

## MINUTES OF LINCOLN ELECTRIC SYSTEM ADMINISTRATIVE BOARD

Minutes of the regular meeting held at 9:30 a.m., Friday, December 20, 2024, at the Kevin Wailes Operations Center, 9445 Rokeby Road, Lincoln, Nebraska. Public notice of today's meeting was published in the Lincoln Journal Star on November 9, 2024.

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

Board Members Absent: None.

LES Staff Present: Emeka Anyanwu, Shelley Sahling-Zart, Emily Koenig, Paul Crist, Lisa Hale, Jason Fortik, Matt Andersen, Kelley Porter, Jim Rigg, Mike Murphy, Ben Hostetler, Bryan Willnerd, Dustin Thorne, Ryley Johnson, Calvin Cuddy, Denise Parrott, Keith Snyder, Kellie Cave.

Others Present: Kim Morrow, Nathan Svatora, Clayton Naff, Bud Synhorst, and numerous virtual participants via Microsoft Teams.

News Media Present: None

Board Chair Andy 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 a copy of the Act is located on the wall in the back of the room and with the Assistant Secretary. **Call to Order & Safety Briefing**

Board Chair Andy Hunzeker asked for approval of the minutes of the November 15, 2024, board meeting. Andy Hunzeker moved approval of the minutes. David Spinar seconded the motion. The vote for approval of the minutes was: **Approval of Minutes**

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

Nay: None

Absent: None

Clayton Naff, formerly of Lincoln Literacy Council, brought forth concern of rapid improvement of Artificial Intelligence and potential effect on public services (including utilities). Mr. Naff has reviewed public documents regarding AI and urged LES to create a Task Force/Committee for novel threats against system from AI impersonations. Mr. Naff encouraged LES to protect against all possible threats and outcomes as it relates to AI.

**Customer Comments**

Carl Eskridge, Chair of the Finance Committee, reported on Committee discussions held on November 15, 2024, including: 1) Sustainable Energy Program Audit, 2) Internal Audit Follow-up Report, and discussions held on December 20, 2024, including: 1) 2024 Pre-Audit Meeting with External Auditors, 2) ERM 2024 Preliminary Risk Review/Update, 3) Approval of 2025 Internal Audit Plan, 4) Investment Policy Changes, 5) Investment Committee Policy Changes, 6) Meeting with Internal Auditor and/or General Counsel. (Exhibit I)

**Finance Committee Report**

Lucas Sabalka, Chair of the Operations and Power Supply Committee, reported on Committee discussions held on December 9, 2024, including: 1) Precision Undergrounding Program Update, 2) Generation Cold Weather Preparedness Update 3) JGS Natural Gas Leak and RGS Ammonia Leak Events Review 4) Rokeby Unit 1 Status Update. (Exhibit II)

**Operations and Power Supply Committee Report**

Karen Griffin, Chair of the Legislation and Governmental Affairs Committee reported on Committee discussions held on December 9, 2024, including: 1) Legislative Guidelines, 2) Legislative Outlook. (Exhibit III)

**Legislation and Governmental Affairs Committee**

Shelley Sahling-Zart, VP of CCR and General Counsel reviewed the changes made to the 2025 Legislative Guidelines. (Exhibit IV)

Karen Griffin move for approval of the 2025 Legislative Guidelines. Carl Eskridge seconded the motion. The vote for approval was:

**Approval of 2025 Legislative Guidelines**

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

Nay: None

Absent: None

Chair Hunzeker appointed Karen Griffin, Carl Eskridge, and Eric Schafer to the Nominating Committee for the purpose of nominating officers for 2025. The election of officers will occur at the January 2025 board meeting.

**Appointment of Nominating Committee**

Shelley Sahling-Zart, Vice President & General Counsel, provided an outlook for the upcoming state legislative session. The Legislature will convene on January 8, 2025, for a 90-legislative day session which is scheduled to adjourn on June 15, 2025. Primarily due to term limits, there will be 17 new senators in the 49-member legislature in 2025. While Speaker John Arch is expected to be re-elected Speaker, there will be about eight changes in committee leadership, including the chair of the Natural Resources Committee which is the committee of primary jurisdiction for the majority of public power-related issues. Senator Tom Brandt is the only senator to date who has indicated an intent to run for chair of the committee. He has served on the committee and will have good familiarity with public power issues. The remainder of the committee could look substantially different as most of the current committee members are expected to move to other committees. This will require a significant educational effort for public power to provide new committee members a base level of knowledge regarding Nebraska's public power industry. Sahling-Zart also highlighted legislative proposals that may impact public power that are anticipated to be introduced.

**2025 State Legislative Outlook**

She also introduced Matt Andersen, Analyst, Rates and Forecasting, and Ryley Johnson, Engineer, Projects Engineering, who were selected for a government affairs stretch assignment. In addition to their current jobs, they will be spending 10-15 hours per week through March learning all aspects of government affairs and representing LES at the Legislature. This is a pilot project that allows the selected employees to "try out" and fully understand what a government affairs position would require. If successful, this could potentially serve as a model for employees interested in other positions and career paths at LES.

Shelley Sahling-Zart, Vice President & General Counsel, noted that the LES Employees' Retirement 401(k) Plan and the Deferred Compensation 457(b) Plans both, approved by the

**Approval of Modification to LES Employees 401(k) Retirement and Deferred**

**Compensation Plans –  
Committee Member  
Designations – LES  
Resolution 2024-8**

Board, provide for an Investment Committee to serve as fiduciary for oversight and management of the Plans. The current Plans specify specific positions at LES that serve on the Investment Committee, including the Vice President Corporate Operations. Trish Owen retired this month as Vice President Corporate Operations leaving a vacancy on the Investment Committee. Sahling-Zart noted that the Plan document does not provide for an interim replacement. In addition, the CEO and the executive team are evaluating the organizational structure and it is anticipated that the future structure will not include a “Vice President Corporate Operations”. The Investment Committee recommends board approval of LES Resolution 2024-8 that a) approves amendments to the 401(k) and 457(b) plan documents to provide for an interim appointment of another vice president for a term up to one year should a vacancy on the committee occur due to the retirement, resignation, termination, illness, disability, or death of a committee member; and b) appoints Paul Crist, Vice President Energy Delivery, to the Investment Committee for an interim term not to exceed one year. (Exhibit V)

Lucas Sabalka moved approval of the Modification to LES Employees 401(k) Retirement Plan. David Spinar seconded the motion. The vote for approval of the amendment was:

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

Nay: None

Absent: None

Lucas Sabalka moved approval of Modification to LES Employees Deferred Compensation Plan. David Spinar seconded the motion. The vote for approval of the resolution was:

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

Nay: None

Absent: None

Chair Hunzeker asked for approval of LES Resolution 2024-8. David Spinar moved approval. Lucas Sabalka seconded the motion. The vote for approval of the resolution was:

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

Nay: None

Absent: None

Bryan Willnerd, Manager of Treasury and Risk Management reviewed the changes made to the Investment Policy Update including 1) Utilization of brokers registered under the Government Securities Act of 1986, 2) An exception to exceeding the money market portfolio limit due to funds held to pay bondholders, and other minor changes to the policy to maintain an accurate representation of duties performed and conservative approach to safeguard LES assets. (Exhibit VI) **Approval of LES Investment Policy Update**

Chair Hunzeker asked for approval of LES Investment Policy Update. Kate Bolz moved approval. Carl Eskridge seconded the motion. The vote for approval of the resolution was:

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

Nay: None

Absent: None

Emeka Anyanwu, CEO, thanked the board for their involvement and input during the Strategic Planning Process. Chair Hunzeker echoed appreciation for LES staff efforts and progress thus far.

Chair Andrew Hunzeker asked for a motion to enter a closed Executive Session for the purpose of discussing Cyber Security Updates and Activity. David Spinar made the motion. Carl Eskridge seconded the motion. The vote for approval to go into **Executive Session – Cyber Security Updates and Activity**

Executive Session was:

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

Nay: None

Absent: None

The Board entered Executive Session at 10:34am

The Board came out of Executive Session at 11:06 a.m.

The Revenue and Expense Statements and Financial and Operating **Monthly Financial and**  
Statements for November 2024 are available. The Power **Power Supply Reports**  
Supply Division Monthly Reports for November 2024 are  
also available. (Exhibit VII)

The next regular meeting of the LES Administrative Board will be **Next Meeting**  
Friday, January 17, 2025, at 9:30 a.m.

Without further business before the Board, Chair Hunzeker declared **Adjournment**  
the meeting adjourned at approximately 11:07 a.m.

Lucas Sabalka, Secretary

BY: Kellie Cave  
Kellie Cave  
Assistant Secretary

# **Exhibit I**



## Finance Committee – November 15, 2024 (In-Person)

**Attendees:** C. Eskridge (Chair), D. Spinar, K. Bolz, E. Anyanwu, E. Koenig, S. Sahling-Zart, L. Hale, D. Auman, T. Hopkins, A. Hunzeker (*absent*)

### Sustainable Energy Program Internal Audit (David & Troy)

- a. The Sustainable Energy Program Audit report was discussed with the committee.
- b. Due to a number of control deficiencies noted in the audit report, an adverse opinion was issued necessitating immediate notification of the Committee instead of waiting for the end of the calendar quarter.
- c. Management is addressing the control deficiencies notes in the report.
- d. If any members of the board have specific questions regarding this audit or would like a copy of the audit report, please contact Shelley Sahling-Zart, Troy Hopkins or David Auman.

## Finance Committee – December 20, 2024 (In-Person)

**Attendees:** C. Eskridge (Chair), D. Spinar, K. Bolz, A. Hunzeker, E. Anyanwu, E. Koenig, S. Sahling-Zart, B. Willnerd, N. Wolf, D. Auman, T. Hopkins, B. Hostetler, FORVIS = C. Lindner, A. Dobson, D. Madlock

### 1. 2024 Pre-Audit Meeting with External Auditors (FORVIS)

- a. FORVIS, the external financial statement auditor for LES, met with the committee to provide their annual pre-audit presentation as well as an update on new Governmental Accounting Standards Board guidance.
- b. The audit is planned for March completion with fieldwork occurring in February.

### 2. Enterprise Risk Management 2024 Preliminary Risk Review (Ben)

- a. The draft 2024 Enterprise Risk Management Report was presented to the committee. The report includes 2024 goals completed, results of the risk reviews and goals for 2025.
- b. Once finalized, the annual ERM Report will be presented to the Administrative Board at the January 2025 meeting.

### 3. Approval of 2025 Internal Audit Plan (David)

- a. The Internal Auditors presented their final version of the proposed 2025 Audit Plan and Alternative Audit Listing for approval. After a brief discussion, the committee approved the 2025 Audit Plan.

(Continued on Next Page)



#### 4. Investment Policy Changes (Bryan)

**Note: This information will be shared at today's board meeting**

- a. Financial Services updated the Investment Policy to include utilizing brokers registered under the Government Securities Act of 1986.
- b. Other changes included an exception to exceeding the money market portfolio limit due to funds held to pay bondholders, and other minor changes to the policy to maintain an accurate representation of duties performed and conservative approach to safeguard LES assets.

#### 5. Investment Committee Policy Changes (Shelley & Bryan)

**Note: This information will be shared at today's board meeting**

- a. LES is recommending changes to LES Policy 316, which outlines the responsibilities of the Investment Committee.
- b. The change would allow the Board to appoint an interim Investment Committee member until a permanent replacement is determined.

# **Exhibit II**



## Operations and Power Supply Committee Meeting Summary December 9, 2024 (virtual)

**Attendees:** K. Griffin, C. Johnson, L. Sabalka (Committee Chair)  
E. Anyanwu, P. Crist, J. Dagerman, J. Dutton, J. Fortik, M. Fusco, W. Larson, D. Malcom,  
S. Sahling-Zart, N. Wischhof

### **Precision Undergrounding Program (Winston Larson, Mark Fusco):**

- Staff provided an update on the Precision Undergrounding Program (PUP) that was initiated in 2022, with pilot project construction nearing completion. The Program's goal is to identify low performing overhead distribution line segments and convert them to underground facilities to enhance reliability, reduce vegetation management costs, and improve storm restoration times.
- High risk overhead line segments are evaluated and ranked using criteria that includes value, customer impact, ease of design, complexity of construction, and community equity.
- The PUP is being managed with other distribution projects and includes organized and thorough customer communication outreach activities and a coordinated easement acquisition effort.

### **Generation Cold Weather Preparedness Update (Jim Dutton):**

- Staff provided an overview of the operational, environmental, regulatory, and market related action items that have been identified during previous winter storm events and compliance reviews.
- Preparations begin in early Q2 with a review of issues identified during the winter season that just ended and continue through Q4 to help make staff and equipment ready for the upcoming winter season.
- Generation Operations staff review an additional checklist of items two to three days prior to an anticipated severe cold weather event to help ensure readiness.

### **J Street Generating Station and Rokeby Generation Station Operational Updates (Jim Dutton):**

- The November 2024 Committee meeting included a status update on the Rokeby Unit 1 combustion turbine repairs that were underway at that time. Since then, the unit has been placed back in service and has been performing well.
- Staff also provided an overview of an ammonia system component failure that occurred at the Rokeby Generation Station and a natural gas fuel system piping component failure that occurred at the J Street Generating Station. Corrective action plans and system component upgrades are currently underway.

# **Exhibit III**



**Legislation & Governmental Affairs Committee  
Board Meeting Summary  
December 9, 2024**

Board Attendees: Carl Eskridge, Kate Bolz, Andy Hunzeker, Karen Griffin (via Microsoft Teams)

Staff Attendees: Emeka Anyanwu, Richard Grabow, Shelley Sahling-Zart

- The committee reviewed the staff-proposed revisions to the Legislative Guidelines which are minimal this year. The changes will be reviewed by staff at the board meeting. The committee recommends approval of the 2025 Legislative Guidelines.
- Staff noted that the Legislature will convene on January 8, 2025, for the first year of its two-year legislative session. This session will be 90 legislative days and is scheduled to adjourn sine die on June 18, 2025.
- Staff provided an outlook for the upcoming legislative session which will also be shared with the full board at the board meeting.
- Finally, staff noted that two LES employees were selected for a government affairs stretch assignment. The employees will maintain their current jobs, but will be available 10-15 hours a week through March to learn and participate in all aspects of government affairs and representing LES at the Legislature. This is a no-risk opportunity for these employees to fully understand the scope of a government affairs position at LES prior to potentially applying for a position. There is interest in exploring whether this could be a model for other positions at LES to both allow employees to better understand the scope of various positions, but to also understand what might be required for a career path to those positions.

# **Exhibit IV**



20245

## LINCOLN ELECTRIC SYSTEM LEGISLATIVE AND REGULATORY GUIDELINES

The Lincoln Electric System (LES) Administrative Board and staff recognize that state and federal legislation and regulations on a wide variety of issues can affect LES customer-owners. These Legislative Guidelines are established and adopted by the LES Administrative Board.

LES' mission is to be a progressive leader, partnering with the community to maximize energy value and quality of life in an environmentally-responsible manner. In order to further our mission, LES must actively monitor and participate in the legislative and regulatory processes that affect, or may affect, LES operations and customers.

These Guidelines identify areas of key concern on a local, state, and national policy basis. LES must assume an active and responsible role in these issues to represent and protect the interests of its customers/owners. These Guidelines also provide general identification and guidance for LES staff and information on our positions to the general public.

These Guidelines specifically address legislative and regulatory issues on a policy basis. Some of these issues are of temporary concern, but many are regularly scrutinized by judicial, legislative, and regulatory bodies and require continuous review.

The LES Executive Team will 1) monitor local, state, and federal legislative and regulatory actions pursuant to these Guidelines, 2) take actions to preserve or advance these values, and 3) report developments concerning them to the Board's Legislation and Government Affairs Committee and to the LES Administrative Board.

These Guidelines are available to anyone upon request. They are routinely distributed to legislative and regulatory agencies, elected and appointed officials, trade associations, and other community interest groups.

### **LES VISION:**

**Striving to be the world's best energy company.**

### **LES MISSION:**

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

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## 1. Environment and Climate Change

- LES acknowledges that the emissions of greenhouse gases from fossil fuel-fired power-generating plants contribute to increased concentration levels of atmospheric carbon dioxide, which in turn contribute to climate change. LES's goal is to achieve net zero carbon dioxide production from its generation portfolio by 2040, recognizing that the path and pace to achieving this goal must be balanced by:
  - a continued commitment to maintain high electric system reliability,
  - environmental stewardship;
  - a fiscally-responsible focus that carefully considers financial impacts to all customers, especially LES customers with low and fixed incomes;
  - consideration of existing contractual obligations; and
  - advancements in generation, energy storage, carbon capture technologies and other emerging solutions.
  
- LES has taken steps to reduce its reliance on fossil fuels; however, LES also acknowledges that due to contractual obligations and commitment to reliability, its generation portfolio will continue to include some amount of fossil fuel generation for the foreseeable future. LES supports the development of new environmental standards and regulations, and modification of existing ones, to protect air and water resources and the public health and welfare, provided such standards and regulations:
  - 1) are based upon sound scientific data;
  - 2) are based upon the availability of cost-effective and commercially-available controls and technologies to achieve compliance;
  - 3) provide an attainable implementation timeframe for compliance that allows for mitigation of major financial impacts to customers;
  - 4) consider and address the impact on related regulations that may have overlapping or conflicting consequences;
  - 5) consider the impact on electric grid reliability;
  - 6) consider the impact to customer rates;
  - 7) recognize early voluntary actions that support the standard or regulations; and
  - 8) recognize regional and structural differences that can impact the fairness and effectiveness of the standards and regulations.
  
- LES supports state legislative and regulatory environmental requirements that are no more stringent than federal requirements, unless it can be demonstrated that federal regulations do not adequately protect public health and the environment.

- LES supports policy aimed at reducing carbon dioxide production through an associated federal revenue-neutral fee or tax on carbon dioxide emissions, provided such a policy is consistently applied to all carbon dioxide-emitting resources.
- LES supports legislation to expand federal energy tax credits to provide public power with financial incentives [with reasonably attainable eligibility criteria](#) for infrastructure development comparable to those provided to for-profit, investor-owned electric utilities, such as production and investment tax credits for renewable energy.

### 1.1 Hazardous Materials

- LES supports both interstate and intrastate cooperation and planning for the safe, orderly, and environmentally responsible disposal of solid and hazardous wastes.
- LES supports "Hazardous Waste" designation and disposal requirements that are based on sound scientific data.
- LES supports continued research into the responsible disposal, recycling, or decommissioning of waste from emerging or expanding technologies, such as wind turbine blades, solar panels, and electric vehicle batteries, among others.

### 1.2 Wildlife and Environmental Protection

- LES supports scientific review of federal, state, and local wildlife and environmental protection regulations to assess their effectiveness and validity in preserving wildlife and natural or ecologically sensitive areas while balancing the necessity of providing for basic human services.

## 2. **Financial**

### 2.1 Taxes

- LES does not support taxes on electricity for the purpose of funding non-energy related programs or purposes.
- LES supports continuing exemptions from sales and use taxes on utility fuels, transactions between utilities, and services, as well as the exemption from sales tax on construction labor for generation, transmission, and distribution facilities.
- LES opposes tax reform that would replace property and income taxes with a consumption tax that would increase the cost of electricity for customers both directly on their electricity consumption and indirectly due to the increased costs

that would be passed on through customer rates due to the increased taxes LES would pay on the goods and services it consumes. This would most significantly impact low-income customers, many of whom are tenants and would not directly benefit from the property tax relief. As a public entity, LES does not pay property tax or corporate income tax so a consumption tax would be an increase in business costs with no corresponding tax relief.

- LES' position on federal energy tax credits and carbon dioxide fees or taxes are addressed under “Environment and Climate Change”.

## 2.2 Tax-Exempt Financing

- LES supports the continuation of cost-effective access to capital markets for tax-exempt financing of public projects, without undue restrictions.
- LES opposes any new limits that reduce, eliminate, or cap the ability of municipalities and municipal utilities to utilize tax-exempt financing as it may result in significant cost increases for LES customers, and potentially impact the marketability of existing or future municipal bonds. Consistent with this rationale, LES supports legislation to reinstate the ability of municipalities to advance refund debt which Congress eliminated as part of an omnibus tax bill in late 2017.
- LES opposes any reduction in appropriations for the Qualified Energy Conservation Bonds or Build America Bonds.

## 2.3 Financial Reform

- LES supports the continued exemption from the Commodities Future Trading Commission margin and reporting requirements of non-speculative hedging by publicly-owned electric utilities through energy-related swap agreements.

# 3. Personnel Issues

## 3.1 Health and Safety

- LES supports enforcement of safety and health policies, procedures, and practices that comport with the primary, substantive requirements of the Occupational Safety and Health Administration (OSHA); however, the exemption from OSHA requirements for governmental entities should continue.
- LES supports legislation regulating scrap copper sales or increasing criminal penalties for thefts of utility copper. Thefts of copper from LES facilities are not

only a monetary loss, but in many instances have created potentially unsafe work conditions for LES personnel and the public.

- LES supports the inclusion of mission essential electric utility workers in the federal, state, or local designation of "critical infrastructure workers" as it pertains to access to infrastructure, prioritization of personal protective equipment, vaccines, or other safety measures in response to a pandemic or other state or federal emergency declaration.
- LES supports adherence to the National Electric Safety Code (NESC) regarding electrical safety codes and standards for public power utilities' infrastructure.

#### 4. **Generation Resources**

##### 4.1 Energy Efficiency

- LES supports continued promotion of ~~financially justified~~cost-effective energy efficiency and demand side management programs.
- LES supports the development and promotion of technologies and building codes that allow customers to cost-effectively reduce inefficient energy use.
- LES supports programs that provide for financing of energy efficiency improvements through property assessments but opposes mandating repayment of the financed funds through a customer's electric bill.
- LES opposes energy efficiency resource standards for utilities that mandate certain levels of load reduction because compliance with such standards is subject to many variables outside a utility's direct control, including customer behavior, weather, technological advances, overlapping or competing regulations, and the general economy.

##### 4.2 Fuels & Transportation

- LES supports federal and state legislation and/or regulations that foster competition and eliminate artificial pricing structures within the railroad and natural gas industries in order to ensure the lowest compensatory shipping and fuel rates for all consumers.
- Regardless of whether competition exists, LES supports legislation and regulation to require railroads to disclose their actual costs to provide shipping services and to charge shipping rates that are fair, reasonable, and non-discriminatory while

allowing a reasonable rate of return on capital investment in relation to the actual costs.

- LES supports changes in regulatory proceedings to require railroads to prove that their rates are fair, reasonable and non-discriminatory, as is common for other utilities and monopolies.
- LES supports legislation or regulation to establish a more efficient and cost-effective rate relief methodology for rail shippers.
- LES supports repeal of laws that exempt the railroad companies from antitrust injunctive damages and damage remedies.
- LES supports mandatory reliability standards for the railroads with regard to deliveries of coal to coal-fired power plants.
- LES supports [the implementation of](#) a federal regulatory structure with mandatory reliability standards for the natural gas and pipeline industries with respect to production and transportation of fuels used in the generation of electricity.

#### 4.3 Federal Hydropower

- LES supports retention of existing federal hydropower preference laws, the federal power marketing agencies (PMA), and protection of power users' interests in multi-purpose projects. LES opposes an open auction of the federal PMAs to the highest bidder. If Congress determines to sell the PMAs, LES can only support the sale or transfer of the PMAs to current preference customers with proceeds allocated among the customers that paid for the facilities.
- LES supports river operating procedures and practices that adequately consider the importance of renewable hydropower on electric system reliability, the need for responsible flood control, environmental impacts, the regional economy, and the operation of thermal power plants along rivers.
- LES supports retention of wholesale hydropower rates based upon costs of construction, interest and amortization established for each facility related to the production of electric power at the time of its introduction to the power system. Rates for peaking power should reflect its resource utilization and value relative to firm load pattern service.

#### 4.4 Renewable and Carbon-Neutral Resources

- LES supports policies, including federal and state funding and grant programs, to encourage the development of cost-effective carbon-free or carbon-neutral energy facilities in Nebraska in order to take advantage of Nebraska's energy resource potential and foster sustainable economic growth, provided such policies include consideration of the impact of additional energy development to regional and Nebraska electricity markets, electric reliability, and retail electric rates.
- LES supports the inclusion of new and existing hydroelectric resources within the definition of renewable energy resources.
- LES supports the cooperation of federal, state and local officials in ensuring that stringent safety precautions and monitoring are undertaken to assure compliance with all federal regulations for the generation of nuclear energy, the transport and storage of spent nuclear fuel, and disposal of low-level radioactive waste.
- LES supports state or federal direction to provide for the safe, efficient, and cost-effective disposal of low-level radioactive wastes.
- LES supports the consolidation and streamlining of an effective permitting process for the development of the next generation of nuclear generation which could be effective in reducing greenhouse gases.

#### 4.5 Resource Planning

- LES supports individual utilities and their governing bodies retaining responsibility for the planning and implementation of resources, using sound Integrated Resource Planning techniques to satisfy their energy and capacity requirements in a cost-effective manner that is consistent with local public policy and SPP regional reliability requirements, and that considers both production and demand reduction resources.
- LES opposes state or federal legislation or regulations that unduly or arbitrarily restrict the construction of new, or continued use of existing, generation assets that are critical to meeting resource adequacy and reserve requirements.
- LES supports utilizing demand reduction resources and energy storage resources to meet capacity requirements, provided that the accredited capacity values of these resources are developed with adherence to regional evaluation criteria and any interconnection requirements for these resources and access to energy market services are consistent with state and local laws and regulations.

- LES supports resource planning processes based on sound engineering and financial analysis that exclude unverified adders and externalities.
- LES does not support federal or state generation portfolio mandates that would erode local control and impose minimum levels or unduly restrict the selection of select-specific resource types in a utility's resource mix. Local utility governing bodies should have the ability to choose the types of generation resources that satisfy the utility's resources adequacy and planning reserve requirements and community objectives.
- LES supports supply adequacy regulations that incorporate: 1) regional planning reserve standards; 2) verification of generation capability; 3) after-the-fact verification of compliance; and 4) penalties for noncompliance.

#### 4.6 Transmission Access

- LES supports broad access to transmission for wholesale transactions that meet the following requirements:
  - a) Transmission rates that have a relationship to costs and reflect the type of service requested with non-firm or curtailable rates lower than firm capacity rates; and
  - b) NERC reliability standards, guidelines and operating practices are followed.
- LES supports the specific and targeted expansion of federal authority and financially justified funding for development of a regional and national bulk transmission system. This expansion should be directed toward the improved reliability of the system and the long-term capability to deliver economic resources to load centers.
- LES supports the full recognition of existing transmission agreements and contracts and preservation of physical and/or financial transmission rights. These "grandfathered" arrangements represent a fundamental and long-term investment by LES customers.
- LES supports regional cost allocation for new bulk transmission construction projects based upon the following principles: (i) only projects that have a benefit/cost ratio greater than one for long-term economic value, based on quantifiable factors, should be eligible for regional cost allocation; (ii) the

allocation of costs should be based such that entities that are the primary beneficiaries of the new transmission bear the majority of the costs ; and (iii) cost allocation should also include analysis to determine, and correct if necessary, unintended cost impacts that create financial winners and losers resulting from the new facilities.

## 5. **Products & Services**

### 5.1 Communications

- LES supports the ability of governmental entities to utilize public infrastructure to provide telecommunication services and opposes legislation that prohibits governmental entities from providing such infrastructure and service in their communities or between governmental entities.
- LES supports access by any entity to public utility communications infrastructure when available, such as dark fiber, and partnerships with other providers to enhance the reliability and breadth of communications services to consumers and to enhance economic development, provided such partnerships do so under mutually agreeable terms and do not adversely impact electric operations, security and reliability or management of public rights-of-way.
- LES opposes any attempts to subject public power utilities to the jurisdiction of the Federal Communications Commission (FCC) relating to pole attachments, including the rates charged for such attachments as the FCC formula for pole attachments would not allow LES to recover the full cost of pole attachments from communication companies and results in LES customers subsidizing these costs.
- LES opposes legislation that would mandate statewide access to local public rights-of-way and priority treatment for specific competitive wireless communication technologies (e.g., small cells) and erode the authority of local governments over these technologies and services. LES supports continued local governance of local government infrastructure, rights-of-way, communication technologies and services.
- LES supports the Utilities Telecommunications Council's (UTC) and the American Public Power Association's (APPA) efforts to oppose all Federal Communications Commission (FCC) spectrum reallocation proposals that adversely affect the reliability of communications systems used by electric utilities.
- LES supports legislation to protect critical electric infrastructure information and enhance information sharing between government agencies responsible for national



or state security and the electric utility sector in order to better understand potential threats to critical infrastructure and to mitigate such risks.

## 5.2 Customer Service

- LES supports fair, reasonable, and non-discriminatory policies that provide customers with due process, adequate time, and consideration of individual circumstances in the payment of electric bills.
- LES supports allowing utilities to set policies at the local level regarding utility disconnects for nonpayment and LES opposes statewide mandates relating to electric utility disconnects or service policies.

## 5.3 Economic Development

- LES supports activities that recognize the positive role public power and competitive electric rates play in efforts to promote sustainable economic development in the Lincoln area and throughout Nebraska.

## 5.4 Electric Transportation

- LES supports continued research, development, and commercialization of electric vehicles, including fleet vehicles, that are practical, cost-competitive, and range-viable for their intended purpose.
- LES supports research into the impact of electric vehicles on existing and future electric distribution systems and demand-side management opportunities, such as research regarding charging behaviors of electric vehicle owners and electric vehicle range variations, among others.
- LES supports the expansion of electric vehicle charging infrastructure, provided electric utilities and their customers are not required to subsidize the financing, construction or operation of such infrastructure.
- LES does not oppose legislation to allow the retail sale of electricity by the owner/operator of an electric vehicle charging station on a per-kilowatt-hour basis provided such retail exception is strictly limited to electric vehicle charging stations.
- LES opposes legislation that would erode local utility rate-setting authority for electric vehicle charging rates or would prohibit or restrict publicly-owned electric utilities or political subdivisions from installing and operating electric vehicle charging stations, provided that such public charging stations are subject to the

same rates, taxes, fees and charges as other similar electric vehicle charging stations.

## 5.5 Rates/Pricing of Services

- LES supports cost-based rates that equitably allocate utility costs to the customer rate classes, without deliberate cross-class subsidization. Low cost-based rates represent a major competitive advantage and economic incentive for business and other economic development for the Lincoln area and throughout Nebraska.
- LES opposes expansion of statewide net metering policies, preferring that such policies be determined at the local level to account for disparate system characteristics and impacts on non-net metered customers.
- LES opposes any legislation that mandates rates, rate structures, unbundled rates or retail competition, or other mandates that adversely impact the ability of public power systems to locally govern their operations in the best interest of the local utility's customers.
- LES opposes mandating programs that use customer electric utility bills as a collection vehicle for third-party loans or programs.

## 6. **Public Ownership**

- LES supports continued public ownership of Nebraska's electric power systems and governance by locally elected/appointed boards that are accountable to their customers. LES opposes attempts to sell, privatize, or force a restructure, merger or consolidation of any or all of Nebraska's public power systems or to limit self-governance.
- LES supports existing eminent domain authority and opposes modifications that weaken the condemnation authority of public utilities or municipalities.
- LES supports expansion of the Nebraska Open Meetings Act to allow public bodies to virtually conduct regular meetings during a pandemic or other emergency, whether declared locally or by the Governor, where in-person gatherings are not allowed or ill-advised and to conduct such virtual meetings consistent with other provisions of the Act with regard to public notice and participation.

## 7. **Public Partnerships**

- LES supports the continued ability of public entities to create joint ventures with both public and private entities, including interlocal agreements with public entities, with the

authority to plan, develop, finance, and operate energy and transmission projects in their mutual interests.

## **8. Security**

- LES supports enhanced infrastructure security, both physical and cyber, in cooperation with federal, state, and local resources based upon prudent risk assessments.
- LES supports public records exceptions that allow public power entities to withhold from public disclosure competitive and proprietary information, as well as records, maps, personnel information and any information relating to critical physical and cyber assets.
- LES supports legislation or regulation regarding the utilization of unmanned aircraft devices (e.g., drones) that prohibits the unauthorized use of such devices near critical utility infrastructure, but also recognizes the benefits that such devices can provide to utilities in the inspection and maintenance of utility infrastructure.

Adopted: **TBD**

# **Exhibit V**

**AMENDMENT NO. 3 TO THE  
LINCOLN ELECTRIC SYSTEM EMPLOYEES' 401(k) RETIREMENT PLAN**

WHEREAS, Lincoln Electric System, City of Lincoln, Nebraska (the "Employer") has provided a retirement benefit to its employees since 1972, which benefit is provided in the Lincoln Electric System Employees' 401(k) Retirement Plan (the "401(k) Plan"), which as been amended from time to time and was last amended and restated in December 2019 and generally effective as of January 1, 2020; and

WHEREAS, LES reserves the right to amend the 401(k) Plan by action of the LES Administrative Board pursuant to Section 8.1 of the 401(k) Plan; and

WHEREAS, Section 1.7 of the 401(k) Plan provides that the Lincoln Electric System (LES) Investment Committee is comprised of individuals who are employed in specific positions at LES, specifically, the "Chief Executive Officer, Vice President Communications & Corporate Records and General Counsel, Vice President Financial Services and Chief Financial Officer, Vice President Corporate Operations, and Manager, Human Resources"; and

WHEREAS, Section 7.6 of the 401(k) Plan expressly provides that all "members of the Committee will be appointed by and serve at the pleasure of the Administrative Board of the Employer and may be removed by the Administrative Board at any time with or without case"; and

WHEREAS, the Vice President Corporate Operations is retiring in December 2024; and

WHEREAS, the LES CEO and executive management are evaluating the overall organizational structure which is expected to result in realignment of the departments within the Corporate Operations Division and eliminating the division as it exists today, and which will require an amendment to Section 1.7 of the 401(k) Plan with regard to composition of the committee when the organizational structure is determined; and

WHEREAS, the Employer has determined that the 401(k) Plan should be amended to provide for an interim appointment to the Investment Committee in the event of a vacancy due to the retirement, disability, termination, or death of a Committee member.

NOW, THEREFORE, the 401(k) Plan is amended in the following respects:

1. Section 7.6 is amended to read as follows effective January 1, 2025:

**7.6 Appointment of Committee.**


The Committee will act on behalf of the Employer with respect to those matters described in Sections 7.2 through 7.4, inclusive, as the Plan Administrator. All members of the Committee will be appointed by and serve at the pleasure of the Administrative Board of the Employer and may be removed by the Administrative Board at any time with or without cause. In the event of a vacancy on the

Committee due to the retirement, disability, termination or death of a Committee member, the Administrative Board may appoint one of the vice presidents to serve as an interim Committee member. Such interim appointment shall expire in one year or whenever the vacating Committee member's position is filled, whichever occurs first.

IN WITNESS WHEREOF this Amendment has been executed by the Employer on DECEMBER 20<sup>th</sup>, 2024.

LINCOLN ELECTRIC SYSTEM, CITY OF  
LINCOLN, NEBRASKA.

By:

  
\_\_\_\_\_  
Emeka Anyanwu, CEO

**AMENDMENT NO. 4 TO THE  
DEFERRED COMPENSATION PLAN OF LINCOLN ELECTRIC SYSTEM, CITY OF  
LINCOLN, NEBRASKA**

WHEREAS, Lincoln Electric System, City of Lincoln, Nebraska (the “Employer”) has provided a retirement benefit to its employees since 1982, which benefit is provided in the Deferred Compensation Plan of Lincoln Electric System, City of Lincoln, Nebraska (the “457(b) Plan”), which as been amended from time to time and was last amended and restated in December 2019 and generally effective as of January 1, 2020; and

WHEREAS, LES reserves the right to amend the 457(b) Plan by action of the LES Administrative Board pursuant to Section 7.1 of the 457(b) Plan; and

WHEREAS, Section 1.5 of the 457(b) Plan provides that the Lincoln Electric System (LES) Investment Committee is comprised of individuals who are employed in specific positions at LES, specifically, the “Chief Executive Officer, Vice President Communications & Corporate Records and General Counsel, Vice President Financial Services and Chief Financial Officer, Vice President Corporate Operations, and Manager, Human Resources”; and

WHEREAS, Section 8.6 of the 457(b) Plan expressly provides that all “members of the Committee will be appointed by and serve at the pleasure of the Administrative Board of the Employer and may be removed by the Administrative Board at any time with or without case”; and

WHEREAS, the Vice President Corporate Operations is retiring in December 2024; and

WHEREAS, the LES CEO and executive management are evaluating the overall organizational structure which is expected to result in realignment of the departments within the Corporate Operations Division and eliminating the division as it exists today, and which will require an amendment to Section 1.5 of the 457(b) Plan with regard to composition of the committee when the organizational structure is determined; and

WHEREAS, the Employer has determined that the 457(b) Plan should be amended to provide for an interim appointment to the Investment Committee in the event of a vacancy due to the retirement, disability, termination, or death of a Committee member.

NOW, THEREFORE, the 457(b) Plan is amended in the following respects:

1. Section 8.6 is amended to read as follows effective January 1, 2025:

**7.6 Appointment of Committee.**

The Committee will act on behalf of the Employer with respect to those matters described in Sections 8.2 through 8.4, inclusive, as the Plan Administrator. All members of the Committee will be appointed by and serve at the pleasure of the Administrative Board of the Employer and may be removed by the Administrative

Board at any time with or without cause. In the event of a vacancy on the Committee due to the retirement, disability, termination or death of a Committee member, the Administrative Board may appoint one of the vice presidents to serve as an interim Committee member. Such interim appointment shall expire in one year or whenever the vacating Committee member's position is filled, whichever occurs first.

IN WITNESS WHEREOF this Amendment has been executed by the Employer on DECEMBER 20<sup>th</sup>, 2024.

LINCOLN ELECTRIC SYSTEM, CITY OF  
LINCOLN, NEBRASKA.

By:   
Emeka Anyanwu, CEO





Lincoln Electric System

***LES RESOLUTION 2024-8***

WHEREAS, Lincoln Electric System, City of Lincoln, Nebraska (the “Employer”) has provided a 401(k) retirement benefit to its employees since 1972, and 457(b) retirement benefit to its employees since 1982, which benefit is provided in the Lincoln Electric System Employees’ 401(k) Retirement Plan (the “401(k) Plan”), and the Deferred Compensation Plan of Lincoln Electric System, City of Lincoln, Nebraska (the 457(b) Plan”); collectively, the “Plans”, which have been amended from time to time and was last amended and restated in December 2019 and generally effective as of January 1, 2020; and

WHEREAS, LES reserves the right to amend the Plans by action of the LES Administrative Board pursuant to Section 8.1 of the 401(k) Plan, and Section 7.1 of the 457(b) Plan; and

WHEREAS, Section 1.7 of the 401(k) Plan and Section 1.5 of the 457(b) Plan provides that the Lincoln Electric System (LES) Investment Committee is comprised of individuals who are employed in specific positions at LES, specifically, the “Chief Executive Officer, Vice President Communications & Corporate Records and General Counsel, Vice President Financial Services and Chief Financial Officer, Vice President Corporate Operations, and Manager, Human Resources”; and

WHEREAS, Section 7.6 of the 401(k) Plan and Section 8.6 of the 457(b) Plan expressly provides that all “members of the Committee will be appointed by and serve at the pleasure of the Administrative Board of the Employer and may be removed by the Administrative Board at any time with or without case”; and

WHEREAS, the Vice President Corporate Operations is retiring in December 2024; and

WHEREAS, the LES CEO and executive management are evaluating the overall organizational structure which is expected to result in realignment of the departments within the Corporate Operations Division and eliminating the division as it exists today, and which will require an amendment to Section 1.7 of the 401(k) Plan and Section 1.5 of the 457(b) Plan with regard to composition of the committee when the organizational structure is determined; and

WHEREAS, the Investment Committee recommends that the Plans be amended to provide that the LES Administrative Board may appoint one of the LES Vice Presidents to serve as an interim member of the Investment Committee in the event of a vacancy due to the retirement, disability, termination, or death of a Committee member, with the interim appointment expiring in one year or whenever the vacating Committee member’s position is filled, whichever occurs first; and

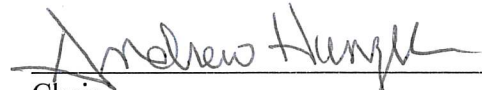
WHEREAS, the Investment Committee recommends that the LES Administrative Board appoint Paul Crist, Vice President Energy Delivery, to serve as an interim member of the Investment Committee.

NOW, THEREFORE, BE IT RESOLVED that the LES Administrative Board adopts the Amendment No. 3 to the 401(k) Plan and Amendment No. 4 to the 457(b) Plan in substantially the form presented to the Board at its meeting, to be effective January 1, 2025.

BE IT FURTHER RESOLVED that the LES Administrative Board hereby authorizes and directs the CEO to execute the Amendment No. 3 to the 401(k) Plan and Amendment No. 4 to the 457(b) Plan in substantially the form as presented to the Board at its meeting.

BE IT FURTHER RESOLVED that the LES Administrative Board appoints Paul Crist, Vice President Energy Delivery, to serve as an interim member of the Investment Committee for a term expiring December 31, 2025, or when Section 1.7 of the 401(k) Plan and Section 1.5 of the 457(b) Plan is amended following the organizational structure review, whichever occurs first.

BE IT FURTHER RESOLVED that the LES Administrative Board hereby authorizes and directs the appropriate officers and staff of LES to take such actions and execute such documents that they deem necessary or appropriate to carry out the intent and purposes of this resolution, and to cause the Plans to be administered according to its terms and applicable law.

  
Chair

Adopted: 12-20-24

# **Exhibit VI**

# **LES** Policy

**SUBJECT:** Investments

**POLICY NO.** 510

**RESPONSIBLE AREA:** Financial Services

**PAGE 1 OF 15**

## **POLICY OBJECTIVE**

To set parameters to ensure the prudent management of LES's funds, the availability of operating and capital funds when needed, and a primary investment strategy of preservation of principal followed by a reasonable return on investment.

## **SCOPE**

The policy governs the overall administration and investment management of all available funds (excluding retirement funds) for investment by or on behalf of LES. The guidance set forth herein is to be strictly followed by all those responsible for any aspect of the activities and management or administration of LES funds, including LES staff, board members, executive personnel, and, when applicable, any outside Investment Advisory firms. This policy is in accordance with Article IX Section 24 of the Charter for the City of Lincoln, Nebraska and Chapter 77 of the Nebraska Revised Statutes.

## **DEFINITIONS**

Accountant – LES Accountant assigned to investment transactions.

Bonds – Secured or unsecured debt obligation of an issuer, to raise capital, that includes a promise to pay the lender any due interest, based on the coupon rate, on a pre-determined schedule, plus the principal amount at maturity. Some Bonds (zero-coupon) are issued with no coupons, while others are issued with fixed or variable rate coupons. Bonds are similar to Notes, although Bonds typically have original maturities exceeding 10 years.

Callables – Securities which contain an option that provides the Issuer the right to redeem the securities prior to the stated original maturity, at a predetermined price and time.

Certificate of Deposits – Obligations issued by a bank or savings and loan association, offering a rate of return for a specified period of time. Certificates of Deposit may be rated with a short-term or long-term rating, depending on the original maturity date and may be backed by FDIC insurance coverage.

Chief Financial Officer (CFO) – LES's Vice President of Financial Services.

Credit Risk – Risk of an adverse change in market value or principal loss due to either (a) the actual or perceived failure of the issuer of any security, or (b) the actual or perceived failure of an investment intermediary performing investment services.

Custodian – Financial institution(s) providing safekeeping services.

Debentures – Unsecured debt instrument.

Depository Institution – Financial institution(s) holding LES's funds and demand account(s).

**DEFINITIONS - continued**

External Pool or Funds – A pool of investments not managed or administered by LES.

FDIC Insured Limit – The insurance amount on deposit accounts held at FDIC-Insured institutions like banks and savings and loan institutions guaranteed by the Federal Deposit Insurance Corporation. The current insurance limit is found at [www.fdic.org](http://www.fdic.org).

Interest Rate Risk – Risk that the market value of investments will fall due to changes in interest rates.

Investment Advisor – External professional investment consulting services provider.

Investment Manager – Any internal employee, authorized substitute, or external Investment Advisor designated by the CFO to manage LES's Investment Portfolio.

Investment Memo – A monthly report of all current investment account holdings by maturity date detailing investment credit ratings, investment type and issuer allocations, and investment strategies by account for the upcoming month.

Investment Portfolio – A grouping of financial assets consistent with LES's primary investment objectives of safety of principal, Liquidity and Return on Investment.

Investment Tracking System – A system utilized to record transactions, report portfolio holdings, and generate monthly investment journal entries.

Liquidity – The ease of converting an investment into cash without loss of value; also, a relative measure of cash and near-cash items in a portfolio of investments.

Maturity – Date on which the final principal amount of a borrowing will be paid, and at which the obligation is scheduled to be satisfied in full.

Money Market Fund – Type of mutual fund generally believed to provide daily Liquidity, which invests solely in short-term instruments, generally having maturities less than one year.

Negotiable Obligation – A debt instrument, promising payment of a specific amount of money, and that is tradeable/transferrable to a third party.

Note – A debt security similar to a Bond with an original term to Maturity between one and ten years.

Obligation – A debt instrument, whereas one party has a legal responsibility to repay another party.

Overnight Sweep Account – A bank account that automatically transfers excess or shortage of funds to/from a higher interest earning investment option at the close of each day.

Primary Securities Dealer – A pre-approved Provider who can transact business with the United States Federal Reserve, such as a bank, broker, or dealer. Primary Securities Dealers purchase Treasuries at auctions then resell them to clients.

Provider – A broker, dealer associated with an entity with which LES transacts business and with whom LES may be exposed to financial risk. LES maintains a list of qualified Providers who meet the requirements defined in this policy.

Prudent Person – Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

Return on Investment – Investment earnings of a security or portfolio usually expressed as an annualized percentage, defined as the income generated over a given time period.

**DEFINITIONS – continued**

Savings Account – A depository account held by a financial institution.

Trade Confirmation Notice – A statement mailed by the Provider to LES confirming the completed purchase or sale of a security between the two parties.

Trade Confirmation Ticket – An investment document received immediately from the Provider confirming the investment trade to LES.

**REQUIREMENTS****1. Investment Objectives**

The primary objective of LES' investment activities, in order of priority, shall be (a) safety of principal, (b) maintenance of Liquidity, and (c) Return on Investment.

**a. Safety of Principal**

The foremost objective of this policy is the safety of principal of all LES funds. The objective is to mitigate both credit and Interest Rate Risk. It is LES's principal investment strategy to buy and hold securities to Maturity. However, securities may be sold prior to Maturity to manage risk and meet operational needs.

**1) Credit Risk**

LES will seek to minimize Credit Risk by:

- a) Limiting investments to the types of securities listed as authorized investments in this policy;
- b) Pre-qualifying and maintaining programs in place to monitor the Providers and Investment Advisors with which LES does business and as outlined in this policy; and
- c) Diversifying holdings and maintaining investment levels at or below the stated portfolio and issuer-level limits so the impact of potential losses from any one type of security or individual issuer will be minimized.

**2) Interest Rate Risk**

LES will seek to minimize Interest Rate Risk by:

- a) Structuring holdings to mature in line with cash requirements for ongoing operations; and maintaining asset-liability matching per account, thereby avoiding the need to sell securities prior to Maturity.

**b. Maintenance of Liquidity**

The Investment Portfolio will be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements. Cash flow analyses will be maintained as necessary to ensure the Investment Portfolios are positioned to provide sufficient Liquidity.

**c. Return on Investment**

Investment Portfolios will be designed with the objective of attaining a market rate of return, taking into consideration investment risk constraints and Liquidity needs. Appropriate benchmarks will be used to analyze performance; however it will not be a requirement to out-perform the benchmarks.

**REQUIREMENTS** - continued**2. Delegation of Authority**Duties and Responsibilities

In accordance with LES Administrative Board policies, the responsibility for providing oversight direction and management of the program resides with LES's Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Daily management responsibility for the LES funds in the program reside with the Investment Manager. The Investment Manager shall act in accordance with this policy. LES may engage a professional Investment Advisor to assist in managing LES's Investment Portfolio. Such Investment Advisor must be registered under the Investment Advisors Act of 1940.

Separation of Duties

To provide for separation of duties, the Investment Manager shall be responsible for the management of the funds and preparation of investment information, as requested by Financial Accounting in preparation of monthly financial statements. Financial Accounting shall be responsible for completing and processing all journal entry transactions, and reconciliation of account balances to the bank statements.

**3. Standard of Prudence**

The standard of prudence to be applied in the context of managing the Investment Portfolio will be the "Prudent Person" standard.

**4. Ethics and Conflicts of Interest**

LES requires all employees to adhere and follow the ethical standards set forth in LES Policy 208 – LES Ethics and Code of Conduct Policy. This policy serves as a general guideline for internal controls to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation or imprudent actions by employees. No person may engage in any investment transaction except as authorized under the terms of this policy. Independent auditors, as a normal part of the annual financial audit of LES, will conduct a review of the system of internal controls. Internal Auditors may conduct audits from time to time to ensure compliance with this program.

Employees involved in the investment process will refrain from personal business activity that could conflict with proper execution of this policy, or which could impair their ability to make impartial investment decisions.

LES employees shall:

- a. Not accept any non-de minimis money, loan, gift, favor, service, or business or professional opportunity that could influence them in the performance of their official duties with respect to this policy;
- b. Not accept any business or professional opportunity when they know there is a reasonable likelihood that the opportunity is being afforded to influence them in the performance of their official duties;
- c. Not enter into any personal investment transactions with the same individual with whom business is conducted on behalf of LES;
- d. Not disclose or use confidential information that is not generally available to the public for their own or any other person's financial benefit; or
- e. Disclose to the CFO, CEO, and LES General Counsel any material financial interests in financial institutions that conduct business with LES, and any material personal financial/investment positions that could be related to the performance of this policy.

**REQUIREMENTS - continued**

**5. Authorized Investment Providers**

LES is permitted to invest in securities from financial institutions which are qualified Providers by LES or institutions designated as Primary Securities Dealers by the Federal Reserve Bank of New York. The CFO or designee and Investment Manager will maintain a list of financial institutions and broker/dealers that are used for investment purposes and only firms meeting the following requirements will be eligible to serve as a Provider:

- a. Capital of no less than \$10,000,000;
- b. Registered as a dealer under the Securities Exchange Act of 1934 or the Government Securities Act of 1986;
- c. Member of a self-regulatory organization as defined by the Securities and Exchange Commission;
- d. Registered to sell securities in Nebraska; and
- e. Engaged in the business of effecting transactions in securities authorized in this program for at least five (5) consecutive years.

**6. Maturity and Liquidity Guidelines**

To the extent possible, investment maturities will match anticipated cash flow requirements and follow the maximum Maturity limitations outlined in this policy. Although the principal investment strategy is to buy and hold investments until Maturity, investments may be sold prior to Maturity to meet unanticipated immediate liquidity needs.

**7. Authorized Investments and Portfolio Composition**

LES is permitted to invest in those investments that are listed in this section subject to the identified limitations. The percentage allocation requirements for investment types and issuers are calculated based on the original cost of each investment at the time of purchase and are applied to the aggregate portfolio at time of purchase. Exceeding limits after the purchase date due to future changes in the portfolio size will not be considered a non-compliance event with this policy. Refer to Section 9b of this policy for procedures should allocations become noncompliant as a result of an investment transaction.

LES will follow Chapter 72, Section 1246 of the Nebraska Revised Statutes with respect to the investment of available funds consistent with the investment objectives of the Program.

Allocation limits regarding Money Market Funds identified in the matrix below exclude instances where funds must be held liquid for the purpose of debt payments to bondholders.

The allocation limits and security types do not apply to the investment of debt proceeds. These investments shall be governed by the applicable debt covenants.

**AUTHORIZED INVESTMENTS AND AGGREGATE PORTFOLIO COMPOSITION MATRIX**

Investment	Investment Security Types / Requirements	Portfolio Composition Maximum	Limits on Individual Issuers Maximum	Minimum Credit Ratings	Maturity Limitations Maximum From Date of Purchase
<p><b>A.</b></p> <p><b>United States Government Securities</b></p>	<p><b>Direct Negotiable Obligations, or Obligations the principal and interest of which are guaranteed by the United States Government.</b></p> <ul style="list-style-type: none"> <li>• Cash Management Bills</li> <li>• Treasury Securities – State and Local Government Series (SLGS)</li> <li>• Treasury Bills</li> <li>• Treasury Notes</li> <li>• Treasury Bonds</li> <li>• Treasury Strips</li> </ul>	<p>100%</p>	<p>N/A</p>	<p>N/A</p>	<p>10 years</p>



Investment	Investment Security Types / Requirements	Portfolio Composition Maximum	Limits on Individual Issuers Maximum	Minimum Credit Ratings	Maturity Limitations Maximum From Date of Purchase
	<ul style="list-style-type: none"> <li>• Treasury Inflation Protected Securities</li> </ul>				
<p><b>B.</b></p> <p><b>United States Government Agencies</b></p>	<p><b>Bonds, Debentures, Notes or Callables issued or guaranteed by United States Government Agencies, provided such Obligations are backed by the full faith and credit of the United States Government.</b></p> <ul style="list-style-type: none"> <li>• Government National Mortgage Association (GNMA)                             <ul style="list-style-type: none"> <li>○ GNMA guaranteed mortgage-backed Bonds</li> <li>○ GNMA guaranteed pass-through Obligations</li> </ul> </li> <li>• United States Export – Import Bank                             <ul style="list-style-type: none"> <li>○ Direct Obligations or fully guaranteed certificates of beneficial ownership</li> </ul> </li> <li>• Farmer Home Administration                             <ul style="list-style-type: none"> <li>○ Certificates of beneficial ownership</li> </ul> </li> <li>• Federal Financing Bank                             <ul style="list-style-type: none"> <li>○ Discount Notes, Notes and Bonds</li> </ul> </li> <li>• Federal Housing Administration Debentures</li> <li>• General Services Administration</li> <li>• United States Maritime Administration Guaranteed                             <ul style="list-style-type: none"> <li>○ Title XI Financing</li> </ul> </li> <li>• New Communities Debentures                             <ul style="list-style-type: none"> <li>○ United States Government Guaranteed Debentures</li> </ul> </li> <li>• United States Public Housing Notes and Bonds                             <ul style="list-style-type: none"> <li>○ United States Government Guaranteed Public Housing Notes and Bonds</li> </ul> </li> <li>• United States Department of Housing and Urban Development                             <ul style="list-style-type: none"> <li>○ Project Notes and local authority Bonds</li> </ul> </li> </ul>	<p>100%</p>	<p>N/A</p>	<p>N/A</p>	<p>10 years</p>

Investment	Investment Security Types / Requirements	Portfolio Composition Maximum	Limits on Individual Issuers Maximum	Minimum Credit Ratings	Maturity Limitations Maximum From Date of Purchase
<p>C.</p> <p>Federal Instrumentalities (United States Government sponsored agencies)</p>	<p>A Government sponsored enterprise that serves a public purpose, however not considered a Federal Agency. Though Federal Instrumentalities are publicly chartered, they are privately owned and operated. They issue debt securities, which typically are not backed by the full faith and credit of the United States Government.</p> <ul style="list-style-type: none"> <li>• Federal Farm Credit Bank (FFCB)</li> <li>• Federal Home Loan Bank or its district banks (FHLB)</li> <li>• Federal National Mortgage Association (FNMA - Fannie Mae)</li> <li>• Federal Home Loan Mortgage Corporation (FHLMC – Freddie Mac)</li> <li>• Callable Federal Instrumentalities</li> <li>• Mortgage-Backed Securities issued by Federal Instrumentalities or U.S. Government Agencies</li> </ul>	100%	N/A	N/A	10 years
<p>D.</p> <p>Instrumentalities of the United States</p>	<p>Obligations, participations or other instruments of any Federal agency, instrumentality or United States Government-sponsored enterprise, including those issued or fully guaranteed as to the principal and interest by Federal agencies, instrumentalities or United States Government sponsored enterprises.</p> <ul style="list-style-type: none"> <li>• International Bank for Reconstruction and Development (World Bank)</li> <li>• International Finance Corporation</li> <li>• African Development Bank</li> <li>• Asian Development Bank</li> <li>• European Bank for Reconstruction and Development</li> <li>• Inter-American Development Bank</li> </ul>	20%	5%	N/A	10 years
<p>E.</p> <p>Interest Bearing Time Deposit or Saving Accounts (up to FDIC limit)</p>	<p>Also known as a Certificate of Deposit, a deposit whereas a certificate is issued by a bank or savings and loan institution under the laws of Nebraska and in national banks up to the FDIC Insured Limit that indicates the sum of money deposited by an investor and the time at which funds the principal amount and any interest are due.</p>	100%	15%	N/A	5 years
<p>F.</p> <p>Repurchase Agreements</p>	<p>Short-term investment vehicle in which an investor agrees to buy securities from a Provider and simultaneously agrees to resell the securities back to the Provider at an agreed upon time and date, and for an agreed upon price. The difference between the purchase price and the sale price represents interest earned on the agreement.</p> <ul style="list-style-type: none"> <li>• Composed of investments set forth by the Master Repurchase Agreement. Firms are required to sign a Master Repurchase Agreement prior to the</li> </ul>	50% excluding one business day agreements and overnight sweep agreements	15%	N/A	90 days

Investment	Investment Security Types / Requirements	Portfolio Composition Maximum	Limits on Individual Issuers Maximum	Minimum Credit Ratings	Maturity Limitations Maximum From Date of Purchase
	<p>execution of a Repurchase Agreement transaction.</p> <ul style="list-style-type: none"> <li>The Custodian will hold the collateral for all Repurchase Agreements, in LES' name, as outlined in the Master Repurchase Agreement or Custodial Undertaking documents. A clearly marked receipt that shows evidence of ownership in LES' name must be supplied to the Investment Manager and retained.</li> <li>Securities authorized for collateral are negotiable direct Obligations of the United States Government, Government Agencies, and Federal Instrumentalities with maturities under five (5) years and must have a market value for the principal and accrued interest of 102 percent of the value and for the term of the repurchase agreement. Immaterial short-term deviations from 102 percent requirement are permissible only upon the approval of the CFO</li> </ul>				
<p><b>G.</b> <b>Corporate Issues</b></p>	See Below				
<p><b>Bankers' Acceptances</b></p>	<p>Type of investment used to facilitate trade transactions between two entities, especially useful in trading international goods. Bankers' Acceptances are used as a short-term investment instrument and are usually traded at a discount from face value.</p>	<p>50% Aggregate Across All Corporate Issues</p>	<p>5% Aggregate Across All Corporate Issues</p>	<p>Top short-term rating category by S&amp;P, Moody's, or Fitch</p>	<p>180 days</p>
<p><b>Commercial Paper</b></p>	<p>Short-term corporate (promissory) Obligation, issued with a redemption value at Maturity equal to par or face value. (CP Program must be U.S.-based)</p>				<p>270 days</p>
<p><b>Corporate Notes</b></p>	<p>Unsecured corporate (promissory) Obligations, typically issued by corporations organized and operating within the U.S. or by Depository Institutions licensed by the U.S.</p>			<p>Top two long-term rating categories by any two of S&amp;P, Moody's, and Fitch</p>	<p>5 years</p>

Investment	Investment Security Types / Requirements	Portfolio Composition Maximum	Limits on Individual Issuers Maximum	Minimum Credit Ratings	Maturity Limitations Maximum From Date of Purchase
<p>H. Registered Investment Companies (Money Market Funds)</p>	<p>Shares in open-end and no-load funds provided such funds are registered under the Federal Investment Company Act of 1940 and operate in accordance with 17 C.F.R. § 270.2a-7. In addition, the share value of the Money Market Funds must equal to \$1.00. A current prospectus must be obtained and reviewed by the Investment Manager prior to investing LES funds.</p>	<p>100% excluding one business day agreements and overnight sweep agreements</p>	<p>25%</p>	<p>Top principal stability rating category by S&amp;P, Moody's, or Fitch</p>	<p>N/A</p>
<p>I. State and/or Local Government Taxable and/or Tax-Exempt Debt</p>	<p>Consists of state and/or local government taxable and/or tax-exempt debt, general Obligation and/or revenue Bonds. This includes Tax Increment Financing Programs.</p>	<p>30%</p>	<p>5%</p>	<p>Top two short- or long-term rating categories by any two of: S&amp;P, Moody's, and Fitch, depending on the original issuance of security in question</p>	<p>3 Years</p>
<p>J. Other Fixed Term Investments</p>	<p>Other investments from qualified programs investing only in security and/or investment types permitted by this Program, and specifically identified herein. Currently, this consists of: (1) Short Term Federal Investment Trust (STFIT), operated and managed by Union Bank. Student Loan Asset Backed Securities are prohibited from inclusion in STFIT holdings.</p>	<p>25%</p>	<p>25%</p>	<p>N/A</p>	<p>Maximum stated final Maturity of 5 years, or a Weighted Average Life of less than three years</p>

8. Selection of Investments

a. Cash Review

The Investment Manager shall review the LES cash balance within each fund and determine the available amounts for investment based on safety of principal, Liquidity, cash flow, and expected expenditures.

b. Bid Request

After the Investment Manager has determined the approximate investment amount and Maturity date based on projected cash flow needs and market conditions, generally a minimum of three (3) Providers will be contacted to provide bids.

Authorized staff (CFO, Investment Manager and their designated substitutes) will purchase securities only from Providers who meet all requirements listed in Requirement 5.

**REQUIREMENTS – continued**

If choosing an external pool or Money Market Fund as the preferred investment vehicle, an information statement and/or prospectus of local government investment pool or fund shall be available for inspections prior to purchase and at any time thereafter.

All bid requests to Providers must contain the following information:

- 1) Settlement date: Cash (same day), Regular (next day), Corporate (3 business days), or When-Issued, if a new issue;
- 2) Total dollar amount available for investment;
- 3) Type of security to be purchased, or excluded (due to allocation limitations);
  
- 4) Maturity date: Specific date or date range;
- 5) Account name and account number;
- 6) Date and time due to submit bid offering;
- 7) Delivery instructions to the safe keeper; and
- 8) Other comments as needed

If obtaining bids/offers are not feasible and/or appropriate, funds shall be invested in an approved fund until competitive bidding can be accomplished.

Overnight Sweep Investment and Repurchase Agreements will not be bid.

c. Bid Review

Once all bids have been received or the bid offering window has expired, the Investment Manager will utilize resources available (e.g. investment calculator, software service, etc.) necessary to calculate the yield and total cost of the investment. Consideration to Maturity date, investment type, investment availability, and other factors may also be contemplated to determine which offering best aligns with the original bid request. Prior to notifying the selected Provider, the Investment Manager will perform and validate the following information:

- 1) Selected security meets the specified criteria listed in Requirement 8b;
- 2) Yield, price, purchase cost, and interest (including accrued interest); and
- 3) Sufficient funds exist to cover the total purchase cost (including accrued interest) of the investment purchase.

d. Confirmation & Follow Through

1) Confirmation

Once the bid information has been reviewed, the Investment Manager will notify the selected Provider to initiate the investment transaction. After the investment transaction is complete the Provider must send a Trade Confirmation Ticket to the Investment Manager within a reasonable time period containing the following information. Once received, the Investment Manager must confirm the following information with the bid document:

- a) Investment price and yield;
- b) Total transaction cost amount (including any accrued interest);
- c) Settlement date;
- d) Type of security;
- e) Maturity date;
- f) Account name and account number identified on the Trade Confirmation Ticket; and
- g) CUSIP number of the security, if applicable.

Any discrepancies found on the trade confirmation should be brought to the Provider's attention immediately by verbal or other means necessary for prompt resolution. A verbal notification request must be followed in writing.

It will be the Investment Manager's responsibility to ensure the Provider has accurate safekeeping delivery instructions to complete the trade.

**REQUIREMENTS – continued**2) Follow Through

Once available, investment Trade Confirmation Tickets will be sent by the Provider to the Investment Manager for documentation. The Investment Manager will forward the Trade Confirmation Ticket, along with the below information, to the Custodian prior to settlement of the pending investment transaction in writing:

- a) Trade Confirmation Ticket
- b) Provider name involved with the trade
- c) Investment Security Type
- d) Par amount of the trade

The Investment Manager will electronically file a copy of the Trade Confirmation Ticket within the Treasury and Risk Management SharePoint site.

On the day of settlement, the Investment Manager will confirm settlement of the trade through available resources (electronic confirmation, verbal confirmation, or online account access). If the settlement fails for any reason, the Provider, if responsible, or the safekeeping agent if they are responsible, will immediately notify the other party and/or Investment Manager for resolution of the issue. The Investment Manager will work with the Provider and Custodian until the trade has settled.

e. Recording Investment Transactions

Once the trade has been confirmed with the Provider and Trade Confirmation Ticket received, all Investment transactions will be recorded by Treasury & Risk Management within the Investment Tracking System utilizing the Trade Confirmation Ticket.

Treasury & Risk Management will verify the investment transactions of the Provider's Trade Confirmation Ticket to the Trade Confirmation Notice, upon receipt.

Journal entry information derived from the Investment Tracking System will be completed by Treasury & Risk Management and reviewed by Financial Accounting for accuracy before uploading into LES's accounting system. Financial Accounting will reconcile all investment transactions within the accounting system to the monthly Bank Statements.

Data in the Investment Tracking System must include the following minimum applicable information:

- 1) Account name & account number
- 2) Dated Date (Original Date of Issuance)
- 3) Purchase Date
- 4) Maturity Date
- 5) Security Sector
- 6) Type of Security – Security Structure
- 7) CUSIP Number
- 8) Credit Rating
- 9) Asset Class:
- 10) Coupon/Discount Rate
- 11) Yield
- 12) Total cost (net of premium); and
- 13) Par value
- 14) Amortization of Discounts/Premiums
- 15) Accruals
- 16) Coupon payments and other interest/dividends received

**REQUIREMENTS – continued**f. Security Confirmations

The Investment Manager will electronically file a copy of the Trade Confirmation Notice by maturity date on the Treasury and Risk Management SharePoint site.

Trade Confirmation documents are maintained within Financial Services in conformance with LES's Policy 203 – Records Management and the LES Records Retention Schedule.

g. Safekeeping Procedures

All securities purchased for LES shall be received by “delivery vs. payment” for safekeeping to LES's Custodian. Certificates of Deposit are permitted to be safe kept at the issuing bank. All Certificate of Deposit confirmations must be verified with the appropriate investment reports on a monthly basis by the Accountant and Investment Manager.

Collateral for Repurchase Agreements shall be delivered to a third-party Custodian per the directions outlined in the Master Repurchase Agreement and/or Custodial Undertaking documents.

h. Trade Corrections

All trade corrections may be requested by either a verbal or written notification; however, a verbal notification request must be followed in writing.

**9. Program Considerations**a. Credit Downgrade

If a security in the Investment Portfolio is downgraded to a level below the quality required by this policy, the Investment Manager shall review the credit situation of the security and submit a written recommendation to the CFO as to whether to sell or retain such security in the Investment Portfolio. A determination will then be made, in consultation with the CFO, regarding whether to sell or retain the security.

If a decision is made to retain a downgraded security in the Investment Portfolio, the security will be monitored and reported monthly, in writing, to the Investment Manager via the monthly Investment Memo. The Investment Manager will notify the CFO if the downgraded security rating continues to decline from the initial assessment, or if new information received warrants requires additional action.

b. Program Compliance

If the aggregate portfolio unintentionally falls out of compliance with this policy, the Investment Manager shall develop a written plan of action to be provided to the CFO to bring the portfolio back into compliance with the program. It will be the discretion of the CFO to determine which inadvertent program exceptions require communication to the CEO and/or LES Finance Committee.

c. Temporary Program Modifications

Situations may arise where the CFO and Investment Manager deem a temporary change to the policy guidelines is recommended due to the investment market environment. Temporary guideline changes (i.e. allocation limits, investment types, etc.) may be modified more narrowly within the current policy with the approval of the CFO.

**10. Performance Measurements**

To assist in the evaluation of the portfolios' performance, LES will use appropriate performance benchmarks for short-term and long-term portfolios. The use of benchmarks will allow LES to measure its returns against market performance.

**REQUIREMENTS – continued****11. Reporting**

The Investment Manager will provide the CEO and CFO with a written quarterly investment report for the second and fourth quarters which may include the following information:

- a. Recent market conditions, economic developments and anticipated economic conditions;
- b. Investment strategies employed in the most recent quarter;
- c. A summary description of all securities held in the Investment Portfolio (listed by account name and Maturity date);
- d. The total Return on Investment for the quarter versus appropriate benchmarks (where benchmarks are applicable);
- e. Any areas of the Investment policy or program warranting possible revisions;
- f. Any violations of the Investment policy or program and the corrective measures that have been completed; and
- g. A signed certification of the Investment policy and Investment program compliance by the Investment Manager and CFO.

In addition to providing the report to the CEO and CFO, the Investment Manager will also review the second and fourth quarter investment reports with the LES Finance Committee.

Condensed quarterly investment reports for the first and third quarters will be provided to the CEO and CFO and will comprise of some of the information listed within this section.

**12. Third-Party Custodial Agreements**

Except for Certificates of Deposits and Repurchase Agreements, securities will be held with the Custodian. All securities purchased and collateral obtained should be held in LES's name. The securities must be held in an account separate and apart from the assets of the Custodian. Certificates of Deposits and Repurchase Agreements will be placed in the Custodian's safekeeping department for the term of the deposit.

On a monthly basis, the Custodian will provide statements that list all securities held for LES, the book value of holdings and the month-end market value.

Security transactions between a Provider and the Custodian involving the purchase or sale of securities by transfer of money or securities will be made on a "delivery vs. payment" basis, if applicable, to ensure that the Custodian will have the security or money at the conclusion of the transaction. Securities held as collateral shall be held in LES' name and shall be held free and clear of any liens.

**13. Exceptions to the Policy**

Exceptions to this policy are prohibited without the prior written approval of the CFO. All approved exceptions shall be reported to the CEO and the LES Finance Committee at its next scheduled meeting.

**REFERENCES**

- |                                   |     |                                |
|-----------------------------------|-----|--------------------------------|
| 1. Policy                         | 203 | Records Management             |
|                                   | 208 | LES Ethics and Code of Conduct |
| 2. LES Records Retention Schedule |     |                                |



**APPROVED BY** \_\_\_\_\_ **VICE PRESIDENT AND CHIEF FINANCIAL OFFICER**  
 EMILY N. KOENIG **TITLE** \_\_\_\_\_ **DATE**

**APPROVED BY** \_\_\_\_\_ **VICE PRESIDENT AND GENERAL COUNSEL**  
 SHELLEY SAHLING-ZART **TITLE** \_\_\_\_\_ **DATE**

**APPROVED BY** \_\_\_\_\_ **CHIEF EXECUTIVE OFFICER**  
 EMEKA ANYANWU **TITLE** \_\_\_\_\_ **DATE**

**APPROVED BY** \_\_\_\_\_ **CHAIR, LES ADMINISTRATIVE BOARD**  
 ANDREW HUNZEKER **TITLE** \_\_\_\_\_ **EFFECTIVE DATE**

<b>Revision History</b>			
<b>Supersedes</b>	<b>Revision Date</b>	<b>Revised By</b>	<b>Revision Description</b>
Policy 504 effective date 08/15/2014 and Program 504.01 effective date 05/27/2017.	06/11/2018	Bryan Willnerd and CGR	Bryan Willnerd reviewed the content for clarity and CGR reformatted into new corporate governance documentation structure.
Policy 510, dated 06/11/2018.	08/17/2023	Treasury & Risk Management	Performed an annual review of the division of duties and restructured responsibilities of each department.
Policy 510, dated 08/17/2023.	12/20/2024	Treasury & Risk Management	<ul style="list-style-type: none"> <li>- Broadened of definition of approved investment broker to include those registered under the Government Securities Act of 1986</li> <li>- Change in disclosure of any potential ethics breach or conflict of interest to the CFO and CEO rather than CFO and Board</li> <li>- Added wording related to per-asset allocation limits for money market funds to avoid breaches due to semiannual bond payments</li> <li>- Added language to temporarily change policy guidelines more narrowly with the approval of the CFO due to dynamic market conditions</li> </ul>

# **Exhibit VII**



## Revenue & Expense Statement (Condensed)

### NOVEMBER 2024

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

(Dollar amounts in 000)

YEAR TO DATE	2024 Actual	2024 Budget	Difference	Percentage Difference	Comments
1) Total Revenue	\$334,615	\$325,090	\$9,525	3%	Wholesale revenue exceeded budget by 30% (\$8.3M), primarily due to higher than expected revenues from SPP IM activities. Retail revenue was slightly under budget (\$940K). Other revenue was over budget by 28% (\$1.9M) due to natural gas capacity releases, REC sales, funds received from the City of Lincoln for heat pump incentives (offset by A&G expenses) and SPP transmission revenue.
2) Power Costs	127,407	132,367	(4,960)	-4%	Produced power was 13% (\$8.7M) under budget due primarily to lower than budgeted energy costs for LRS, TBGS, WS4, Rokeby & Landfill Gas; lower operations expenses for LRS, Rokeby, TBGS, WS4 & J St; and lower maintenance expenses for WS4 & LRS. Purchased power was over budget by 6% (\$3.7M) due to higher SPP purchases.
3) Other Operating Expenses	92,828	92,533	295	0%	Other operating expenses were slightly over budget, primarily due to increased payroll and benefits expenses (\$400K) partially due to the July 31 storm, and transmission expenses (\$280K); offset by lower vegetation management expenses due to the availability of crews (\$800K), pole inspection expenses (\$600K), and transformer expenses (\$100K).
4) Depreciation	32,776	35,146	(2,370)	-7%	
5) Total Expenses	<u>253,011</u>	<u>260,046</u>	<u>(7,035)</u>	-3%	
6) Operating Income	81,604	65,044	16,560	25%	
7) Non-Operating Expense (Income)	<u>32,751</u>	<u>33,612</u>	<u>(861)</u>	-3%	
8) Change in Net Position (Net Revenue)	<u>\$48,853</u>	<u>\$31,432</u>	<u>\$17,421</u>	55%	
	<u>Year End Projection</u>	<u>Year End Budget</u>			
9) Fixed Charge Coverage	1.72x	1.40x			
10) Debt Service Coverage	2.53x	2.10x			
	<u>Month End Actual</u>	<u>Month End Budget</u>			
11) Days Cash on Hand (Days)	113	118			

# LINCOLN ELECTRIC SYSTEM

## FINANCIAL AND OPERATING STATEMENT

November 2024



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



**REVENUE & EXPENSE STATEMENT**

**CURRENT MONTH**

**NOVEMBER 2024**

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	\$21,439,794	\$19,168,573	\$2,271,221	11.8%	\$20,558,526	\$881,268	4.3%
2. Wholesale	4,403,971	1,600,963	2,803,008	175.1%	2,218,146	2,185,825	98.5%
3. Other Revenue	1,176,799	501,819	674,980	134.5%	582,493	594,306	102.0%
4. CDFUO (a)	1,118,550	1,110,954	7,596	0.7%	1,065,383	53,167	5.0%
5. Total Operating Revenues	28,139,114	22,382,309	5,756,805	25.7%	24,424,548	3,714,566	15.2%
<b>OPERATING EXPENSES</b>							
6. Purchased Power	4,719,062	6,669,382	(1,950,320)	-29.2%	5,968,063	(1,249,001)	-20.9%
7. Produced Power	4,888,382	4,979,148	(90,766)	-1.8%	5,808,675	(920,293)	-15.8%
8. Operations	2,267,004	2,299,115	(32,111)	-1.4%	1,999,624	267,380	13.4%
9. Maintenance	760,366	1,037,526	(277,160)	-26.7%	930,698	(170,332)	-18.3%
10. Admin. & General	4,700,579	4,956,371	(255,792)	-5.2%	5,015,376	(314,797)	-6.3%
11. Depreciation	2,990,413	3,206,372	(215,959)	-6.7%	2,919,682	70,731	2.4%
12. Total Operating Expenses	20,325,806	23,147,914	(2,822,108)	-12.2%	22,642,118	(2,316,312)	-10.2%
<b>13. OPERATING INCOME</b>	<b>7,813,308</b>	<b>(765,605)</b>	<b>8,578,913</b>	<b>1120.5%</b>	<b>1,782,430</b>	<b>6,030,878</b>	<b>338.4%</b>
<b>NONOPERATING EXPENSES (INCOME)</b>							
14. Interest Expense (b)	1,365,420	1,379,133	(13,713)	-1.0%	1,423,730	(58,310)	-4.1%
15. PILOT (c)	988,720	1,019,337	(30,617)	-3.0%	988,379	341	0.0%
16. CDFUO Expense (a)	1,143,204	1,110,954	32,250	2.9%	1,046,389	96,815	9.3%
17. Other Expense	0	0	0	--	0	0	--
18. Total Other Nonoperating Expense	3,497,344	3,509,424	(12,080)	-0.3%	3,458,498	38,846	1.1%
19. Other (Income)	(2,471)	(43,269)	40,798	-94.3%	(46,285)	43,814	-94.7%
20. Interest (Income)	(638,840)	(532,062)	(106,778)	20.1%	(872,562)	233,722	-26.8%
21. Total Other Nonoperating (Income)	(641,311)	(575,331)	(65,980)	11.5%	(918,847)	277,536	-30.2%
22. Total Nonoperating Expenses (Income)	2,856,033	2,934,093	(78,060)	-2.7%	2,539,651	316,382	12.5%
<b>23. Income Before Contributions</b>	<b>4,957,275</b>	<b>(3,699,698)</b>	<b>8,656,973</b>	<b>234.0%</b>	<b>(757,221)</b>	<b>5,714,496</b>	<b>754.7%</b>
<b>CONTRIBUTED CAPITAL</b>							
24. Contributed Capital Received	850,742	182,756	667,986	365.5%	202,161	648,581	320.8%
25. Contributed Capital Used (d)	(850,742)	(182,756)	(667,986)	-365.5%	(202,161)	(648,581)	-320.8%
26. Net Contributed Capital	0	0	0	--	0	0	--
<b>27. CHANGE IN NET POSITION</b>	<b>\$4,957,275</b>	<b>(\$3,699,698)</b>	<b>\$8,656,973</b>	<b>234.0%</b>	<b>(\$757,221)</b>	<b>\$5,714,496</b>	<b>754.7%</b>

(a) City Dividend for Utility Ownership.

(b) Bond Interest \$1,477,519 + Software Agreements Interest \$5,420 + Variable Interest \$178,574 + Amortization of Issuance Costs on Outstanding Debt \$70,958 + Amortization of Loss on Refunded Debt \$107,776 - Amortization of Discount/

(c) Payment In Lieu of Tax.

(d) Reduction of Plant Costs Recovered through Contributions.



**REVENUE & EXPENSE STATEMENT**

**YEAR-TO-DATE**

**NOVEMBER 2024**

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR	
			AMOUNT	%		AMOUNT	%
<b>OPERATING REVENUES</b>							
1. Retail	\$276,950,355	\$277,886,057	(\$935,702)	-0.3%	\$267,331,761	\$9,618,594	3.6%
2. Wholesale	36,933,739	28,603,295	8,330,444	29.1%	36,204,576	729,163	2.0%
3. Other Revenue	8,700,486	6,812,605	1,887,881	27.7%	7,504,898	1,195,588	15.9%
4. CDFUO (a)	12,030,713	11,788,361	242,352	2.1%	11,057,563	973,150	8.8%
5. Total Operating Revenues	334,615,293	325,090,318	9,524,975	2.9%	322,098,798	12,516,495	3.9%
<b>OPERATING EXPENSES</b>							
6. Purchased Power	69,813,781	66,073,316	3,740,465	5.7%	69,892,115	(78,334)	-0.1%
7. Produced Power	57,593,039	66,293,691	(8,700,652)	-13.1%	57,045,468	547,571	1.0%
8. Operations	25,522,507	26,394,398	(871,891)	-3.3%	23,511,413	2,011,094	8.6%
9. Maintenance	12,959,618	11,536,571	1,423,047	12.3%	11,220,009	1,739,609	15.5%
10. Admin. & General	54,346,313	54,601,954	(255,641)	-0.5%	53,020,602	1,325,711	2.5%
11. Depreciation	32,776,348	35,146,011	(2,369,663)	-6.7%	32,153,558	622,790	1.9%
12. Total Operating Expenses	253,011,606	260,045,941	(7,034,335)	-2.7%	246,843,165	6,168,441	2.5%
<b>13. OPERATING INCOME</b>	<b>81,603,687</b>	<b>65,044,377</b>	<b>16,559,310</b>	<b>25.5%</b>	<b>75,255,633</b>	<b>6,348,054</b>	<b>8.4%</b>
<b>NONOPERATING EXPENSES (INCOME)</b>							
14. Interest Expense (b)	15,550,712	15,575,278	(24,566)	-0.2%	15,927,727	(377,015)	-2.4%
15. PILOT (c)	12,915,554	13,468,646	(553,092)	-4.1%	12,371,070	544,484	4.4%
16. CDFUO Expense (a)	11,800,724	11,703,974	96,750	0.8%	10,844,287	956,437	8.8%
17. Other Expense	3	0	3	--	153	(150)	-98.0%
18. Total Other Nonoperating Expense	40,266,993	40,747,898	(480,905)	-1.2%	39,143,237	1,123,756	2.9%
19. Other (Income)	(457,577)	(486,705)	29,128	-6.0%	(486,738)	29,161	-6.0%
20. Interest (Income)	(7,058,051)	(6,648,912)	(409,139)	6.2%	(7,725,844)	667,793	-8.6%
21. Total Other Nonoperating (Income)	(7,515,628)	(7,135,617)	(380,011)	5.3%	(8,212,582)	696,954	-8.5%
22. Total Nonoperating Expenses (Income)	32,751,365	33,612,281	(860,916)	-2.6%	30,930,655	1,820,710	5.9%
<b>23. Income Before Contributions</b>	<b>48,852,322</b>	<b>31,432,096</b>	<b>17,420,226</b>	<b>55.4%</b>	<b>44,324,978</b>	<b>4,527,344</b>	<b>10.2%</b>
<b>CONTRIBUTED CAPITAL</b>							
24. Contributed Capital Received	3,509,797	2,010,322	1,499,475	74.6%	1,873,249	1,636,548	87.4%
25. Contributed Capital Used (d)	(3,509,797)	(2,010,322)	(1,499,475)	-74.6%	(1,873,249)	(1,636,548)	-87.4%
26. Net Contributed Capital	0	0	0	--	0	0	--
<b>27. CHANGE IN NET POSITION</b>	<b>\$48,852,322</b>	<b>\$31,432,096</b>	<b>\$17,420,226</b>	<b>55.4%</b>	<b>\$44,324,978</b>	<b>\$4,527,344</b>	<b>10.2%</b>

(a) City Dividend for Utility Ownership.

(b) Bond Interest \$16,689,485 + Software Agreements Interest \$62,591 + Variable Interest \$2,069,370 + Amortization of Issuance Costs on Outstanding Debt \$924,155 + Amortization of Loss on Refunded Debt \$1,185,539 - Amortization of Discount/

(c) Payment In Lieu of Tax.

(d) Reduction of Plant Costs Recovered through Contributions.



**REVENUES, ENERGY & CUSTOMERS**

**CURRENT MONTH**

**NOVEMBER 2024**

DESCRIPTION	CURRENT	CURRENT	VARIANCE FROM		LAST YEAR	VARIANCE FROM	
	MONTH ACTUAL	MONTH BUDGET	AMOUNT	%	MONTH ACTUAL	AMOUNT	%
<b>REVENUE</b>							
1. Residential	\$9,795,259	\$9,071,757	\$723,502	8.0%	\$9,314,564	\$480,695	5.2%
2. Commercial & Street Light	8,975,900	8,102,226	873,674	10.8%	8,758,273	217,627	2.5%
3. Industrial	<u>2,668,635</u>	<u>1,994,590</u>	<u>674,045</u>	33.8%	<u>2,485,689</u>	<u>182,946</u>	7.4%
4. Total Retail	21,439,794	19,168,573	2,271,221	11.8%	20,558,526	881,268	4.3%
5. SPP Sales	3,323,171	705,872	2,617,299	370.8%	1,171,514	2,151,657	183.7%
6. Contract Sales	<u>1,080,800</u>	895,091	185,709	20.7%	<u>1,046,632</u>	34,168	3.3%
7. Total Wholesale	4,403,971	1,600,963	2,803,008	175.1%	2,218,146	2,185,825	98.5%
8. Total	\$25,843,765	\$20,769,536	\$5,074,229	24.4%	\$22,776,672	\$3,067,093	13.5%
<b>ENERGY (MWH'S)</b>							
9. Residential	83,081	79,464	3,617	4.6%	91,178	(8,097)	-8.9%
10. Commercial & Street Light	105,839	104,883	956	0.9%	108,968	(3,129)	-2.9%
11. Industrial	<u>37,063</u>	<u>32,593</u>	<u>4,470</u>	13.7%	<u>36,163</u>	<u>900</u>	2.5%
12. Total Retail	225,983	216,940	9,043	4.2%	236,309	(10,326)	-4.4%
13. SPP Sales	35,213	32,361	2,852	8.8%	20,910	14,303	68.4%
14. Contract Sales	<u>24,137</u>	<u>21,389</u>	<u>2,748</u>	12.8%	<u>22,499</u>	<u>1,638</u>	7.3%
15. Total Wholesale	<u>59,350</u>	<u>53,750</u>	<u>5,600</u>	10.4%	<u>43,409</u>	<u>15,941</u>	36.7%
16. Total	285,333	270,690	14,643	5.4%	279,718	5,615	2.0%
<b>CUSTOMERS - AT MONTH END</b>							
17. Residential	135,697	132,126	3,571	2.7%	133,813	1,884	1.4%
18. Commercial & Street Light	17,974	17,792	182	1.0%	17,843	131	0.7%
19. Industrial	<u>234</u>	<u>233</u>	<u>1</u>	0.4%	<u>238</u>	<u>(4)</u>	-1.7%
20. Total Retail	153,905	150,151	3,754	2.5%	151,894	2,011	1.3%
21. Wholesale	<u>6</u>	<u>6</u>	<u>0</u>	0.0%	<u>7</u>	<u>(1)</u>	-14.3%
22. Total	153,911	150,157	3,754	2.5%	151,901	2,010	1.3%





**REVENUES, ENERGY & CUSTOMERS**

**YEAR-TO-DATE**

**NOVEMBER 2024**

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR	
			AMOUNT	%		AMOUNT	%
<b>REVENUE</b>							
1. Residential	\$129,845,723	\$130,592,271	(\$746,548)	-0.6%	\$126,108,204	\$3,737,519	3.0%
2. Commercial & Street Light	116,128,816	118,256,269	(2,127,453)	-1.8%	111,897,481	4,231,335	3.8%
3. Industrial	<u>30,975,816</u>	<u>29,037,517</u>	<u>1,938,299</u>	6.7%	<u>29,326,076</u>	<u>1,649,740</u>	5.6%
4. Total Retail	276,950,355	277,886,057	(935,702)	-0.3%	267,331,761	9,618,594	3.6%
5. SPP Sales	27,337,633	18,414,672	8,922,961	48.5%	26,020,494	1,317,139	5.1%
6. Contract Sales	<u>9,596,106</u>	<u>10,188,623</u>	<u>(592,517)</u>	-5.8%	<u>10,184,082</u>	<u>(587,976)</u>	-5.8%
7. Total Wholesale	<u>36,933,739</u>	<u>28,603,295</u>	<u>8,330,444</u>	29.1%	<u>36,204,576</u>	<u>729,163</u>	2.0%
8. Total	\$313,884,094	\$306,489,352	\$7,394,742	2.4%	\$303,536,337	10,347,757	3.4%
<b>ENERGY (MWH'S)</b>							
9. Residential	1,185,491	1,212,096	(26,605)	-2.2%	1,226,251	(40,760)	-3.3%
10. Commercial & Street Light	1,355,527	1,378,065	(22,538)	-1.6%	1,363,886	(8,359)	-0.6%
11. Industrial	<u>436,858</u>	<u>418,788</u>	<u>18,070</u>	4.3%	<u>429,461</u>	<u>7,397</u>	1.7%
12. Total Retail	2,977,876	3,008,949	(31,073)	-1.0%	3,019,598	(41,722)	-1.4%
13. SPP Sales	317,971	348,876	(30,905)	-8.9%	425,950	(107,979)	-25.4%
14. Contract Sales	<u>241,042</u>	<u>227,957</u>	<u>13,085</u>	5.7%	<u>267,532</u>	<u>(26,490)</u>	-9.9%
15. Total Wholesale	<u>559,013</u>	<u>576,833</u>	<u>(17,820)</u>	-3.1%	<u>693,482</u>	<u>(134,469)</u>	-19.4%
16. Total	3,536,889	3,585,782	(48,893)	-1.4%	3,713,080	(176,191)	-4.7%
<b>CUSTOMERS AVERAGE</b>							
17. Residential	134,810	131,635	3,175	2.4%	132,201	2,609	2.0%
18. Commercial & Street Light	17,912	17,715	197	1.1%	17,742	170	1.0%
19. Industrial	<u>237</u>	<u>233</u>	<u>4</u>	1.7%	<u>233</u>	<u>4</u>	1.7%
20. Total Retail	152,959	149,583	3,376	2.3%	150,176	2,783	1.9%
21. Wholesale	<u>6</u>	<u>6</u>	<u>0</u>	0.0%	<u>7</u>	<u>(1)</u>	-14.3%
22. Total	152,965	149,589	3,376	2.3%	150,183	2,782	1.9%



**OPERATING EXPENSE STATEMENT**

**CURRENT MONTH**

**NOVEMBER 2024**

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	\$196,624	\$1,975,496	(\$1,778,872)	-90.0%	\$1,765,683	(\$1,569,059)	-88.9%
2. Non-Owned Asset Power	<u>4,522,438</u>	<u>4,693,886</u>	<u>(171,448)</u>	-3.7%	<u>4,202,380</u>	<u>320,058</u>	7.6%
3. Total Purchased Power	4,719,062	6,669,382	(1,950,320)	-29.2%	5,968,063	(1,249,001)	-20.9%
4. Produced Power	<u>4,888,382</u>	<u>4,979,148</u>	<u>(90,766)</u>	-1.8%	<u>5,808,675</u>	<u>(920,293)</u>	-15.8%
5. Total Power Cost	9,607,444	11,648,530	(2,041,086)	-17.5%	11,776,738	(2,169,294)	-18.4%
<b>OPERATION &amp; MAINTENANCE (O&amp;M)</b>							
6. Energy Delivery	1,985,253	2,302,072	(316,819)	-13.8%	2,009,986	(24,733)	-1.2%
7. Transmission	<u>1,042,117</u>	<u>1,034,569</u>	<u>7,548</u>	0.7%	<u>920,336</u>	<u>121,781</u>	13.2%
8. Total O & M Expense	3,027,370	3,336,641	(309,271)	-9.3%	2,930,322	97,048	3.3%
<b>ADMINISTRATIVE &amp; GENERAL (A&amp;G)</b>							
9. Administration	276,674	279,385	(2,711)	-1.0%	251,664	25,010	9.9%
10. Communication & Corporate Records	170,656	198,900	(28,244)	-14.2%	228,725	(58,069)	-25.4%
11. Corporate Operations	1,086,771	969,499	117,272	12.1%	1,383,999	(297,228)	-21.5%
12. Customer Services	882,754	1,041,896	(159,142)	-15.3%	1,099,472	(216,718)	-19.7%
13. Financial Services	485,042	497,992	(12,950)	-2.6%	395,009	90,033	22.8%
14. Power Supply	400,653	455,788	(55,135)	-12.1%	357,325	43,328	12.1%
15. Technology Services	<u>1,398,029</u>	<u>1,512,911</u>	<u>(114,882)</u>	-7.6%	<u>1,299,182</u>	<u>98,847</u>	7.6%
16. Total A & G Expense	4,700,579	4,956,371	(255,792)	-5.2%	5,015,376	(314,797)	-6.3%
<b>17. DEPRECIATION</b>	2,990,413	3,206,372	(215,959)	-6.7%	2,919,682	70,731	2.4%
<b>18. TOTAL OPERATING EXPENSE</b>	\$20,325,806	\$23,147,914	(\$2,822,108)	-12.2%	\$22,642,118	(\$2,316,312)	-10.2%



**OPERATING EXPENSE STATEMENT**

**YEAR-TO-DATE**

**NOVEMBER 2024**

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	\$16,508,389	\$12,032,301	\$4,476,088	37.2%	\$16,371,972	\$136,417	0.8%	
2. Non-Owned Asset Power	<u>53,305,392</u>	<u>54,041,015</u>	<u>(735,623)</u>	-1.4%	<u>53,520,143</u>	<u>(214,751)</u>	-0.4%	
3. Total Purchased Power	69,813,781	66,073,316	3,740,465	5.7%	69,892,115	(78,334)	-0.1%	
4. Produced Power	<u>57,593,039</u>	<u>66,293,691</u>	<u>(8,700,652)</u>	-13.1%	<u>57,045,468</u>	<u>547,571</u>	1.0%	
5. Total Power Cost	127,406,820	132,367,007	(4,960,187)	-3.7%	126,937,583	469,237	0.4%	
<b>OPERATION &amp; MAINTENANCE (O&amp;M)</b>								
6. Energy Delivery	26,769,459	26,500,170	269,289	1.0%	24,141,890	2,627,569	10.9%	
7. Transmission	<u>11,712,666</u>	<u>11,430,799</u>	<u>281,867</u>	2.5%	<u>10,589,532</u>	<u>1,123,134</u>	10.6%	
8. Total O & M Expense	38,482,125	37,930,969	551,156	1.5%	34,731,422	3,750,703	10.8%	
<b>ADMINISTRATIVE &amp; GENERAL (A&amp;G)</b>								
9. Administration	2,962,421	3,128,862	(166,441)	-5.3%	2,658,714	303,707	11.4%	
10. Communication & Corporate Records	2,402,460	2,429,844	(27,384)	-1.1%	2,246,204	156,256	7.0%	
11. Corporate Operations	11,229,974	10,770,765	459,209	4.3%	12,954,331	(1,724,357)	-13.3%	
12. Customer Services	11,786,893	11,784,031	2,862	0.0%	11,068,710	718,183	6.5%	
13. Financial Services	5,390,067	5,233,846	156,221	3.0%	4,832,895	557,172	11.5%	
14. Power Supply	4,772,336	5,209,790	(437,454)	-8.4%	4,310,628	461,708	10.7%	
15. Technology Services	<u>15,802,162</u>	<u>16,044,816</u>	<u>(242,654)</u>	-1.5%	<u>14,949,120</u>	<u>853,042</u>	5.7%	
16. Total A & G Expense	54,346,313	54,601,954	(255,641)	-0.5%	53,020,602	1,325,711	2.5%	
<b>17. DEPRECIATION</b>	32,776,348	35,146,011	(2,369,663)	-6.7%	32,153,558	622,790	1.9%	
<b>18. TOTAL OPERATING EXPENSE</b>	\$253,011,606	\$260,045,941	(\$7,034,335)	-2.7%	\$246,843,165	\$6,168,441	2.5%	



**BALANCE SHEET  
NOVEMBER 2024**

**ASSETS & DEFERRED OUTFLOWS OF RESOURCES**

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION**

DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1	DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1
<b>CURRENT ASSETS:</b>			<b>CURRENT LIABILITIES:</b>		
1. Revenue Fund (includes CDFUO)	\$46,808,610	(\$50,627,696)	<b>OTHER LIABILITIES</b>		
2. Payment in Lieu of Tax Fund	11,698,778	(549,380)	1. Accounts Payable	\$19,537,981	(\$2,102,191)
3. Rate Stabilization Fund	41,233,411	1,989,264	2. Accrued Payments in Lieu of Taxes	12,665,913	(453,622)
4. Bond Principal & Interest Funds	13,392,179	(5,417,649)	3. City Dividend for Utility Ownership Payable	3,429,612	(755,944)
5. Other Restricted/Designated Funds (a)	4,133,757	26,908	4. Commercial Paper Notes	65,500,000	0
6. Restricted/Designated Funds Total	58,759,347	(3,401,477)	5. Accrued Software Interest	24,070	(1,756)
7. Total Current Asset Funds (b)	117,266,735	(54,578,553)	6. Accrued Liabilities	16,532,245	(108,930)
8. Receivables Less Uncollectible Allowance	27,172,049	4,074,551	7. Total Other Liabilities	117,689,821	(3,422,443)
9. Unbilled Revenue	16,210,327	(1,407,823)	<b>CURRENT LIABILITIES - RESTRICTED ASSETS</b>		
10. Accrued Interest Receivable	536,425	(1,756,247)	8. Current Portion of Long-Term Debt	35,740,000	(2,060,000)
11. Materials, Supplies & Fuel Inventory	35,322,209	3,595,275	9. Accrued Interest	4,425,635	(1,949,416)
12. Plant Operation Assets	20,453,030	2,663,373	10. Other Current Liabilities (d)	997,160	91,744
13. Other Current Assets	5,934,983	1,388,333	11. Total Current Liabilities - Restricted Assets	41,162,795	(3,917,672)
14. Total Current Assets	222,895,758	(46,021,091)	12. Total Current Liabilities	158,852,616	(7,340,115)
<b>NONCURRENT ASSETS:</b>			<b>NONCURRENT LIABILITIES:</b>		
15. Bond Reserve Funds	9,355,252	(43,607)	13. 2013 Bonds	12,385,000	(16,680,000)
16. Self-Funded Benefits Reserve Fund (IBNP)	890,701	116,434	14. 2015A Bonds	70,605,000	(795,000)
17. Segregated Funds (c)	25,249,497	9,417,295	15. 2016 Bonds	65,960,000	0
18. Restricted Funds Total (b)	35,495,450	9,490,122	16. 2018 Bonds	121,205,000	0
19. Unamortized Debt Expense	1,779,782	(301,435)	17. 2020A Bonds	72,200,000	0
21. Accrued Lease Interest	128,979	43,317	18. 2020B Bonds	151,300,000	(20,325,000)
22. Other Noncurrent Assets	6,792,164	5,236,921	19. Total Revenue Bonds	493,655,000	(37,800,000)
23. Total Noncurrent Assets	\$51,068,363	\$14,139,507	20. Less Current Maturities	35,740,000	(2,060,000)
<b>CAPITAL ASSETS:</b>			21. Less Unamortized Discounts/Premiums	(29,274,167)	5,380,427
24. Utility Plant in Service	1,865,436,325	22,446,090	22. Note Purchase Agreement	0	0
25. Accumulated Depreciation & Amortization	(965,659,927)	(29,821,442)	23. Revolving Credit Agreement	0	0
26. Construction Work in Progress	154,385,784	49,654,040	24. Net Long Term Debt	487,189,167	(41,120,427)
27. Total Capital Assets	1,054,162,182	42,278,688	25. Liabilities Payable from Segregated Funds (e)	25,122,133	9,290,043
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			26. Asset Retirement Obligation	3,558,735	(1,631,385)
28. Deferred Loss on Refunded Debt	6,941,687	(1,185,538)	27. Software Liabilities	1,316,562	(122,938)
29. Deferred Costs for Asset Retirement Obligations	3,558,735	(1,631,385)	28. Other Noncurrent Liabilities	35,789,688	136,524
30. Total Deferred Outflows of Resources	10,500,422	(2,816,923)	29. Total Liabilities	711,828,901	(40,788,298)
			<b>DEFERRED INFLOWS OF RESOURCES:</b>		
			30. Deferred Inflow of Resource	6,343,649	(483,843)
			31. Total Deferred Inflows of Resources	6,343,649	(483,843)
			<b>NET POSITION:</b>		
			32. Net Investment in Capital Assets	478,596,746	82,784,031
			33. Restricted for Debt Service	9,456,683	(3,184,257)
			34. Restricted for Employee Health Insurance Claims	2,317,583	(627,623)
			35. Unrestricted	130,083,163	(30,119,829)
			36. Total Net Position	620,454,175	48,852,322
<b>31. TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$1,338,626,725</b>	<b>\$7,580,181</b>	<b>37. TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>	<b>\$1,338,626,725</b>	<b>\$7,580,181</b>



**STATEMENT OF CASH FLOWS**  
**NOVEMBER 2024**

	CURRENT MONTH	YEAR-TO-DATE
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
1. Received from Sales to Customers and Users	\$30,144,410	\$347,773,789
2. Sales Tax Receipts	\$1,140,365	\$15,435,156
3. Paid to Suppliers for Goods & Services	(\$19,514,808)	(\$215,996,606)
4. Paid to Employees for Services	(\$1,639,506)	(\$19,659,284)
5. Payments for Sales Tax	(1,384,665)	(15,465,904)
<b>6. Cash Flow from Operating Activities (a)</b>	<b>8,745,796</b>	<b>112,087,151</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
7. Payment in Lieu of Tax	0	(13,369,176)
8. City Dividend for Utility Ownership Payments	0	(12,556,668)
9. Other	0	0
<b>10. Cash Flow from (used for) Noncapital Financing Activities</b>	<b>0</b>	<b>(25,925,844)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
11. Net (Purchases) Sales of Investments	7,435,466	60,765,214
12. Interest Income	590,916	7,127,110
<b>13. Cash Flow from (used for) Investing Activities</b>	<b>8,026,382</b>	<b>67,892,324</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
14. Acquisition and Construction of Capital Assets	(8,030,417)	(80,920,920)
15. Salvage on Retirement of Plant	0	120,077
16. Cost of Removal of Property Retired	(211,960)	(1,907,875)
17. Debt Issuance Cost Paid	0	0
18. Debt Premiums Collected	0	0
19. Net Capital Contributions	745,056	1,799,839
20. Capital Contributions Recv'd in Advance	0	0
21. Cash Received from Leases	78	428,872
23. Net Proceeds from Issuance of Long-Term Debt	0	0
24. Principal Payments on Long-Term Debt	0	(37,800,000)
25. Interest Payments on Debt	(274,929)	(20,708,270)
<b>26. Cash Flow from (used for) Capital Financing Activities</b>	<b>(7,772,172)</b>	<b>(138,988,277)</b>
26. Cash Flow from (used for) Capital Financing Activities	9,000,006	15,065,354
27. Net Increase (Decrease) in Cash and Cash Equivalents	40,177,355	35,018,728
<b>28. Cash and Cash Equivalents Beginning of Period</b>	<b>\$49,177,361</b>	<b>\$50,084,082</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	\$7,813,308	\$81,603,687
2. Noncash items included in operating income	3,094,507	33,865,453
3. Changes in Assets & Liabilities Increase/(Decrease)	(2,162,019)	(3,381,989)
<b>4. Net cash flows from operating activities</b>	<b>\$8,745,796</b>	<b>\$112,087,151</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

NOVEMBER 2024

DESCRIPTION	----- CURRENT MONTH -----			----- YEAR-TO-DATE -----		
	ACTUAL THIS YEAR	BUDGET THIS YEAR	ACTUAL LAST YEAR	ACTUAL THIS YEAR	BUDGET THIS YEAR	ACTUAL LAST YEAR
1. Total Operating Revenues	\$28,139,114	\$22,382,309	\$24,424,548	\$334,615,293	\$325,090,318	\$322,098,798
2. Total Operating Expenses	20,325,806	23,147,914	22,642,118	253,011,606	260,045,941	246,843,165
3. Less Depreciation	(2,990,413)	(3,206,372)	(2,919,682)	(32,776,348)	(35,146,011)	(32,153,558)
4. Operating Expense Net of Depreciation	17,335,393	19,941,542	19,722,436	220,235,258	224,899,930	214,689,607
5. Net Operating Revenue for Debt Service	10,803,721	2,440,767	4,702,112	114,380,035	100,190,388	107,409,191
6. Interest Income (a)	436,143	418,490	704,057	5,330,896	5,409,954	6,198,084
7. Other Income	2,471	43,269	46,285	457,577	486,705	486,738
8. Rate Stabilization Fund	0	0	0	0	0	0
<b>9. AVAILABLE FOR DEBT SERVICE</b>	<b>11,242,335</b>	<b>2,902,526</b>	<b>5,452,454</b>	<b>120,168,508</b>	<b>106,087,047</b>	<b>114,094,013</b>
<b>10. DEBT SERVICE (b)</b>	<b>\$4,455,852</b>	<b>\$4,455,851</b>	<b>\$4,682,116</b>	<b>\$50,824,484</b>	<b>\$50,824,466</b>	<b>\$47,008,727</b>
<b>11. DEBT SERVICE COVERAGE</b>	<b>2.52</b>	<b>0.65</b>	<b>1.16</b>	<b>2.36</b>	<b>2.09</b>	<b>2.43</b>

(a) Excludes Interest from Rate Stabilization Fund.

(b) Includes Bond Principal & Interest only.

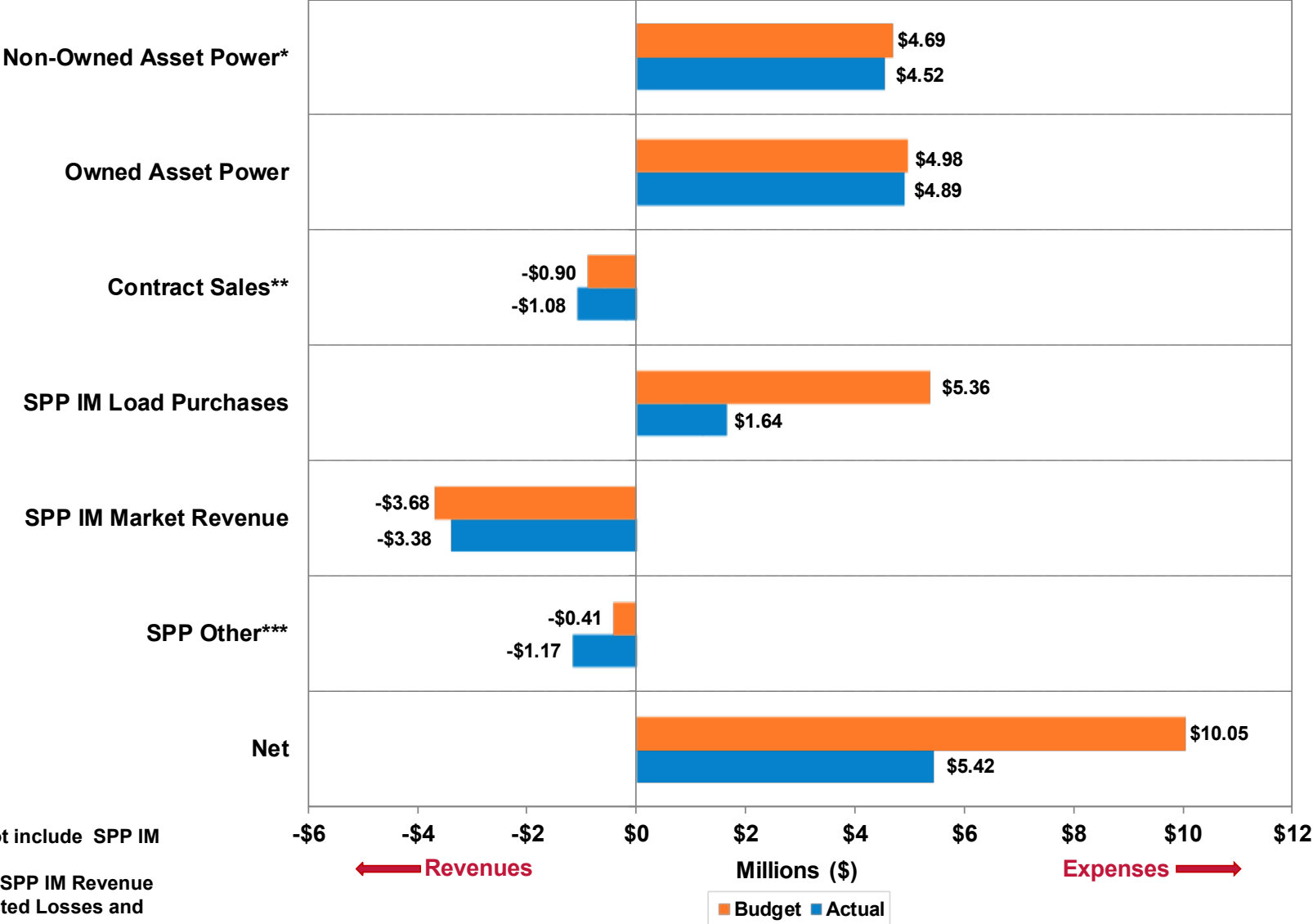
# **Power Supply Division 2024 November Monthly Report**

**December 20, 2024**

**Jason Fortik**

**Vice President, Power Supply**

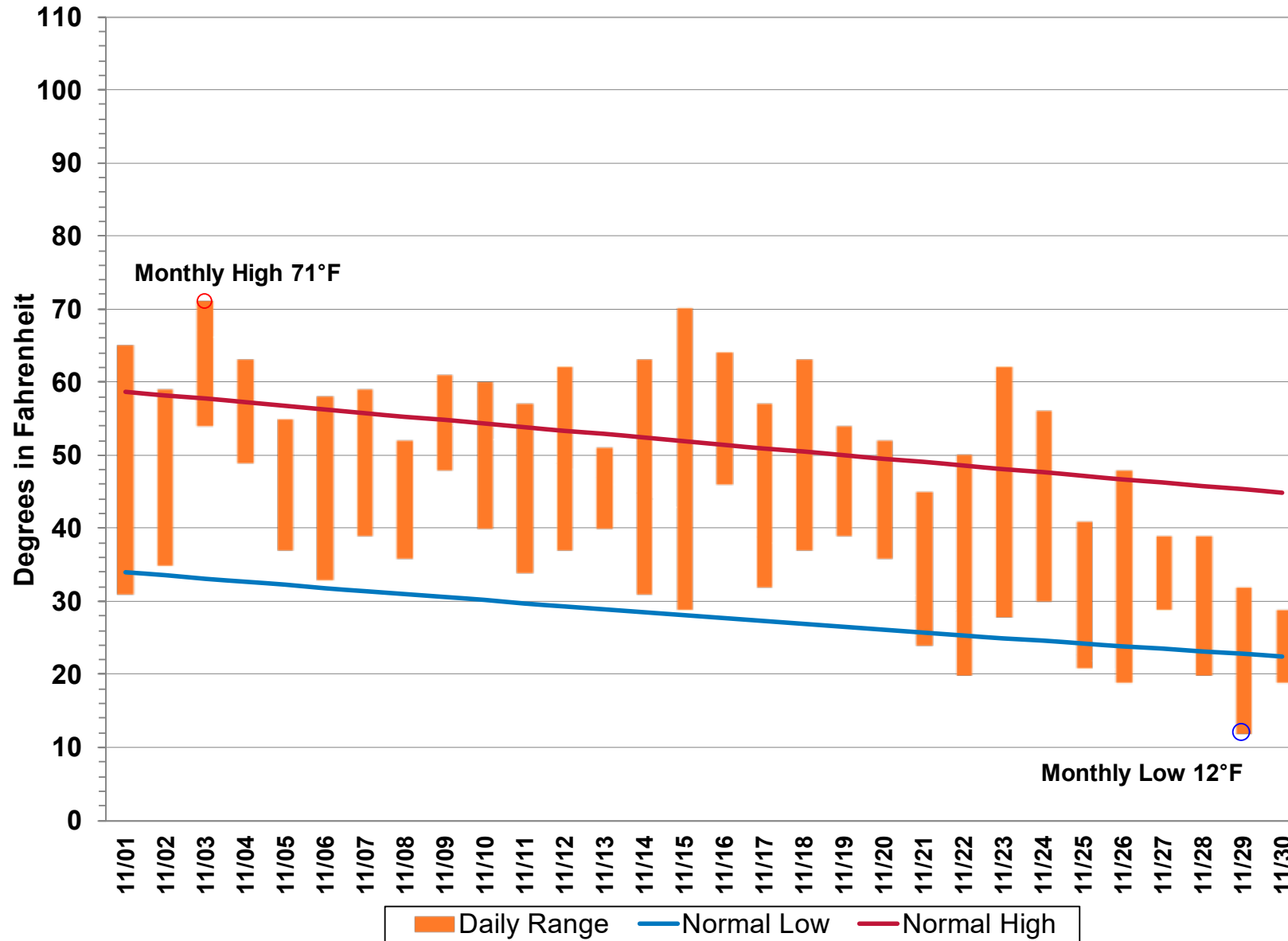
# Monthly Actual vs. Budget



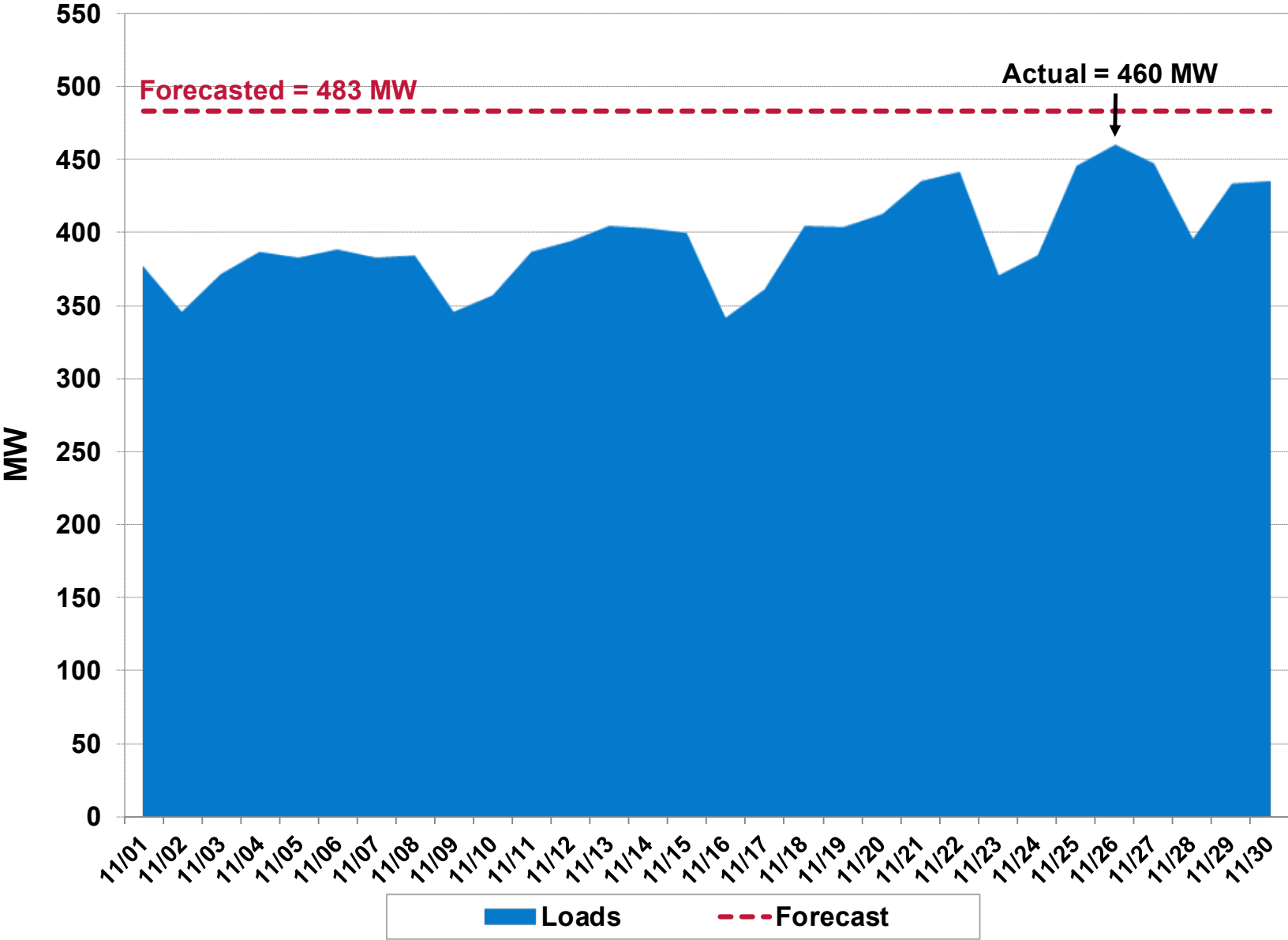
\*Non-Owned Asset Power does not include SPP IM Purchased  
 \*\*Contract Sales does not include SPP IM Revenue  
 \*\*\*SPP Other includes Over-Collected Losses and ARR's/TCR



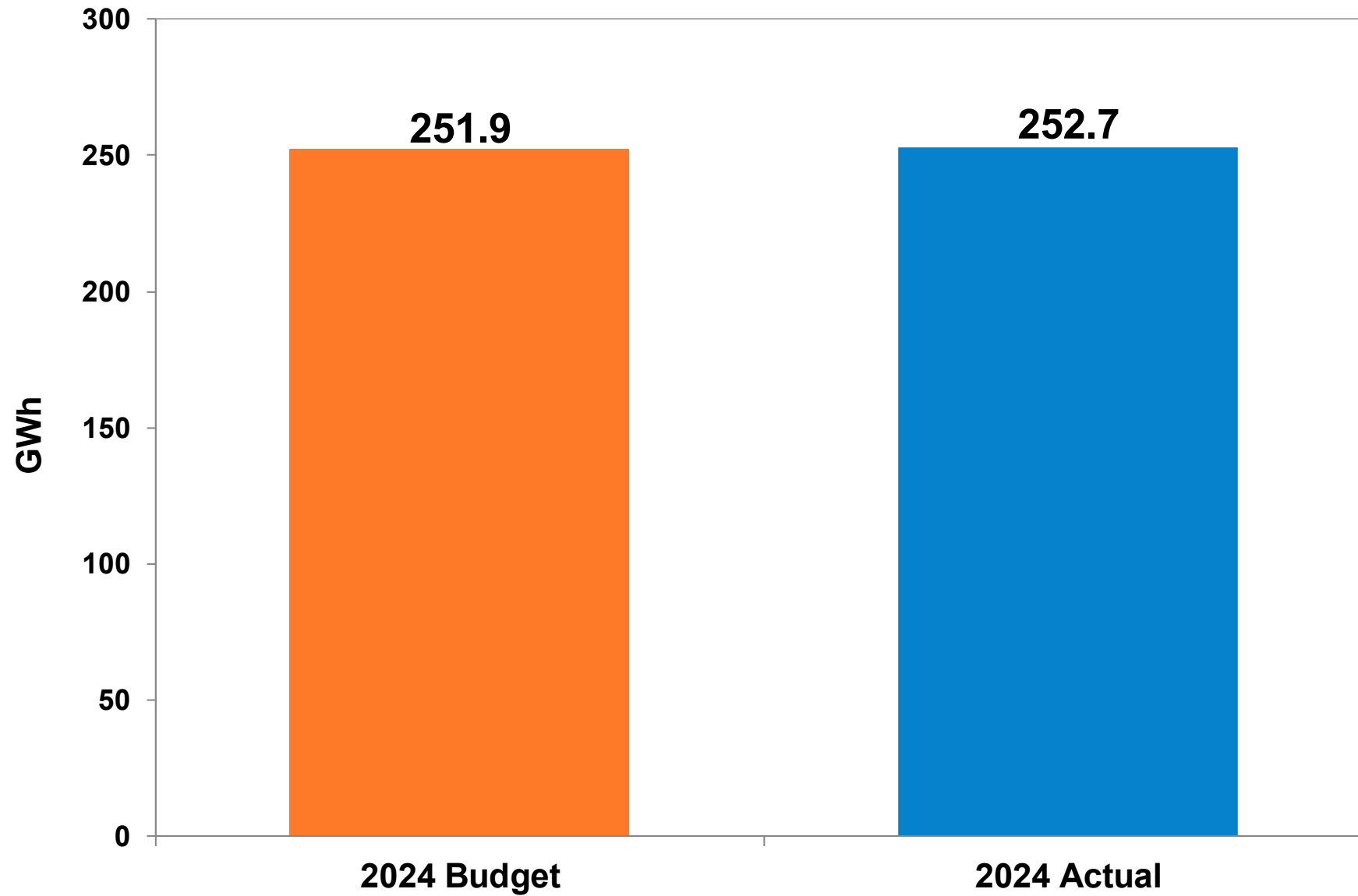
# Daily Temperature Range



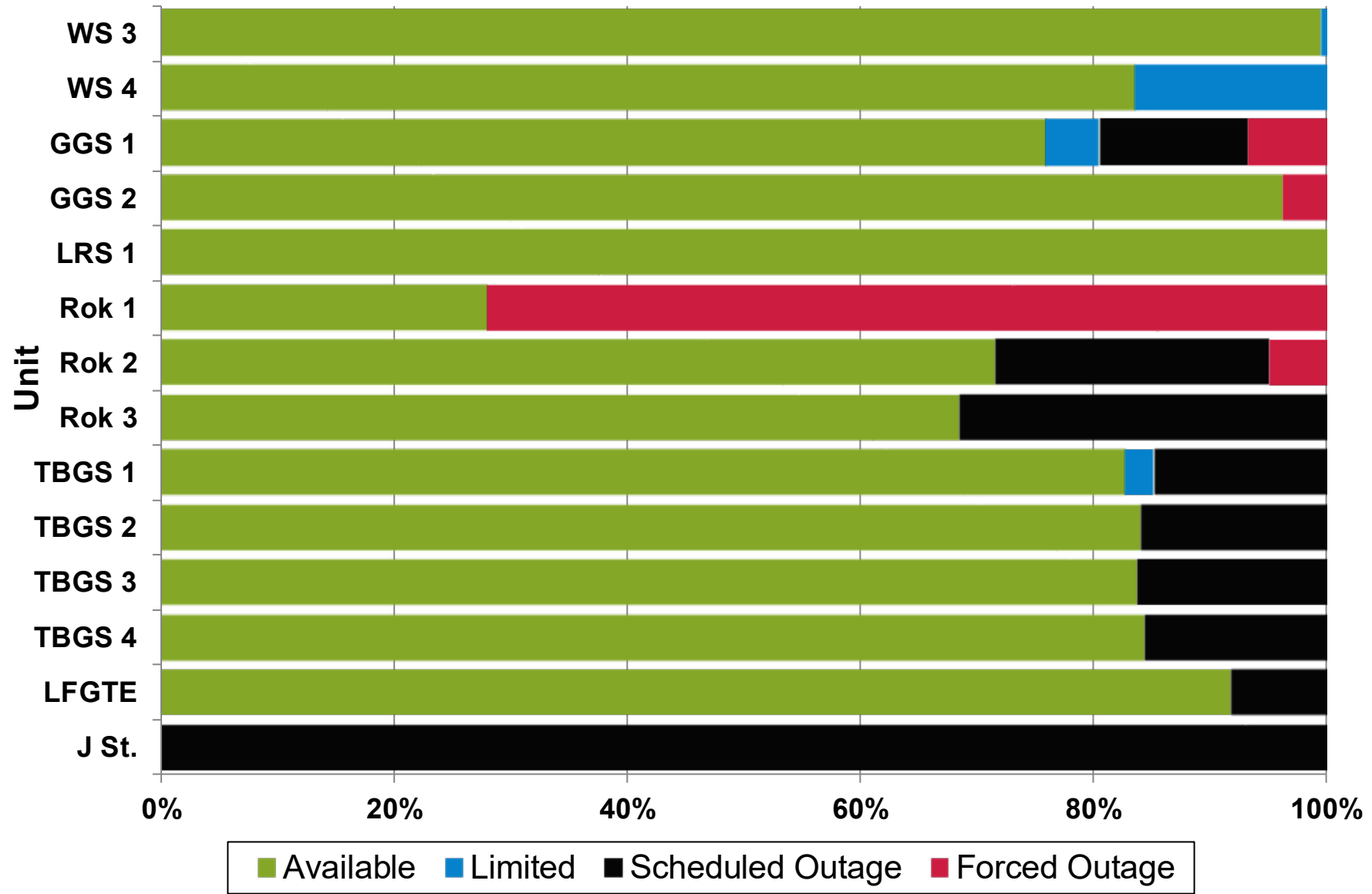
# Loads



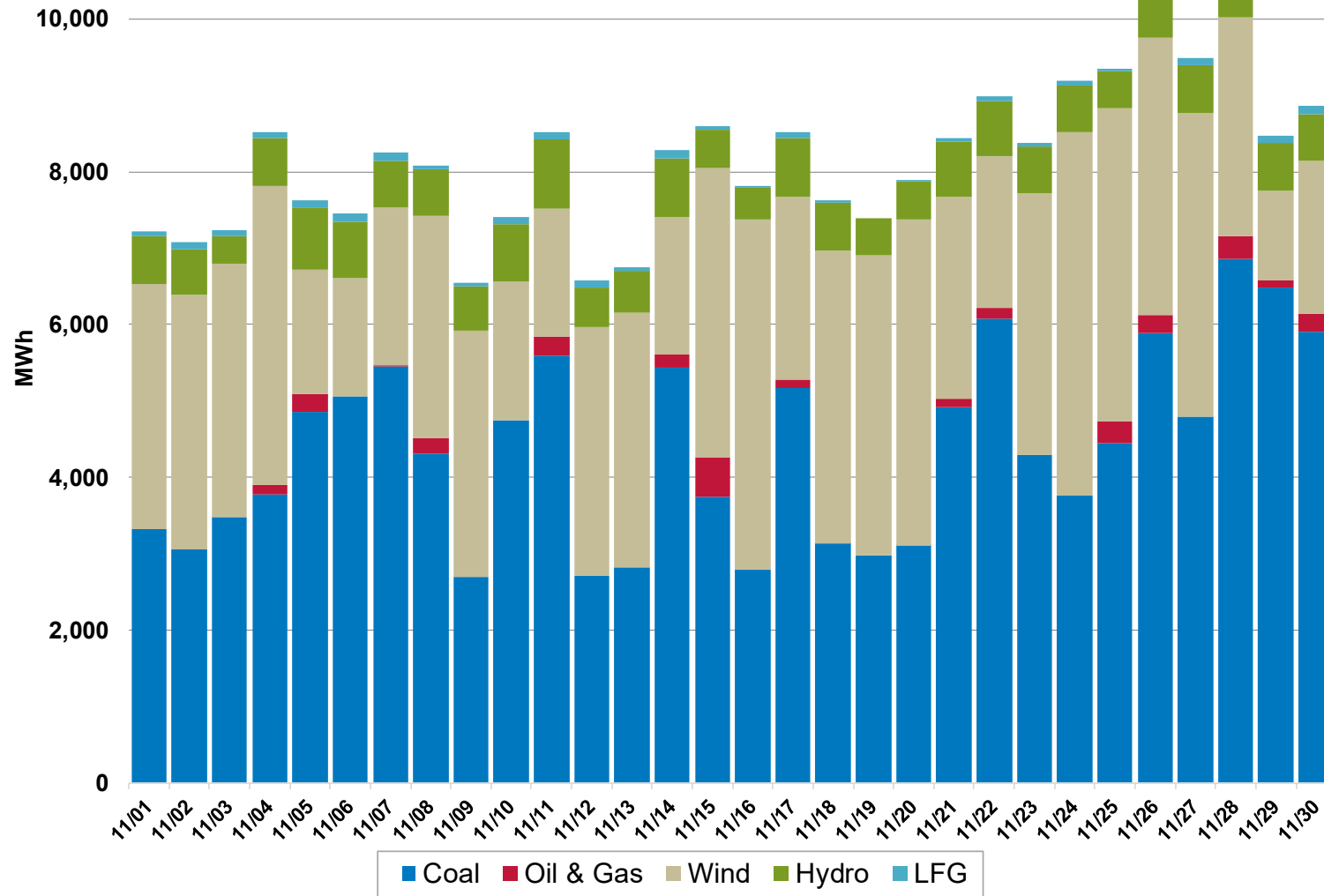
# Customer Energy Consumption



# Unit Equivalent Availability

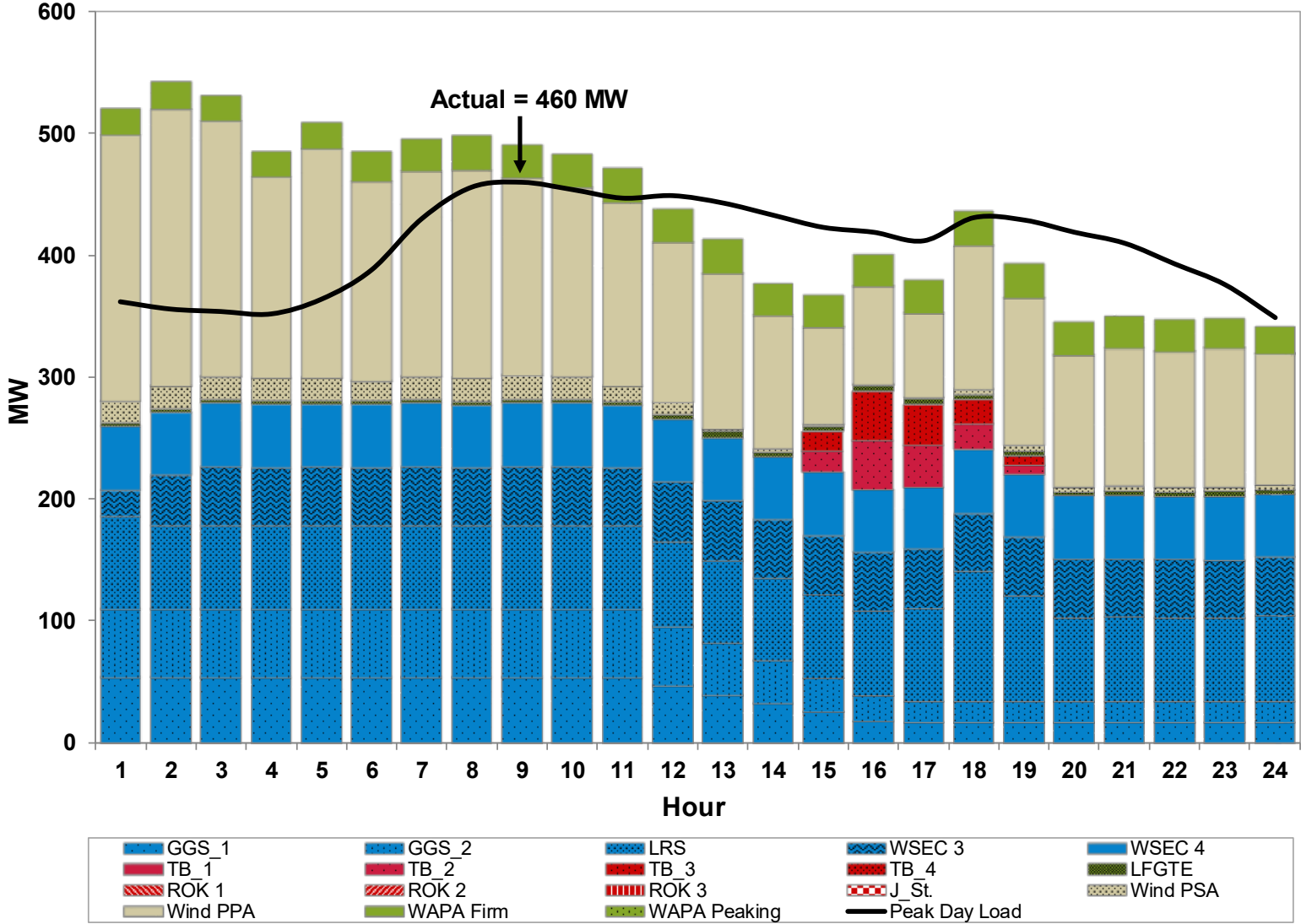


# Resource Energy



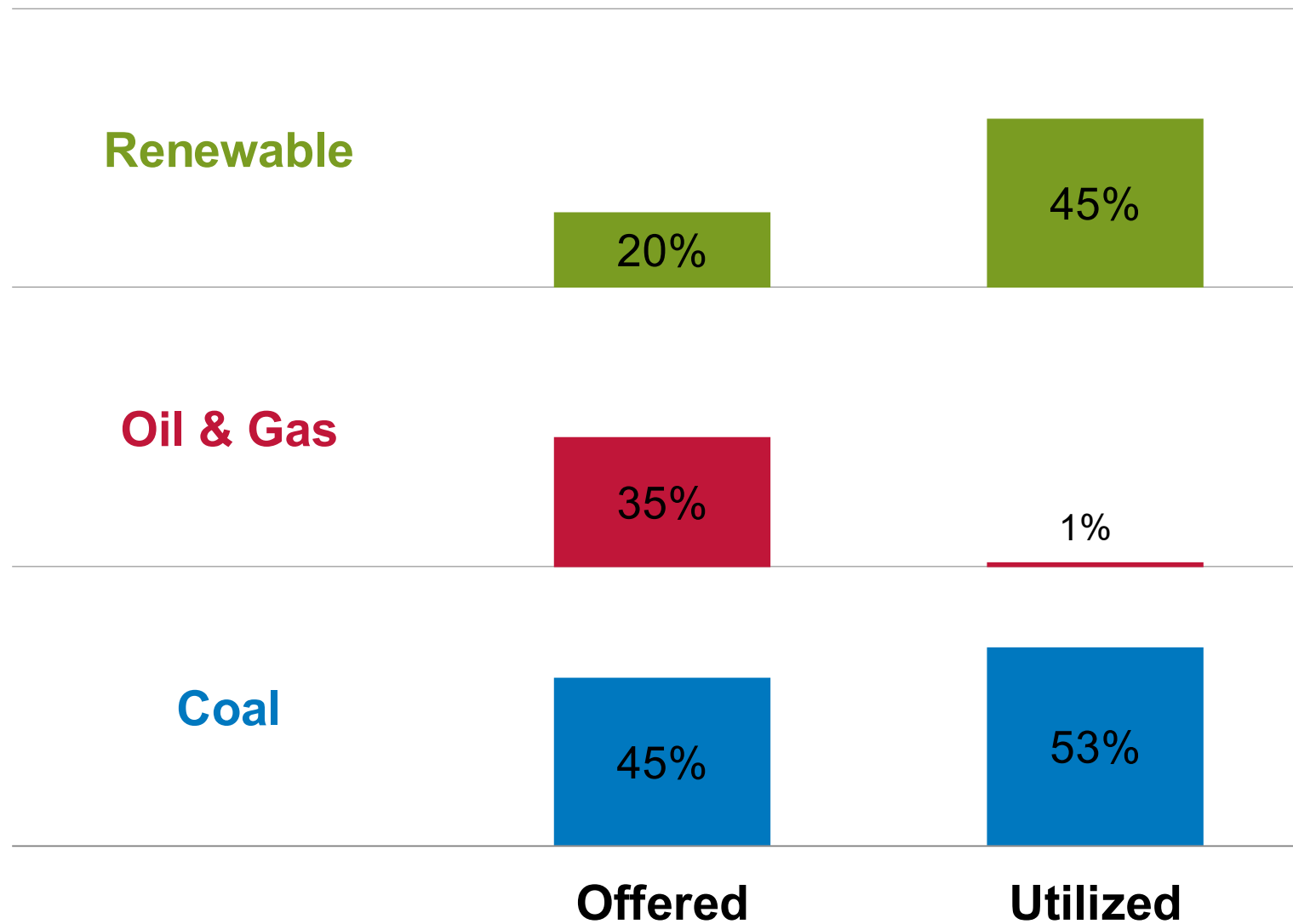
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

# Peak Load Day – November 26, 2024



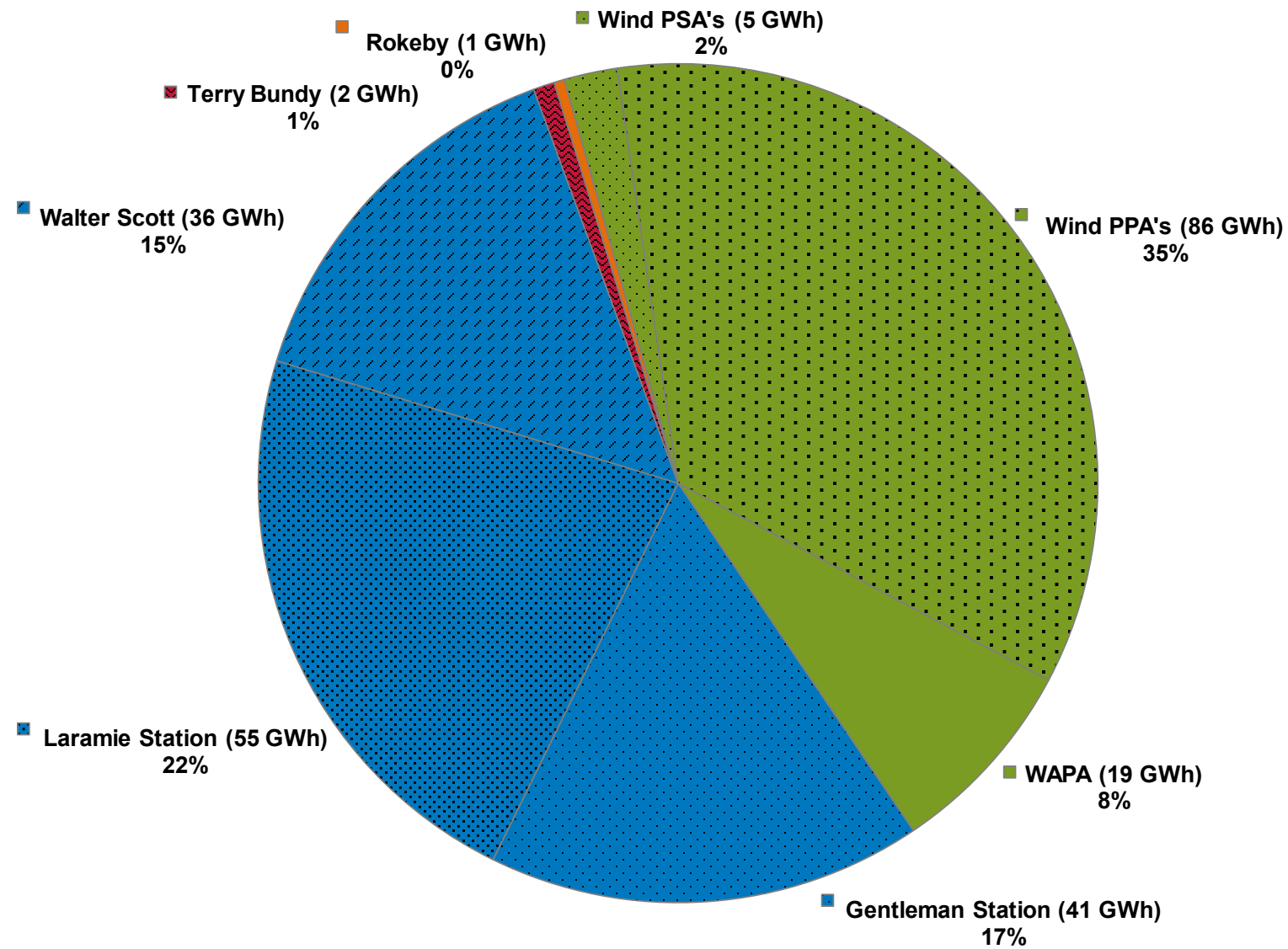
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

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



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

# Energy Utilized by the SPP Integrated Marketplace



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