

## MINUTES OF LINCOLN ELECTRIC SYSTEM ADMINISTRATIVE BOARD

Minutes of the regular meeting held at 9:30 a.m., Friday, August 18, 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 August 11, 2023.

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

Board Members Absent: Martha Durr

LES Staff Present: Kevin Wailes, Shelley Sahling-Zart, Emily Koenig, David Malcom, Paul Crist, Lisa Hale, Trish Owen, Kelley Porter, Jim Rigg, Mike Murphy, Keith Snyder, Jessica Meyer, Dennis Florom, Scott Benson, Marc Shkolnick

Others Present: Dan Pudenz and there were 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. Chair Hunzeker noted that LES conducts its meetings in compliance with the Nebraska Open Meetings Act and noted that copies of the Act are located on the wall in the back of the Board Room. **Call to Order & Safety Briefing**

Chair Andrew Hunzeker requested approval of the meeting minutes of July 19, 2023. 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, Karen Griffin, Andrew Hunzeker, Chelsea Johnson, Lucas Sabalka, Eric Schafer, David Spinar

Nay: None

Absent: Martha Durr

Ken Winston, Nebraska Interfaith Power & Light, addressed comments to the LES Administrative Board regarding various climate change activities, including an upcoming youth climate summit. **Customer Comments**

Lucas Sabalka, Chairman of the Operations & Power Supply Committee, reported on the Committee discussions, including: 1) 2024 Power Cost; 2) Solar analysis update; 3) Design Automation Project status update; 4) 56<sup>th</sup> Street Reliability Project Update (Exhibit I)

**Operations & Power  
Supply Committee Report**

Chelsea Johnson, Chair of the Personnel & Organization Committee, reported on Committee discussions, including: 1) A high-level update on Investment Committee activities for the retirement plans; including the review of the Guaranteed Investment Account Fund activity, fee activity, and balance status; 2) Human Resources outlined current 2023 mid-year employment data and discussed compensation strategies for inclusion in the proposed 2024 budget with the committee as it continues to focus on successful recruitment and retention strategies and proposals in a challenging labor market. (Exhibit II)

**Personnel & Organization  
Committee Report**

Carl Eskridge, Vice-Chairman of the District Energy Corporation (DEC), reported on the recent DEC Board meeting held July 18, 2023. Items discussed including: 1) Management report; 2) Financial and investment Reports; 3) miscellaneous business items. (Exhibit III)

**District Energy  
Corporation (DEC)  
Update**

Marc Shkolnick, Manager, Energy Services, provided an update on Public Utility Regulatory Policies Act (PURPA) 111 (d) 2021.

**Public Utility Regulatory  
Policies Act (PURPA) 111  
(d) 2021 “Shall Consider”  
Standards**

Shkolnick gave a brief definition of the Public Utility Regulatory Policy Act of 1978. The Standards to be considered are Utility Demand Response and Electric Vehicle Charging Programs.

A public meeting was held on July 25, 2023, and there were ten customers in attendance and four submitted comments electronically. Based on the comments there is interest in having smart thermostats installed in multi-family development and to expand peak rewards to include proprietary thermostats.

Shkolnick stated there were comments regarding EV Charging, including how LES plans to support increased load from EV Charging, lifecycle carbon emissions between internal combustion engines and electric vehicles, implementation of time-of-use rates to encourage off-peak charging. There were concerns about DC fast charging station reliability and demand charges as well as utilities

having a competitive advantage in the electric vehicle charging market. There were requests for rebates for residential EV charging equipment, endorsement of the North American Charging Standards for DC fast charging. Board member Kate Bolz asked staff to clarify the recommendation to adopt a modified standard with respect to the federal PURPA standard regarding electric vehicles as the staff-proposed standard seems to be a different standard rather than a modification of the federal standard. Other board members also expressed support for the substance of the proposed federal standard, as well as the staff-proposed standard. Staff responded that while the specific elements of the federal standard were not included in the staff-proposed standard, staff has no objection to those provisions.

Following discussion, the consensus of the board was to incorporate the language of the federal standard into the proposed modified standard as follows:

“LES will consider measures to promote greater electrification of the transportation sector, including the establishment of rates that—

- (A) promote affordable and equitable vehicle charging options for residential, commercial, and public electric vehicle charging infrastructure;
- (B) improve the customer experience associated with electric vehicle charging, including by reducing charging times for light-, medium-, and heavy-duty vehicles;
- (C) accelerate third-party investment in electric vehicle charging for light-, medium-, and heavy-duty vehicles; and
- (D) appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure.

Lincoln Electric System (LES) will also continue to monitor, research and, when feasible, develop programs to support adoption of electric transportation and will serve as a source of information and consultation for stakeholders including fleet operators, multifamily developers, businesses, residential customers, and other community stakeholders.

In addition, the utility will continue to monitor and evaluate options available to support and encourage off-peak charging including rate structures, managed and behavior demand response programs and enabling technologies.”

With the revision to the modified standard, Kate Bolz moved approval of LES Resolution 2023-11 adopting the federal PURPA standard for Demand Response Practices and a modified standard for Electric Vehicle Charging Programs. (Exhibit IV) Chelsea Johnson seconded the motion. The vote was:

Aye: Kate Bolz, Carl Eskridge, Karen Griffin,  
Andrew Hunzeker, Chelsea Johnson, Lucas  
Sabalka, Eric Schafer, David Spinar.

Nay: None

Absent: Martha Durr

Shelley Sahling-Zart, Vice-President, CCR and General Counsel provided a review of Regulatory Agencies related to LES Operations. (Exhibit V)

### **Review of Regulatory Agencies Related to LES Operations**

Sahling-Zart stated that LES deals with a diverse array of regulatory agencies: Environmental, Financial, Operational, Safety & Health, Energy, and Labor & Employment. There are several federal, state, and local regulatory agencies as well as key laws and regulations that impact LES. Staff across the company are engaged with these agencies and regulations, including legal, compliance, regulatory, environmental, and financial staff, among others.

Emily Koenig, Vice President, Financial Services & CFO gave a Cost-of-Service Overview and provided a preview for turning a budget into customer rates. (Exhibit VI)

### **Cost of Service Overview**

Koenig reported that the first step in preparing the budget is projecting how much energy LES retail customers will use. Each division then builds their budget to serve projected customer needs. Next, an analysis must be made to determine whether a rate increase is required. Even if a rate increase is not required, it is still necessary to ensure that individual Rate Classes are paying the costs to serve them. LES employs the Cost-of-Service rate design method.

Koenig stated that the budgeted “costs to serve” are grouped into four major categories: Energy Costs, Customer Costs, Capacity Costs, and Facilities Costs. Grouping costs in this

way ensures that each Rate Class is allocated its appropriate share of LES costs. Costs from the four categories are then allocated to each Rate Class. Cost categories are allocated to each Rate Class based on various methods.

Koenig explained there are two major types of rate structures available to LES customers and they are Energy Based/Non-Demand Rates and the other is Demand Based Rates. Energy based rates have simple billing components and Demand based rates have complex billing components. Rate design is math and “art”.

Koenig stated that staff will work through the 2024 Cost-of-Service Process with the Budget and Rates Committee over the next month. There will be a presentation at the September Board Meeting of proposed budget and rates for 2024.

Dennis Florum, Manager, Energy & Environmental Operations, provided an overview of the Southwest Power Pool (SPP). (Exhibit VII) SPP is a Regional Transmission Organization (RTO) that is headquartered in Little Rock, AR and is operational 24 hours a day, seven days a week. Approximately 18 million people are served, there are 109 members and Nebraska joined in 2009.

### **Southwest Power Pool Overview**

Florum explained that the SPP has four main functions and services: Consolidated Balancing Authority, Reliability Coordinator, Transmission Planner, and a Market Operator.

Florum discussed market statistics regarding market pricing and gas costs. The total Nameplate generating capacity for the SPP is 98,608 MW. Most of the generation is coming from coal and wind. There are an additional 104.0 GW requests under study.

Andrew Hunzeker, Chair of the Executive Search Committee, reported that the Executive Search Committee met and, over the course of two meetings, reviewed the application materials for the CEO candidates that were submitted through the application process. (Exhibit VIII) In consultation with executive recruiter, Lanie Mycoff, the Committee selected several semi-finalists and conducted virtual interviews on August 16<sup>th</sup> and 17<sup>th</sup>. The Committee hopes to publicly announce the finalists in early September. The Committee is anticipating announcing up to four finalists. Finalist interviews will be held on September 13<sup>th</sup> and 14<sup>th</sup>. LES Employees and members of the public will be

### **LES Executive Search Committee Update**

invited to a short presentation and question and answer session with each of the finalists. Additional information will be provided once interview times have been set. The next Executive Search Committee meeting will be on Wednesday, August 30<sup>th</sup>.

The Revenue and Expense Statements and Financial and Operating Statements for July 2023 are available. The Power Supply Division Monthly Reports for July 2023 are also available. (Exhibit IX) **Monthly Financial & Power Supply Reports**

The next regular meeting of the LES Administrative Board will be **Next Meeting** Friday, September 15, 2023, at 9:30 a.m.

Without further business before the Board, Chair Hunzeker declared **Adjournment** the meeting adjourned at approximately 11:44 a.m.

Lucas Sabalka, Secretary

BY: *Katrinka Dicke*  
Katrinka Dicke  
Assistant Secretary

# **Exhibit I**



## Operations and Power Supply Committee Meeting Summary August 7, 2023 (virtual)

**Attendees:** C. Eskridge, A. Hunzeker, C. Johnson, L. Sabalka (Committee Chair), S. Benson, P. Crist, J. Dagerman, M. Didrickson, J. Fortik, L. Hale, J. Jakub, D. Malcom, T. Rajewski, F. Rumery, E. Ruskamp, S. Sahling-Zart, K. Wailes

### **2024 Power Cost Review (Scott Benson):**

- The projected 2024 Power Cost net expenditure is \$112.5M, which is \$2.5M higher than the 2023 Power Cost budget.
- Increased generating plant maintenance expenses and lower anticipated energy sales revenue in the SPP market are the primary drivers of the Power Cost increase.

### **Solar 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.
- An RFP for consulting services has been issued to obtain assistance with preliminary evaluations and federal tax credit guidance.

### **Design Automation Project Status Update (Merissa Didrickson):**

- Staff from multiple LES departments and a team of external consultants have been working on a project that aims to integrate computer aided design, geospatial information, and Enterprise Resource Planning software to standardize and automate the design process for distribution and streetlight projects.
- Significant expected benefits include creating standardized construction prints, improved asset tracking, reductions in data errors, and easier access to information across multiple workgroups.
- The approximately \$5.4M project began in early 2022 and is expected to be operational in Q1 2024.

### **56<sup>th</sup> Street Reliability Project Update (Tim Rajewski):**

- Staff briefed the Committee on the status of the project to rebuild the 115kV transmission line along South 56<sup>th</sup> Street from approximately South Street to a location slightly south of Elkcrest Drive. The distribution voltage level facilities located along this corridor are also being rebuilt and converted to an underground configuration.
- Distribution level work is underway and includes project path staking, pre-construction walkthroughs, flagging and locating existing facilities, and excavation and splicing of underground cables. Staff has also been directly coordinating with customers along the corridor.
- Transmission level work is also underway and includes ordering cable and insulators, detailed design of the steel transmission structures, and finalizing the transmission corridor easement acquisitions.
- The estimated overall \$6.7M project is planned to complete construction and be placed in service by the summer of 2025.



# **Exhibit II**



## Personnel and Organization Committee August 1, 2023 (In-Person)

**Attendees:** C. Johnson (Chair), A. Hunzeker (Board Chair), K. Griffin, K. Wailes, E. Koenig, T. Owen, and R. Seybert

- A high-level update on Investment Committee activities for the retirement plans was given:
  - The committee reviewed the recent GIA Fund activity, fee activity, and balance status.
  - As a result of increasing fees to administer the GIA fund and the decreasing balance of the GIA Fund, the Investment Committee is taking steps to close the GIA Fund at the end of the third quarter.
  - Communication has been sent out to participants and it outlines the various options that fund participants have to move funds out of the GIA Fund.
- Human Resources outlined current 2023 mid-year employment data (hiring rates, employee metrics, and turnover statistics) and discussed compensation strategies for inclusion in the proposed 2024 budget with the committee as it continues to focus on successful recruitment and retention strategies and proposals in a challenging labor market.

# **Exhibit III**



## Summary of DEC Board of Directors Meeting on July 18, 2023

**Due to unforeseen circumstances, two board members were not able to attend, and one member was attending virtually. After receiving advice from legal counsel, it was decided to proceed with the presentations and carry forward the actionable items to the next regular board meeting in October.**

### Management Report

- Staff presented details of all planned and unplanned service interruptions for the 2<sup>nd</sup> quarter.
- Staff reviewed natural gas pricing YTD compared to several previous years, showing favorably lower YTD pricing.
- Status updates on plant projects were provided, including:
  - State Boiler Plant condensate surge tank.
  - County/City Plant hot water leak to K Street.
  - West Haymarket Plant valve replacement project.
  - West Haymarket Plant boiler addition.
- Status updates on the potential for new customers was provided, including:
  - The plans for Block 5 in the West Haymarket do not include connecting to the DEC.
  - The West Haymarket Hudl 2 expansion has been delayed till 2028.
  - Staff is working on providing information to a consulting firm regarding a potential project at 701 S. 10<sup>th</sup>, and also for a customer that is related to the K Street redevelopment.

### Financial & Investment Reports

- The 2nd quarter 2023 financials were reviewed with the board. Highlights included:
  - Energy sales were above budget, due primarily to warmer than average temperatures.
  - Expenses were 5% under budget, due to higher interest income & lower energy costs.
  - Debt Service Coverage was greater than the budget, due to lower expenses.
  - Mid-year projections indicate reduced capital spending for 2023 due to project delays.
- At the end of the second quarter LES was managing an investment portfolio balance of approximately \$10.6M, which is \$1.8M greater than December 2023.
- DEC was in compliance with its Investment Policy with the exception of the portfolio allocation limit due to holding additional funds liquid for July 1 payments to bondholders.

### Miscellaneous Business Items

- DEC's General Counsel presented information on the funding allocated by the Nebraska Legislature for a new state penitentiary. The potential impact on the current DEC NSP site, and the possibility of a DEC connection at the new site was discussed.

# **Exhibit IV**

# PURPA Shall Consider Customer Feedback

---

**Marc Shkolnick**  
**Manager, Energy Services**  
**August 18, 2023**

# WHAT IS PURPA?

## Public Utility Regulatory Policies Act of 1978

### Title I – Retail Regulatory Policies for Electric Utilities

Applies to each electric utility with total sales exceeding 500 million kilowatt-hours

Sec. 111(a) Each State regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each nonregulated electric utility shall consider each standard established by subsection (d) and make a determination concerning whether or not it is appropriate to implement such standard to carry out the purposes of this title.

# WHAT IS PURPA?

## “Shall Consider” Requirements for LES

### Public Notice and Hearing

### Consideration of the pertinent federal standard(s)

### Determination

- In writing
- Based upon findings included in such determination and upon evidence presented at the hearing
- Publicly-available
- May implement a standard, decline to implement a standard or adopt and implement a modified standard
- By November 15, 2023

### Resolution from the LES Administrative Board



# STANDARDS TO BE CONSIDERED

## Infrastructure Investment and Jobs Act Amendments to §111(d)

### **Sec. 40104. Utility Demand Response.**

(20) Demand-Response Practices. Each electric utility shall promote the use of demand-response and demand flexibility practices by commercial, residential, and industrial consumers to reduce electricity consumption during periods of unusually high demand.

### **Sec. 40431. Consideration of Measures to Promote Greater Electrification of the Transportation Sector.**

(21) Electric Vehicle Charging Programs. Each State shall consider measures to promote greater electrification of the transportation sector

- Promotion of affordable and equitable electric vehicle charging options
- Improvement of the customer experience associated with electric vehicle charging
- Acceleration of third-party investment in electric vehicle charging
- Recovery of the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure

# PUBLIC INPUT

- Public meeting held July 25, 6-7 p.m.
- 10 customers in attendance
- 4 customers submitted comments electronically

# DEMAND RESPONSE FEEDBACK



# DEMAND RESPONSE FEEDBACK

- Interest in having smart thermostat installed in multifamily developments
- Expand Peak Rewards to include proprietary thermostats (ie WaterFurnace, Carrier, Daiken, etc)

# EV CHARGING FEEDBACK



# EV CHARGING FEEDBACK

- How is LES planning to support increased load from EV charging?
- Lifecycle carbon emissions between internal combustion engine and electric vehicles.
- Implementation of time-of-use rates to encourage off-peak charging.
- Concerns about DC fast charging station reliability.

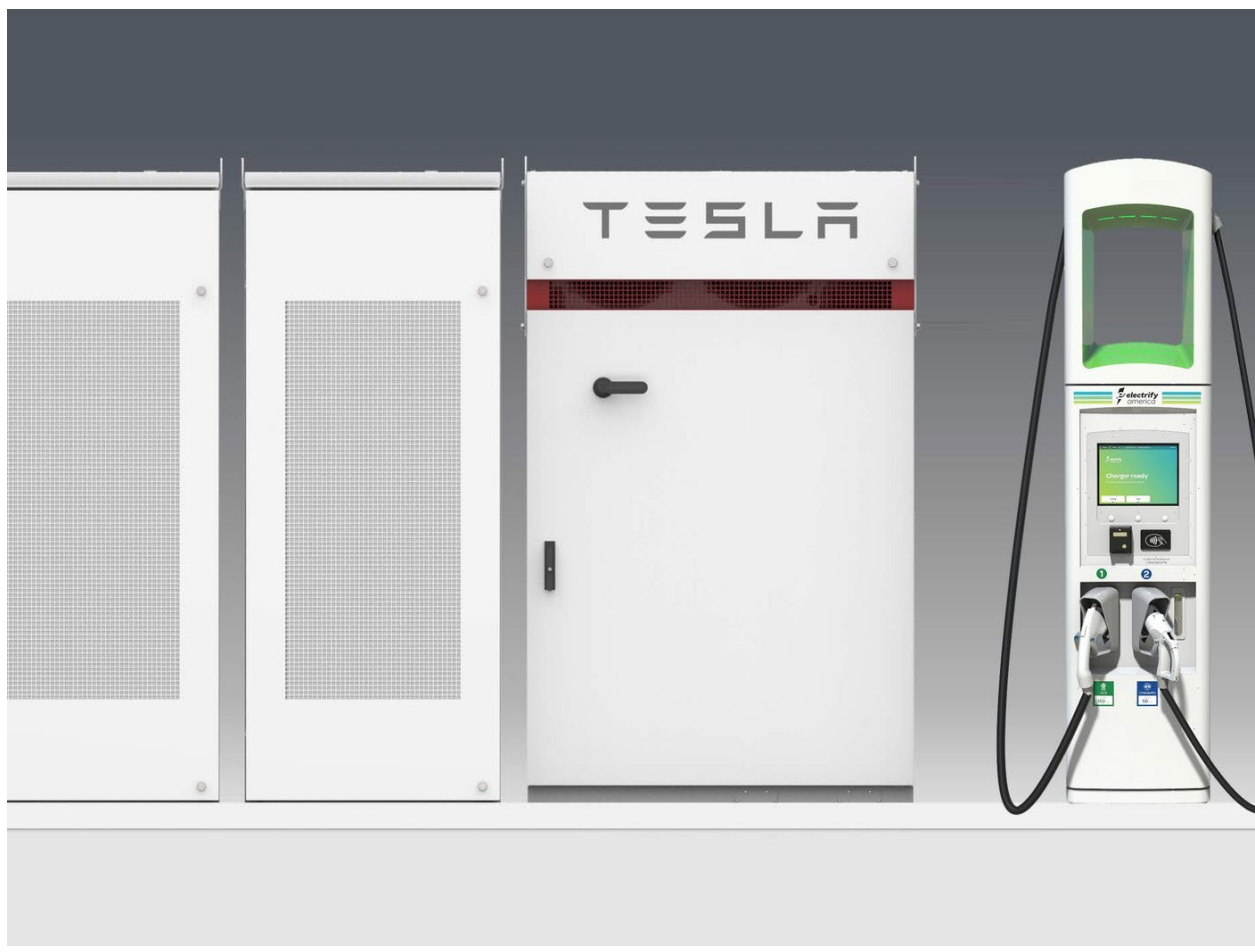
# EV CHARGING FEEDBACK

- Request for rebates for residential EV charging equipment.
- Request to endorse the North American Charging Standard for DC fast charging.
- Concerns about demand charges for DC fast charging.
- Concerns about utilities having a competitive advantage in the electric vehicle charging market.

# EV CHARGING FEEDBACK



Courtesy of Freewire



Courtesy of The Verge



## LES Resolution 2023-11

- Demand Response Practices, §111(d)(20) – adopt the federal standard.
- Electric Vehicle Charging Programs, §111(d)(21) – adopt a modified federal standard.



***LES RESOLUTION 2023-11***

WHEREAS, the Public Utility Regulatory Policies Act (PURPA) of 1978 required Lincoln Electric System (LES) to consider and determine the appropriateness of certain standards set forth in PURPA as applied to certain LES operations;

WHEREAS, the primary goal of PURPA is to encourage conservation of energy, equitable rates for electric consumers, and the efficient use of generation facilities and resources by electric utilities;

WHEREAS, the Infrastructure Investment and Jobs Act (IIJA) of 2021 amended PURPA to provide additional federal standards to be considered by certain utilities, including LES;

WHEREAS, LES staff reviewed its analysis of the new standards contained in the IIJA of 2021 with the LES Administrative Board at its regular meeting June 16, 2023;

WHEREAS, PURPA requires a public hearing to receive input from customers regarding the utility's consideration of the PURPA standards; and

WHEREAS, LES held a public hearing July 25, 2023, at the LES Operations Center, for the purpose of receiving public input on the following PURPA standards:

- Demand Response Practices, §111(d)(20)
- Electric Vehicle Charging Programs, §111(d)(21)

NOW, THEREFORE, BE IT RESOLVED, that based on the information provided by LES staff and the public input obtained at the public hearing, the LES Administrative Board approves the written determinations and recommendations on the standards as attached and fully incorporated by reference:

- Demand Response Practices, §111(d)(20) – adopt the federal standard;
- Electric Vehicle Charging Programs, §111(d)(21) – adopt a modified federal standard.

  
Chair

Adopted: August 18, 2023

**DEMAND RESPONSE PRACTICES**  
**Public Utility Regulatory Policies Act (16 U.S.C. 2621(d))**  
**Section 111(d)(20)**

Federal Standard

(20) DEMAND RESPONSE PRACTICES.—

(A) IN GENERAL.—Each electric utility shall promote the use of demand response and demand flexibility practices by commercial, residential, and industrial consumers to reduce electricity consumption during periods of unusually high demand.

(B) RATE RECOVERY.—

- (i) IN GENERAL.—Each State regulatory authority shall consider establishing rate mechanisms allowing an electric utility with respect to which the State regulatory authority has ratemaking authority to timely recover the costs of promoting demand response and demand flexibility practices in accordance with subparagraph (A).
- (ii) NONREGULATED ELECTRIC UTILITIES.—A nonregulated electric utility may establish rate mechanisms for the timely recovery of the costs of promoting demand response and demand flexibility practices in accordance with subparagraph (A).

Staff Discussion

As a public power utility, LES has a long history of introducing cost-effective programs for the overall benefit of its customer-owners, including in the areas of demand response and demand flexibility.

LES launched Peak Rewards, a residential air conditioning demand response program, in the spring of 2018. More than 3,000 customers have enrolled more than 3,400 internet-connected thermostats via an online portal provided by a third-party demand response program solutions provider. Participants receive a \$25 gift card upon enrollment and a \$25 bill credit for annually participating in the program. LES reduced peak demand by approximately 3.5 MW through temperature setbacks in the summer of 2022.

This bring-your-own thermostat program was developed after conducting a pilot study in partnership with the Electric Power Research Institute (EPRI) during the summers of 2015 and 2016. The study revealed that from a demand reduction, logistics, comfort and customer satisfaction perspective, smart thermostat temperature setbacks outperformed air conditioning compressor relay switches.

LES also piloted a behavioral demand response program in 2021 as part of a residential electric vehicle charging study. Approximately 60 participants were alerted via text and email when the utility desired them to charge off-peak on select days during core winter and summer months. Participants were provided a \$10 bill credit for complying with all alerts in any given month. On average, just under 90% of participants complied with any singular event, while almost 70% of participants complied with all requests in a month.

The results provide promise for a full-scale program if offered to all plug-in vehicle owners in the future.

LES also offers numerous rates to incentivize demand flexibility for commercial and industrial customers. These include two off-peak rates, a Time of Use Demand Rate and an Off-Peak Daily Rate, both of which offer lower demand charges for power and energy consumption during specified hours. The utility also offers rates for customers who have flexible operations. The Curtailable Rate Rider offers a payment for responding to an optional load curtailment request from LES, while the Interruptible Rider provides reduced demand charges for a firm commitment to shift or reduce load for a short period at any point during the year.

### Staff Recommendation

Staff recommends adopting the Demand Response Practices standard as provided. LES will continue to monitor, evaluate and promote programs, rate structures and other enabling technologies or strategies to cost-effectively reduce peak demand.

**ELECTRIC VEHICLE CHARGING PROGRAMS**  
**Public Utility Regulatory Policies Act (16 U.S.C. 2621(d))**  
**Section 111(d)(21)**

Federal Standard

(21) ELECTRIC VEHICLE CHARGING PROGRAMS.—Each State shall consider measures to promote greater electrification of the transportation sector, including the establishment of rates that—

- (A) promote affordable and equitable vehicle charging options for residential, commercial, and public electric vehicle charging infrastructure;
- (B) improve the customer experience associated with electric vehicle charging, including by reducing charging times for light-, medium-, and heavy-duty vehicles;
- (C) accelerate third-party investment in electric vehicle charging for light-, medium-, and heavy-duty vehicles; and
- (D) appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure.

Staff Discussion

This standard is directed to States, not to electric utilities; however, LES will voluntarily consider this standard.

LES' involvement with electric vehicles dates back to 1980 when the utility was part of a national study on fleet electrification using lead acid batteries.

More recently, LES has converted over 75% of its light duty passenger fleet to hybrid, plug-in hybrid and all-electric vehicles and is awaiting delivery of several new medium-duty all-electric pickups. The utility also installed the community's first public charging stations in 2015 to provide a better understanding of utilization rates, charging patterns and overall customer experience.

In 2019, the utility participated in a study conducted by the Electric Power Research Institute (EPRI) to determine drivers and barriers to EV adoption. LES also launched a three-year residential EV study to better understand local customers' charging behaviors and the impact on the grid. Engaging more than 90 participants, the study provided unique insight into the frequency, duration and preferred location of charging. The utility also leveraged the study to pilot a behavioral demand response program to encourage off-peak charging.

In addition to electrifying its own fleet and conducting research to guide strategic decisions, the utility has taken an active role in educating and engaging customers with electric transportation. Since 2019, LES has hosted six workshops and webinars featuring electric transportation subject matter experts, local EV owners, auto dealers and other key stakeholders.

In 2021, LES coordinated the state's first electric vehicle ride and drive event. Attracting more than 200 customers, the event allowed prospective EV owners to test drive one or more vehicles, visit with current owners and participate in an EV basics seminar. A similar event featuring a broader array of models will be hosted during National Drive Electric Week in the fall of 2023.

In addition to educating the community, LES has actively promoted and facilitated EV rebates and funding for public charging. In 2019, LES collaborated with a local business, public school district and the University of Nebraska-Lincoln to secure funding for DC fast charging and Level 2 charging stations at seven underserved locations around the community. The utility also secured a grant from the Nebraska Environmental Trust in 2020 to fund 25 plug-in vehicle customer purchase rebates. LES joined the city, University of Nebraska-Lincoln, Lancaster County and Lincoln Public Schools to jointly fund and guide development of the community's EV Readiness Plan in 2023. This Climate Smart Collaborative worked with a third-party engineering firm to lay the foundation for the community's continued transition to electric and alternatively fueled vehicles.

Moving forward, LES plans to be a primary source of information and consultation for key stakeholders including fleet operators, multifamily developers, workplace charging hosts and other prospective stakeholders. In addition, the utility will continue to monitor options available to support and encourage off-peak charging including rate structures, managed and behavioral demand response programs and enabling technologies.

### Staff Recommendation

Staff recommends adopting a modified standard as follows:

LES will consider measures to promote greater electrification of the transportation sector, including the establishment of rates that—

- (A) promote affordable and equitable vehicle charging options for residential, commercial, and public electric vehicle charging infrastructure;
- (B) improve the customer experience associated with electric vehicle charging, including by reducing charging times for light-, medium-, and heavy-duty vehicles;
- (C) accelerate third-party investment in electric vehicle charging for light-, medium-, and heavy-duty vehicles; and
- (D) appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure.

Lincoln Electric System (LES) will also continue to monitor, research and, when feasible, develop programs to support adoption of electric transportation and will serve as a source of information and consultation for stakeholders including fleet operators, multifamily developers, businesses, residential customers, and other community stakeholders.

In addition, the utility will continue to monitor and evaluate options available to support and encourage off-peak charging including rate structures, managed and behavior demand response programs and enabling technologies.

# **Exhibit V**



# Regulatory Agencies & LES Operations

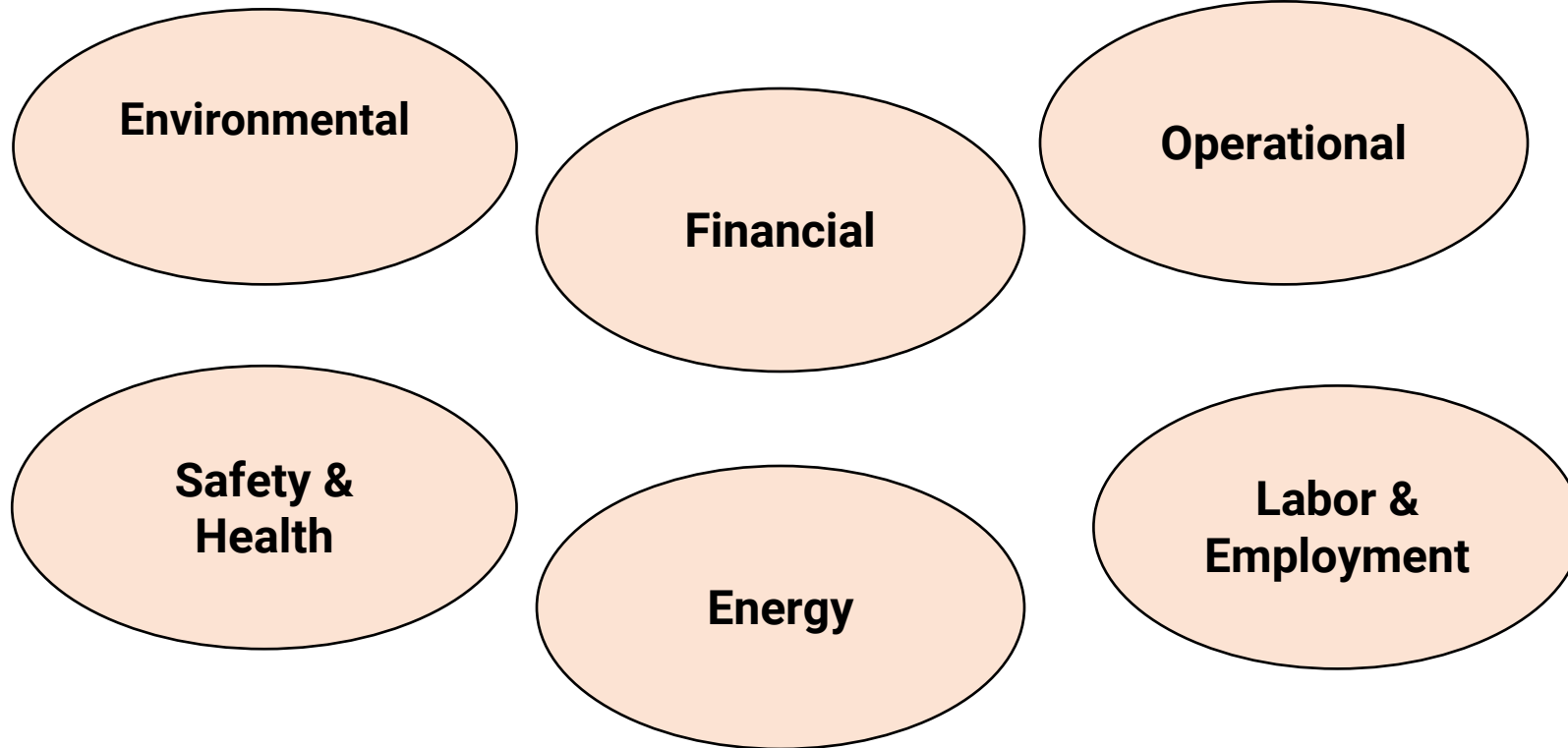
**LES Administrative Board**

**August 18, 2023**

**Shelley Sahling-Zart, Vice President & General Counsel**

# Regulatory Agencies & LES

LES deals with a diverse array of regulatory agencies:



# Regulatory Agencies that Impact LES

## STATE & LOCAL

- **Nebraska Department of Environment and Energy**
- **Nebraska Department of Health & Human Services**
  - **Nebraska Department of Roads**
  - **Nebraska Energy Office**
- **Nebraska Game & Parks Commission**
  - **Nebraska Power Review Board**
- **Nebraska Public Service Commission**
- **Commission of Industrial Relations**
- **Nebraska Department of Revenue**

# Key Laws & Regulations

## STATE & LOCAL

- **Open Meetings Act**
- **Public Records Statutes**
- **Power Review Board Statutes**
- **Public Bidding Requirements**
- **Wage Payment & Collection Act**
- **Workers' Compensation Statutes**
- **Commission of Industrial Relations Act**
  - **Air Emissions Standards**
- **Municipal Proprietary Budget Act**

# Regulatory Compliance at LES

Multi-faceted approach to compliance:

- Staff engagement
  - Legal staff
  - Regulatory Compliance staff
  - Environmental staff
  - Division staff
- Consultants
- Specialized law firms
- Industry organizations (APPA, EPRI, etc.)

# Environmental



Nebraska Game and Parks Commission



# Environmental Protection Agency

## Clean Air Act

Goal is to achieve nationwide reductions in air pollution

- Clean Power Plan → Affordable Clean Energy → New Source Performance Standards for GHG Emissions from Generating Units
- Transport Rule/Cross-State Air Pollution Rule
- Regional Haze Rule
- Acid Rain Program
- Mercury & Air Toxics Standards
- Protection of Stratospheric Ozone
- Mandatory Greenhouse Gas Reporting Program

# Environmental Protection Agency

## **Toxic Substances Control Act (TSCA)**

Reporting, testing requirements and restrictions relating to chemical substances or mixtures

- Polychlorinated Biphenyls (PCBs)
- Oil Spill Prevention Program
- Pesticides

## **Resource Conservation & Recovery Act (RCRA)**

Proper management of hazardous and non-hazardous solid waste

- Underground storage tanks



# U.S. Fish & Wildlife Service

## **Migratory Bird Treaty Act**

Prohibits the taking, transporting, selling or purchasing of migratory birds or the nests or eggs of such birds

## **Bald and Golden Eagle Protection Act**

Prohibits the taking, transporting, selling or purchasing of any bald or golden eagle, including nests or eggs of such eagles

Penalties under both include fines of \$5,000 to \$250,000 and possible imprisonment of 6 months to 2 years

# U.S. Army Corp of Engineers

## Clean Water Act – Section 404

- Regulates the discharge of dredged and fill material into waters of the United States, including wetlands
- Requires a permit from the U.S. Army Corps of Engineers
  - No discharge permitted if a practicable alternative exists that would be less damaging to the nation's waters or aquatic environment
- EPA regulation over wetlands and “Waters of the US” continues to evolve, largely through litigation
  - May 2023 SCOTUS ruling

# Nebraska Department of Energy & Environment

## Air Quality Division

- Air emissions
- Coordinated efforts with EPA and Lincoln/Lancaster County Health Department

## Water Quality Division

- Construction storm water
- NPDES point source/pretreatment program
- Nebraska Onsite Wastewater Program
  - Septic tanks, holding tanks, lagoons, etc.

# Nebraska Department of Energy & Environment

## Other:

- Oil spill reporting and response
- Universal waste regulations
  - Lightbulbs, batteries, etc.
- Conditionally-exempt hazardous waste

# Nebraska Department of Health & Human Services

- Nebraska Safe Drinking Water Standards Compliance
- Well Construction Standards
- Asbestos Program Authority
- Well field permits for DEC County Adult Detention Facility and LES Operations Center

# Nebraska Game & Parks Commission

- Raptor Protection Program
- Nebraska Nongame and Endangered Species Conservation Act compliance
- Reviews generation & transmission applications for impact to threatened or endangered species

# Lower Platte South NRD

- Serves as local authority for protecting groundwater from overuse and contamination
- SWPPP permit for storm water runoff during construction, when applicable
- Conservation Easements
- Well approvals and regulations

# Lincoln/Lancaster County Health Department

- Air operating permits
- Air construction permits
- New Source Performance Standards
- Compliance assurance monitoring
- Reciprocating Internal Combustion Engines/Emergency Generators
- Emission standards for hazardous air pollutants
- Special waste permits
- Pandemic response



# Energy



# Federal Energy Regulatory Commission

- Regulates the interstate transmission and sale of electricity, natural gas, oil and hydropower.
- Independent regulatory agency
- No review by POTUS, Congress or DOE
- Provides planning principles for regional transmission planning processes
- LES is non-jurisdictional

# Federal Energy Regulatory Commission

## Key FERC Orders:

- 888 – Open Access Transmission Tariff (OATT) reform
- 1000 – electric transmission planning and cost allocation requirements
- 2000 – Encouraged formation of Regional Transmission Organizations (RTOs) to administer the transmission grid
- 2222 – Distributed energy resource aggregations
- 719 – Demand response aggregators
- 881 – Ambient adjusted transmission line ratings

# North American Electric Reliability Corporation

- Responsible for assuring the reliability of the bulk power system in North America
- Develops and enforces Reliability Standards
- Physical security and cyber security
  - Critical Infrastructure Protection Standards
  - Electricity Sector Information Sharing and Analysis Center (ES-ISAC)
- Monitors the bulk power system
- LES participates in numerous NERC committees

# Nebraska Power Review Board

- Five-member board
  - Engineer, Attorney, Accountant, 2 Laypersons
  - Max 2 consecutive 4-year terms
  - Appointed by Governor, Confirmed by Legislature
- NPRB is a cash-funded agency
  - Receives no general fund tax revenues
  - Entirely funded from assessments levied on power suppliers operating in the State of Nebraska

# Nebraska Power Review Board

- Responsibilities:
  - Approves public power district charters
  - Certification of retail and wholesale service areas
  - Approval of new electric generation and transmission facilities, with certain exceptions
  - Certain utility customer disputes
  - Oversees annual load & capability report
  - Biennial report to Legislature
  - Annual utility assessments
  - Manages attempts to resell retail electricity

# Nebraska Power Review Board

- Approval of Generation & Transmission Projects
  - Certain projects are exempt from review
  - NPRB sets public hearing on application
    - Can be waived under certain circumstances
  - Application sent to Nebraska Game & Parks Commission for review
  - Approval criteria:
    - Public convenience & necessity
    - Applicant can most economically & feasibly supply the electric service
    - No unnecessary duplication of facilities or operations

# Other Operational





# Operational Agencies

- Nebraska State Fire Marshall
  - Nebraska 811 – One Call
  - Implements the Federal Underground Storage Tank Program
  - Natural Gas Pipeline regulations
- Nebraska State Historic Preservation Office
  - Archeological review of construction sites
- Federal Aviation Administration/Lincoln Airport Authority
  - Wind turbine lighting
  - Transmission line heights and proximity to glide paths
  - Solar project glare and siting issues

# Regulatory Role Over Generating Facilities

- EPA
- Nebraska Department of Environment & Energy
- Lincoln/Lancaster Co. Dept. of Health
- Lower Platte South NRD
- U.S. Fish & Wildlife
- Nebraska Game & Parks
- OSHA
- Nebraska Power Review Board
- Nebraska State Historic Preservation Office
- State Fire Marshall
- NERC

# Regulatory Role Over Transmission Lines

- EPA
- Nebraska Department of Environment & Energy
- Nebraska Power Review Board
- U.S. Fish & Wildlife
- Nebraska Game & Parks
- Nebraska Public Service Commission
- Nebraska State Historic Preservation Office
- FAA/Lincoln Airport Authority
- NERC
- Nebraska Department of Transportation
- City/County Engineering

# Questions?

**Shelley Sahling-Zart**  
**Vice President & General Counsel**  
[ssahling@les.com](mailto:ssahling@les.com)

# **Exhibit VI**


# Cost of Service Overview

*A preview for turning a budget into customer rates*

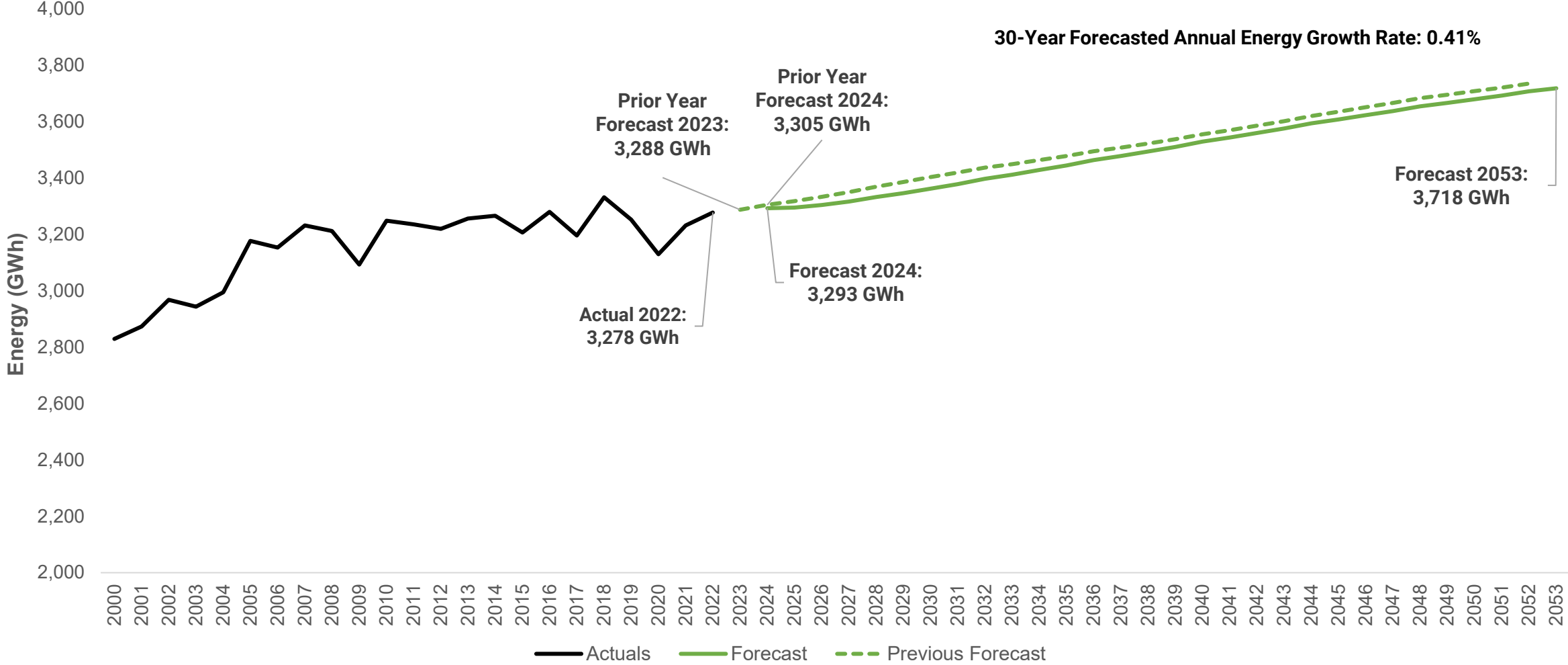
LES Administrative Board  
August 18, 2023

Emily N. Koenig – CFO & Vice President of Financial Services

# Prior to establishment of customer rates, an annual budget must be developed

May	June	July	August	September	October	November
Staffing requests due	Finalize assumptions & guidelines	Power Costs Budget Review	CEO Budget Review  We Are Here	O&P Committee reviews Power Cost	Public meeting	City Council Public Hearing
	Capital Business Cases due	Budgets received from Phase 2 divisions	B&R Committee reviews budget	B&R Committee reviews budget & rates	B&R Committee reviews public comments	City Council Action
	Sales Forecast complete	Budgets received from Phase 3 divisions		Board Meeting with presentation of proposed budget & rates	Board Meeting with action on budget & rates	
	Budgets received from Phase 1 divisions				Budget & Rates sent to City Council	
					City Council first reading	
					Public & City Council Outreach	

# The first step in preparing the budget is projecting how much energy LES retail customers will use





# Each division then builds their budget to serve projected customer needs

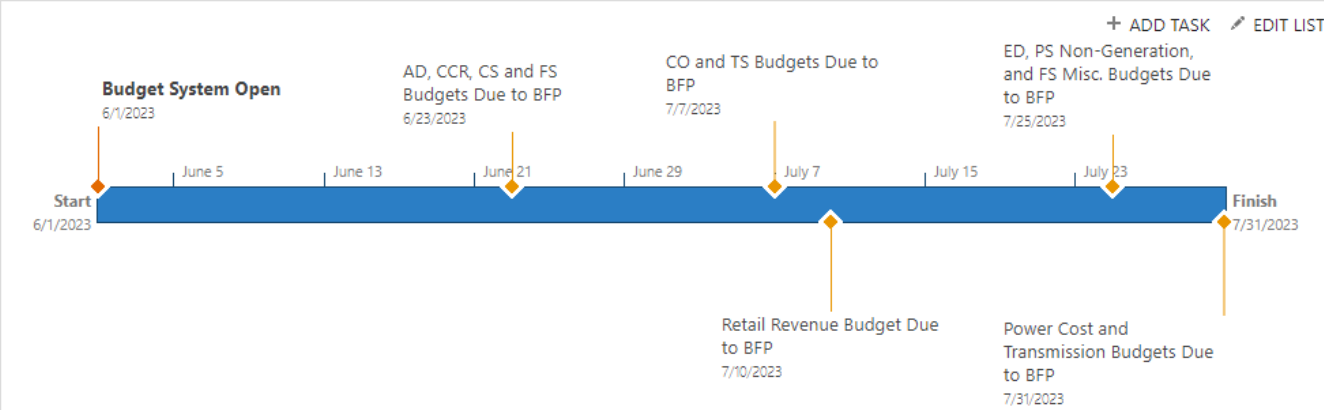
- Budget Home**
- Supporting Materials
- Administration
- Communications & Corporate Records
- Corporate Operations
- Customer Services
- Energy Delivery
- Financial Services
- FS Miscellaneous
- Power Supply
- PS Power Costs
- PS Transmission
- Technology Services
- Training Site
- Recent

## Budget System

### Operating Budget

#### Key Dates

Power Cost and Transmission due  
 7 days ago



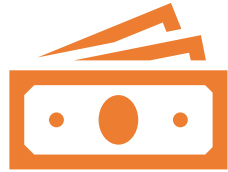
- Nathan Walters  
Senior Analyst Financial
- Austin Ligenza  
Analyst Financial
- Trew DeJong  
Analyst Financial
- Wade Leibbrandt  
Manager Budget\_Fin\_Planning

- #### Links
- [Schedule](#)
  - [2024 Operating Budget Instructions](#)
  - [Cost Center List](#)
  - [Cost Element List](#)
  - [Acronyms Commonly Used](#)
  - [Software Budget Guidelines](#)
  - [Learning & Development Budget Guide](#)
  - [Capitalization Guidelines](#)
  - [Capital Business Case Justification Form](#)
  - [Budget Letter From Emily and Kevin](#)

#### Annual Reminders & Updates

- BFP is pre-populating the 2024 Budget with the budgeted line items used in the 2023 Budget. The dollar amount for these line items will be left blank. Line items and dollar amounts that you may have previously entered for 2024 or future years are still in the system.
- The annual tuition reimbursement amount has been increased to \$5,250 for any approved courses or degree programs
- The payroll and transportation portions of the 2024 Budget will be completed by BFP and pre-populated into department budgets by May 26<sup>th</sup>.
- All capital projects are planned in SAP. Capital project information will not need to be included in the SharePoint operating budget system.
- Forecasts will continue to be collected through the current process, not through the budget system. BFP will enter forecasts into the budget system.

# Next, an analysis must be made to determine whether a rate increase is required



**Does the budget meet  
financial metrics?**

**Even if a rate increase is not required, it is still necessary to ensure that individual Rate Classes are paying the costs to serve them.**

**This is called the Cost-of-Service Process.**

# LES employs the Cost-of-Service rate design method

## Rate Design

LES rates are designed to:

- be fair, reasonable and nondiscriminatory
- collect funds needed to operate the utility and provide sufficient reserves

LES rates are **not** designed to:

- generate a profit for any stakeholders
- create cross-class subsidization

In contrast, investor-owned utility rates are developed to:

- generate a rate of return for investors
- possibly attract certain customer types

## Rate Approvals

LES retail rates are approved by the LES Administrative Board and City Council.  
(*Public power = public control*)

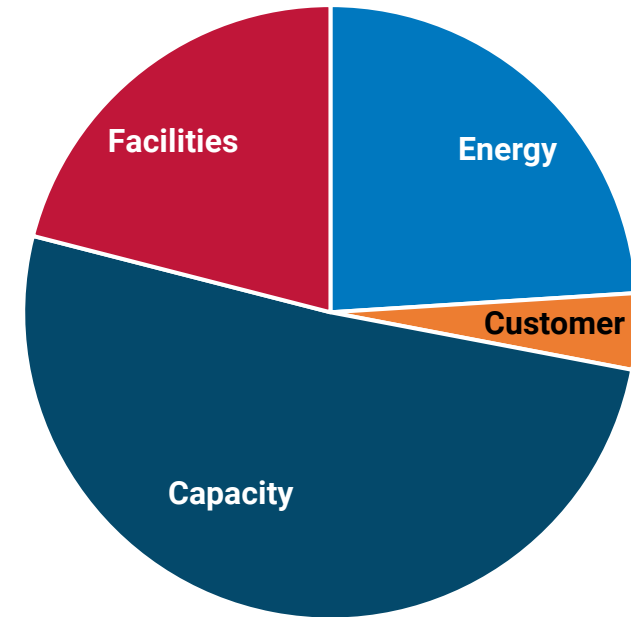
Investor-owned utility rates are regulated.

- Utilities submit a rate case to a public utilities commission for approval.
- The commission strives to ensure that rates are just and reasonable.

# The budgeted “costs to serve” are grouped into 4 major categories

- **Energy Costs** (fuel, operations & maintenance costs for power plants)
- **Customer Costs** (billing & meter reading)
- **Capacity Costs** (fixed power supply generation & transmission ownership)
- **Facilities Costs** (distribution system – lines, substations, transformers)

Grouping costs in this way ensures that each Rate Class is allocated its appropriate share of LES costs.



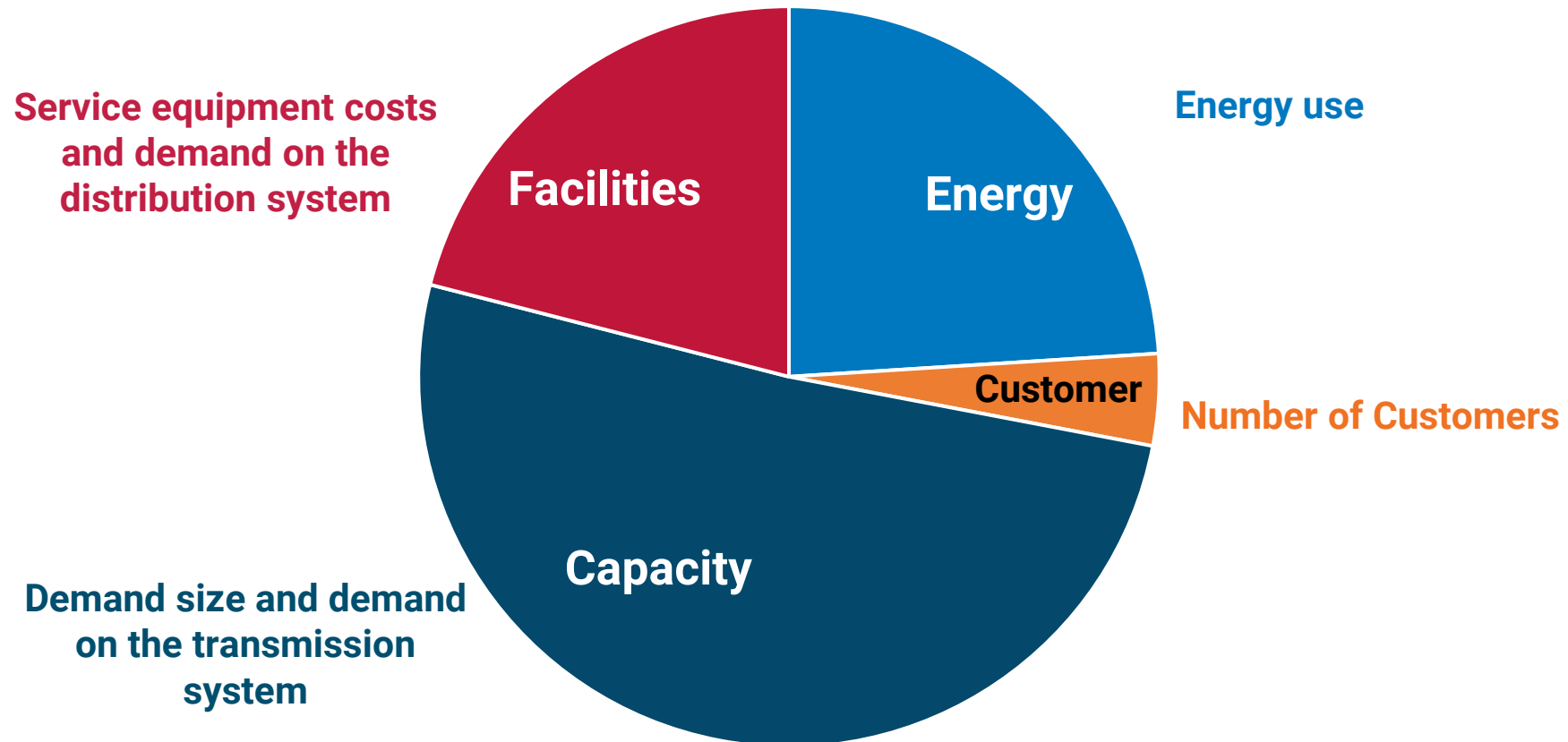
# Costs from the 4 categories are then allocated to each Rate Class

*Rate Classes are groupings of customer who use the electric system similarly*

Rate Class	Examples
<b>Residential</b>	Homes
<b>General Service</b>	Small Shops and Offices
<b>Heating Service</b>	Space conditioning only
<b>General Service Demand</b>	Mid-Size Restaurants and Stores
<b>Large Light &amp; Power (LLP)</b>	Large Stores and Service Providers
<b>Large Power Contract (LPC)</b>	Industrial & Manufacturing
<b>Streetlight</b>	<i>Self-explanatory</i>

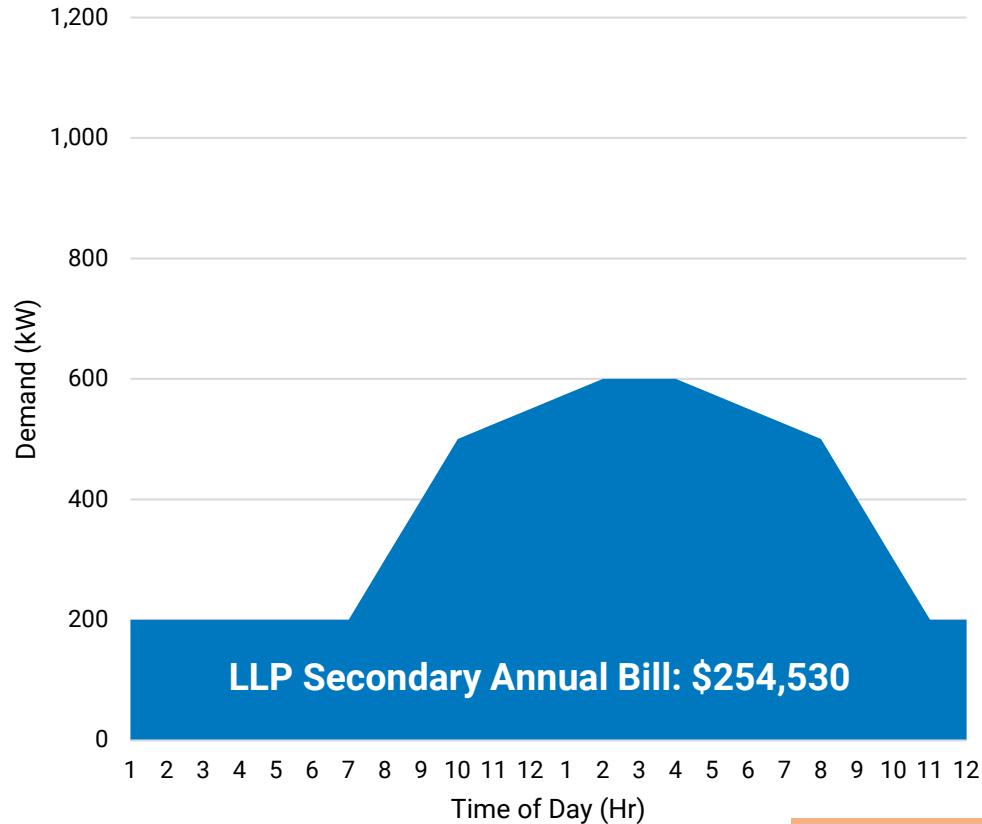
Rate Classes are differentiated by when they use the system (On-Peak vs. Off-Peak) and the demand they place on the system.

# Cost categories are allocated to each Rate Class based on various methods

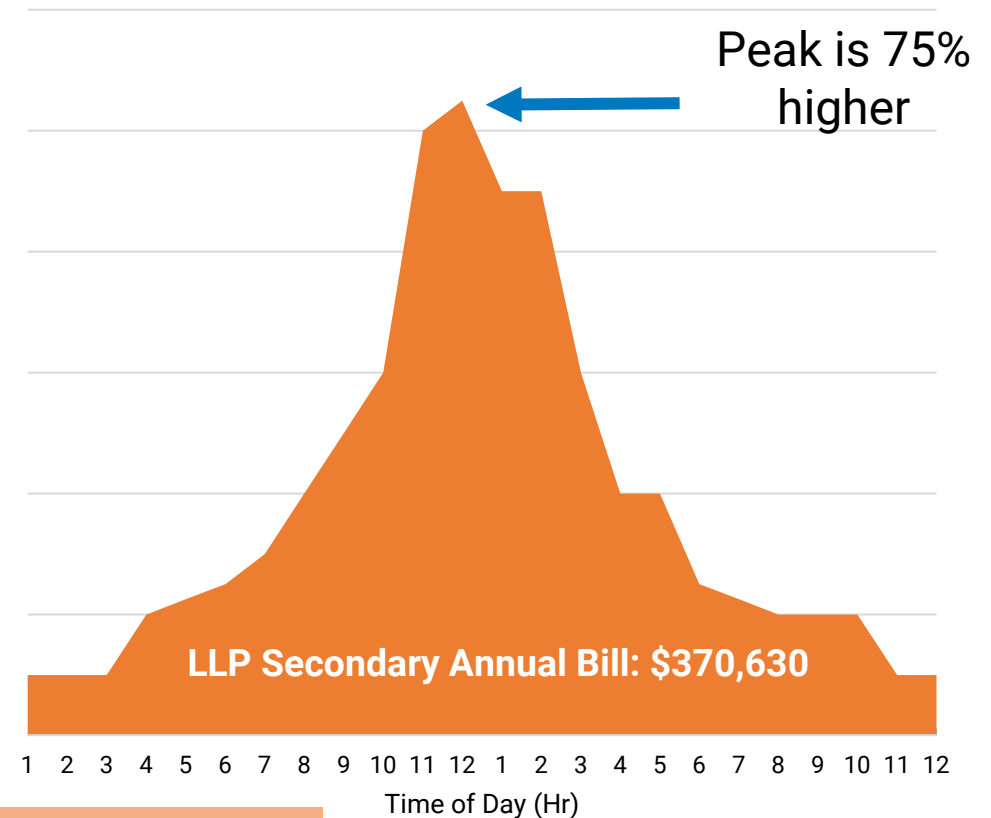


# Two Customers, same energy . . . dramatically different demand

Customer 1  
(65% Load Factor)



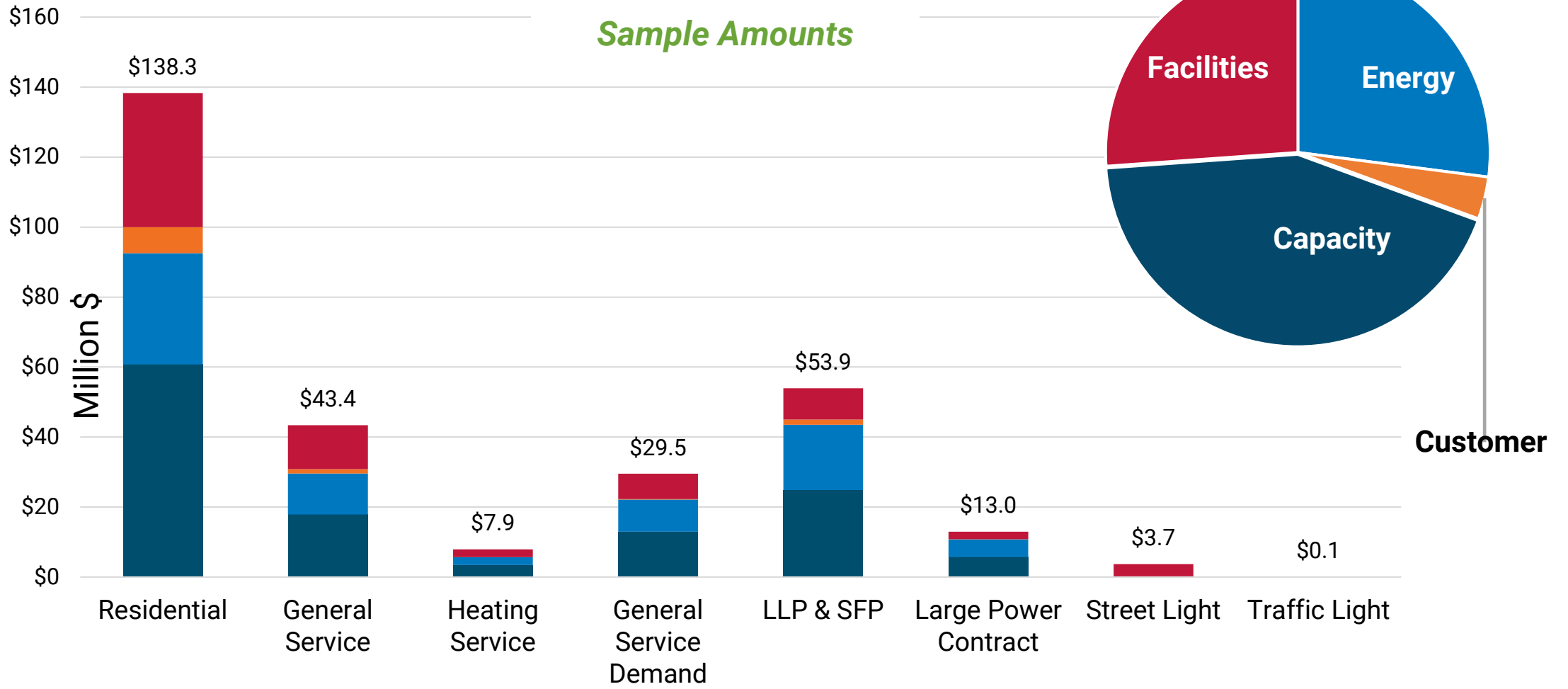
Customer 2  
(37% Load Factor)



**Difference in Annual Bills: \$116,100**



# Rate Class costs vary



# There are two major types of rate structures available to LES customers

## Energy Based/Non-Demand Rates

**(Residential, General Service, Heating)**

- Fixed component
- Energy component

*Generally a lower use customer*

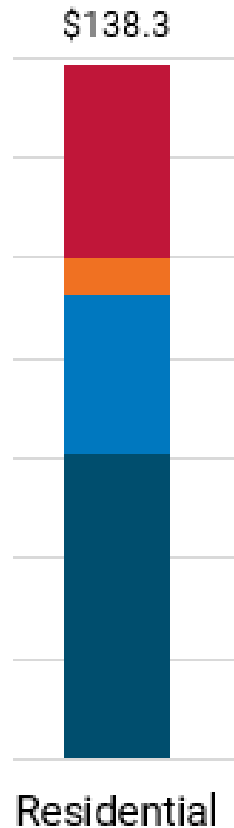
## Demand Based Rates

**(General Service Demand, Large Light & Power, Large Power Contract)**

- Fixed component
- Demand component
- Energy component

*Generally higher use and higher demand customer*

# Energy based rates have simple billing components



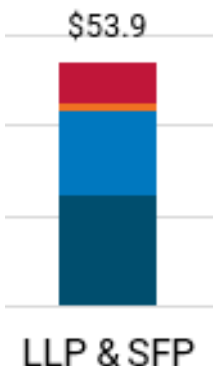
Residential - Acct.#			
Meter #	Previous	Recent	Usage
427727	06/03/23 95,009	07/05/23 96,690	1,681 kWh
<b>Current Energy Charges</b>			
Energy Charge		1,681 kWh	\$122.38
Customer Charge			5.00
Facilities Charge - Level 2			33.25
<b>Total Current Energy Charges</b>			<b>\$160.63</b>
<b>Taxes &amp; Other Charges/Credits</b>			
City Dividend			\$3.28
Sales Tax			11.89
<b>Total Taxes &amp; Other Charges/Credits</b>			<b>\$15.17</b>
Previous Balance			186.67
Payments			(186.67)
<b>Total Amount Due 07/31/23</b>			<b>\$175.80</b>

Variable Energy Charge collects for both **Energy** and **Capacity** costs

Same **Customer** Charge each month for every Residential Customer

Residential **Facilities** Charges based on historical average usage (3 levels)

# Demand based rates have complex billing components



LLP Secondary - Acct.#			
Meter #	Previous	Recent	Usage
	<u>06/01/23</u>	<u>06/30/23</u>	
724275			399,555 kWh
900123			922.00 kW
<b>Current Energy Charges</b>			
Energy Charge		399,555 kWh	\$10,588.21
Customer Charge			330.00
Facilities Charge			4,840.50
Demand Charge		922.00 kW	14,659.80
Excess kVar Charge		106.59 kVar	277.15
<b>Total Current Energy Charges</b>			<b>\$30,695.66</b>
<b>Taxes &amp; Other Charges/Credits</b>			
City Dividend			\$1,398.44
Late Fee			882.46
<b>Total Taxes &amp; Other Charges/Credits</b>			<b>\$2,280.90</b>
<b>Previous Balance</b>			<b>29,415.40</b>
<b>Payments</b>			<b>0.00</b>
<b>Past Due Amount</b>			<b>29,415.40</b>
<b>Current Amount due 07/31/2023</b>			<b>32,976.56</b>
<b>Total Amount Due</b>			<b>\$62,391.96</b>

Variable Energy Charge only collects for **Energy** related costs

Same **Customer** Charge each month for every LLP Customer

Facilities Charge only collects **Facilities** Costs

Demand Charge collects **Capacity** Costs

# Rate design is math and “art”

## Ideally . . .


- Each Rate Class will pay +/- 5% of the cost to serve them
- Each Rate Component (Energy, Customer, Facilities, Demand, etc.) will be set at +/-10% of the cost

*It can be hard to meet the ideal when underlying costs change each year*

**2023** Proposed rate increases vary slightly by rate class

	2023 Rate Increase	2023 Cost of Service	2022 Cost of Service
Residential	4.8%	97.4%	98.3%
General Service	4.5%	101.2%	102.9%
General Service Demand	5.4%	99.5%	99.3%
Heating Service	6.1%	86.0%	84.5%
Large Light & Power	4.6%	109.7%	114.9%
Large Power Customer	4.7%	102.6%	112.6%
Lighting	8.0%	69.9%	65.0%
Total Retail System	4.8%	100%	102%

# Staff will work through the 2024 Cost-of-Service Process with the Budget & Rates Committee over the next month

May	June	July	August	September	October	November
Staffing requests due	Finalize assumptions & guidelines	Power Costs Budget Review	CEO Budget Review  <b>We Are Here</b>	O&P Committee reviews Power Cost	Public meeting	City Council Public Hearing
	Capital Business Cases due	Budgets received from Phase 2 divisions	B&R Committee reviews budget	B&R Committee reviews budget & rates	B&R Committee reviews public comments	City Council Action
	Sales Forecast complete	Budgets received from Phase 3 divisions		<b>Board Meeting with presentation of proposed budget &amp; rates</b>	Board Meeting with action on budget & rates	
	Budgets received from Phase 1 divisions				Budget & Rates sent to City Council	
					City Council first reading	
					Public & City Council Outreach	

# **Exhibit VII**

# Southwest Power Pool Overview

[www.spp.org](http://www.spp.org)

*Dennis Florum*  
*Manager, Energy & Environmental Operations*

08/18/23

 Southwest Power Pool

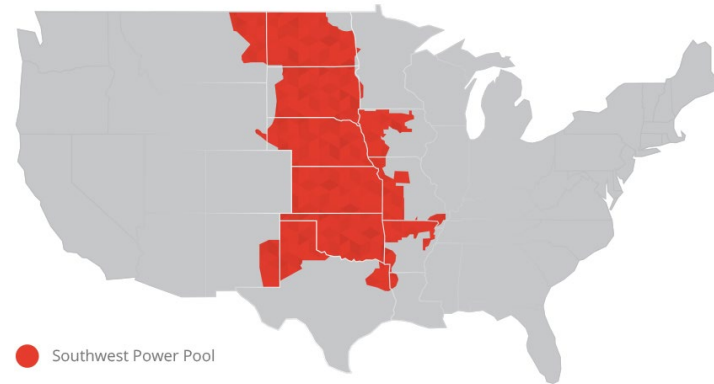


# Southwest Power Pool (SPP)

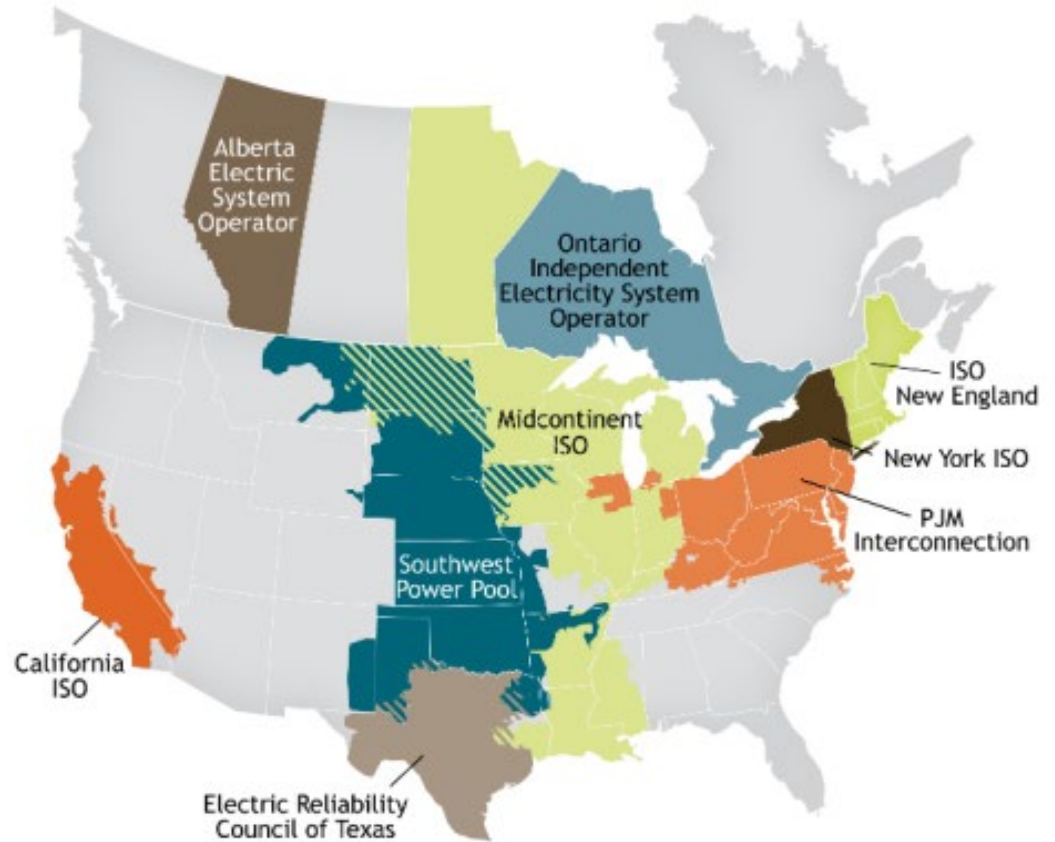
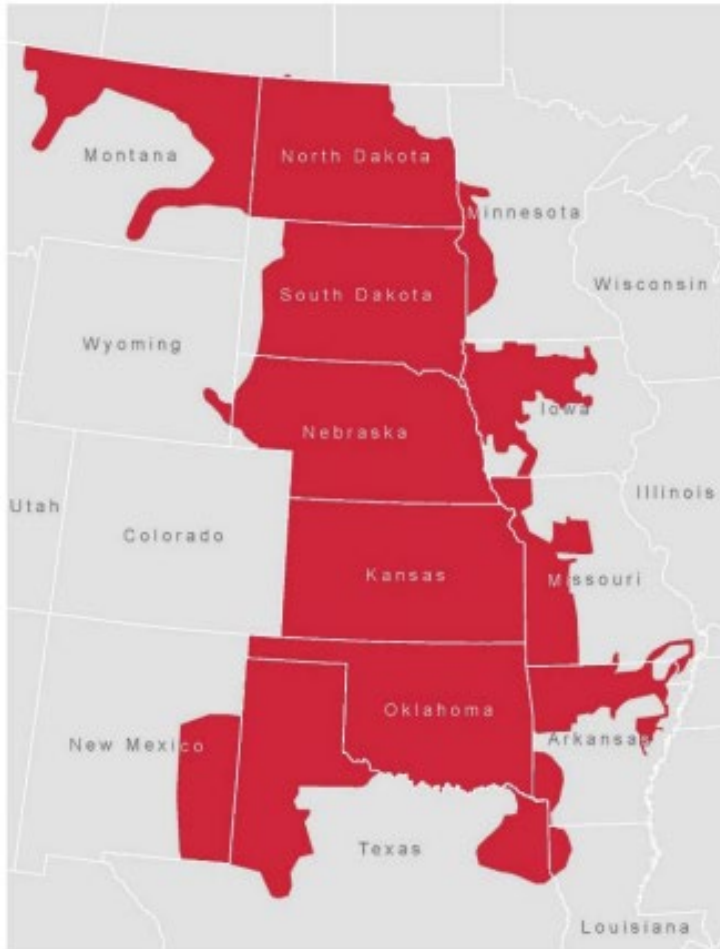
## A Regional Transmission Organization (RTO)

*Working together to responsibly and economically keep the lights on today and in the future*

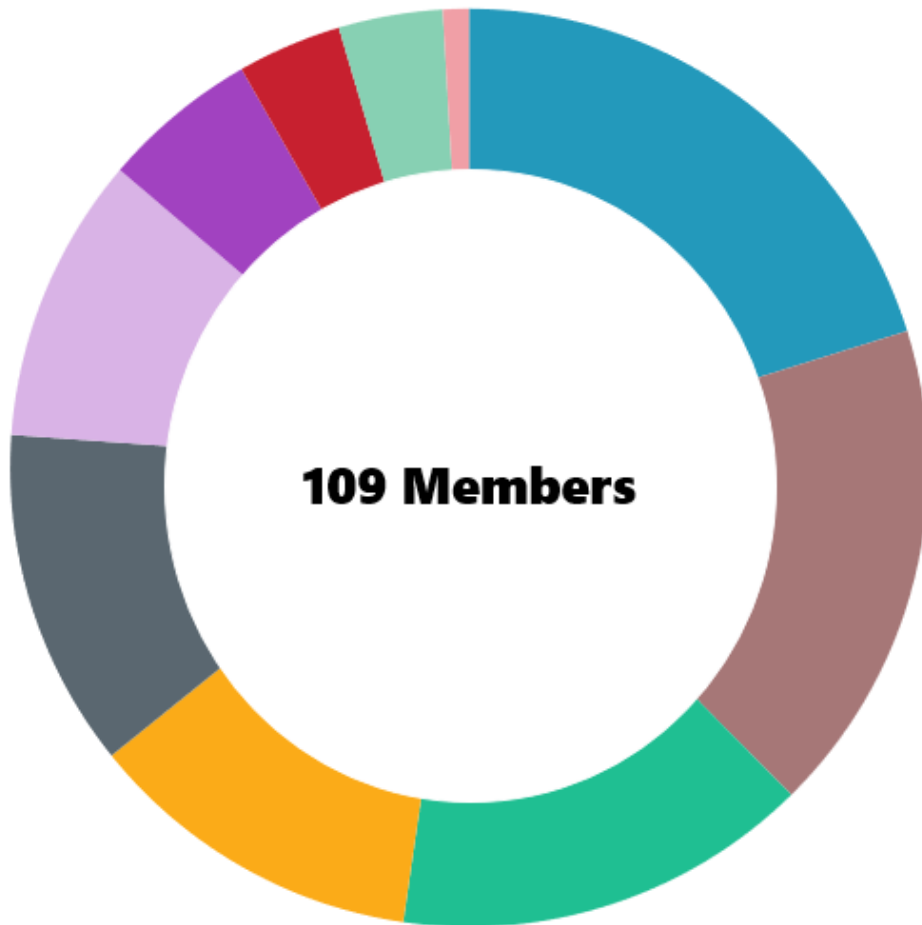
- Headquartered in Little Rock, Arkansas
- 24 X 7 operation
- Revenue neutral
- FERC-approved, governing tariff
- Over 550K square mile service territory
- Approximately 18 million population served
- Nearly 1,000 generating plants and over 5,000 substations
- Nebraska joined in 2009



# SOUTHWEST POWER POOL



# SPP Membership by Type



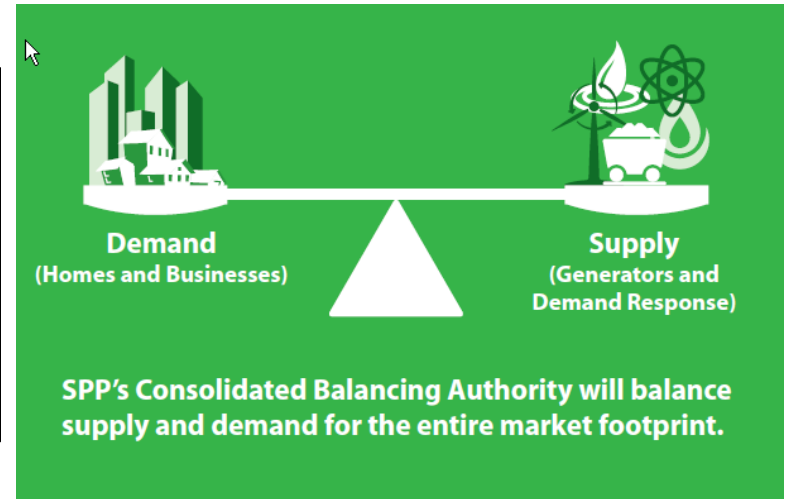
- 22 Generation and Transmission Cooperatives
- 19 Independent Power Producers
- 16 Investor-Owned Utilities
- 13 Municipal Systems
- 13 Independent Transmission Companies
- 11 Power Marketers
- 6 State Agencies
- 4 Large Retail Customers
- 4 Alternative Power/Public Interest
- 1 Federal Agency

# SPP Primary RT0 Functions and Services

- Consolidated Balancing Authority
- Reliability Coordinator
- Transmission Planner
- Market Operator

# Consolidated Balancing Authority

$$\begin{aligned} &\text{Generation + Purchases} \\ &= \\ &\text{Metered Load + Sales} \end{aligned}$$



- Generation output is metered by generator owners
  - Submitted to SPP about every 2 seconds
- Load is metered by local utilities
  - Submitted to SPP about every 2 seconds

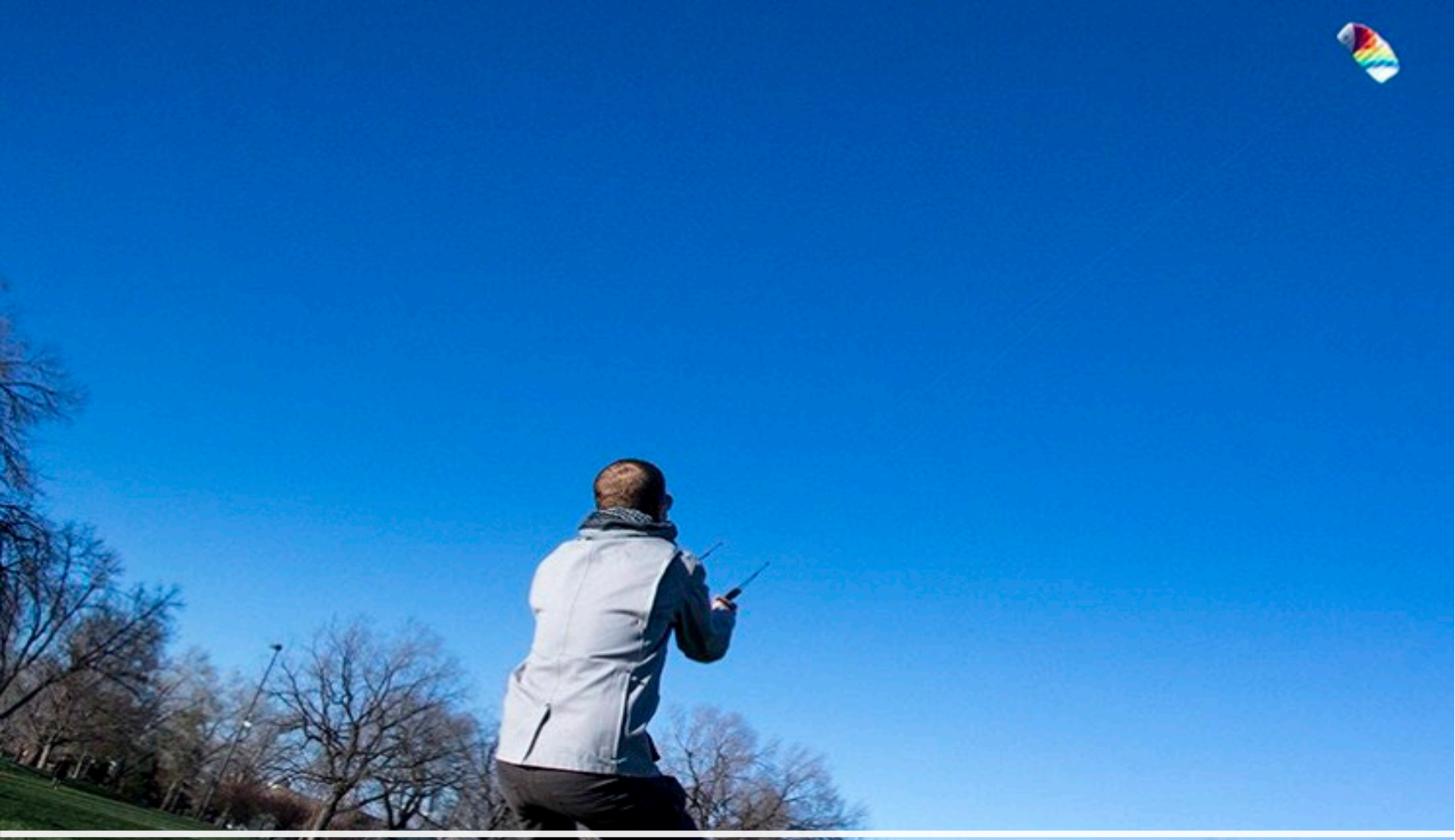
# BALANCING ELECTRIC SUPPLY AND DEMAND

## SUPPLY/GENERATION

- **98,608 MW** Nameplate Capacity
- **64,486 MW** Accredited Capacity *(as of Summer 2022)*

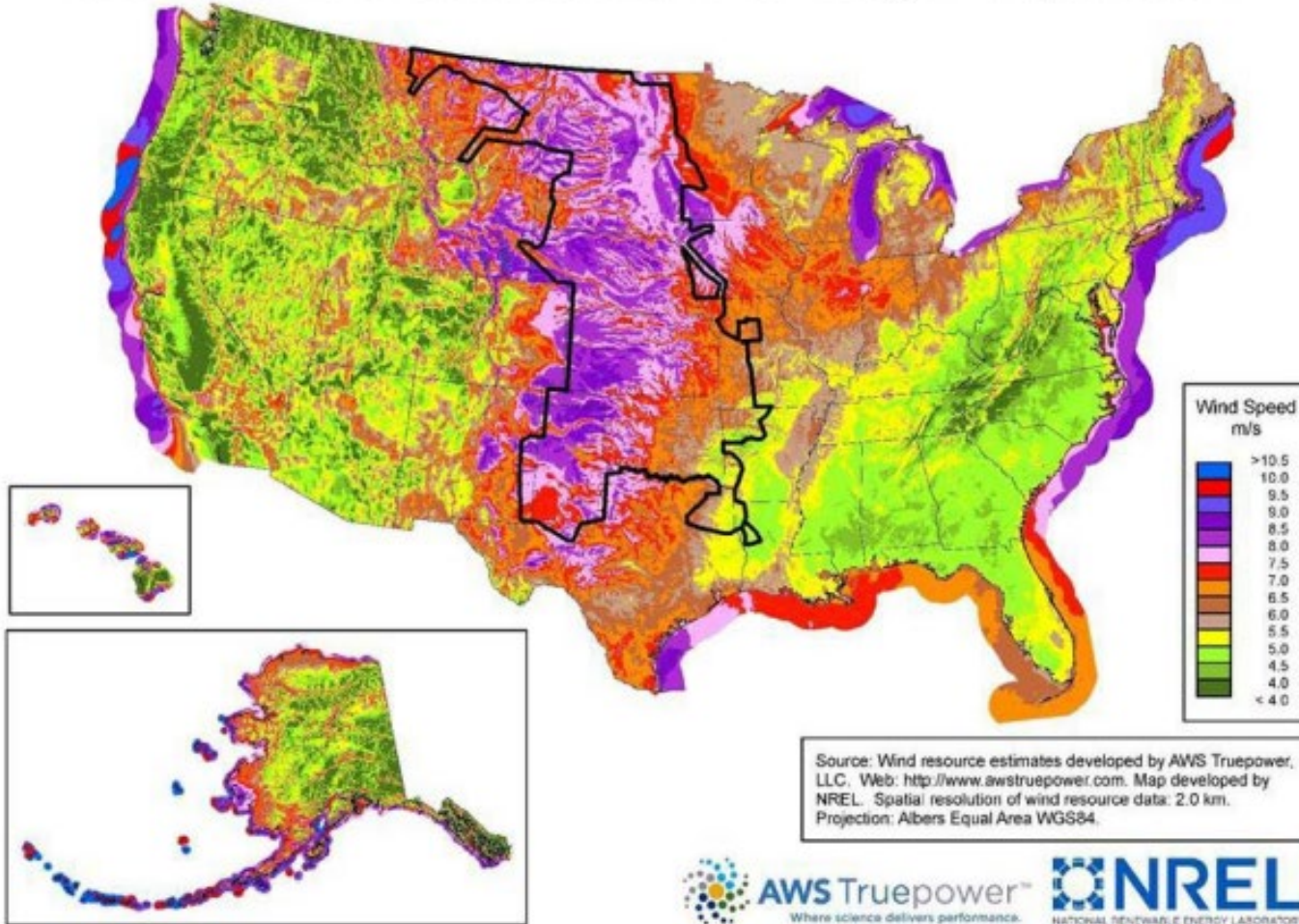
## DEMAND/LOAD

- **53,243 MW** all-time coincident peak load (7/19/22)
- **47,157 MW** Winter peak (12/22/22)



# WIND

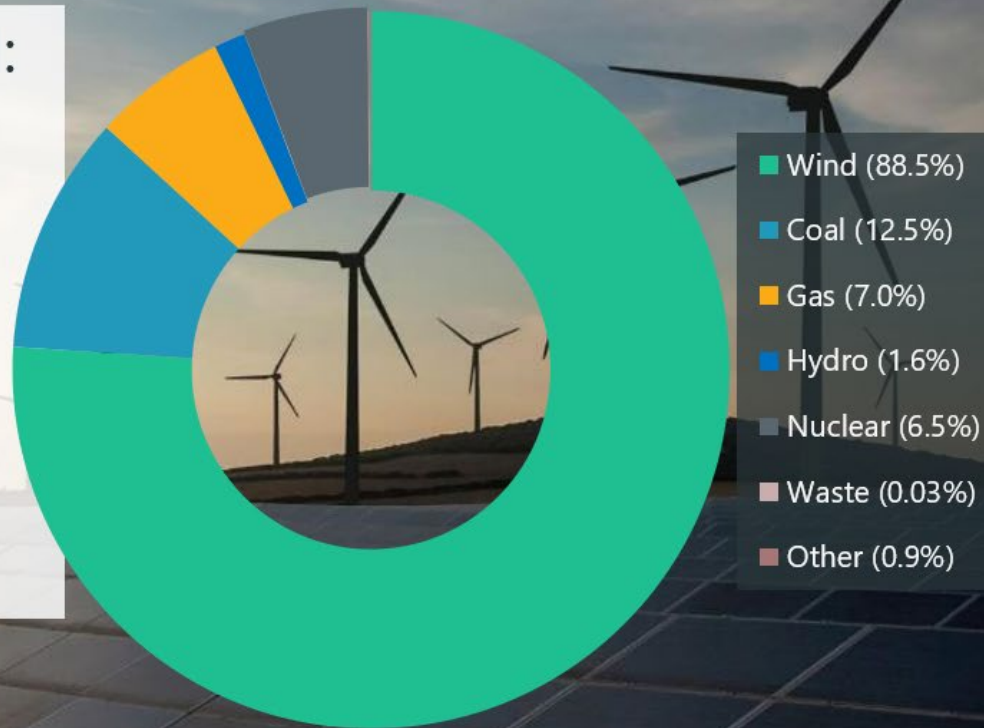
# United States - Land-Based and Offshore Annual Average Wind Speed at 80 m





# RENEWABLE PENETRATION

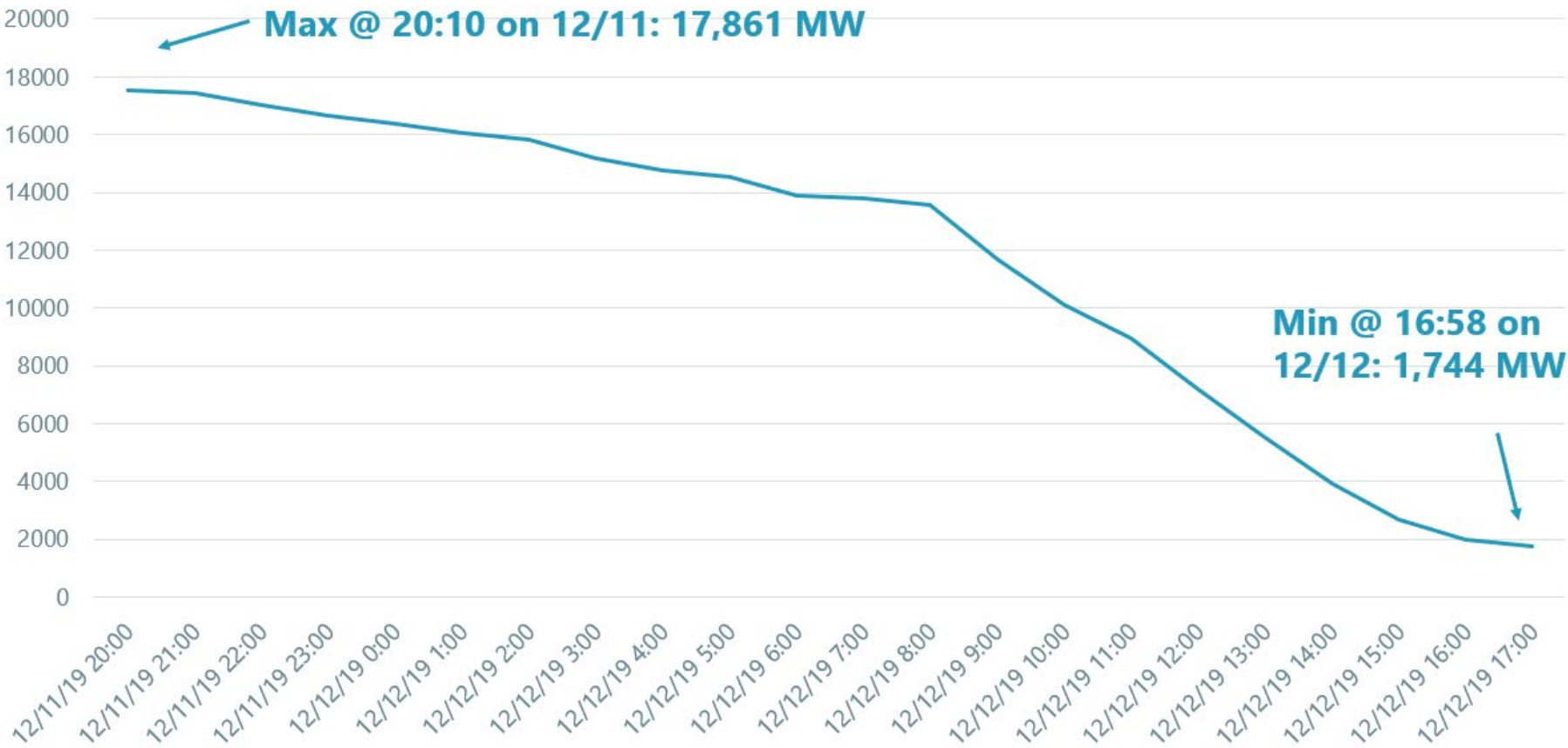
- Renewable penetration record: **90.2%** of load
  - 2:42 a.m. on 3/29/22
  - **22,351 MW** of 24,787 MW of load served by renewables
  - **90.17%** of total generation at that time was renewables



Penetration of Load by Fuel Type

\* For comparison, wind contributed 6,770 MW or 12.7% of the July 2022 peak

# WHY FUEL DIVERSITY MATTERS: SPP'S RECORD WIND DROP (16 GW IN 21 HOURS, 12/11/19)



# Reliability Coordinator

## RELIABILITY COORDINATION: AIR TRAFFIC CONTROLLERS OF THE BULK POWER GRID

- Monitor grid 24 x 365
- Anticipate problems
- Take preemptive action
- Coordinate regional response
- Independent
- Comply with more than 5,500 pages of reliability standards and criteria

# Transmission Planner

- Creates regional transmission planning models
  - Differing seasons, scenarios, and length of the study
- Performs studies to determine where transmission facilities should be built
  - Regional reliability and compliance
  - Congestion relief
  - Economic benefits
  - Public policy benefits

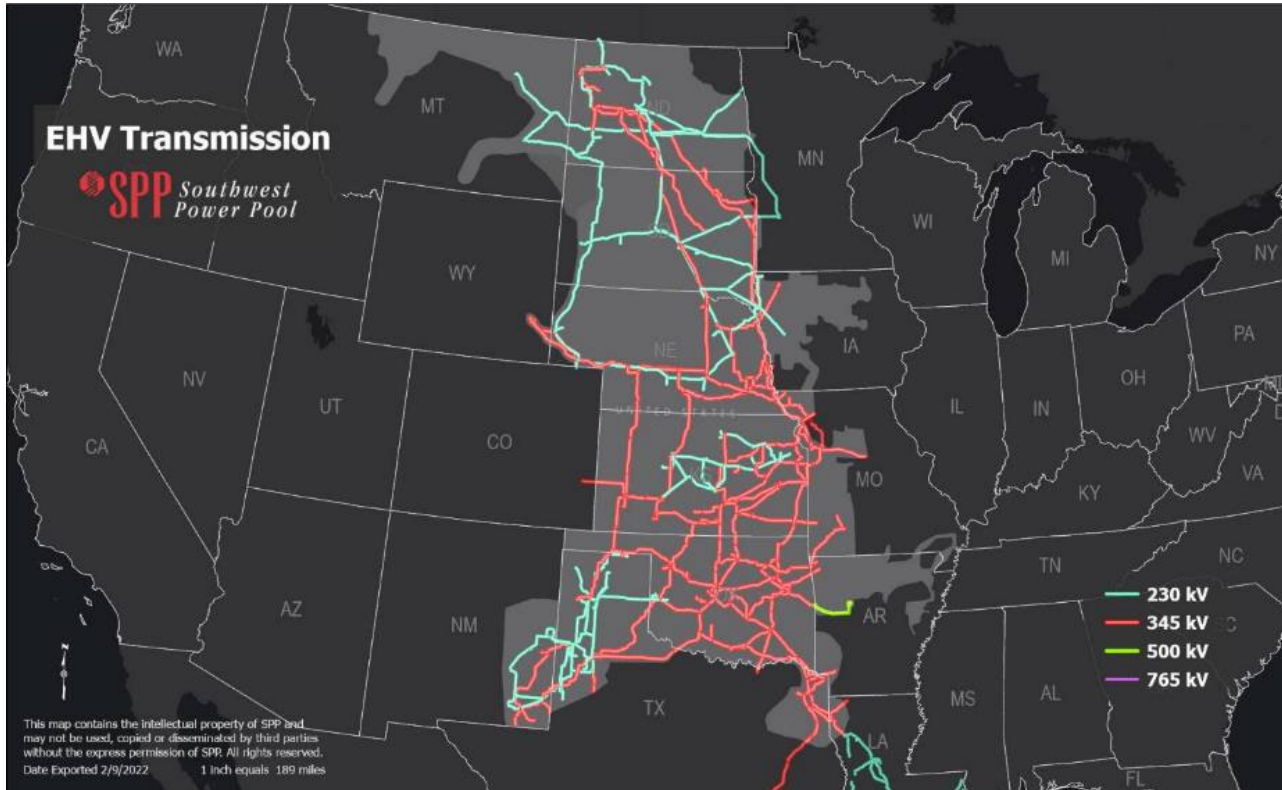


# WHO PAYS FOR TRANSMISSION PROJECTS?

- **Sponsored:** Project owner builds and receives credit for use of transmission lines
- **Directly-assigned:** Project owner builds and is responsible for cost recovery and receives credit for use of transmission lines
- **Highway/Byway:** Most SPP projects paid for under this methodology

Voltage	Region Pays	Local Zone Pays
300 kV and above	100%	0%
above 100 kV and below 300 kV	33%	67%
100 kV and below	0%	100%

# Transmission in SPP



**MILES OF TRANSMISSION:  
72,004**

69 kV	19,367
115 kV	16,751
138 kV	9,930
161 kV	5,686
230 kV	7,543
345 kV	12,636
500 kV	91

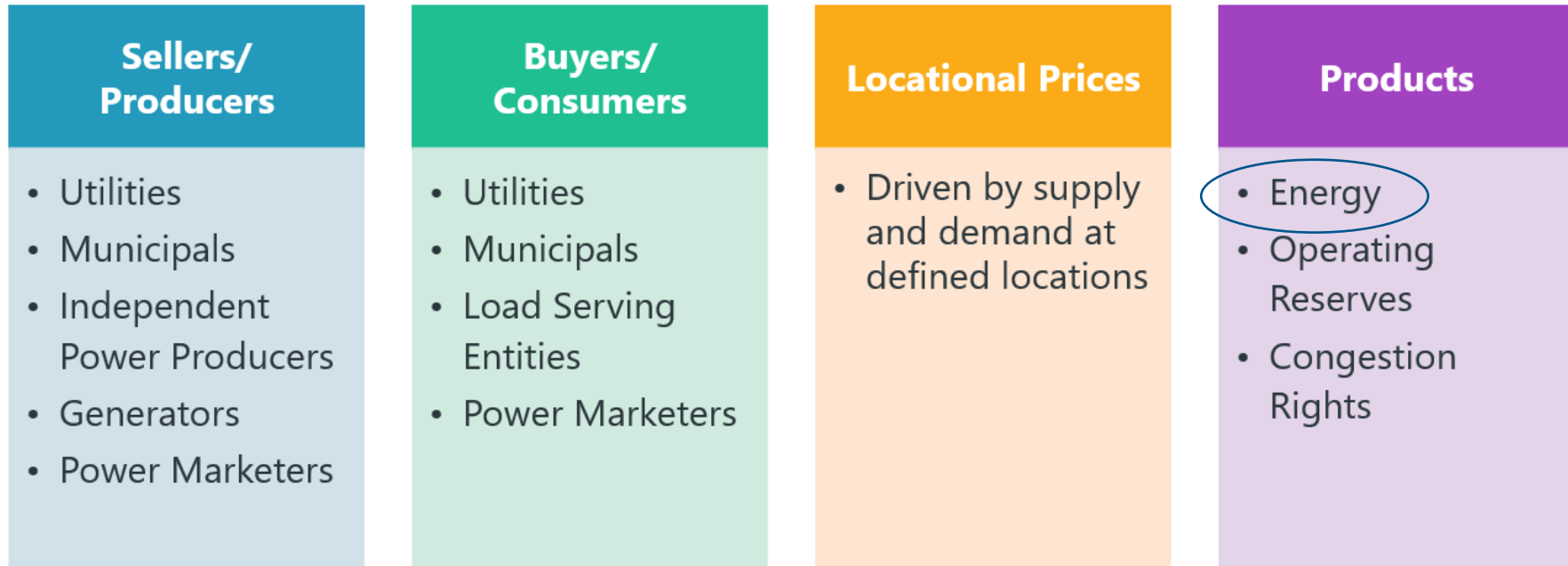
*As of Feb. 14, 2023*

Over \$14B in transmission investment by SPP Transmission Owners



## Market Operator

# What is the market?





# Unit Commitment and Day-Ahead Market



- Participants submit their offers by 9:30 am
  - Forecasted demand (load) bids
  - Generating resource offers
- SPP Day-Ahead Market Results by 1:00 pm
  - Unit commitment
  - 24-hour schedule
  - Least-cost, reliable solution
- Settles financially on an hourly basis before any electricity flows

# Real-Time Balancing Market

- Balances real-time load and generation
  - Load forecasting error
  - Unit performance vs Day-Ahead projection
  - Intermittent generation
- Any units or load that differ from their DA market position:
  - Buy back or sell in the real-time
  - Some differences might be intentional due to Real-Time cost advantages
- Operates and settles on a 5-minute basis



# Locational Marginal Pricing (LMP)

- Prices in SPP vary by location
  - Hourly in the day-ahead market
  - Calculated every 5 minutes in the real-time market
- Three components to the price
  - Marginal Energy
  - Losses
  - Congestion



# What is Congestion?

Congestion or “bottlenecks” happen when you can’t get energy to customers along a certain path

- Desired electricity flows exceed physical capability

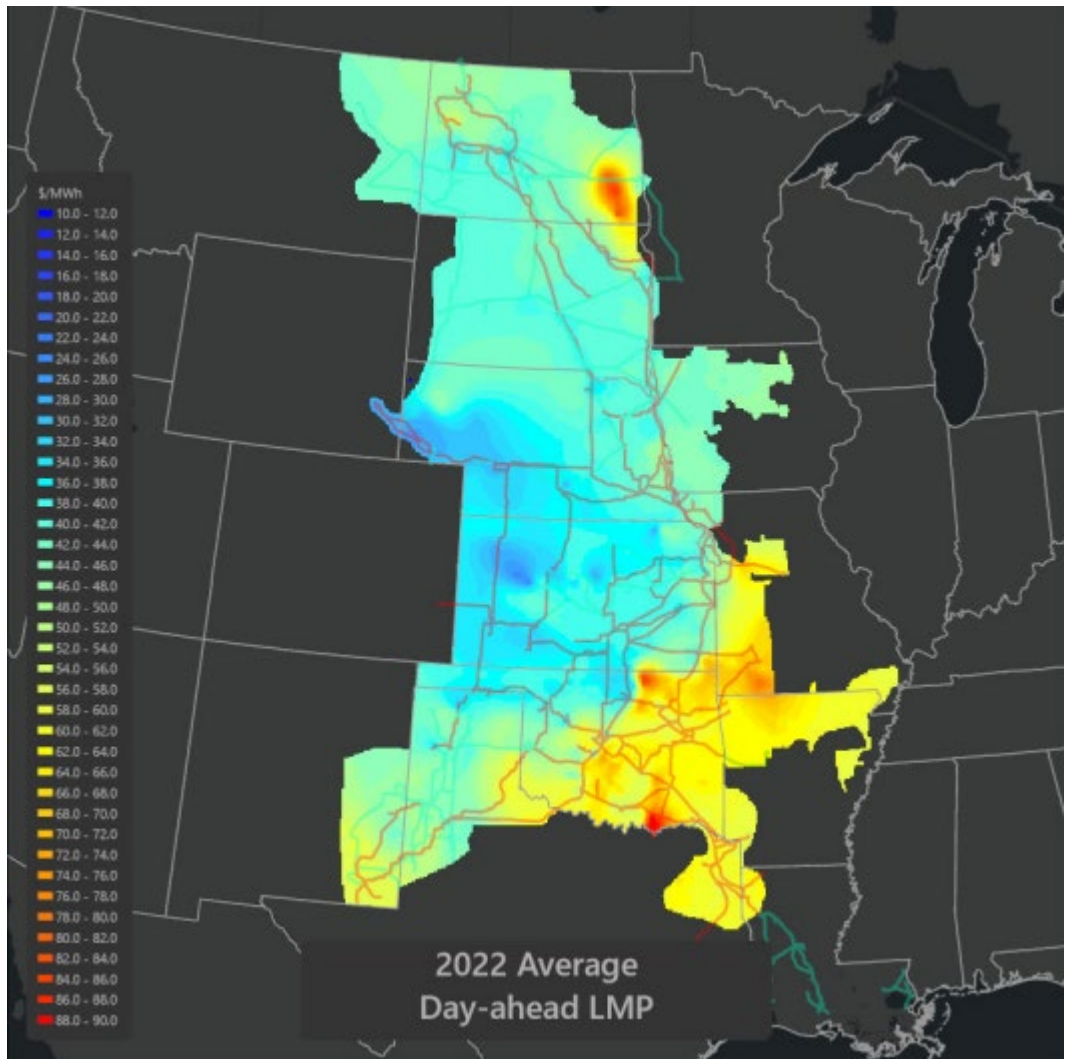
Congestion caused by:

- Lack of transmission, often due to load growth
- Line and generator maintenance outages
- Unplanned outages such as storms or trees on lines
- Too much generation pushed to grid in a particular location
- Preferred energy source located far from customers

Results in inability to use least-cost electricity to meet demand



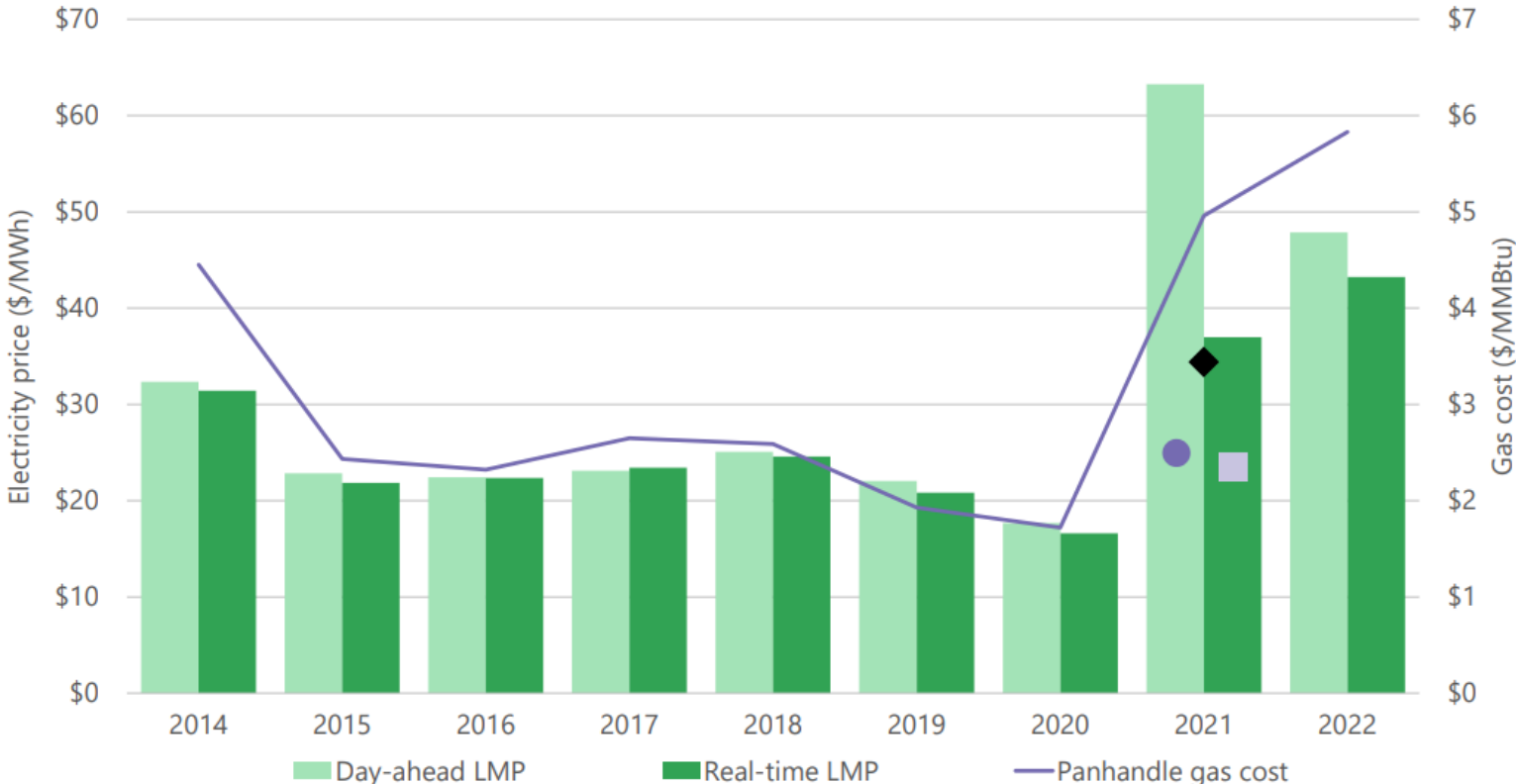
# SPP Congestion



2022 SPP State of the Market Report

# Market Statistics

# Market Pricing and Gas Costs

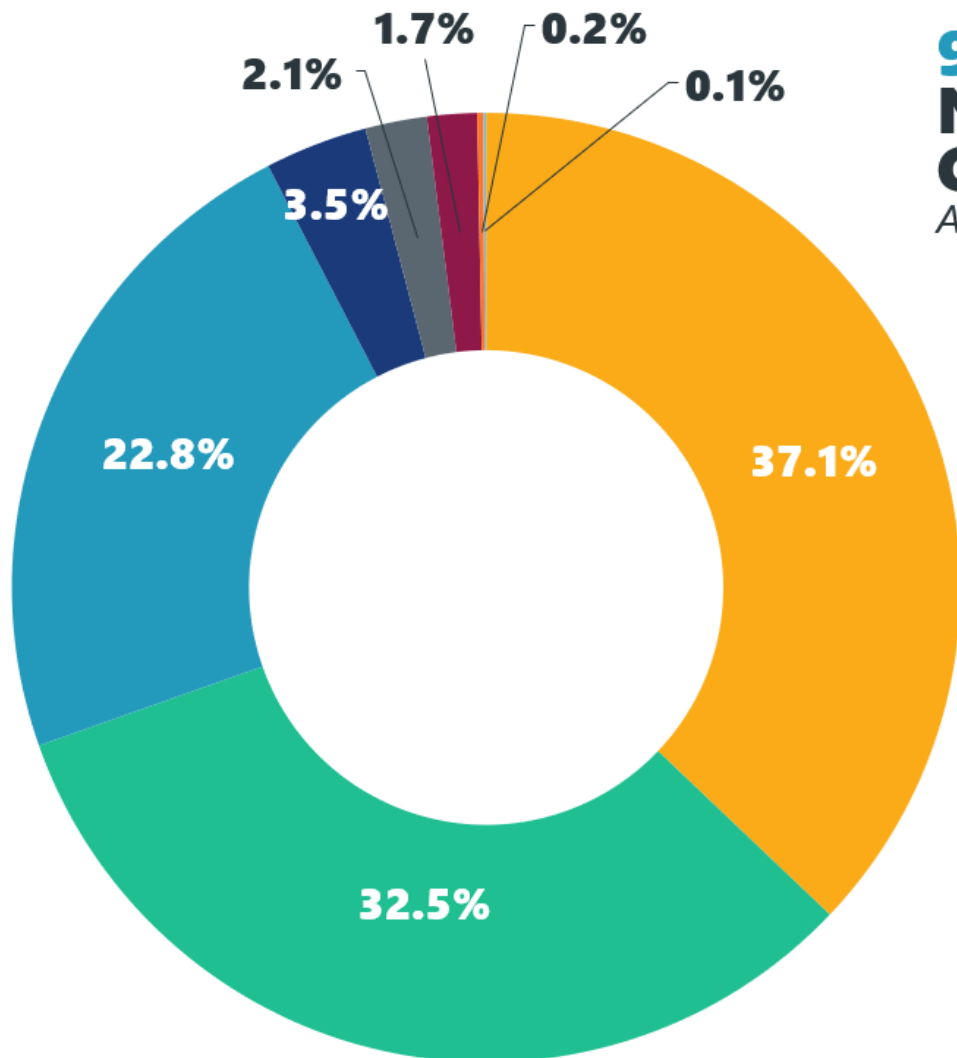


*The markers in 2021 represent annual values with February excluded.*

2022 SPP State of the Market Report

# 98,608 MW NAMEPLATE GENERATING CAPACITY

AS OF JAN. 1, 2023

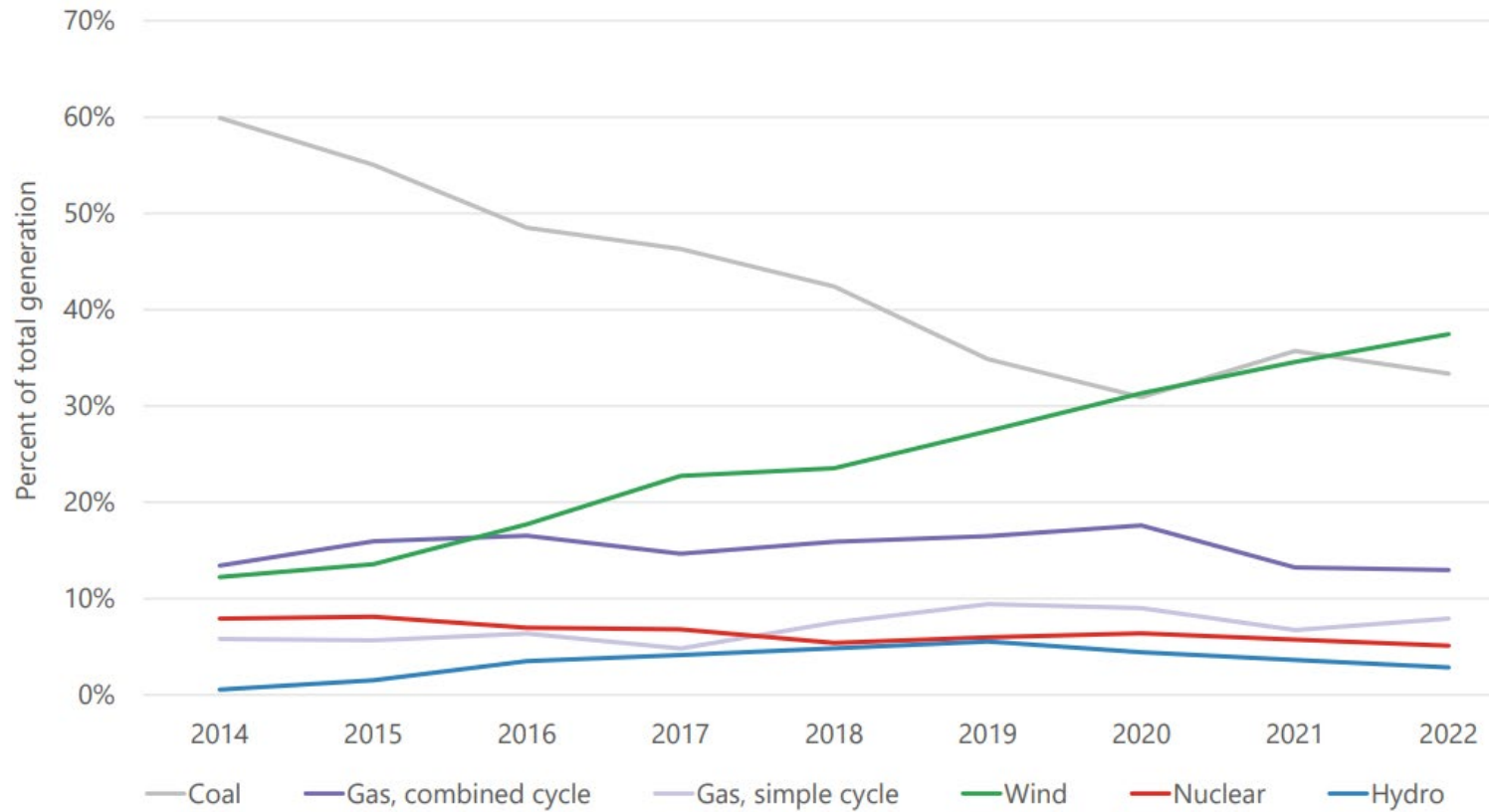


- Natural Gas (37.1%)
- Wind (32.5%)
- Coal (22.8%)
- Hydro (3.5%)
- Nuclear (2.1%)
- Fuel Oil (1.7%)
- Solar (0.2%)
- Other (0.1%)





# Percent of Total Generation by Fuel Type

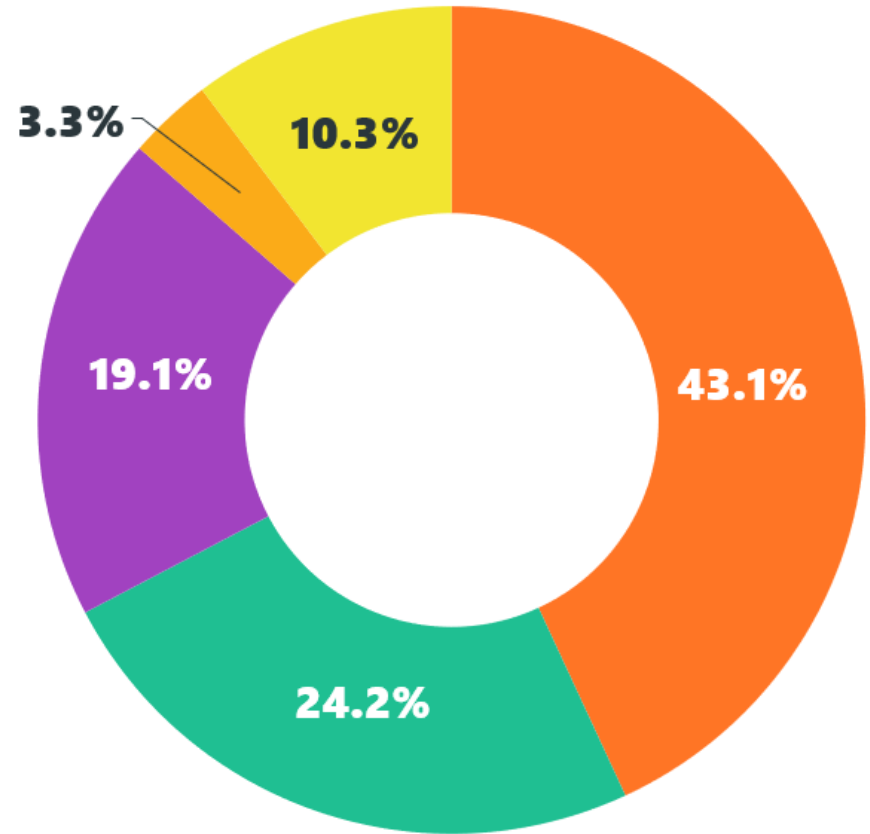


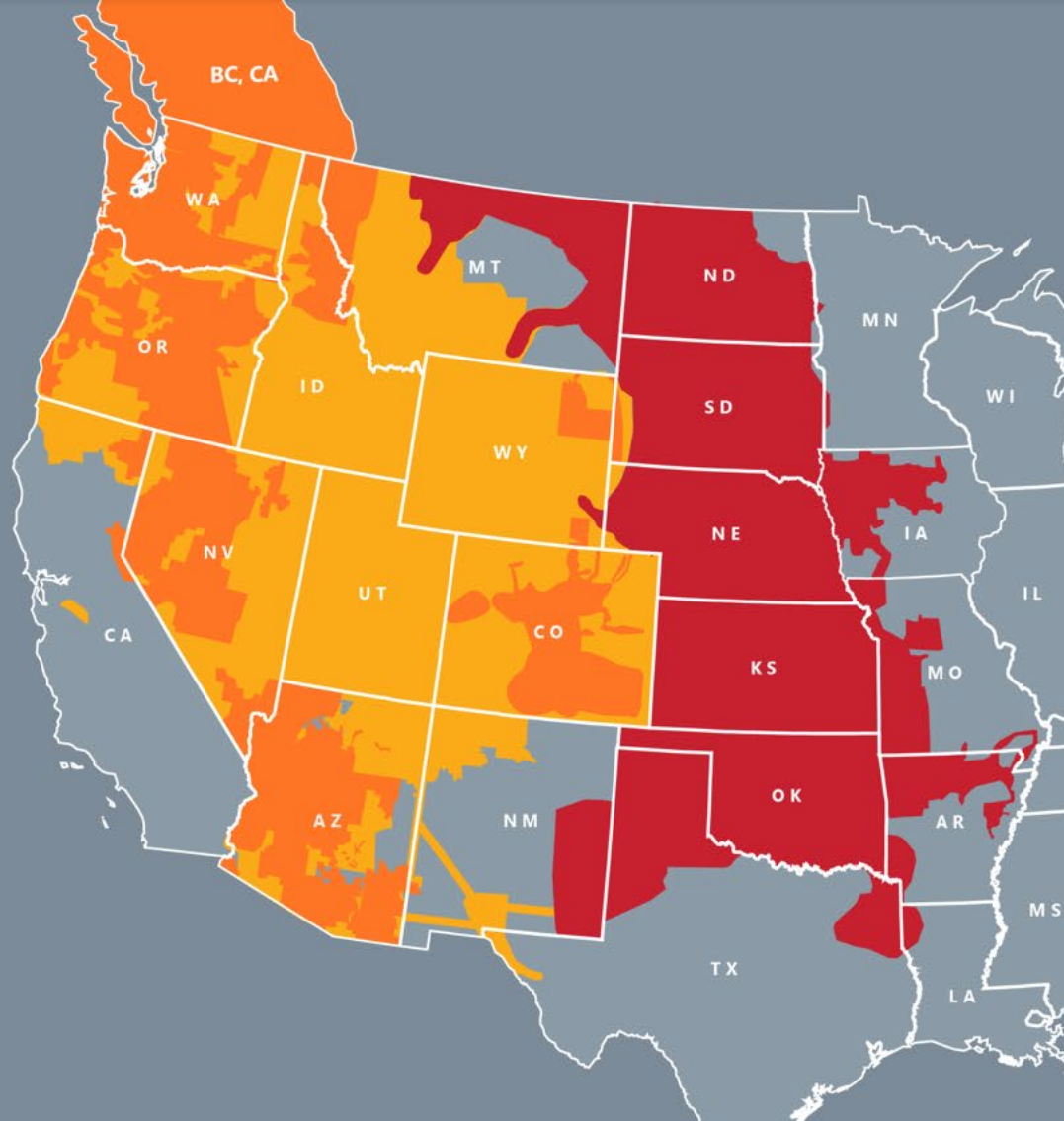
2022 SPP State of the Market Report

# 104.0 GW GENERATOR INTERCONNECTION REQUESTS UNDER STUDY

AS OF JULY 26, 2023

- Solar (44,798 MW)
- Wind (25,216 MW)
- Storage (19,852 MW)
- Gas/Thermal (3,461 MW)
- Hybrid: renewables + storage (10,675 MW)





### MEMBERS IN 15 STATES

- Arkansas
- Colorado
- Iowa
- Kansas
- Louisiana
- Minnesota
- Missouri
- Montana
- Nebraska
- New Mexico
- North Dakota
- Oklahoma
- South Dakota
- Texas
- Wyoming

### WESTERN ENERGY SERVICES CUSTOMERS IN 14 STATES, 1 PROVINCE

- Arizona
- British Columbia
- California
- Colorado
- Idaho
- Montana
- Nebraska
- Nevada
- Oregon
- South Dakota
- Texas
- Utah
- Washington
- Wyoming

■ Western Energy Services: RTO West, Imbalance Services, RC Services, Resource Adequacy
 ■ Markets + Phase One

# Questions?

# **Exhibit VIII**



## LES EXECUTIVE SEARCH COMMITTEE

### Meeting Summary

Monday, July 31st – 12:00pm

Wednesday, August 2<sup>nd</sup> – 10:00am

**Attendees:** A. Hunzeker (Chair), D. Spinar, L. Sabalka, K. Griffin, T. Owen, and R. Seybert

- Over the course of two meetings, the Executive Search Committee met and reviewed the application materials for the CEO candidates that were submitted through the application process.
- In consultation with Lanie Mycoff, the Committee selected several semi-finalists and conducted virtual interviews on August 16<sup>th</sup> and 17<sup>th</sup>.
- The Committee hopes to publicly announce the finalists in early September. The Committee is anticipating announcing up to four finalists.
- Finalist interviews will be held on September 13<sup>th</sup> and 14<sup>th</sup>. LES employees and members of the public will be invited to a short presentation and Q&A session with each of the finalists. Additional information will be provided once interview times have been set.
- The next Executive Search Committee meeting will take place on Wednesday, August 30<sup>th</sup>.

# **Exhibit IX**



## Revenue & Expense Statement (Condensed)

JULY 2023

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

*(Dollar amounts in 000)*

YEAR TO DATE	2023 Actual	2023 Budget	Difference	Percentage Difference	Comments
1) Total Revenue	\$204,612	\$203,282	\$1,330	1%	Wholesale revenue exceeded budget by 8%, or \$1.8M, primarily due to higher than expected revenues from SPP IM activities, and retail revenue was slightly under budget.
2) Power Costs	78,482	85,875	(7,393)	-9%	Produced power was 20% (\$8.8M) under budget due primarily to lower than budgeted energy at TBGS and lower operations & maintenance expenses at LRS, TBGS, and Rokeby. Purchased power was over budget by 3% (\$1.4M) due to higher SPP purchases.
3) Other Operating Expenses	54,126	55,259	(1,133)	-2%	Other operating expenses were lower than budget primarily due to lower than budgeted line clearance expenses (\$1.6M) and delay/timing of projects in Technology Services (\$1.4M), partially offset by higher than budgeted payroll and benefits and increased Sustainable Energy Program incentives.
4) Depreciation	<u>20,427</u>	<u>20,436</u>	<u>(9)</u>	0%	
5) Total Expenses	<u>153,035</u>	<u>161,570</u>	<u>(8,535)</u>	-5%	
6) Operating Income	51,577	41,712	9,865	24%	
7) Non-Operating Expense (Income)	<u>19,829</u>	<u>23,339</u>	<u>(3,510)</u>	-15%	
8) Change in Net Position (Net Revenue)	<u>\$31,748</u>	<u>\$18,373</u>	<u>\$13,375</u>	73%	
	<u>Year End Projection</u>	<u>Year End Budget</u>			
9) Fixed Charge Coverage	1.51x	1.40x			
10) Debt Service Coverage	2.25x	2.11x			
	<u>Month End Actual</u>	<u>Month End Budget</u>			
11) Days Cash on Hand (Days)	172	167			



# LINCOLN ELECTRIC SYSTEM

## FINANCIAL AND OPERATING STATEMENT

July 2023



## INDEX

REVENUE & EXPENSE STATEMENT - CURRENT MONTH -----	1
REVENUE & EXPENSE STATEMENT - YEAR-TO-DATE -----	2
REVENUES, ENERGY & CUSTOMERS - CURRENT MONTH-----	3
REVENUES, ENERGY & CUSTOMERS - YEAR-TO-DATE-----	4
OPERATING EXPENSE STATEMENT - CURRENT MONTH-----	5
OPERATING EXPENSE STATEMENT - YEAR-TO-DATE -----	6
BALANCE SHEET-----	7
STATEMENT OF CASH FLOWS-----	8
DEBT SERVICE COVERAGE-----	9

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**

**JULY 2023**

DESCRIPTION	CURRENT MONTH	CURRENT MONTH	VARIANCE FROM BUDGET		LAST YEAR MONTH	VARIANCE FROM LAST YEAR	
	ACTUAL	BUDGET	AMOUNT	%	ACTUAL	AMOUNT	%
<b>OPERATING REVENUES</b>							
1. Retail	\$30,435,101	\$32,592,622	(\$2,157,521)	-6.6%	\$29,349,669	\$1,085,432	3.7%
2. Wholesale	3,608,922	2,539,917	1,069,005	42.1%	7,942,579	(4,333,657)	-54.6%
3. Other Revenue	807,836	492,531	315,305	64.0%	474,556	333,280	70.2%
4. CDFUO (a)	1,023,520	1,006,429	17,091	1.7%	920,603	102,917	11.2%
5. Total Operating Revenues	35,875,379	36,631,499	(756,120)	-2.1%	38,687,407	(2,812,028)	-7.3%
<b>OPERATING EXPENSES</b>							
6. Purchased Power	6,747,474	7,999,963	(1,252,489)	-15.7%	8,811,032	(2,063,558)	-23.4%
7. Produced Power	6,326,843	6,802,142	(475,299)	-7.0%	10,423,717	(4,096,874)	-39.3%
8. Operations	2,123,150	2,256,325	(133,175)	-5.9%	1,307,933	815,217	62.3%
9. Maintenance	905,547	1,027,990	(122,443)	-11.9%	891,959	13,588	1.5%
10. Admin. & General	4,966,396	4,999,515	(33,119)	-0.7%	4,429,613	536,783	12.1%
11. Depreciation	2,929,471	2,939,524	(10,053)	-0.3%	2,889,539	39,932	1.4%
12. Total Operating Expenses	23,998,881	26,025,459	(2,026,578)	-7.8%	28,753,793	(4,754,912)	-16.5%
<b>13. OPERATING INCOME</b>	<b>11,876,498</b>	<b>10,606,040</b>	<b>1,270,458</b>	<b>12.0%</b>	<b>9,933,614</b>	<b>1,942,884</b>	<b>19.6%</b>
<b>NONOPERATING EXPENSES (INCOME)</b>							
14. Interest Expense (b)	1,564,715	1,462,302	102,413	7.0%	1,639,205	(74,490)	-4.5%
15. PILOT (c)	1,334,638	1,397,400	(62,762)	-4.5%	1,301,462	33,176	2.5%
16. CDFUO Expense (a)	963,140	963,140	0	0.0%	864,662	98,478	11.4%
17. Other Expense	0	0	0	--	0	0	--
18. Total Other Nonoperating Expense	3,862,493	3,822,842	39,651	1.0%	3,805,329	57,164	1.5%
19. Other Income	(45,060)	0	(45,060)	--	0	(45,060)	--
20. Interest Income	(879,197)	(134,482)	(744,715)	553.8%	(204,433)	(674,764)	330.1%
21. Total Other Nonoperating Income	(924,257)	(134,482)	(789,775)	587.3%	(204,433)	(719,824)	352.1%
22. Total Nonoperating Expenses (Inc)	2,938,236	3,688,360	(750,124)	-20.3%	3,600,896	(662,660)	-18.4%
<b>23. Income Before Contributions</b>	<b>8,938,262</b>	<b>6,917,680</b>	<b>2,020,582</b>	<b>29.2%</b>	<b>6,332,718</b>	<b>2,605,544</b>	<b>41.1%</b>
<b>CONTRIBUTED CAPITAL</b>							
24. Contributed Capital Received	848,607	123,848	724,759	585.2%	69,055	779,552	1128.9%
25. Contributed Capital Used (d)	(848,607)	(123,848)	(724,759)	-585.2%	(69,055)	(779,552)	-1128.9%
26. Net Contributed Capital	0	0	0	--	0	0	--
<b>27. CHANGE IN NET POSITION</b>	<b>\$8,938,262</b>	<b>\$6,917,680</b>	<b>\$2,020,582</b>	<b>29.2%</b>	<b>\$6,332,718</b>	<b>\$2,605,544</b>	<b>41.1%</b>

(a) City Dividend for Utility Ownership.

(b) Bond Interest \$1,575,714 + Variable Interest \$189,291 + Amortization of Issuance Costs on Outstanding Debt \$198,187 + Amortization of Loss on Refunded Debt \$107,776 - Amortization of Discount/Premium \$506,253 = \$1,564,715.

(c) Payment In Lieu of Tax.

(d) Reduction of Plant Costs Recovered through Contributions.



## REVENUE & EXPENSE STATEMENT

### YEAR-TO-DATE

JULY 2023

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR	
			AMOUNT	%		AMOUNT	%
<b>OPERATING REVENUES</b>							
1. Retail	\$168,168,387	\$168,397,013	(\$228,626)	-0.1%	\$159,301,848	\$8,866,539	5.6%
2. Wholesale	25,223,931	23,430,516	1,793,415	7.7%	35,424,959	(10,201,028)	-28.8%
3. Other Revenue	4,479,461	4,804,938	(325,477)	-6.8%	5,647,797	(1,168,336)	-20.7%
4. CDFUO (a)	6,740,500	6,649,089	91,411	1.4%	6,090,702	649,798	10.7%
5. Total Operating Revenues	204,612,279	203,281,556	1,330,723	0.7%	206,465,306	(1,853,027)	-0.9%
<b>OPERATING EXPENSES</b>							
6. Purchased Power	44,484,525	43,117,622	1,366,903	3.2%	50,942,289	(6,457,764)	-12.7%
7. Produced Power	33,997,415	42,757,120	(8,759,705)	-20.5%	42,416,199	(8,418,784)	-19.8%
8. Operations	14,798,836	14,941,907	(143,071)	-1.0%	8,950,651	5,848,185	65.3%
9. Maintenance	5,951,276	7,128,191	(1,176,915)	-16.5%	5,681,989	269,287	4.7%
10. Admin. & General	33,375,724	33,188,680	187,044	0.6%	30,971,465	2,404,259	7.8%
11. Depreciation	20,427,362	20,435,771	(8,409)	0.0%	19,982,068	445,294	2.2%
12. Total Operating Expenses	153,035,138	161,569,291	(8,534,153)	-5.3%	158,944,661	(5,909,523)	-3.7%
<b>13. OPERATING INCOME</b>	<b>51,577,141</b>	<b>41,712,265</b>	<b>9,864,876</b>	<b>23.6%</b>	<b>47,520,645</b>	<b>4,056,496</b>	<b>8.5%</b>
<b>NONOPERATING EXPENSES (INCOME)</b>							
14. Interest Expense (b)	10,145,451	9,975,526	169,925	1.7%	11,207,199	(1,061,748)	-9.5%
15. PILOT (c)	7,476,952	7,549,240	(72,288)	-1.0%	7,156,174	320,778	4.5%
16. CDFUO Expense (a)	6,741,980	6,741,980	0	0.0%	6,052,634	689,346	11.4%
17. Other Expense	153	0	153	--	3,117	(2,964)	-95.1%
18. Total Other Nonoperating Expense	24,364,536	24,266,746	97,790	0.4%	24,419,124	(54,588)	-0.2%
19. Other Income	(308,172)	0	(308,172)	--	0	(308,172)	--
20. Interest Income	(4,226,940)	(927,802)	(3,299,138)	355.6%	(558,639)	(3,668,301)	656.6%
21. Total Other Nonoperating Income	(4,535,112)	(927,802)	(3,607,310)	388.8%	(558,639)	(3,976,473)	711.8%
22. Total Nonoperating Expenses (Inc)	19,829,424	23,338,944	(3,509,520)	-15.0%	23,860,485	(4,031,061)	-16.9%
<b>23. Income Before Contributions</b>	<b>31,747,717</b>	<b>18,373,321</b>	<b>13,374,396</b>	<b>72.8%</b>	<b>23,660,160</b>	<b>8,087,557</b>	<b>34.2%</b>
<b>CONTRIBUTED CAPITAL</b>							
24. Contributed Capital Received	1,132,922	866,936	265,986	30.7%	525,515	607,407	115.6%
25. Contributed Capital Used (d)	(1,132,922)	(866,936)	(265,986)	-30.7%	(525,515)	(607,407)	-115.6%
26. Net Contributed Capital	0	0	0	--	0	0	--
<b>27. CHANGE IN NET POSITION</b>	<b>\$31,747,717</b>	<b>\$18,373,321</b>	<b>\$13,374,396</b>	<b>72.8%</b>	<b>\$23,660,160</b>	<b>\$8,087,557</b>	<b>34.2%</b>

(a) City Dividend for Utility Ownership.

(b) Bond Interest \$11,030,001 + Variable Interest \$1,161,006 + Amortization of Issuance Costs on Outstanding Debt \$743,782 + Amortization of Loss on Refunded Debt \$754,434 - Amortization of Discount/Premium \$3,543,772 = \$10,145,451.

(c) Payment In Lieu of Tax.

(d) Reduction of Plant Costs Recovered through Contributions.



**REVENUES, ENERGY & CUSTOMERS**

**CURRENT MONTH**

**JULY 2023**

DESCRIPTION	CURRENT	CURRENT	VARIANCE FROM		LAST YEAR	VARIANCE FROM	
	MONTH	MONTH	BUDGET	%	MONTH	LAST YEAR	%
	ACTUAL	BUDGET	AMOUNT		ACTUAL	AMOUNT	
<b>REVENUE</b>							
1. Residential	\$14,928,473	\$15,140,660	(\$212,187)	-1.4%	\$14,630,579	\$297,894	2.0%
2. Commercial & Street Light	12,544,961	14,347,265	(1,802,304)	-12.6%	11,979,245	565,716	4.7%
3. Industrial	2,961,667	3,104,697	(143,030)	-4.6%	2,739,845	221,822	8.1%
4. Total Retail	30,435,101	32,592,622	(2,157,521)	-6.6%	29,349,669	1,085,432	3.7%
5. SPP Sales	2,480,424	1,282,384	1,198,040	93.4%	6,885,686	(4,405,262)	-64.0%
6. Contract Sales	1,128,498	1,257,533	(129,035)	-10.3%	1,056,893	71,605	6.8%
7. Total Wholesale	3,608,922	2,539,917	1,069,005	42.1%	7,942,579	(4,333,657)	-54.6%
8. Total	\$34,044,023	\$35,132,539	-\$1,088,516	-3.1%	\$37,292,248	-\$3,248,225	-8.7%
<b>ENERGY (MWH'S)</b>							
9. Residential	143,825	145,627	(1,802)	-1.2%	147,999	(4,174)	-2.8%
10. Commercial & Street Light	143,296	156,151	(12,855)	-8.2%	146,906	(3,610)	-2.5%
11. Industrial	42,648	43,702	(1,054)	-2.4%	41,340	1,308	3.2%
12. Total Retail	329,769	345,480	(15,711)	-4.5%	336,245	(6,476)	-1.9%
13. SPP Sales	57,636	32,361	25,275	78.1%	75,633	(17,997)	-23.8%
14. Contract Sales	41,313	36,478	4,835	13.3%	29,063	12,250	42.1%
15. Total Wholesale	98,949	68,839	30,110	43.7%	104,696	(5,747)	-5.5%
16. Total	428,718	414,319	14,399	3.5%	440,941	(12,223)	-2.8%
<b>CUSTOMERS - AT MONTH END</b>							
17. Residential	132,206	130,147	2,059	1.6%	130,033	2,173	1.7%
18. Commercial & Street Light	17,756	17,750	6	0.0%	17,550	206	1.2%
19. Industrial	234	233	1	0.4%	230	4	1.7%
20. Total Retail	150,196	148,130	2,066	1.4%	147,813	2,383	1.6%
21. Wholesale	7	7	0	0.0%	8	(1)	-12.5%
22. Total	150,203	148,137	2,066	1.4%	147,821	2,382	1.6%



**REVENUES, ENERGY & CUSTOMERS**

**YEAR-TO-DATE**

**JULY 2023**

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR	
			AMOUNT	%		AMOUNT	%
<b>REVENUE</b>							
1. Residential	\$80,448,158	\$78,041,626	\$2,406,532	3.1%	\$75,759,793	\$4,688,365	6.2%
2. Commercial & Street Light	69,427,448	71,992,273	(2,564,825)	-3.6%	65,791,139	3,636,309	5.5%
3. Industrial	18,292,781	18,363,114	(70,333)	-0.4%	17,750,916	541,865	3.1%
4. Total Retail	168,168,387	168,397,013	(228,626)	-0.1%	159,301,848	8,866,539	5.6%
5. SPP Sales	19,101,426	16,789,144	2,312,282	13.8%	30,497,204	(11,395,778)	-37.4%
6. Contract Sales	6,122,505	6,641,372	(518,867)	-7.8%	4,927,755	1,194,750	24.2%
7. Total Wholesale	25,223,931	23,430,516	1,793,415	7.7%	35,424,959	(10,201,028)	-28.8%
8. Total	\$193,392,318	\$191,827,529	\$1,564,789	0.8%	\$194,726,807	(1,334,489)	-0.7%
<b>ENERGY (MWH'S)</b>							
9. Residential	802,046	774,382	27,664	3.6%	789,132	12,914	1.6%
10. Commercial & Street Light	862,570	878,149	(15,579)	-1.8%	854,495	8,075	0.9%
11. Industrial	266,943	266,481	462	0.2%	267,186	(243)	-0.1%
12. Total Retail	1,931,559	1,919,012	12,547	0.7%	1,910,813	20,746	1.1%
13. SPP Sales	276,874	291,448	(14,574)	-5.0%	400,682	(123,808)	-30.9%
14. Contract Sales	166,811	163,453	3,358	2.1%	112,306	54,505	48.5%
15. Total Wholesale	443,685	454,901	(11,216)	-2.5%	512,988	(69,303)	-13.5%
16. Total	2,375,244	2,373,913	1,331	0.1%	2,423,801	(48,557)	-2.0%
<b>CUSTOMERS AVERAGE</b>							
17. Residential	131,678	129,816	1,862	1.4%	129,637	2,041	1.6%
18. Commercial & Street Light	17,699	17,697	2	0.0%	17,508	191	1.1%
19. Industrial	230	233	(3)	-1.3%	231	(1)	-0.4%
20. Total Retail	149,607	147,746	1,861	1.3%	147,376	2,231	1.5%
21. Wholesale	7	7	0	0.0%	7	0	0.0%
22. Total	149,614	147,753	1,861	1.3%	147,383	2,231	1.5%



**OPERATING EXPENSE STATEMENT**

**CURRENT MONTH**

**JULY 2023**

DESCRIPTION	CURRENT	CURRENT	VARIANCE FROM		LAST YEAR	VARIANCE FROM	
	MONTH	MONTH	BUDGET	%	MONTH	LAST YEAR	%
	ACTUAL	BUDGET	AMOUNT		ACTUAL	AMOUNT	
<b>POWER COST</b>							
1. SPP Purchased Power	\$2,204,346	\$2,595,169	(\$390,823)	-15.1%	\$3,633,772	(\$1,429,426)	-39.3%
2. Non-Owned Asset Power	4,543,128	5,404,794	(861,666)	-15.9%	5,177,260	(634,132)	-12.2%
3. Total Purchased Power	6,747,474	7,999,963	(1,252,489)	-15.7%	8,811,032	(2,063,558)	-23.4%
4. Produced Power	6,326,843	6,802,142	(475,299)	-7.0%	10,423,717	(4,096,874)	-39.3%
5. Total Power Cost	13,074,317	14,802,105	(1,727,788)	-11.7%	19,234,749	(6,160,432)	-32.0%
<b>OPERATION &amp; MAINTENANCE (O&amp;M)</b>							
6. Energy Delivery	2,106,902	2,269,783	(162,881)	-7.2%	1,991,143	115,759	5.8%
7. Transmission	921,795	1,014,532	(92,737)	-9.1%	208,749	713,046	341.6%
8. Total O & M Expense	3,028,697	3,284,315	(255,618)	-7.8%	2,199,892	828,805	37.7%
<b>ADMINISTRATIVE &amp; GENERAL (A&amp;G)</b>							
9. Administration	244,570	259,810	(15,240)	-5.9%	236,178	8,392	3.6%
10. Communication & Corporate Records	241,787	217,334	24,453	11.3%	187,309	54,478	29.1%
11. Corporate Operations	978,734	1,094,865	(116,131)	-10.6%	1,129,901	(151,167)	-13.4%
12. Customer Services	1,058,337	945,508	112,829	11.9%	878,478	179,859	20.5%
13. Financial Services	445,620	446,907	(1,287)	-0.3%	389,871	55,749	14.3%
14. Power Supply	405,330	375,588	29,742	7.9%	347,580	57,750	16.6%
15. Technology Services	1,592,018	1,659,503	(67,485)	-4.1%	1,260,296	331,722	26.3%
16. Total A & G Expense	4,966,396	4,999,515	(33,119)	-0.7%	4,429,613	536,783	12.1%
17. DEPRECIATION	2,929,471	2,939,524	(10,053)	-0.3%	2,889,539	39,932	1.4%
18. TOTAL OPERATING EXPENSE	\$23,998,881	\$26,025,459	(\$2,026,578)	-7.8%	\$28,753,793	(\$4,754,912)	-16.5%



**OPERATING EXPENSE STATEMENT**

**YEAR-TO-DATE**

**JULY 2023**

DESCRIPTION	YEAR TO DATE		VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE		VARIANCE FROM LAST YEAR	
	ACTUAL	BUDGET	AMOUNT	%	ACTUAL	AMOUNT	%	
<b>POWER COST</b>								
1. SPP Purchased Power	\$10,841,205	\$6,724,650	\$4,116,555	61.2%	\$13,829,853	(\$2,988,648)	-21.6%	
2. Non-Owned Asset Power	33,643,320	36,392,972	(2,749,652)	-7.6%	37,112,436	(3,469,116)	-9.3%	
3. Total Purchased Power	44,484,525	43,117,622	1,366,903	3.2%	50,942,289	(6,457,764)	-12.7%	
4. Produced Power	33,997,415	42,757,120	(8,759,705)	-20.5%	42,416,199	(8,418,784)	-19.8%	
5. Total Power Cost	78,481,940	85,874,742	(7,392,802)	-8.6%	93,358,488	(14,876,548)	-15.9%	
<b>OPERATION &amp; MAINTENANCE (O&amp;M)</b>								
6. Energy Delivery	13,912,617	15,003,797	(1,091,180)	-7.3%	13,314,806	597,811	4.5%	
7. Transmission	6,837,495	7,066,301	(228,806)	-3.2%	1,317,834	5,519,661	418.8%	
8. Total O & M Expense	20,750,112	22,070,098	(1,319,986)	-6.0%	14,632,640	6,117,472	41.8%	
<b>ADMINISTRATIVE &amp; GENERAL (A&amp;G)</b>								
9. Administration	1,706,588	1,716,851	(10,263)	-0.6%	1,548,665	157,923	10.2%	
10. Communication & Corporate Records	1,393,389	1,390,195	3,194	0.2%	1,308,159	85,230	6.5%	
11. Corporate Operations	8,302,924	7,662,960	639,964	8.4%	7,369,044	933,880	12.7%	
12. Customer Services	6,747,279	6,374,228	373,051	5.9%	6,041,275	706,004	11.7%	
13. Financial Services	3,063,807	3,047,678	16,129	0.5%	2,660,241	403,566	15.2%	
14. Power Supply	2,681,405	2,591,161	90,244	3.5%	2,574,638	106,767	4.1%	
15. Technology Services	9,480,332	10,405,607	(925,275)	-8.9%	9,469,443	10,889	0.1%	
16. Total A & G Expense	33,375,724	33,188,680	187,044	0.6%	30,971,465	2,404,259	7.8%	
17. DEPRECIATION	20,427,362	20,435,771	(8,409)	0.0%	19,982,068	445,294	2.2%	
18. TOTAL OPERATING EXPENSE	\$153,035,138	\$161,569,291	(\$8,534,153)	-5.3%	\$158,944,661	(\$5,909,523)	-3.7%	





**BALANCE SHEET**

**JULY 2023**

**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
<b>CURRENT ASSETS:</b>			<b>CURRENT LIABILITIES:</b>		
1. Revenue Fund (includes CDFUO)	\$104,504,143	(\$3,299,131)	<b>OTHER LIABILITIES</b>		
2. Payment in Lieu of Tax Fund	6,002,058	(5,536,042)	1. Accounts Payable	\$16,435,812	(\$1,693,778)
3. Rate Stabilization Fund	37,963,757	529,508	2. Accrued Payments in Lieu of Taxes	7,328,297	(5,177,252)
4. Bond Principal & Interest Funds	36,362,876	19,610,237	3. City Dividend for Utility Ownership Payable	4,815,700	963,140
5. Other Restricted/Designated Funds (a)	3,421,511	(453,966)	4. Commercial Paper Notes	65,500,000	0
6. Restricted/Designated Funds Total	77,748,144	19,685,779	5. Accrued Liabilities	18,188,014	1,672,399
7. Total Current Asset Funds (b)	188,254,345	10,850,606	6. Total Other Liabilities	112,267,823	(4,235,491)
8. Receivables Less Uncollectible Allowance	25,944,332	296,231	<b>CURRENT LIABILITIES - RESTRICTED ASSETS</b>		
9. Unbilled Revenue	21,912,933	6,428,712	7. Current Portion of Long-Term Debt	30,535,000	0
10. Accrued Interest Receivable	2,188,622	747,254	8. Accrued Interest	8,248,296	1,809,782
11. Materials, Supplies & Fuel Inventory	29,697,175	2,005,765	9. Other Current Liabilities (d)	918,090	(28,829)
12. Plant Operation Assets	16,791,824	3,042,359	10. Total Current Liabilities - Restricted Assets	39,701,386	1,780,953
13. Other Current Assets	3,823,228	(906,059)	11. Total Current Liabilities	151,969,209	(2,454,538)
14. Total Current Assets	288,612,459	22,464,868	<b>NONCURRENT LIABILITIES:</b>		
<b>NONCURRENT ASSETS:</b>			12. 2012A Bonds	0	0
15. Bond Reserve Funds	9,713,782	324,420	13. 2013 Bonds	45,310,000	0
16. Self-Funded Benefits Reserve Fund (IBNP)	741,595	105,268	14. 2015A Bonds	72,165,000	0
17. Segregated Funds (c)	15,924,615	15,674,615	15. 2016 Bonds	65,960,000	0
18. Restricted Funds Total (b)	26,379,992	16,104,303	16. 2018 Bonds	121,205,000	0
19. Unamortized Debt Expense	2,222,905	(207,173)	17. 2020A Bonds	72,200,000	0
21. Accrued Lease Interest	68,550	21,691	18. 2020B Bonds	185,150,000	0
22. Other Noncurrent Assets	1,405,661	129,136	19. Total Revenue Bonds	561,990,000	0
23. Total Noncurrent Assets	\$37,503,359	\$16,400,311	20. Less Current Maturities	30,535,000	0
<b>CAPITAL ASSETS:</b>			21. Less Unamortized Discounts/Premiums	(37,138,821)	3,543,770
24. Utility Plant in Service	1,824,546,488	13,903,749	22. Note Purchase Agreement	0	0
25. Accumulated Depreciation & Amortization	(924,121,868)	(17,412,215)	23. Revolving Credit Agreement	0	0
26. Construction Work in Progress	98,927,793	6,996,766	24. Net Long Term Debt	568,593,821	(3,543,770)
27. Total Capital Assets	999,352,413	3,488,300	25. Liabilities Payable from Segregated Funds (e)	15,837,493	15,587,493
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			26. Asset Retirement Obligation	3,242,856	62,690
28. Deferred Loss on Refunded Debt	8,666,106	(754,434)	27. Other Noncurrent Liabilities	35,666,038	26,639
29. Deferred Costs for Asset Retirement Obligations	3,242,856	62,690	28. Total Liabilities	775,309,417	9,678,514
30. Total Deferred Outflows of Resources	11,908,962	(691,744)	<b>DEFERRED INFLOWS OF RESOURCES:</b>		
			29. Deferred Inflow of Resource	7,125,684	235,504
			30. Total Deferred Inflows of Resources	7,125,684	235,504
			<b>NET POSITION:</b>		
			31. Net Investment in Capital Assets	352,569,902	6,417,139
			32. Restricted for Debt Service	28,374,076	18,124,875
			33. Restricted for Employee Health Insurance Claims	1,736,972	(1,119,018)
			34. Unrestricted	172,261,142	8,324,721
			35. Total Net Position	554,942,092	31,747,717
<b>31. TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$1,337,377,193</b>	<b>\$41,661,735</b>	<b>36. TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>	<b>\$1,337,377,193</b>	<b>\$41,661,735</b>



## STATEMENT OF CASH FLOWS

JULY 2023

	CURRENT MONTH	YEAR-TO-DATE
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
1. Received from Sales to Customers and Users	\$46,745,925	\$215,620,341
2. Sales Tax Receipts	\$1,633,361	\$9,142,387
3. Paid to Suppliers for Goods & Services	(\$19,953,528)	(\$127,054,367)
4. Paid to Employees for Services	(\$1,696,124)	(\$11,452,232)
5. Payments for Sales Tax	(1,343,171)	(8,721,648)
<b>6. Cash Flow from Operating Activities (a)</b>	<b>25,386,463</b>	<b>77,534,481</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
7. Payment in Lieu of Tax	(73,205)	(12,654,204)
8. City Dividend for Utility Ownership Payments	0	(5,778,840)
9. Other	0	0
<b>10. Cash Flow from (used for) Noncapital Financing Activities</b>	<b>(73,205)</b>	<b>(18,433,044)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
11. Net (Purchases) Sales of Investments	(1,663,150)	13,926,316
12. Interest Income	586,730	3,094,874
<b>13. Cash Flow from (used for) Investing Activities</b>	<b>(1,076,420)</b>	<b>17,021,190</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
14. Acquisition and Construction of Capital Assets	(4,519,889)	(25,022,338)
15. Salvage on Retirement of Plant	255	212,059
16. Cost of Removal of Property Retired	(98,078)	(1,737,256)
17. Debt Issuance Cost Paid	0	0
18. Debt Premiums Collected	0	0
19. Net Capital Contributions	848,607	1,132,922
20. Cash Received from Leases	40,771	274,686
21. Net Proceeds from Issuance of Long-Term Debt	0	0
22. Principal Payments on Long-Term Debt	0	0
23. Interest Payments on Debt	(29,607)	(10,381,232)
<b>24. Cash Flow from (used for) Capital Financing Activities</b>	<b>(3,757,941)</b>	<b>(35,521,159)</b>
24. Cash Flow from (used for) Capital Financing Activities	20,478,897	40,601,468
25. Net Increase (Decrease) in Cash and Cash Equivalents	40,912,411	20,789,840
<b>26. Cash and Cash Equivalents Beginning of Period</b>	<b>\$61,391,308</b>	<b>\$61,391,308</b>
<b>STATEMENT OF CASH FLOW FOOTNOTES</b>		
<b>(a) Reconciliation of operating income to cash flows from operating activities</b>		
1. Net Operating Revenue	\$11,876,498	\$51,577,141
2. Noncash items included in operating income	3,018,084	21,032,043
3. Changes in Assets & Liabilities Increase/(Decrease)	10,491,881	4,925,297
<b>4. Net cash flows from operating activities</b>	<b>\$25,386,463</b>	<b>\$77,534,481</b>
<b>(b) Cash and cash equivalents are defined as cash and investments with original maturities of three months or less.</b>		



**DEBT SERVICE COVERAGE**

**JULY 2023**

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	\$35,875,379	\$36,631,499	\$38,687,407	\$204,612,279	\$203,281,556	\$206,465,306
2. Total Operating Expenses	23,998,881	26,025,459	28,753,793	153,035,138	161,569,291	158,944,661
3. Less Depreciation	(2,929,471)	(2,939,524)	(2,889,539)	(20,427,362)	(20,435,771)	(19,982,068)
4. Operating Expense Net of Depreciation	21,069,410	23,085,935	25,864,254	132,607,776	141,133,520	138,962,593
5. Net Operating Revenue for Debt Service	14,805,969	13,545,564	12,823,153	72,004,503	62,148,036	67,502,713
6. Interest Income (a)	711,754	124,654	186,284	3,275,196	859,265	462,116
7. Other Income	0	0	0	0	0	0
8. Rate Stabilization Fund	0	0	0	0	0	0
<b>9. AVAILABLE FOR DEBT SERVICE</b>	<b>15,517,723</b>	<b>13,670,218</b>	<b>13,009,437</b>	<b>75,279,699</b>	<b>63,007,301</b>	<b>67,964,829</b>
<b>10. DEBT SERVICE (b)</b>	<b>\$4,120,297</b>	<b>\$4,120,296</b>	<b>\$4,218,043</b>	<b>\$28,842,082</b>	<b>\$28,842,072</b>	<b>\$29,526,303</b>
<b>11. DEBT SERVICE COVERAGE</b>	<b>3.77</b>	<b>3.32</b>	<b>3.08</b>	<b>2.61</b>	<b>2.18</b>	<b>2.30</b>

(a) Excludes Interest from Rate Stabilization Fund and Lease Revenue.

(b) Includes Bond Principal & Interest only.

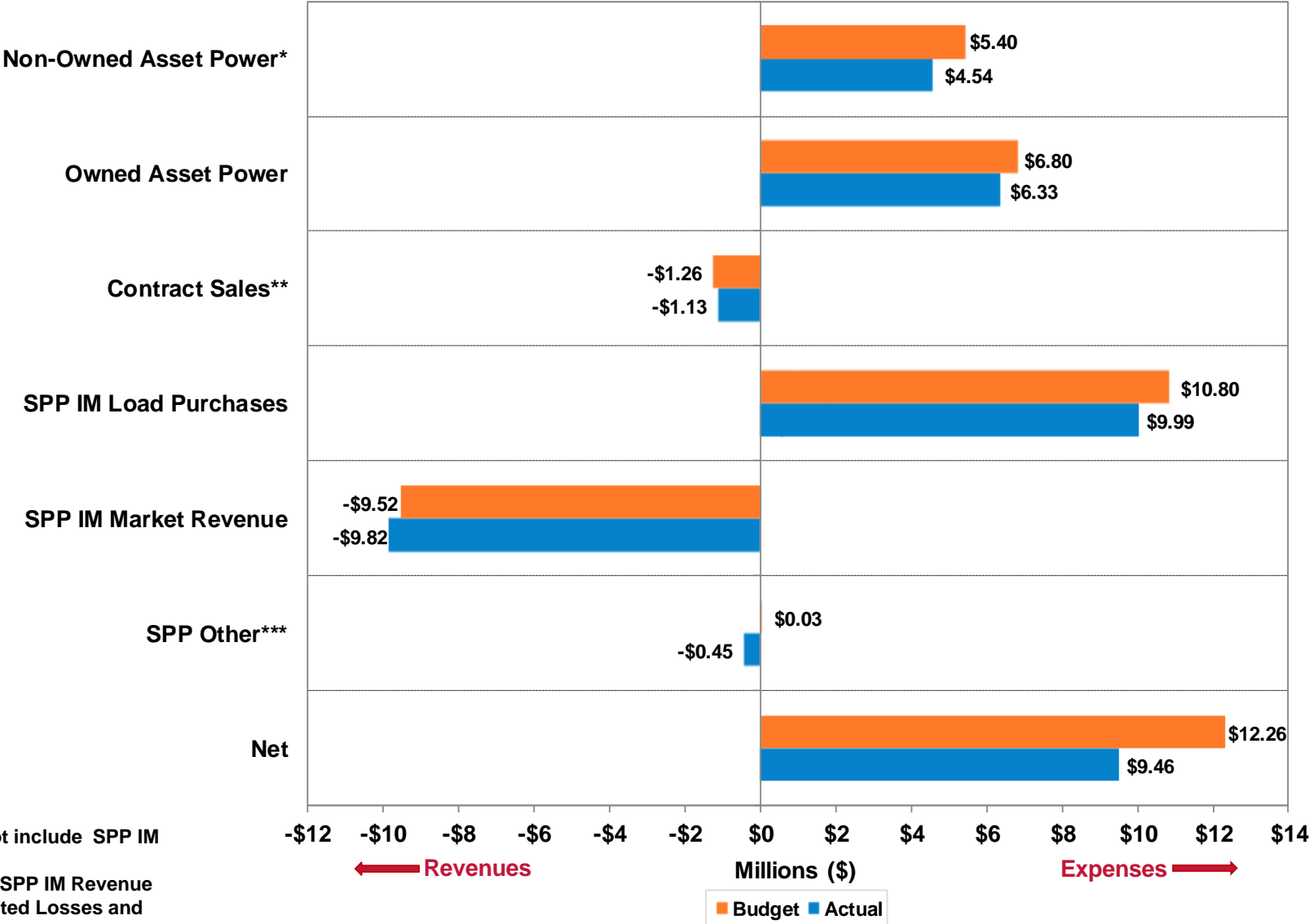
# **Power Supply Division 2023 July Monthly Report**

**August 18, 2023**

**Jason Fortik**

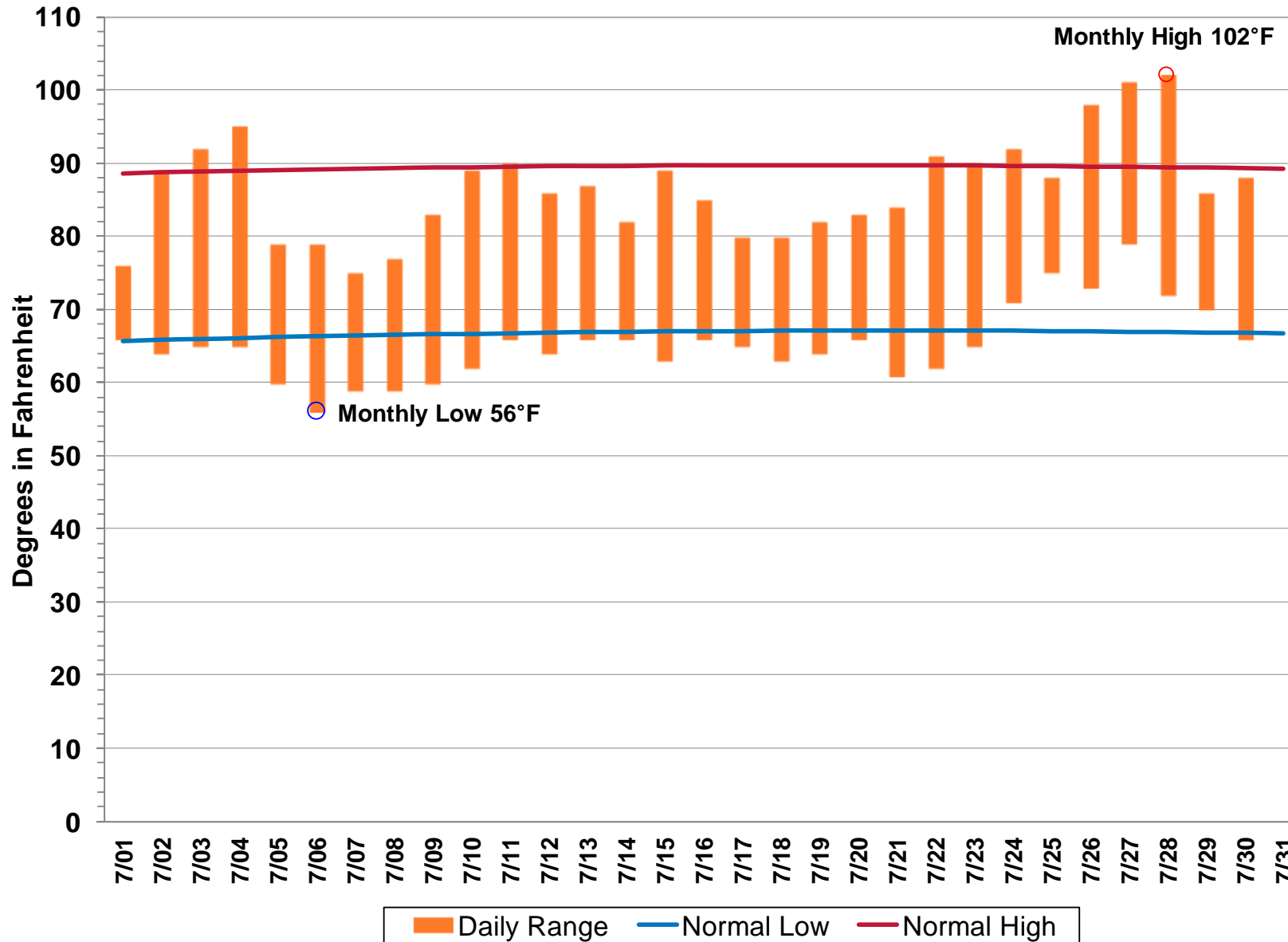
**Vice President, Power Supply**

# Monthly Actual vs. Budget

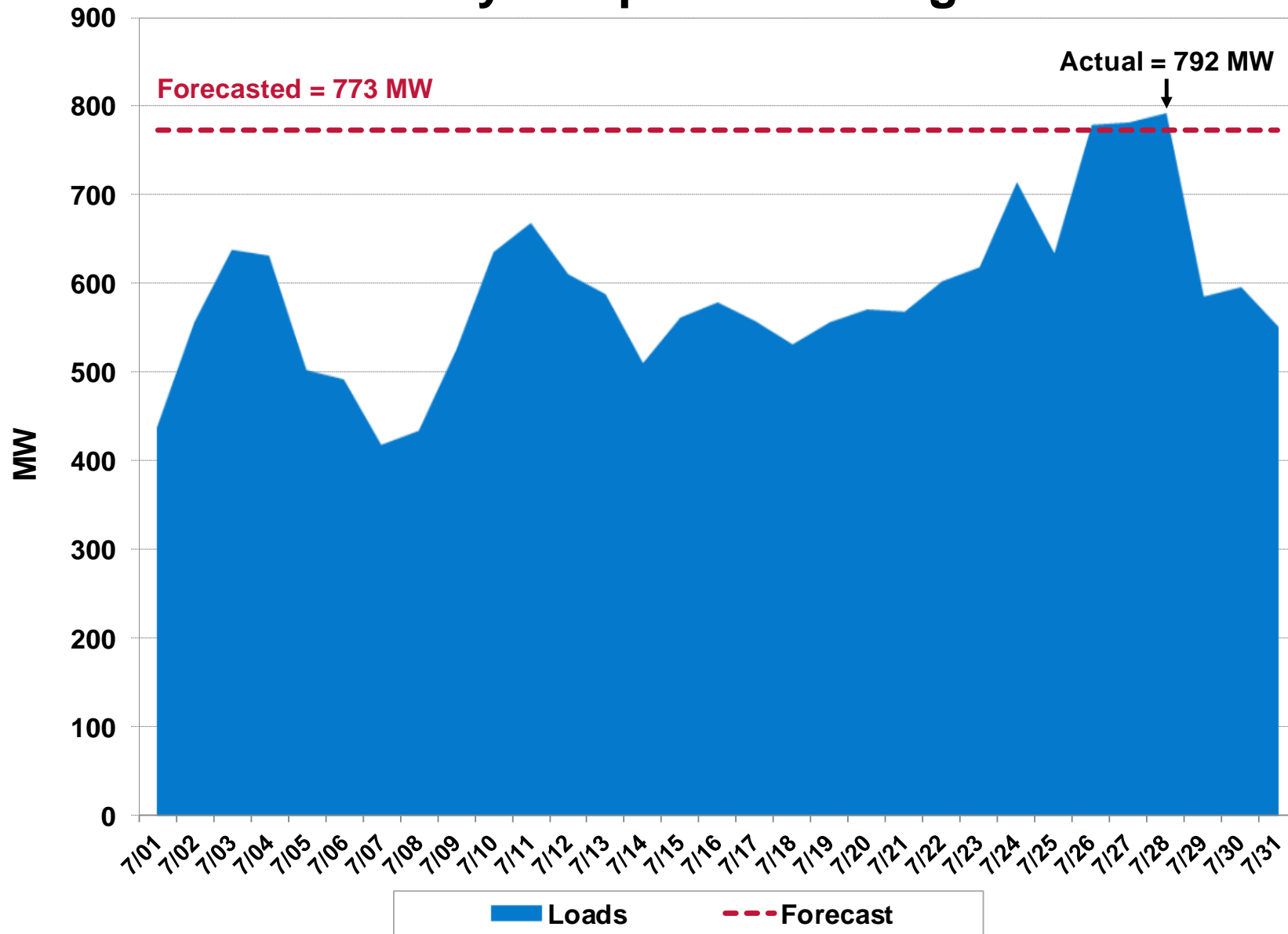


\*Non-Owned Asset Power does not include SPP IM Purchased  
 \*\*Contract Sales does not include SPP IM Revenue  
 \*\*\*SPP Other includes Over-Collected Losses and ARR's/TCR

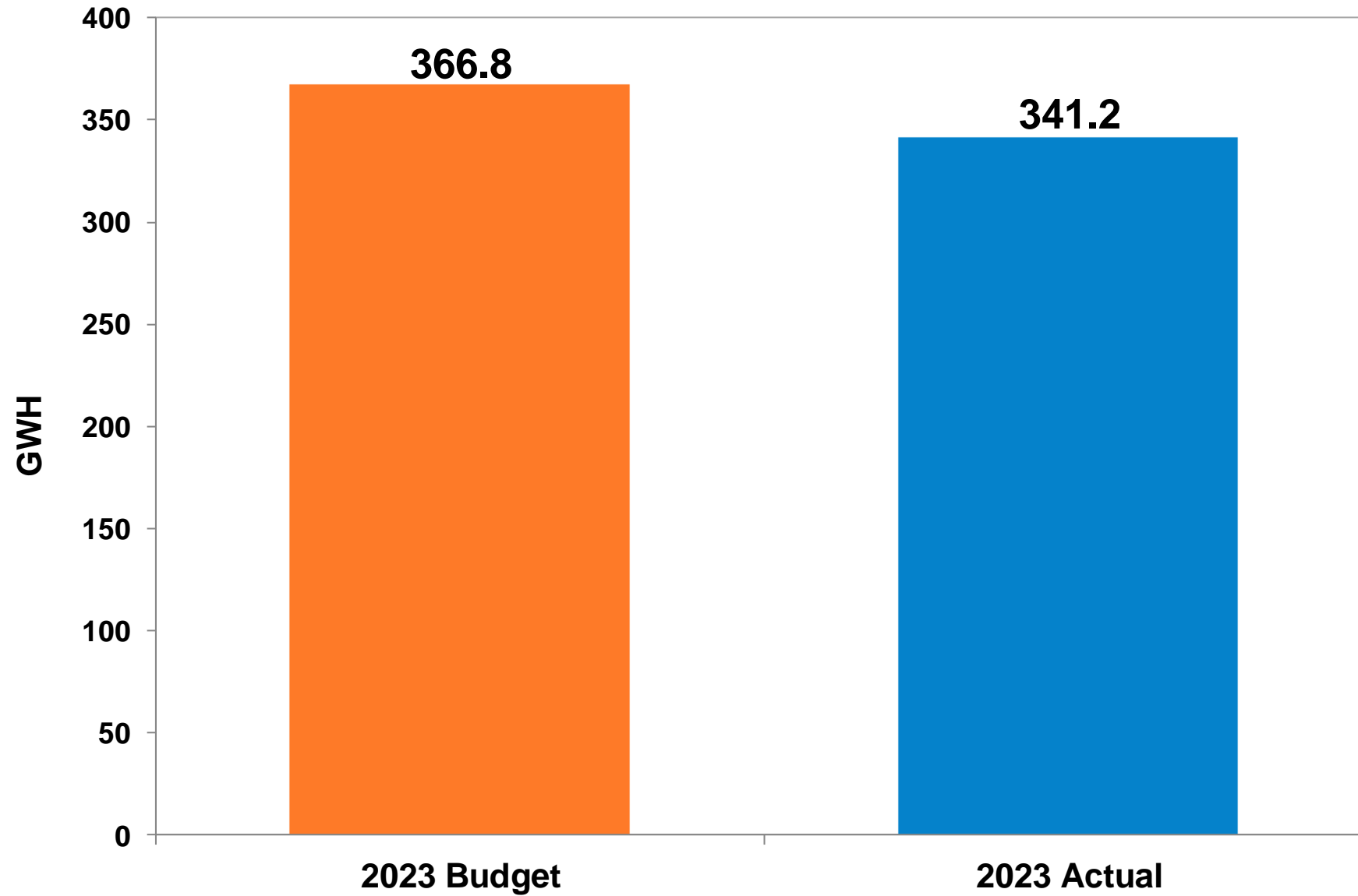
# Daily Temperature Range



# Daily Temperature Range

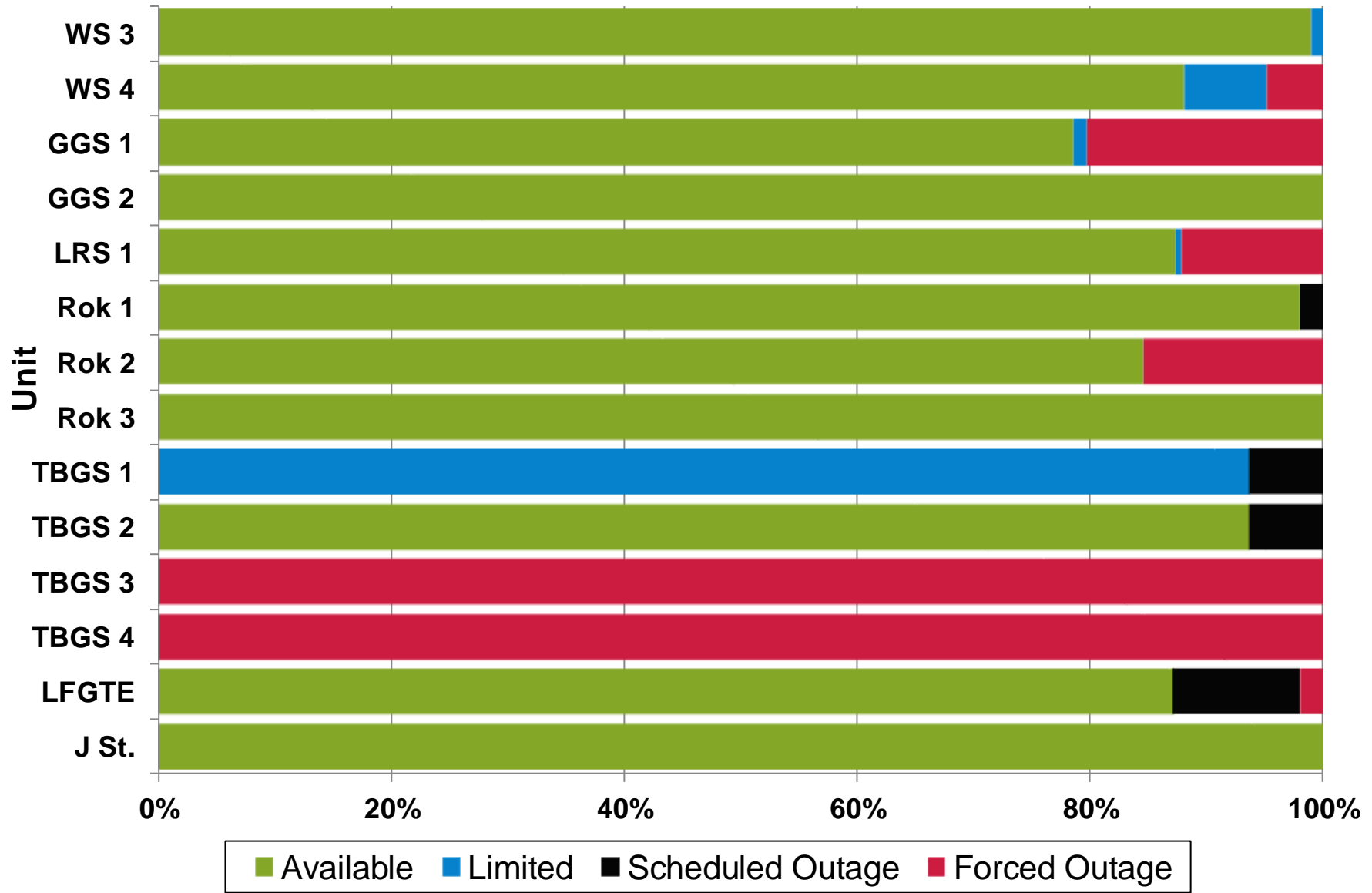


# Customer Energy Consumption

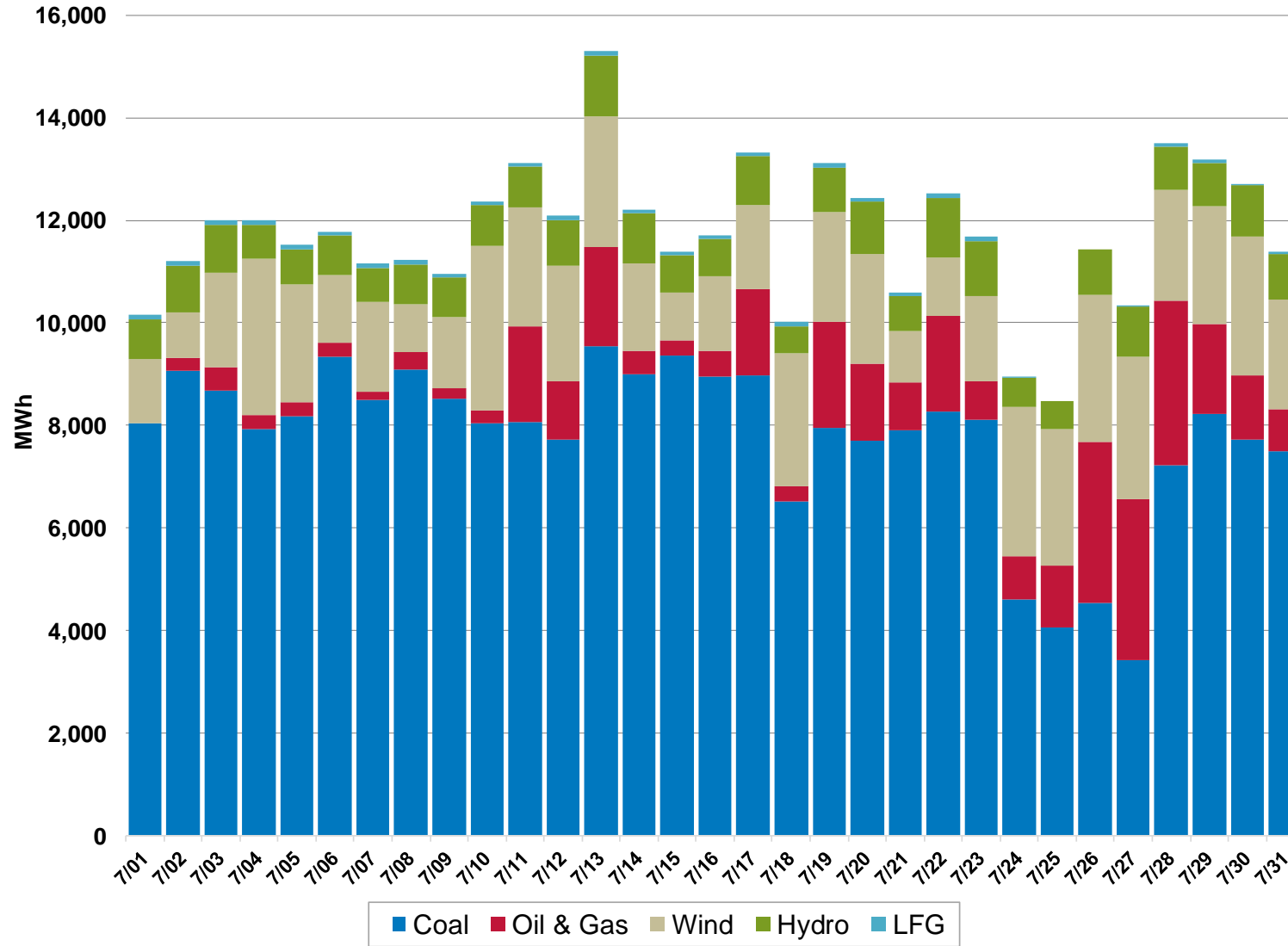




# Unit Equivalent Availability

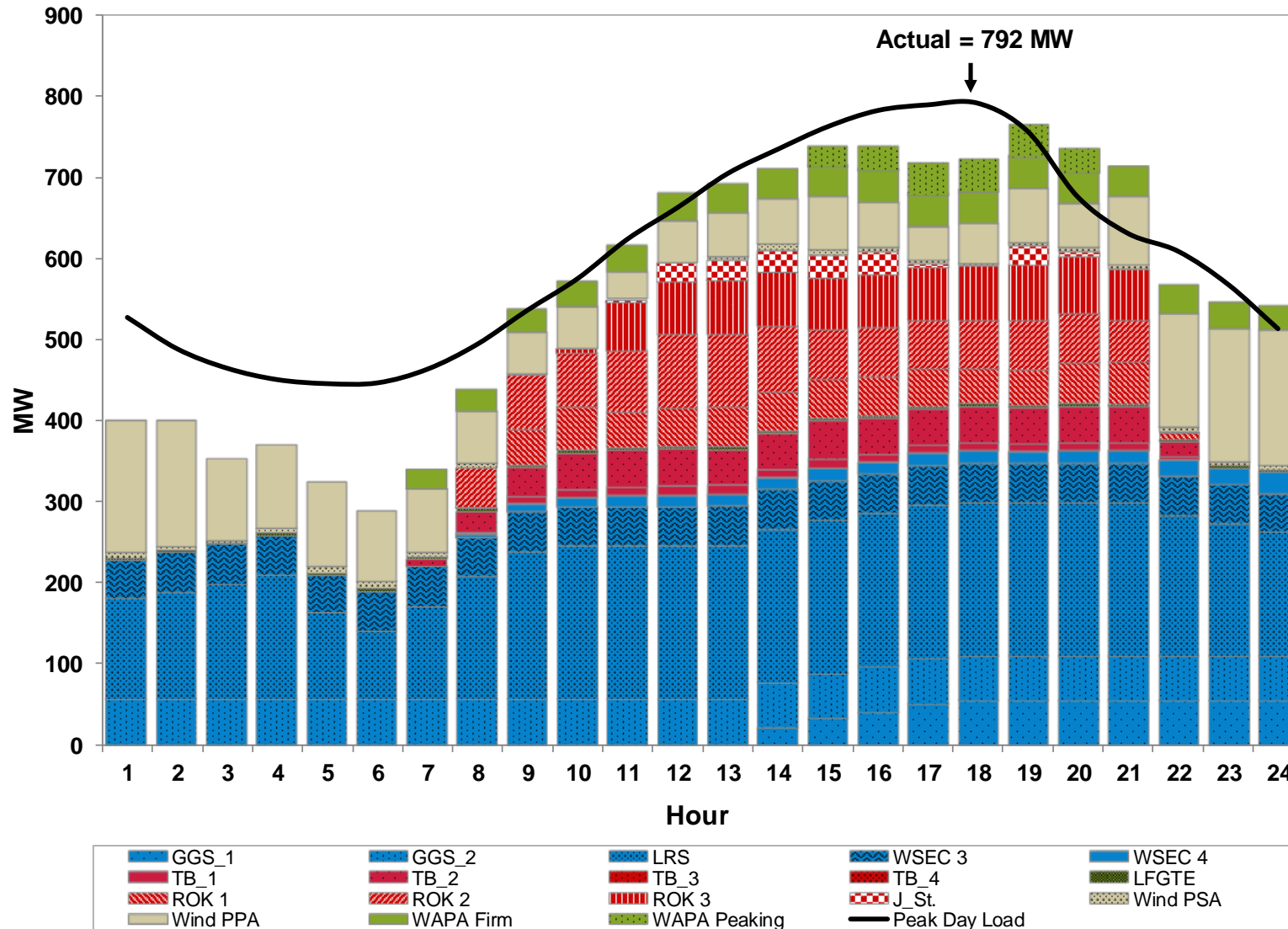


# Resource Energy



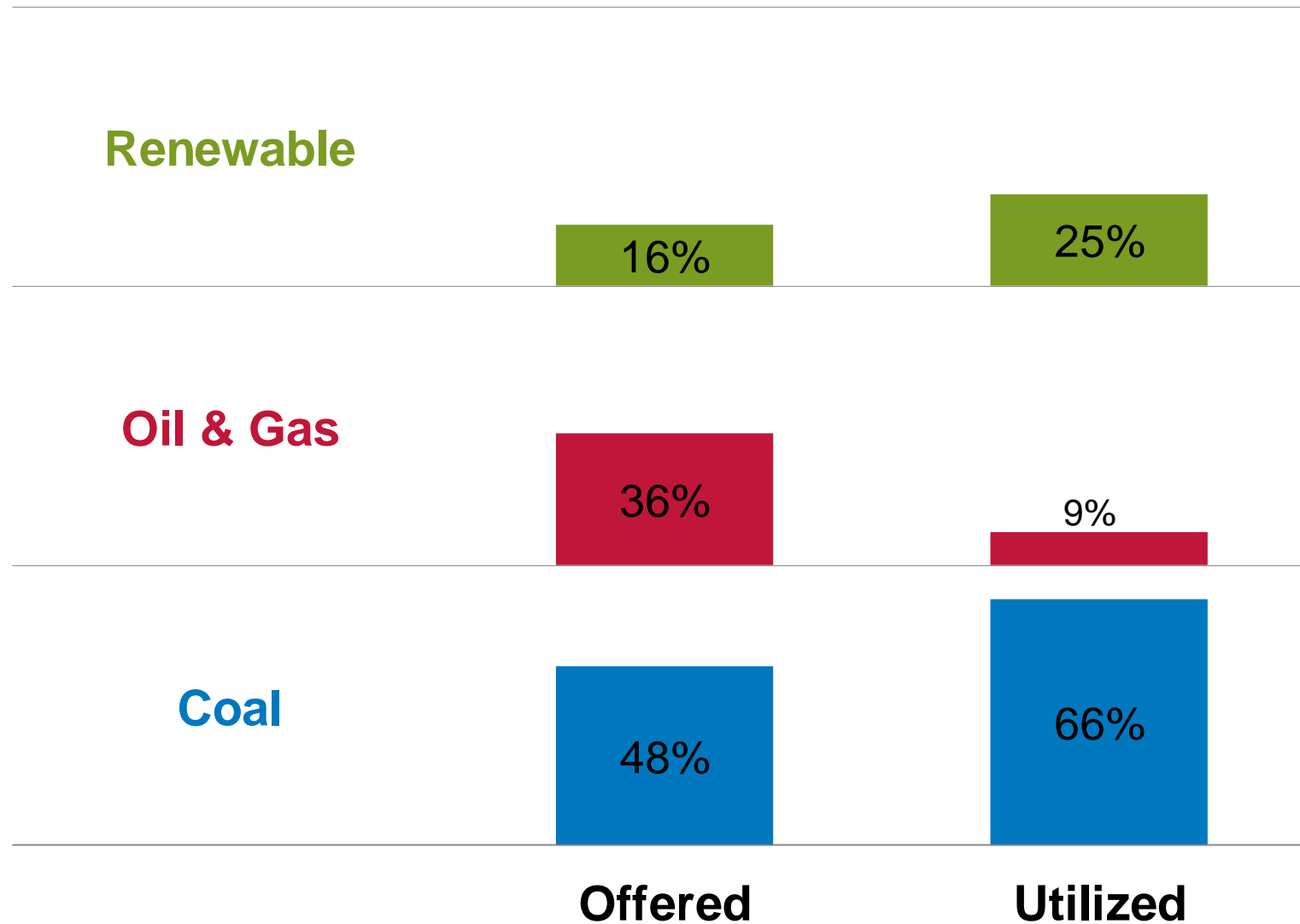
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

# Peak Load Day – July 28, 2023



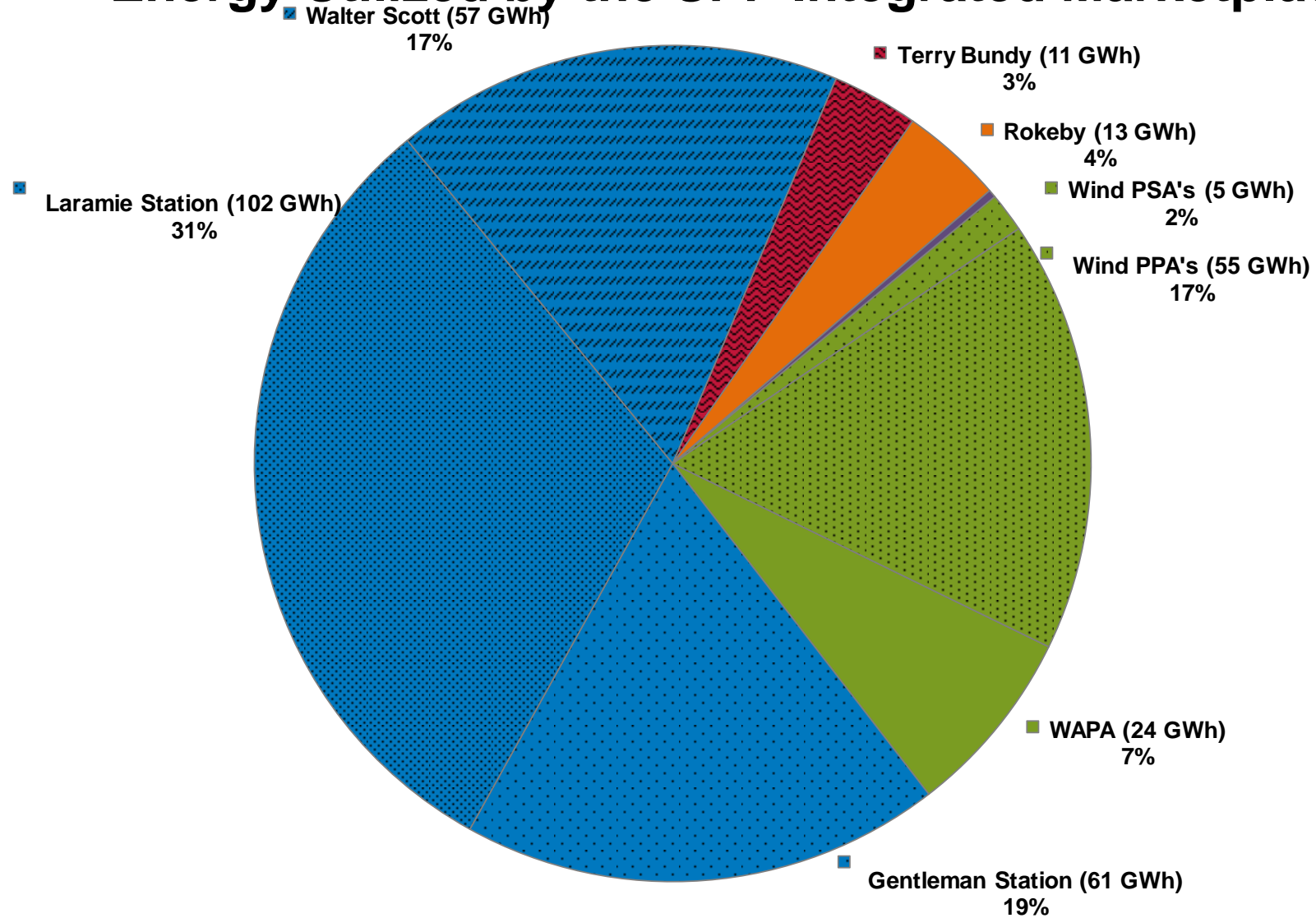
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

# 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