

MINUTES OF LINCOLN ELECTRIC SYSTEM ADMINISTRATIVE BOARD

Minutes of the regular meeting held at 9:30 a.m., Friday, January 20, 2023, at the Lincoln Electric System Operations Center, 9445 Rokeby Road, Lincoln, Nebraska. Public notice of today's meeting was published in the Lincoln Journal Star on January 13, 2023.

Board Members Present: Kate Bolz, Martha Durr, Carl Eskridge, Karen Griffin, Chelsea Johnson, Lucas Sabalka, Eric Schafer, David Spinar

Board Members Absent: Andrew Hunzeker

LES Staff Present: Kevin Wailes, Shelley Sahling-Zart, Emily Koenig, David Malcom, Paul Crist, Jason Fortik, Lisa Hale, Trish Owen, Travis Moore, Amber Tate, Kelley Porter, Jim Rigg, Bryan Willnerd, Benjamin Hostetler, Marc Shkolnick, Robbie Seybert, Scott Benson

Others Present: Ken Haar

News Media Present: None

David Spinar 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**
Spinar noted that LES conducts its meetings in compliance with the Nebraska Open Meetings Act and noted that copies of the Act are located with the Board Assistant Secretary.

Ken Haar updated the Board on his experience with converting his home system to a heat pump and shared a video. **Customer Comments**

Karen Griffin, Chair of the Nominating Committee, provided the Committee's recommendation for board officers for 2023. The Nominating Committee recommends the following slate of officers: **Nominating Committee Report**

Chair – Andrew Hunzeker
Vice Chair – David Spinar
Secretary – Lucas Sabalka
Assistant Secretary – Travis Moore
Alternate Assistant Secretary – Shelley Sahling-Zart

The gavel was passed to General Counsel, Shelley Sahling-Zart, to conduct the election of board officers for 2023. As previously reported, the Nominating Committee recommended the following slate of officers: **Election of Officers**

Chair – Andrew Hunzeker
Vice Chair – David Spinar
Secretary – Lucas Sabalka
Assistant Secretary – Travis Moore
Alternate Assistant Secretary – Shelley Sahling-Zart

Sahling-Zart opened the floor for other nominations. Hearing none, Carl Eskridge moved nominations close, and the nominated slate of officers be elected. Karen Griffin seconded the motion. The vote to elect the nominated slate of officers for 2023 was:

Aye: Kate Bolz, Martha Durr, Carl Eskridge, Karen Griffin, Chelsea Johnson, Lucas Sabalka, Eric Schafer, David Spinar

Nay: None

Absent: Andrew Hunzeker

The gavel was passed to Vice Chair David Spinar, who conducted the remainder of the meeting.

Vice Chair David Spinar asked for approval of the December 16, 2022, meeting minutes. Carl Eskridge moved their approval. Karen Griffin seconded the motion. The vote for approval of the minutes was: **Approval of Minutes**

Aye: Kate Bolz, Martha Durr, Carl Eskridge, Karen Griffin, Chelsea Johnson, Lucas Sabalka, Eric Schafer, David Spinar

Nay: None

Absent: Andrew Hunzeker

Vice Chair David Spinar presented LES Resolution 2023-1, recognizing Layne Sup's service on the LES Administrative Board. (Exhibit I) Lucas Sabalka moved the adoption of LES Resolution 2023-1. Karen Griffin seconded the motion. The vote for approval of the resolution was: **Recognition of Layne Sup – LES Resolution 2023-1**

Aye: Kate Bolz, Martha Durr, Carl Eskridge, Karen Griffin, Chelsea Johnson, Lucas Sabalka, Eric Schafer, David Spinar

Nay: None

Absent: Andrew Hunzeker

Vice Chair David Spinar presented LES Resolution 2023-2, recognizing DaNay Kalkowski for her service on the LES Administrative Board. (Exhibit II) Lucas Sabalka moved the adoption of LES Resolution 2023-2. Carl Eskridge seconded the motion. The vote for approval of the resolution was: **Recognition of DaNay Kalkowski – LES Resolution 2023-2**

Aye: Kate Bolz, Martha Durr, Carl Eskridge, Karen Griffin, Chelsea Johnson, Lucas Sabalka, Eric Schafer, David Spinar

Nay: None

Absent: Andrew Hunzeker

David Spinar, Chair of the Budget & Rates Committee, reported on joint discussions of the Personnel & Organization regarding the evolving economic market/labor market fluctuations. (Exhibit III)

**Personnel & Organization/
Budget & Rates Committee
Report**

Shelley Sahling-Zart, Vice President & General Counsel, provided a report on state legislative matters. The Legislature convened on January 4, 2023, for a 90-day session scheduled to adjourn on June 9, 2023. The final day for bill introduction was January 18, 2023, and a total of 812 bills have been introduced. Speaker John Arch has scheduled all-day hearings to begin on January 30, 2023 and will conclude on February 10, 2023.

2023 Legislative Report

Sahling-Zart noted that staff is working quickly to read and analyze the bills of impact to LES. The Board's Legislation and Governmental Affairs Committee will meet with staff in the coming week to review all bills of impact and the positions LES will take on those bills.

Bryan Willnerd, Manager, Treasury and Risk Management, provided a review of LES' semi-annual claims. (Exhibit IV) He reviewed changes to LES Policies 511 and 101, which increased the monetary amount of legal settlements and property claims that can be approved by the CEO and Executive Committee to \$25,000.

**Review of Six-Month
Property Damage Claims**

Willnerd reported on claims submitted to LES from customers between July 1 and December 31, 2022. Of the claims submitted, none exceeded \$25,000, which would require ratification by the LES Administrative Board. A total of four claims were paid in 2022, equaling \$10,826.

Bryan Willnerd, Manager, Treasury and Risk Management, discussed LES' Enterprise Risk Management (ERM) program. (Exhibit V) ERM is a company-wide effort to identify, assess, and mitigate risks at LES to ensure the strategic objectives of LES are met.

**2022 Enterprise Risk
Management Program
Update**

Willnerd highlighted goals that were achieved in 2022 and mentioned that LES updated the ERM structure, process, and form to enhance value to the organization based on an internal review of strengths and areas of improvement. All current risks

will be reviewed in 2023 in the new ERM format.

Marc Shkolnick, Manager, Energy Services, gave the 2022 Year-End Report for the Sustainable Energy Program (SEP). (Exhibit VI) According to the report, LES exceeded the peak demand target and saw a record number of enrollments in the Peak Rewards program. LES continues to collaborate with community partners to assist energy-burdened customers.

Report on 2022 Sustainability Energy Program (SEP) and 2023 SEP

Shkolnick also discussed SEP plans for 2023. Incentives and federal minimums for heat pumps and air conditioners will be increased. Additionally, a federal tax credit of 30 percent up to \$1,200 will be offered for heat pumps and heat pump water heaters. A \$600 tax credit is available for other qualifying energy-efficient equipment.

Shkolnick concluded by announcing plans for a 2023 EV Ride & Drive event.

Kelley Porter, Manager, Customer & Corporate Communications, presented an end-of-year summary highlighting LES' accomplishments over the last 12 months. (Exhibit VII)

2022 Year-End Summary

Kevin Wailes, CEO, provided an update on the LES Reel & Transformer building, including a brief time-lapse video.

Miscellaneous Information

The next regular meeting of the LES Administrative Board will be Friday, February 17, 2023, at 9:30 a.m.

Next Meeting

Without further business before the Board, Vice Chair Spinar declared the meeting adjourned at approximately 11:38 a.m.

Adjournment

Lucas Sabalka, Secretary

BY: S/Travis Moore
Travis Moore
Assistant Secretary

Exhibit I



Lincoln Electric System

LES RESOLUTION 2023-1

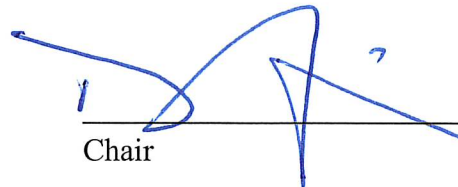
WHEREAS, Layne Sup invested his personal and professional time for nine years to fulfill the complex responsibilities as a member of the Lincoln Electric System (LES) Administrative Board;

WHEREAS, Layne Sup served on the Finance & Audit Committee 2014-2022, chairing the Committee in 2017 and 2020-2022; Budget & Rates Committee 2016, 2018-2019; Operations & Power Supply Committee 2017-2022; Communications & Customer Services Committee 2014-2015, 2018-2019; Legislation & Governmental Affairs Committee, 2018-2022; Executive Committee from 2017-2020; and serving as Vice Chair of the LES Administrative Board 2017, and Chair of the LES Administrative Board 2018-2019; and Layne served as the LES representative on the DEC Board of Directors 2020-2022; and

WHEREAS, Layne Sup's contributions to the entire community, to LES, its Administrative Board, and its personnel are recorded in the transactions of the LES Administrative Board.

NOW, THEREFORE, BE IT RESOLVED, that the members of the LES Administrative Board do hereby publicly recognize and express their appreciation to Layne Sup for his many contributions and involvement for the betterment of LES and the community.

BE IT FURTHER RESOLVED, that copies of the Resolution merit the attention of the Mayor of the City of Lincoln, members of the Lincoln City Council, and all who supported Layne Sup's participation and responsibilities in and on behalf of the LES Administrative Board and the citizens of the community.



Chair

Adopted: 1-20-2023

Exhibit II



Lincoln Electric System

LES RESOLUTION 2023-2

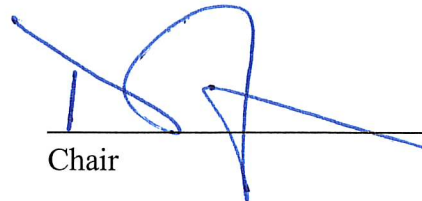
WHEREAS, DaNay Kalkowski invested her personal and professional time for six years to fulfill the complex responsibilities as a member of the Lincoln Electric System (LES) Administrative Board;

WHEREAS, DaNay Kalkowski served on the Finance & Audit Committee 2021-2022; Budget & Rates Committee 2018-2022, chairing the Committee in 2019-2020; Operations & Power Supply Committee 2019-2022; Communications & Customer Services Committee 2017-2018 and 2021-2022, chairing the Committee in 2017-2018; Personnel & Organization Committee, 2017 and 2021-2022; Legislation & Governmental Affairs Committee, 2021-2022 and the Executive Committee, 2018-2022; Labor Negotiations 2018-2022 and serving as Secretary of the LES Administrative Board in 2018 and Vice Chair of the LES Administrative Board 2019-2020, and Chair of the LES Administrative Board 2021-2022; and

WHEREAS, DaNay Kalkowski's contributions to the entire community, to LES, its Administrative Board, and its personnel are recorded in the transactions of the LES Administrative Board.

NOW, THEREFORE, BE IT RESOLVED, that the members of the LES Administrative Board do hereby publicly recognize and express their appreciation to DaNay Kalkowski for her many contributions and involvement for the betterment of LES and the community.

BE IT FURTHER RESOLVED, that copies of the Resolution merit the attention of the Mayor of the City of Lincoln, members of the Lincoln City Council, and all who supported DaNay Kalkowski's participation and responsibilities in and on behalf of the LES Administrative Board and the citizens of the community.



Chair

Adopted: 1-26-2023

Exhibit III




**Budget & Rates Committee
Personnel & Organization Committee
January 12, 2023
Virtual Team Meeting**

1. Discussion of Evolving Economic Markets/Labor Market Fluctuations (Wailes-Seybert)

- The P & O Committee and Budget & Rates committee held a meeting on Thursday, January 12th to discuss the evolving economic market and the continuing fluctuations in the current labor market.
- LES has a long history of offering a competitive compensation package and it has strived to be an employer of choice. The high levels of uncertainty and fluctuations in the current labor market prompted us to review the additional impacts of sustained levels of inflation and challenging job market trends.
- With those factors in mind, effective February 1, 2023, we are implementing a 2.5% off-cycle salary increase for all non-union LES employees. Since we are currently in active union negotiations and several proposals, including compensation, are being discussed this increase is only applicable to non-union employees at this time. We look forward to working with the union(s) to provide an excellent compensation package for union workers so that we can continue to recruit and retain talented employees.
- The salary increase for non-union employees will be reflected in the February 25th paycheck. This action is separate from the upcoming annual merit adjustments effective May 1, 2023. We feel these adjustments are prudent to align our compensation plan with the market as we continue to analyze and innovate to meet the needs of our dedicated workforce.

Exhibit IV



LES Semi-Annual Claims Review

July 1 – December 31, 2022

Bryan Willnerd | LES
Manager, Treasury & Risk Management

LES Administration Board | January 20, 2023

Claims Processing Updates

- Revised Policies 511 and 101
 - Increased the monetary amount of legal settlements and property claims that can be approved by the CEO and Executive Committee to \$25,000
- Financial Services is working with Energy Delivery to update customer forms.
 - Increased Clarity
 - Fewer future claims

2022 Paid Claims Trending Activity

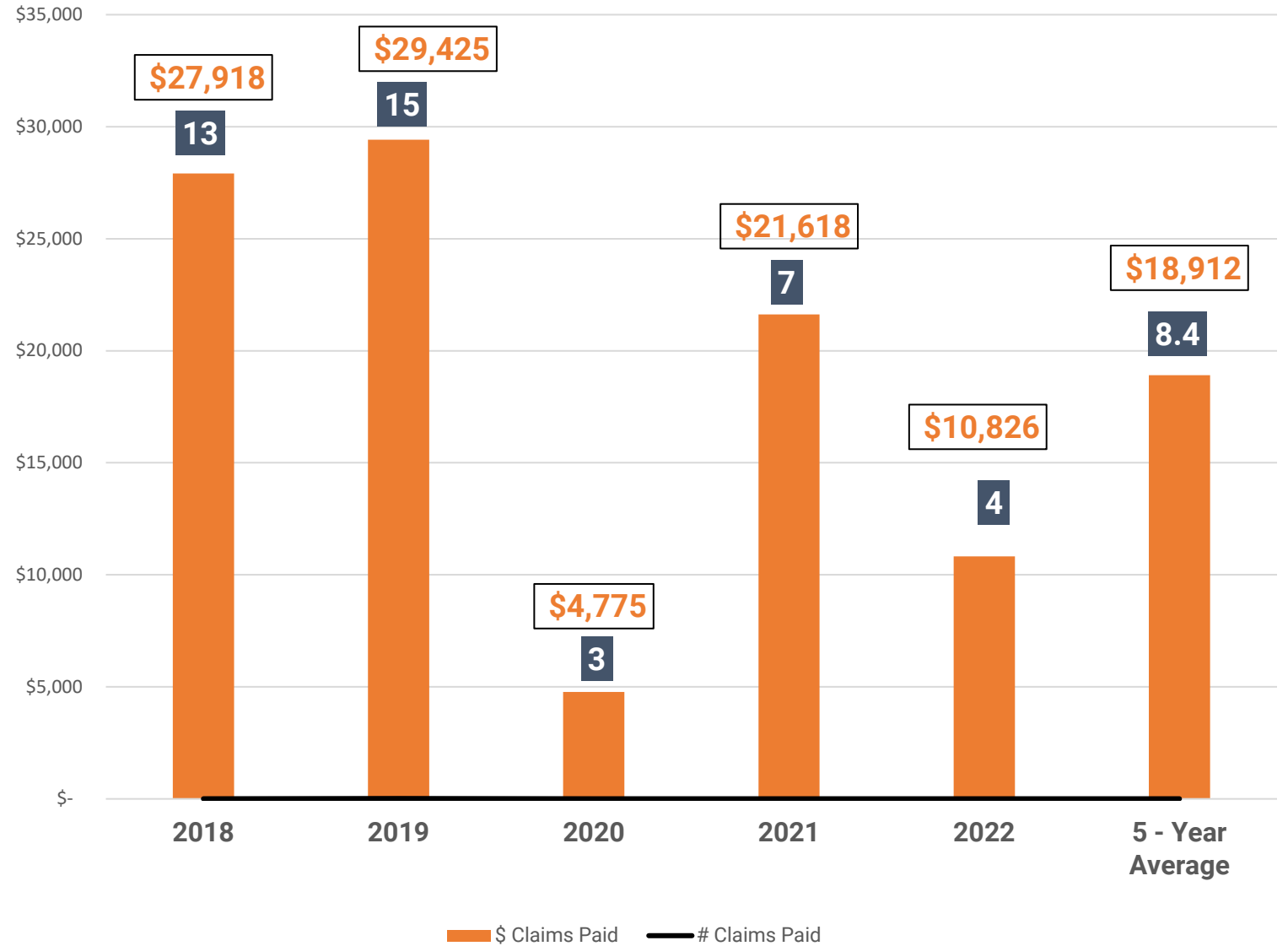
Board Approval

- There were no claims greater than \$25k settled in the last six months of 2022 requiring Board ratification.

Paid Claims

- There were four claims paid in 2022 totaling \$10,826
- \$4,200 to replace trees that were improperly removed
- \$5,280 paid after contractor failed to settle with the claimant

Claims Paid



2022 Denied Claims Trending Activity

- \$3,100 claimed in damages to an AC unit
- \$1,253 claimed in damages to utility lines
- \$111 claimed in damages caused by contractors
- Claims denied in the first half of 2022 totaled \$41,655

Claims Denied

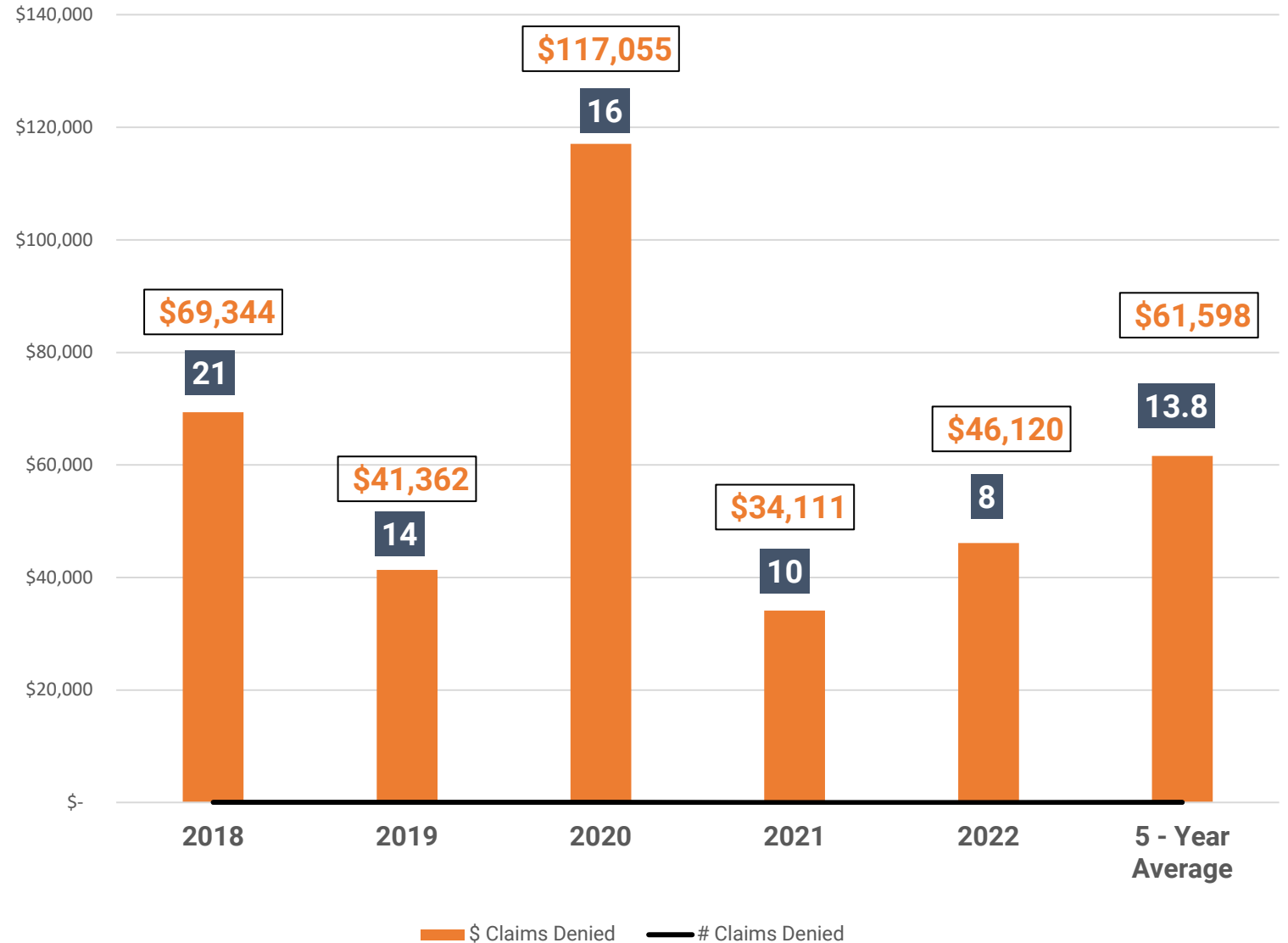


Exhibit V

2022 LES Enterprise Risk Management Status Report

Bryan Willnerd - Manager, Treasury & Risk Management
LES Administrative Board Meeting
January 20, 2023


Enterprise Risk Management Structure



A Follow-Up On Our 2022 ERM Goals

- Onboard new Analyst to provide additional support
- Finalize Epidemic/Pandemic Risk
- Complete a property tabletop exercise at the Rokeby generating facility
- Research ERM tools to better assess, manage, and report risks
- Review the ERM Program to bring additional value to LES's strategic objectives

Modified the Risk Assessment Form

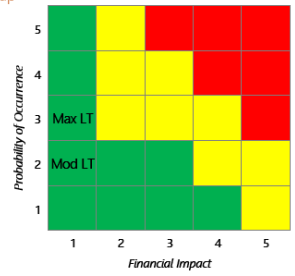

Risk Summary – Financial Stability

General Information

Risk Title	Financial Stability
Risk Category	Financial
Subject Matter Expert	Emily Koenig (FS), Bryan Willnerd (FS)
Board Committee	Budget & Rates, Finance & Audit
Key Risk Indicator¹	Projected Debt Service Coverage, Projected Days Cash on Hand, Lack of Support from Governing Bodies, Concerns Expressed by Bond Rating Agencies

Risk Description
LES' financial health is managed and monitored through established targets, such as debt service coverage, days cash on hand, debt equity ratio, net debt ratio, and available capacity from short-term borrowing facilities. LES' inability to maintain appropriate financial metrics could result in losing its AA bond rating or experiencing other financial challenges. LES' strong AA bond rating allows LES to borrow funds at lower interest rates and have easier access to borrowings, resulting in lower electric rates.

Heat Map²



Risk Scenarios³ *(Describe how this could occur at 3 levels of financial impact)*

Minimum	LES ends the year with financial metrics slightly missing targets with no long-term expected impact and minimum impact on future rates. No concerns expressed internally or by the governing board or external parties.
Moderate	A moderate change in customer concentration results in uncertainty surrounding LES financial metrics and interpretation by the bond rating agencies. While extensive pre-planning was completed, unforeseen events resulted in unknown financial impacts. Additional mitigation strategies are required.
Maximum	A significant change in customer concentration results in a one or two notch downgrade by the bond rating agencies in the longer-term. This downgrade results in higher financing costs (if there are any financings) during this timeframe.


Risk Rankings

Moderate Scenario	Short-Term (0-12 Months)	Longer-Term (12-36 Months)
Financial Impact	N/A	1: < \$2.5M
Probability	N/A	2: Unlikely (10%-39%)
Ranking	N/A	Low

Maximum Scenario	Short-Term (0-12 Months)	Longer-Term (12-36 Months)
Financial Impact	N/A	1: < \$2.5M
Probability	N/A	3: Possible (40%-59%)
Ranking	N/A	Low

¹ Metrics that provide early signals of changes to risk exposures. (see additional info on the back).
² Risk rankings with N/A are not plotted on the heat map.
³ Specific events used to determine risk rankings.

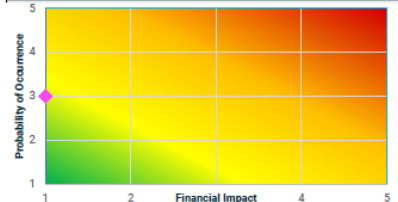



Risk Summary - Financial Stability

Risk Title:	Financial Stability
Risk Category:	Financial
Executive:	Emily Koenig
Risk Owner:	Wade Leibbrandt
Subject Matter Expert(s):	Nathan Waiters, Joe Cocklin
Committee Oversight:	Finance & Audit
Applicable Policy:	Policy 520, Policy 510
Risk Definition:	LES is unable to meet financial obligations and/or misstatements of financial information occur.
Key Risk Indicators	Material Variances from Budget, Material Variances from Planned Revenues and Energy Sales
Last Reviewed	September 2022

Risk Assessment		Risk Event
Financial Impact ^①	1 ~\$1M	
Probability of Occurrence ^②	3 Possible (21% - 80%)	
Ranking	Minimal	
Controls Assessment ^③	5: Excellent	
Mitigation Assessment ^④	4: Robust	

Risk Visualization



Page Definitions

^① Financial Impact - Monetary impact to LES net of all controls and mitigation strategies.
1. (<\$1M) 2. (\$1M-\$2.5M) 3. (\$2.5M-\$10M) 4. (\$10M-\$20M) 5. (>\$20M)

^② Probability of Occurrence - Likelihood of occurrence net of all controls and mitigation strategies.
1. (<5%) 2. (6% - 20%) 3. (21% - 80%) 4. (81% - 95%) 5. (>95%)

^③ Controls Assessment - Overall assessment of the controls that LES has in place.
1. None 2. Limited 3. Sufficient 4. Robust 5. Excellent

^④ Mitigation Assessment - Overall assessment of the mitigation strategies that LES has in place.
1. None 2. Limited 3. Sufficient 4. Robust 5. Excellent

Enhanced Heat Map Parameters

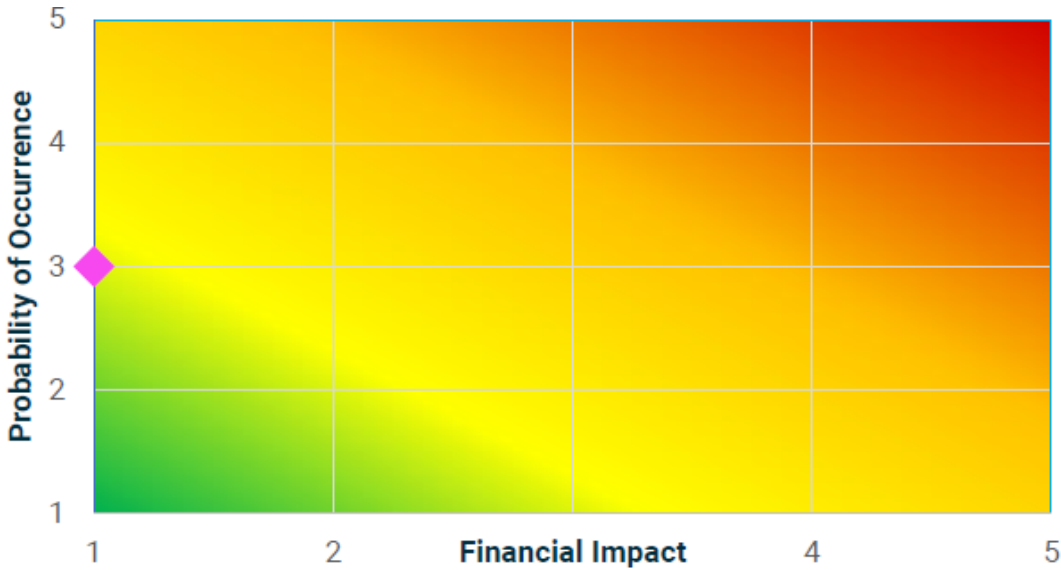
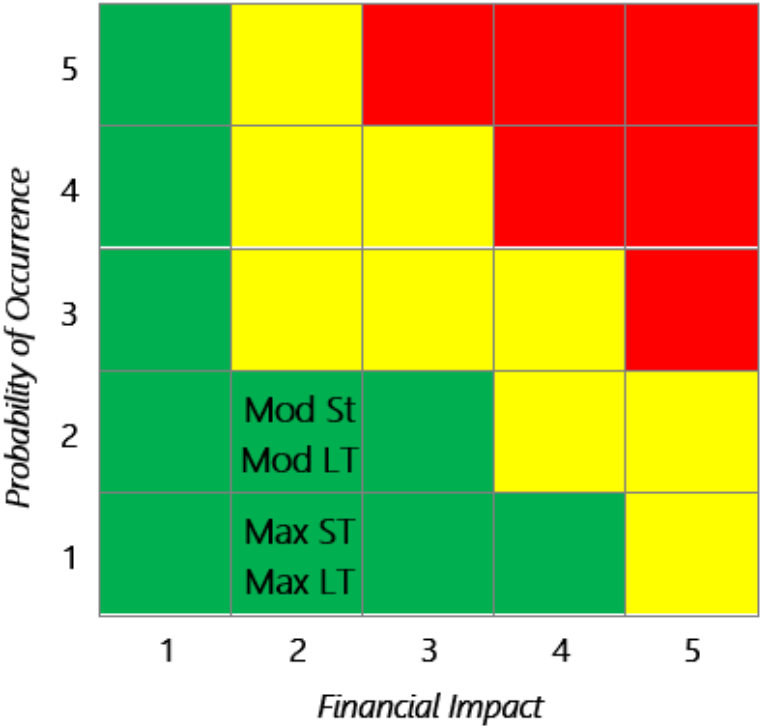
Financial Impact

	<u>Previous</u>	<u>New</u>
1	<\$2.5M	<\$1M
2	\$2.5 - \$5M	\$1M - \$2.5M
3	\$5M - \$7.5M	\$2.5M - \$10M
4	\$7.5M - \$10M	\$10M - \$20M
5	>\$10M	>\$20M

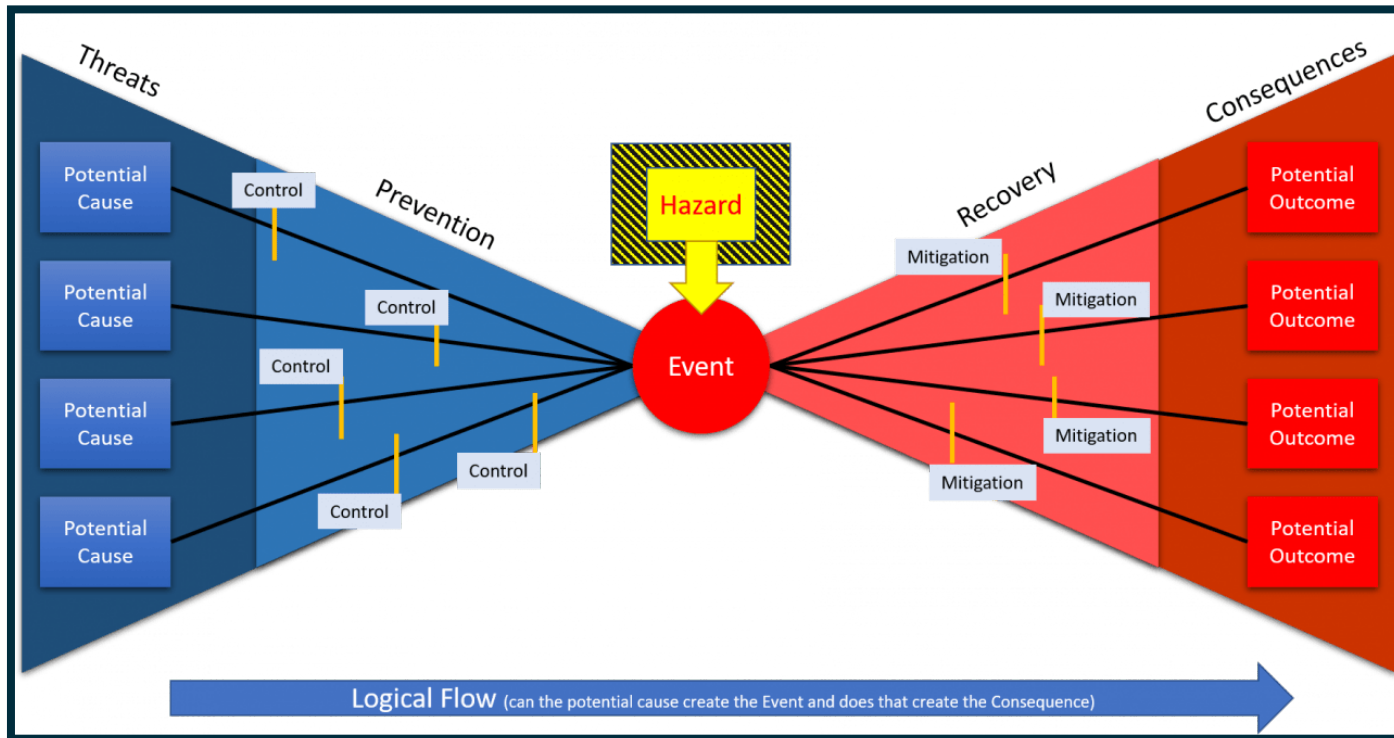
Probability of Occurrence

	<u>Previous</u>	<u>New</u>
1	<9%	<5%
2	10% - 39%	6% - 20%
3	40% - 59%	21% - 80%
4	60% - 80%	81% - 95%
5	>80%	>95%

Enhanced Heat Map Parameters



Bow-Tie Risk Assessment Concept



Source: <https://www.manycaps.com/blog/8-steps-to-bow-tie-analysis.html>

Logical flow to risk assessments

Identify methods used in both "pre" and "post" event

Provides a more holistic view of each ERM risk

2022 Financial Risks Reviewed

Financial Stability



Load Forecasting & Rate Structures

Impact the Financial Health of LES

- Material variances in either load forecasts or the budget can lead to financial instability

Share numerous Controls and Mitigation Strategies

- Utilizing a detailed budget
- Draw from the Rate Stabilization Fund

Financial Stability



2023 Goals & Objectives

- Evaluate additional changes to the risk structure and process
- Determine the role of the Risk Management Committee
- Update Corporate Documents
- Review all ERM Risks
- Finalize the Climate Risk in Q1 2023
- Research available ERM Tools

Exhibit VI

LES Sustainable Energy Program 2022 Year-End Report

Marc Shkolnick
Manager, Energy Services

January 20, 2023

2022 SEP Headlines



Exceeded Peak Demand
Reduction Target



Record Number of
Peak Reward Enrollments



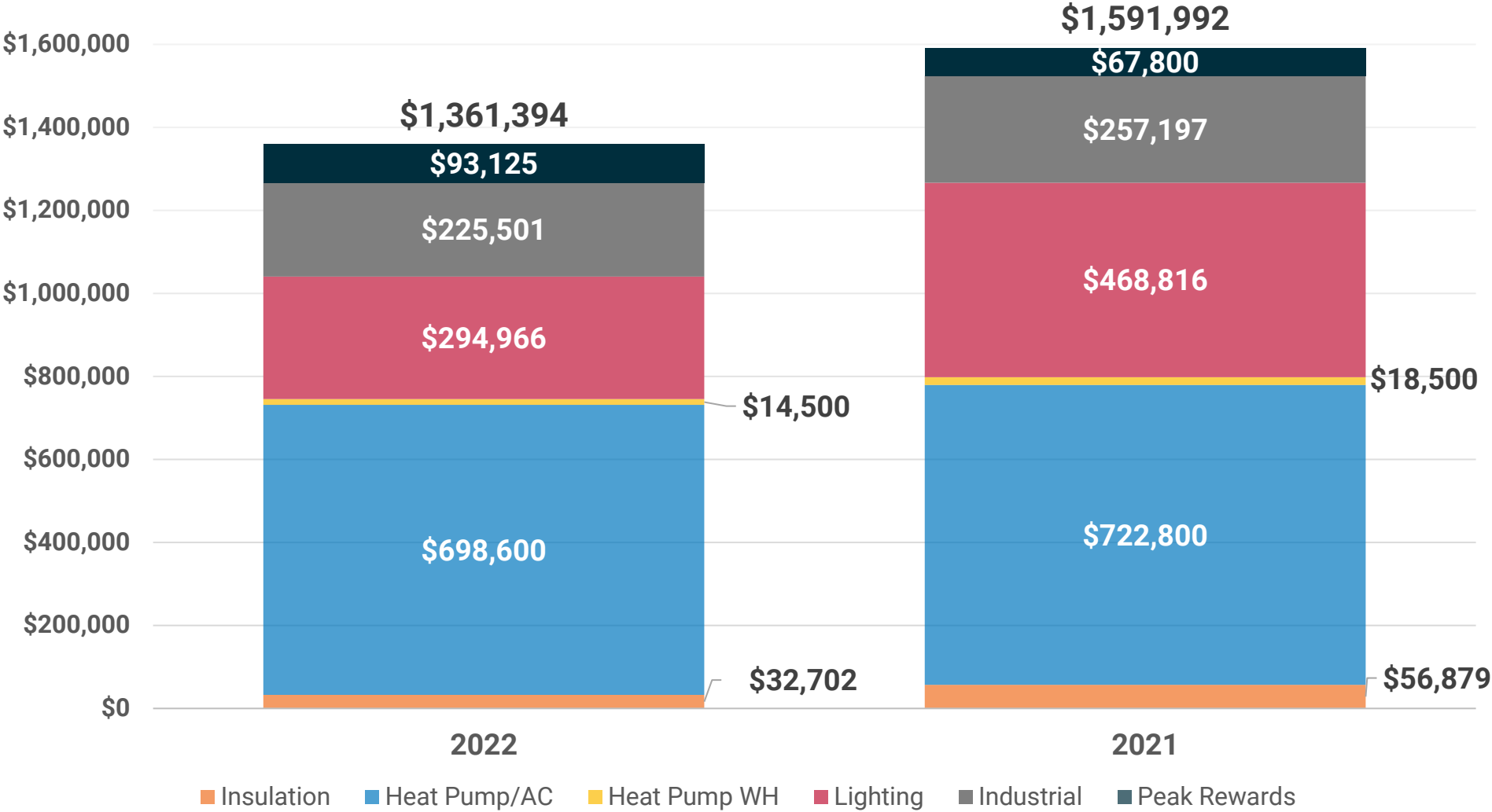
Continued Decline in
Commercial & Industrial



Collaborations to Assist
Energy Burdened Customers

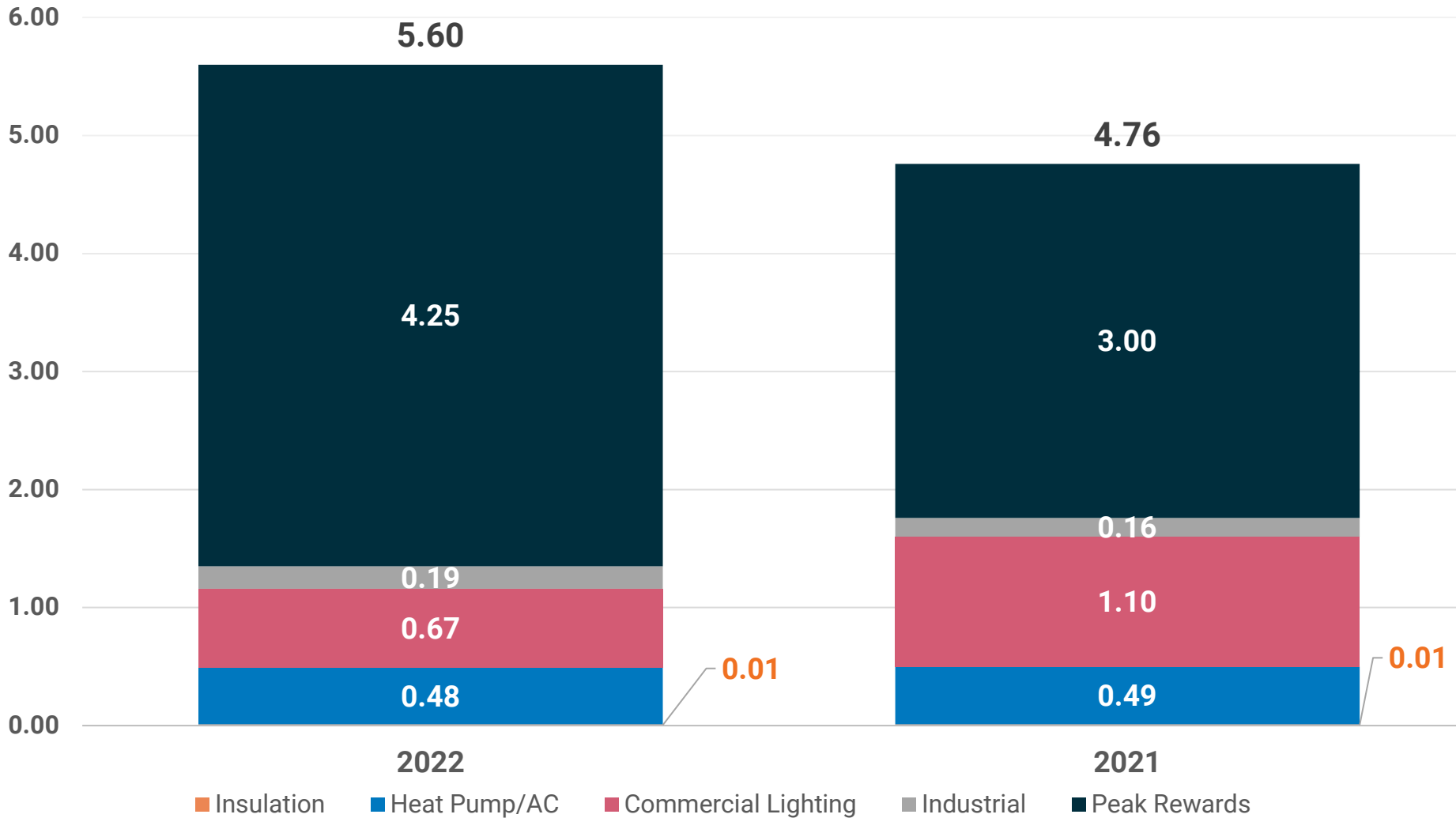
2022 Obligated Dollars

\$1.5 million budget

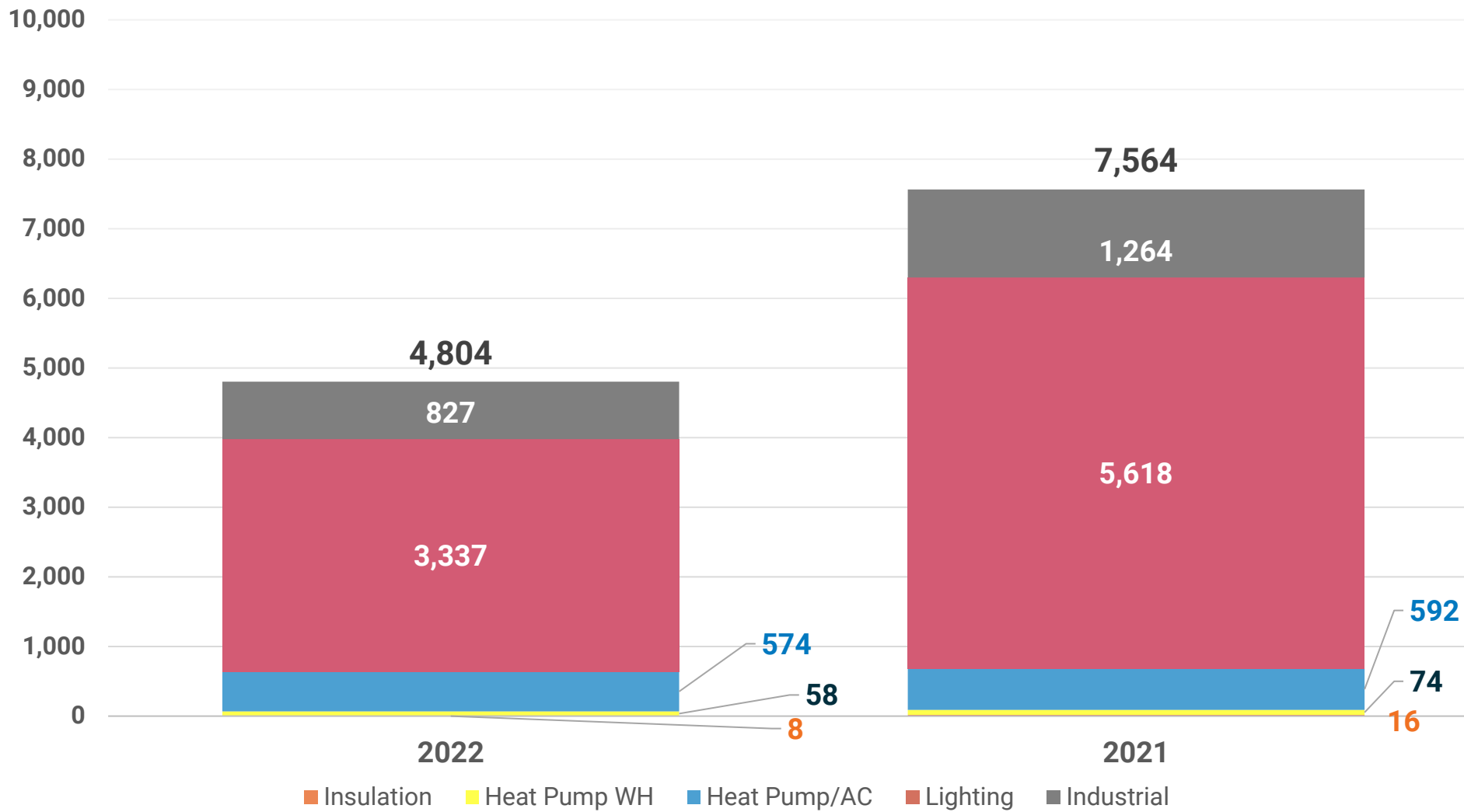


Peak Net Demand Reduction (MW)

5.0 MW target



Net Energy Savings (MWh)



SEP 2009-22

Incentives	\$30 million
Projects	22,000
Net Peak Demand	35 MW
Equivalent Annual Peak	46 big box retail stores
Net Annual Energy Reduction	148,000 MWh
Equivalent Annual Energy Consumption	15,000 homes
Annual CO2 Reduction	100,000+ tons
Equivalent Annual Vehicle Emissions	40,000+ cars

Peak Rewards

- 3,200 thermostats enrolled in program.
- 1,220 additional thermostats enrolled in 2022 including 519 Ecobee devices.
- SPP requirement to shed load for at least four consecutive hours.
- Successfully met requirements with a 90%/10% device cohort split.
- Achieved higher demand reduction at 1.55 kW per device.



Energy Efficiency Support For Energy-Burdened Households

66 Residential Projects 2020-2022

- **LES Contribution - \$270,000 (\$72,000 in 2022)**
- **Partner Investment - \$450,000**
- **Projected Annual Energy Savings - 95,000 kWh**

- **Avg. LES Investment - \$4,000**
- **Avg. Partner Investment - \$6,800**
- **Avg. Energy Savings - 1,440 kWh**
- **Avg. Bill Savings - \$86/year**



Affordable Housing Redevelopments

- **Smart thermostat funding support for Gatehouse Rows affordable housing project.**
- **Working with Gatehouse Rows on implementing a demand response water heater pilot.**
- **Working with the City and NeighborWorks on joint funding of South of Downtown Rental Rehabilitation Pilot project.**



2023 Initiatives

- **Incentives for heat pumps and air conditioners will be increased:**
 - **\$800 for qualifying heat pumps**
 - **\$600 for qualifying air conditioners**
- **Federal minimums increase for heat pumps and air conditioners**
- **Federal tax credits of 30% up to \$1,200 for heat pumps and heat pump water heaters and \$600 for other qualifying energy efficient equipment**
- **City of Lincoln Heat Pump Promotions**
- **2023 EV Ride & Drive**

Questions?

Exhibit VII



20
22

LES REFLECTIONS

SERVING OUR CUSTOMERS AFFORDABLY

- The LES' Competitive Market Study, showed LES has some of the lowest cost electric service in the nation. LES ranked 15th best out of 87 cities for the lowest average all-in price and 8th best for residential all-in price. LES ranked 7th for the most stable rates over the past 10 years.
- LES paid \$12.6 million to the Lincoln Public Schools district, Lancaster County and the cities of Lincoln and Waverly in LES' annual payment in lieu of tax, or PILOT. Since 1966, those payments have totaled \$337.7 million.
- LES' Customer Care department answered 122,132 calls, handled 26,638 requests and served more than 20,999 walk-in customers who visited the Walter A. Canney Service Center business lobby.
- In 2022, 36,078,901 meter reads were collected (not including the interval reads taken from demand meters). With these readings, 1,891,869 bills were issued.
- In preparation for implementing our new customer portal, the Customer Care Department was restructured to include the contact center and business office and a new group called Online Services. This group will focus on supporting customers who wish to self-serve through the new portal and landlords who can manage their properties' electric utilities online 24/7.
- In the fall, all incoming customer calls, except the one-call Diggers Hotline calls, were moved to the Contact Center. Previously, there were several numbers that customers, contractors and project personnel had to call to reach LES. By centralizing these calls into the contact center, which is staffed weekdays from 8 a.m.-5 p.m., customers have a better, more consistent and seamless experience.
- A new after-hours answering system was implemented for LES' largest customers. These "key account" customers are supported by a team of four key account executives who now receive after-hours outage calls directly from these customers when they have an interruption in their service. By moving away from a third-party answering service, customers have a more efficient experience with shorter call times.
- The LES Administrative Board and Lincoln City Council approved the 2023 budget and rates, which includes a 4.8% systemwide rate adjustment, effective Jan. 1, 2023, and a new Large Light & Power Time of Use Rate.

122,132

calls answered

20,999

customer walk-ins

26,638

customer requests
resolved



Throughout the year, the LES board put in a significant amount of time learning from industry experts, including Neva Espinoza, vice president, Electric Public Research Institute, provided an overview of the Low-Carbon Resource Initiative.



LES provided details about LES programs, energy-saving tips and resources to customers at the Nebraska Builders Home & Garden Show.



LES' education and outreach specialist demonstrated how electricity works with snap circuits.



LES hosted the second LNKSE Reverse Pitch to increase awareness of and connection to STEM skills and careers.



This handmade gingerbread house is a popular attraction during Energy Nights at Zoo Lights Powered by LES. The house is filled with energy-saving tips and promotes LES' programs.

- LES held three public meetings and two workshops to gain public input and integrate feedback into the Integrated Resource Plan, a blueprint developed every five years to help forecast when power resources will be needed, what the optimal resource mix may look like and how the utility will bring it together to serve customers best.
- LES and LPS launched the first year of a program to help motivate students in science and engineering. The curriculum is part of the sixth grade Design Thinking classes in all 12 LPS middle schools.
- LES hosted a one-day HVAC workshop for electricians, exploring the science of homes – Building as a System, with guest speaker Corbett Lunsford, co-host of the Home Diagnosis TV series.
- Through LPS' Steamfest, LES provided fifth through eighth graders a game focused on energy efficiency and renewables.
- LES hosted the second Lincoln STEM Ecosystem Reverse Pitch event, aimed to better connect the STEM organizations serving students to the businesses hiring in our community.



Customers interacted with lineworkers at the LES-hosted LNK Movie night.

IN THE COMMUNITY

- LES collaborated with Community Action Partnership of Lancaster and Saunders Counties to provide energy efficiency upgrades for 20 income-qualifying households. LES provided \$75,000 of funding which was combined with approximately \$120,000 of state weatherization funds to replace aged air conditioners and refrigerators and improve sealing and insulation, resulting in projected annual energy savings of more than 1,000 kWh per household and annual bill savings of almost \$90.
- Staff participated in career fairs and university networking events, provided tours and presentations to high school and college students, and hosted job shadowing opportunities to further enhance recruitment efforts.
- More than 300 attendees joined LES at the LNK Airport for a free public drive-in showing of Back to the Future. Customers viewed more than 20 electric vehicles, learned more about energy savings through LES' Educational Interactive Tiny House, or EdITH, and engaged with LES lineworkers.
- During LES' signature community event, Zoo Lights Powered by LES, the utility hosted Energy Nights where LES staff volunteers engaged with the public on energy-saving tips and LES programs. Approximately 55,000 attendees experienced this event, which is one of the largest holiday light shows in the Midwest featuring over 250,000 LED lights.



LES staff attend the UNL engineering showcase and viewed student projects.



Attendees visiting the LES-hosted LNK Airport Movie Series event were able to view more than 20 EVs on display.

\$120k +
toward local
non-profits

1,000 kWh
saved per home during
income-qualified upgrade

STAYING SUSTAINABLE

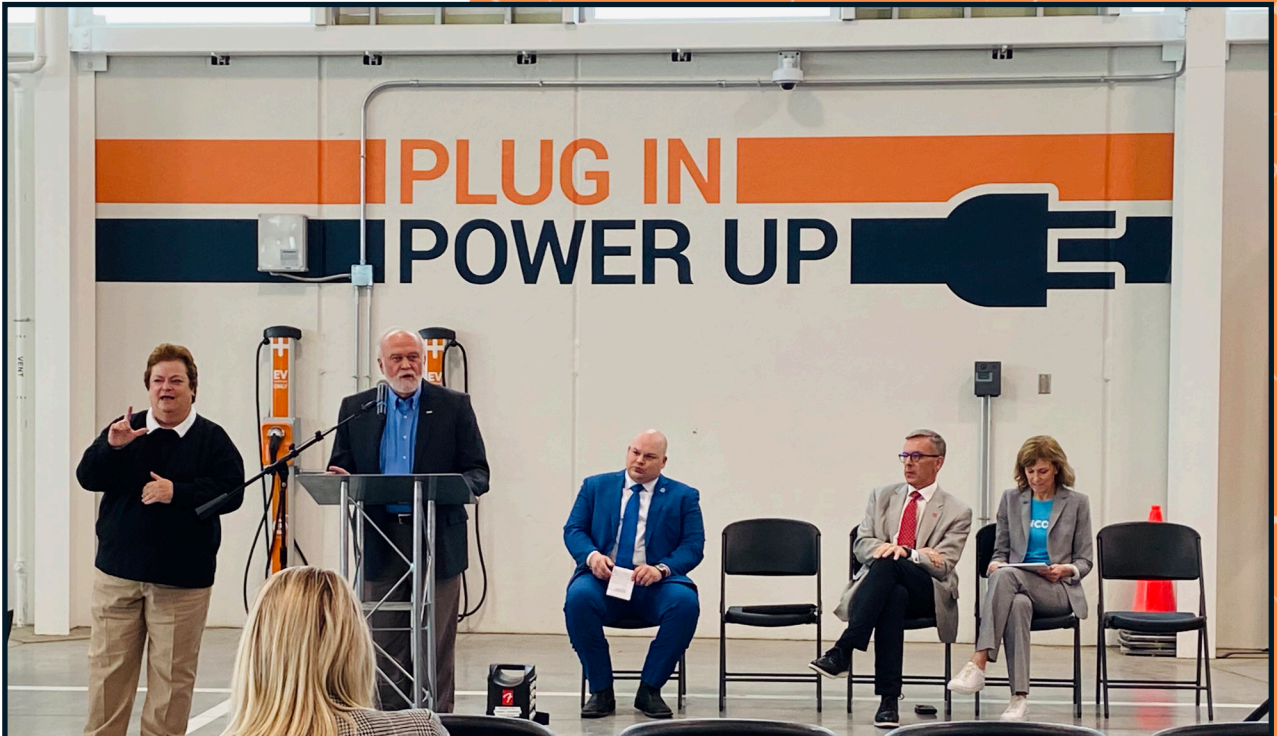
- LES released its 2022 Integrated Resource Plan – the first IRP guided by LES’ decarbonization goal. With public involvement, the action plan included a battery storage pilot, community microgrid solar expansion, offering time-of-use rates to large commercial and industrial customers and continuing and expanding the LES Sustainable Energy Program.
- LES collaborated with the city’s Department of Urban Development and NeighborWorks Lincoln to pilot a rental rehabilitation program for qualifying properties located in the South of Downtown Neighborhood. The pilot will leverage tax-increment financing and utility energy efficiency incentives to jointly fund rehabilitation of selected multifamily projects.
- LES was part of the Climate-Smart Collaborative launch, a local interagency approach to achieve shared resiliency and sustainability goals across the community. Partners include the city of Lincoln, Lincoln Public Schools, the University of Nebraska-Lincoln and Lancaster County. Members of the Collaborative also launched an Electric Vehicle Readiness Plan to develop a community-wide strategy for electric vehicle charging infrastructure.
- LES installed level II electric vehicle charging stations at Rokeby Generation and Terry Bundy Generating Station.
- More than 1,200 additional customers enrolled their smart thermostats in the Peak Rewards demand response program. The total enrollment in the program is 3,000 customers and 3,200 thermostats, representing 4 megawatts of controllable load.
- LES coordinated 124 residential and commercial net-metering solar projects, which accounted for more than 1.25 MW in newly installed capacity. With these new projects, LES customers have a total of 3 MW of customer-owned renewable generation. The LES Administrative Board passed a resolution extending the capacity payment and rate structure incentives for Tier 2 projects from 3 MW to 4 MW.
- A procedure to manage small oil spills using bioremediation was established which is environmentally acceptable and costs less than traditional methods.
- LES continued to educate and inform the community about best practices for selecting a solar installer and evaluating project options. In its second year, the Solar Trade Ally Network was held up as an example of a very effective program to other utilities across the country experiencing the same challenges with disreputable solar companies targeting unsuspecting consumers.
- Funding provided by the World Resource Institute enabled Habitat for Humanity to purchase the output of 10.5 virtual net-metering solar panels for each of two income-qualifying households. Experience from this pilot may lead to additional funding and households with which to engage in the community solar project.

3,200

thermostats in
Peak Rewards

4M

controlled load through
Peak Rewards



Officials from the city, county, Lincoln Public Schools, LES and the University of Nebraska-Lincoln gathered at LES to announce the formation of the Climate-Smart Collaborative.



During LES' second public IRP workshop, attendees built their own resource mix of the future using the LES-developed model.



LES crews head to Florida to provide mutual aid assistance after Hurricane Ian left many communities without power.



Crews repair powerlines and restore power after cold weather and high winds created galloping powerlines.



LES staff give a high-voltage safety demonstration at Streets Alive!

- LES registered the Buckeye and Prairie Breeze wind facilities to provide generation regulation services in the Southwest Power Pool Marketplace. This included administration, technical and software changes, and strategy development. Prairie Breeze and Buckeye can now provide additional generation services to the market that make them more valuable and more flexible in terms of being dispatched by SPP to help the system be more reliable.
- LES completed a transmission study, conducted every five years, confirming the successful operation of the LES System Restoration Plan. This plan provides a roadmap to help navigate a major system disturbance and will help system operators restore system functionality sooner and more reliably.
- The System Average Interruption Duration Index — the average outage time per customer — excluding major events, was just 13.8 minutes in 2022, lower than the previous year's average outage time of 17.1 minutes, 1/6th of the national average.
- LES provided mutual aid support in Florida after Hurricane Ian. Three crews comprised of 20 LES employees worked for one week in the state to help restore power to the communities impacted by the Category 4 storm.



**SAFE,
AFFORDABLE &
RELIABLE**

13.8
minutes SAIDI Rate

20
employees provide mutual aid

\$18.9M
completed work orders

DESIGN & INNOVATION

LES Operations Center

- LES substantially completed the construction on the Reel & Transformer building at the LES Operations Center. This 36,840-square-foot building will store distribution transformers, cable reels and other large materials items. It features 144-kW_{DC} of solar generation on the roof.

Walter A. Canney Service Center

- LES completed the Cyber Operations Center in the bunker of the Service Center. This dedicated, isolated command center allows administrators and analysts to conduct investigations using security tools with heightened confidentiality.
- LES developed and implemented its Security Operations Center in 2022, which provides a 24/7 resource for monitoring our sites and responding quickly to emergencies.

Terry Bundy Generating Station

- A major repair project was initiated for the TBGS combustion turbines after a routine inspection found significant damage to several internal components of the turbines that are exposed to high temperatures and high pressures.

Rokeby Generation Station

- Completed the building expansion and remodeling project at the operations center building at Rokeby Generation Station.



Aerial views of the rooftop solar array of 142 kW on LES' Reel & Transformer building. With the additional 76 kW of solar on the LES carport, LES has a total of 218 kW of solar at the Operations Center.

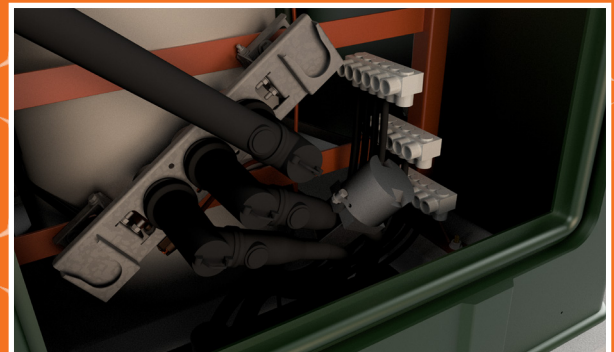
- LES continues to enhance facilities with division, department and conference room directional signs and other branding.
- LES began modified business practices to address supply chain issues over 18 months ago. Our team restructured re-order points for many critical materials to proactively preserve inventory levels in equipment, especially equipment that may be used for emergency repairs (i.e., storm damage, vehicular collisions, equipment failures, etc.). As mitigation strategies are developed, LES will not compromise equipment quality or safety when procuring material, engineering design or installing equipment.
- As LES addressed all of the supply chain issues impacting new service installations, staff has worked closely with developers, builders, local electricians and supply houses to ensure their projects were done in as timely a manner as possible.
- GIS/CAD created a modeled design of a temporary alternate transformer design to help combat supply chain issues. The proposed design has proper clearances and will eliminate waste once the enclosure and overhead transformer are replaced with permanent padmount.



Directional signs and branding were installed at the LES Operations Center.



These renderings display three different views of the approved design of an alternate transformer model that will help combat supply chain issues (alt. 1)



Alternate transformer model 2.



Alternate transformer model 3.



Picnic activities included face painting, coloring, bounce houses, games, the Husker Volleyball Game live streamed, Kona Ice treats and prizes!



The picnic featured the Mike Petersen Show 'n Shine with classics, muscle cars, street rods, EVs, trucks, jeeps and more!



The picnic provided an opportunity for employees and their families to connect and enjoy some down time!



This event offered those who are newer to LES a great way to get to meet people.

- LES kicked off Public Power Week with the Employee + Family Appreciation Picnic at the Operations Center, the first one in three years. Employees gathered in the garage to enjoy food and fun with colleagues and families.
- The Diversity, Equity and Inclusion, or DEI, employee resource group continued to offer employees monthly educational sessions around DEI with guest speakers from the community including Luis Sotelo, Doane University, Dr. Lawrence Chatters, UNL and T.J. McDowell, City of Lincoln.
- LES employees raised \$114,012 towards United Way during the Community Giving Campaign.
- The 2023 Safety Kickoff in December featured keynote speaker and retired NASA astronaut Mike Mullane, who discussed the Normalization of Deviance and how it played an intricate role of the 1986 Challenger space shuttle explosion and the importance of safety checks.
- Employees with at least 25 years of service at LES, retirees and their guests had the opportunity to catch up at the LES Legacy Club dinner in September. (pictured above right)

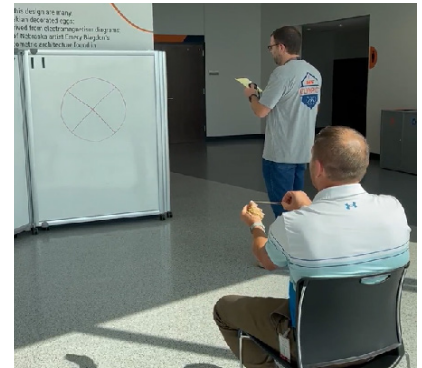


BRINGING OUR VALUES TO LIFE

2022 Legacy Dinner



The LES Employee Council, Community Services Committee and DEI employee resource group joined forces to hold the first LES Office Olympics. The Olympic games included a mix of virtual and in-person events and individual and group competitions for employees over the course of two weeks at each LES facility. Olympic winners were awarded a medal at the Public Power Week breakfast.



ACHIEVEMENTS & NOTABLE HIGHLIGHTS

- The American Public Power Association recognized LES with the Award of Excellence in Public Power Communications for the Value campaign and the Sue Kelly Community Service Award.
- The Nebraska Safety Council awarded LES with the 2022 Emerging Safety Leadership Award for its continuous improvement to workplace safety.

- LES earned Tree Line USA designation through the Arbor Day Foundation for the 17th consecutive year, a program that recognizes best practices in utility arboriculture.
- Ten LES lineworkers participated in the annual Nebraska Lineworkers Rodeo, showcasing their skills and knowledge. LES participants received numerous awards.
 - Ben Klahn
 - Blaine Siepelmeier
 - Blake Manceaux
 - Matt Mulder
 - Nick Gray
 - Riley Lowe
 - Rio Woodyard
 - Tanner Tierney
 - Taylor Stanley
 - Trent Anderson
- LES completed the installation of a thermal energy storage expansion project at the District Energy Corporation County/City plant.
- LES recognized outgoing board members DaNay Kalkowski, Layne Sup and Kim Morrow, for their service. During their tenures, DaNay and Layne both served as Board Chair, and Kim served on the Personnel & Organization and Budget & Rates committees. LES welcomes incoming board members, Eric Schafer, Kate J. Bolz and Martha E. Durr.



LES accepted the 2022 Emerging Safety Leadership Award from the Nebraska Safety Council.



Several LES lineworkers won awards at the Nebraska Lineworkers Rodeo.



LES received the Excellence in Communication Award from APPA.



DaNay Kalkowski



Kim Morrow



Layne Sup

Thank you!

ONE STEP AHEAD WITH CYBERSECURITY

- LES' Cyber Security department participated in Cyber Tatanka — the first-ever joint cyber exercise for the state of Nebraska, which included participants from the Nebraska National Guard (Army and Air), Nebraska Public Power District, LES, Union Bank & Trust, state and county government cyber teams, the Army of the Czech Republic, Ukrainian Armed Forces, Texas National Guard and other entities.
- LES completed the Cyber Operations Center, or CYOC, the next step in LES' Cyber Security program. This dedicated, isolated command center allows administrators and analysts to conduct investigations using security tools with heightened confidentiality. The team also completed its workforce realignment, moving all operations work tasks under a new CYOC supervisor to create a more cohesive response capability.
- LES kicked off a corporate data backup project that is designed to provide additional protection against ransomware activities and set to go live in early 2023.
- As a result of the GridEx exercise held in 2021, LES' customer and technology services teams built a back-up contact center phone system using Microsoft Teams. This system will still rely on internet service but can function without network connectivity. Further testing of this system will occur in 2023.



LES employees participated in the first joint cyber exercise for the state.



VISION

Striving to be the world's best energy company.

MISSION

LES is a progressive leader, partnering with the community to maximize energy value and quality of life in an environmentally-responsible manner.

CORE VALUES

SAFETY

We are devoted to promoting and facilitating safety to our employees and the community at-large.

RELIABILITY

We are dedicated to providing the community with the most dependable service possible.

INTEGRITY

We carry out our responsibilities in a way that engenders trust and respect consistent with moral and ethical principles.

COMMUNITY

We enhance and bring value to the quality of life of our employees and the community we serve.

BELIEF STATEMENT ON DIVERSITY, EQUITY AND INCLUSION

We believe that in order to be a world-class public utility, we must value and appreciate the uniqueness of our colleagues and of the customers we serve; creating a workplace where we feel safe and empowered to be our authentic selves while serving each other and the community. We strive to foster a diverse, inclusive workplace where everyone feels they belong and desires to contribute to the mission, values, goals, business practices and objectives of LES.