

MINUTES OF LINCOLN ELECTRIC SYSTEM ADMINISTRATIVE BOARD

Minutes of the regular meeting held at 9:30 a.m., Friday, January 19, 2024, 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: Emeka Anyanwu, Shelley Sahling-Zart, Emily Koenig, David Malcom, Paul Crist, Jason Fortik, Lisa Hale, Trish Owen, Katrinka Dicke, Kelley Porter, Jim Rigg, Bryan Willnerd, Joel Dagerman, Cindy Booze, Sue Bowen, Mike Murphy, Keith Snyder, Marc Shkolnick, Pat Marik, Robbie Seybert, Jessica Stilwagon, Julie Panko Haberman, Stacy Grant, Mark Hosking, Robin Schoettlin

Others Present: Peggy Brown, Randy Amundson, Edward Bosland, Shane Varejcka, Ken Winston

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. Spinar noted that LES conducts its meetings in compliance with the Nebraska Open Meetings Act and noted that a copy of the Act is located in the back of the Board room.

Call to Order & Safety Briefing

Ken Winston, representing Nebraska Interfaith Power & Light and the Nebraska Sierra Club, and himself expressed his appreciation for the Sustainable Energy Program (SEP) and that it is the best in the state and how innovative the heat pump program is. Lastly, he stated his opposition to LB 1370.

Comments from Customers

Jason Fortik, Vice President, Power Supply, introduced Scott Moormeier, Maintenance Generation Technician at Terry Bundy Generating Station, who was recognized by the Board for 20 years of service to LES.

Introduction and Recognition of Staff

Pat Marik, IT Engineer, Information Infrastructure, presented Sue Bowen and Cindy Booze with the Employer Support of the Guard and Reserve Service Member Patriot Award. This award reflects the efforts made to support citizen warriors through a wide range of measures including flexible schedules, time off prior to and after deployment, caring for families, and granting leaves of absence if needed.

Introduction and Recognition of Staff

Eric Schafer, Chair of the Nominating Committee, provided the Committee's recommendation for board officers for 2024. (Exhibit I) The Nominating Committee recommends the following slate of officers:

Nominating Committee Report

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

The gavel was passed to General Counsel, Shelley Sahling-Zart, to conduct the election of board officers for 2024. 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 – Katrinka Dicke
 - 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. Chelsea Johnson 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 15, 2023, meeting minutes. Carl Eskridge moved their approval. Eric Schafer 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 reported that the Committee met on January 15, 2024, and they reviewed the redline draft of Policy 101. A second draft will be provided to all board members who are encouraged to provide feedback to on the of the Policy 101 Special Committee members. The Committee will finalize its recommendations and will formally offer the amendments to Policy 101 for approval by the Board at the February 2024 board meeting. (Exhibit II)

Policy 101 – Special Committee Report

Shelley Sahling-Zart, Vice President & General Counsel, reported on activities of the Nebraska Legislature and legislative bills of impact to LES. She noted that January 17 was the last day for bill introductions and staff is still reading through new legislation. She noted that 597 new legislative proposals were introduced and there are 541 bills that are still active and carried over from the 2023 legislative session. She estimates that roughly 30 of those bills will be added to the LES tracking list. A legislative tracking report will be reviewed with the board Legislation & Governmental Affairs Committee to finalize LES positions on legislation impacting LES or public power. This is a 60-day legislative session with the Legislature scheduled to adjourn on April 18, 2024. Sahling-Zart highlighted a few of the new legislative bills that impact LES, including:

2024 Legislative Report

LB 866 – Introduced on behalf of the Nebraska Power Review Board. The primary objective of the bill is to promote better continuity for the NPRB representation on the SPP Regional State Committee. The key provisions of the bill include: 1) removing the requirement to have an accountant on the board; 2) permitting at least one NPRB member to be any individual who previously worked as a director, officer, or employee of any electric utility within the four years preceding the member’s appointment to serve on the NPRB, provided the member refrains from voting or engaging on any proceedings involving their utility for a period of four years; 3) increasing NPRB terms from two to three consecutive four-year terms; and 4) increasing the member per diem from \$60 to \$100.

LB 956 - Requires that light-mitigating technology be installed on any new wind energy conversion system or whenever an existing wind energy conversion system is repowered on or after July 1, 2025. The technology is designed to be activated when aircraft is near to mitigate the continuous strobe effect on property owners.

LB 1218 – Allows commercial electric vehicle (EV) charging stations to charge on a kilowatt-hour basis. Selling electricity on a kWh basis is considered a retail sale of electricity and state law provides that only utilities a certified retail service area may do so. The bill also proposes to significantly restrict the ability of public entities like LES from installing direct current fast-charging stations by providing that a public entity would have to provide public notice of an intent to install a DC fast charging station and give private entities a 90-day window to exercise a right of first refusal to install a station thereby precluding the public entity from doing so.

LB 1370 – Provides that if an electric supplier in Nebraska is proposing to retire a dispatchable generation facility, prior to retirement it must certify to the NPRB that it has replaced the facility with another dispatchable generation facility of equal or greater nameplate capacity.

Bryan Willnerd, Manager, Treasury and Risk Management, provided a review of LES' semi-annual claims. (Exhibit III)

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

Willnerd reported on claims submitted to LES from customers between July 1 and December 31, 2023. Of the claims submitted, none exceeded \$25,000, which would require ratification by the LES Administrative Board. A total of five claims were paid since July 1, totaling \$23,832. There were nine claims denied in 2023 totaling \$3,548.

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

**2023 Enterprise Risk
Management Program
Update**

Willnerd highlighted goals that were achieved in 2023 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.

Willnerd stated that during 2023, there were twenty-eight risk reviews completed, five risks eliminated, four risks moved to the Watchlist, and two title changes.

Willnerd outlined the 2024 goals and objectives for the ERM program.

Joel Dagerman, Asset Management and Planning Manager, provided and update on the Infrastructure Investment and Jobs Act (IIJA) grant application concept. (Exhibit V)

**Infrastructure Investment &
Job Act LES Grant Concept
Paper**

Dagerman provided a background on the IIJA and discussed the portfolio process and next steps. The Concept Papers are due the end of this month and the award announcement is expected in November.

Marc Shkolnick, Manager, Energy Services, gave the 2023 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 2023 Sustainable
Energy Program (SEP) and
2024 SEP**

Shkolnick also discussed SEP plans for 2024. Incentives include and City/LES air source heat pump combo. Additionally, LES will work with Nebraska Department of Environment and Energy and other utilities to develop a High-efficiency electric home rebate program.

Marc Shkolnick, Manager, Energy Services, provided an update on the Solar for all Grant application. (Exhibit VII) The Environmental Protection Agency (EPA) offered \$7 billion in competitive grant to allow up to 60 grants to be awarded with the minimum grant award of \$25 million.

Solar for All Update

Shkolnick stated that a Nebraska coalition comprised of the Nebraska Department of Environment and Energy, LES, Nebraska Public Power District, Omaha Public Power District, and Grand Island Utilities Department submitted a grant application on October 12, 2023 and \$71 million was requested. LES would be sub-awarded up to \$8.5 million of that amount if the coalition receives the grant. The EPA will announce awards in March.

Kelley Porter, Manager, Customer & Corporate Communications, presented “Reflections”, an end-of-year summary highlighting LES' accomplishments over the last 12 months.

2023 Year-End Summary

The next regular meeting of the LES Administrative Board will be Friday, February 16, 2024, at 9:30 a.m.

Next Meeting

Without further business before the Board, Vice Chair Spinar declared the meeting adjourned at approximately 11:34 a.m.

Adjournment

Lucas Sabalka, Secretary

BY: Katrinka Dicke
Katrinka Dicke
Assistant Secretary

Exhibit I



MEMORANDUM

Date: January 19, 2024
To: LES Administrative Board
From: Board Nominating Committee
Subject: Election of 2023 Officers

The Nominating Committee is recommending the following slate of officers for the January 2024 Lincoln Electric System Administrative Board Election of officers.

- Andrew Hunzeker - Chair
- David Spinar - Vice Chair
- Lucas Sabalka - Secretary
- Katrinka Dicke - Assistant Secretary
- Shelley Sahling-Zart - Alternate Assistant Secretary

Exhibit II



Policy 101 Special Committee – January 15, 2024

Attendees: David Spinar, Kate Bolz, Carl Eskridge, Shelley Sahling-Zart

The Policy 101 Special Committee was formed for the purpose of reviewing LES Policy 101 that outlines the structure and procedures of the LES Administrative Board as well as articulating the delegation of authority to the LES CEO.


The Committee held a second meeting to continue its review of Policy 101. At the December board meeting, the Committee summarized several proposed policy changes the committee will be recommending for approval when it completes its review. The following is a summary of additional recommendations reviewed in the committee's second meeting:

- The Committee recommends merging the Finance & Audit Committee and Budget & Rates Committee into a single "Finance Committee." There are synergies between the committees and the Policy 101 Special Committee believes that merging the committees would be more efficient. Staff supports this recommendation.
- The Committee recommends deferring consideration of other changes to standing committees until the board has engaged in strategic planning which may better inform any additional changes.
- Finally, the Committee recommends identifying several specific CEO performance expectations in Policy 101.

Another redlined draft will be provided to all board members who are encouraged to provide feedback to one of the Policy 101 Special Committee members.

The Policy 101 Special Committee will finalize its recommendations and will formally offer the amendments to Policy 101 for approval by the board at the February 2024 board meeting.

Exhibit III



LES Semi-Annual Claims Review

July 1 – December 31, 2023

Bryan Willnerd | LES
Manager, Treasury & Risk Management

LES Administrative Board | January 19, 2024

Paid Claims Trending Activity

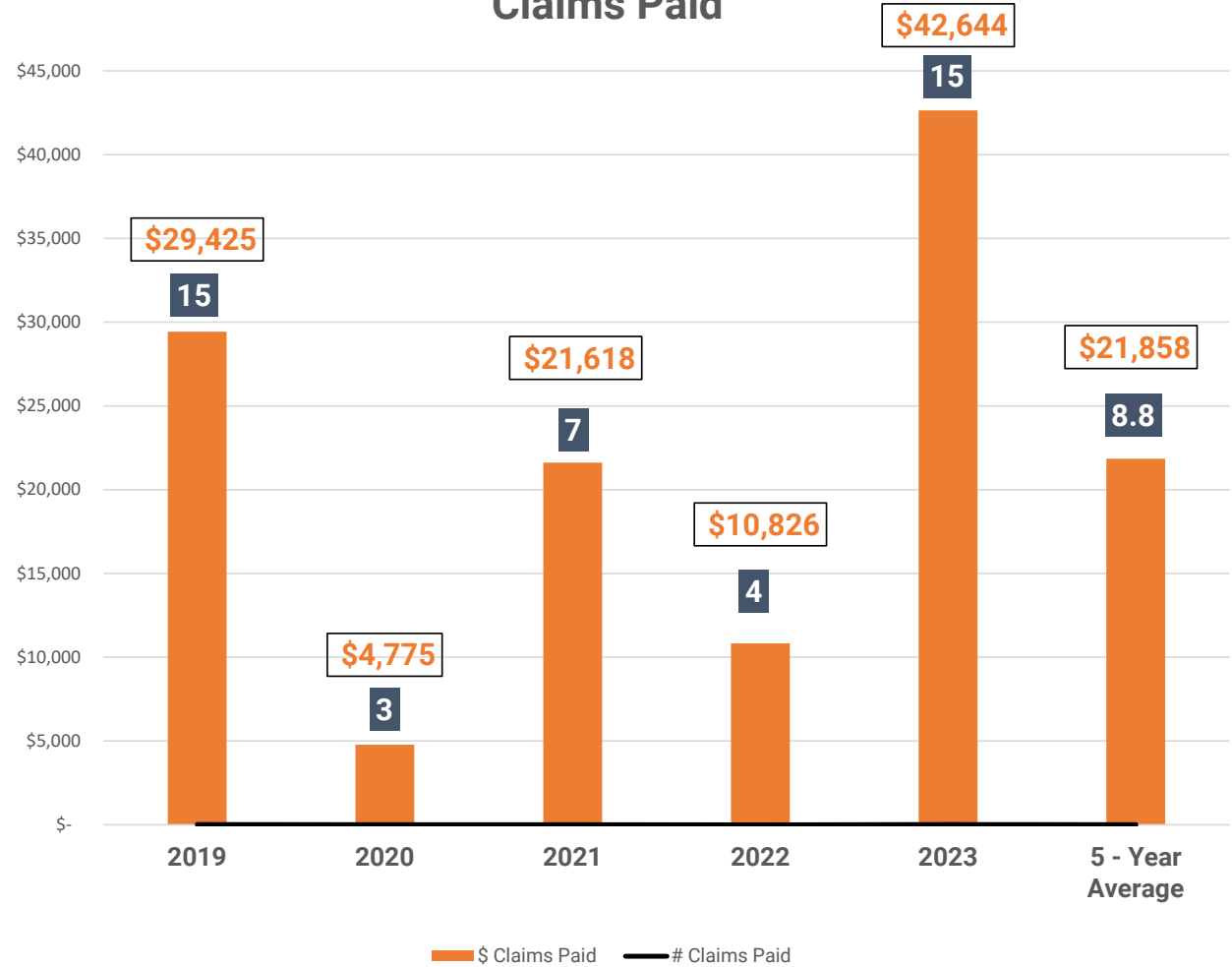
Board Approval

- There were no claims greater than \$25k settled in the second half of 2023 requiring Board ratification.

Paid Claims

- 5 claims paid totaling \$23,832 since July 1
- 2 claims for private sewer line damage totaling \$22,776

Claims Paid



Denied Claims Trending Activity

- \$1,298 in denied claims since July 1
- 9 Claims denied totaling \$3,548 for 2023.
- \$2,550 related to service disruptions

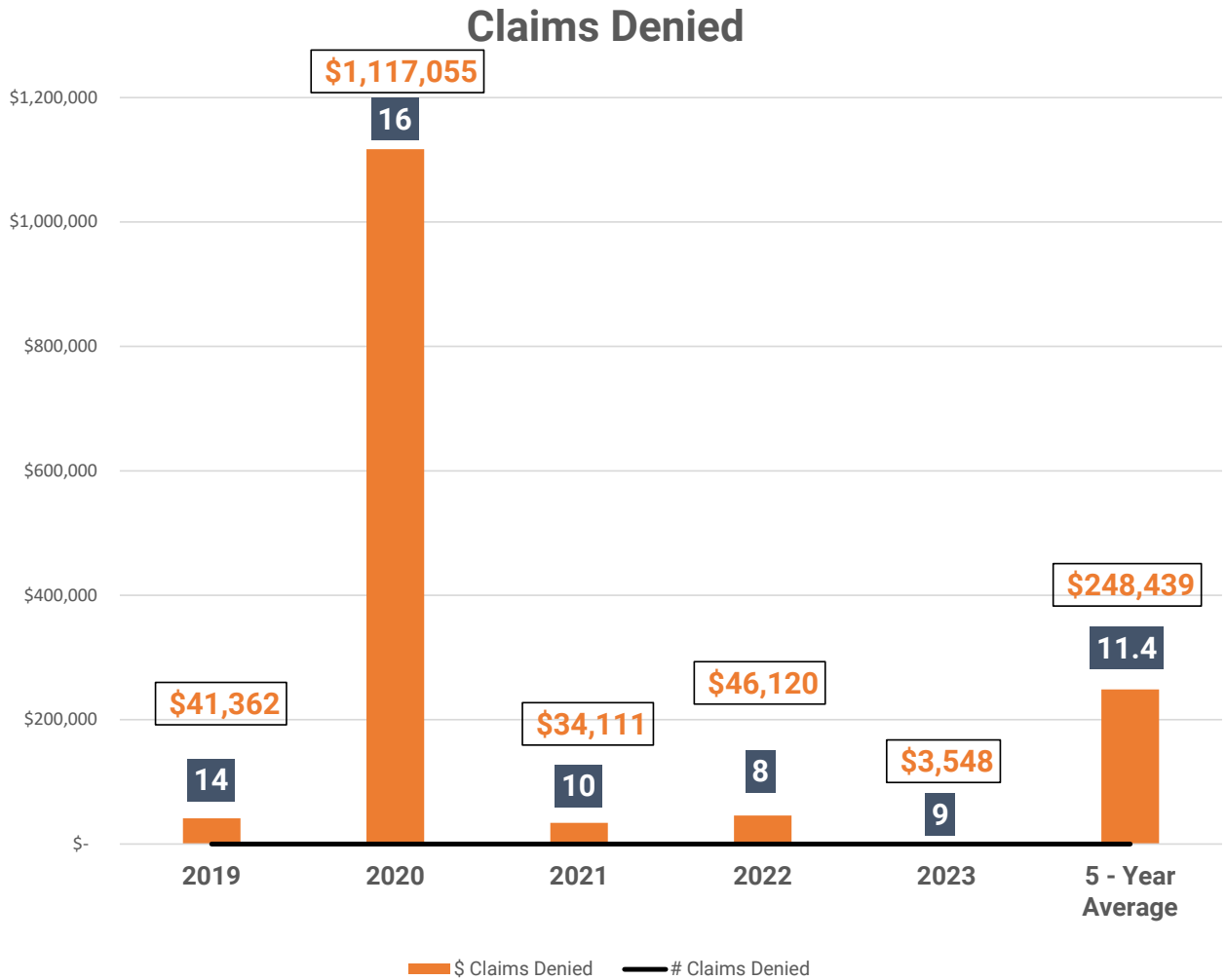


Exhibit IV

2023 LES Enterprise Risk Management Status Report

Bryan Willnerd- Manager, Treasury & Risk Management
LES Administrative Board Meeting
January 19, 2024

Enterprise Risk Management Structure



A Follow-Up On Our 2023 ERM Goals

- ✓ Determine the Role of the Risk Management Committee
- ✓ Update the ERM Policy, Process, and Form Documents
- ✓ Assess and implement ERM improvements
- ✓ Review Each ERM risk
- ✓ Research ERM tools to more effectively manage and report on ERM risks
- ✓ Finalize the new Climate (LES Operational Impacts) risk

Risk Management Committee Disbanded



Risk Management Committee (RMC) was disbanded in December 2022.



Former role is fulfilled by the executive team.



Many former RMC members continue to contribute to the ERM Program



Updated Corporate Documents

Updated to reflect the enhancements made in 2022.



New Risk Assessment Form



“Bow-Tie Risk Assessment Concept”



New Roles of the Executive Staff within the risk review process.



ERM Improvements



Established a Watchlist



Defined Risk Parameters



Probability of Occurrence Enhancements

Ranking	Previous	Updated	Description	Qualitative Description
1	<5%	<1%	Theoretical	Hypothetically possible; however, the risk has never occurred at LES or in another industry
2	5% - 20%	1% - 5%	Rare	Unlikely to occur at LES, but has occurred in another industry
3	21% - 80%	6% - 10%	Possible	Possible to occur at LES and/or has occurred in another industry
4	81% - 95%	11% - 25%	Probable	Has occurred once at LES and/or has occurred multiple times in the utility industry
5	>95%	>25%	Expected	Has occurred multiple times at LES

Risk Reviews

28 Risk Reviews Completed

5 Risks Eliminated

4 Risks moved to the Watchlist

2 Title Changes

Risks Eliminated	Reasoning:
<i>Maintenance Contracts</i>	The use of maintenance contracts is limited.
<i>Large Coal Plant Economic Shutdown</i>	Was in conflict with LES's net zero decarbonization goal.
<i>Public Perception of LES Due to Support of Third Parties</i>	Not an enterprise risk.
<i>Records Retention</i>	Not an enterprise risk.
<i>Technology Services Infrastructures Issues</i>	Captured in other Technology Services (TS) Risks.
Moved to Watchlist	Reasoning:
<i>Ammonia Release (Formerly Environmental Spill)</i>	Not a risk in the current environment.
<i>Generation Capacity Sales</i>	LES's use of these contracts is limited.
<i>Increased Deployment of Distributed Generation</i>	This is not a risk for the foreseeable future.
<i>Increased Environmental Requirements</i>	Current regulations have little impact to LES.
Title Changes	Reasoning:
<i>Employer of Choice -> Recruiting & Retention</i>	Provides a more representative title of the ERM Risk.
<i>Local Climate Change -> Extended Severe Weather</i>	Title changed to place more emphasis on operational impacts related to climate-related events.

ERM Tools

Financial Services and Technology Services collaborated to pursue a Governance, Risk, and Compliance (GRC) Solution.



Cloud-Based Solution



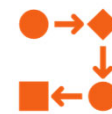
Dashboard and Reporting Capabilities



Potential Analytical Insights



Increased Efficiency with the ERM Process



Will Allow for Greater Adaptability

Extended Severe Weather



More frequent severe weather events



Operational Impacts of a changing climate

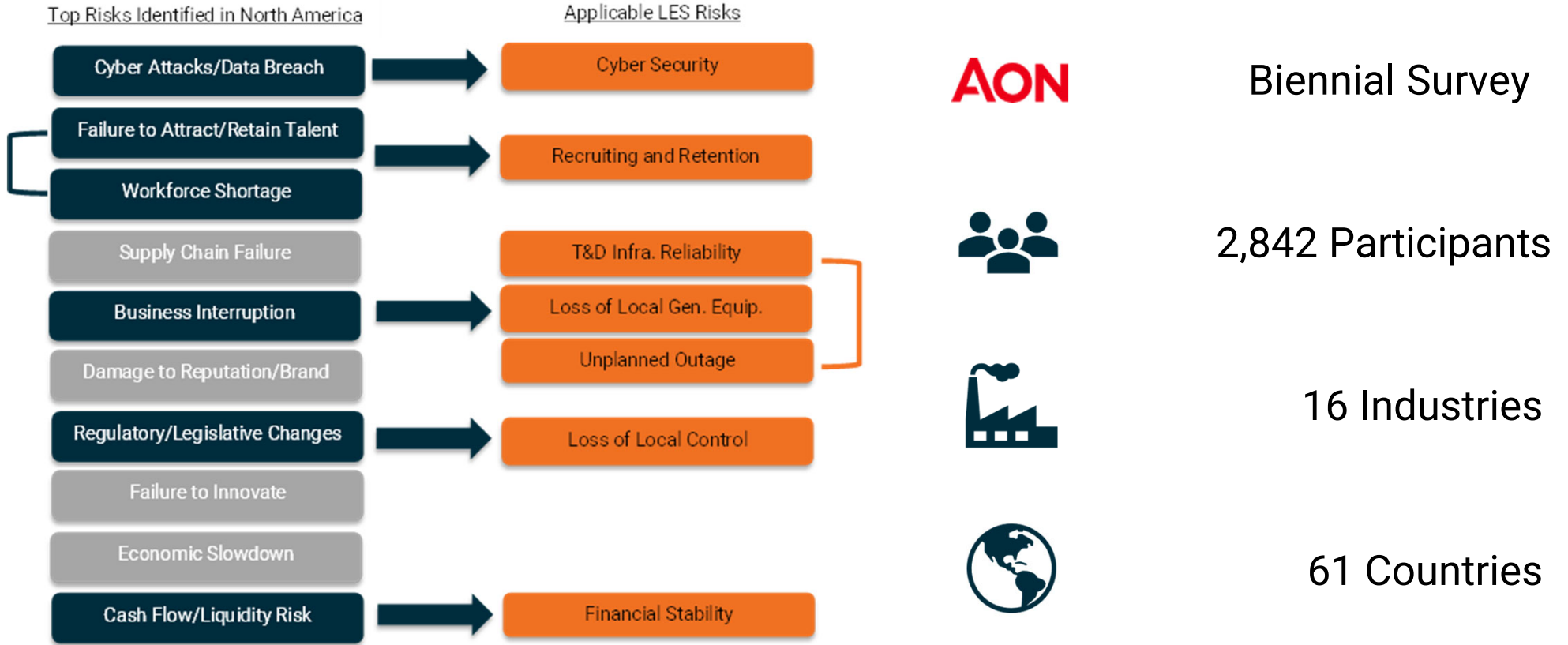


Winter Storm Uri or “Heat Domes”



How well is LES prepared?

How LES Compares





2024 Goals & Objectives

- Begin the Transition to the GRC Solution
- Establish thresholds and begin to track key risk indicator information
- Establish Risk Review Cycles
- Research Risk Velocity as a trackable metric
- Revitalize the Best Practices Section of Risk Assessments
- Review the Risk Appetite statement to ensure it is aligned with LES's strategic plan.

Exhibit V

Infrastructure Investment and Jobs Act (IIJA) Grant Application Concept

January 2024

Joel Dagerman
Asset Management & Planning Manager

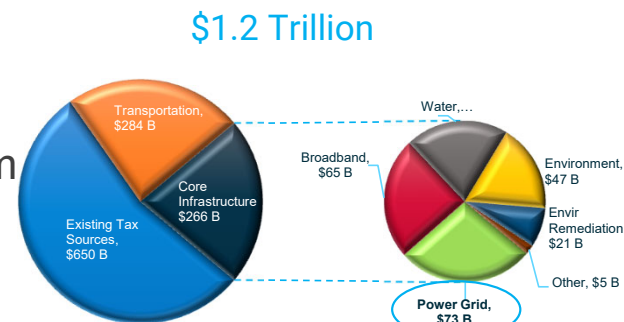
Agenda

- **Background**
- **LES Process**
- **Application Concept Papers**
- **Next Steps**
- **Questions**

IIJA = BIL vs. IRA

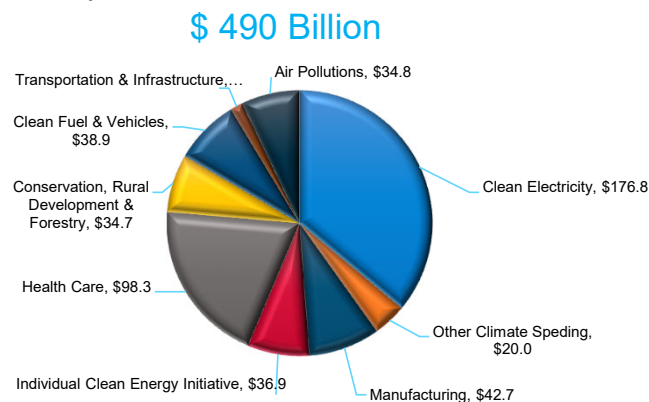
• Infrastructure Investment Jobs Act (IIJA)

- a.k.a. Bipartisan Infrastructure Law (BIL)
- 2021 Multi-faceted infrastructure improvement program for core U.S. assets....
 - 350+ Areas of interest
 - \$650B Existing + \$550B New spending in 5-8 year build
 - \$73 Billion power grid
- Dept. Energy (DOE) formed Grid Deployment Office (GDO)
- GDO administer \$32 Billion competitive grant funding



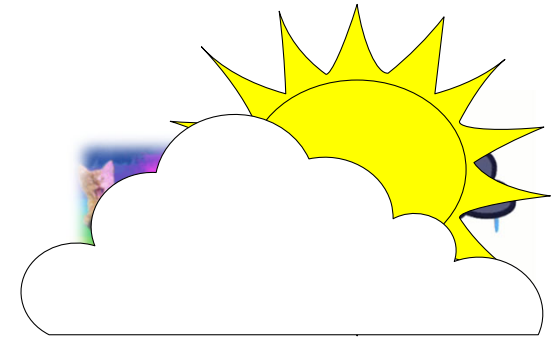
• Inflation Reduction Act (IRA)

- 2022 Wide ranging infrastructure, health, tax credits & social programs
 - \$490 Billion over 10-year spend
 - Matching grants & tax rebates/credits
 - \$392 Billion climate & energy areas



IJA Project Portfolio Process

- **Cross-Functional Team:** Power Supply, Customer Service, Technology Services, Energy Delivery, Financial Services
- **Team tasks:**
 - How can LES best leverage this opportunity, if at all?
 - What are potential project scopes?
 - Present Executive Team with options
- **Project screening methods Order-of-Magnitude analysis**
 - Classification by viability tiers
 - Already happening / Easy to do
 - Improves project viability
 - Not currently viable
 - Screened projects
 - Organizational impact (Dept., multiple dept.'s, business unit etc.)
 - Organizational mission alignment and metrics
- **Presented 31 projects**
- **Grid resiliency projects preferred at this time**
 - Independent scope
 - Financial & resource predictability of resiliency projects



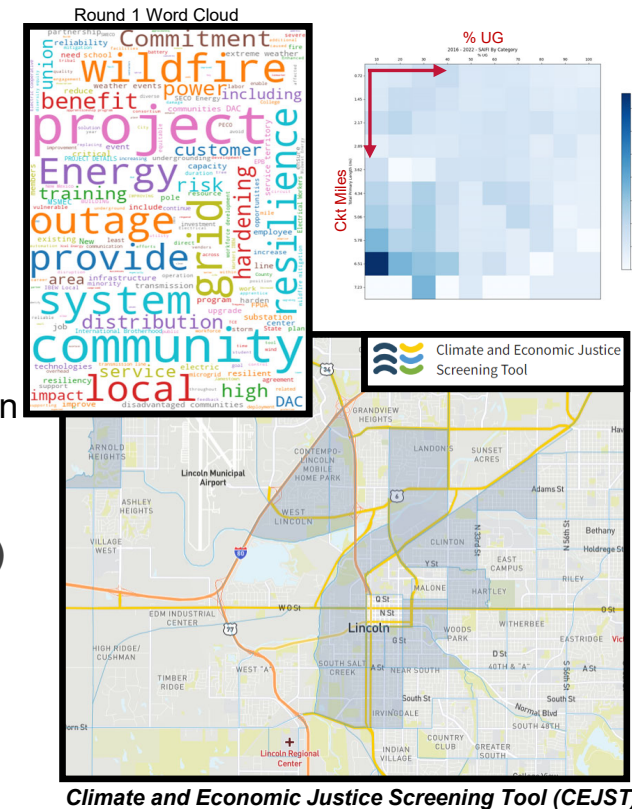
Update - Two Grid Resilience Concepts

1. DOE/GDO - Grid Resilience Innovation Partnership (GRIP)

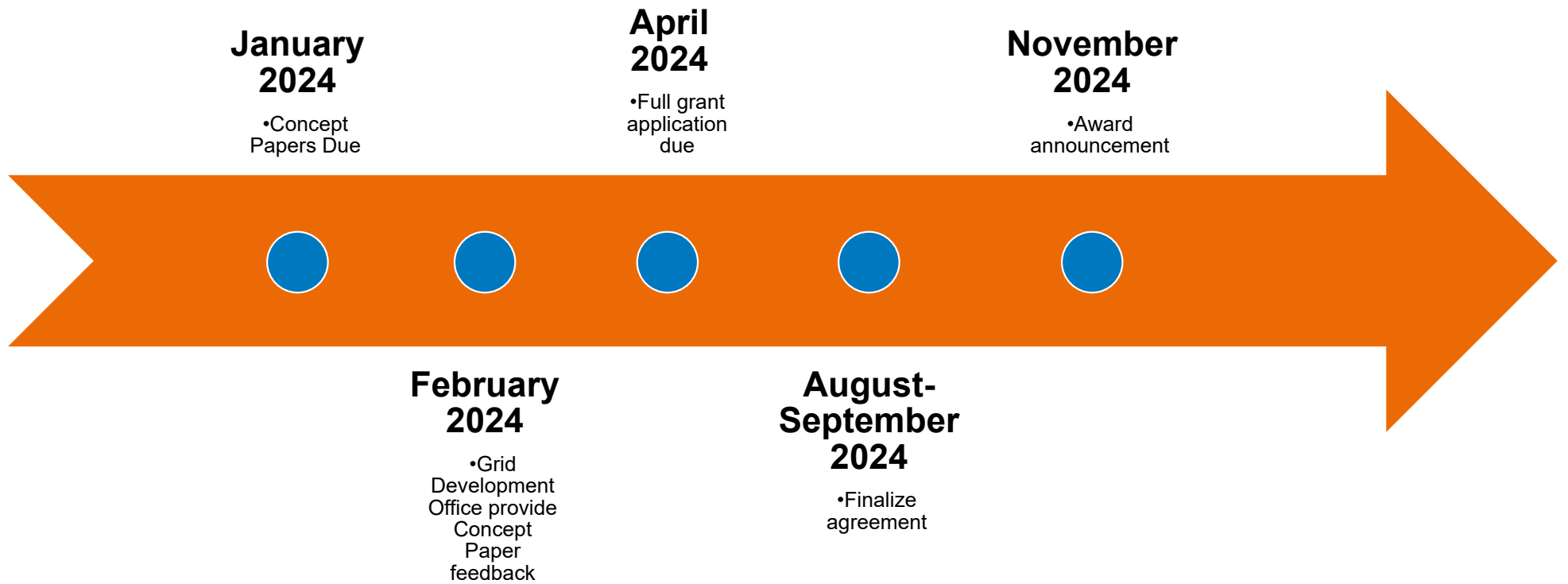
- **Three areas:** Grid Resiliency; Smart Grid; Grid Innovation
- **Round 1-GRIP:** Application 11/2022 – Award 10/2023
 - 700 applicants; Awarded: 58; \$3.5B (\$4.7B match)
 - LES did not participate
- **Round 2-GRIP:** Concept Paper process > Feedback > Application > Award
 - Funding Opportunity Announcement (FOA) October 2023
 - Move to Concept Paper vs. Full GRIP application
 - Raised min award Small Utility \$10M / Large Utility \$50M 5-8 years completion
 - 40% benefits to be derived in disadvantage communities
 - Utilized external party review on Concept Paper
 - **“Distribution Resiliency: Preparation, Prevention & Prediction (DR:PPPr) Concept Paper”** submitted 1/12/2024

2. Nebraska Dept. Environment & Energy (NDEE) received allocated grant (\$10.8 M) “Preventing Outages and Enhancing the Resilience of the Electric Grid”

- Funding year 1 & 2 of planned 5-year allocation program
- Nebraska utility competition (interest appears high due to webinar participation)
- Anticipate LES submitting a “Transmission Resiliency Concept Paper” 1/29/2024



GRIP Next Steps



Questions?

Exhibit VI

LES Sustainable Energy Program 2023 Year-End Report

Marc Shkolnick
Manager, Energy Services

January 19, 2024

2023 SEP Headlines



Exceeded Peak Demand
Reduction Target



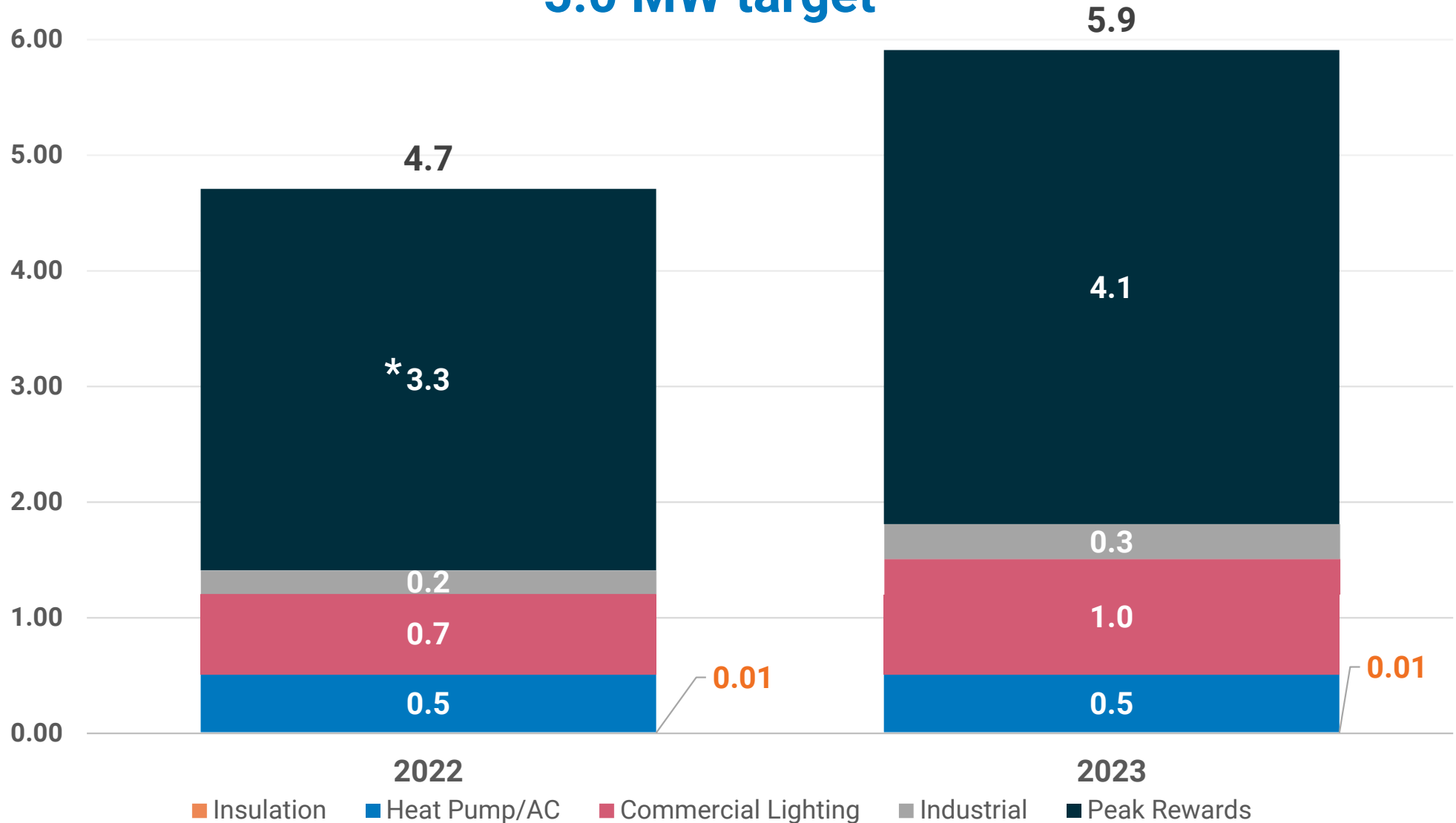
Increased Number of
Air Source Heat Pumps



Collaborations to Assist
Energy Burdened Customers

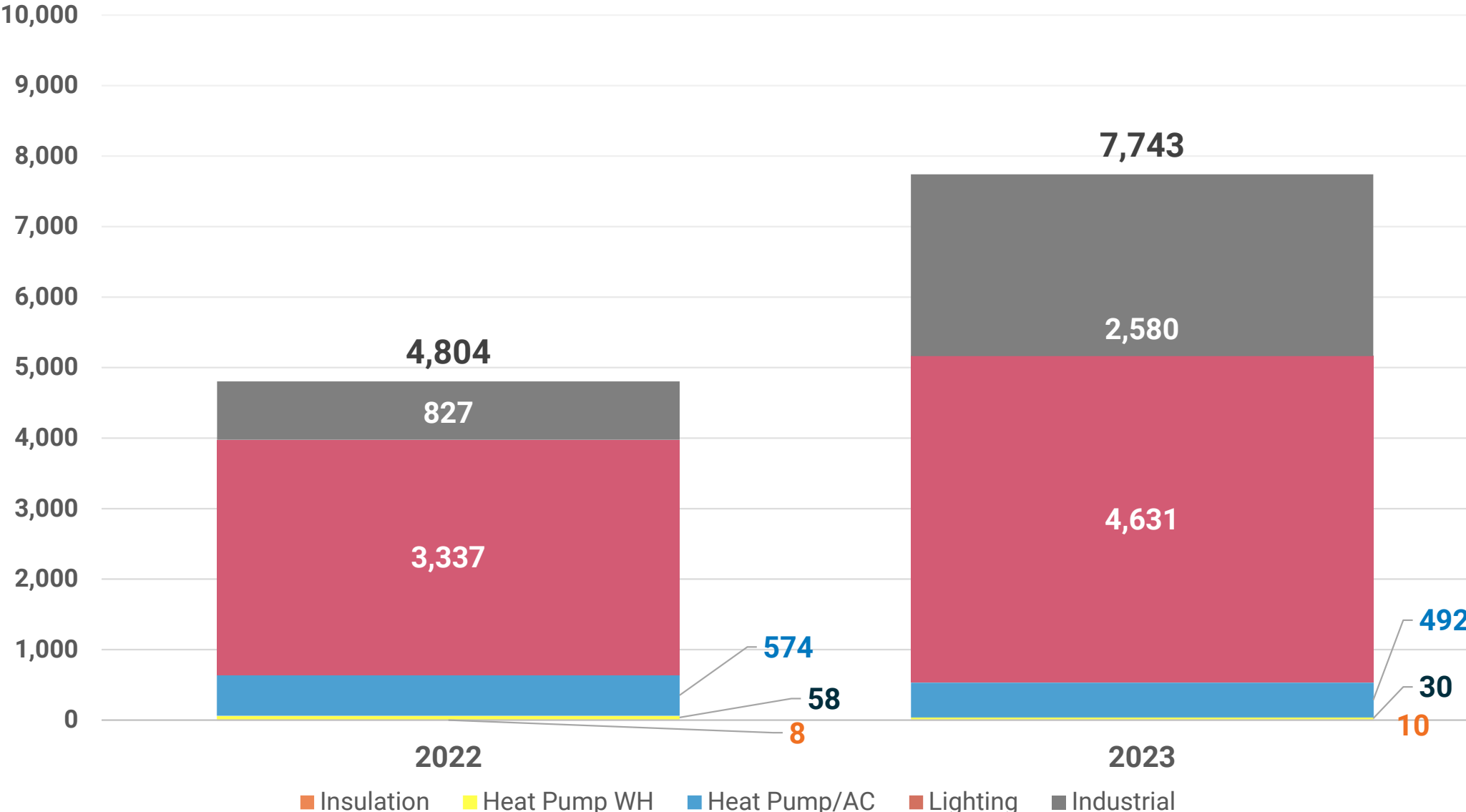
Peak Net Demand Reduction (MW)

5.0 MW target



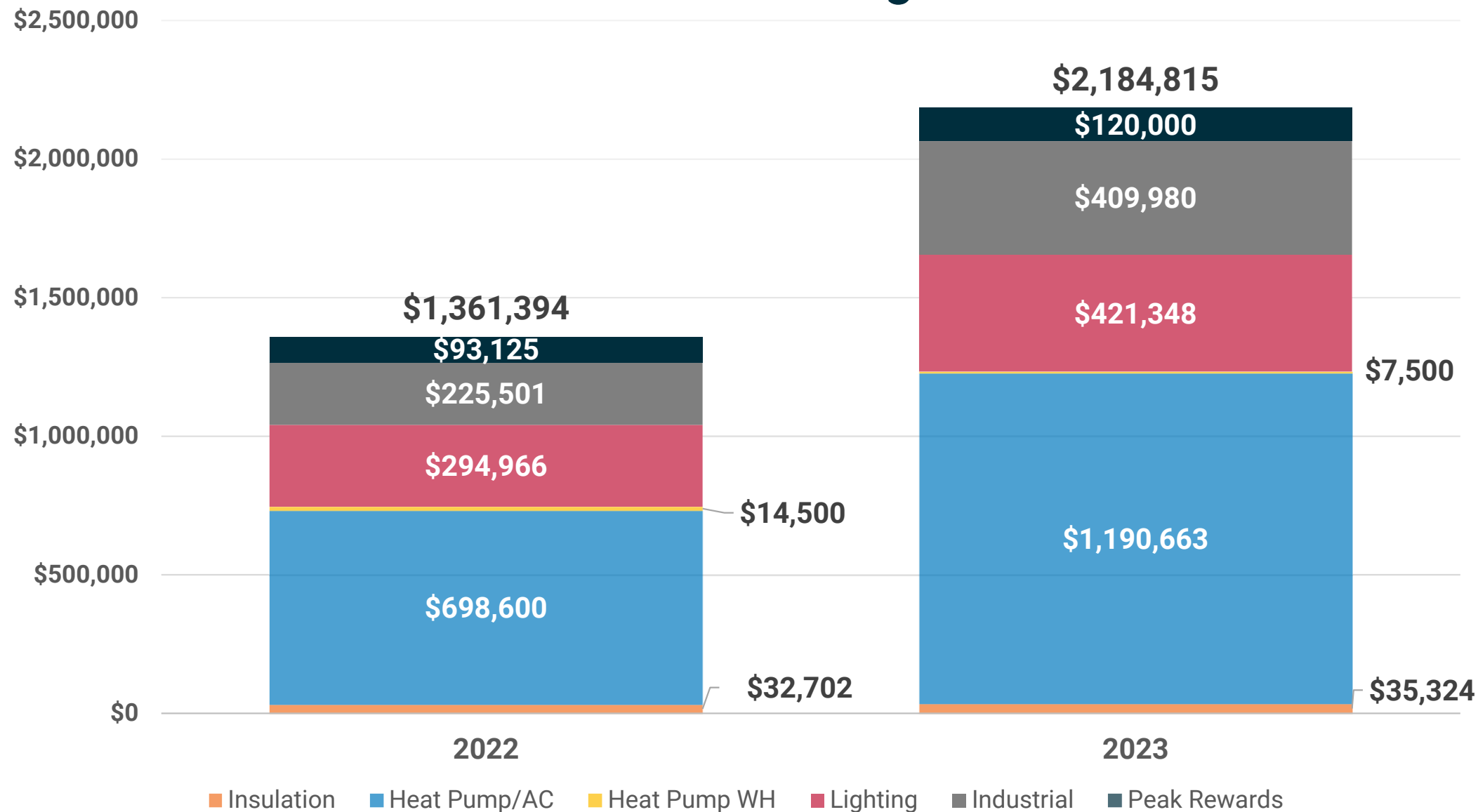
*Adjusted from 1.33 kW/device to 1.04 kW/device

Net Energy Savings (MWh)



2023 Obligated Dollars

\$2.3 million budget



How much influence did the SEP incentive have on your decision to purchase a high efficiency air conditioner or heat pump?

	2023	2022	2021	2020	2019
Little to None	18%	29%	19%	18%	15%
One of Several Factors	56%	53%	53%	52%	58%
Primary Factor	26%	18%	28%	25%	25%

How easy was it for you to learn about and access the LES Sustainable Energy Program?

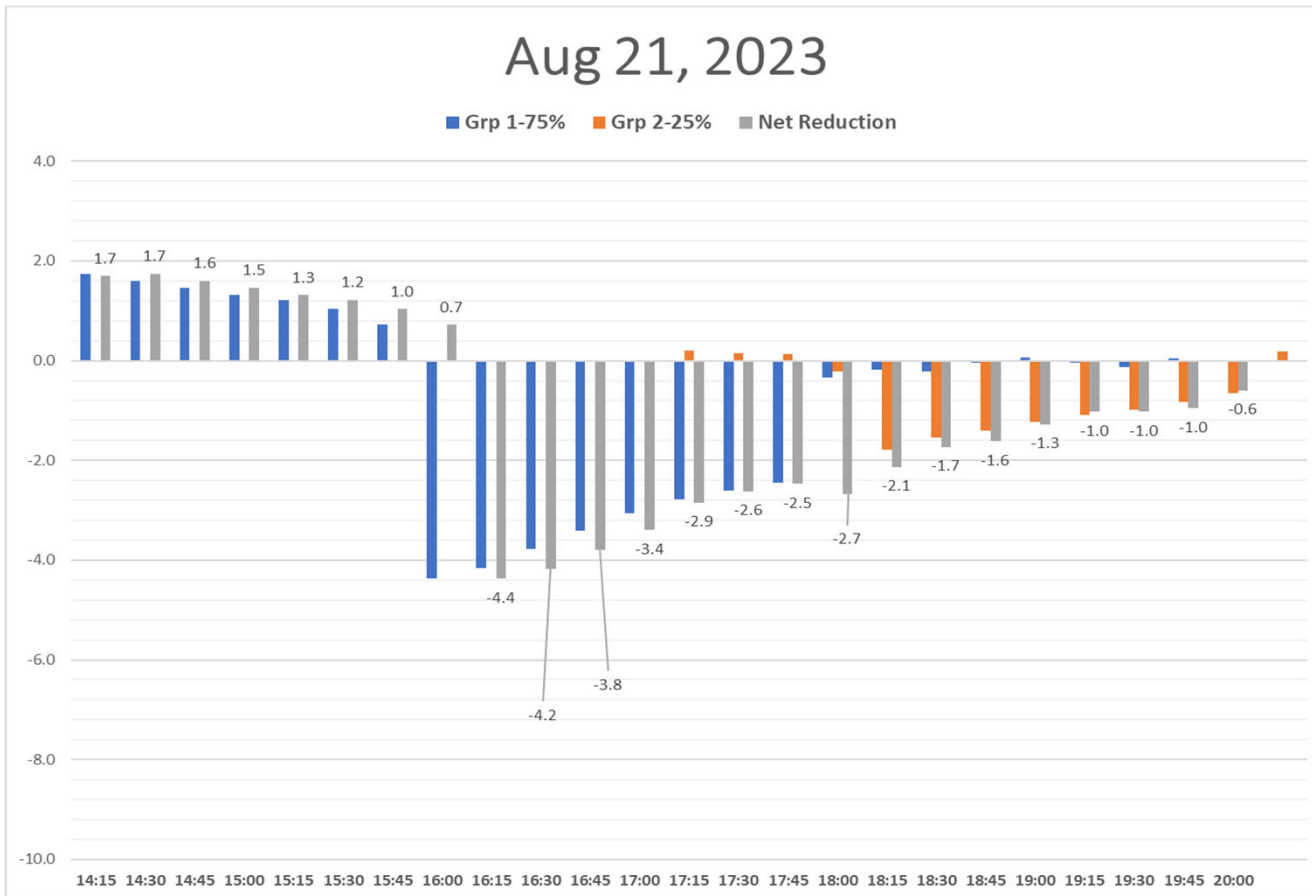
	2023	2022	2021	2020	2019
Very Difficult	2%	2%	2%	1%	1%
Neutral	19%	17%	15%	19%	20%
Very Easy	79%	81%	83%	81%	79%

SEP 2009-23

Incentives	\$32 million
Projects	25,000
Net Peak Demand	36 MW
Equivalent Annual Peak	47 big box retail stores
Net Annual Energy Reduction	151,000 MWh
Equivalent Annual Energy Consumption	15,000+ homes
Annual CO2 Reduction	100,000+ tons
Equivalent Annual Vehicle Emissions	40,000+ cars

Peak Rewards

- 4,000 thermostats enrolled in program.
- 1,200 additional thermostats enrolled in 2023.
- Achieved average demand reduction of 1.04 kW/device.



Energy Efficiency Support For Energy-Burdened Households



83 Residential Projects 2020-2023

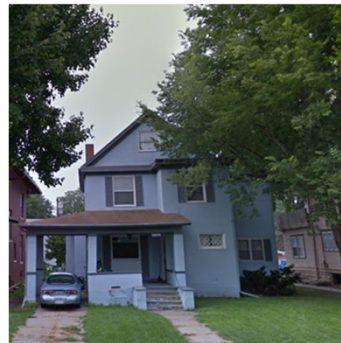
- **LES Contribution - \$384,000 (\$74,000 in 2023)**
- **Partner Investment - \$600,000**
- **Projected Annual Energy Savings - 135,000 kWh**

- **Avg. LES Investment - \$4,600**
- **Avg. Partner Investment - \$7,200**
- **Avg. Energy Savings - 1,600 kWh**
- **Avg. Bill Savings - \$96/year**

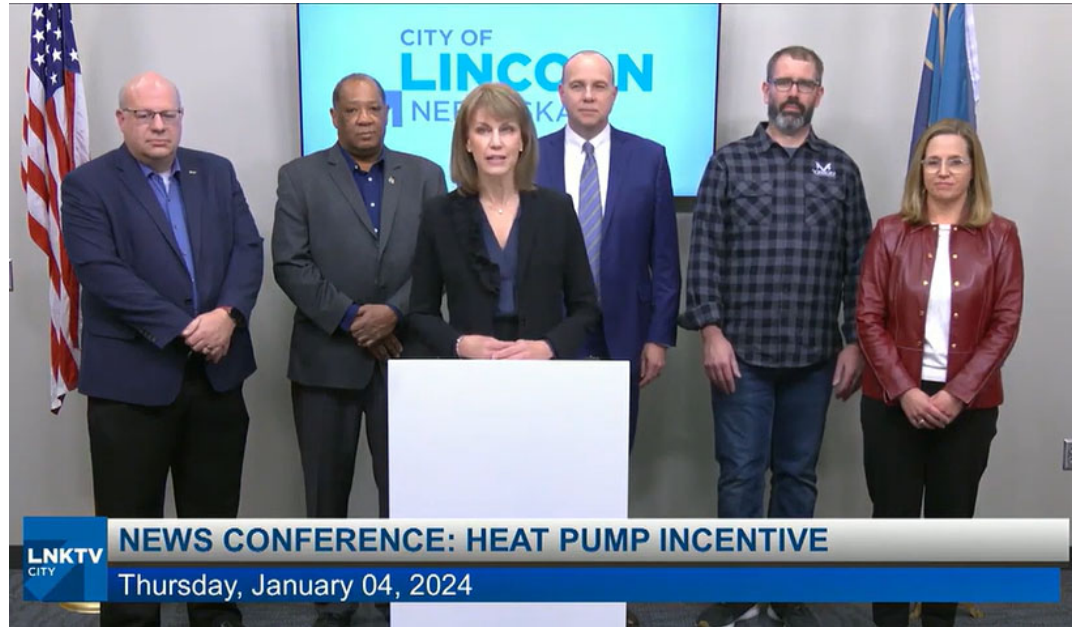


Affordable Housing Redevelopments

- Supported first South of Downtown Rental Rehab Pilot project—fourplex with air source heat pump and heat pump water heating installations.
- Preauthorized funding for 64-unit complex for installation of ductless mini-split systems.
- Demand response water heater pilot launched at Gatehouse Rows.



2024 Energy Efficiency Initiatives



- **City/LES Air Source Heat Pump Combo Incentive.**
- **Work with NDEE and other utilities to develop High-Efficiency Electric Home Rebate Program.**

Questions?

Exhibit VII

Solar for All Grant Update

LES Administrative Board
Marc Shkolnick, Manager, Energy Services
January 19, 2024

- 
- **Grant Overview & Guidelines**
 - **Nebraska's Plan**
 - **Next Steps**

Grant Overview & Guidelines

- EPA \$7 billion competitive grant
- Up to 60 grants to be awarded to states, territories, municipalities, tribes and eligible non-profits
- Minimum grant award of \$25 million
- Increase access to solar for low-to-moderate income households (single & multifamily)
- Spur workforce development and consumer education

Grant Overview & Guidelines

- Grant funding can be used to leverage financing or for project grants and rebates
- Rooftop installations and community solar no larger than 5 MW
- Participants must realize bill savings of at least 20% of the utility's average residential bill

Nebraska's Plan

- Coalition Application Submitted Oct. 12



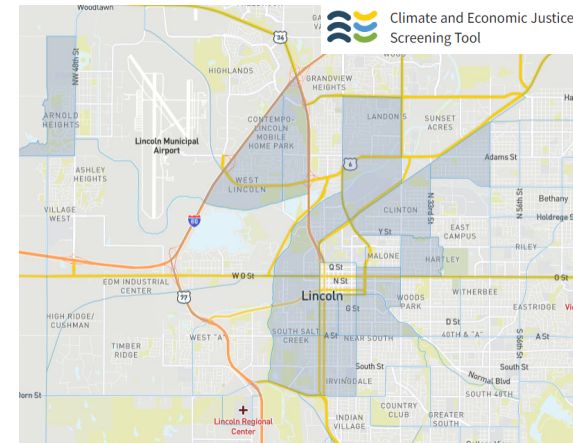
- \$71 million grant request
- LES also submitted a letter of support for Center for Rural Affairs grant application

LES' Preliminary Plan

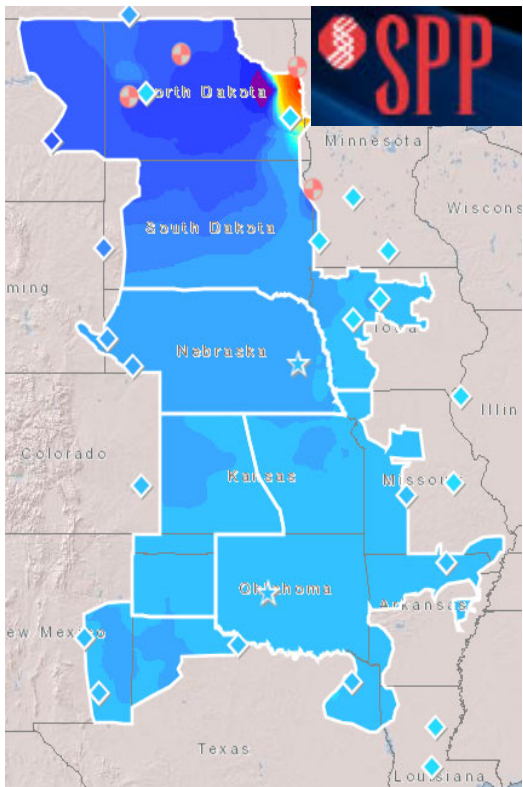
- LES would be sub-awarded up to \$8.5 million
- Seek Power Purchase Agreement for up to 5 MW of solar to serve income-eligible households
- Wholesale revenue generated by energy sales would be applied as monthly credits to participant bills to achieve at least 20% savings

LES' Preliminary Plan

- Work with human service agencies to select prospective participants
- Number of participating households would be determined by PPA price and wholesale market prices (likely 500-1,500 households)
- Avoids cost shifting to nonparticipants as PPA would be purchased with grant funding and credits generated by wholesale energy revenue



Climate and Economic Justice Screening Tool (CEJST)



MWh Energy



20-25 Year PPA
Funded by SfA Grant

SPP Energy Revenue

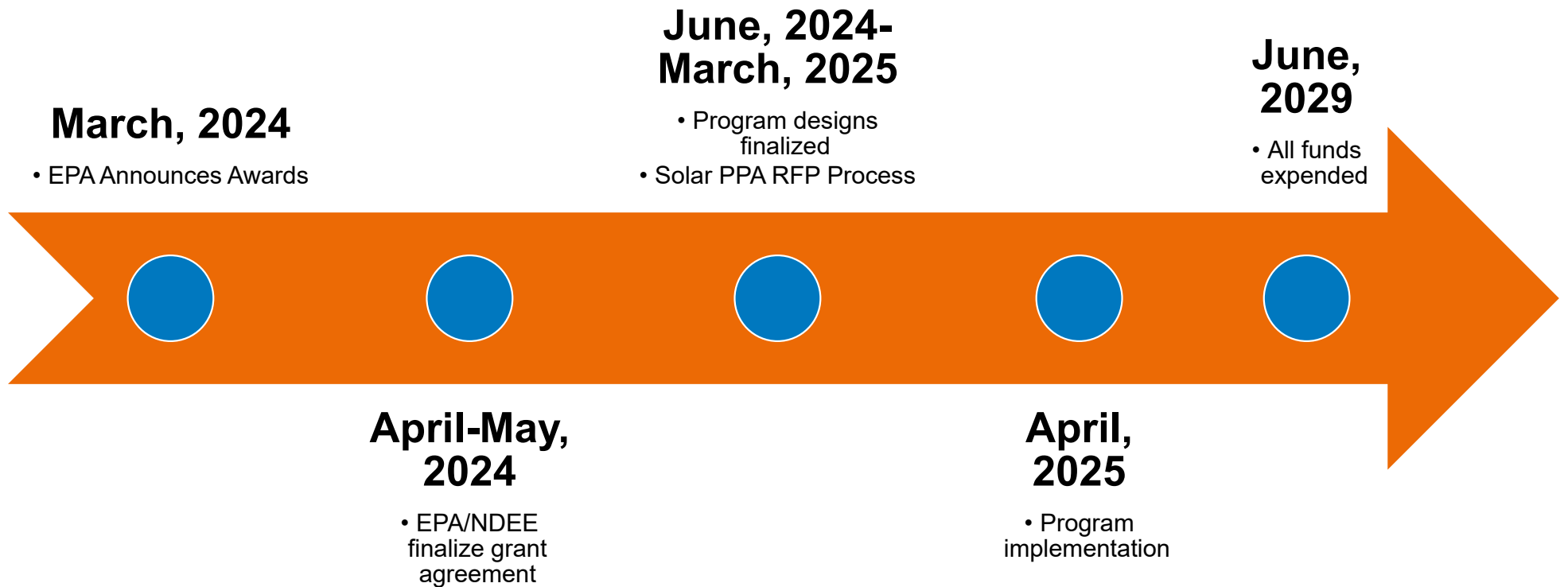


Bill Credits
20% Savings

500-1,500
Households for
20-25 years



Next Steps



Questions/Discussion