

## MINUTES OF LINCOLN ELECTRIC SYSTEM ADMINISTRATIVE BOARD

Minutes of the regular meeting held at 9:30 a.m., Friday, July 21, 2023, at the Lincoln Electric System Operations Center, 9445 Rokeby Road, Lincoln, Nebraska. Public notice of today's meeting was published in the Lincoln Journal Star on July 15, 2023.

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

Board Members Absent: Martha Durr and Karen Griffin

LES Staff Present: Kevin Wailes, Shelley Sahling-Zart, Emily Koenig, David Malcom, Jason Fortik, Lisa Hale, Kelley Porter, Jim Rigg, Mike Murphy, Keith Snyder, Katrinka Dicke, Angie Paul Unruh, Marc Shkolnick, Bryan Willnerd

Others Present: There were numerous virtual participants via Microsoft Teams

News Media Present: None

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

Chair Andrew Hunzeker requested approval of the meeting minutes of June 16, 2023. Carl Eskridge moved their approval. David Spinar seconded the motion. The vote for approval of the minutes was: **Approval of Minutes**

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

Nay: None

Absent: Martha Durr and Karen Griffin

Lisa Hale, Vice President, Customer Services, introduced Angie Paul Unruh, Account Executive, who was recognized by the Board for 20 years of service to LES. **Introduction & Recognition of Staff**

Carl Eskridge, Chair of the Finance & Audit Committee, reported on Committee discussions, including: 1) Second Quarter 2023 Financial Review and 2023 Forecast; 2) Semi-annual **Finance and Audit Committee Report**

Investment Report; 3) Internal Audit Second Quarter Report; 4) Accounts Payable/Accounts Receivable External Forensic Audit. (Exhibit I)

Kate Bolz, Chair of the Communications & Customer Services Committee, reported on Committee discussions, including: 1) Customer Portal Project Update; 2) 2023 Ride + Drive Event Update; 3) SEP Funding/Program Update; 4) LES Events and Campaigns Update. (Exhibit II) **Communication & Customer Services Report**

Carl Eskridge, Vice-Chairman of the District Energy Corporation (DEC), reported on the recent DEC Board meeting. Scheduling conflicts for the DEC Board Members that are County Commissioners and COVID related impacts prevented the DEC Board from reaching a quorum and conducting business. A more detailed description of the informational items from the recent DEC Board meeting will be provided to the LES Board next month. **District Energy Corporation (DEC) Report**

Bryan Willnerd, Manager of Treasury and Risk Management provided a review on LES's Semi-Annual Claims. (Exhibit III) **Six-Month Property Claims Review**

There were no claims greater than \$25k settled in the first six months of 2023 requiring Board ratification. There were 10 claims paid in the first six months totaling \$18,812. \$2,036 were denied claims for outage-related damages.

Bryan Willnerd, Manager of Treasury and Risk Management provided an update on proposed changes to LES' Policy 510 - Investments. (Exhibit IV) Lucas Sabalka moved approval of LES Policy 510 as revised. David Spinar seconded the motion. The vote was: **Updated LES Policy 510 - Investments**

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

Nay: None

Absent: Martha Durr and Karen Griffin

Jason Fortik, Vice President, Power Supply provided the Power Report for the second quarter of 2023. (Exhibit V) **Second Quarter 2023 Power Supply Update**

According to the report, net power costs in the second quarter of 2023 are about \$6.4M or 12.7 percent below

Natural gas prices remained well below budget in the second quarter. Stable production levels, relatively consistent LNG exports, and reduced natural gas prices in the European market have put downward pressure on prices. The expectation of higher temperatures in July put slight upward pressure on the prices late in the quarter.

Lincoln's market electricity prices were above budget during the second quarter due in part to reduced footprint wind production, increased number of generators in outage, and some impacts related to SPP resource alerts and conservative events in May and June. Temperatures in quarter two were warmer than normal, with May and June experiencing cooling degree days 57 percent and 19 percent above expectations, respectively. The control area energy consumption was 1.7 GWh or 0.2 percent above budget for the second quarter: 1) renewable energy production was about 20 percent below expectations; 2) coal production was about 3 percent above expectations; and 3) natural gas recourse production was almost 32 percent below expectations, primarily due to ongoing maintenance outages.

Emily Koenig, Vice President, and CFO gave a year-to-date financial update. (Exhibit VI) Results are favorable due primarily to lower than budgeted net power costs.

#### **Second Quarter 2023 Financial Review**

Koenig noted that retail revenue was 1 percent above budget, primarily due to higher energy use by residential customers. Lower than budgeted net power costs drove positive financial results. Net revenues for year-end are forecasted to be above budget. Mid-year projections indicate a year-end capital forecast that is \$0.2 below budget. Finally, year-end financial metrics are forecasted to be favorable to budget.

Kevin Wailes, CEO, discussed Key Performance Indicators for the second quarter of 2023. (Exhibit VII) Financial and Power Supply indicators were positive. Suspicious Emails, Cyber Events Reported and Cyber Security Risk Assessments were a little more than previous year. SEP demand reduction number is not as favorable as before due to an error found in the algorithm being used. LES saw a decrease in renewable energy from our forecast, potentially market related. Wailes was pleased to report a positive DART rate. LES' average speed of answering calls is better than forecast, and our outage average time per customer looks very good. Management will continue reviewing these key performance indicators. Wailes reminded the Board that if they would

#### **2023 Second Quarter Key Performance Indicators**

like to see additional indicators management would be happy to oblige.

Marc Shkolnick, Manager, Energy Services, gave a Mid-Year update on the Sustainable Energy Program (SEP). (Exhibit VIII) He noted that more than \$1,141,286 in SEP incentives have been designated for the year. Shkolnick noted that the High Efficiency Heat Pump and Conditioner Program has had the most participation most likely due to the higher incentives and federal tax credits. Demand and energy reduction per unit is also up per project.

### **Sustainable Energy Program Mid-Year Update**

Shkolnick noted that due to the level of utilization it is expected that requests for SEP funds will exceed the amount budgeted for 2023. He noted that in 2018 there was significant underutilization of the SEP funds. Consequently in 2018 the Board authorized the \$1.35 million in unspent SEP funds be held in the Rate Stabilization Fund to be used for customer energy efficiency and conservation in a future fiscal year. He noted that if the Board wished to keep the SEP funded throughout 2023, it may require a year-end transfer of these earmarked funds from the Rate Stabilization Fund to fund requests that exceed the 2023 budgeted funds. The consensus of the board was to support this approach. If necessary, board action to transfer funds would occur later in the year.

Andrew Hunzeker, Chair of the Executive Search Committee, reported that the Executive Search Committee met and reviewed the aggregated internal and external stakeholder comments regarding desired CEO characteristics and LES' strategic direction, goals, and challenges. (Exhibit IX) The application window closes on Friday, July 21. Later this month the Committee will review the applicant pool and will begin the process of selecting semi-finalists. Semifinalist interviews will take place in August, and finalist interviews will occur in September. Additional information will be provided once interviews have been set. The next Executive Search Committee meeting will be on Monday, July 31<sup>st</sup>.

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

The Revenue and Expense Statements and Financial and Operating Statements for June 2023 are available. The Power Supply Division Monthly Reports for June 2023 are also available. (Exhibit X)

### **Monthly Financial & Power Supply Reports**

The next regular meeting of the LES Administrative Board will be Friday, August 19, 2023, at 9:30 a.m.

### **Next Meeting**

Without further business before the Board, Chair Hunzeker declared **Adjournment** the meeting adjourned at approximately 11:00 a.m.

Lucas Sabalka, Secretary

BY: *Katrinka Dicke*  
Katrinka Dicke  
Assistant Secretary

# **Exhibit I**



## Finance & Audit Committee – July 21, 2023

**Attendees:** C. Eskridge (Chair), D. Spinar, E. Schafer, A. Hunzeker K. Wailes, S. Sahling Zart, E. Koenig, T. Hopkins, B. Willnerd, N. Wolf

### 1. Second Quarter 2023 Financial Review and 2023 Forecast (Emily)

*Emily will be making a presentation on Second Quarter Financials during the Board meeting*

- The second quarter 2023 financial results and year end forecast were reviewed with the committee.
- Financial metrics are currently expected to be favorable to budget at year-end due primarily to lower than budget net power costs.

### 2. Semi-annual Investment Report (Bryan)

- At the end of the second quarter, LES was managing a portfolio balance of approximately \$180M.
- LES was in compliance with its Investment Policy at the end of the quarter.
- Additionally, minor clarifying changes have been made to the Investment Policy. The updated policy will be included on today's board agenda for board consideration.

### 3. Internal Audit Second Quarter Report (Troy)

- Internal Auditing presented the Quarterly report for the second quarter of 2023. The report included final audit reports for the LES Corporate Network Audit and Rokeby Generating Station Inventory Audit. Both audits received qualified opinions with only minor audit findings.

### 4. Accounts Payable/Accounts Receivable External Forensic Audit (Emily)

- LES recently engaged FORVIS, LES' external financial statement auditor, to perform a forensic audit of accounts payable and accounts receivable, which was last performed in 2014.
- The audit results, which were also reviewed by LES' internal auditors, indicate that there were no findings related to fraud.
- Staff plans to conduct forensic audits on a periodic basis as a best practice.

# **Exhibit II**





## Communications and Customer Services Committee Meeting – July 19, 2023 (Virtual)

**Attendees:** K. Bolz (Committee Chair), A. Hunzeker (Board Chair), C. Johnson (Board Member), S. Sahling-Zart, L. Hale, H. Schlautman, T. Kryzsko, J. Bangert, M. Ferguson-Fagan, M. Shkolnick, K. Porter

### **Customer Portal Project Update (H. Schlautman, T. Kryzsko)**

- This project is a collaboration between the Technology Services and Customer Services Divisions which will result in a highly integrated and centralized customer self-service portal.
- This portal will replace the current payment portal and other web forms that customers currently use and will feature other enhancements for all customer segments.
- This project has been challenging due to its complexity, broad scope, and degree of integration with the enterprise system, and also includes a transition to a new payment processor.
- Ultimately, LES' customers will have a highly functional, user-friendly tool that will give them access to their information and allow them to conduct most business with LES 24/7/365.

### **2023 Ride + Drive Event Update (J. Bangert, M. Ferguson-Fagan)**

- LES' 2<sup>nd</sup> Ride + Drive Event will be held on Sunday, September 24 from 9am to 1pm at Haymarket Park.
- Like the event that was held in 2021, there will be static displays, educational speakers, EV displays, as well as a test drive track with survey stations for participants.
- EdITH (educational tiny house) and the high-voltage demonstration will also be on site for attendees to view and there will be food trucks available too.
- Registration for the test drives will open online in mid-August. You can find up-to-date information about the event at les.com.

### **SEP Funding/Program Update (M. Shkolnick)**


**NOTE: This will be presented at today's board meeting.**

- Halfway through the year, incentives are exceeding the budget projections, with high-efficiency heat pump and air conditioner incentives up 184 percent over last year at this time and commercial and industrial energy efficiency projects up 214%.
- Additional SEP funding will likely be required to keep programs open through the end of the year. We will continue to monitor the balance of the SEP and will keep the Board apprised of the situation.
- An update on collaborations with local government and agencies to fund energy efficiency projects for income-qualifying and energy-burdened households was given to the committee. This included information about a recent collaboration with the city on the South of Downtown Rental Rehabilitation Pilot.
- The committee received an update on the status of customer-owned renewable generation, with a reminder that we may soon reach the Tier II threshold of 4MW, at which time the Board will need to once again consider increasing the threshold.
- LES received a 3<sup>rd</sup> consecutive Smart Energy Provider designation, which ranks us in the top 25 percent of utility applicants. This award goes to utilities demonstrating leadership and proficiency in programming, energy efficiency and distributed energy, environmental and sustainability, and customer experience.

### **LES Events and Campaigns (Kelley Porter)**

- The committee was provided the annual timeline of events included in the 2023 sustainability series. These events are collaborations with other community partners, LES-hosted events, and public webinars.
- LES will co-sponsor a STEM event at the Guardians of Freedom Airshow in late August. Offered for the first time, this unique addition will feature STEM-rich businesses through interactive activities with the goal of increasing awareness of STEM opportunities in the community.
- New this year, LES developed a Solar Car Challenge program for all 12 public middle schools in the city. This program was a huge success and plans are being made to further enhance it before next school year. You can find more information and fun videos from the race days on LES' Facebook page.
- The committee again reviewed the LES communication channel map as a reminder of the many approaches that we use to meet our customers where they are, so they have the information they need.
- The 2023 campaigns are well underway and have been aligned with LES' strategic priorities to ensure proper alignment. These campaigns include regular messaging about customer programs and safety as well as timely updates about projects and initiatives.

# **Exhibit III**



# LES Semi-Annual Claims Review

January 1 – June 30, 2023

**Bryan Willnerd | LES**  
Manager, Treasury & Risk Management

LES Administrative Board | July 21, 2023

# Paid Claims Trending Activity

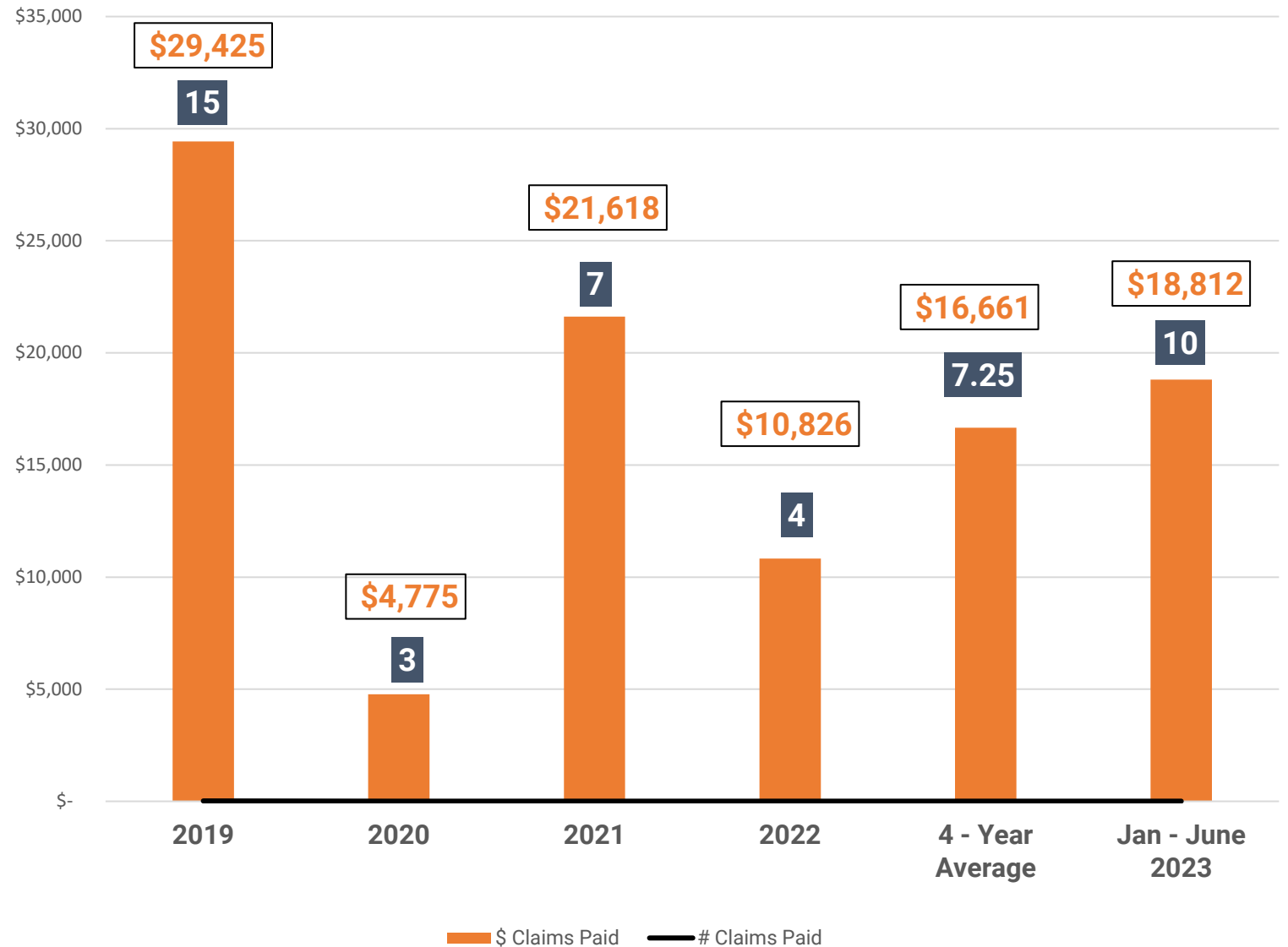
## Board Approval

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

## Paid Claims

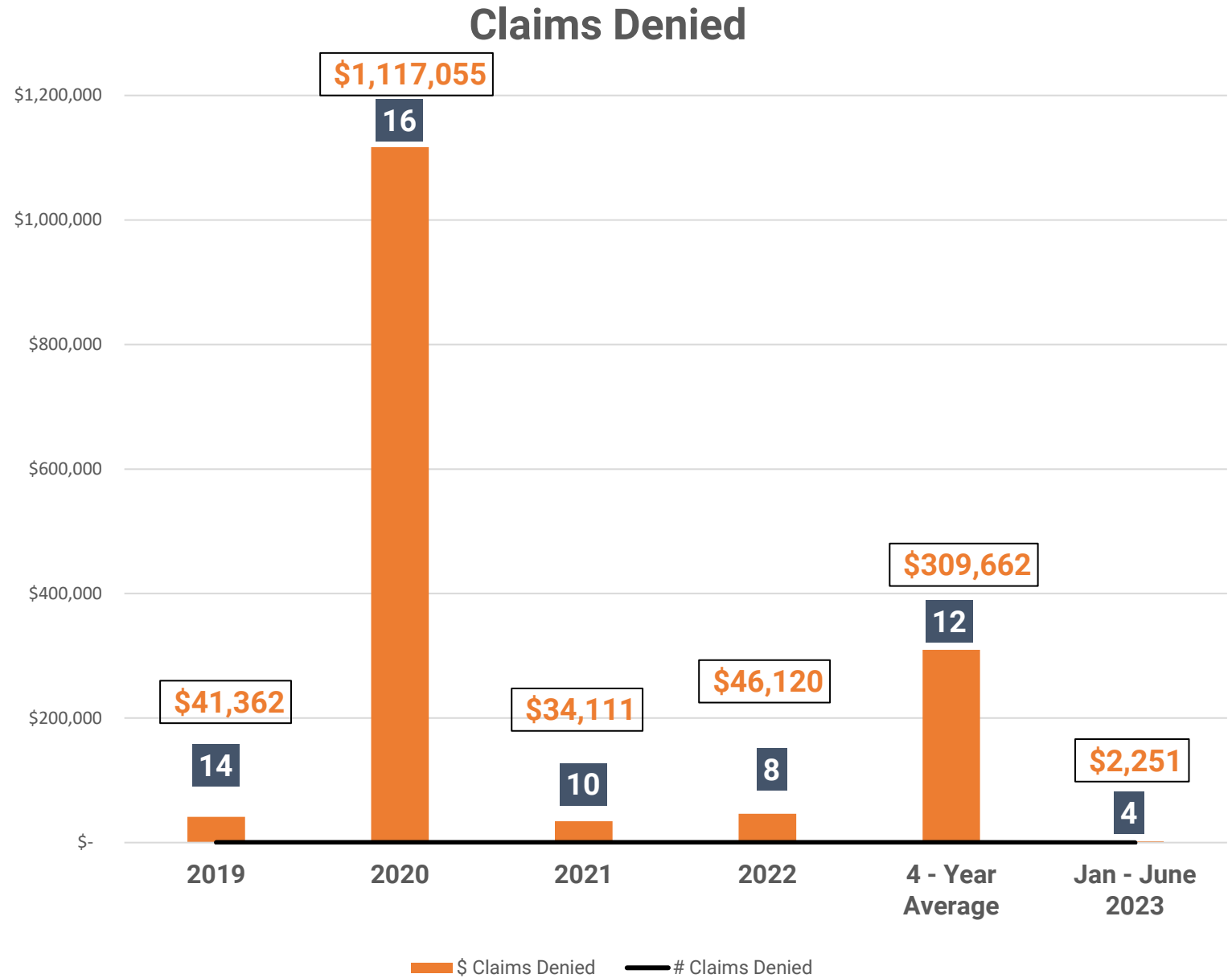
- There were 10 claims paid in the first six months totaling \$18,812
- \$5,000 to repair vehicle damage due to fallen pole
- \$5,785 paid after contractor failed to settle with the claimant

## Claims Paid



# Denied Claims Trending Activity

- \$2,036 claimed in outage-related damages



# **Exhibit IV**

# **LES** Policy

**SUBJECT:** Investments

**POLICY NO.** 510

**RESPONSIBLE AREA:** Financial Services

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## **POLICY OBJECTIVE**

To ensure the prudent management of funds, the availability of operating and capital funds when needed, and an investment strategy with preservation of principal the primary focus followed by a reasonable return on investment.

To set forth the investment objectives and parameters for the management of Lincoln Electric System (LES) funds.

## **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, as a way 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' 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' funds and demand account(s).



**DEFINITIONS** - continued

External Pool or Funds – A pool of investments, like a mutual fund or local government investment pool that is 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. This amount is guaranteed by the Federal Deposit Insurance Corporation. As of the date of this policy, the FDIC Insured Limit is \$250,000 per institution.

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' 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' 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 – Relative ease of converting an investment into cash; 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 – Similar to Bonds, a Note is a debt security 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 is able to 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.

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

#### **DEFINITIONS** – continued

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 should be noted that in managing risk, securities may be sold prior to Maturity. However, it is LES' principal investment strategy to buy and hold securities to Maturity.

###### **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 the Providers and Investment Advisors with which LES does business and as outlined in this policy;
- c) Diversifying holdings so that the impact of potential losses from any one type of security or individual issuer will be minimized; and
- d) Limiting Provider risk by following the provisions outlined in this policy, maintaining an approved list of pre-approved Providers, and having programs in place to monitor those pre-approved Providers.

###### **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 managing durations in-line with the liability nature of each 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 in order to ensure that 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 account the investment risk constraints and Liquidity needs. Return on Investment is of lower importance compared to the safety of principal and maintenance of Liquidity objectives described above.

**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' 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' 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 not be responsible for the reconciliation of the bank accounts. Financial Accounting shall be responsible for accounting journal entry and reconciliation tasks.

**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 will 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 and CEO any material financial interests in financial institutions that conduct business with LES and they will further disclose 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/or the 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;
- c. Member of the National Association of Securities Dealers (NASD);
- 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 Requirements**

To the extent possible, investment maturities will match known cash needs and 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.

**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. Should Individual or Portfolio allocations exceed maximum limits at a date after the purchase date as a result of changes in portfolio size, the Investment Manager shall notify and include any recommended actions in writing to the CFO. Exceeding limits after the purchase date due to changes in the portfolio size will not be considered a non-compliance event with this policy.

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.

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>A. United States Government Securities</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> <li>• Treasury Inflation Protected Securities</li> </ul>	100%	N/A	N/A	10 years

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>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> </ul>	<p>100%</p>	<p>N/A</p>	<p>N/A</p>	<p>10 years</p>
<p>Callable Federal Instrumentalities</p>		<p>20%</p>	<p>N/A</p>	<p>N/A</p>	<p>10 years</p>
<p>Mortgage-Backed Securities issued by Federal Instrumentalities or U.S. Government Agencies</p>		<p>20%</p>	<p>N/A</p>	<p>N/A</p>	<p>10 years (Duration)</p>
<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>	<p>20%</p>	<p>5%</p>	<p>N/A</p>	<p>10 years</p>
<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>	<p>100%</p>	<p>15%</p>	<p>N/A</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>F. Repurchase Agreements</p>	<p><b>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.</b></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 execution of a Repurchase Agreement transaction.</li> <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>50% excluding one business day agreements and overnight sweep agreements</p>	<p>15%</p>	<p>N/A</p>	<p>90 days</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>G. Corporate Issues</p>	<p>See Below</p>				
<p><i>Bankers' Acceptances</i></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>Top short-term rating category by S&amp;P, Moody's, or Fitch</p>	<p>180 days</p>
<p><i>Commercial Paper</i></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>50% Aggregate Across All Corporate Issues</p>	<p>5% Aggregate Across All Corporate Issues</p>		<p>270 days</p>
<p><i>Corporate Notes</i></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>
<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>



Investment	Investment Security Types / Requirements	Portfolio Composition Maximum	Limits on Individual Issuers Maximum	Minimum Credit Ratings	Maturity Limitations Maximum From Date of Purchase
<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>

**REQUIREMENTS – continued**

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

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.

**REQUIREMENTS – continued****8. Selection of Investments - continued****c. Bid Request - continued**

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.

**d. 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 8c;
- 2) Yield, price, purchase cost, and interest (including accrued interest); and
- 3) Total purchase cost (including accrued interest) to ensure sufficient funds are available.

**e. 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:

- 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**8. Selection of Investments - continued****e. Confirmation & Follow Through - 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.

**f. 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 before uploading into LES' accounting system. Financial Accounting will reconcile all investment transactions within the accounting system with the Bank Statements at month-end.

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

g. 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' Policy 203 – Records Management and the LES Records Retention Schedule.

**REQUIREMENTS – continued****8. Selection of Investments - continued**h. 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.

i. 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 & Audit Committee.

**10. Performance Measurements**

In order 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.

**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;

g. 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' Policy 203 – Records Management and the LES Records Retention Schedule.

**REQUIREMENTS** – continued

8. **Selection of Investments - continued**

h. 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.

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In order 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.

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 and Audit Committee.

**REQUIREMENTS – continued**

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 above.

**12. Third-Party Custodial Agreements**

Securities, with the exception of Certificates of Deposits and Repurchase Agreements, will be held with the Custodian. All securities purchased and collateral obtained should be held in LES' 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 and Audit 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

*Emily N. Koening*  
EMILY N. KOENIG

VICE PRESIDENT AND  
CHIEF FINANCIAL OFFICER  
TITLE

*7/21/23*  
DATE

APPROVED BY *Shelley Sahling-Zart* VICE PRESIDENT AND GENERAL COUNSEL 7/21/2023  
 SHELLEY SAHLING-ZART TITLE DATE

APPROVED BY *[Signature]* CHIEF EXECUTIVE OFFICER 7/21/2023  
 KEVIN G. WAILES TITLE DATE

APPROVED BY *Andrew Hunzeker* CHAIR, LES ADMINISTRATIVE BOARD 7/21/2023  
 ANDREW HUNZEKER TITLE EFFECTIVE DATE

Revision History			
Supersedes	Revision Date	Revised By	Revision Description
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.	TBD	Treasury & Risk Management	Performed an annual review of the division of duties and restructured responsibilities of each department.

# **Exhibit V**



# Power Supply Division 2023 Second Quarter Update

July 21, 2023

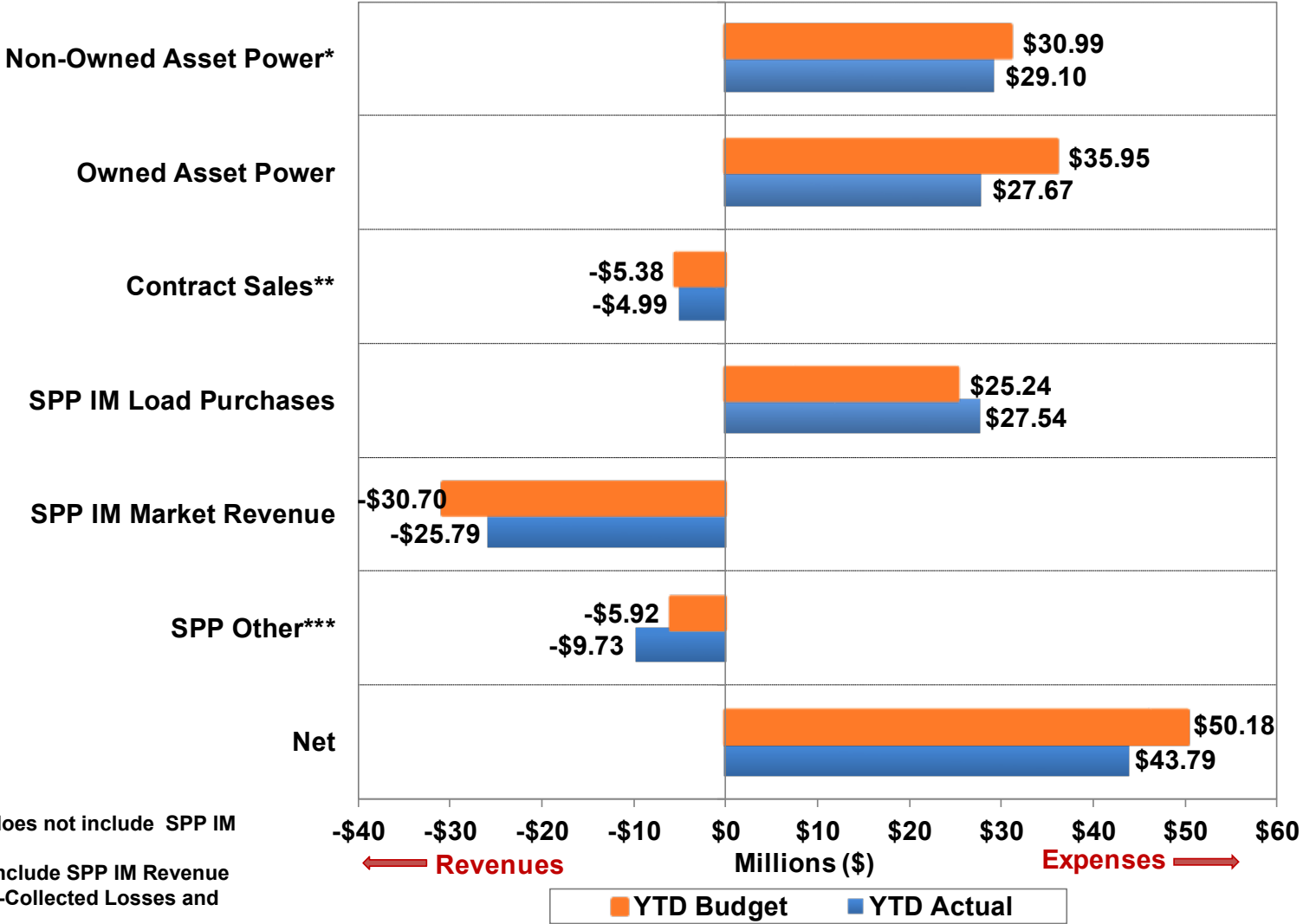
Jason Fortik

Vice President, Power Supply



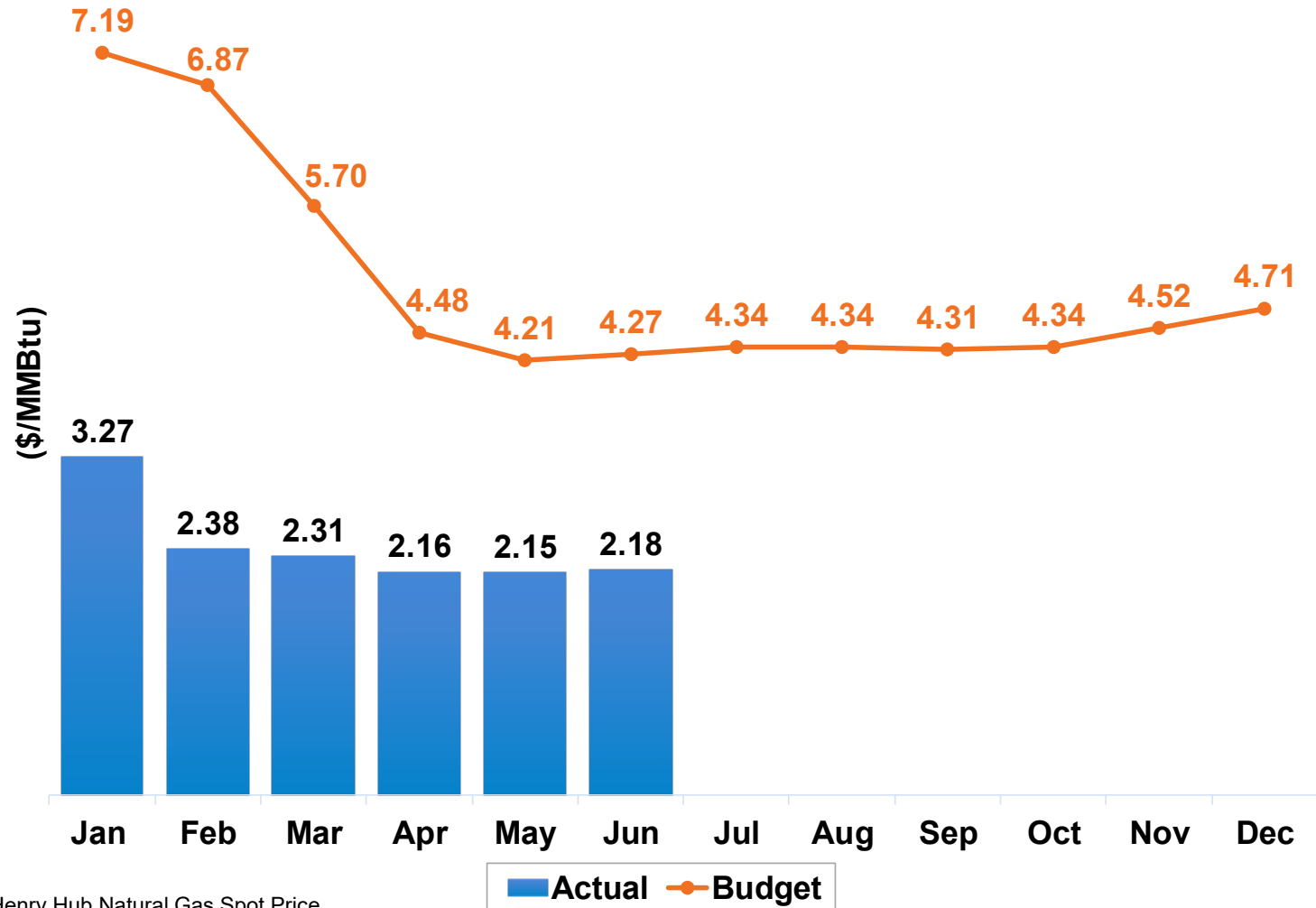
Lincoln Electric System

**YTD 2023 Net Power Costs are about \$6.4M (12.7%) below Budget. Lower generation expenses and higher transmission related revenues offset higher energy purchase expenses and reduced market revenues.**



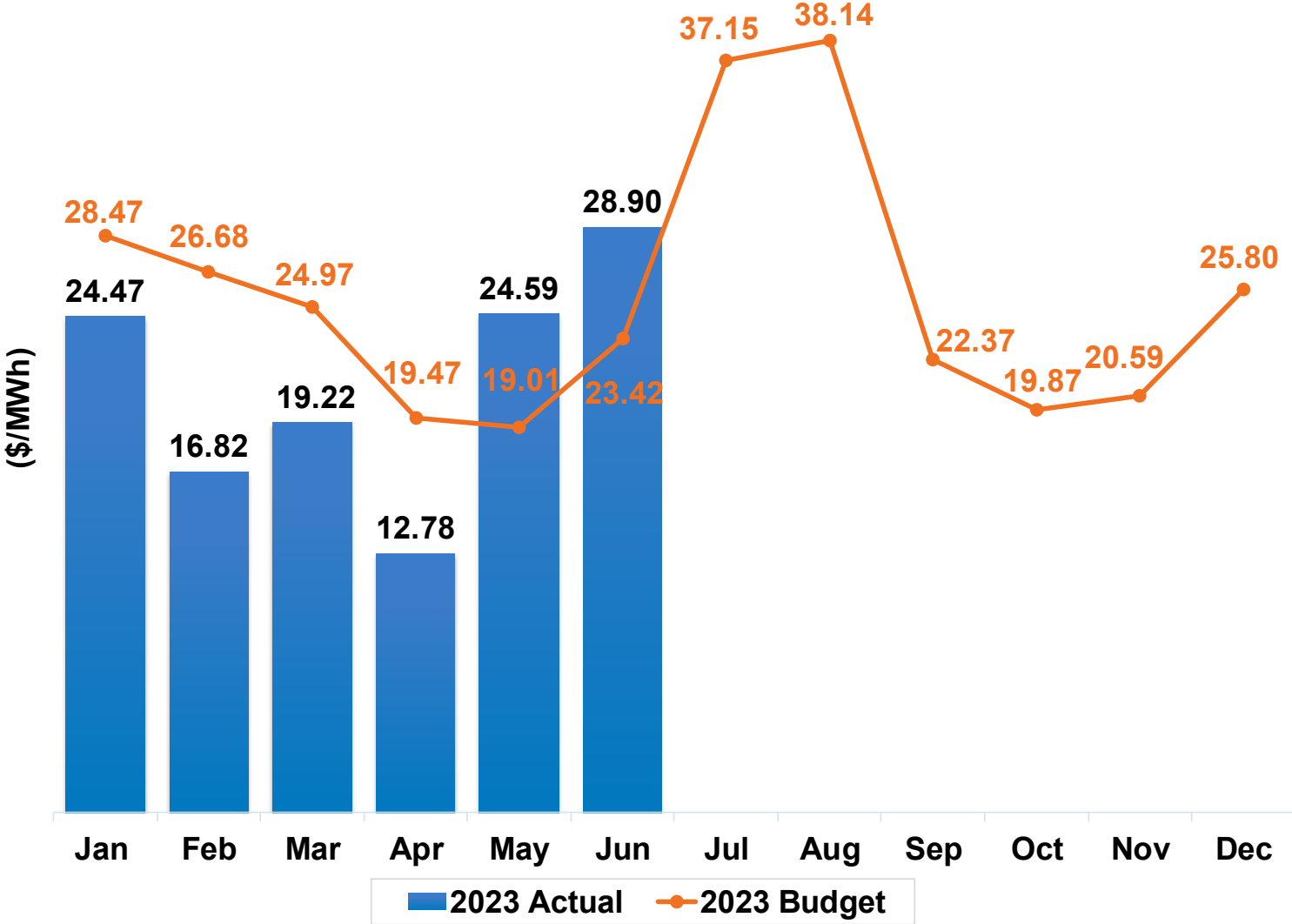
\*Non-Owned Asset Power does not include SPP IM Purchased  
 \*\*Contract Sales does not include SPP IM Revenue  
 \*\*\*SPP Other includes Over-Collected Losses and ARR's/TCR

Natural gas prices remained well below Budget in Q2. Stable production levels, relatively consistent LNG exports, and reduced natural gas prices in the European market have put downward pressure on prices, although the expectation of higher temperatures in July put slight upward pressure on prices late in the quarter.

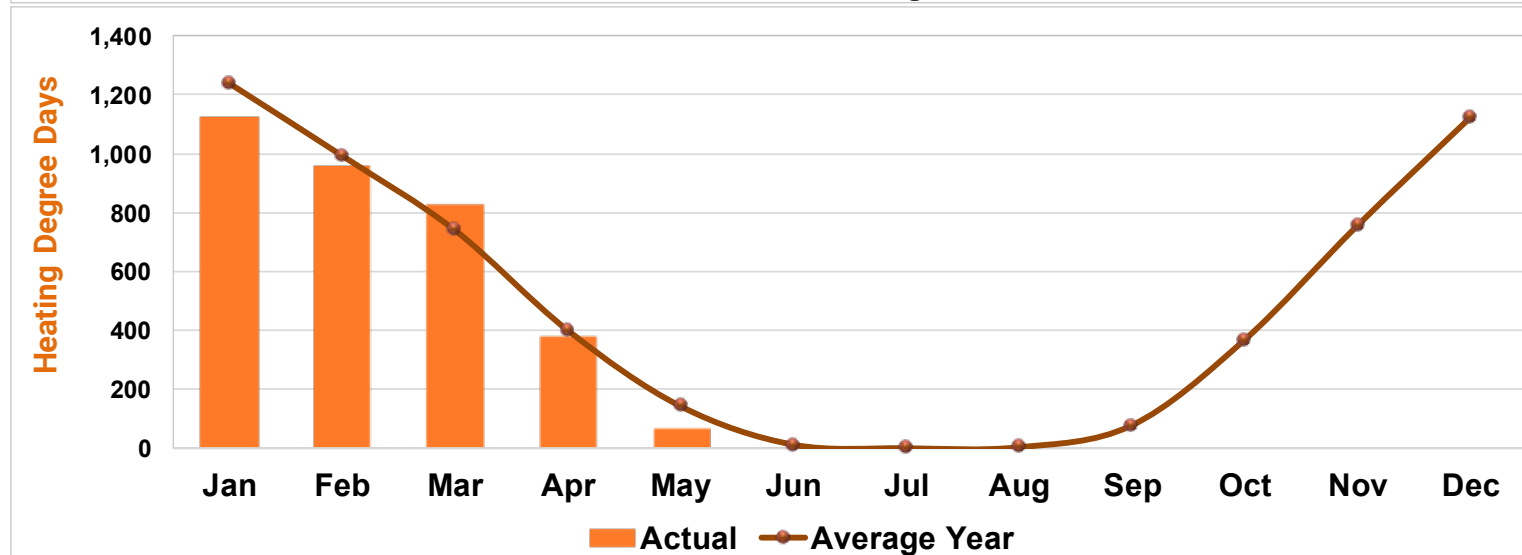
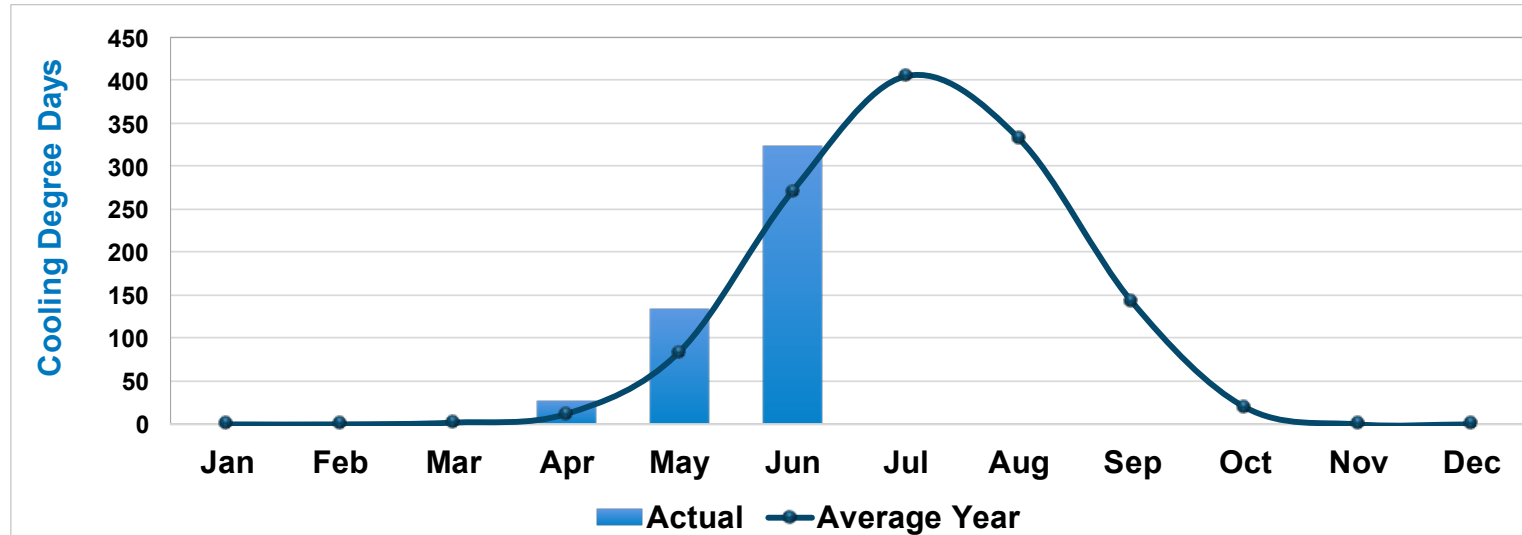


Source: U.S. Energy Information Administration – Henry Hub Natural Gas Spot Price

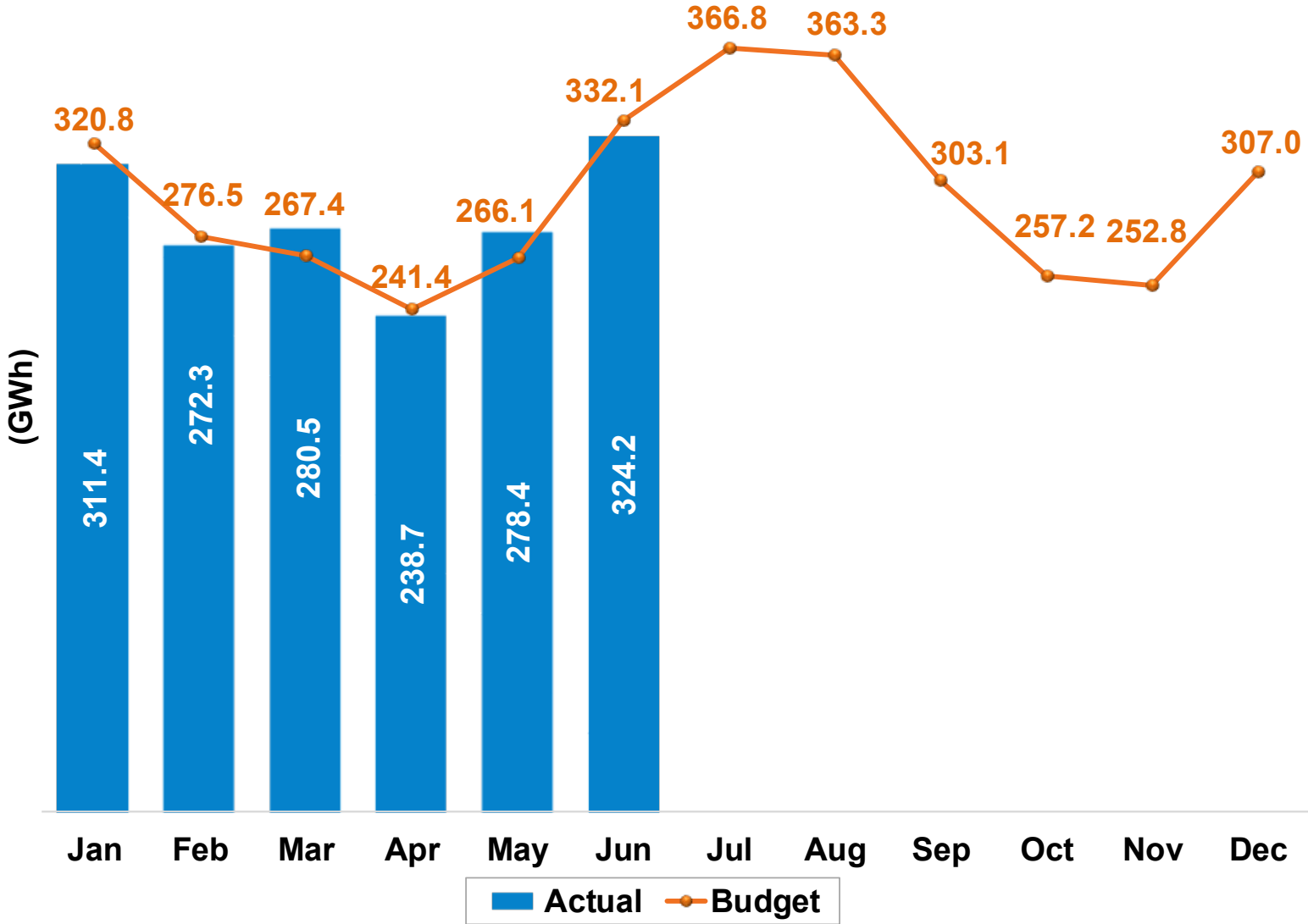
# Lincoln's market electricity prices trended above Budget during Q2 due in part to reduced footprint wind production, increased numbers of generators on outage, and some impacts related to SPP resource alerts and conservative operations events in May and June



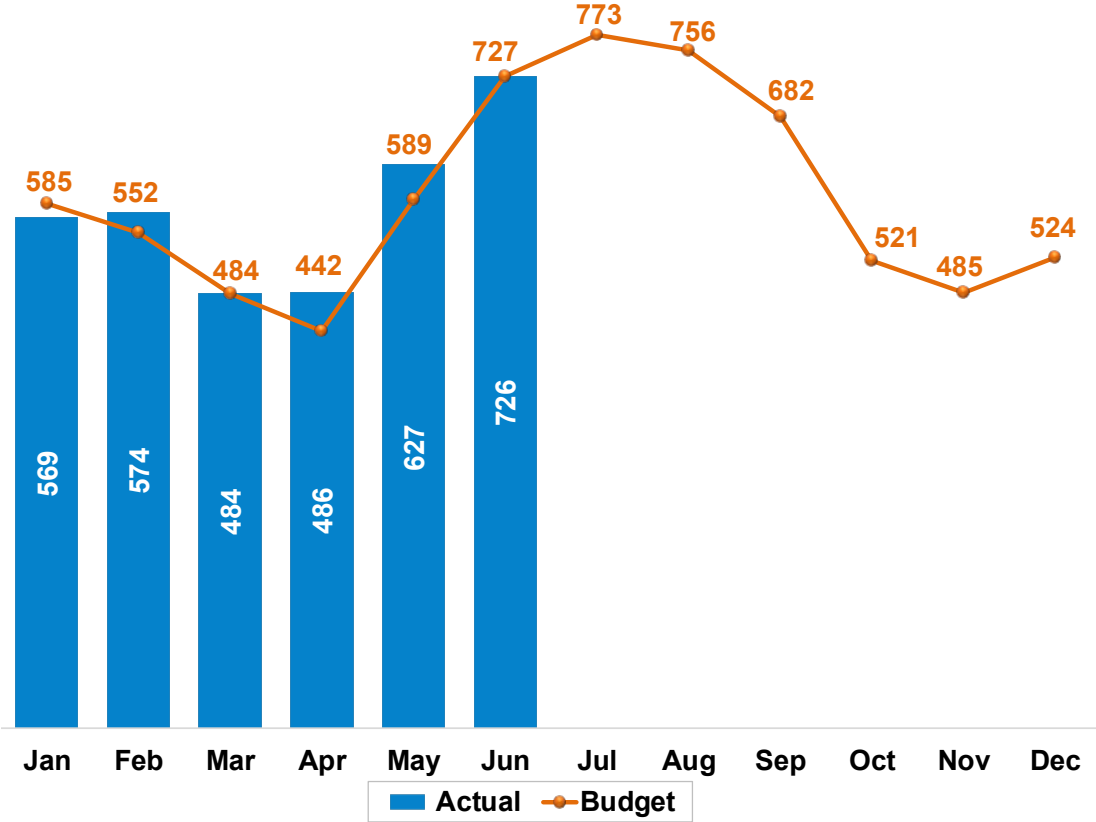
**Q2 temperatures were warmer than normal, with May and June experiencing cooling degree days 57% and 19% above expectations, respectively.**



# Q2 Control Area Energy consumption was 1.7 GWh (0.2%) above Budget.



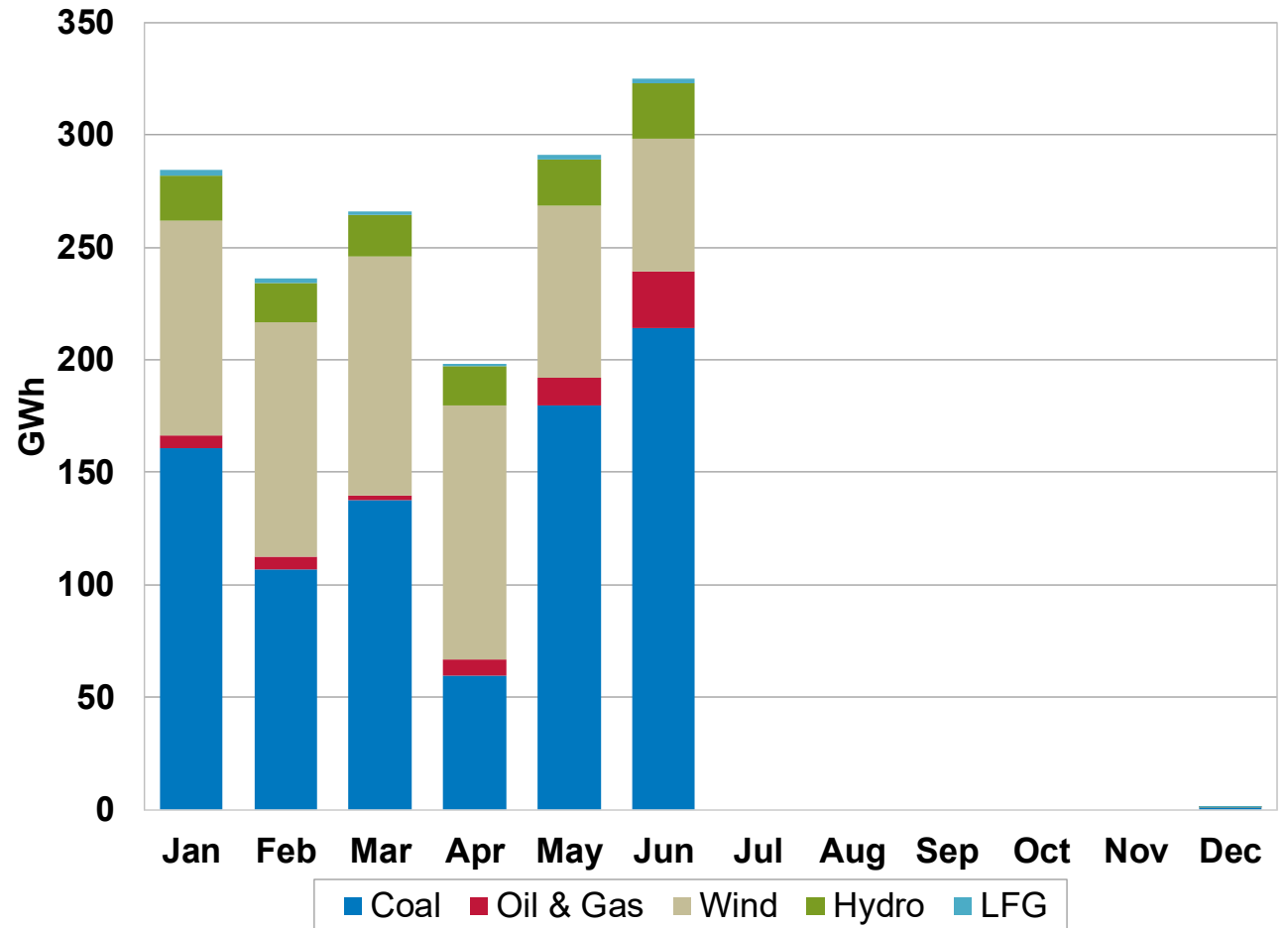
# June's 726 MW demand nearly matched the monthly projection, but is still below the all-time summer system peak of 786 MW.



<b>System Peak Load</b>	<b>2023 Peak Load Day = 726 MW, 6/28/2023</b> <b>All Time System Peak = 786 MW, 8/1/2011</b>
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**Q2 renewable energy production was nearly 20% below expectations, coal resource production was about 3% above expectations, and natural gas resource production was almost 32% below expectations due mostly to ongoing maintenance outages.**

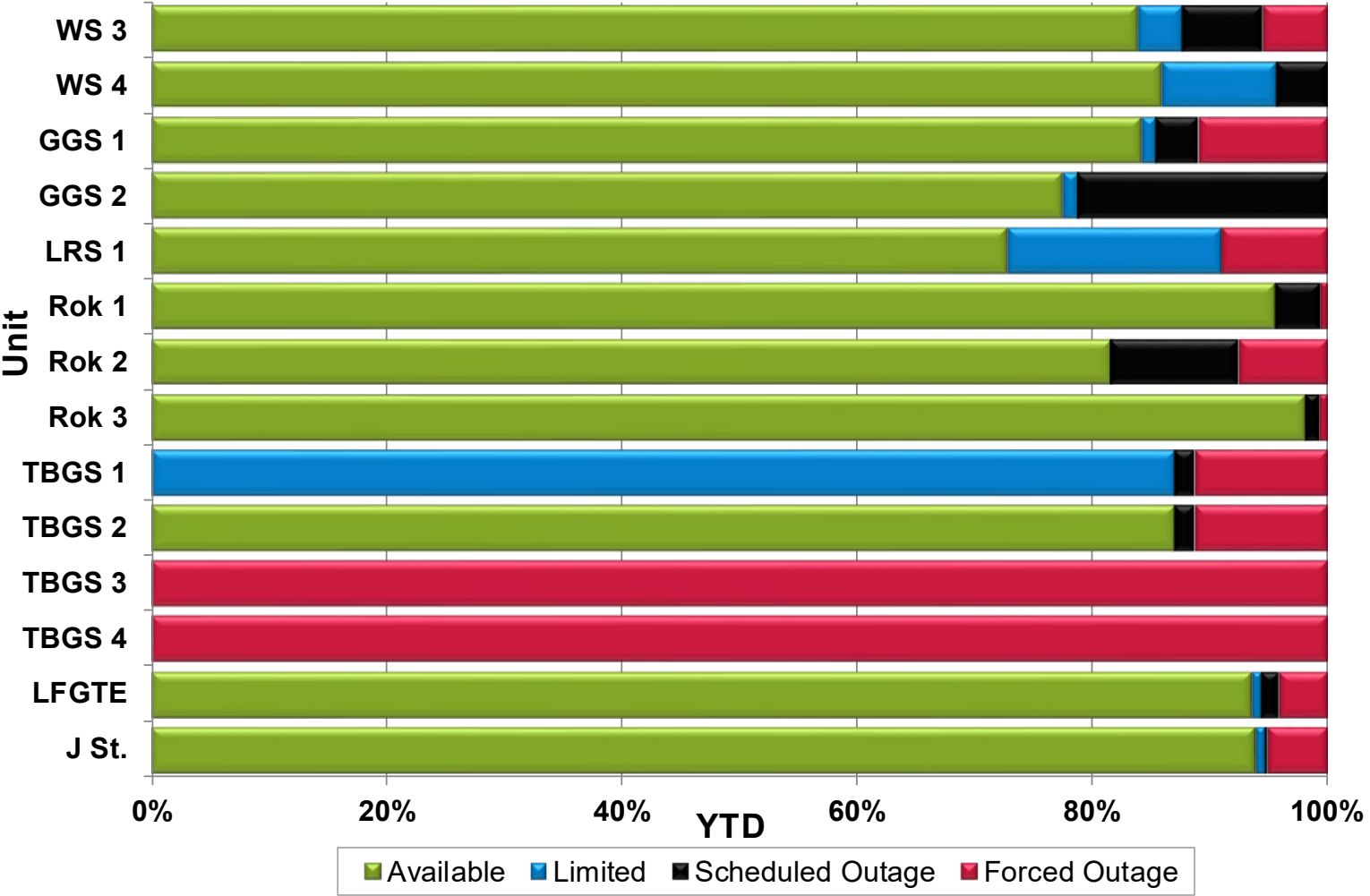
<b>Retail Sales</b>	<b>2023 Q2 Retail Sales:</b> Forecast = 769 GWh Actual = 771 GWh Difference = 2 GWh (0.3%)
<b>Renewable Energy Production</b>	<b>2023 Q2 Renewable Energy Production Expressed as a Percentage of Retail Sales:</b> Forecast = 50.2% Actual = 39.8%



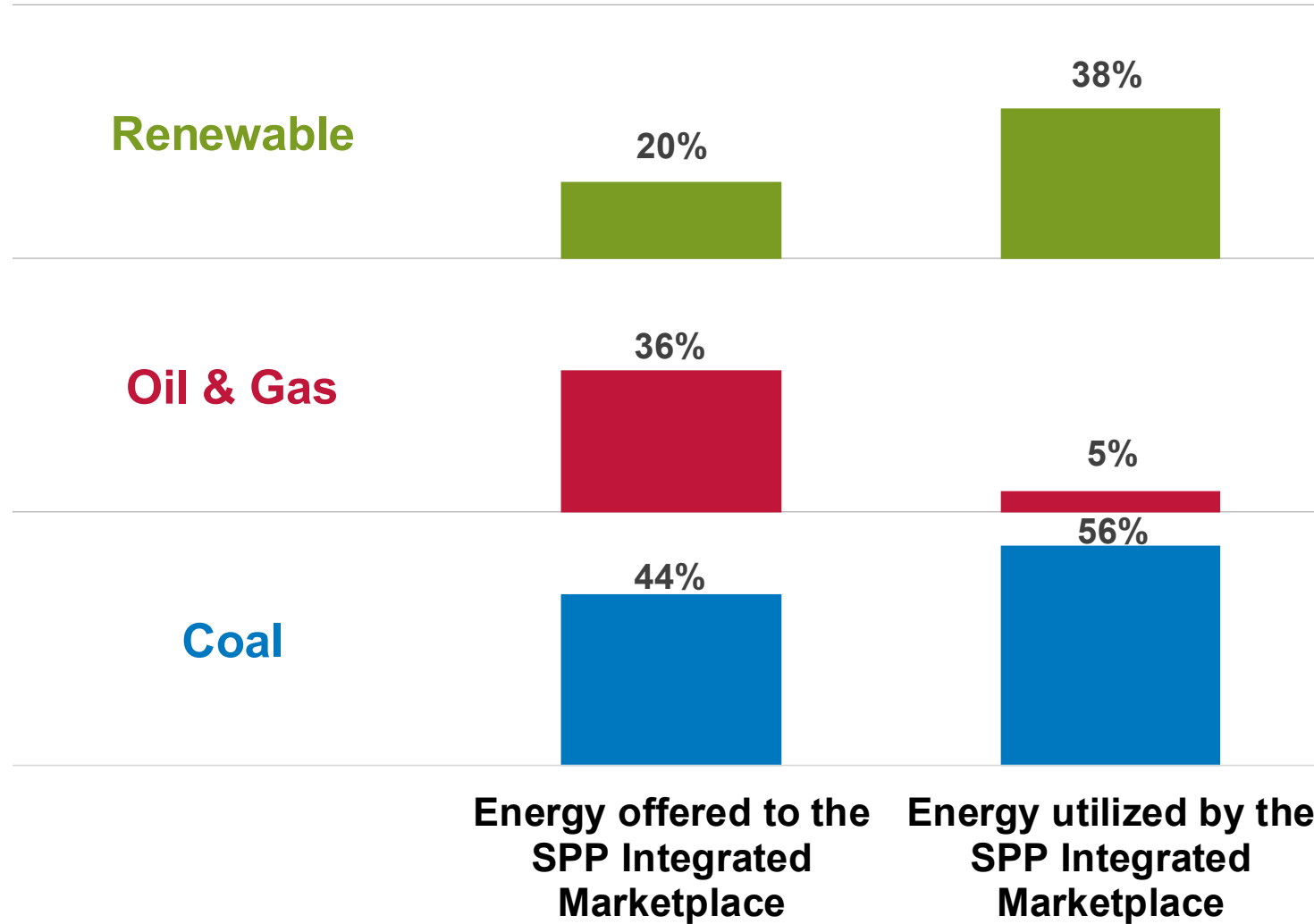
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.



TBGS 3 & 4 remained in outage and offsite at the OEM's repair depot during Q2, and Rokeby 2 experienced outage time due to fire suppression system repairs. WS 3 conducted various pump repairs, GGS 1 worked on condenser and control system repairs, and LRS addressed cooling tower and primary air fan issues.

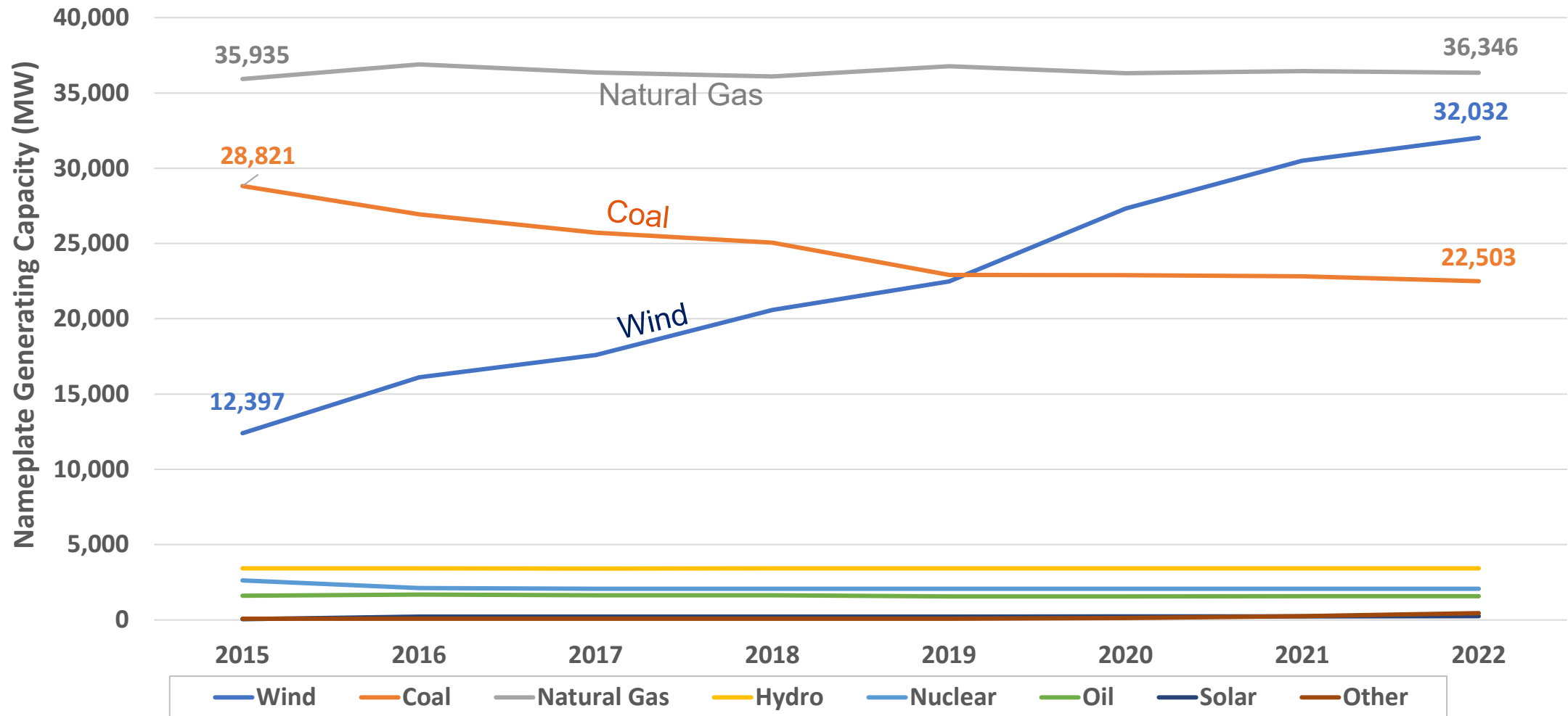


# 2023 Market Energy Metrics (April through June)

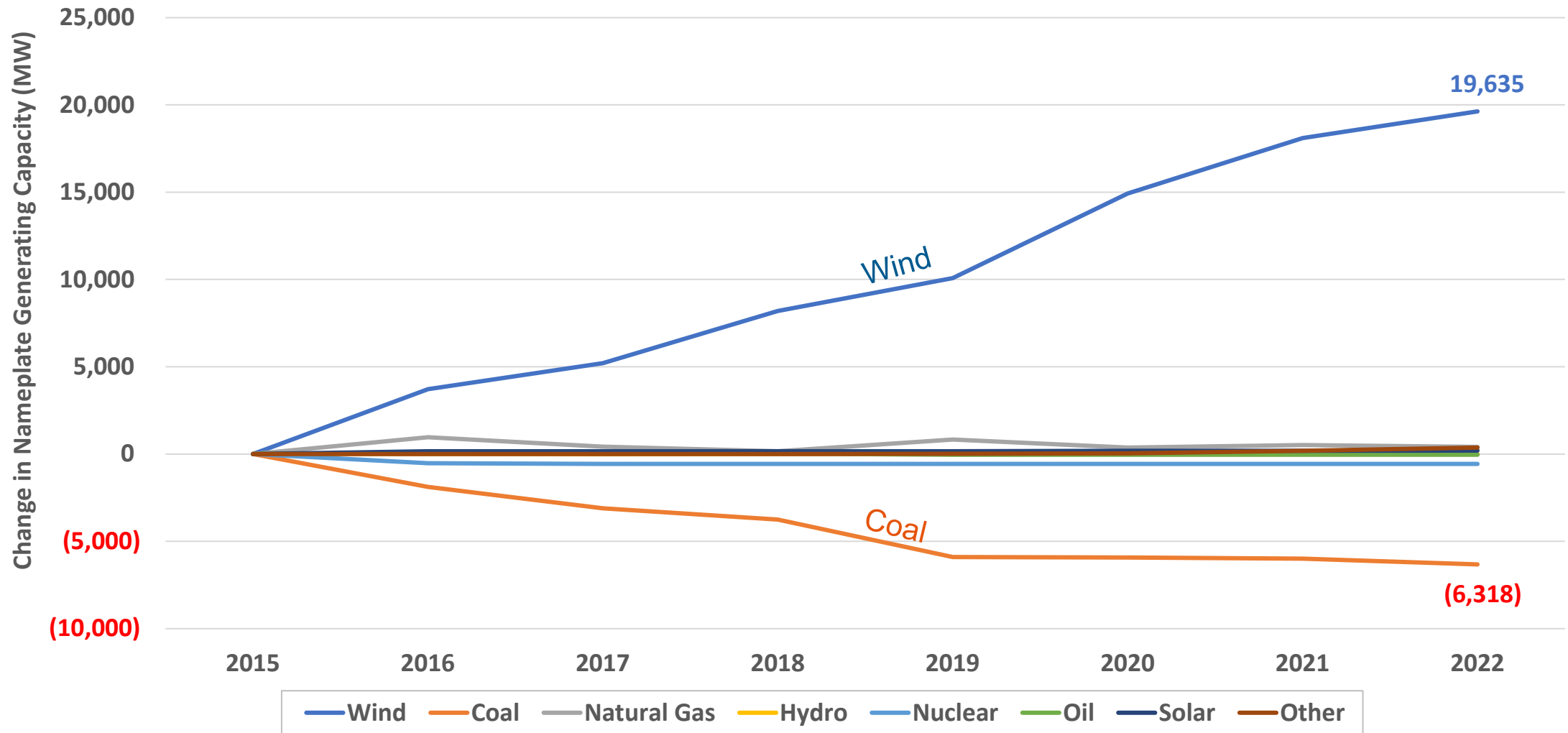


Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

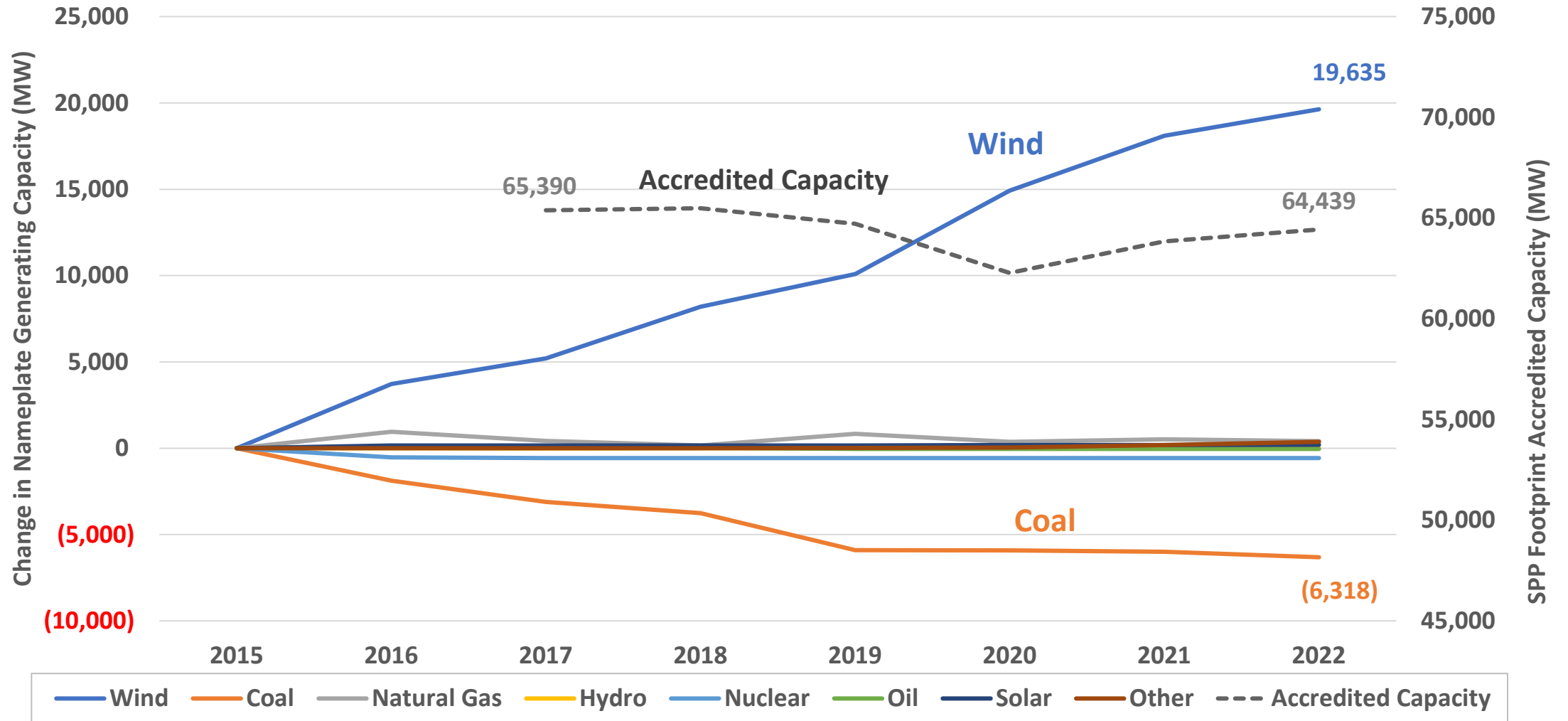
The quantity of nameplate wind generating capacity in the SPP footprint has grown considerably over the last several years, while nameplate coal has declined and other resource types are relatively stable.



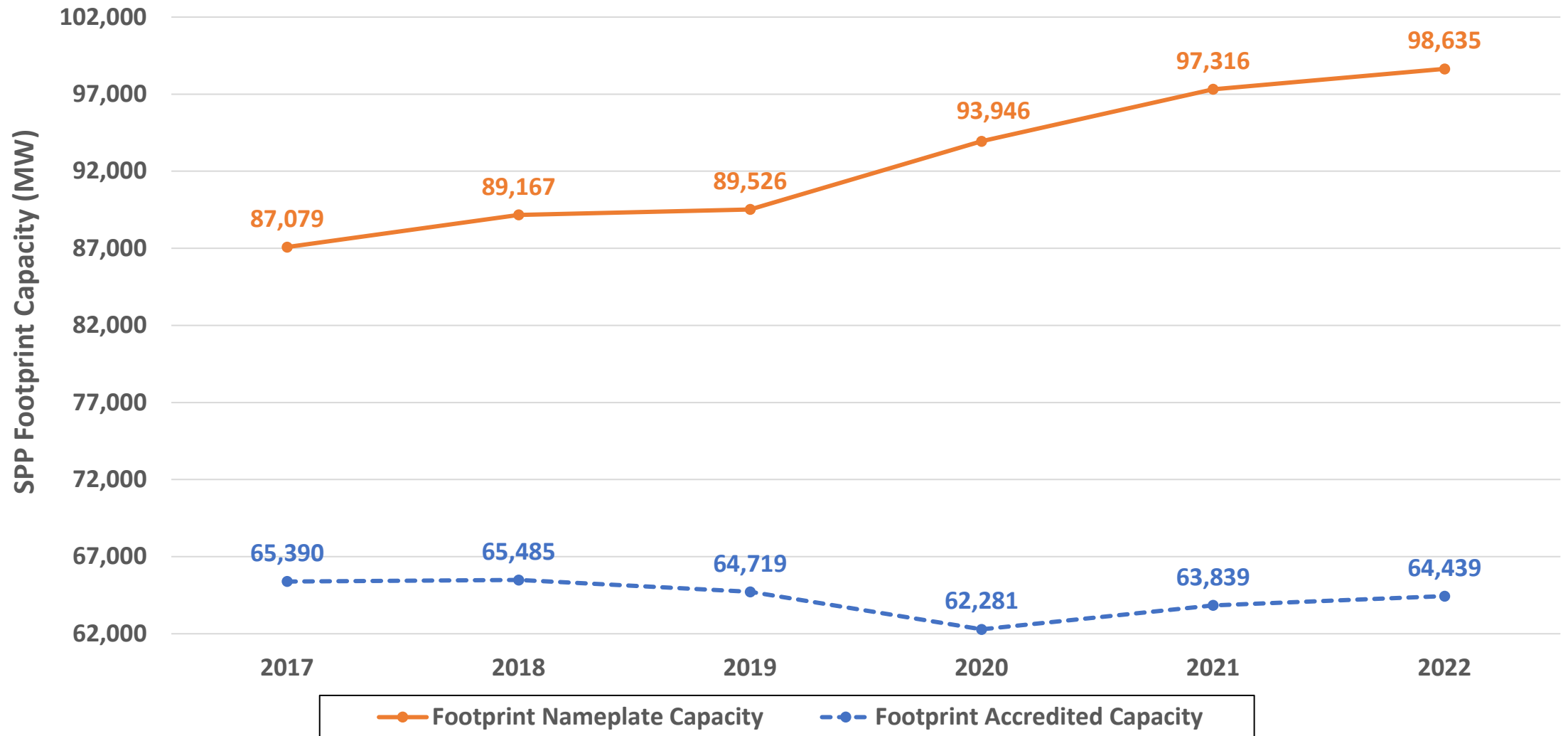
# The installed nameplate capacity of wind has grown by 158% since 2015 while coal nameplate capacity has decreased by nearly 22%.



**From 2017 to 2022, the accredited generating capacity in the footprint has decreased by approximately 1.5%.**



The general trends indicate that although Nameplate Capacity in the footprint has increased, Accredited Capacity has declined.



# **Exhibit VI**

# June 2023

## Year-to-Date Financial Update

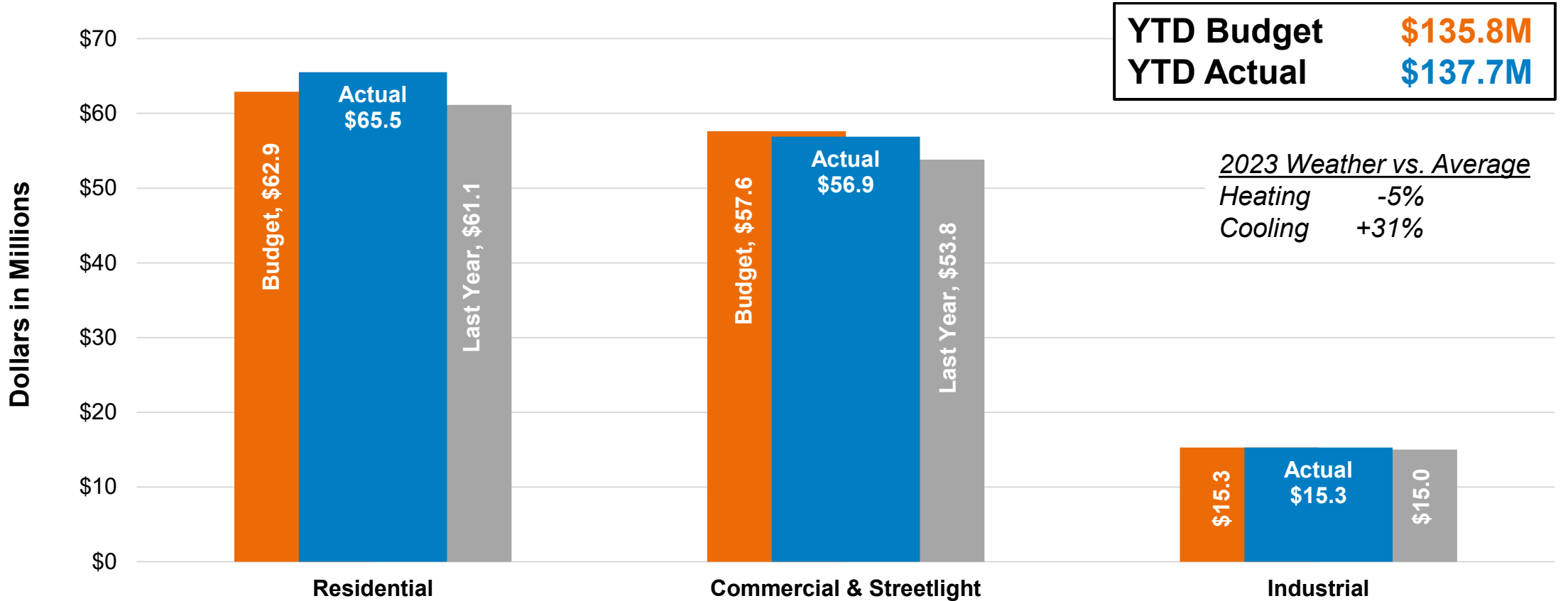
*Results are favorable due primarily  
to lower than budgeted net power costs*

Emily N. Koenig  
Vice President & CFO

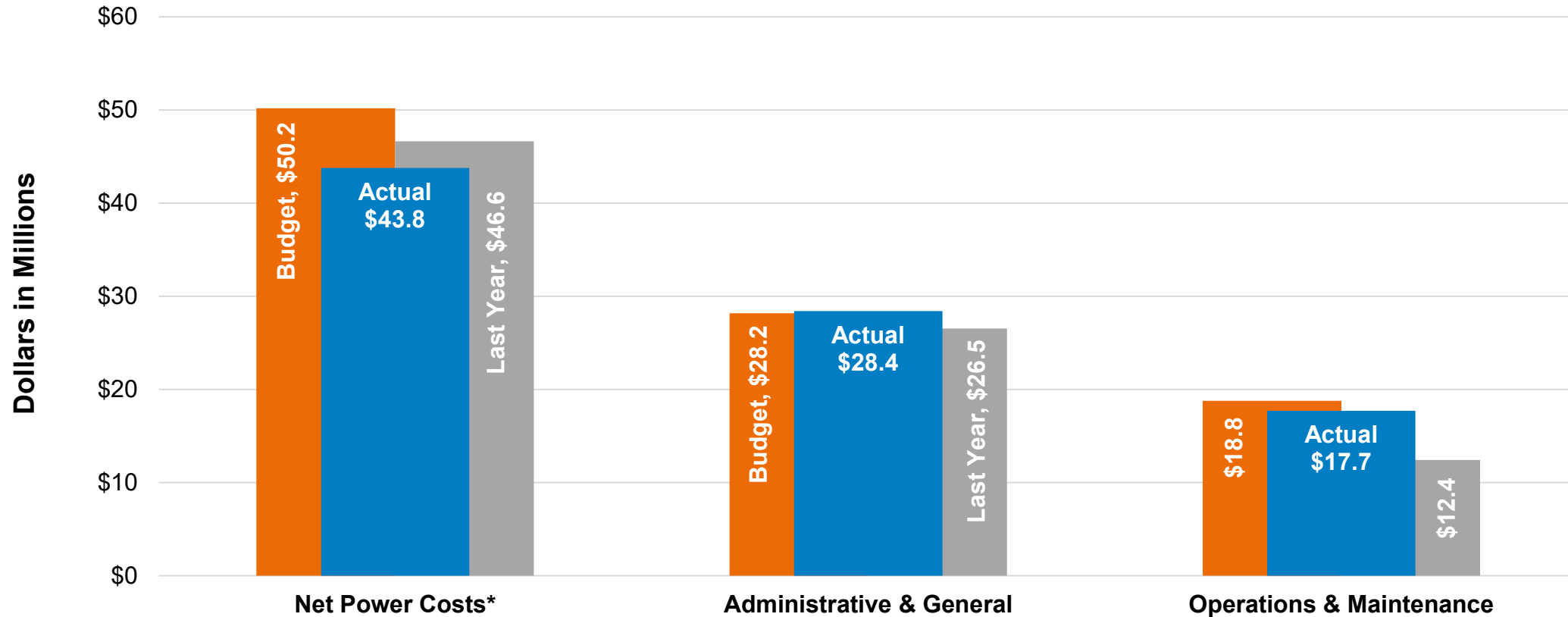
Administrative Board  
July 21, 2023



# Retail Revenue was 1% above budget primarily due to higher energy use by Residential customers

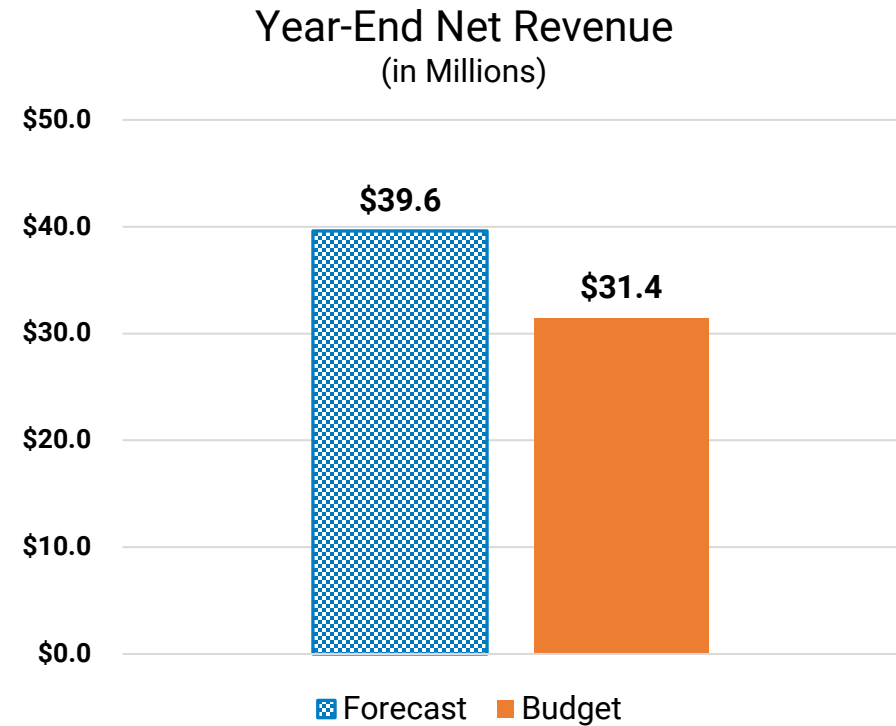
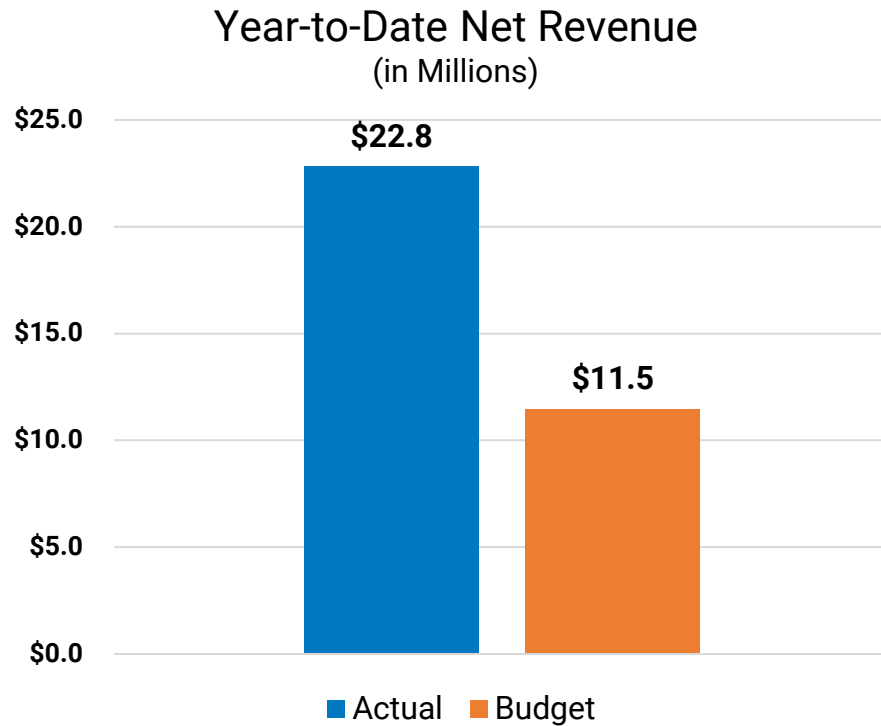


# Lower than budget Net Power Costs drove positive financial results



\*Net Power Costs = Purchased Power + Produced Power – Wholesale Revenue

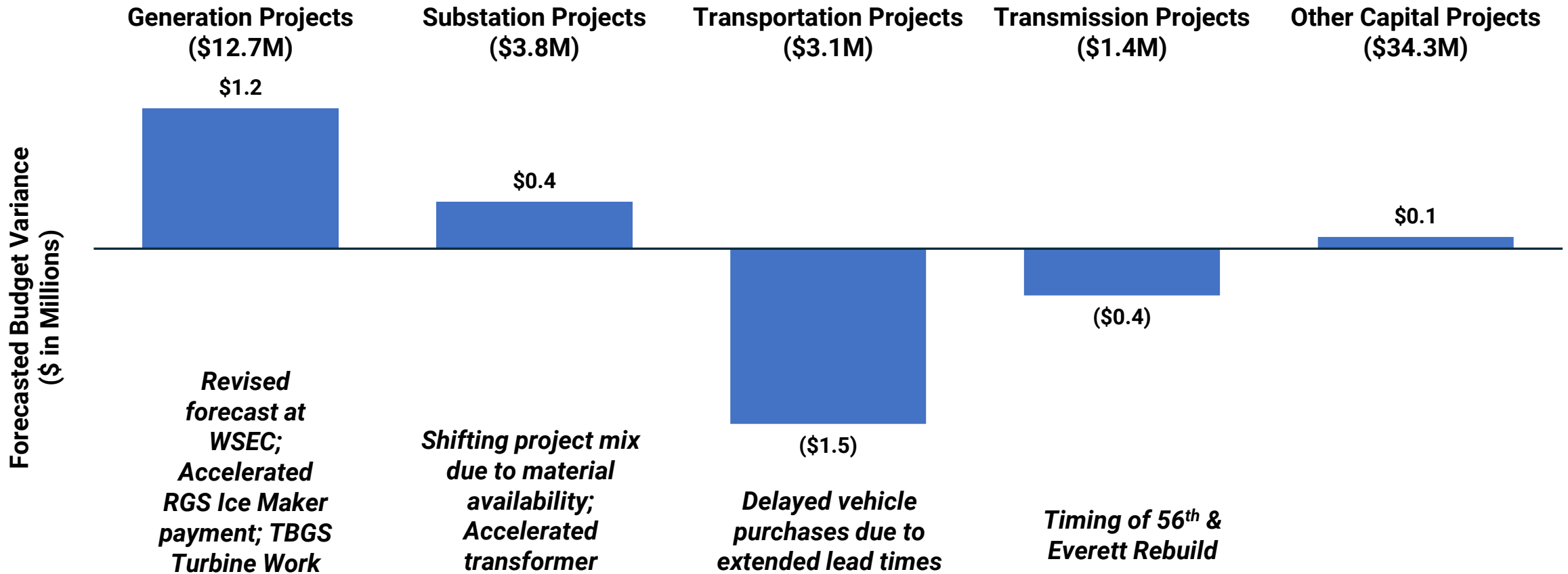
# Year-end Net Revenue forecast to be above budget



*Lower than budget net power cost and higher interest income are the primary drivers of increased net revenue.*

# Mid-year projections indicate a year-end capital forecast that is \$0.2M below budget

Full-Year Budget	\$55.3M
June Forecast	\$55.1M



# Year-end financial metrics forecast to be favorable to budget

*LES' ability to achieve financial metric targets is key to keeping it's AA credit rating*

<p><b><u>Fixed Charge Coverage Ratio</u></b><sup>1</sup></p> <p><b>1.50x</b></p> <p><b>Budget: 1.40x</b> <i>(higher is better)</i></p>	<p><b><u>Debt Service Coverage Ratio</u></b></p> <p><b>2.23x</b></p> <p><b>Budget: 2.11x</b> <i>(higher is better)</i></p>
<p><b><u>Net Debt Ratio</u></b><sup>2</sup></p> <p><b>5.23x</b></p> <p><b>Budget: 5.67x</b> <i>(lower is better)</i></p>	<p><b><u>Days Cash on Hand</u></b></p> <p><b>163 days</b></p> <p><b>Budget: 161 days</b> <i>(higher is better)</i></p>

<sup>1</sup> Monitored by Standard & Poor's

<sup>2</sup> Monitored by Fitch Ratings

# **Exhibit VII**

# Performance Indicators

## Second Quarter 2023

**Administrative Board**

**July 21, 2023**

# Integrity & Fiscal Responsibility

Performance Indicator	Actual/ Projection	Forecast/ Target	Indicator	Previous Year Actual/ Projection*	Industry Average
Retail Energy Sales (GWH)	771	769	✓	764	
Projected Debt Coverage (YE)	2.23	2.11	✓	2.33	2.16 <sup>1</sup>
Net Power Costs (\$/MWH)	\$36.41	\$40.29	✓	\$36.45	
SPP Lincoln Locational Marginal Price (\$/MWH)	\$22.09	\$20.63	!	\$37.54	
Phishing Test Click Rate	3.30%	<5.00%	✓	2.10%	<5.00%
Suspicious Emails	423		!	424	
Cyber Events Reported (Opened/Closed)	52/52		!	47/47	
Cyber Security Risk Assessments (New/Open/Closed)	10/13/6		!	2/4/3	

<sup>1</sup> 2022 Peer Study Average

\*Numbers represent 2022 2<sup>nd</sup> Quarter unless specifically notated as YTD or YE in the Performance Indicator title



# Sustainability and Environmental Responsibility

Performance Indicator	Actual/Projection	Forecast/Target	Indicator	Previous Year Actual/Projection*	Industry Average
Sustainable Energy Program (Obligated YTD \$)	\$1.14M	\$0.75M	✓	\$0.72M	
SEP Demand Reduction (YTD MW)	4.7	5.8	✗	4.2	
Renewable Energy (Expressed as an Equivalent % of Retail Sales) <sup>2</sup>	39.8%	50.2%	✗	50.6%	
CO <sub>2</sub> Emissions (Thousands of Metric Tons) <sup>3</sup>	525	520	✓	533	
CO <sub>2</sub> Produced (Metric Tons/MWh) <sup>2,3</sup>	0.65	0.58	!	0.59	

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

<sup>3</sup> Preliminary estimate based on emissions rates for the previous calendar year

# Safety and Employer of Choice

Performance Indicator	Actual/ Projection	Forecast/ Target	Indicator	Previous Year Actual/ Projection*	Industry Average
DART (YTD # of incidents per 100 employees that result in Days Away, Restricted, Transferred)	1.67	1.70	✓	2.56	

# Reliability and Customer Service

Average Speed of Answer (Seconds)	20.0	27.0	✓	32	27.0
Annual Average Outage Time (SAIDI) Per Customer (Normal Weather) (12-month rolling)	12.8	30.0	✓	16.9	119.4 <sup>4</sup>

<sup>4</sup> Rolling 5-Year national Average from available EIA date

\*Numbers represent 2022 2<sup>nd</sup> Quarter unless specifically notated as YTD or YE in the Performance Indicator title

# **Exhibit VIII**

# Sustainability Programs Update

January-June  
2023

Marc Shkolnick  
Manager, Energy Services  
July 19, 2023

# Summary Headlines



Incentives Exceeding  
Budget Projections



Peak Demand  
Reduction Target



Collaborations to Assist  
Energy Burdened

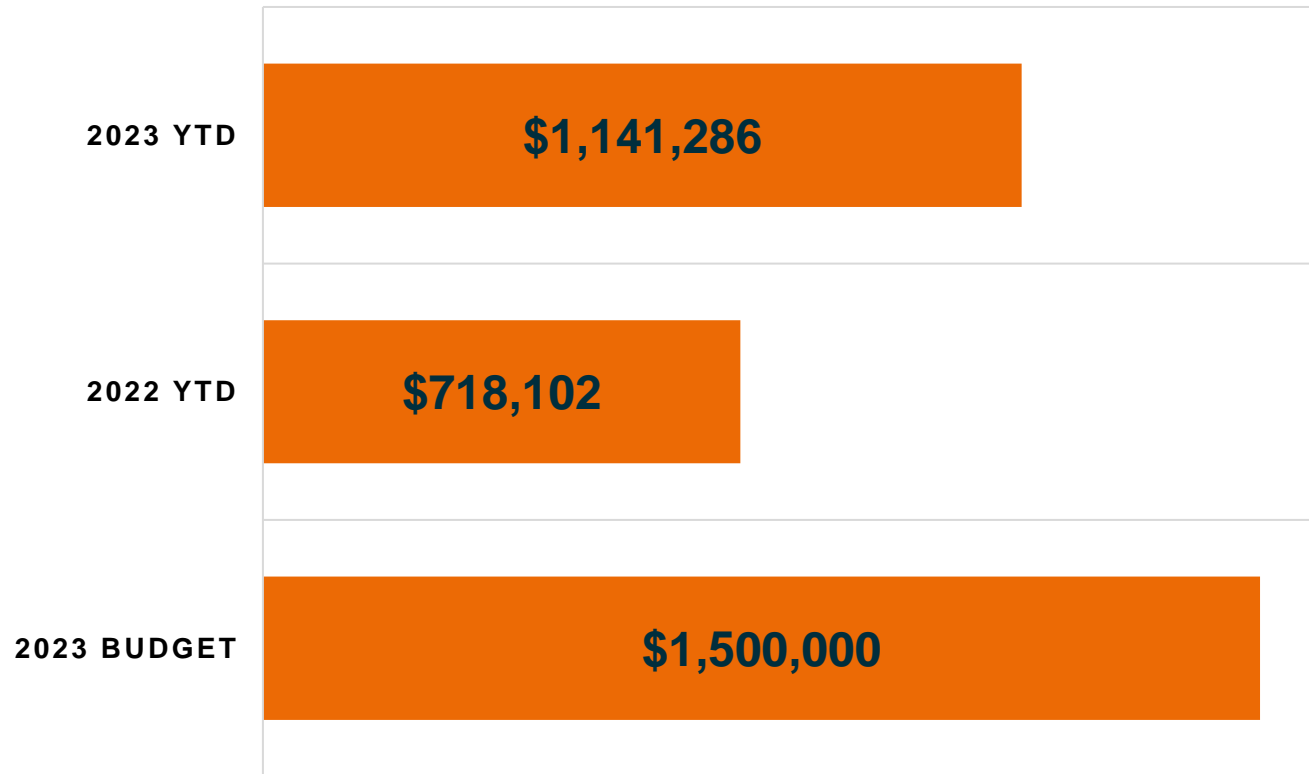


Customer-Owned  
Renewables



# Sustainable Energy Program (SEP)

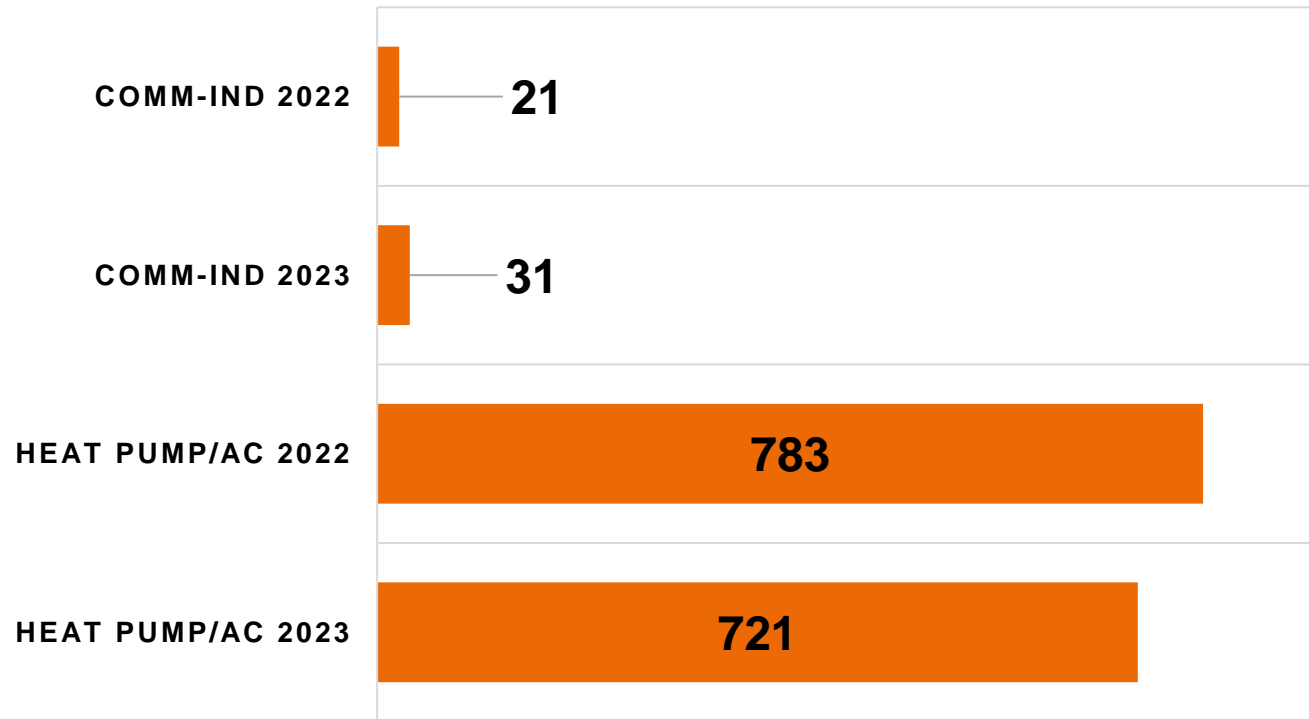
# INCENTIVES



- High Efficiency Heat Pump/AC ▲ 184% (\$240,000) year-over-year
- Comm-Industrial Energy Efficiency ▲ 214% (\$185,000) year-over-year

# PROJECTS

(YEAR OVER YEAR)



- High Efficiency Heat Pump/AC ▲ 184% (\$240,000) year-over-year
- Comm-Industrial Energy Efficiency ▲ 214% (\$185,000) year-over-year



# HIGH EFFICIENCY HEAT PUMP & A/C INCENTIVES

- Uncertainty about the net impacts of:
  - Inflation
  - Rise in the federal minimum efficiency standards
  - Inflation Reduction Act tax credit
- Incentives doubled, simplified and differentiated:
  - \$800 for qualifying heat pumps
  - \$600 for qualifying air conditioners
- Maintained overall cost-effectiveness for SEP program portfolio.

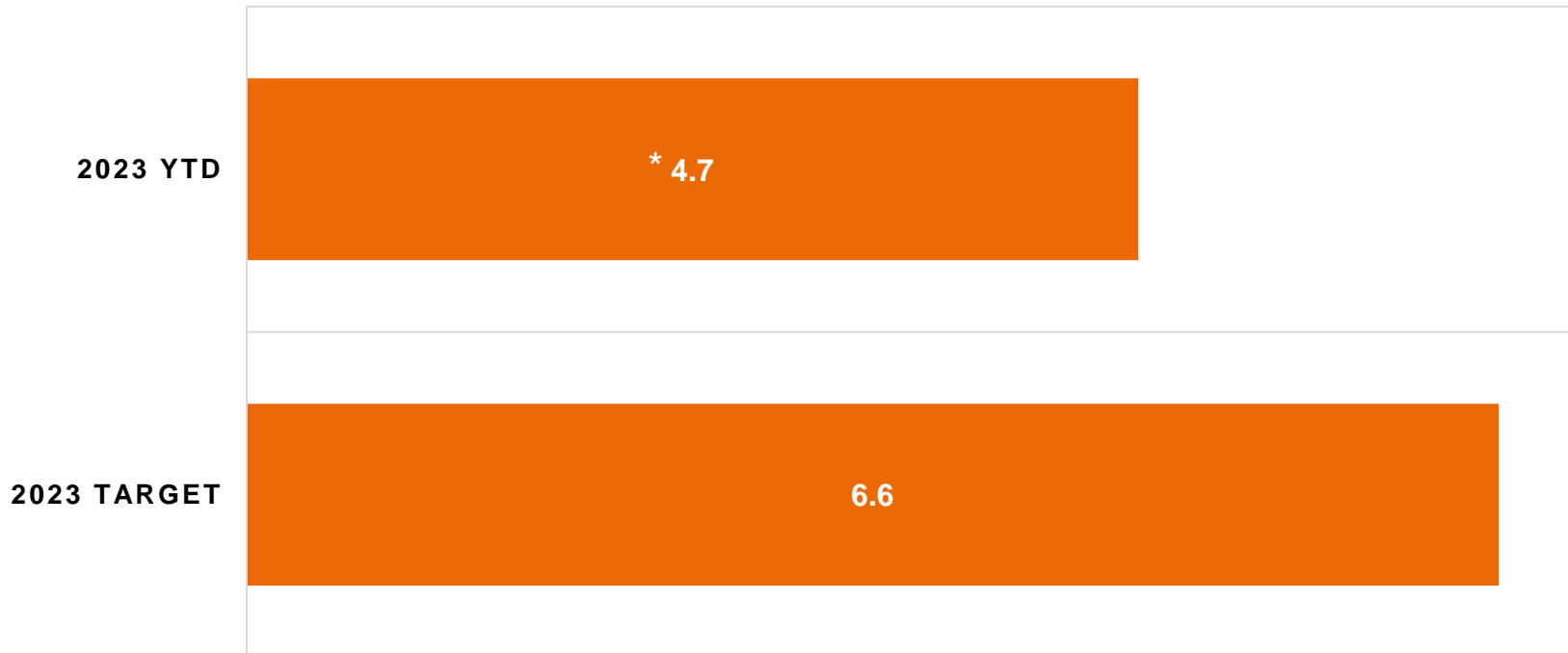
# HIGH EFFICIENCY HEAT PUMP & A/C INCENTIVES

- Feedback suggests incentives are having greater influence:
  - 2022: 2.77 on 1-5 impact scale (1 being no impact) and 29% indicated incentive had little to no impact.
  - 2023: Thus far, 3.14 and 14% indicating incentive had little to no impact.
- Higher percentage of projects are air source heat pumps.
  - 28% in 2023 vs. 18% in 2022
  - Likely due to higher incentive and use of federal tax credit.
- Demand and energy reduction per unit is up per project.

# ADDITIONAL SEP FUNDING

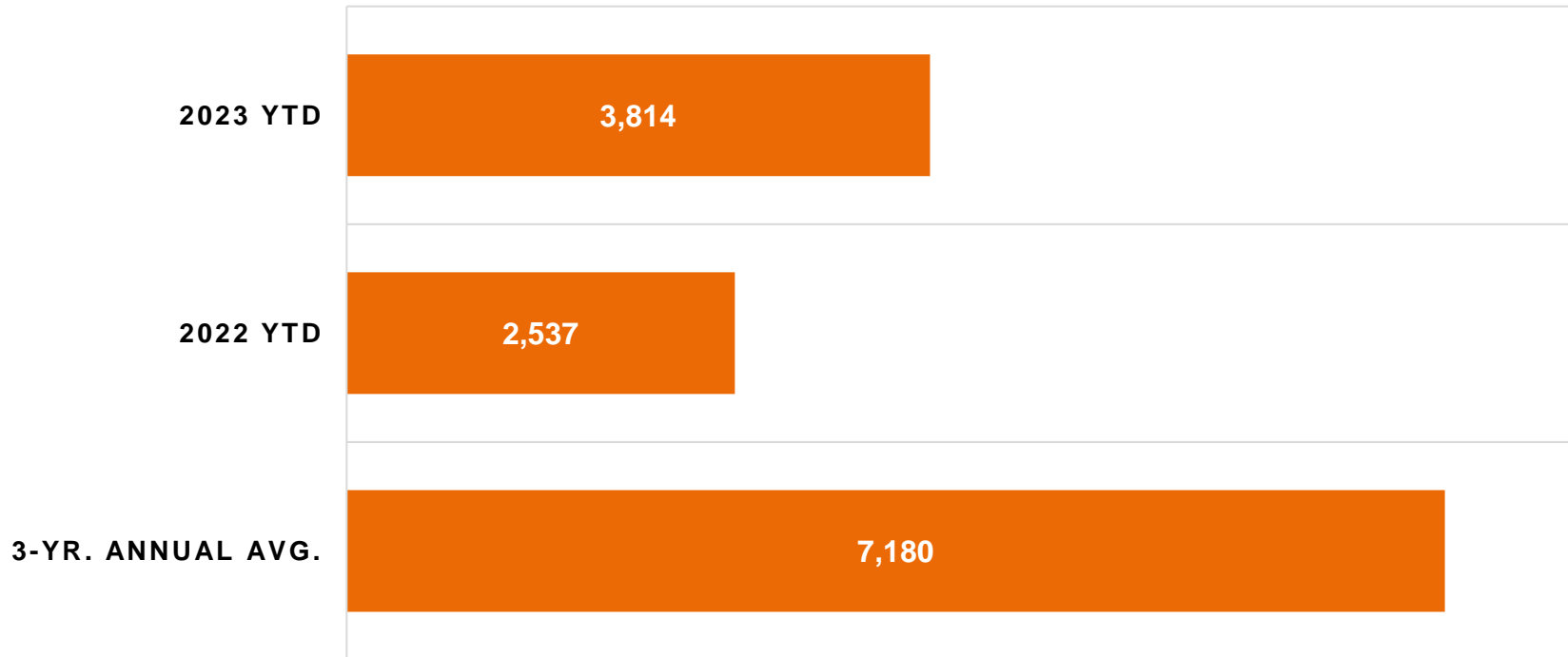
- 2023 SEP demand is projected to exceed the 2023 budget of \$1.5M by approximately \$800K (total expected spend of \$2.3M).
- In 2018, \$1.35 million in unspent SEP incentives was held in the Rate Stabilization Fund, as authorized by the Board in Resolution 2018-11, “customer energy efficiency and conservation in a future fiscal year.”
- As such, LES plans to satisfy increased 2023 SEP demand by using funds available in the Rate Stabilization Fund.
- The transfer for funds from the Rate Stabilization Fund will require action from the board at year-end.

# NET PEAK DEMAND REDUCTION (MW)



- Approximately 500 new Peak Rewards subscribers
- Total Peak Reward thermostats: 3,600
- \*Notified by EnergyHub on 7/19 that demand reductions have been overstated. Working to determine magnitude of error.

# NET ENERGY REDUCTION (MWH)



- Comm-Industrial EE ▲ 530% (1,900 MWh) year-over-year
- Commercial Lighting ▼ 50% (600 MWh) year-over-year

# Income-Qualifying and Vulnerable Households



Collaborations to Assist  
Energy Burdened Customers

# Income-Qualifying Projects Funding and Savings Projections

	Year-to-Date	2020-to-Date
Projects	8	85
LES Contribution	\$62,336	\$365,765
Partner Contribution	\$151,471	\$666,077
Projected Annual kWh	30,838	129,296
Projected Bill Savings	\$93 annually per household	



# South of Downtown Rental Rehabilitation Pilot

- Conducted four site inspections and developed two incentive proposals
- Four-plex rental moving forward with:
  - Heat pump water heaters
  - High efficiency heat pumps



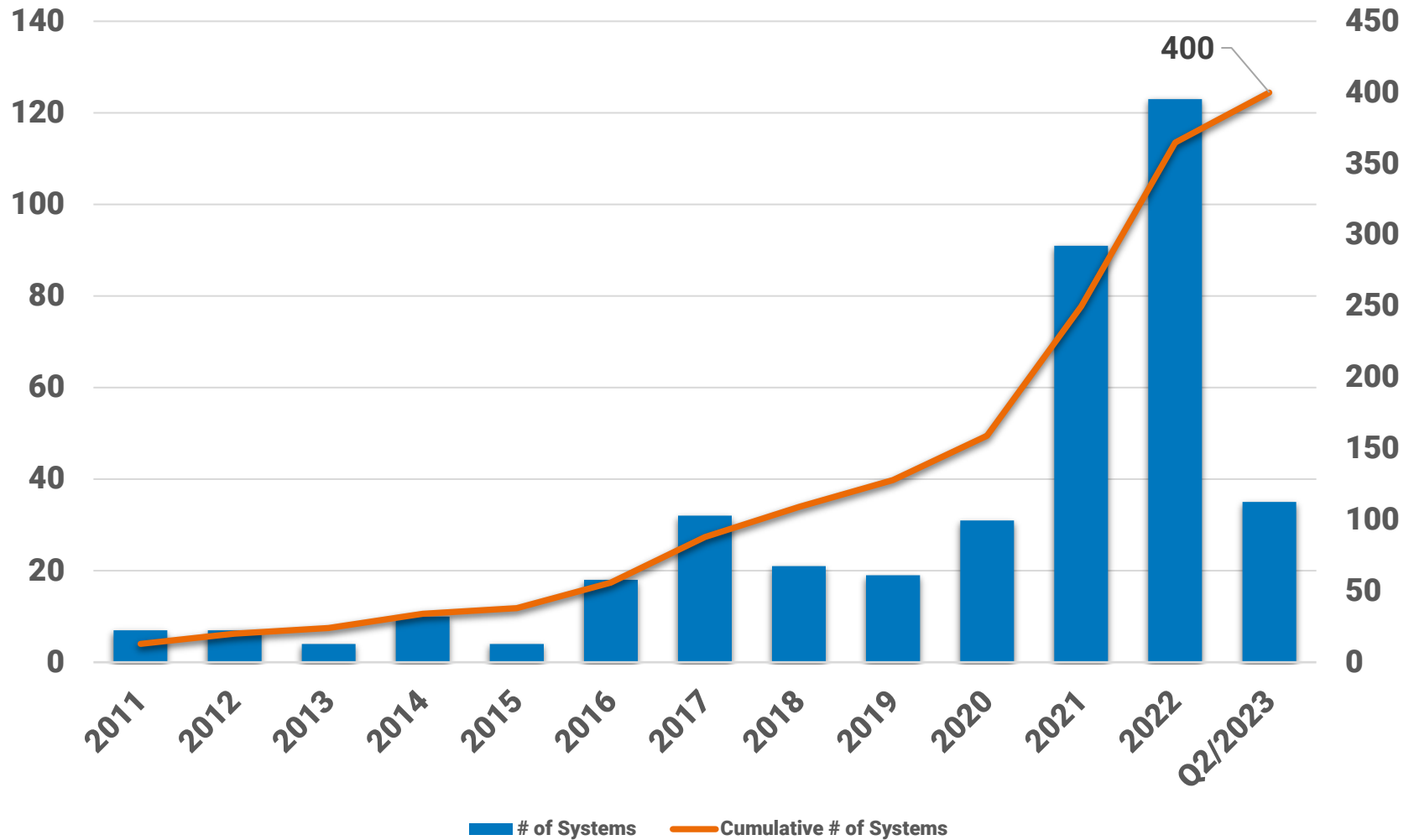


# Customer Owned Renewable Generation

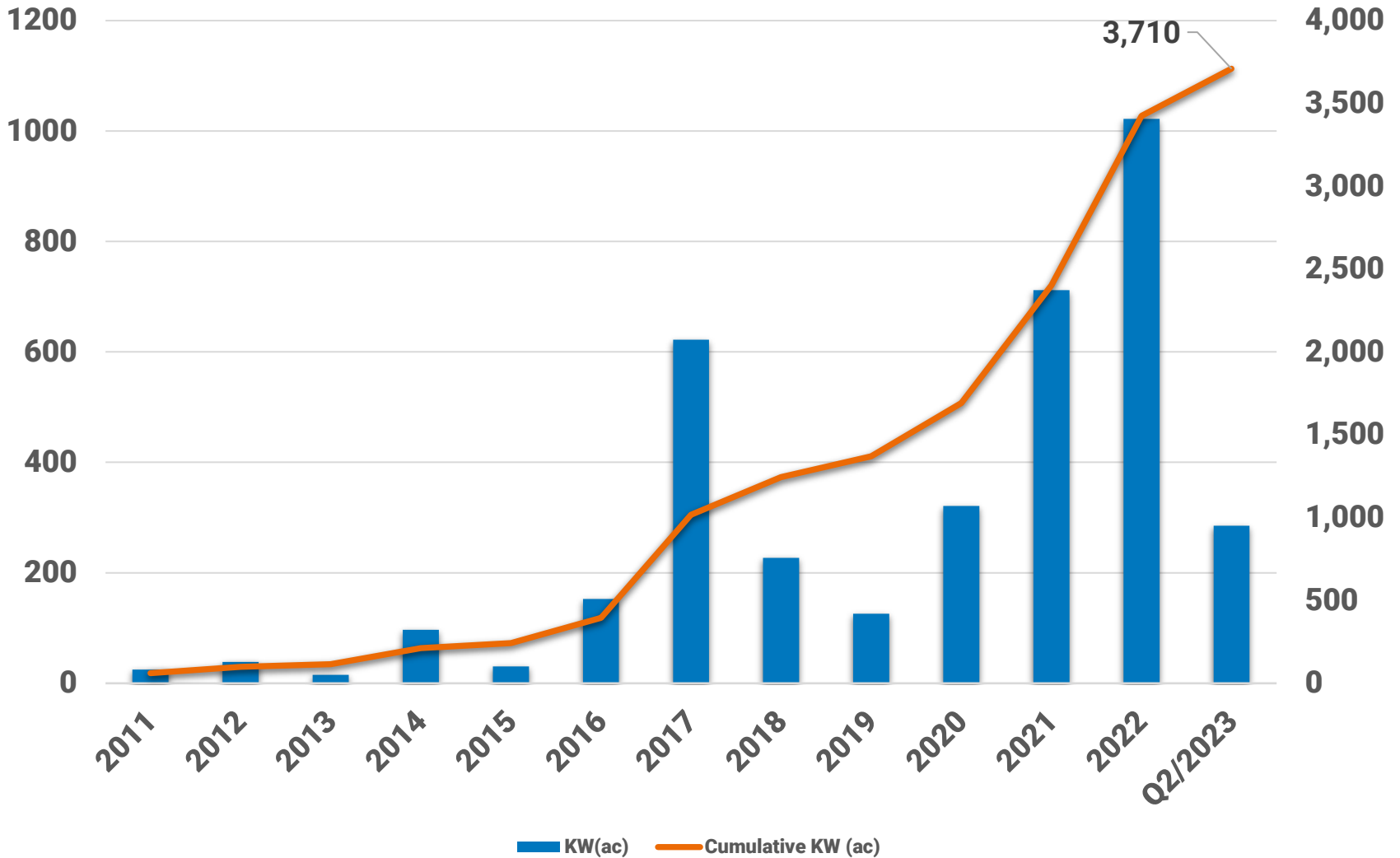


Customer-Owned  
Renewables

# Number of Customer-Owned Solar Systems (2009-Q2/2023)



# Capacity (KWac) of Customer-Owned Solar Systems (2009-Q2/2023)





**SMART  
ENERGY  
PROVIDER**

American Public Power Association

- Awarded to utilities who demonstrate leading practices in:
  - Program Structure
  - Energy Efficiency and Distributed Energy
  - Environmental and Sustainability
  - Customer Experience
- Third consecutive designation
- 93 of 100 possible points
- Ranked among top 25% of utility applicants

# Questions?

# **Exhibit IX**



## LES EXECUTIVE SEARCH COMMITTEE

### Meeting Summary

Tuesday, June 27th – 1:00pm

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

- The Executive Search Committee met and reviewed the aggregated internal and external stakeholder comments regarding desired CEO characteristics and LES' strategic direction, goals, and challenges.
- The application window is currently open and will close on Friday, July 21<sup>st</sup>.
- Later this month the Committee will review the applicant pool and will begin the process of selecting semi-finalists.
- The Committee finalized the dates for semi-finalist and finalist interviews.
- Semi-finalist interviews will take place in August and finalist interviews will take place in September. Additional information will be provided once interview times have been set.
- The next Executive Search Committee meeting will take place on Monday, July 31<sup>st</sup>.

# **Exhibit X**





## Revenue & Expense Statement (Condensed)

JUNE 2023

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

(Dollar amounts in 000)

YEAR TO DATE	2023 Actual	2023 Budget	Difference	Percentage Difference	Comments
1) Total Revenue	\$168,737	\$166,650	\$2,087	1%	Wholesale revenue exceeded budget by 3%, or \$725k, primarily due to higher than expected revenues from SPP IM activities and retail revenue was 1%, or \$1.9M above budget.
2) Power Costs	65,408	71,073	(5,665)	-8%	Produced power was 23% (\$8.3M) under budget due primarily to lower than budgeted energy at TBGS and lower operations & maintenance expenses at LRS, TBGS and Rokeby. Purchased power was over budget 7% (\$2.6M) due to higher SPP purchases.
3) Other Operating Expenses	46,131	46,975	(844)	-2%	Other operating expenses were lower than budget primarily due to lower than budgeted line clearance expenses (\$1.2M), and delay / timing of projects in Technology Services (\$950k), partially offset by higher than budgeted payroll and benefits.
4) Depreciation	<u>17,498</u>	<u>17,496</u>	<u>2</u>	0%	
5) Total Expenses	<u>129,037</u>	<u>135,544</u>	<u>(6,507)</u>	-5%	
6) Operating Income	39,700	31,106	8,594	28%	
7) Non-Operating Expense (Income)	<u>16,891</u>	<u>19,651</u>	<u>(2,760)</u>	-14%	
8) Change in Net Position (Net Revenue)	<u>\$22,809</u>	<u>\$11,455</u>	<u>\$11,354</u>	99%	
	<u>Year End Projection</u>	<u>Year End Budget</u>			
9) Fixed Charge Coverage	1.50x	1.40x			
10) Debt Service Coverage	2.23x	2.11x			
	<u>Month End Actual</u>	<u>Month End Budget</u>			
11) Days Cash on Hand (Days)	168	161			

# LINCOLN ELECTRIC SYSTEM

## FINANCIAL AND OPERATING STATEMENT

June 2023



## INDEX

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



## REVENUE & EXPENSE STATEMENT

### CURRENT MONTH

JUNE 2023

DESCRIPTION	CURRENT MONTH	CURRENT MONTH	VARIANCE FROM BUDGET		LAST YEAR MONTH	VARIANCE FROM LAST YEAR	
	ACTUAL	BUDGET	AMOUNT	%	ACTUAL	AMOUNT	%
<b>OPERATING REVENUES</b>							
1. Retail	\$27,334,729	\$26,731,205	\$603,524	2.3%	\$26,167,089	\$1,167,640	4.5%
2. Wholesale	3,003,142	3,344,822	(341,680)	-10.2%	6,650,895	(3,647,753)	-54.8%
3. Other Revenue	903,276	1,073,571	(170,295)	-15.9%	474,976	428,300	90.2%
4. CDFUO (a)	999,427	967,435	31,992	3.3%	884,731	114,696	13.0%
5. Total Operating Revenues	32,240,574	32,117,033	123,541	0.4%	34,177,691	(1,937,117)	-5.7%
<b>OPERATING EXPENSES</b>							
6. Purchased Power	6,220,284	6,189,545	30,739	0.5%	8,497,864	(2,277,580)	-26.8%
7. Produced Power	4,701,315	7,179,288	(2,477,973)	-34.5%	8,682,955	(3,981,640)	-45.9%
8. Operations	2,633,872	2,355,832	278,040	11.8%	1,520,749	1,113,123	73.2%
9. Maintenance	1,035,295	1,085,014	(49,719)	-4.6%	1,038,751	(3,456)	-0.3%
10. Admin. & General	4,717,396	5,018,235	(300,839)	-6.0%	5,054,789	(337,393)	-6.7%
11. Depreciation	2,916,781	2,932,113	(15,332)	-0.5%	2,863,336	53,445	1.9%
12. Total Operating Expenses	22,224,943	24,760,027	(2,535,084)	-10.2%	27,658,444	(5,433,501)	-19.6%
<b>13. OPERATING INCOME</b>	<b>10,015,631</b>	<b>7,357,006</b>	<b>2,658,625</b>	<b>36.1%</b>	<b>6,519,247</b>	<b>3,496,384</b>	<b>53.6%</b>
<b>NONOPERATING EXPENSES (INCOME)</b>							
14. Interest Expense (b)	1,462,736	1,441,857	20,879	1.4%	1,569,563	(106,827)	-6.8%
15. PILOT (c)	1,119,658	1,126,420	(6,762)	-0.6%	1,065,215	54,443	5.1%
16. CDFUO Expense (a)	963,140	963,140	0	0.0%	864,662	98,478	11.4%
17. Other Expense	0	0	0	--	238	(238)	-100.0%
18. Total Other Nonoperating Expense	3,545,534	3,531,417	14,117	0.4%	3,499,678	45,856	1.3%
19. Other Income	(45,060)	0	(45,060)	--	0	(45,060)	--
20. Interest Income	(777,549)	(127,819)	(649,730)	508.3%	(147,627)	(629,922)	426.7%
21. Total Other Nonoperating Income	(822,609)	(127,819)	(694,790)	543.6%	(147,627)	(674,982)	457.2%
22. Total Nonoperating Expenses (Inc)	2,722,925	3,403,598	(680,673)	-20.0%	3,352,051	(629,126)	-18.8%
<b>23. Income Before Contributions</b>	<b>7,292,706</b>	<b>3,953,408</b>	<b>3,339,298</b>	<b>84.5%</b>	<b>3,167,196</b>	<b>4,125,510</b>	<b>130.3%</b>
<b>CONTRIBUTED CAPITAL</b>							
24. Contributed Capital Received	25,411	123,848	(98,437)	-79.5%	61,817	(36,406)	-58.9%
25. Contributed Capital Used (d)	(25,411)	(123,848)	98,437	79.5%	(61,817)	36,406	58.9%
26. Net Contributed Capital	0	0	0	--	0	0	--
<b>27. CHANGE IN NET POSITION</b>	<b>\$7,292,706</b>	<b>\$3,953,408</b>	<b>\$3,339,298</b>	<b>84.5%</b>	<b>\$3,167,196</b>	<b>\$4,125,510</b>	<b>130.3%</b>

(a) City Dividend for Utility Ownership.

(b) Bond Interest \$1,575,714 + Variable Interest \$183,221 + Amortization of Issuance Costs on Outstanding Debt \$102,278 + Amortization of Loss on Refunded Debt \$107,776 - Amortization of Discount/Premium \$506,253 = \$1,462,736.

(c) Payment In Lieu of Tax.

(d) Reduction of Plant Costs Recovered through Contributions.



## REVENUE & EXPENSE STATEMENT

### YEAR-TO-DATE

JUNE 2023

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR	
			AMOUNT	%		AMOUNT	%
<b>OPERATING REVENUES</b>							
1. Retail	\$137,733,286	\$135,804,391	\$1,928,895	1.4%	\$129,952,179	\$7,781,107	6.0%
2. Wholesale	21,615,009	20,890,599	724,410	3.5%	27,482,381	(5,867,372)	-21.3%
3. Other Revenue	3,671,625	4,312,407	(640,782)	-14.9%	5,173,240	(1,501,615)	-29.0%
4. CDFUO (a)	5,716,979	5,642,660	74,319	1.3%	5,170,098	546,881	10.6%
5. Total Operating Revenues	168,736,899	166,650,057	2,086,842	1.3%	167,777,898	959,001	0.6%
<b>OPERATING EXPENSES</b>							
6. Purchased Power	37,737,052	35,117,659	2,619,393	7.5%	42,131,257	(4,394,205)	-10.4%
7. Produced Power	27,670,572	35,954,978	(8,284,406)	-23.0%	31,992,482	(4,321,910)	-13.5%
8. Operations	12,675,685	12,685,582	(9,897)	-0.1%	7,639,718	5,035,967	65.9%
9. Maintenance	5,045,729	6,100,201	(1,054,472)	-17.3%	4,793,030	252,699	5.3%
10. Admin. & General	28,409,328	28,189,165	220,163	0.8%	26,541,851	1,867,477	7.0%
11. Depreciation	17,497,891	17,496,247	1,644	0.0%	17,092,529	405,362	2.4%
12. Total Operating Expenses	129,036,257	135,543,832	(6,507,575)	-4.8%	130,190,867	(1,154,610)	-0.9%
<b>13. OPERATING INCOME</b>	<b>39,700,642</b>	<b>31,106,225</b>	<b>8,594,417</b>	<b>27.6%</b>	<b>37,587,031</b>	<b>2,113,611</b>	<b>5.6%</b>
<b>NONOPERATING EXPENSES (INCOME)</b>							
14. Interest Expense (b)	8,580,736	8,513,224	67,512	0.8%	9,567,994	(987,258)	-10.3%
15. PILOT (c)	6,142,314	6,151,840	(9,526)	-0.2%	5,854,712	287,602	4.9%
16. CDFUO Expense (a)	5,778,840	5,778,840	0	0.0%	5,187,972	590,868	11.4%
17. Other Expense	153	0	153	--	3,117	(2,964)	-95.1%
18. Total Other Nonoperating Expense	20,502,043	20,443,904	58,139	0.3%	20,613,795	(111,752)	-0.5%
19. Other Income	(263,112)	0	(263,112)	--	0	(263,112)	--
20. Interest Income	(3,347,744)	(793,320)	(2,554,424)	322.0%	(354,206)	(2,993,538)	845.1%
21. Total Other Nonoperating Income	(3,610,856)	(793,320)	(2,817,536)	355.2%	(354,206)	(3,256,650)	919.4%
22. Total Nonoperating Expenses (Inc)	16,891,187	19,650,584	(2,759,397)	-14.0%	20,259,589	(3,368,402)	-16.6%
<b>23. Income Before Contributions</b>	<b>22,809,455</b>	<b>11,455,641</b>	<b>11,353,814</b>	<b>99.1%</b>	<b>17,327,442</b>	<b>5,482,013</b>	<b>31.6%</b>
<b>CONTRIBUTED CAPITAL</b>							
24. Contributed Capital Received	284,315	743,088	(458,773)	-61.7%	456,460	(172,145)	-37.7%
25. Contributed Capital Used (d)	(284,315)	(743,088)	458,773	61.7%	(456,460)	172,145	37.7%
26. Net Contributed Capital	0	0	0	--	0	0	--
<b>27. CHANGE IN NET POSITION</b>	<b>\$22,809,455</b>	<b>\$11,455,641</b>	<b>\$11,353,814</b>	<b>99.1%</b>	<b>\$17,327,442</b>	<b>\$5,482,013</b>	<b>31.6%</b>

(a) City Dividend for Utility Ownership.

(b) Bond Interest \$9,454,286 + Variable Interest \$971,715 + Amortization of Issuance Costs on Outstanding Debt \$545,595 + Amortization of Loss on Refunded Debt \$646,658 - Amortization of Discount/Premium \$3,037,518 = \$8,580,736.

(c) Payment In Lieu of Tax.

(d) Reduction of Plant Costs Recovered through Contributions.



**REVENUES, ENERGY & CUSTOMERS**

**CURRENT MONTH**

**JUNE 2023**

DESCRIPTION	CURRENT	CURRENT	VARIANCE FROM		LAST YEAR	VARIANCE FROM	
	MONTH ACTUAL	MONTH BUDGET	AMOUNT	%	MONTH ACTUAL	AMOUNT	%
<b>REVENUE</b>							
1. Residential	\$12,991,714	\$11,449,998	\$1,541,716	13.5%	\$12,380,122	\$611,592	4.9%
2. Commercial & Street Light	11,423,980	12,270,022	(846,042)	-6.9%	11,002,335	421,645	3.8%
3. Industrial	2,919,035	3,011,185	(92,150)	-3.1%	2,784,632	134,403	4.8%
4. Total Retail	27,334,729	26,731,205	603,524	2.3%	26,167,089	1,167,640	4.5%
5. SPP Sales	1,978,488	2,270,643	(292,155)	-12.9%	5,607,858	(3,629,370)	-64.7%
6. Contract Sales	1,024,654	1,074,179	(49,525)	-4.6%	1,043,037	(18,383)	-1.8%
7. Total Wholesale	3,003,142	3,344,822	(341,680)	-10.2%	6,650,895	(3,647,753)	-54.8%
8. Total	\$30,337,871	\$30,076,027	\$261,844	0.9%	\$32,817,984	-\$2,480,113	-7.6%
<b>ENERGY (MWH'S)</b>							
9. Residential	120,346	112,402	7,944	7.1%	121,987	(1,641)	-1.3%
10. Commercial & Street Light	133,113	142,768	(9,655)	-6.8%	133,740	(627)	-0.5%
11. Industrial	43,301	42,773	528	1.2%	40,809	2,492	6.1%
12. Total Retail	296,760	297,943	(1,183)	-0.4%	296,536	224	0.1%
13. SPP Sales	44,478	43,802	676	1.5%	71,057	(26,579)	-37.4%
14. Contract Sales	35,463	28,045	7,418	26.5%	24,277	11,186	46.1%
15. Total Wholesale	79,941	71,847	8,094	11.3%	95,334	(15,393)	-16.1%
16. Total	376,701	369,790	6,911	1.9%	391,870	(15,169)	-3.9%
<b>CUSTOMERS - AT MONTH END</b>							
17. Residential	131,986	129,980	2,006	1.5%	129,966	2,020	1.6%
18. Commercial & Street Light	17,753	17,732	21	0.1%	17,538	215	1.2%
19. Industrial	231	233	(2)	-0.9%	230	1	0.4%
20. Total Retail	149,970	147,945	2,025	1.4%	147,734	2,236	1.5%
21. Wholesale	7	7	0	0.0%	8	(1)	-12.5%
22. Total	149,977	147,952	2,025	1.4%	147,742	2,235	1.5%



## REVENUES, ENERGY & CUSTOMERS

### YEAR-TO-DATE

JUNE 2023

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR	
			AMOUNT	%		AMOUNT	%
<b>REVENUE</b>							
1. Residential	\$65,519,685	\$62,900,966	\$2,618,719	4.2%	\$61,129,214	\$4,390,471	7.2%
2. Commercial & Street Light	56,882,487	57,645,008	(762,521)	-1.3%	53,811,894	3,070,593	5.7%
3. Industrial	15,331,114	15,258,417	72,697	0.5%	15,011,071	320,043	2.1%
4. Total Retail	137,733,286	135,804,391	1,928,895	1.4%	129,952,179	7,781,107	6.0%
5. SPP Sales	16,621,003	15,506,760	1,114,243	7.2%	23,611,519	(6,990,516)	-29.6%
6. Contract Sales	4,994,006	5,383,839	(389,833)	-7.2%	3,870,862	1,123,144	29.0%
7. Total Wholesale	21,615,009	20,890,599	724,410	3.5%	27,482,381	(5,867,372)	-21.3%
8. Total	\$159,348,295	\$156,694,990	\$2,653,305	1.7%	\$157,434,560	1,913,735	1.2%
<b>ENERGY (MWH'S)</b>							
9. Residential	658,220	628,755	29,465	4.7%	641,134	17,086	2.7%
10. Commercial & Street Light	719,274	721,998	(2,724)	-0.4%	707,589	11,685	1.7%
11. Industrial	224,295	222,779	1,516	0.7%	225,845	(1,550)	-0.7%
12. Total Retail	1,601,789	1,573,532	28,257	1.8%	1,574,568	27,221	1.7%
13. SPP Sales	219,238	259,087	(39,849)	-15.4%	325,049	(105,811)	-32.6%
14. Contract Sales	125,498	126,975	(1,477)	-1.2%	83,243	42,255	50.8%
15. Total Wholesale	344,736	386,062	(41,326)	-10.7%	408,292	(63,556)	-15.6%
16. Total	1,946,525	1,959,594	(13,069)	-0.7%	1,982,860	(36,335)	-1.8%
<b>CUSTOMERS AVERAGE</b>							
17. Residential	131,590	129,761	1,829	1.4%	129,571	2,019	1.6%
18. Commercial & Street Light	17,689	17,688	1	0.0%	17,501	188	1.1%
19. Industrial	230	233	(3)	-1.3%	231	(1)	-0.4%
20. Total Retail	149,509	147,682	1,827	1.2%	147,303	2,206	1.5%
21. Wholesale	7	7	0	0.0%	7	0	0.0%
22. Total	149,516	147,689	1,827	1.2%	147,310	2,206	1.5%



**OPERATING EXPENSE STATEMENT**

**CURRENT MONTH**

**JUNE 2023**

DESCRIPTION	CURRENT	CURRENT	VARIANCE FROM		LAST YEAR	VARIANCE FROM	
	MONTH	MONTH	BUDGET	%	MONTH	LAST YEAR	%
	ACTUAL	BUDGET	AMOUNT		ACTUAL	AMOUNT	
<b>POWER COST</b>							
1. SPP Purchased Power	\$1,557,768	\$511,057	\$1,046,711	204.8%	\$3,335,958	(\$1,778,190)	-53.3%
2. Non-Owned Asset Power	4,662,516	5,678,488	(1,015,972)	-17.9%	5,161,906	(499,390)	-9.7%
3. Total Purchased Power	6,220,284	6,189,545	30,739	0.5%	8,497,864	(2,277,580)	-26.8%
4. Produced Power	4,701,315	7,179,288	(2,477,973)	-34.5%	8,682,955	(3,981,640)	-45.9%
5. Total Power Cost	10,921,599	13,368,833	(2,447,234)	-18.3%	17,180,819	(6,259,220)	-36.4%
<b>OPERATION &amp; MAINTENANCE (O&amp;M)</b>							
6. Energy Delivery	2,465,236	2,429,208	36,028	1.5%	2,288,456	176,780	7.7%
7. Transmission	1,203,931	1,011,638	192,293	19.0%	271,044	932,887	344.2%
8. Total O & M Expense	3,669,167	3,440,846	228,321	6.6%	2,559,500	1,109,667	43.4%
<b>ADMINISTRATIVE &amp; GENERAL (A&amp;G)</b>							
9. Administration	233,668	266,505	(32,837)	-12.3%	237,688	(4,020)	-1.7%
10. Communication & Corporate Records	211,342	233,939	(22,597)	-9.7%	226,300	(14,958)	-6.6%
11. Corporate Operations	1,149,403	1,122,513	26,890	2.4%	1,004,112	145,291	14.5%
12. Customer Services	1,015,853	1,008,319	7,534	0.7%	852,318	163,535	19.2%
13. Financial Services	405,354	432,074	(26,720)	-6.2%	402,017	3,337	0.8%
14. Power Supply	401,300	370,538	30,762	8.3%	363,281	38,019	10.5%
15. Technology Services	1,300,476	1,584,347	(283,871)	-17.9%	1,969,073	(668,597)	-34.0%
16. Total A & G Expense	4,717,396	5,018,235	(300,839)	-6.0%	5,054,789	(337,393)	-6.7%
17. DEPRECIATION	2,916,781	2,932,113	(15,332)	-0.5%	2,863,336	53,445	1.9%
18. TOTAL OPERATING EXPENSE	\$22,224,943	\$24,760,027	(\$2,535,084)	-10.2%	\$27,658,444	(\$5,433,501)	-19.6%





**OPERATING EXPENSE STATEMENT**

**YEAR-TO-DATE**

**JUNE 2023**

DESCRIPTION	YEAR TO DATE		VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE		VARIANCE FROM LAST YEAR	
	ACTUAL	BUDGET	AMOUNT	%	ACTUAL	AMOUNT	%	
<b>POWER COST</b>								
1. SPP Purchased Power	\$8,636,859	\$4,129,481	\$4,507,378	109.2%	\$10,196,081	(\$1,559,222)	-15.3%	
2. Non-Owned Asset Power	29,100,193	30,988,178	(1,887,985)	-6.1%	31,935,176	(2,834,983)	-8.9%	
3. Total Purchased Power	37,737,052	35,117,659	2,619,393	7.5%	42,131,257	(4,394,205)	-10.4%	
4. Produced Power	27,670,572	35,954,978	(8,284,406)	-23.0%	31,992,482	(4,321,910)	-13.5%	
5. Total Power Cost	65,407,624	71,072,637	(5,665,013)	-8.0%	74,123,739	(8,716,115)	-11.8%	
<b>OPERATION &amp; MAINTENANCE (O&amp;M)</b>								
6. Energy Delivery	11,805,715	12,734,014	(928,299)	-7.3%	11,323,663	482,052	4.3%	
7. Transmission	5,915,699	6,051,769	(136,070)	-2.2%	1,109,085	4,806,614	433.4%	
8. Total O & M Expense	17,721,414	18,785,783	(1,064,369)	-5.7%	12,432,748	5,288,666	42.5%	
<b>ADMINISTRATIVE &amp; GENERAL (A&amp;G)</b>								
9. Administration	1,462,018	1,457,041	4,977	0.3%	1,312,488	149,530	11.4%	
10. Communication & Corporate Records	1,151,602	1,172,861	(21,259)	-1.8%	1,120,850	30,752	2.7%	
11. Corporate Operations	7,324,190	6,568,095	756,095	11.5%	6,239,142	1,085,048	17.4%	
12. Customer Services	5,688,942	5,428,720	260,222	4.8%	5,162,797	526,145	10.2%	
13. Financial Services	2,618,187	2,600,771	17,416	0.7%	2,270,369	347,818	15.3%	
14. Power Supply	2,276,075	2,215,573	60,502	2.7%	2,227,058	49,017	2.2%	
15. Technology Services	7,888,314	8,746,104	(857,790)	-9.8%	8,209,147	(320,833)	-3.9%	
16. Total A & G Expense	28,409,328	28,189,165	220,163	0.8%	26,541,851	1,867,477	7.0%	
17. DEPRECIATION	17,497,891	17,496,247	1,644	0.0%	17,092,529	405,362	2.4%	
18. TOTAL OPERATING EXPENSE	\$129,036,257	\$135,543,832	(\$6,507,575)	-4.8%	\$130,190,867	(\$1,154,610)	-0.9%	



**BALANCE SHEET**

**JUNE 2023**

**ASSETS & DEFERRED OUTFLOWS OF RESOURCES**

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

DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1	DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1
<b>CURRENT ASSETS:</b>			<b>CURRENT LIABILITIES:</b>		
1. Revenue Fund (includes CDFUO)	\$102,517,547	(\$5,285,727)	<b>OTHER LIABILITIES</b>		
2. Payment in Lieu of Tax Fund	4,960,700	(6,577,400)	1. Accounts Payable	\$15,210,752	(\$2,918,838)
3. Rate Stabilization Fund	37,794,984	360,735	2. Accrued Payments in Lieu of Taxes	6,066,864	(6,438,685)
4. Bond Principal & Interest Funds	32,172,582	15,419,943	3. City Dividend for Utility Ownership Payable	3,852,560	0
5. Other Restricted/Designated Funds (a)	3,396,267	(479,210)	4. Commercial Paper Notes	65,500,000	0
6. Restricted/Designated Funds Total	73,363,833	15,301,468	5. Accrued Liabilities	18,268,733	1,753,118
7. Total Current Asset Funds (b)	180,842,080	3,438,341	6. Total Other Liabilities	108,898,909	(7,604,405)
8. Receivables Less Uncollectible Allowance	23,239,213	(2,408,888)	<b>CURRENT LIABILITIES - RESTRICTED ASSETS</b>		
9. Unbilled Revenue	20,260,120	4,775,899	7. Current Portion of Long-Term Debt	30,535,000	0
10. Accrued Interest Receivable	2,068,747	627,379	8. Accrued Interest	6,512,897	74,383
11. Materials, Supplies & Fuel Inventory	30,019,197	2,327,787	9. Other Current Liabilities (d)	924,721	(22,198)
12. Plant Operation Assets	15,829,285	2,079,820	10. Total Current Liabilities - Restricted Assets	37,972,618	52,185
13. Other Current Assets	3,127,285	(1,602,002)	11. Total Current Liabilities	146,871,527	(7,552,220)
14. Total Current Assets	275,385,927	9,238,336	<b>NONCURRENT LIABILITIES:</b>		
<b>NONCURRENT ASSETS:</b>			12. 2012A Bonds	0	0
15. Bond Reserve Funds	9,687,166	297,804	13. 2013 Bonds	45,310,000	0
16. Self-Funded Benefits Reserve Fund (IBNP)	741,576	105,249	14. 2015A Bonds	72,165,000	0
17. Segregated Funds (c)	1,064,988	814,988	15. 2016 Bonds	65,960,000	0
18. Restricted Funds Total (b)	11,493,730	1,218,041	16. 2018 Bonds	121,205,000	0
19. Unamortized Debt Expense	2,252,501	(177,577)	17. 2020A Bonds	72,200,000	0
21. Accrued Lease Interest	64,504	17,645	18. 2020B Bonds	185,150,000	0
22. Other Noncurrent Assets	1,392,052	115,527	19. Total Revenue Bonds	561,990,000	0
23. Total Noncurrent Assets	\$22,657,744	\$1,554,696	20. Less Current Maturities	30,535,000	0
<b>CAPITAL ASSETS:</b>			21. Less Unamortized Discounts/Premiums	(37,645,074)	3,037,517
24. Utility Plant in Service	1,819,929,725	9,286,986	22. Note Purchase Agreement	0	0
25. Accumulated Depreciation & Amortization	(921,343,107)	(14,633,454)	23. Revolving Credit Agreement	0	0
26. Construction Work in Progress	100,114,394	8,183,367	24. Net Long Term Debt	569,100,074	(3,037,517)
27. Total Capital Assets	998,701,012	2,836,899	25. Liabilities Payable from Segregated Funds (e)	706,353	456,353
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			26. Asset Retirement Obligation	3,236,611	56,445
28. Deferred Loss on Refunded Debt	8,773,883	(646,657)	27. Other Noncurrent Liabilities	35,666,038	26,639
29. Deferred Costs for Asset Retirement Obligations	3,236,611	56,445	28. Total Liabilities	755,580,603	(10,050,300)
30. Total Deferred Outflows of Resources	12,010,494	(590,212)	<b>DEFERRED INFLOWS OF RESOURCES:</b>		
			29. Deferred Inflow of Resource	7,170,744	280,564
			30. Total Deferred Inflows of Resources	7,170,744	280,564
			<b>NET POSITION:</b>		
			31. Net Investment in Capital Assets	351,444,848	5,292,085
			32. Restricted for Debt Service	25,892,565	15,643,364
			33. Restricted for Employee Health Insurance Claims	1,673,953	(1,182,037)
			34. Unrestricted	166,992,464	3,056,043
			35. Total Net Position	546,003,830	22,809,455
<b>31. TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$1,308,755,177</b>	<b>\$13,039,719</b>	<b>36. TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>	<b>\$1,308,755,177</b>	<b>\$13,039,719</b>



## STATEMENT OF CASH FLOWS

JUNE 2023

	CURRENT MONTH	YEAR-TO-DATE
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
1. Received from Sales to Customers and Users	\$30,421,562	\$168,874,416
2. Sales Tax Receipts	\$1,343,172	\$7,509,026
3. Paid to Suppliers for Goods & Services	(\$16,158,617)	(\$107,100,838)
4. Paid to Employees for Services	(\$1,683,547)	(\$9,756,108)
5. Payments for Sales Tax	(1,059,105)	(7,378,477)
<b>6. Cash Flow from Operating Activities (a)</b>	<b>12,863,465</b>	<b>52,148,019</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
7. Payment in Lieu of Tax	0	(12,580,999)
8. City Dividend for Utility Ownership Payments	0	(5,778,840)
9. Other	0	0
<b>10. Cash Flow from (used for) Noncapital Financing Activities</b>	<b>0</b>	<b>(18,359,839)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
11. Net (Purchases) Sales of Investments	(4,959,076)	15,589,466
12. Interest Income	1,107,996	2,508,144
<b>13. Cash Flow from (used for) Investing Activities</b>	<b>(3,851,080)</b>	<b>18,097,610</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
14. Acquisition and Construction of Capital Assets	(3,744,346)	(20,502,449)
15. Salvage on Retirement of Plant	520	211,804
16. Cost of Removal of Property Retired	(81,986)	(1,639,178)
17. Debt Issuance Cost Paid	0	0
18. Debt Premiums Collected	0	0
19. Net Capital Contributions	25,411	284,315
20. Cash Received from Leases	40,771	233,915
21. Net Proceeds from Issuance of Long-Term Debt	0	0
22. Principal Payments on Long-Term Debt	0	0
23. Interest Payments on Debt	0	(10,351,625)
<b>24. Cash Flow from (used for) Capital Financing Activities</b>	<b>(3,759,630)</b>	<b>(31,763,218)</b>
24. Cash Flow from (used for) Capital Financing Activities	5,252,755	20,122,572
25. Net Increase (Decrease) in Cash and Cash Equivalents	35,659,657	20,789,840
<b>26. Cash and Cash Equivalents Beginning of Period</b>	<b>\$40,912,412</b>	<b>\$40,912,412</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	\$10,015,631	\$39,700,642
2. Noncash items included in operating income	3,003,676	18,013,959
3. Changes in Assets & Liabilities Increase/(Decrease)	(155,842)	(5,566,582)
4. Net cash flows from operating activities	\$12,863,465	\$52,148,019
<b>(b) Cash and cash equivalents are defined as cash and investments with original maturities of three months or less.</b>		



**DEBT SERVICE COVERAGE**

**JUNE 2023**

DESCRIPTION	----- CURRENT MONTH -----			----- YEAR-TO-DATE -----		
	ACTUAL THIS YEAR	BUDGET THIS YEAR	ACTUAL LAST YEAR	ACTUAL THIS YEAR	BUDGET THIS YEAR	ACTUAL LAST YEAR
1. Total Operating Revenues	\$32,240,574	\$32,117,033	\$34,177,691	\$168,736,899	\$166,650,057	\$167,777,898
2. Total Operating Expenses	22,224,943	24,760,027	27,658,444	129,036,257	135,543,832	130,190,867
3. Less Depreciation	(2,916,781)	(2,932,113)	(2,863,336)	(17,497,891)	(17,496,247)	(17,092,529)
4. Operating Expense Net of Depreciation	19,308,162	21,827,914	24,795,108	111,538,366	118,047,585	113,098,338
5. Net Operating Revenue for Debt Service	12,932,412	10,289,119	9,382,583	57,198,533	48,602,472	54,679,560
6. Interest Income (a)	621,997	118,004	137,230	2,563,444	734,611	275,832
7. Other Income	0	0	0	0	0	0
8. Rate Stabilization Fund	0	0	0	0	0	0
<b>9. AVAILABLE FOR DEBT SERVICE</b>	<b>13,554,409</b>	<b>10,407,123</b>	<b>9,519,813</b>	<b>59,761,977</b>	<b>49,337,083</b>	<b>54,955,392</b>
<b>10. DEBT SERVICE (b)</b>	<b>\$4,120,297</b>	<b>\$4,120,296</b>	<b>\$4,218,043</b>	<b>\$24,721,784</b>	<b>\$24,721,776</b>	<b>\$25,308,259</b>
<b>11. DEBT SERVICE COVERAGE</b>	<b>3.29</b>	<b>2.53</b>	<b>2.26</b>	<b>2.42</b>	<b>2.00</b>	<b>2.17</b>

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

(b) Includes Bond Principal & Interest only.

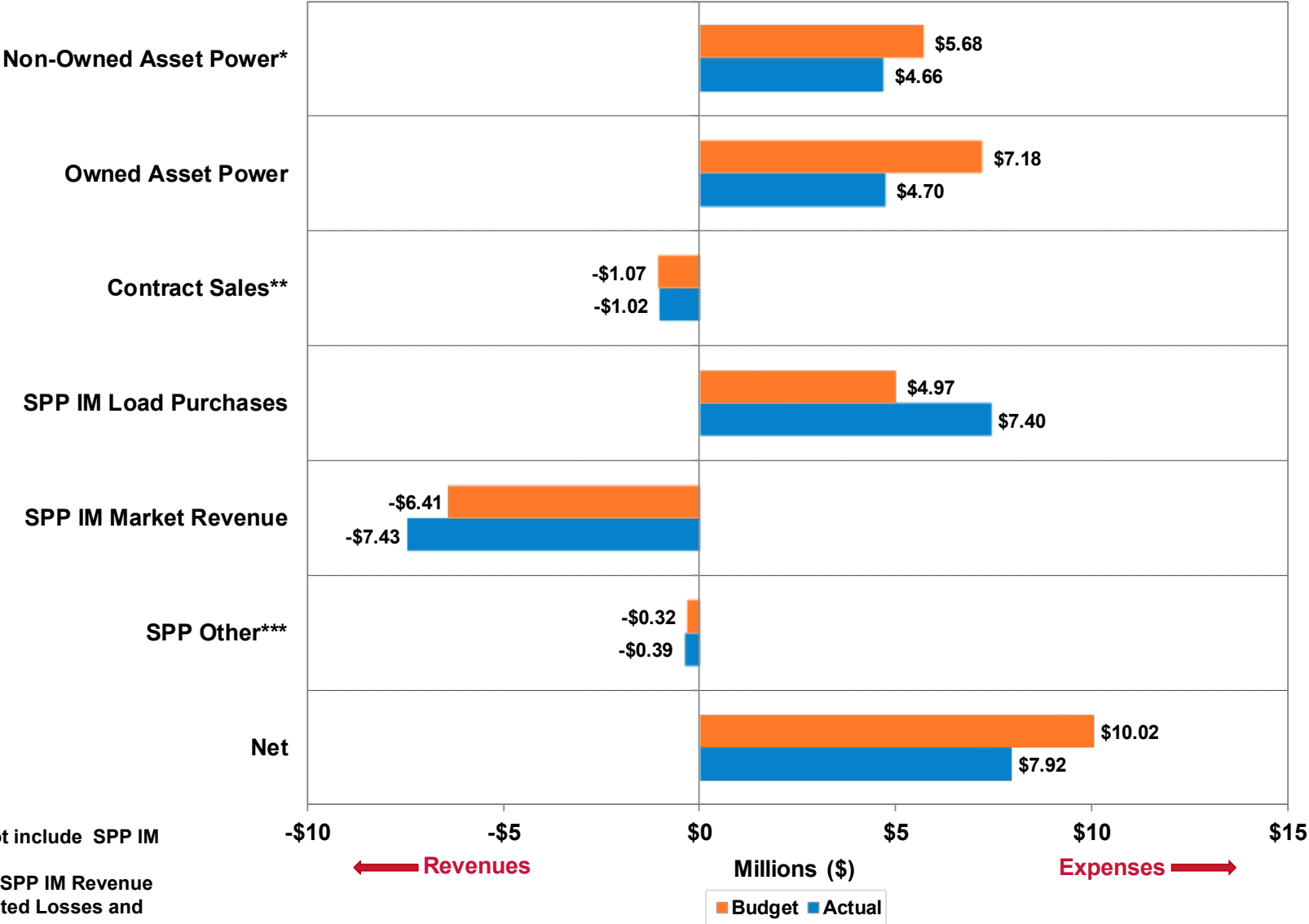
# **Power Supply Division 2023 June Monthly Report**

**July 21, 2023**

**Jason Fortik**

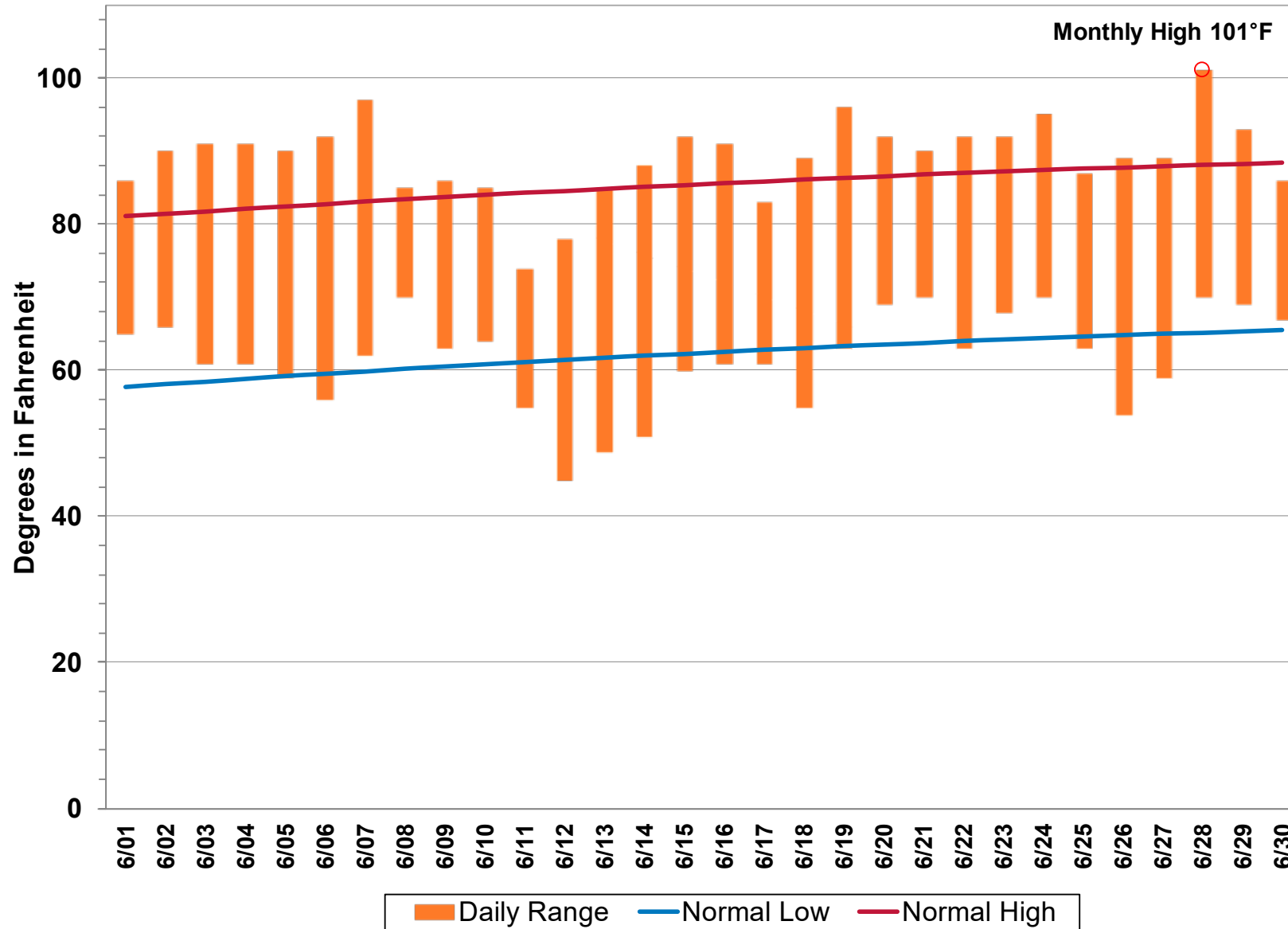
**Vice President, Power Supply**

# Monthly Actual vs. Budget

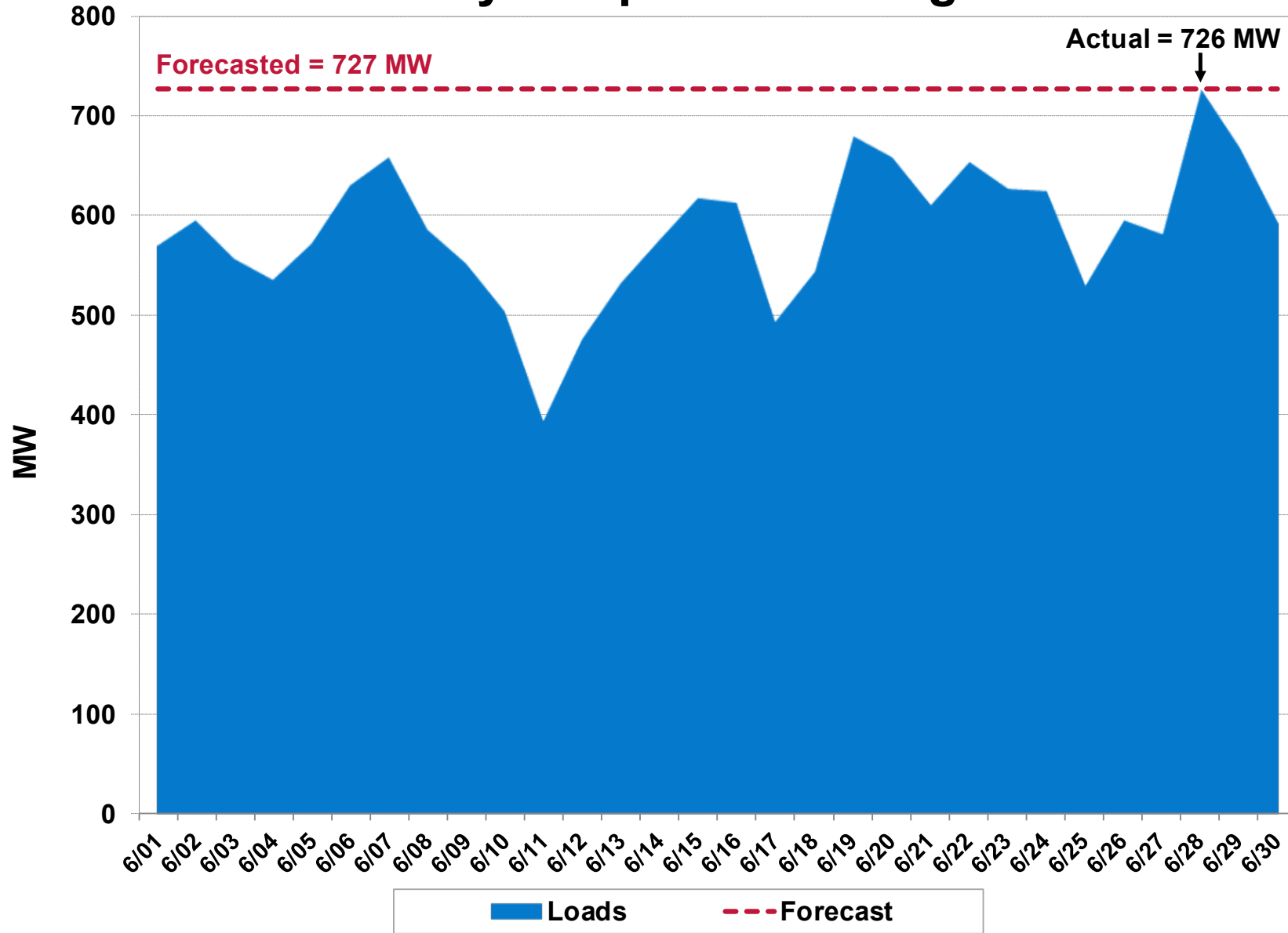


\*Non-Owned Asset Power does not include SPP IM Purchased  
 \*\*Contract Sales does not include SPP IM Revenue  
 \*\*\*SPP Other includes Over-Collected Losses and ARR's/TCR

# Daily Temperature Range

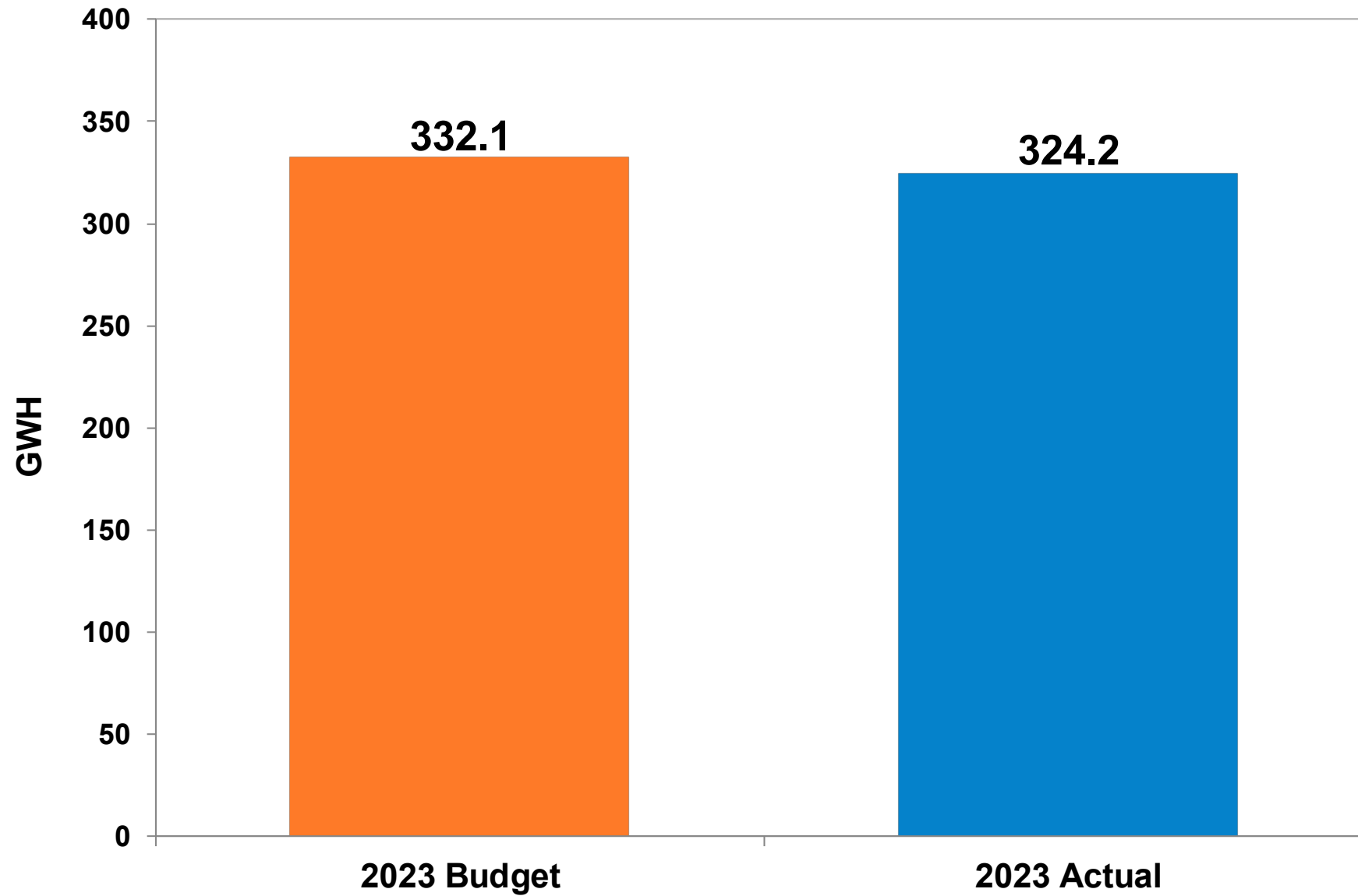


# Daily Temperature Range

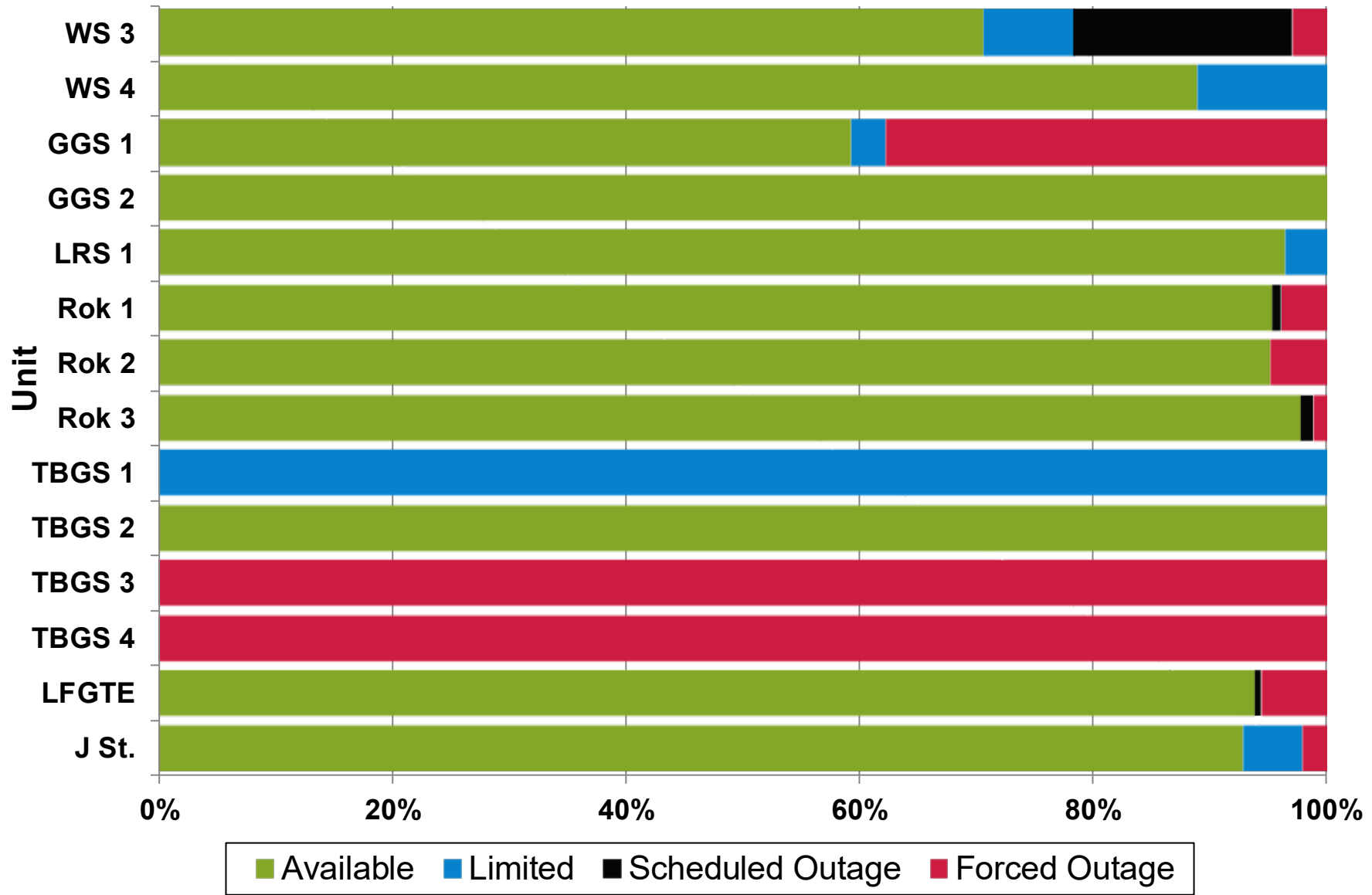




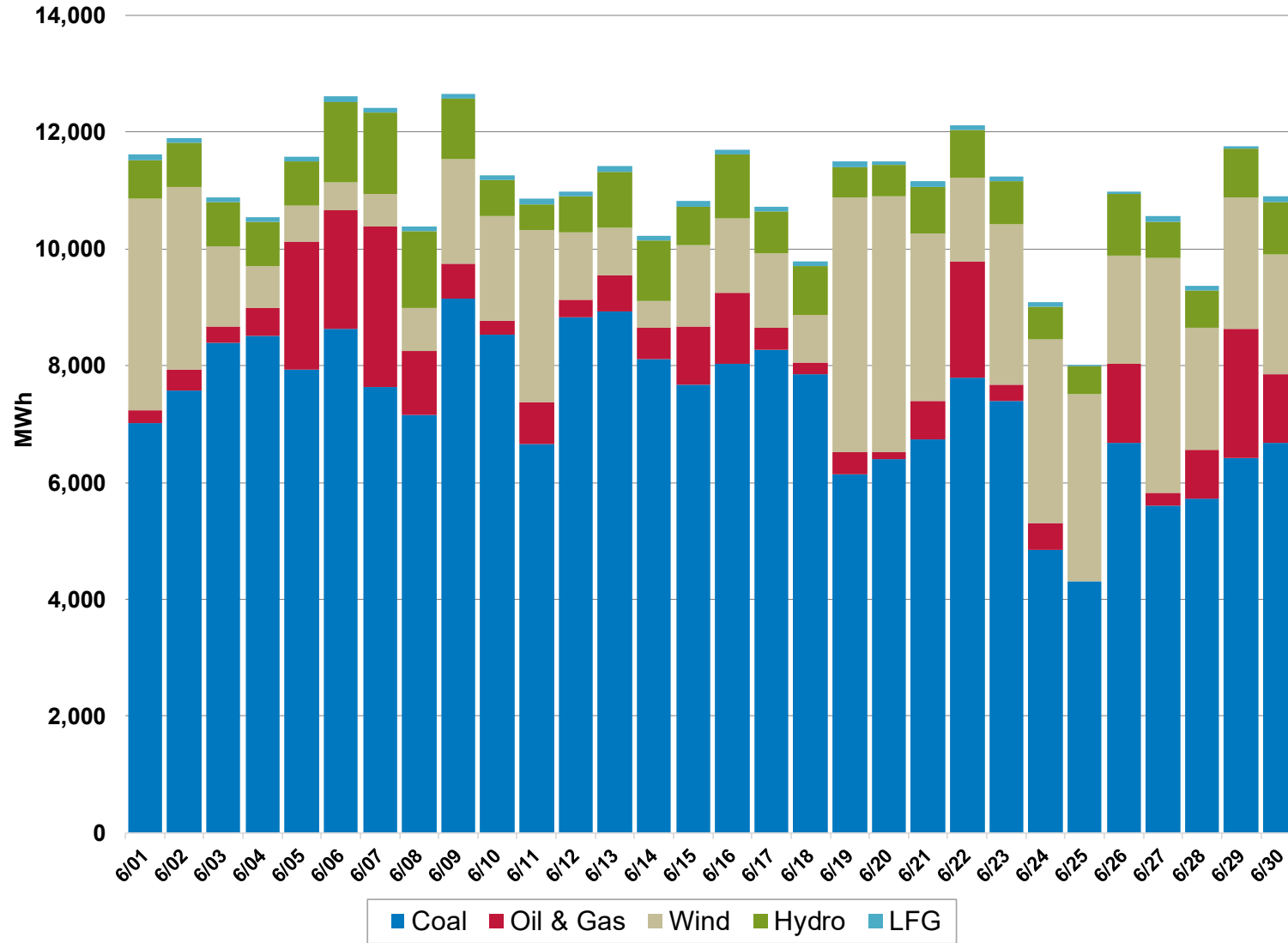
# Customer Energy Consumption



# Unit Equivalent Availability

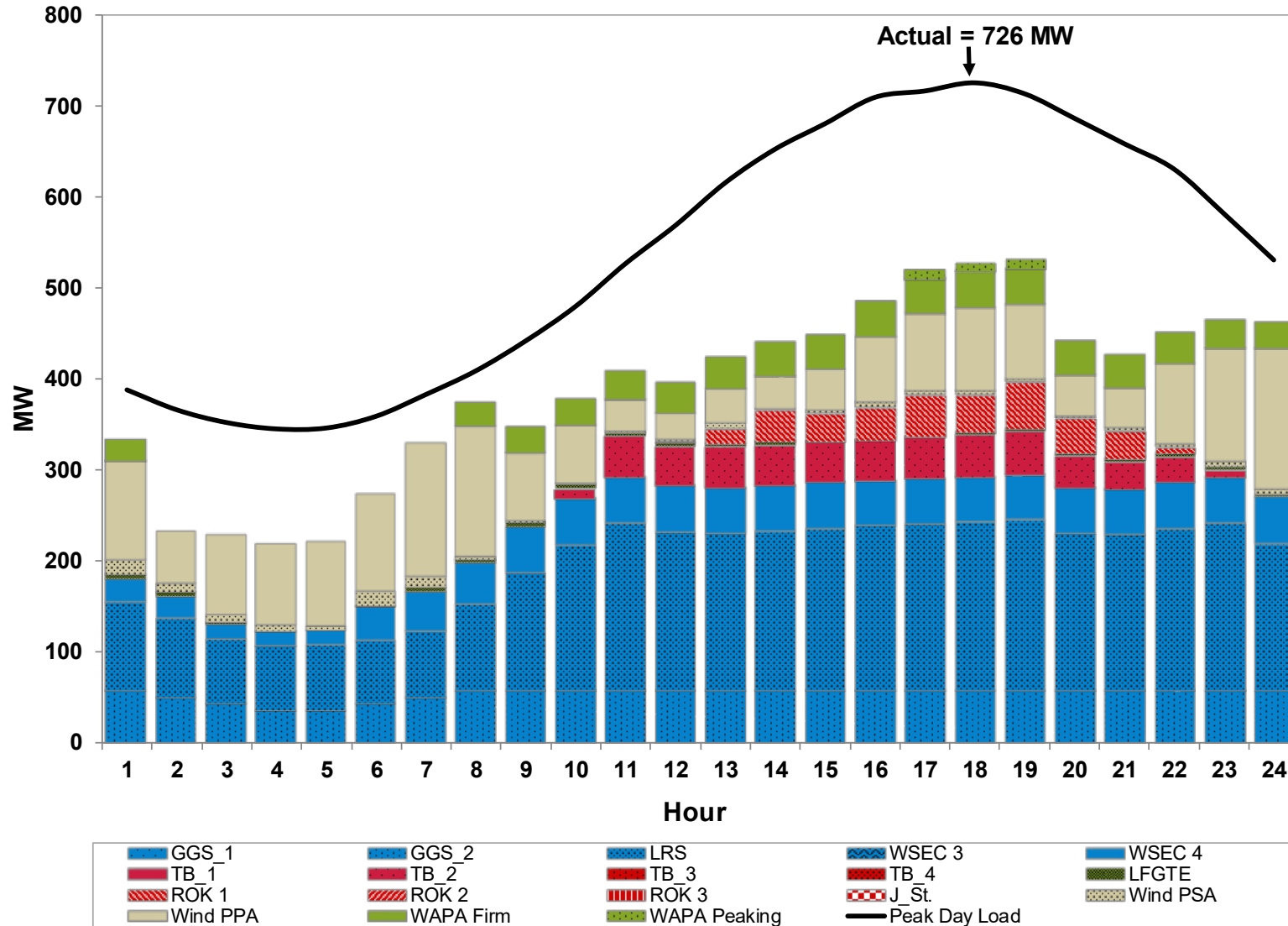


# Resource Energy



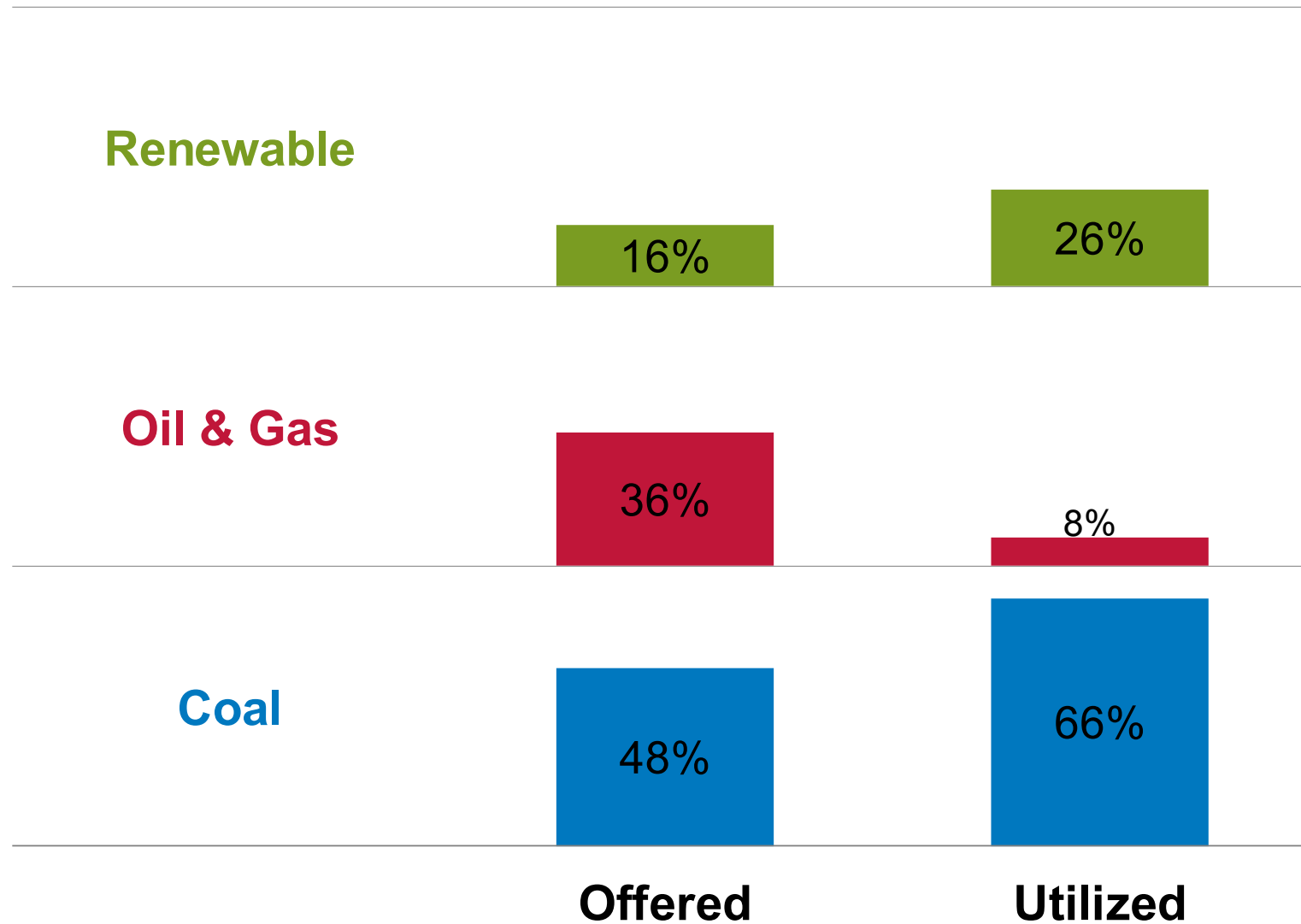
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

# Peak Load Day – June 28, 2023



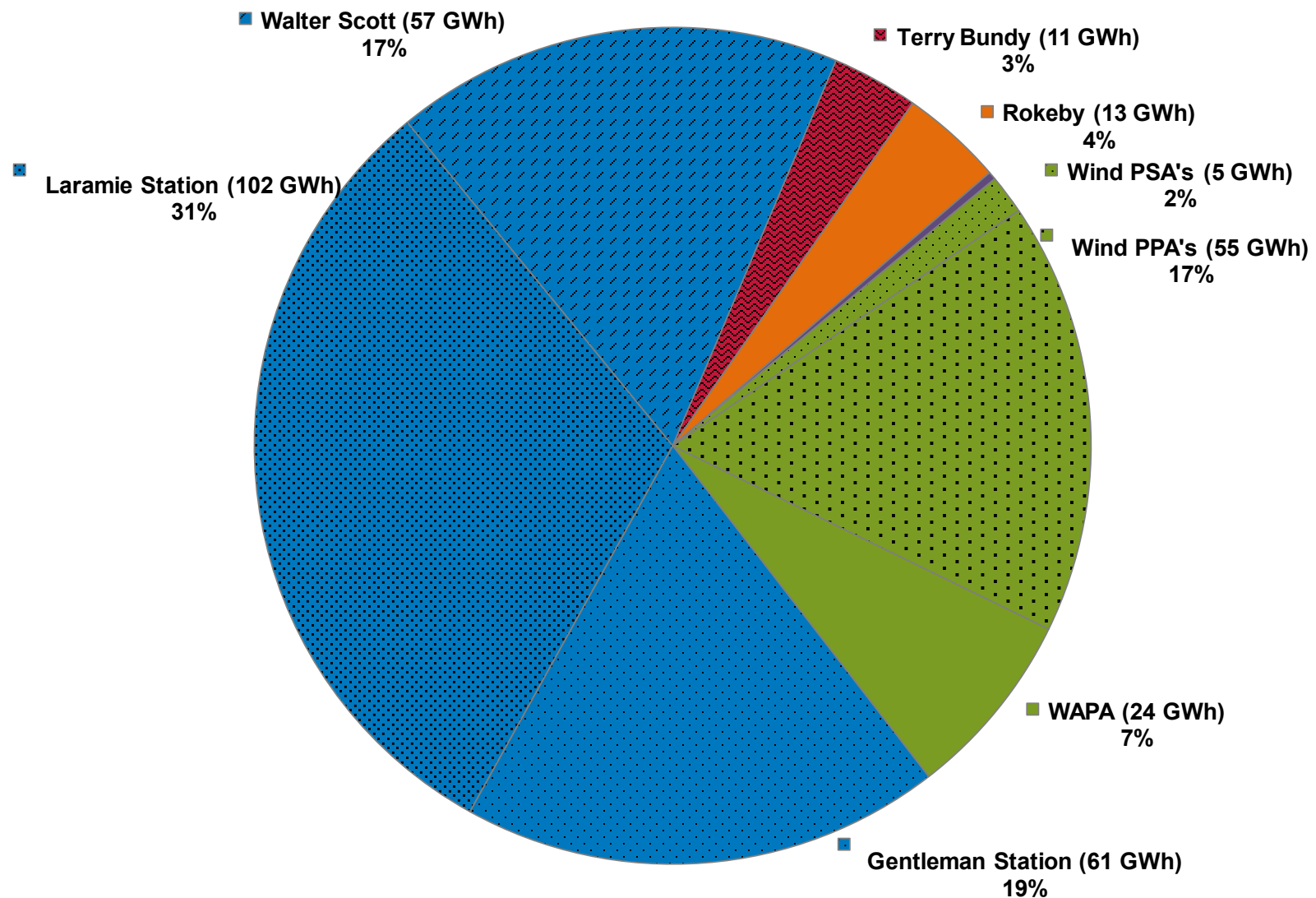
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

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



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

# Energy Utilized by the SPP Integrated Marketplace



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