS OF RESOURCES:		
			30. Deferred Inflow of Resource	6,693,092	(134,400)
			31. Total Deferred Inflows of Resources	6,693,092	(134,400)
			NET POSITION:		
			32. Net Investment in Capital Assets	404,000,934	8,188,219
			33. Restricted for Debt Service	22,645,199	10,004,259
			34. Restricted for Employee Health Insurance Claims	1,817,754	(1,127,452)
			35. Unrestricted	153,961,147	(6,241,845)
			36. Total Net Position	582,425,034	10,823,181
			37. TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION		
31. TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$1,333,745,279	\$2,698,735		\$1,333,745,279	\$2,698,735



STATEMENT OF CASH FLOWS
MARCH 2024

	CURRENT MONTH	YEAR-TO-DATE
CASH FLOW FROM OPERATING ACTIVITIES:		
1. Received from Sales to Customers and Users	\$28,568,051	\$86,087,592
2. Sales Tax Receipts	\$1,255,616	\$4,030,565
3. Paid to Suppliers for Goods & Services	(\$14,404,697)	(\$57,397,412)
4. Paid to Employees for Services	(\$1,689,683)	(\$5,345,667)
5. Payments for Sales Tax	(1,380,213)	(3,946,063)
6. Cash Flow from Operating Activities (a)	12,349,074	23,429,015
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
7. Payment in Lieu of Tax	0	(75,222)
8. City Dividend for Utility Ownership Payments	0	(6,278,334)
9. Other	0	0
10. Cash Flow from (used for) Noncapital Financing Activities	0	(6,353,556)
CASH FLOWS FROM INVESTING ACTIVITIES:		
11. Net (Purchases) Sales of Investments	9,015,038	30,263,999
12. Interest Income	2,792,300	953,287
13. Cash Flow from (used for) Investing Activities	11,807,338	31,217,286
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
14. Acquisition and Construction of Capital Assets	(12,288,118)	(19,647,025)
15. Salvage on Retirement of Plant	1,130	1,352
16. Cost of Removal of Property Retired	(22,434)	(151,616)
17. Debt Issuance Cost Paid	0	0
18. Debt Premiums Collected	0	0
19. Net Capital Contributions	326,145	390,660
20. Capital Contributions Recv'd in Advance	0	0
21. Cash Received from Leases	42,648	127,944
23. Net Proceeds from Issuance of Long-Term Debt	0	0
24. Principal Payments on Long-Term Debt	0	0
25. Interest Payments on Debt	(9,386,303)	(9,919,122)
26. Cash Flow from (used for) Capital Financing Activities	(21,326,932)	(29,197,807)
26. Cash Flow from (used for) Capital Financing Activities	2,829,480	19,094,938
27. Net Increase (Decrease) in Cash and Cash Equivalents	47,682,274	35,018,728
28. Cash and Cash Equivalents Beginning of Period	\$50,511,754	\$54,113,666
STATEMENT OF CASH FLOW FOOTNOTES		
(a) Reconciliation of operating income to cash flows from operating activities		
1. Net Operating Revenue	\$5,377,986	\$19,335,584
2. Noncash items included in operating income	3,063,731	9,189,241
3. Changes in Assets & Liabilities Increase/(Decrease)	3,907,357	(5,095,810)
4. Net cash flows from operating activities	\$12,349,074	\$23,429,015
(b) Cash and cash equivalents are defined as cash and investments with original maturities of three months or less.		



DEBT SERVICE COVERAGE

MARCH 2024

DESCRIPTION	----- CURRENT MONTH -----			----- YEAR-TO-DATE -----		
	ACTUAL THIS YEAR	BUDGET THIS YEAR	ACTUAL LAST YEAR	ACTUAL THIS YEAR	BUDGET THIS YEAR	ACTUAL LAST YEAR
1. Total Operating Revenues	\$25,784,152	\$26,464,212	\$26,229,375	\$85,351,305	\$83,335,145	\$82,346,442
2. Total Operating Expenses	20,406,166	22,995,394	21,730,657	66,015,721	69,128,512	64,483,768
3. Less Depreciation	(2,966,578)	(3,199,836)	(2,919,872)	(8,898,839)	(9,599,365)	(8,756,001)
4. Operating Expense Net of Depreciation	17,439,588	19,795,558	18,810,785	57,116,882	59,529,147	55,727,767
5. Net Operating Revenue for Debt Service	8,344,564	6,668,654	7,418,590	28,234,423	23,805,998	26,618,675
6. Interest Income (a)	1,926,468	532,696	579,080	1,711,476	1,670,421	751,029
7. Other Income	45,464	45,060	0	136,392	135,180	0
8. Rate Stabilization Fund	0	0	0	0	0	0
9. AVAILABLE FOR DEBT SERVICE	10,316,496	7,246,410	7,997,670	30,082,291	25,611,599	27,369,704
10. DEBT SERVICE (b)	\$4,682,116	\$4,682,114	\$4,120,297	\$14,046,348	\$14,046,342	\$12,360,892
11. DEBT SERVICE COVERAGE	2.20	1.55	1.94	2.14	1.82	2.21

(a) Excludes Interest from Rate Stabilization Fund.

(b) Includes Bond Principal & Interest only.

Exhibit X

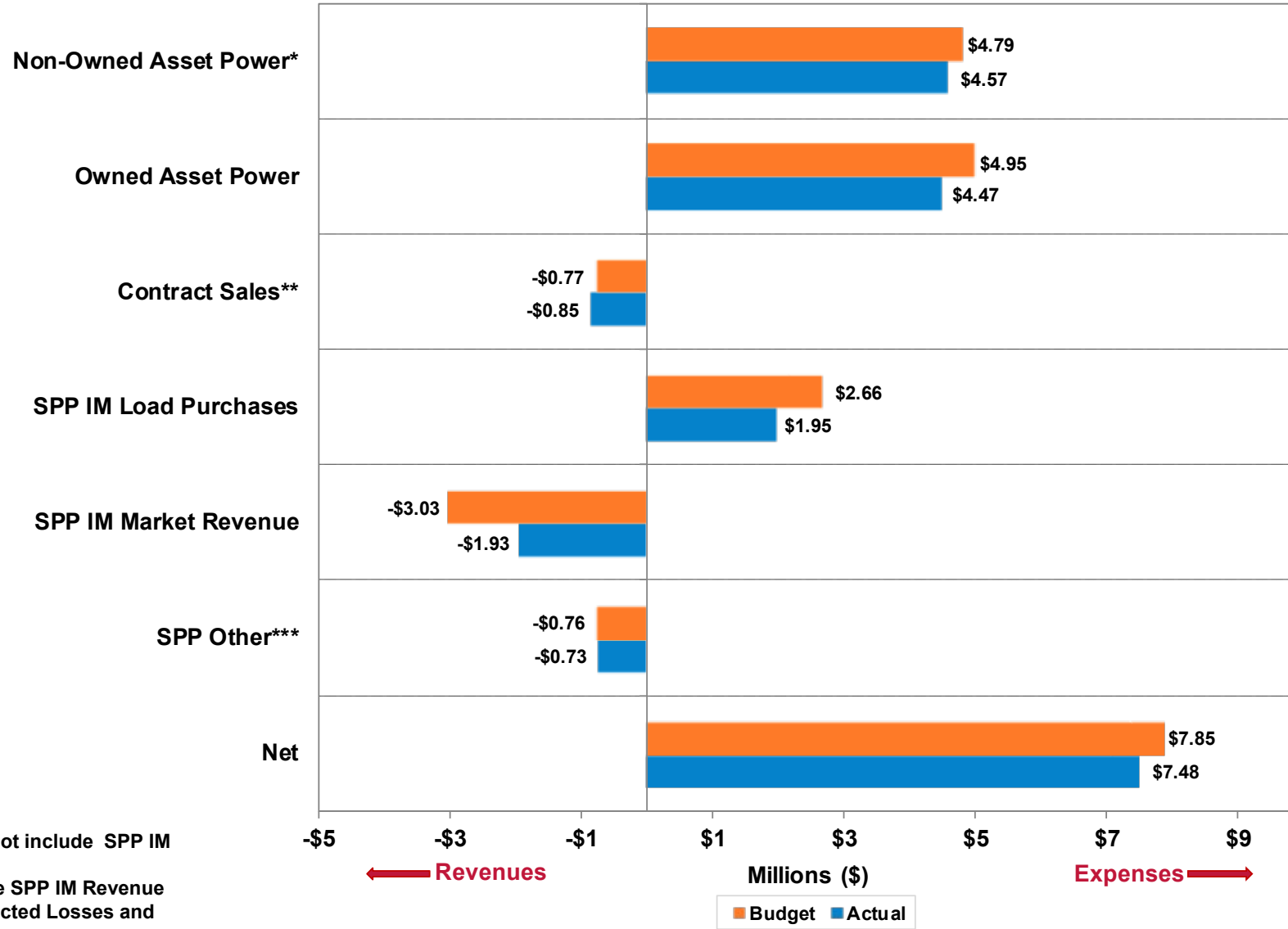
Power Supply Division 2024 February Monthly Report

March 15, 2024

Jason Fortik

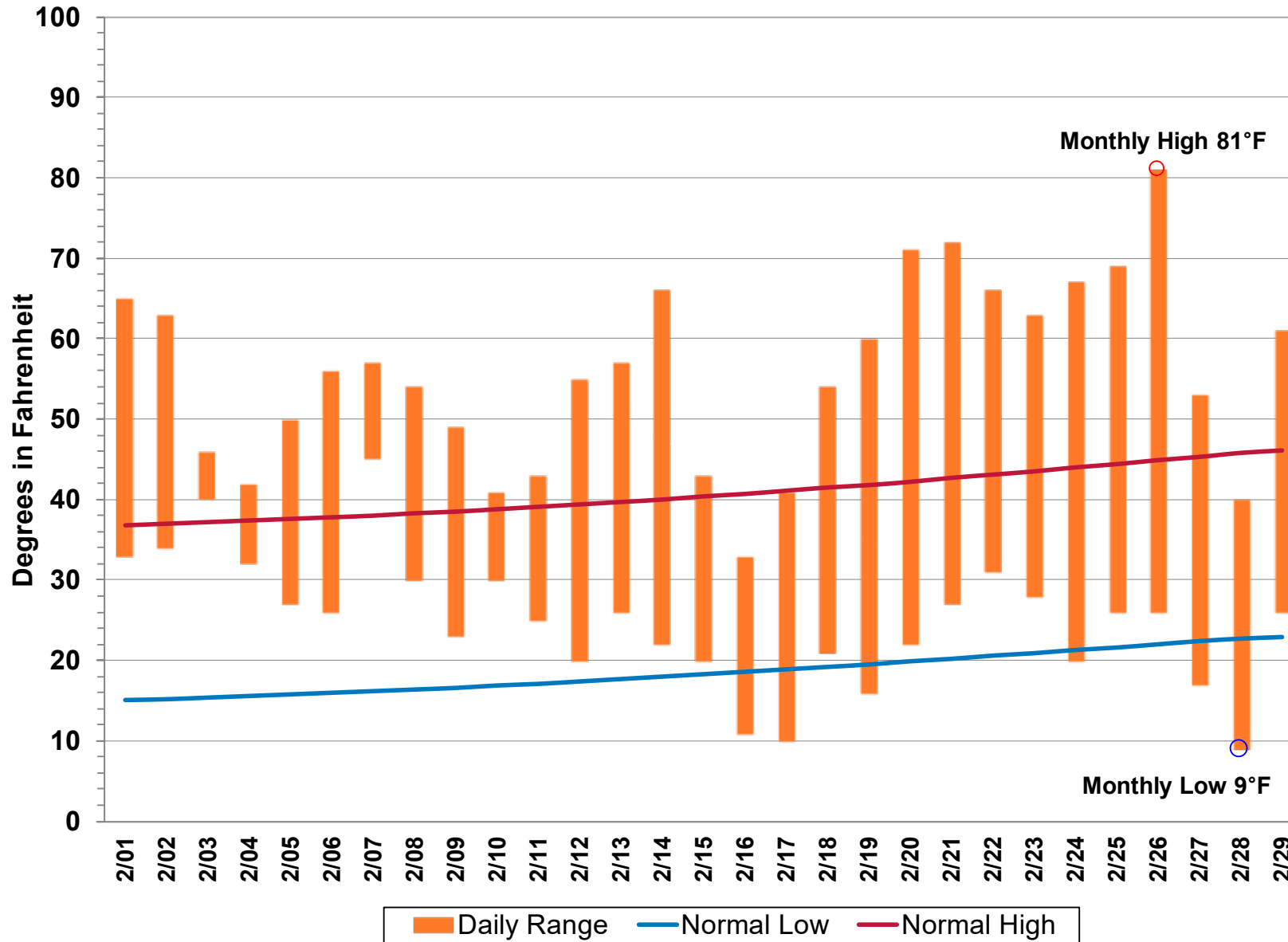
Vice President, Power Supply

Monthly Actual vs. Budget

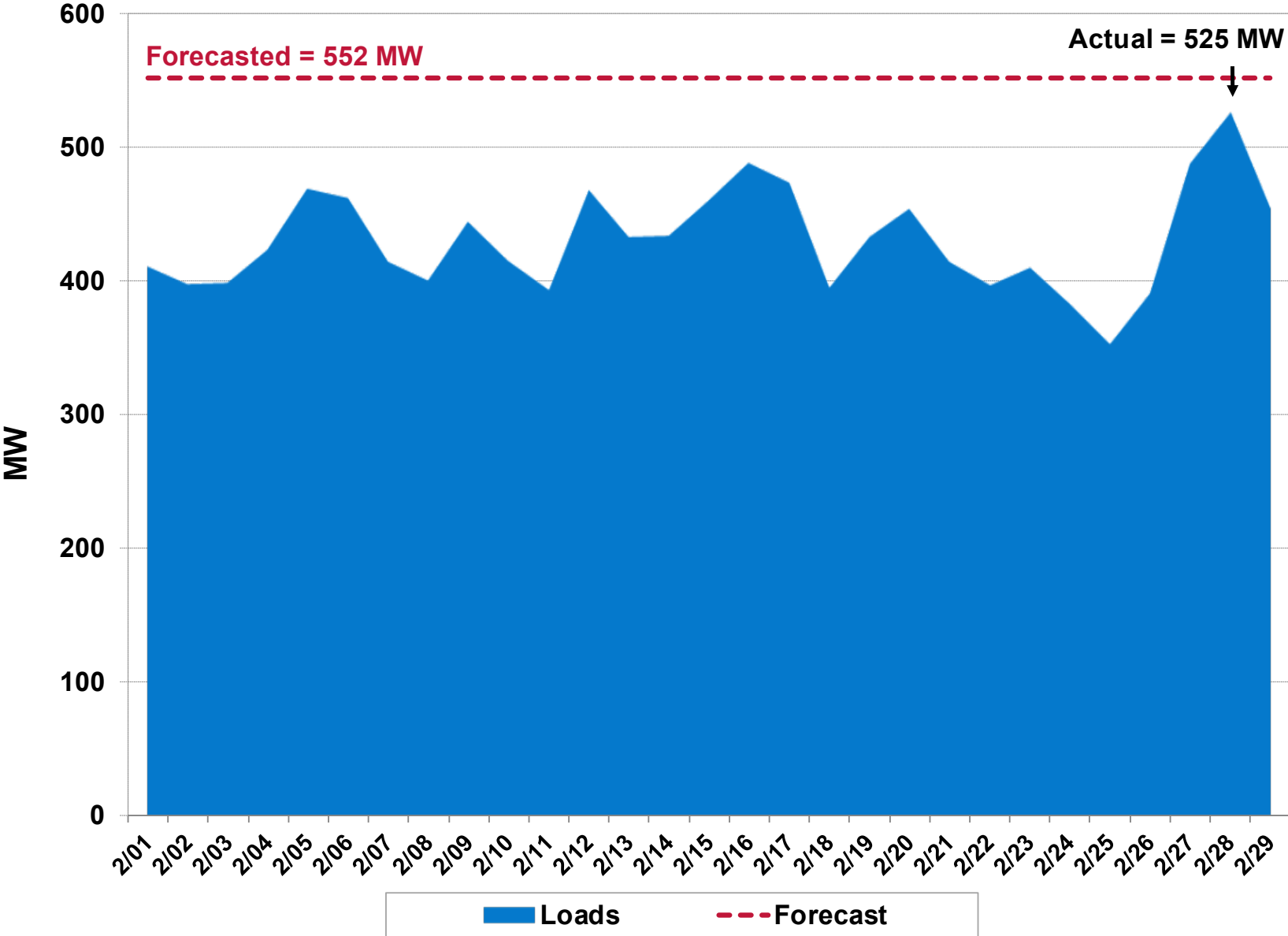


*Non-Owned Asset Power does not include SPP IM Purchased
 **Contract Sales does not include SPP IM Revenue
 ***SPP Other includes Over-Collected Losses and ARR's/TCR

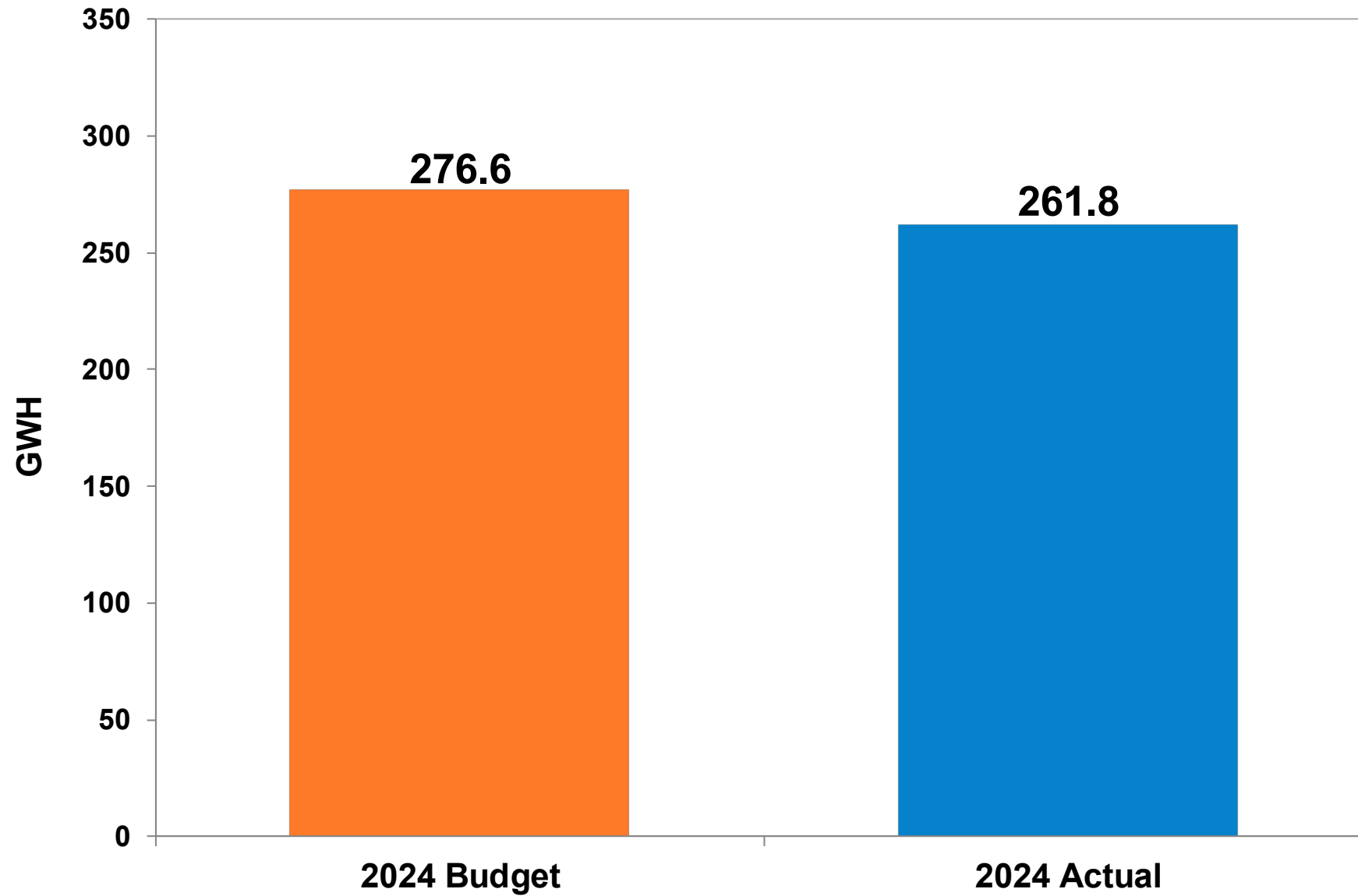
Daily Temperature Range



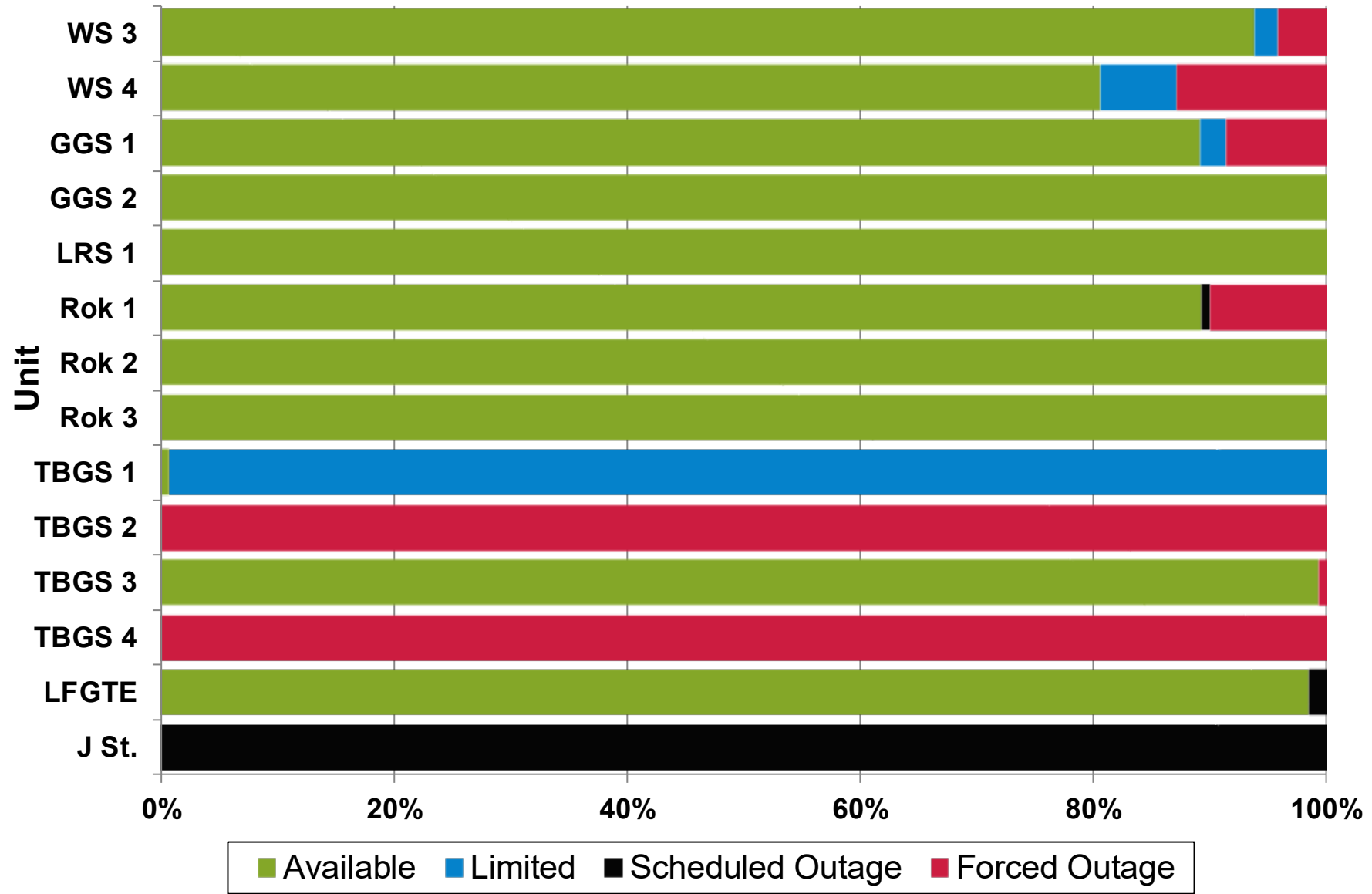
Loads



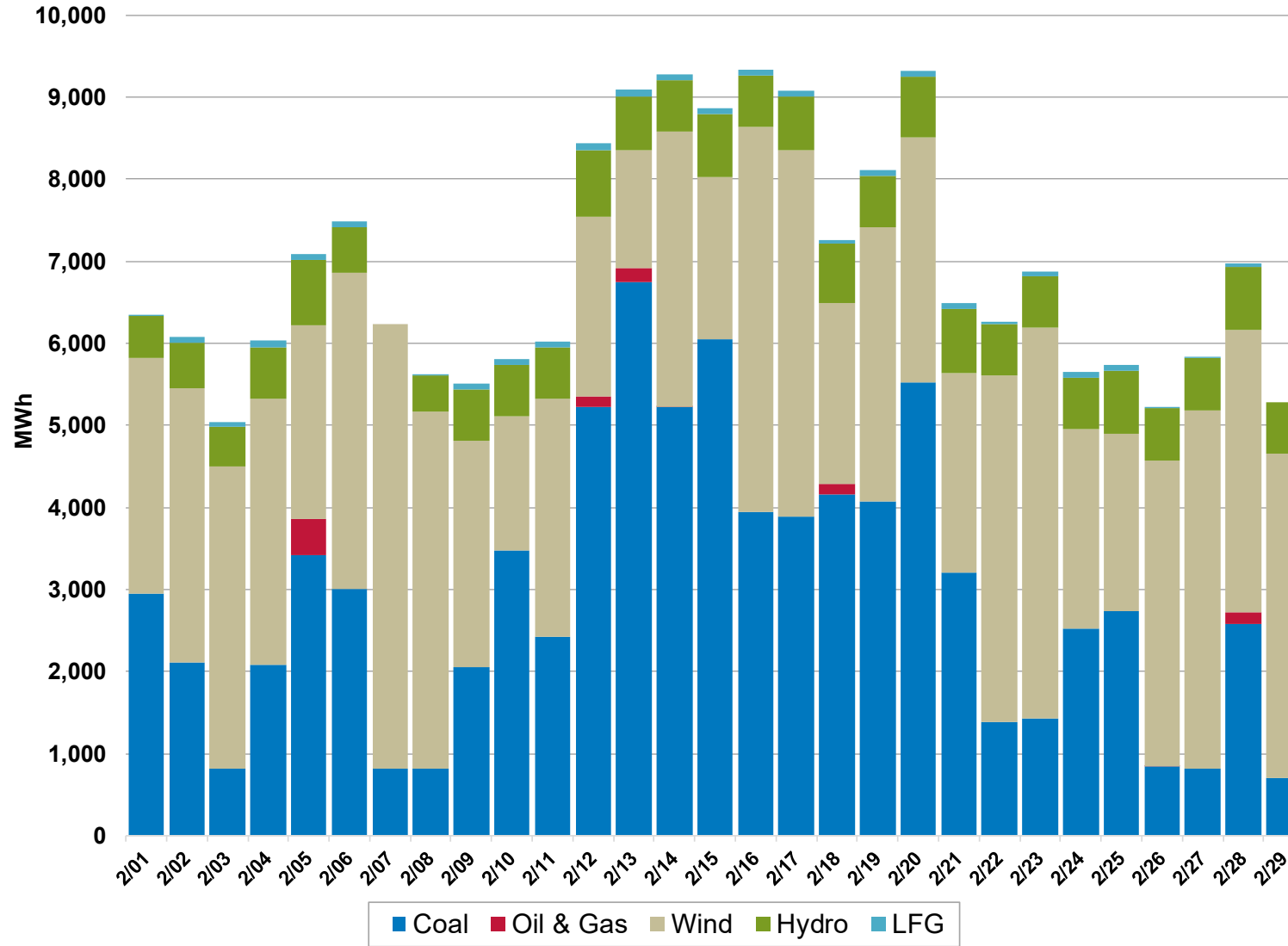
Customer Energy Consumption



Unit Equivalent Availability

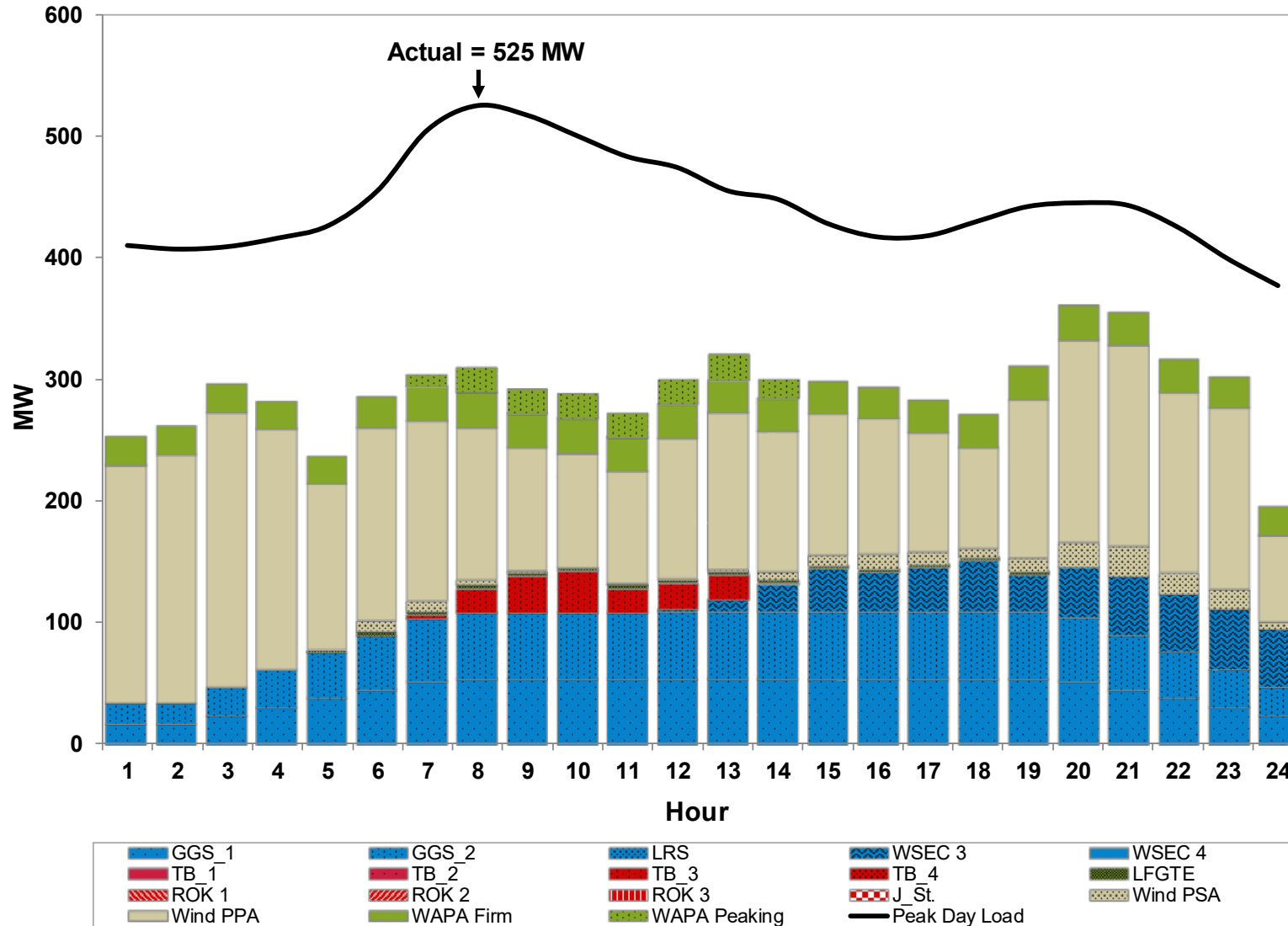


Resource Energy



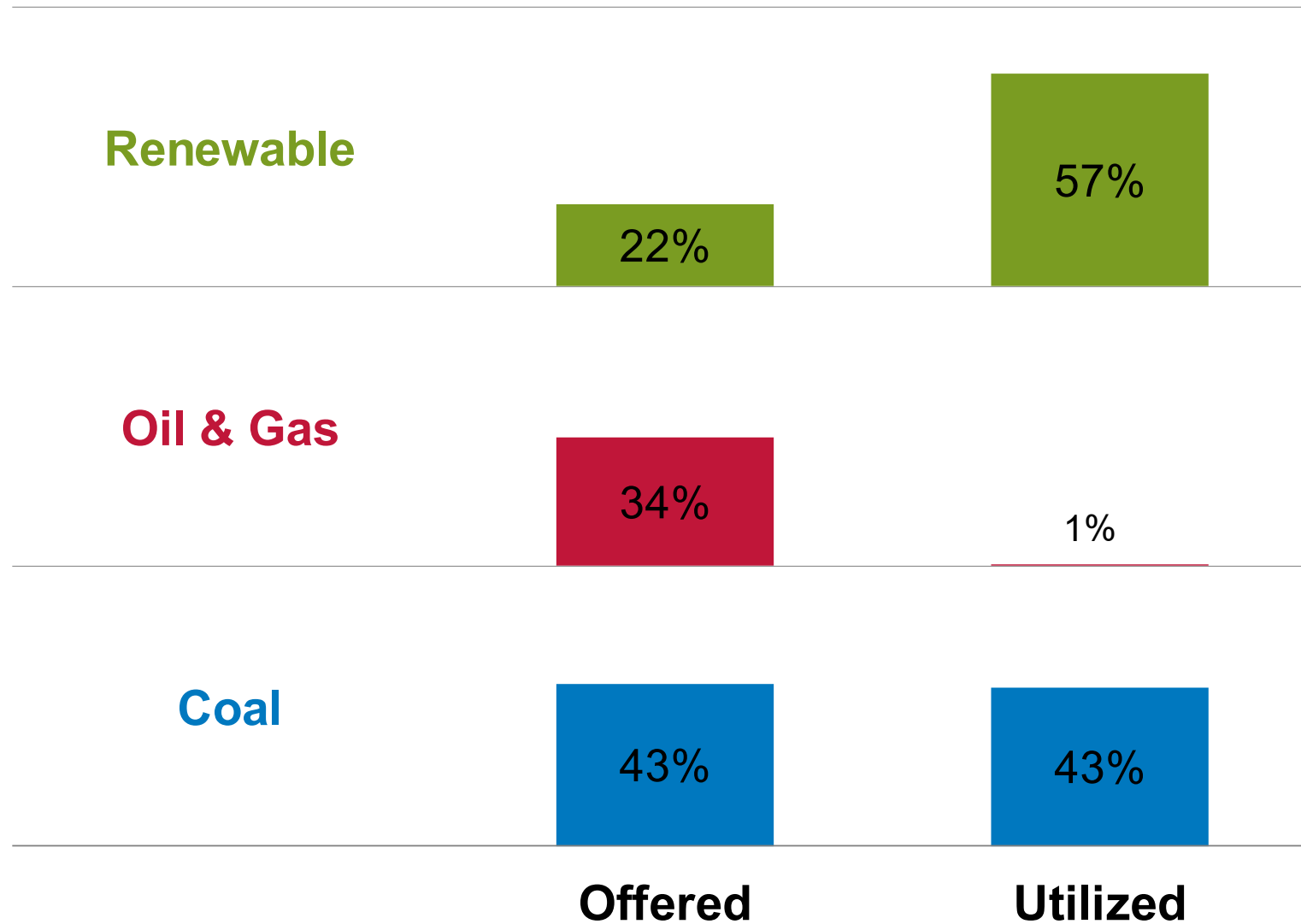
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

Peak Load Day – February 28, 2024



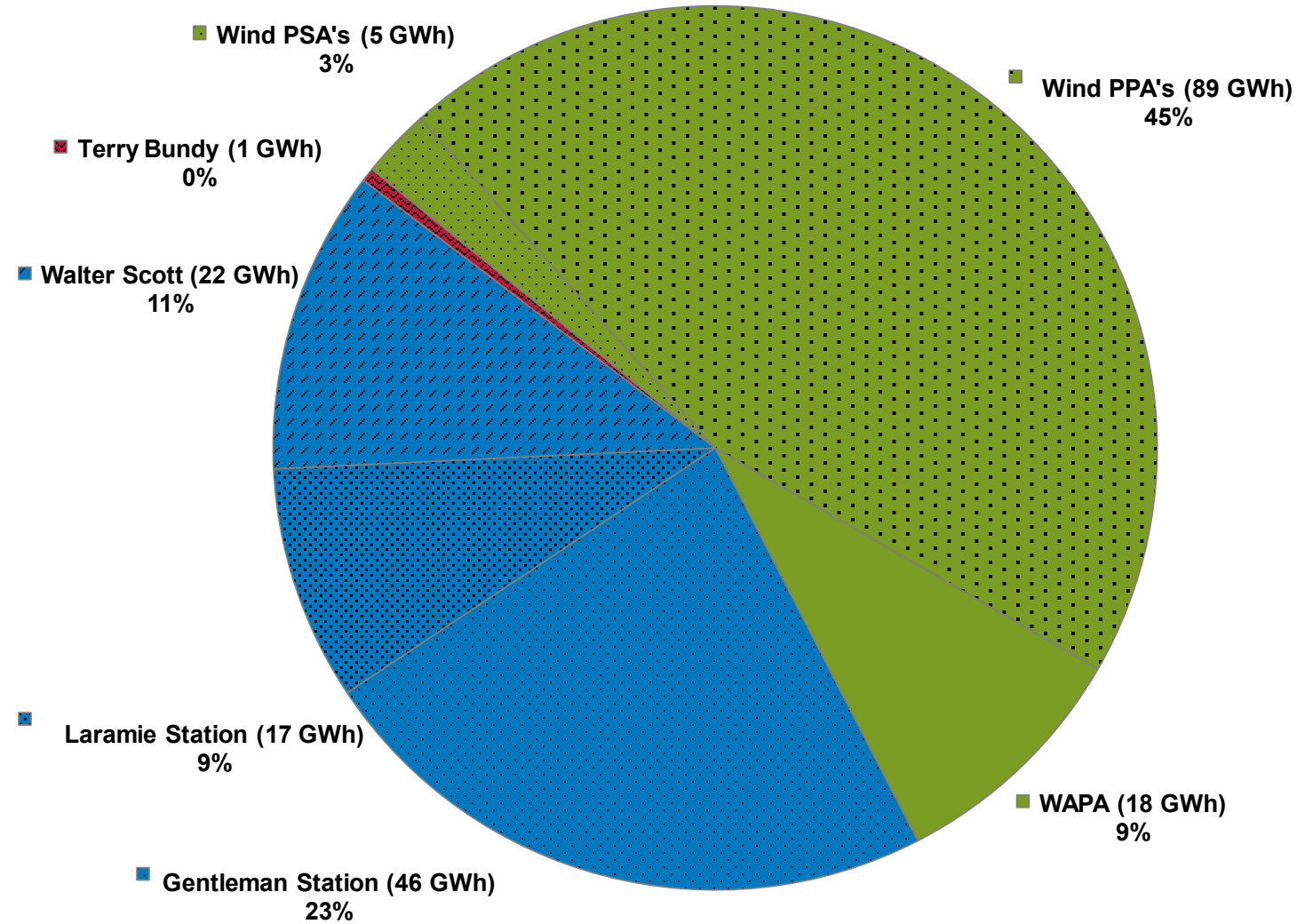
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

Energy Offered and Utilized by the SPP Integrated Marketplace (Fuel Type)



Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient. Total percentage may not add up to 100% due to rounding

Energy Utilized by the SPP Integrated Marketplace



Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient. Total percentage may not add up to 100% due to rounding

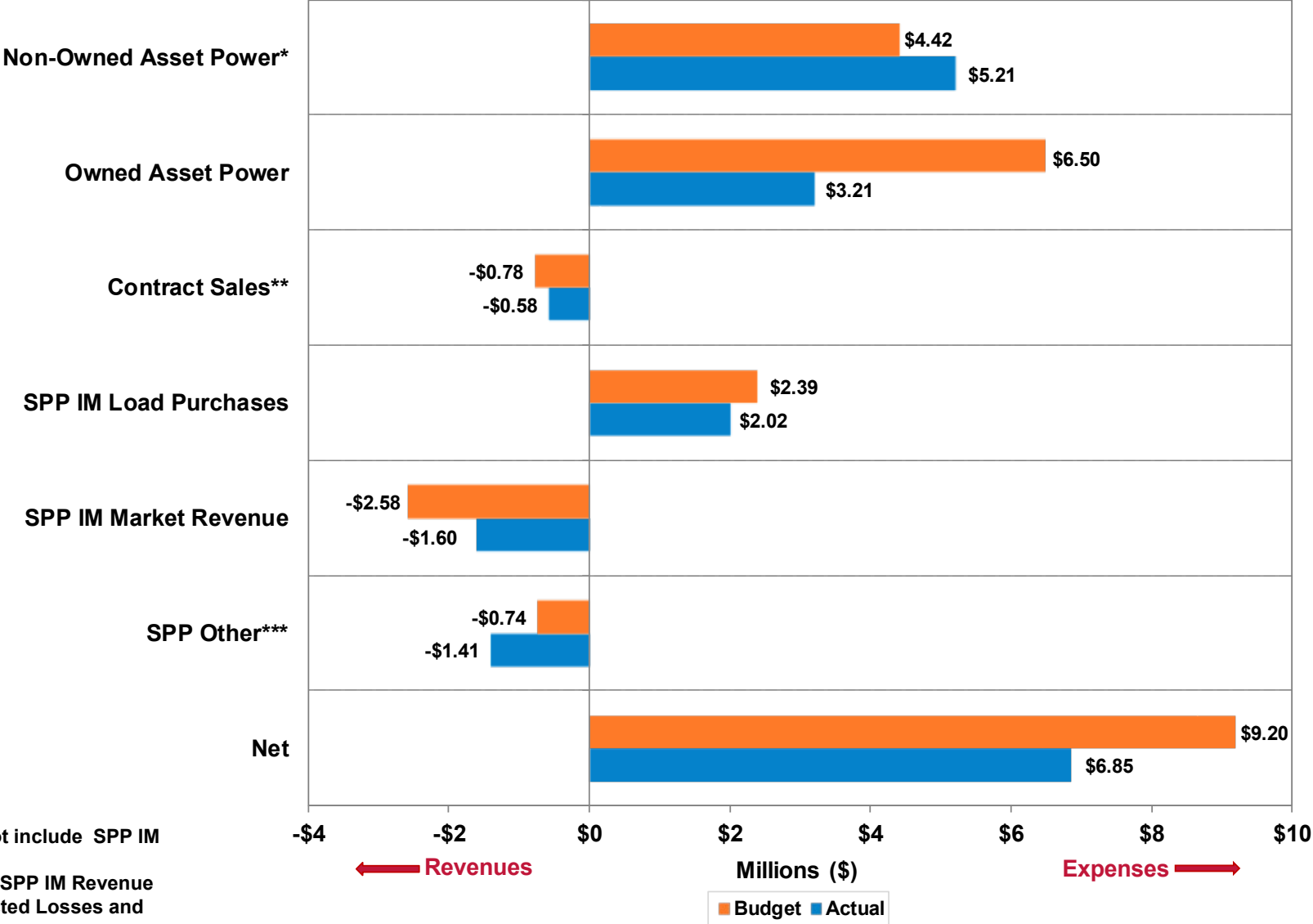
Power Supply Division 2024 March Monthly Report

April 19, 2024

Jason Fortik

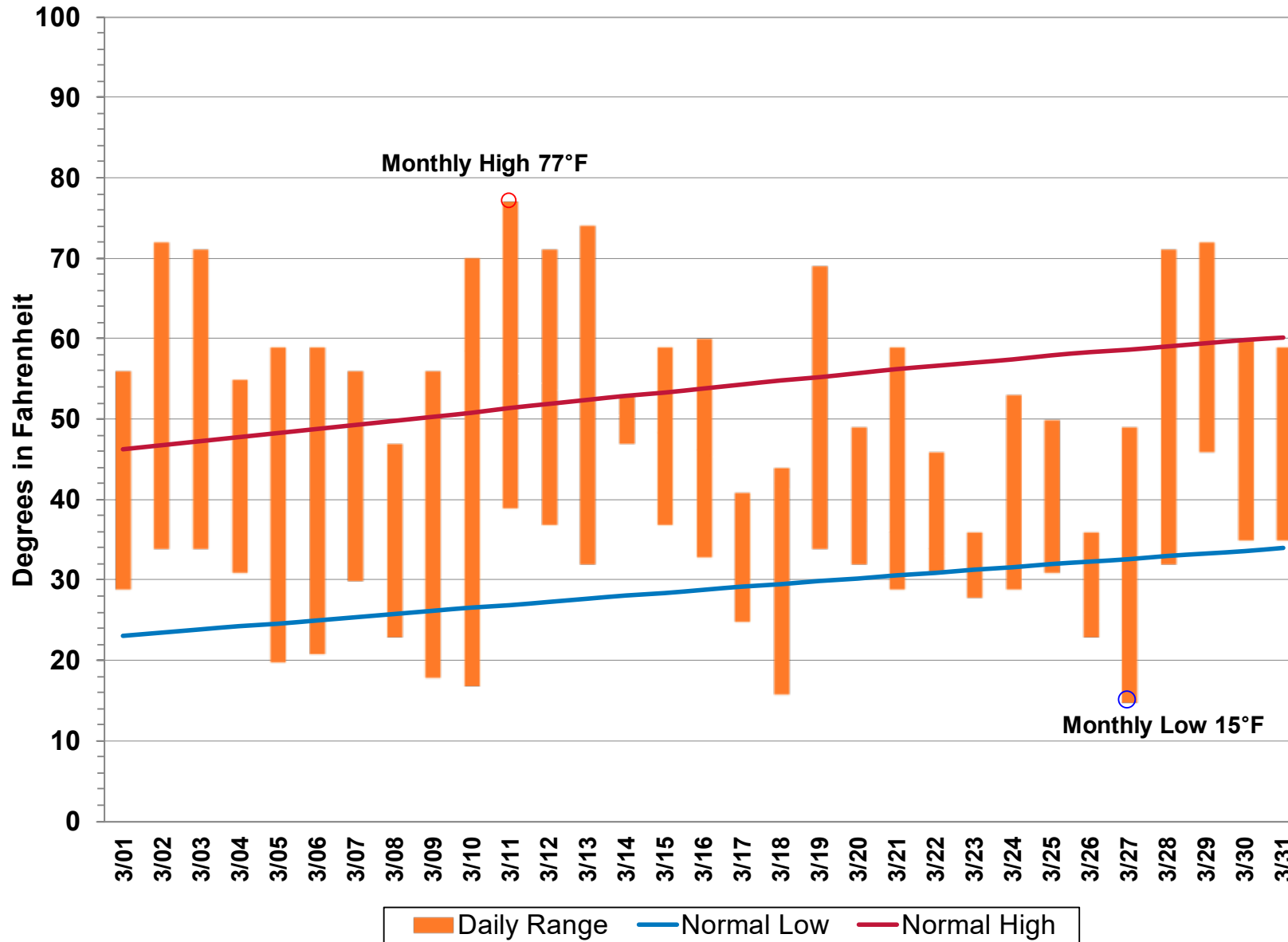
Vice President, Power Supply

Monthly Actual vs. Budget

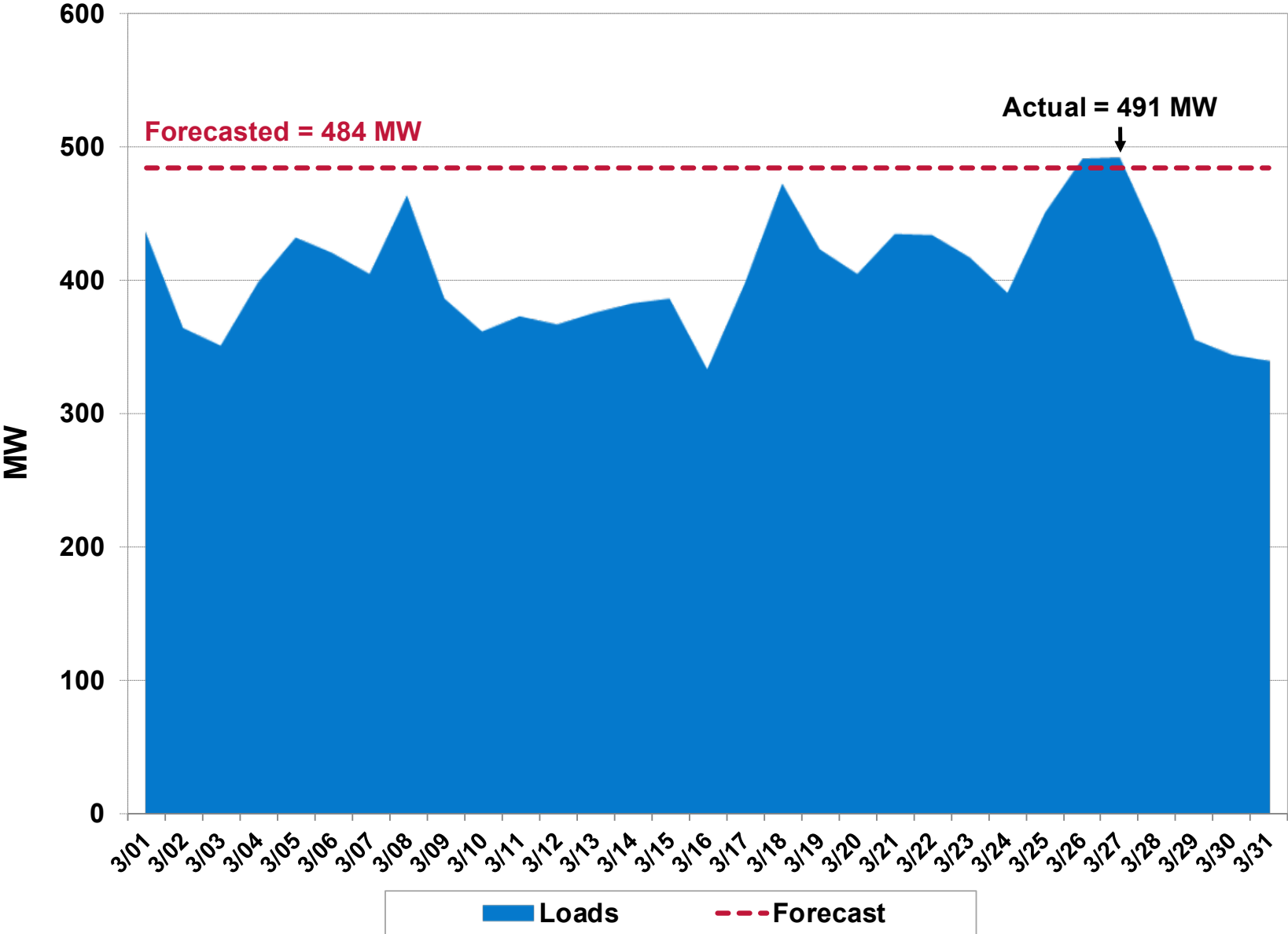


*Non-Owned Asset Power does not include SPP IM Purchased
 **Contract Sales does not include SPP IM Revenue
 ***SPP Other includes Over-Collected Losses and ARR's/TCR

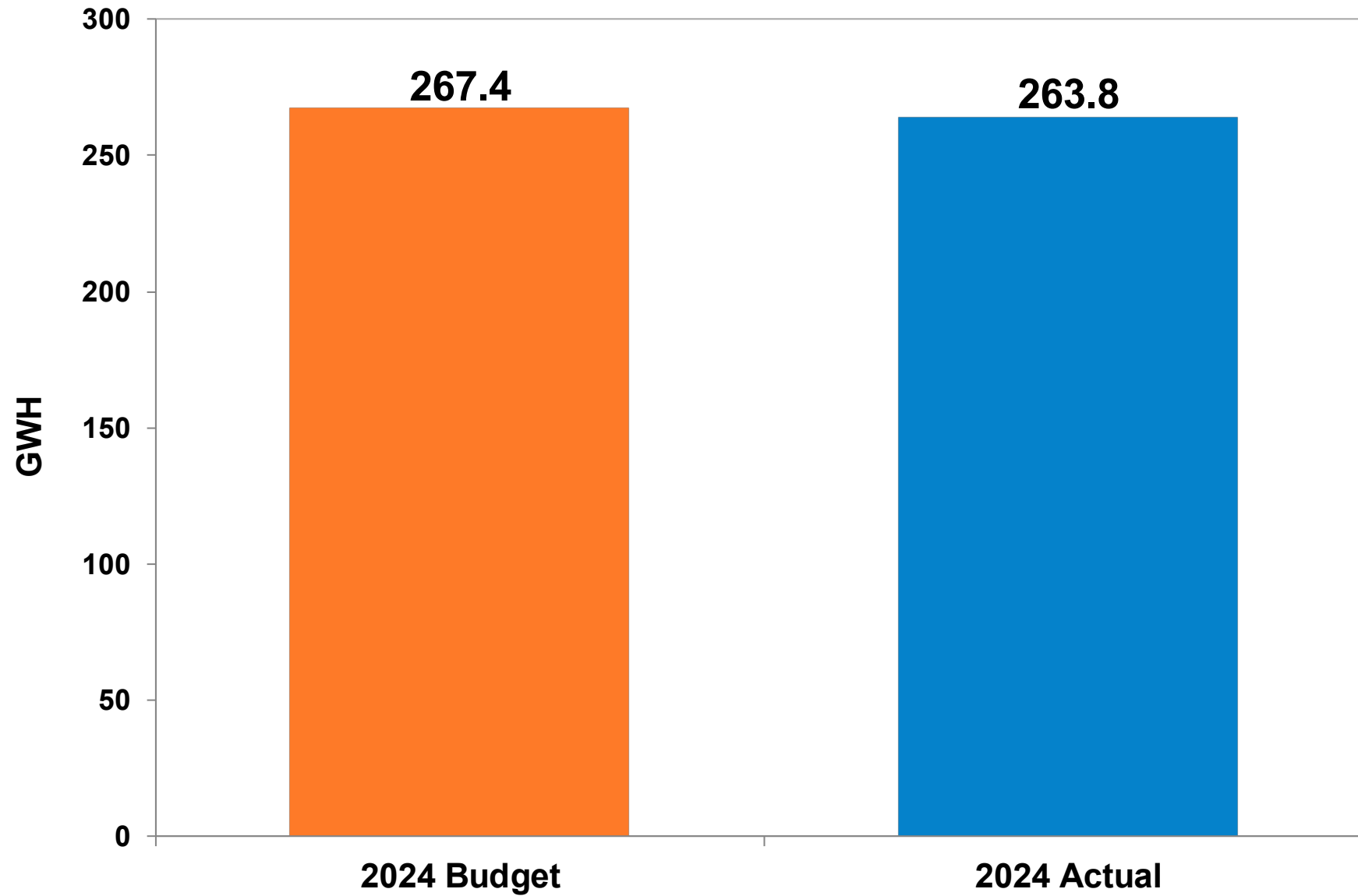
Daily Temperature Range



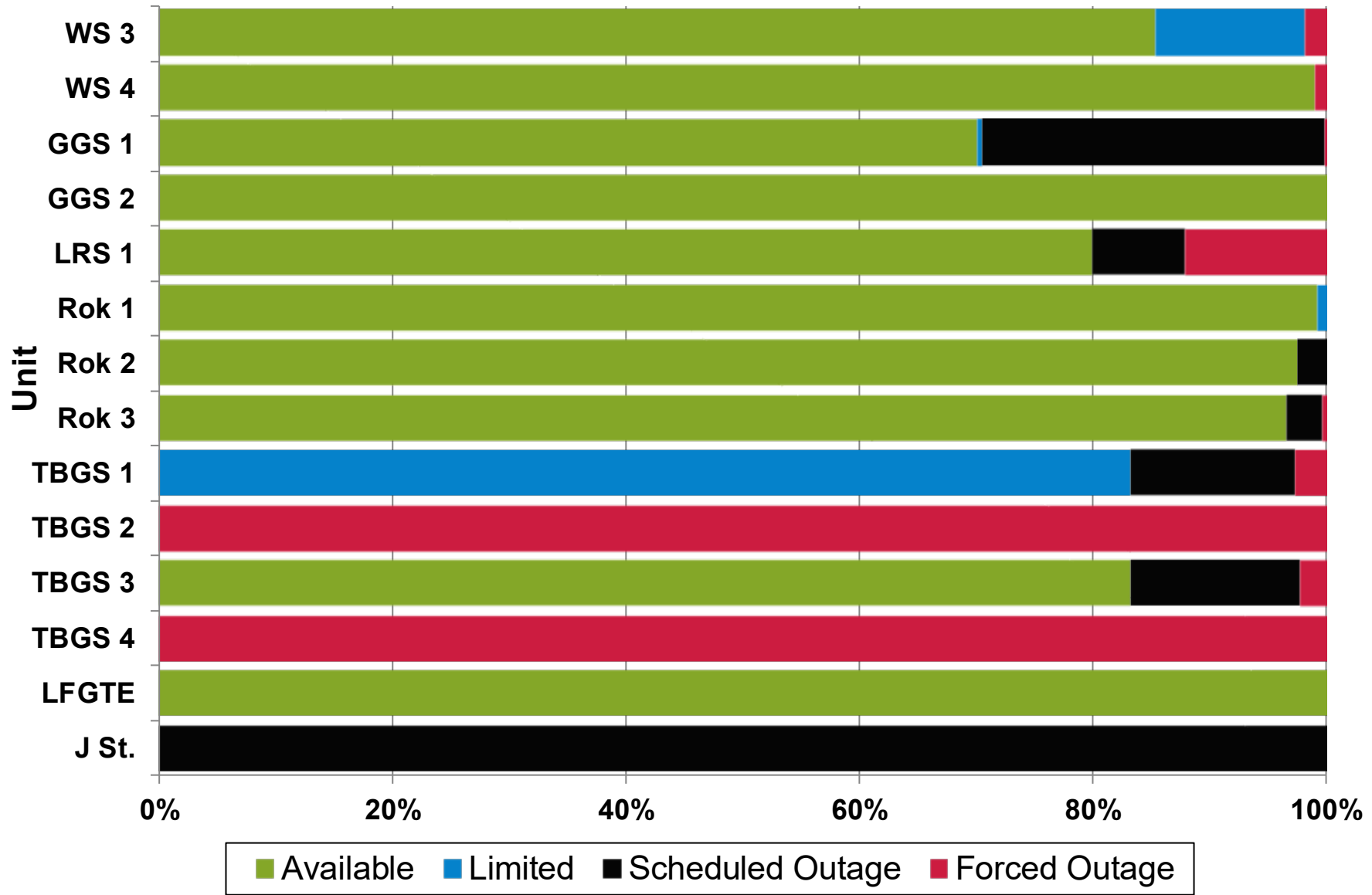
Loads



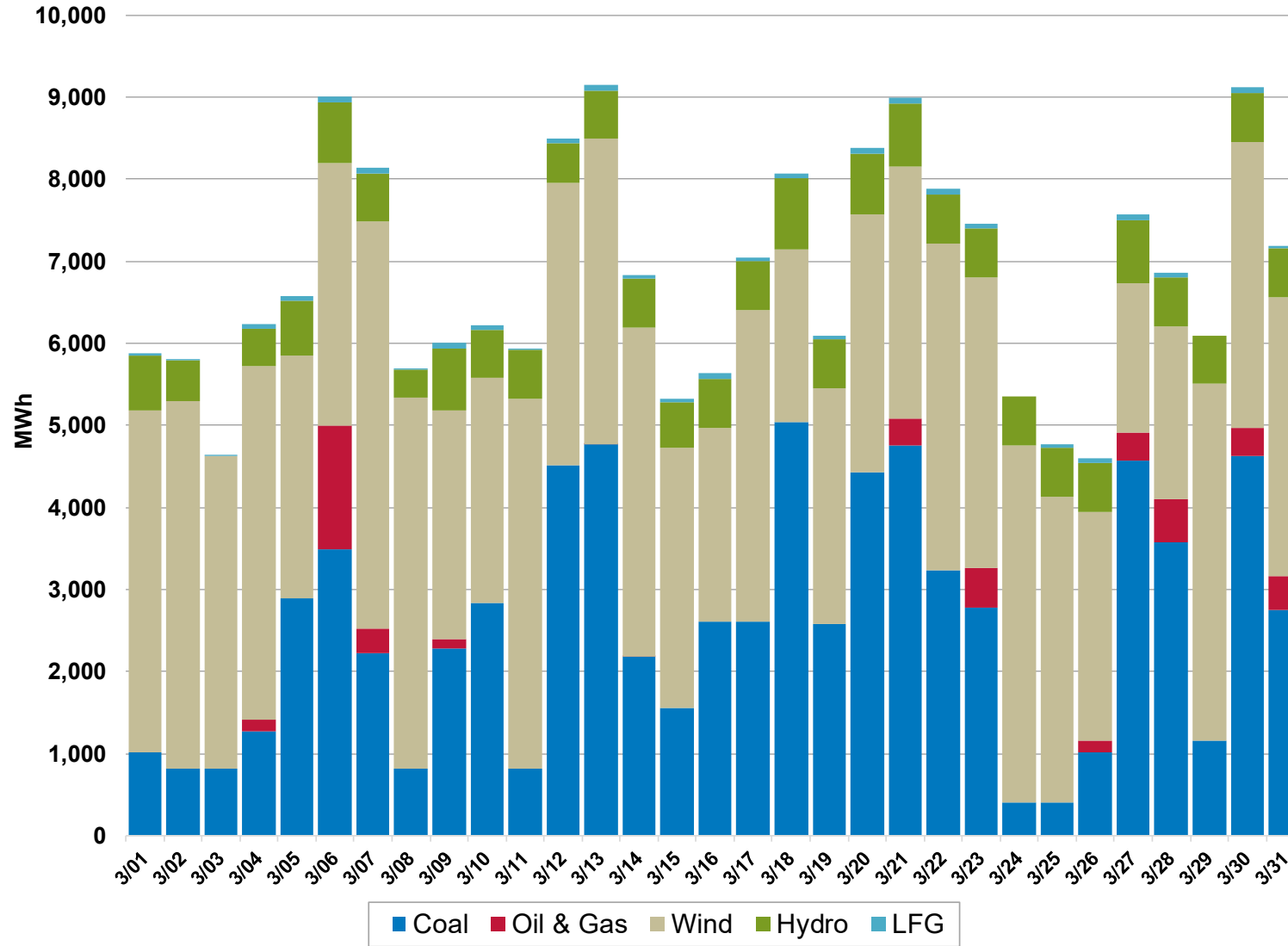
Customer Energy Consumption



Unit Equivalent Availability

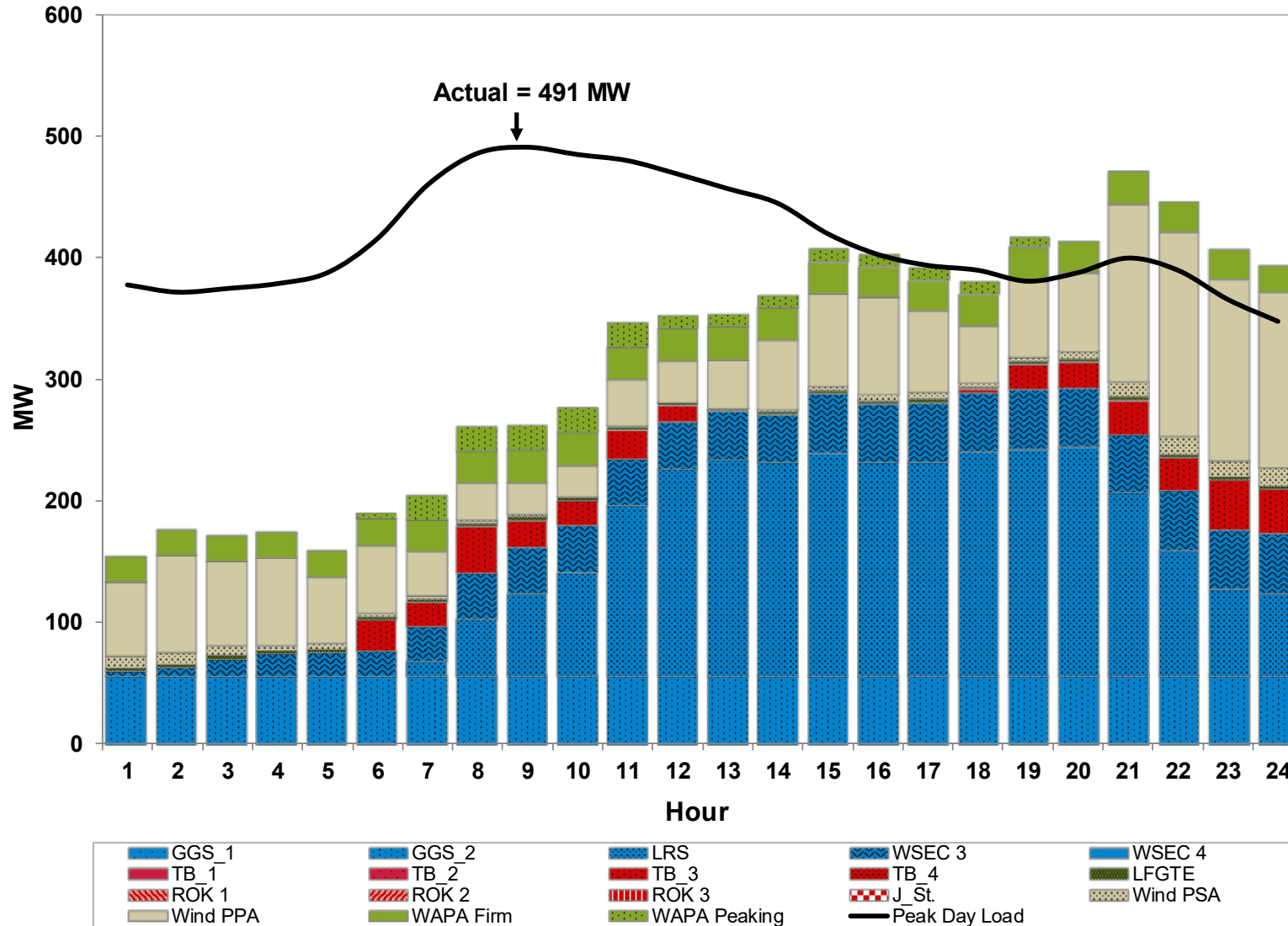


Resource Energy



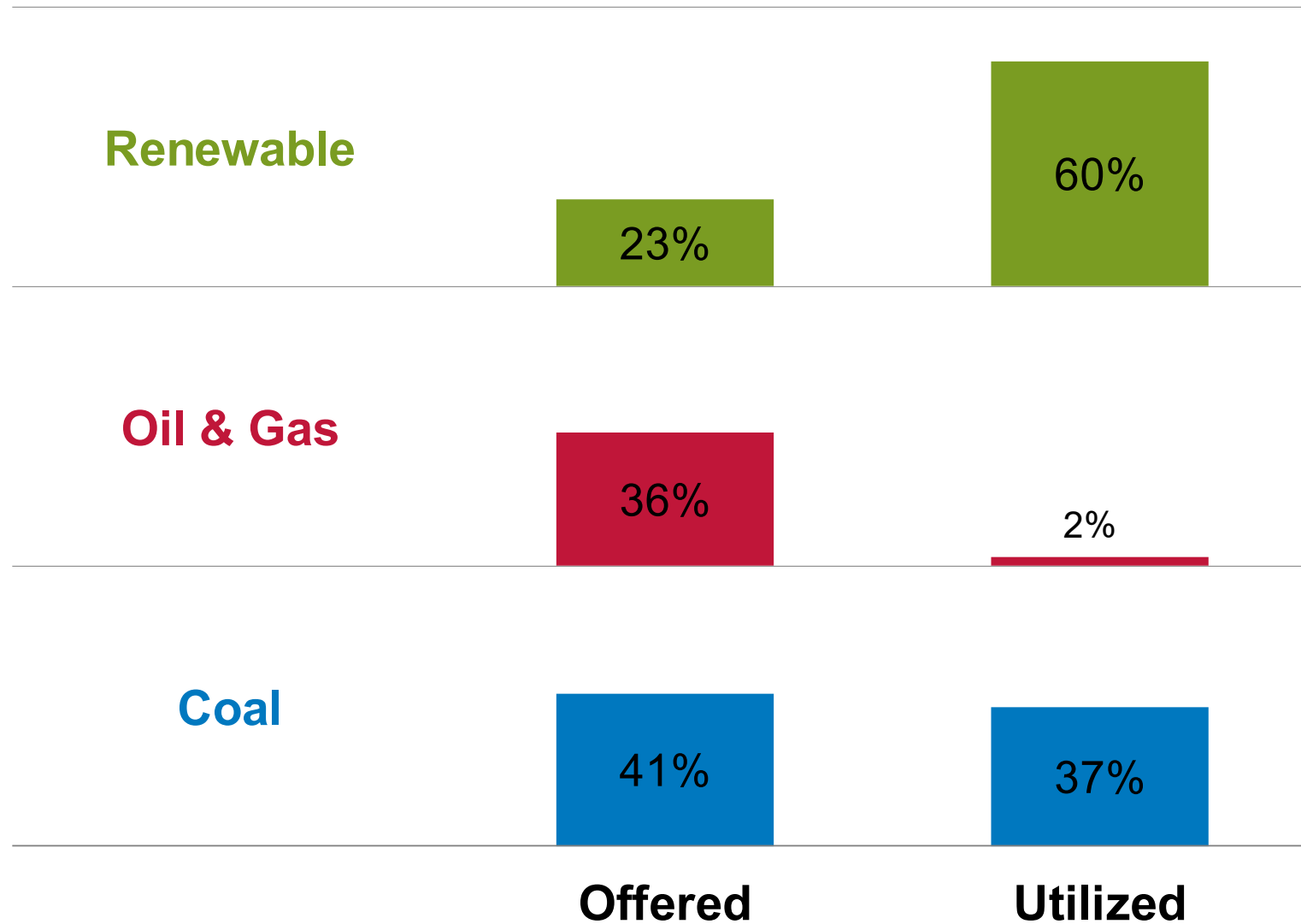
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

Peak Load Day – March 27, 2024



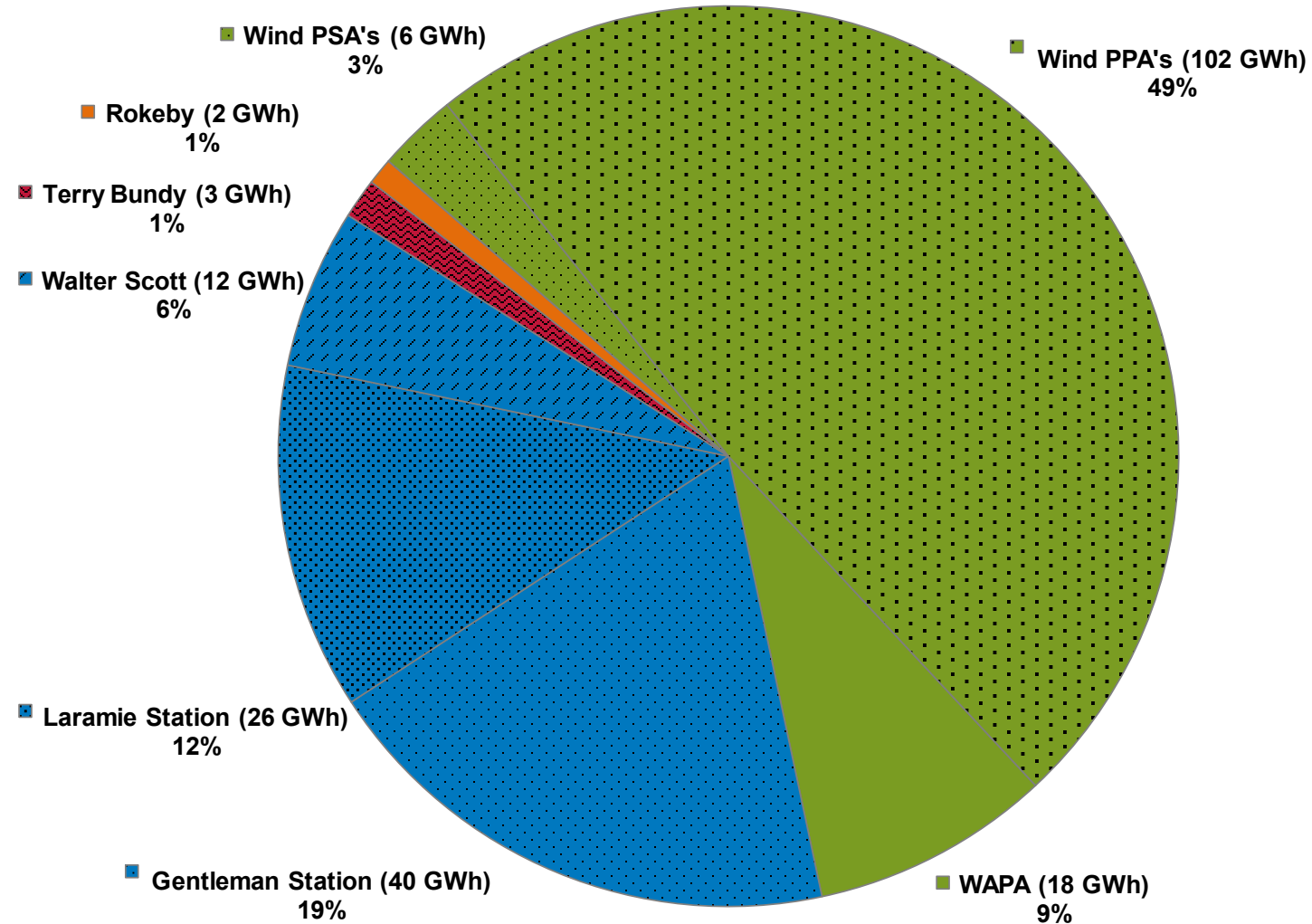
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

Energy Offered and Utilized by the SPP Integrated Marketplace (Fuel Type)



Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient. Total percentage may not add up to 100% due to rounding

Energy Utilized by the SPP Integrated Marketplace



Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient. Total percentage may not add up to 100% due to rounding