

MINUTES OF LINCOLN ELECTRIC SYSTEM ADMINISTRATIVE BOARD

Minutes of the regular meeting held at 9:30 a.m., Friday, September 20, 2024, at the Kevin Wailes Operations Center, 9445 Rokeby Road, Lincoln, Nebraska. Public notice of today's meeting was published in the Lincoln Journal Star on September 13, 2024.

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

Board Members Absent: Alyssa Martin

LES Staff Present: Emeka Anyanwu, Shelley Sahling-Zart, Emily Koenig, Paul Crist, Trish Owen, Lisa Hale, David Malcom, Wade Leibbrandt, Paul Ladd, Joe Cocklin, Kelley Porter, Marc Shkolnik, Jim Rigg, Amber Maas, Scott Benson, Mike Murphy, Denise Parrott, Keith Snyder, Kellie Cave

Others Present: Kevin Wailes, Ken Winston, Nathan Svatora, Bud Synhorst, and numerous virtual participants via Microsoft Teams

News Media Present: None

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

Board Chair Andy Hunzeker asked for approval of the minutes of the August 16, 2024, board meeting. David Spinar moved approval of the minutes. Lucas Sabalka seconded the motion. The vote for approval of the minutes was: **Approval of Minutes**

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

Nay: None

Absent: Alyssa Martin

Ken Winston representing Nebraska Interfaith Power & Light and Sierra Club, mentioned the Nebraska Youth Climate Summit October 4th, and again expressed gratitude for Emeka's involvement as the keynote speaker. He commented on his **Customer Comments**

appreciation of LES's consistent low rates ahead of the budget discussion. He spoke on the concern about potential disincentive to electrify homes and requested LES provide further funding for SEP as well as consideration of increased need for energy assistance programs due to inflation and other economic factors. Winston expressed his interest in LES's upcoming strategic plan as it pertains to 2040 decarbonization goal. He spoke on the Environmental Justice policy being considered by OPPD and encouraged LES to adopt a similar policy.

Carl Eskridge, Chair of the Finance Committee, reported on Committee discussions held on August 29, 2024, including: 1) 2025 Power Cost Review, 2) 2024 Mid-Year Capital Review, 3) 2025 Preliminary Budget & Rates Review. **Finance Committee Report**

Eskridge also reported on Committee discussions held on September 10, 2024, including: 1) 2025 Proposed Budget & Rates Follow-Up, 2) 2025 Cost of Services and Rate Impacts. (Exhibit I)

Emily Koenig, Vice President, and CFO provided an overview of the 2025 Proposed Operating and Capital Budget and Rates. (Exhibit II) Koenig reviewed how the proposed 2025 budget and rates align with LES values while positioning it to meet financial obligations and strategic objectives in a changing environment. **2025 Proposed Operating & Capital Budget and Rates Overview**

She reviewed operating cost changes and financial metrics and targets. Additionally, she reviewed the capital authorization which for the first time includes total project cost for capital projects that will be undertaken in the succeeding two years.

Koenig reviewed the proposed 2025 rate adjustments which would include a system-wide average rate increase of 3.3%, individual rate class changes and other minor clarifying rate changes.

The total operating and capital authorization is \$474.8 million. A public hearing on the budget and rates is scheduled for October 3 at 6:00 pm, and the board is scheduled to take action on the proposal at the October 18 board meeting.

Emeka Anyanwu, CEO, provided an overview of the goals and expected timeline of LES's Strategic Planning process. He expressed the importance of allowing for public comment as well as the board's involvement and input. He commented on the Executive Team as well as current employees' industry knowledge and understanding of LES culture being a driver of the success of the process. Anyanwu spoke on the traditional Request for Qualification and Request For Proposal practice and decision to utilize the process for consultant selection although it wasn't required. Brief discussion on time requirements as it pertains to meetings with board members and LES Subject Matter Experts. (Exhibit III) **Strategic Planning Update**

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

The next regular meeting of the LES Administrative Board will be Friday, October 18, 2024, at 9:30 a.m. **Next Meeting**

Without further business before the Board, Chair Hunzeker declared the meeting adjourned at approximately 10:51 a.m. **Adjournment**

Lucas Sabalka, Secretary

BY: Kellie Cave
Kellie Cave
Assistant Secretary

Exhibit I



Finance Committee – August 29, 2024, and September 10, 2024

August 29 Meeting (In-Person)

Attendees: C. Eskridge (Chair), K. Bolz, D. Spinar, E. Anyanwu, E. Koenig, J. Fortik, S. Benson, W. Leibbrandt, A. Hunzeker (absent)

1. 2025 Power Cost Budget Review (Scott)

Note: *This information was provided in the Operations & Power Supply Committee Update at the August Board Meeting but has been updated slightly.*

- a. The proposed 2025 Net Power Cost budget is \$116.2 million which is \$3.9 million higher than the 2024 budget.
- b. A combination of varying fixed expenses at the generating resources, increased fuel expense, and the purchase of additional energy in the SPP market due to local customer load additions are the primary drivers of the Net Power Cost increase.

2. 2024 Mid-Year Capital Review (Wade)

- a. An overview of the year to date and forecasted year-end capital spending was provide to the committee.
- b. While capital spending is currently about \$8 million, or 15%, under budget, it is forecasted that year-end capital spend will be approximately \$4.1 million, or 5.3% over budget due primarily to acceleration of the Service Center Upgrades project, increased cost for Terry Bundy Generating Station Upgrades, and timing of substation expenditures.

3. 2025 Preliminary Budget Review (Emily & Wade)

Note: *This information will be presented in detail by Emily during the presentation of the proposed budget at today's board meeting.*

- a. The committee reviewed the proposed 2025 budget which includes an authorization request of \$474.8 million.
- b. Additionally, the committee reviewed the proposed system-wide rate adjustment of 3.3%.
- c. The rate adjustment is required to meet minimum financial targets and position LES to meet the financial obligations related to the changing industry environment.

September 10 Meeting (In-Person and Virtual)

Attendees: C. Eskridge (Chair), K. Bolz, D. Spinar, A. Hunzeker, E. Koenig, S. Sahling-Zart, L. Hale, J. Cocklin, W. Leibbrandt

1. 2025 Cost of Service & Proposed Rates (Emily & Joe)

Note: *This information will be presented in detail by Emily during the presentation of the proposed budget at today's board meeting.*

- a. The 2025 cost of service analysis and individual rate class adjustments were provided to the committee for their review.
- b. In addition to the rate increase, other rate schedule changes were briefly discussed with the committee including: addition of the new Multi-tenant Shared Solar Rate, the Renewable Generation Standby Rider, an increase to the Pole Attachment rate and other minor changes.

Exhibit II



Lincoln Electric System



2025 Proposed Budget & Rates

LES Administrative Board | September 20, 2024

Emily N. Koenig | LES
Vice President, Financial Services & CFO

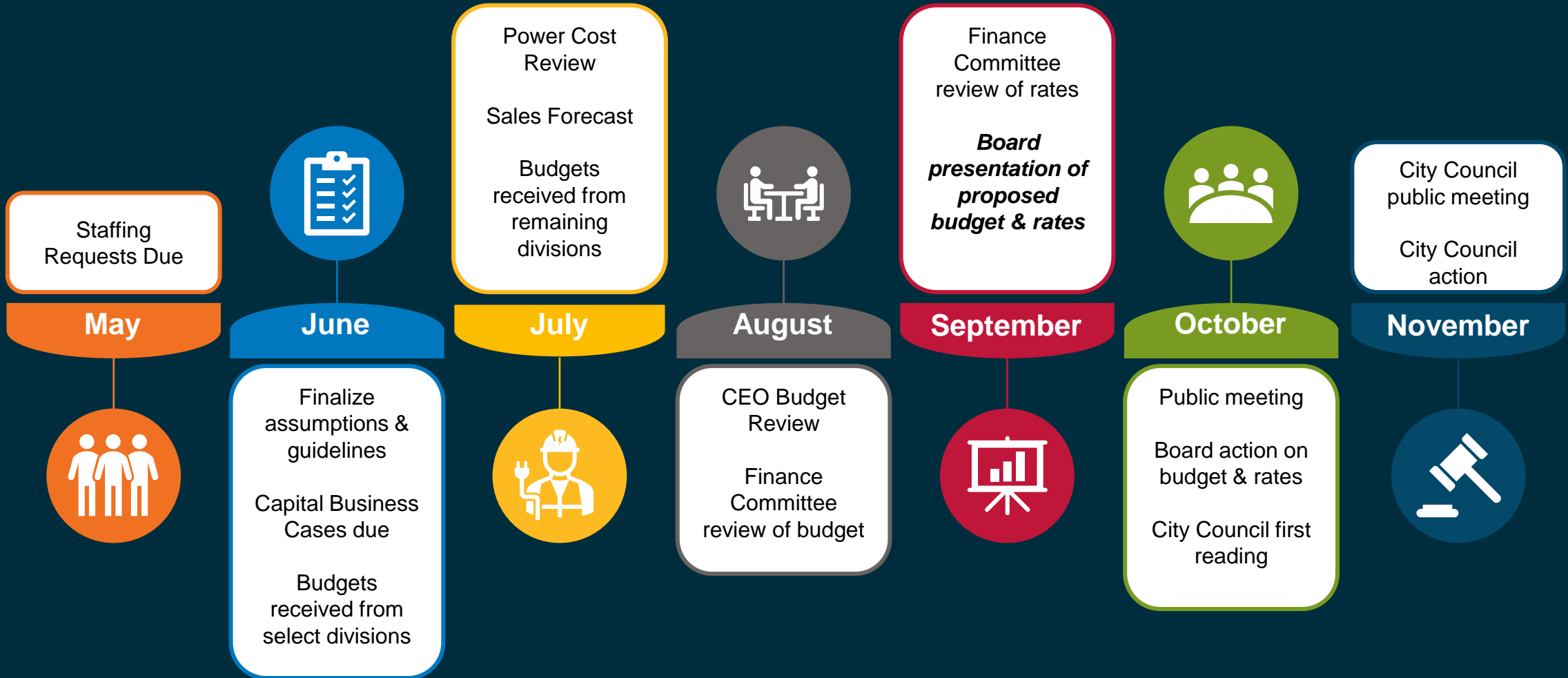
Today's Objectives

- Review Proposed 2025 Operating and Capital Budget
- Review Proposed 2025 Systemwide Rate Adjustment of **3.3%**
- Schedule of Next Steps

No action will be taken at today's board meeting
LES Board action is scheduled for October 18th

Due to rounding, numbers presented throughout this presentation may not add up precisely to the totals provided

Path to the 2025 Budget and Rates



Budget & Rate Adjustment Objectives



LES has a long-standing history of valuing

- A resilient, safe and well-maintained system
- Reliable electric service
- Rate stability, affordability and equity
- Sustainability

The electric utility industry is experiencing transformations and disruptions

- Market factors (generation resource adequacy, volatile pricing)
- Regulatory and policy requirements
- Electrification
- Cost increases (inflation, supply chain, workforce)



The 2025 Proposed Budget and Rate Adjustment continue LES' focus on its values while positioning it to meet financial obligations and strategic objectives in a changing environment.



Budget Authorization



Operating*
\$291.1M



Capital**
\$183.7M



Total
\$474.8M

Projected Cash Flow Comparison

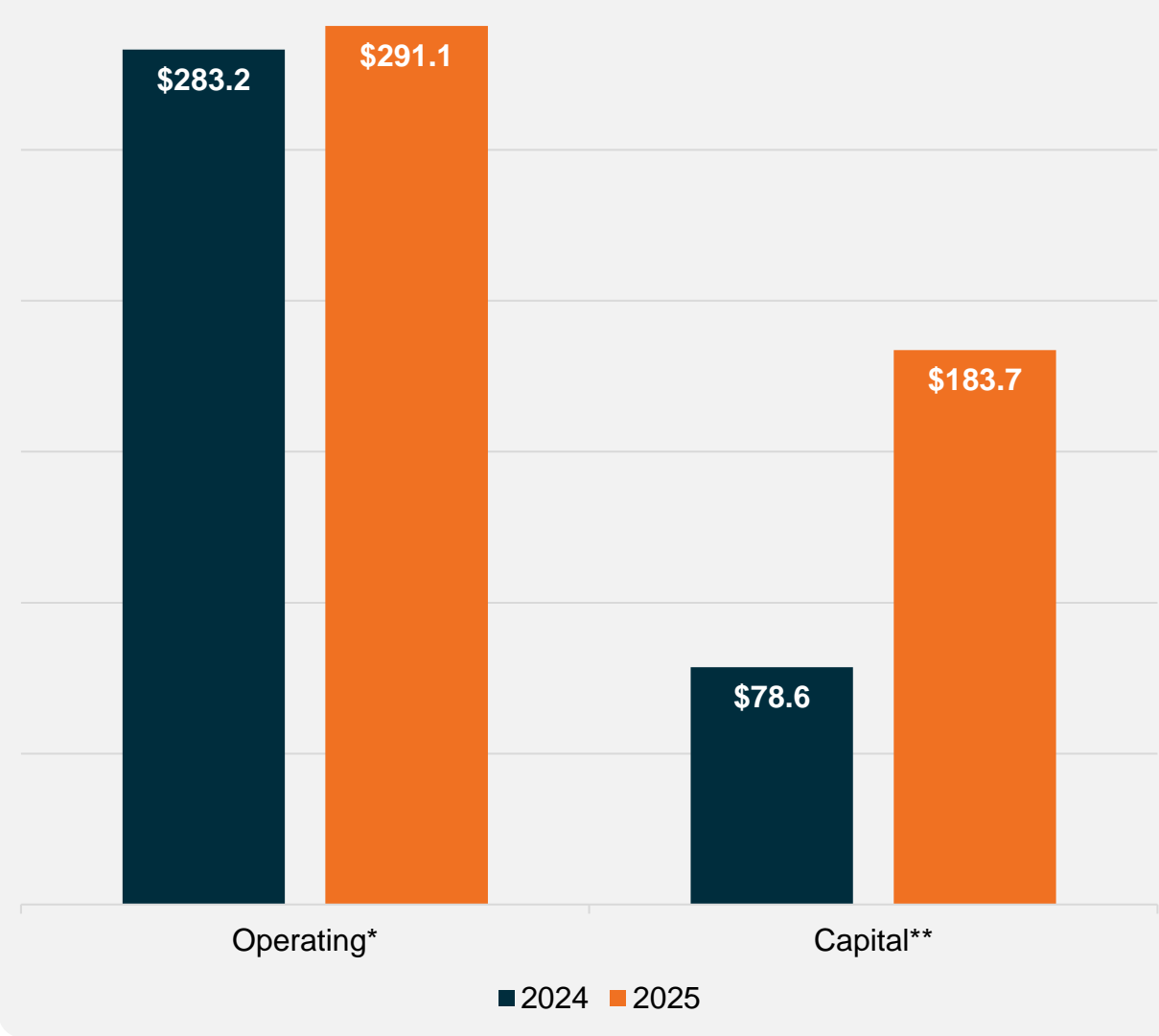
	2024	2025	Variance
Operating	\$283.2M	\$291.1M	+\$7.9M/+2.8%
Capital	\$78.6M	\$76.8M	-\$1.8M/-2.2%
Total	\$361.7M	\$367.9M	+\$6.2M/+1.7%

*Excludes PILOT

**2025 Budget represents all capital projects undertaken prior to 12/31/2026. Projects authorized through life-of-project. The 2025 authorization is the first year of the life-of-project authorization method.

Budget Authorization

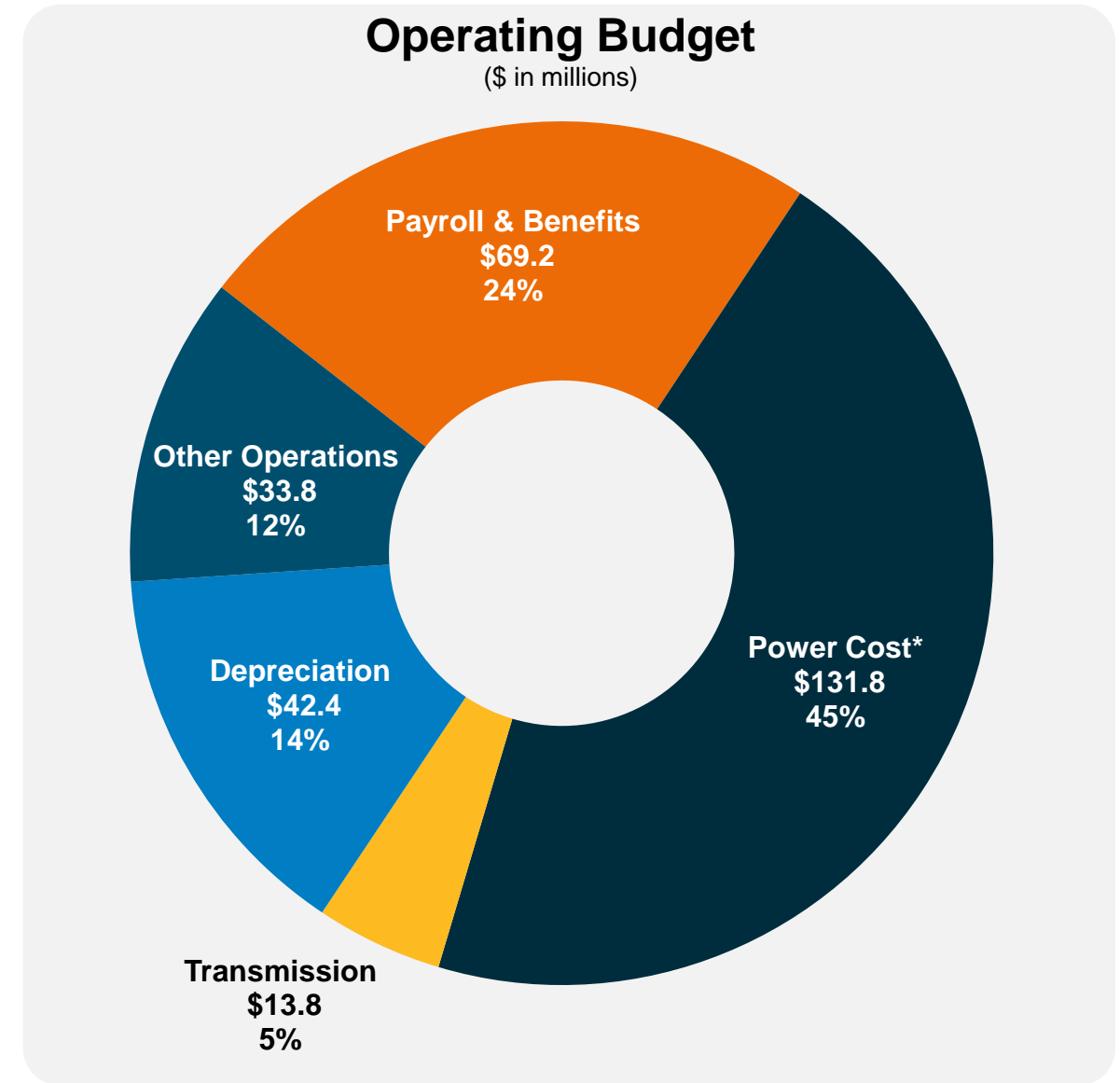
(\$ in millions)



Power Cost continues to be the largest part of the Operating Budget

Because Power Cost constitutes such a large percentage of the total budget, fluctuations can have a significant impact on the overall budget.

Power Cost, Transmission, and Depreciation make up 64% of the Operating Budget; LES' ability to impact these costs on an annual basis is limited.



* Power Cost varies from other parts of the presentation due to labor costs that are reported through Payroll & Benefits in the chart above.

Budgeted Operating Expenses*



O&M Expenses

2024 Budget	2025 Budget	Variance
\$41.4M	\$42.5M	+\$1.1M/+2.8%



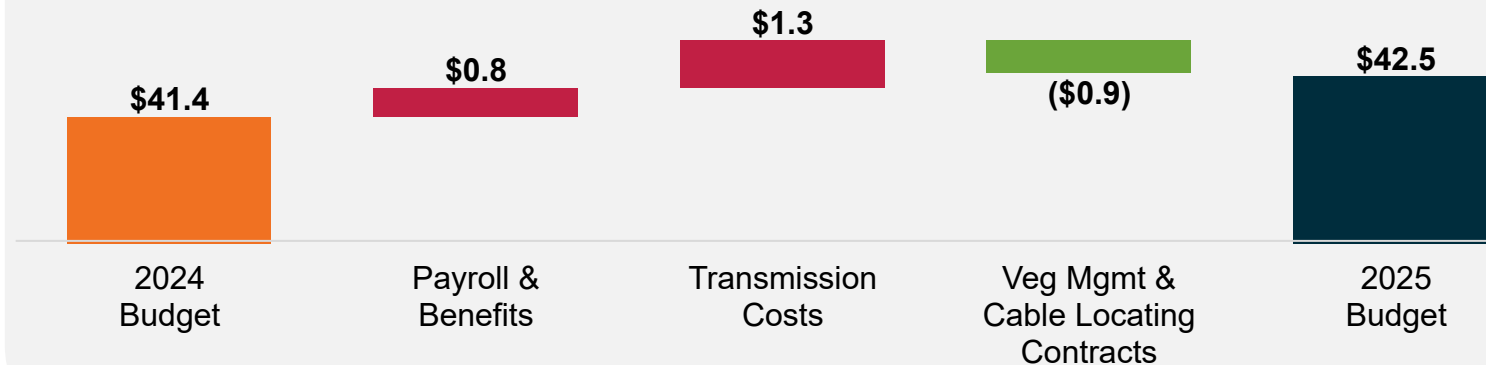
A&G Expenses

2024 Budget	2025 Budget	Variance
\$59.8M	\$66.9M	+\$7.1M/+11.9%

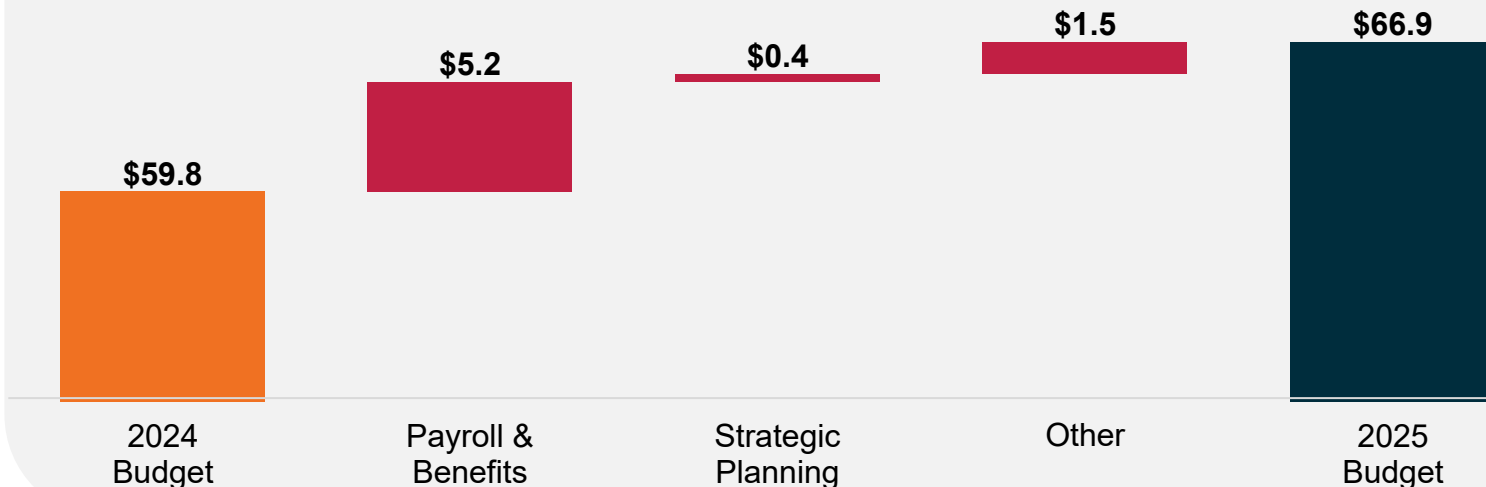
*Excludes Power Cost

Operations & Maintenance

(\$ in millions)



Administrative & General



Net Power Cost Budget

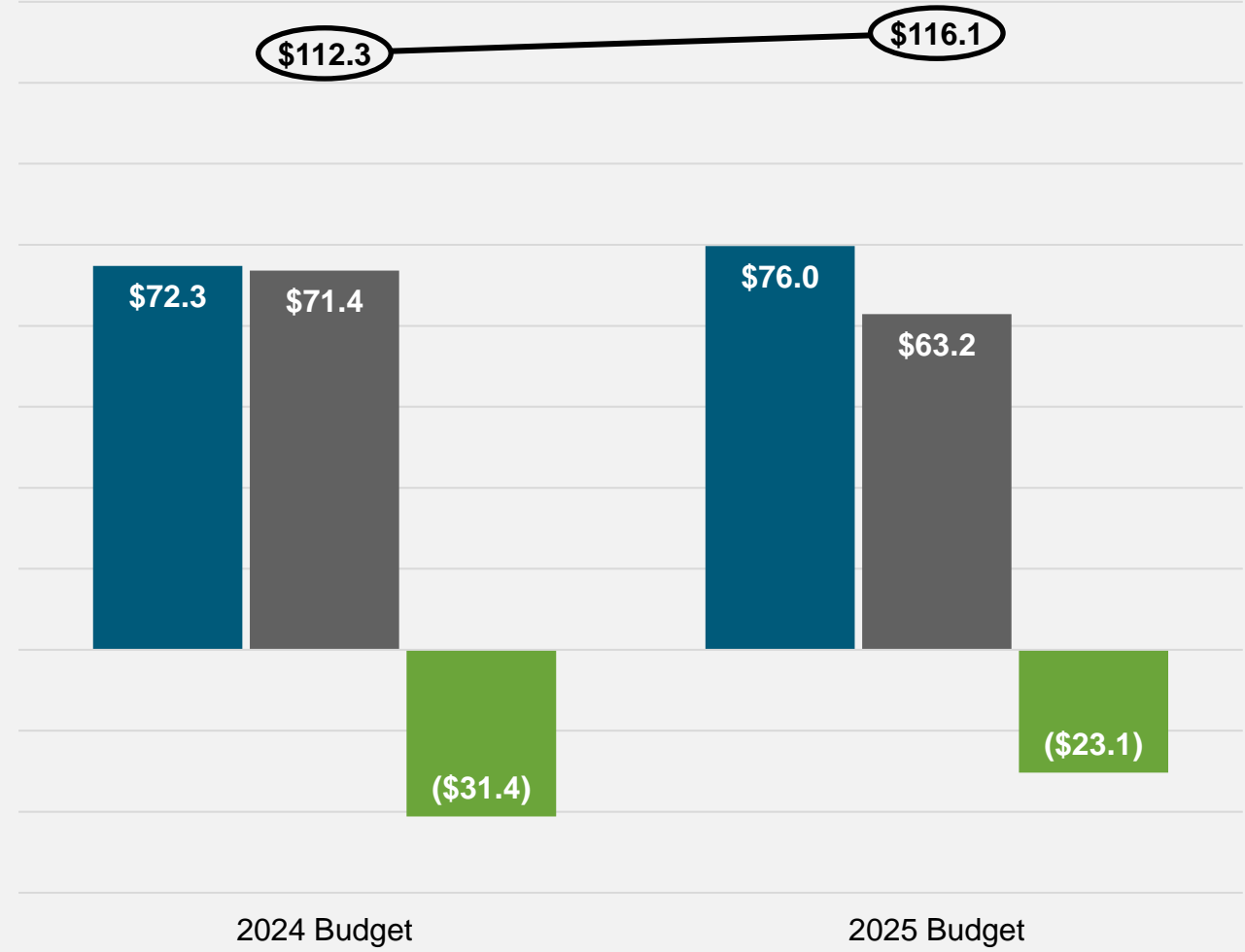
2024 Budget	2025 Budget	Variance
\$112.3M	\$116.1M	+\$3.8M/+3.4%

- Purchased Power is greater due to increased costs at Gerald Gentleman Station and for wind resources
- Produced Power is lower due to lower costs at Laramie River Station and lower energy and maintenance costs at Rokeby Generating Station and Terry Bundy Generating Station
- Wholesale Revenue is lower mainly due to decreased revenue from SPP Integrated Market activities

Net Power Cost*

(\$ in millions)

■ Purchased Power
 ■ Produced Power
 ■ Wholesale Revenue
 — Net Power Cost



* Includes payroll & benefits

Lower assumed interest rates lead to a reduction in interest income

Primary objectives of the LES Investment Program include:

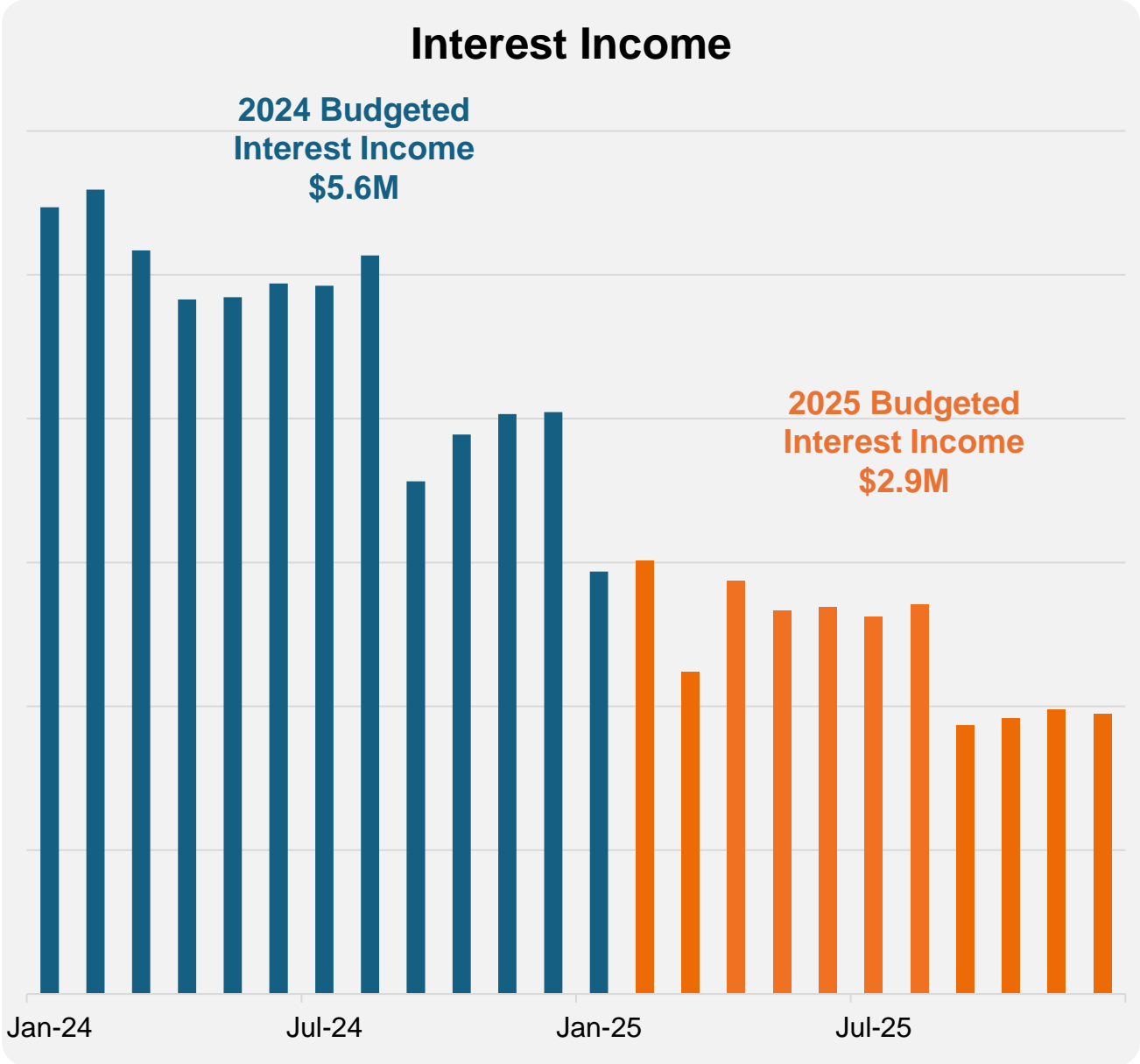
- Safety of principal
- Maintenance of liquidity to meet cash flow requirements
- Maximizing performance while not compromising the other objectives

Average Portfolio Balance

- 2024 Budget = \$162M
- 2025 Budget = \$155M

Average Assumed Yield

- 2024 Budget = 3.85%
- 2025 Budget = 2.22%



Note: Excludes Rate Stabilization Fund interest income

Proposed Capital Authorization is \$183.7M with \$76.8M spent in 2025

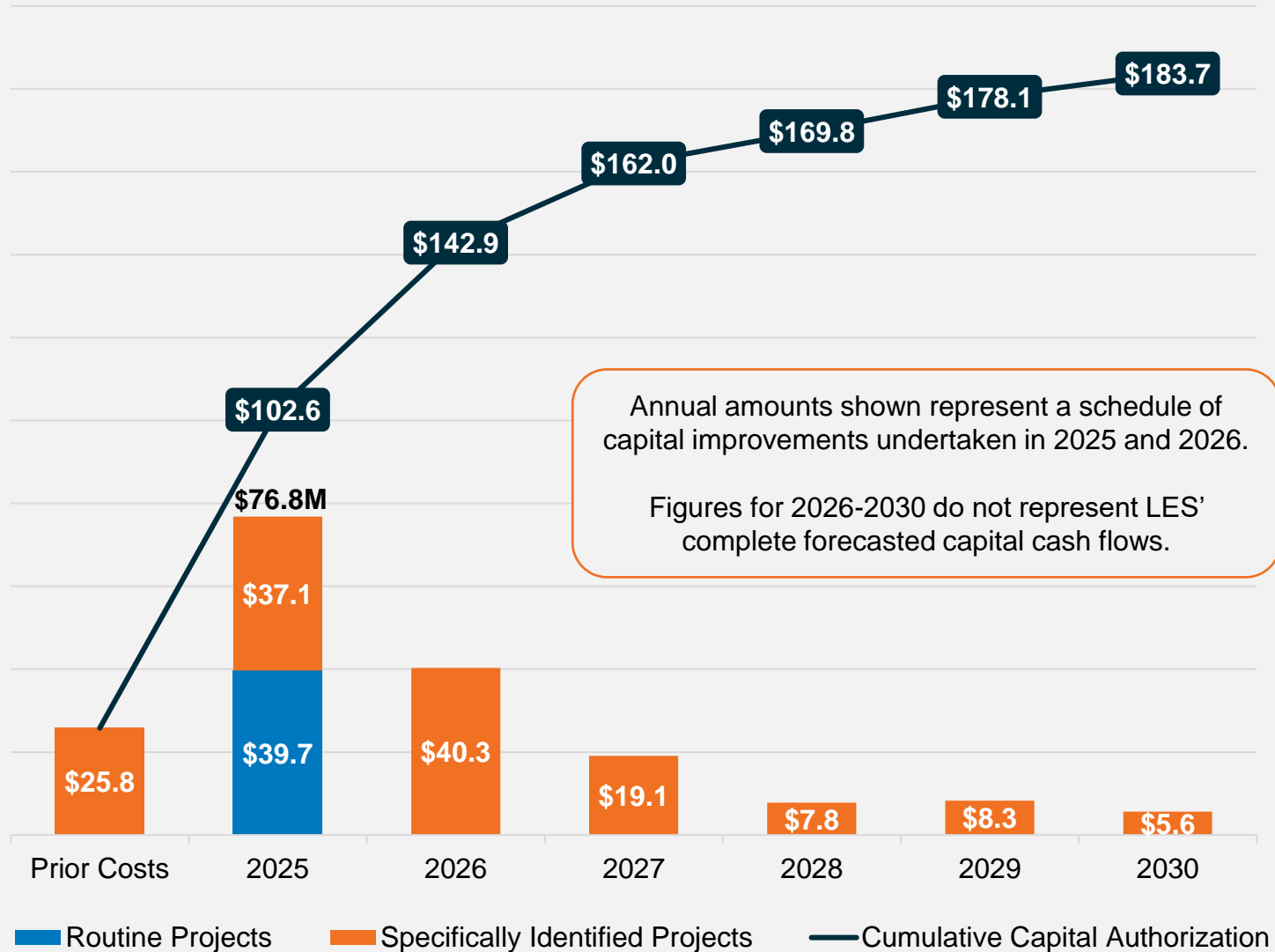
Specifically Identified Projects > \$2.0M

- \$18.7M – Service Center HVAC Upgrades
- \$16.5M – Rokeby Unit 3 C-Inspection
- \$11.9M – Transformer T143 Addition
- \$11.5M – Transformer T851 Replacement
- \$8.0M – Transformer T601 Replacement
- \$6.1M – Transformer T691 Replacement
- \$5.8M – 40th & Gertie Transformer Replacement
- \$5.9M – 30th & A Transformer Replacement
- \$5.8M – L3503 Rebuild (Princeton-Stagecoach)
- \$5.7M – L3503 Rebuild (Stagecoach-Martell)
- \$3.6M – Transport Net Upgrade (Phase 2/8)
- \$2.2M – Outage Mgmt System Replacement

- Routine Projects will be reevaluated annually
- LES Capital Budget defined in Lincoln Municipal Code 4.24.090, amended January 29, 2024.

Proposed Capital Authorization

(\$ in millions)



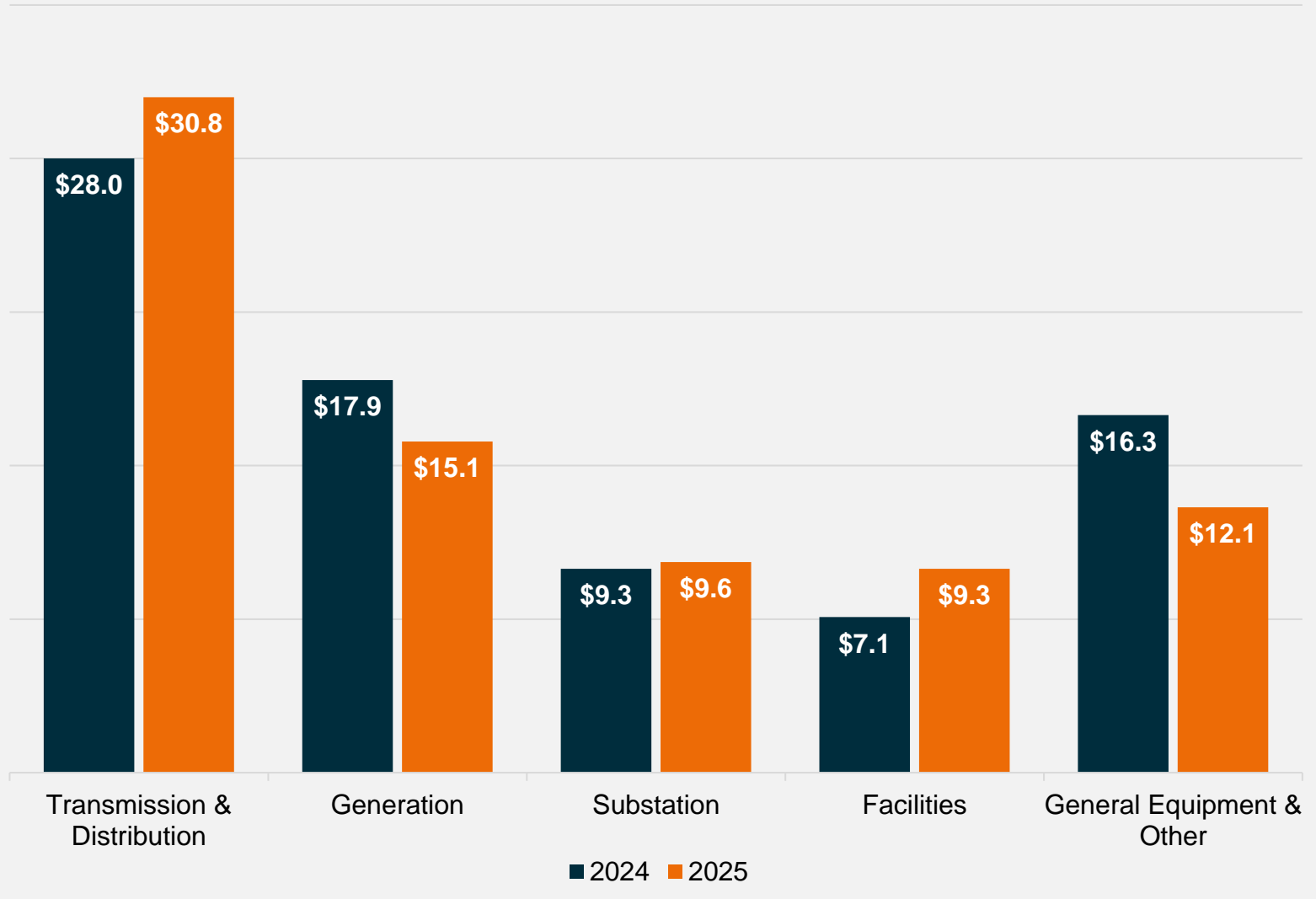
2025 Estimated Capital Cash Flow is \$76.8M

Major Projects in 2025

- \$7.3M – Service Center HVAC Upgrades
- \$6.9M – Walter Scott Energy Center
- \$4.0M – Laramie River Station
- \$2.5M – 40th & Gertie Transformer Upgrade
- \$2.1M – Outage Mgmt System Replacement

2025 Estimated Capital Cash Flow

(\$ in millions)



Retail Revenue Budget



Retail Revenue

2024 Budget
\$302.0M

2025 Budget
\$319.7M

Variance
+\$17.7M/+5.8%



Retail Energy

2024 Budget
3,293 GWh

2025 Budget
3,416 GWh

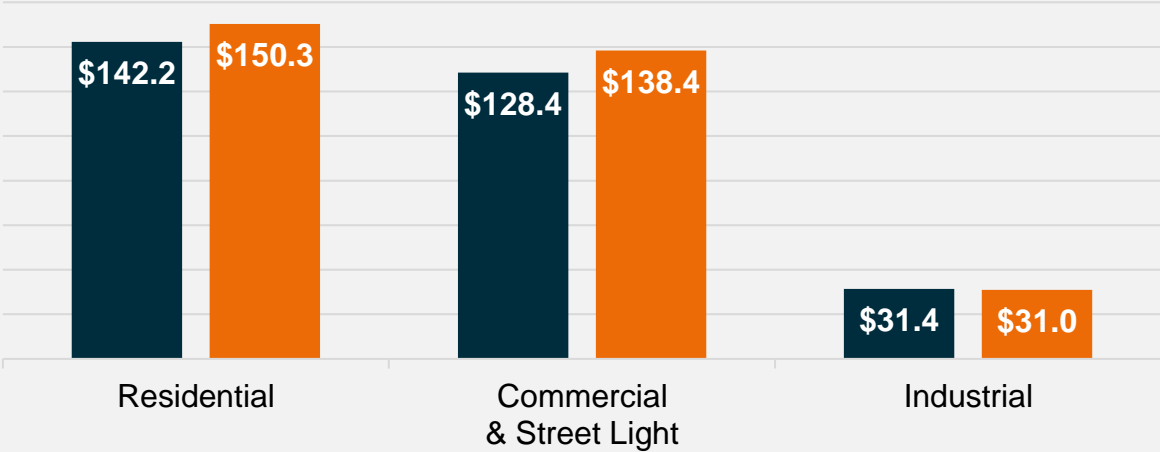
Variance
+123 GWh/+3.7%

Increased Retail Revenue is driven primarily by proposed 3.3% system-wide rate adjustment and load growth

Retail Revenue

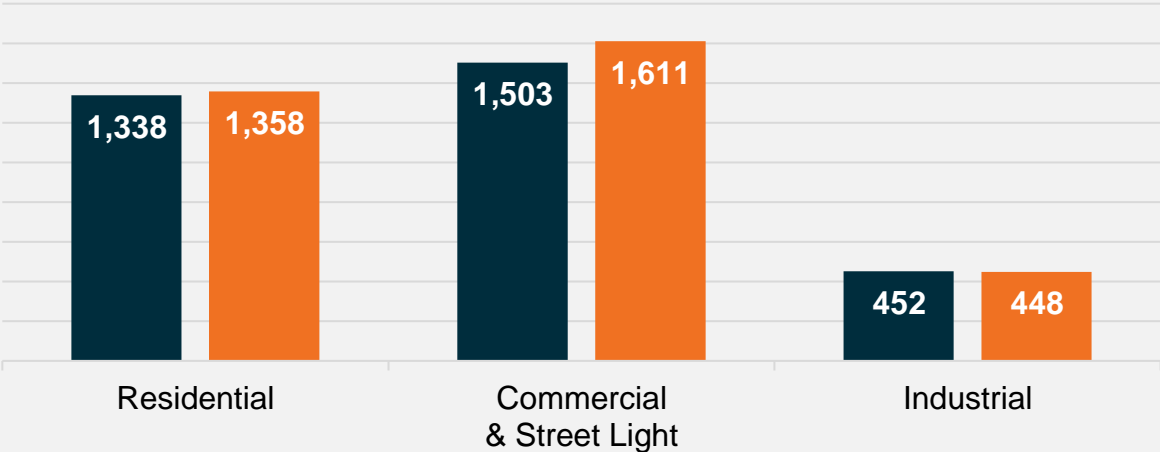
(\$ in millions)

■ 2024 ■ 2025



Retail Energy

(GWh)



Financial Metrics

LES has minimum target values for financial ratios, established in policy, that are adhered to when setting rates.

Fixed Charge Coverage Ratio

The proposed rate increase of 3.3% is necessary to bring the fixed charge coverage ratio into compliance

The Fixed Charge Coverage ratio is a measurement of LES' ability to fund all fixed obligations (long and short-term debt, fixed power contracts, PILOT/CDFUO).

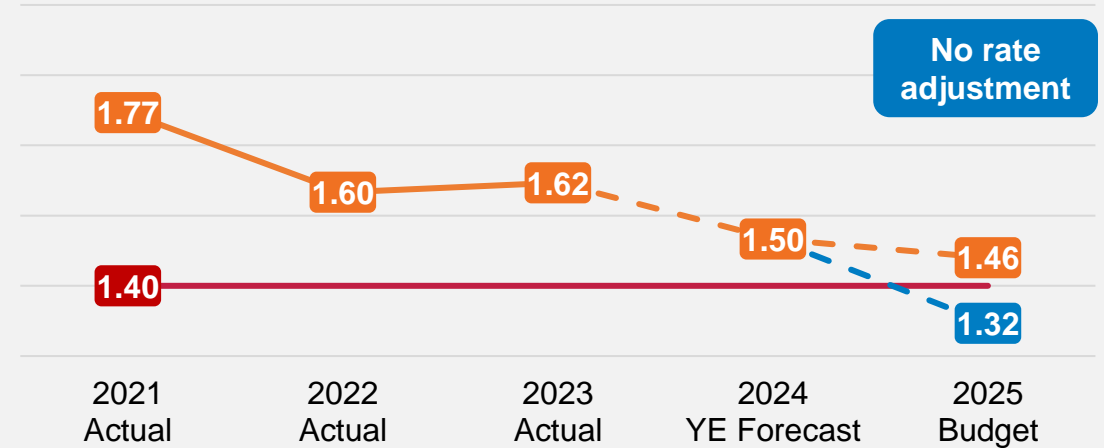
Days Cash on Hand

A short-term, tax-exempt borrowing is required in 2025 to maintain liquidity requirements

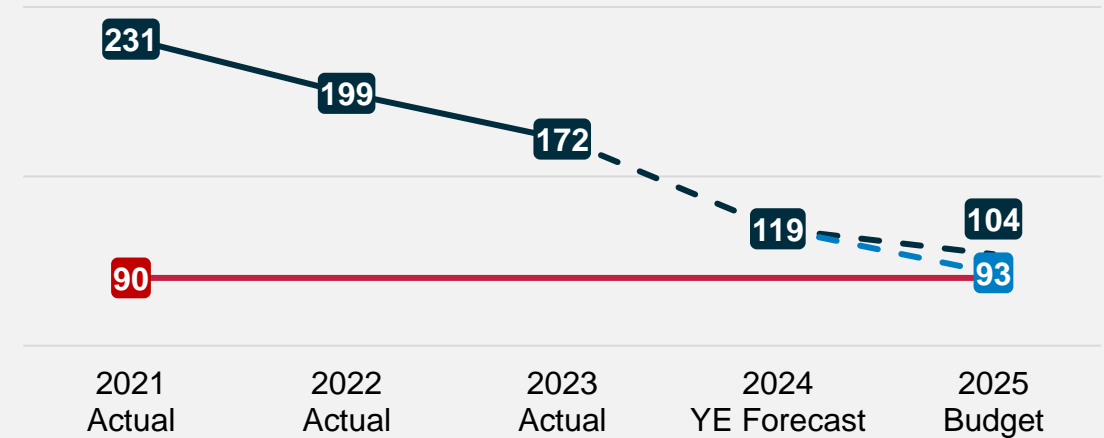


Higher or increasing values are generally considered favorable for both metrics

Fixed Charge Coverage Ratio



Days Cash on Hand



Note: all metrics shown are at year-end

Financial Metrics

Debt to Capitalization

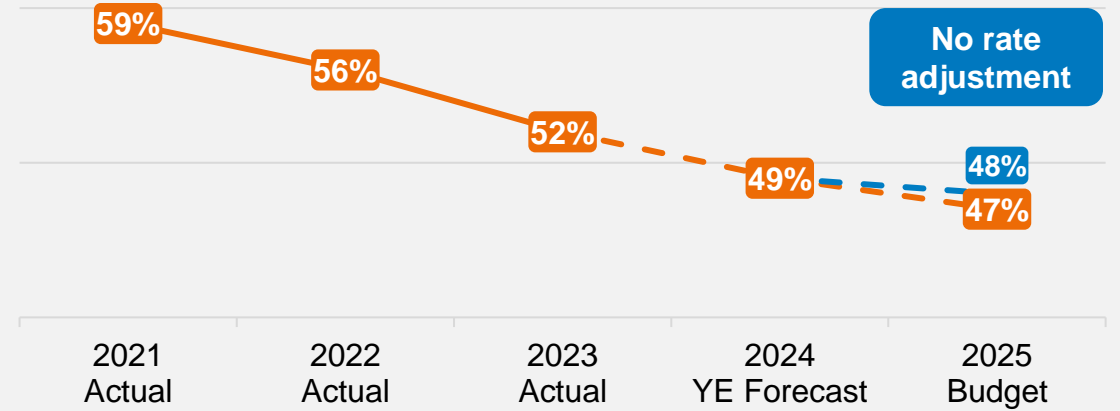
Measure of how much of LES' overall capital structure is made up of debt

Net Debt Ratio

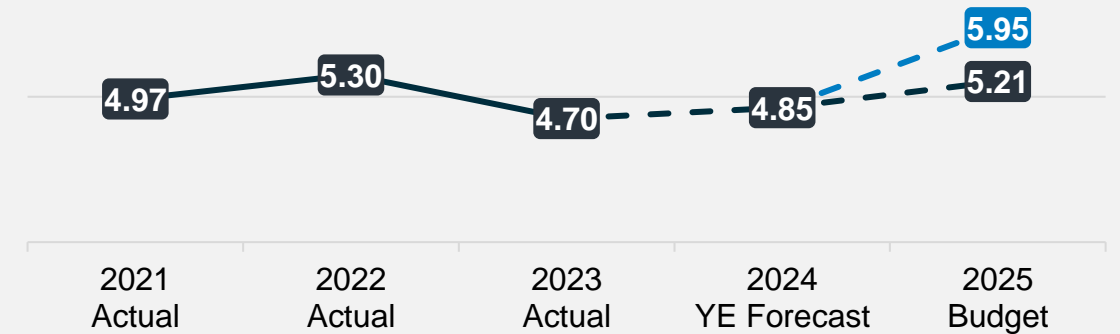
Measures about how many years it would take for LES to pay off all remaining debt given operating results/projections for the given year

Lower or decreasing values are generally considered favorable for both metrics

Debt to Capitalization



Net Debt Ratio



Note: all metrics shown are at year-end

LES Principal Rate Types and Cost of Service Objectives

LES Principal Rate Types

Non-Demand Rates

- Rate Classes:
 - Residential
 - General Service
 - Heating Service
- Rate Components
 - Customer
 - Facilities
 - Energy

Demand Based Rates

- Rate Classes:
 - General Service Demand
 - Large Light & Power
 - Large Power Contract
- Rate Components
 - Customer
 - Facilities
 - Demand
 - Energy

Market Energy Rate Class

- Rate Classes:
 - Market Energy
- Rate Components
 - Customer
 - Market Energy
 - Demand

Rate Objectives

1. **Revenue Sufficiency:**

Rates should be set equal to Revenue Requirement

2. **Revenue Stability:**

Rates should provide stable flow of revenue to meet the utility's financial need

3. **Cost Based:**

The assessment of costs in rate development should be based on cost-causation

4. **Defensible:**

Rates should be equitable, fair, and reasonable

5. **Ease to Administer:**

Rates should be easy to implement, understand, and explain to the customer

2025 Proposed System-Wide Rate Increase is 3.3%

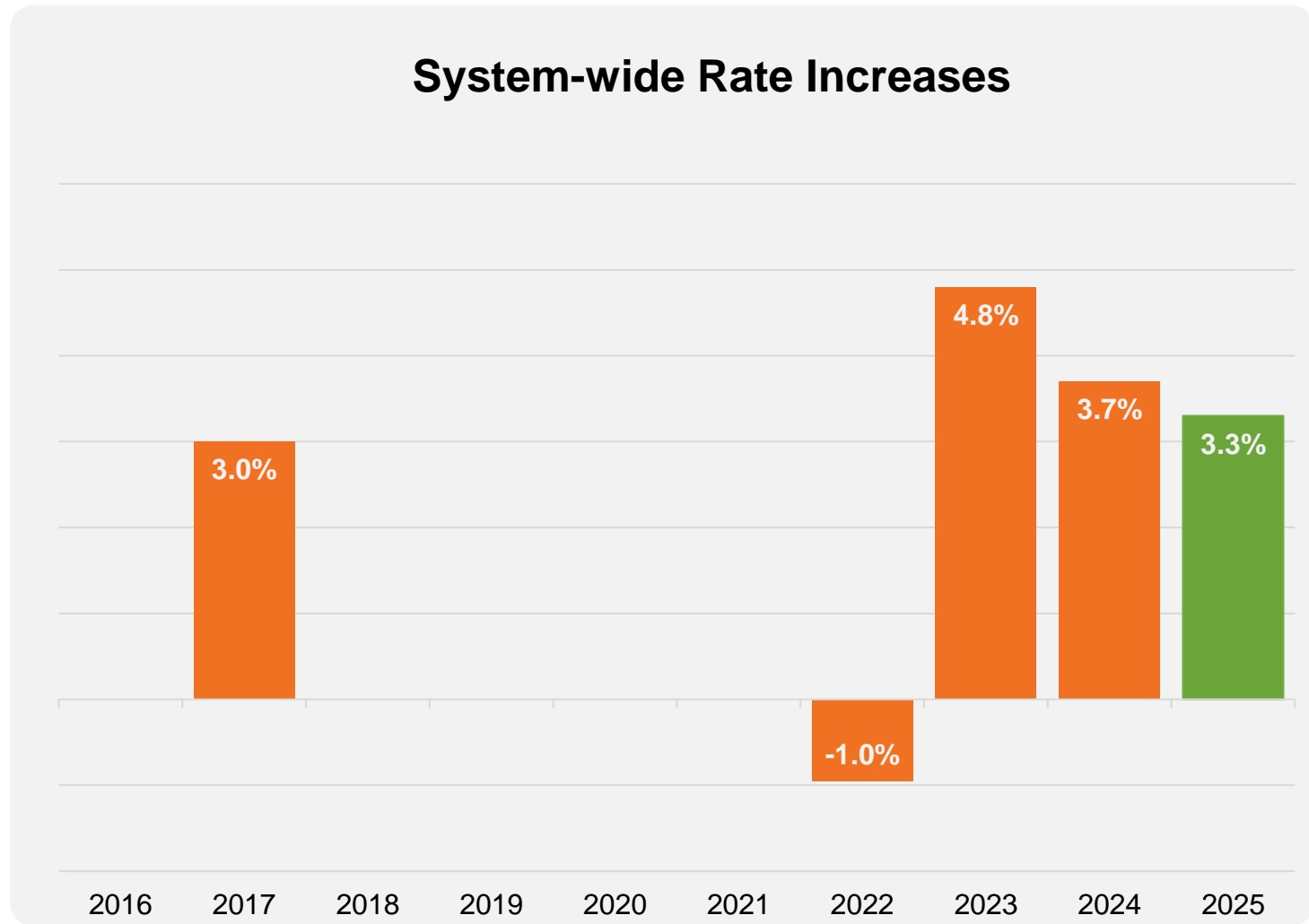


The 2025 proposed rate increase is lower than the prior two rate increases



The prior ten-year average increase is 1.4%

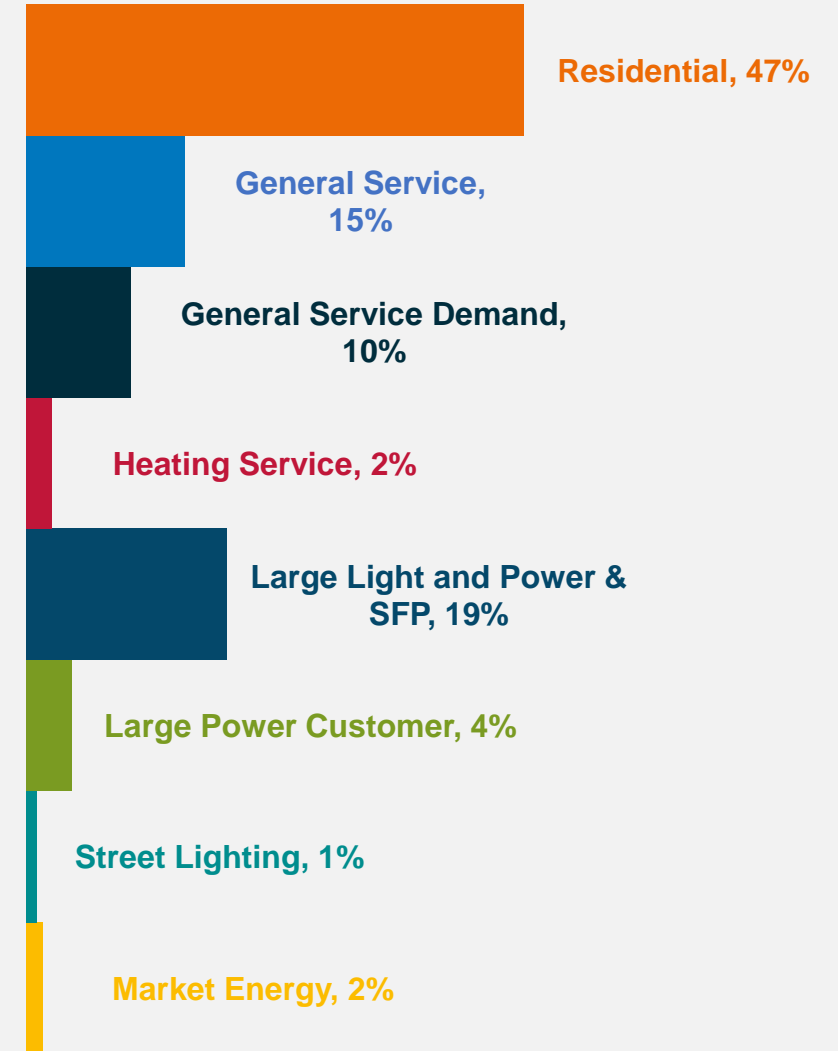
System-wide Rate Increases



Proposed rate increases vary by rate class

Rate Class	2025 Rate Increase	2025 Cost of Service	2024 Cost of Service
Residential	3.3%	98.7%	99.1%
General Service	3.3%	105.0%	100.2%
General Service Demand	3.9%	101.6%	99.4%
Heating Service	10.0%	76.5%	75.5%
Large Light & Power	2.5%	105.0%	107.2%
Large Power Customer	2.1%	103.0%	101.2%
Street Lighting	6.0%	92.1%	86.2%
Market Energy	N/A	N/A	N/A
Total Retail System	3.3%	100.0%	100.0%

Percent of Retail Revenue



Rate Targets = 95% to 105% Cost of Service

Residential Rate Restructuring Process

Moving fixed costs to fixed charges - “A goal with an ever-moving goal post”



✓ Phase 1: 2016 - 2019

Substation and Distribution Costs

At the time ~\$30M moved, although costs have since increased to \$45M

❑ Phase 2: 2022 - On-going Transmission Costs

With 2025 rates ~\$14M moved, with ~\$11M to go



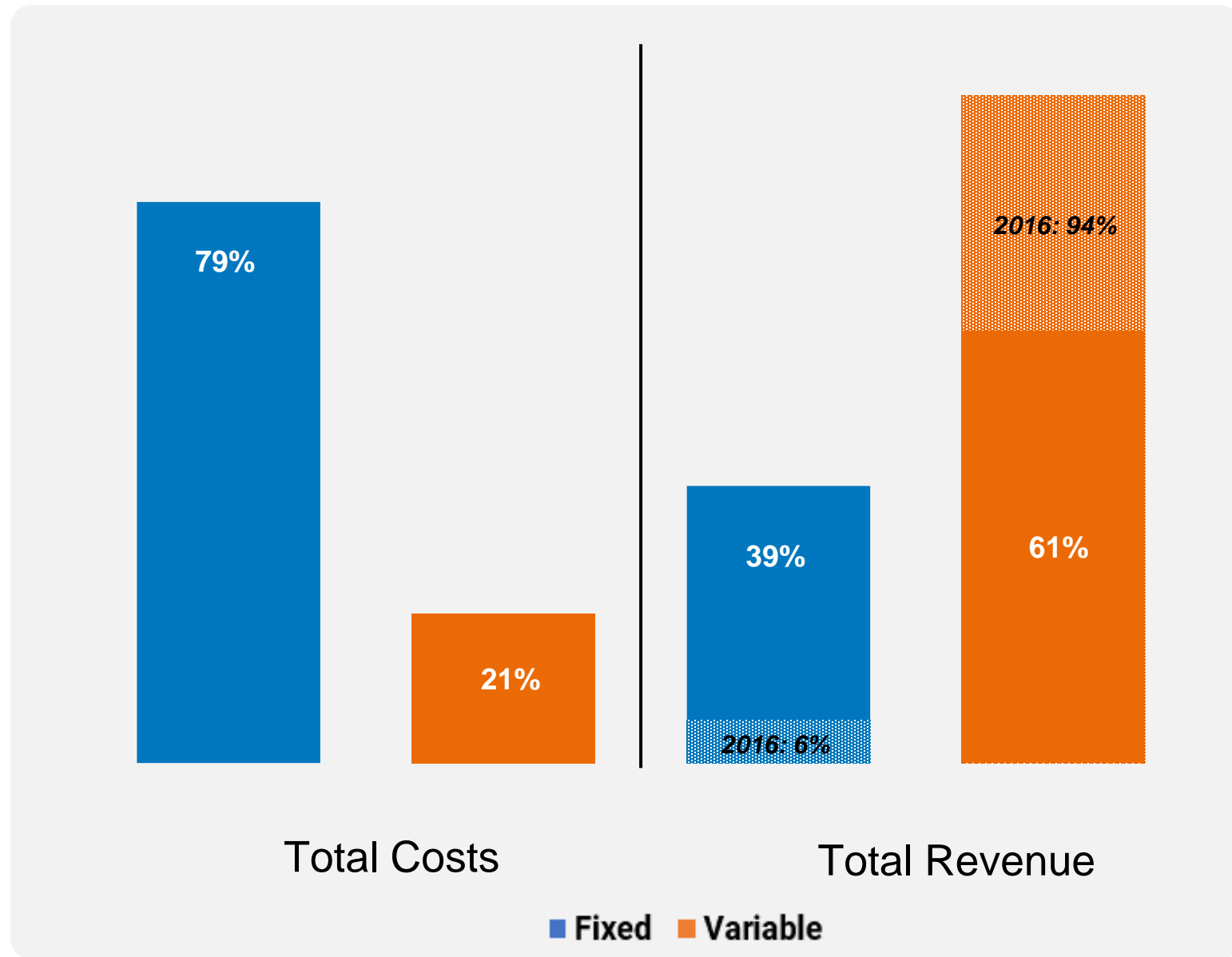
❑ Phase 3: To Be Determined Capacity (Generation) Costs

In 2025 this amount is ~\$43 million



Cost and Revenue Allocation for Non-demand Billed Classes

- 2025 will be the 10th year of the revenue neutral Rate Restructuring process to align fixed and variable cost recovery
- The cost breakdown between fixed and variable has remained unchanged over time
- Progress continues to be made. The following outlines the fixed revenue recovery percentages over time
 - 2016 – 6%
 - 2024 – 36%
 - 2025 – 39%



2025 Proposed Residential Rate Changes

(includes 3.3% increase and continued Rate Restructuring)

Residential Charges	Average Monthly Usage	2024	2025 Proposed	Proposed Change	Unit
Customer Charge		\$5.00	\$5.00	N/A	Month
Energy (Summer)		\$0.0719	\$0.0709	-\$0.0010	kWh
Energy (Winter)		\$0.0540	\$0.0535	-\$0.0005	kWh
Facilities Level 1	0 - less than 800 kWh	\$25.75	\$28.50	\$2.75	Month
Facilities Level 2	800 - 1,500 kWh	\$38.00	\$42.00	\$4.00	Month
Facilities Level 3	Greater than 1,500 kWh	\$57.75	\$63.75	\$6.00	Month
Facilities 3-Phase		\$57.75	\$63.75	\$6.00	Month

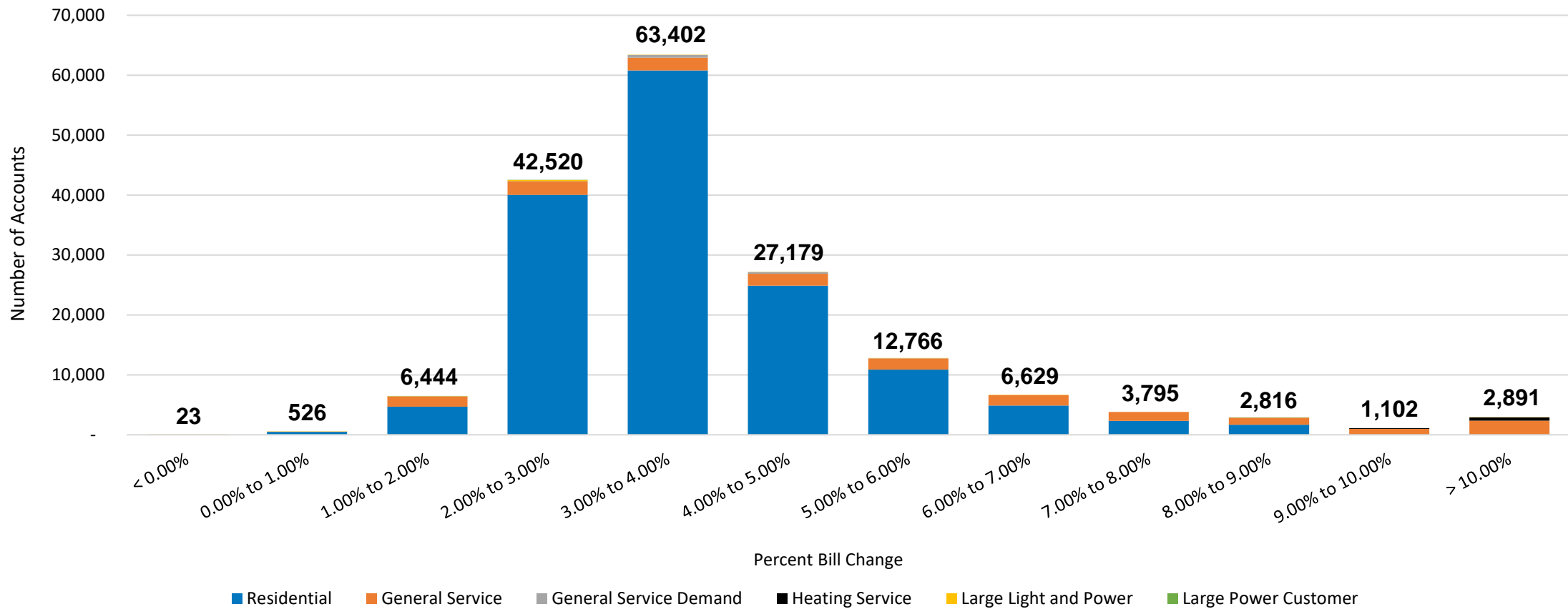
2025 Sample Residential Bill Changes

Facilities Level	Monthly Energy	2024 Monthly Bill	2025 Proposed Monthly Bill	Proposed Bill Change
1	100 kWh	\$36.75	\$39.43	\$2.68
1	700 kWh	\$72.73	\$75.01	\$2.28
2	800 kWh	\$90.97	\$94.44	\$3.47
2	1,500 kWh	\$132.95	\$135.95	\$3.00
3	2,000 kWh	\$182.68	\$187.35	\$4.67
3	4,000 kWh	\$302.62	\$305.95	\$3.33

Note: Customers with energy use in the lower range of their Facilities Level will see slightly higher bill changes due to not experiencing enough reduction in their Energy Charge to offset the increase in their Facilities Charge. Rate Restructuring is revenue neutral for LES.

82% of LES customers will see 2025 bill changes of less than 5%

All Retail Customer Annual Bill Changes by Class



Customer counts shown in chart may exceed actual customer counts due to bill simulations including all 2023 accounts.

LES rates continue to lag inflation growth



LES is 7th out of 87 cities for residential affordability

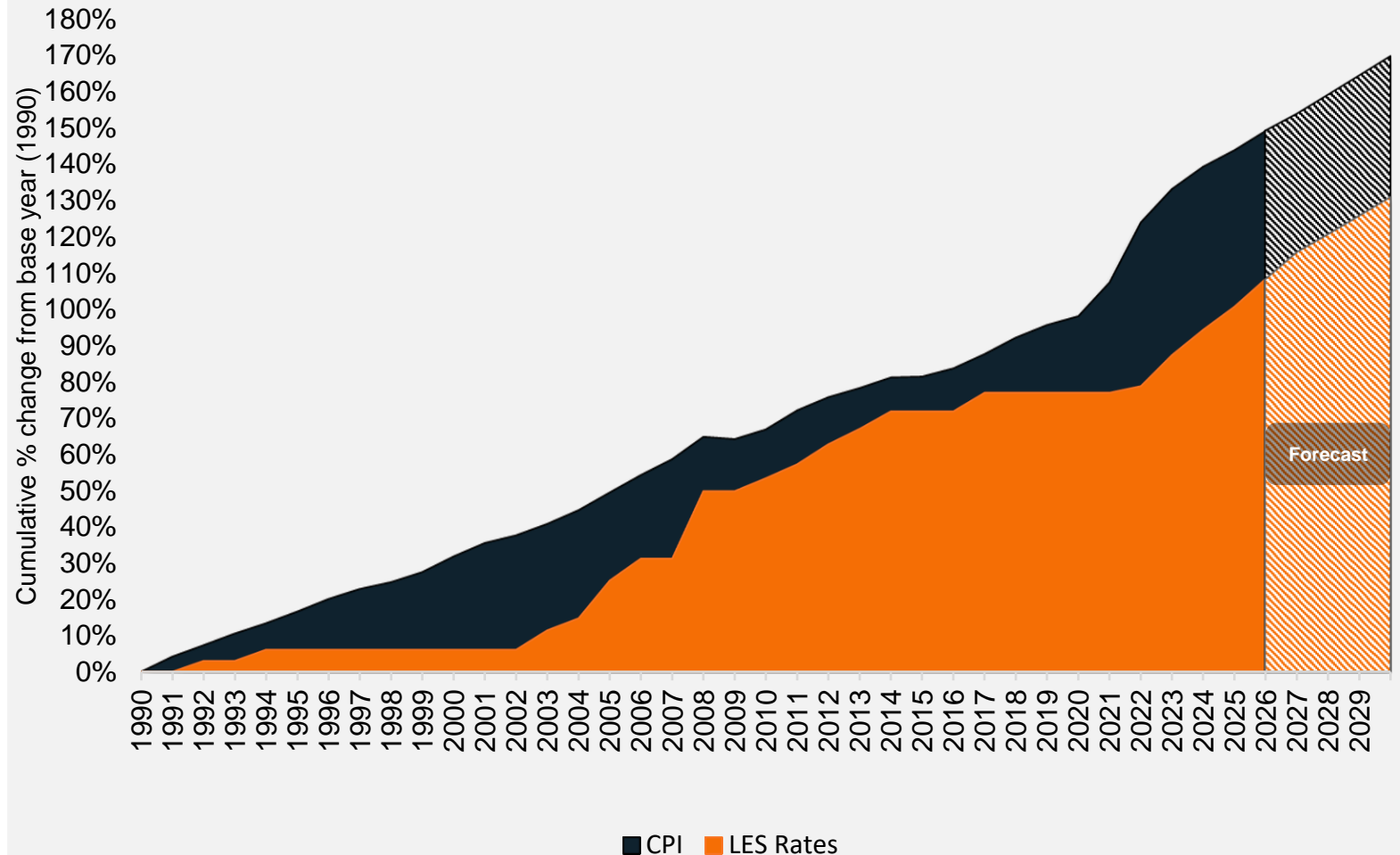


LES is 12th out of 87 cities for residential bill as a percent of household income



LES is 4th out of 87 cities for price stability for all retail sectors

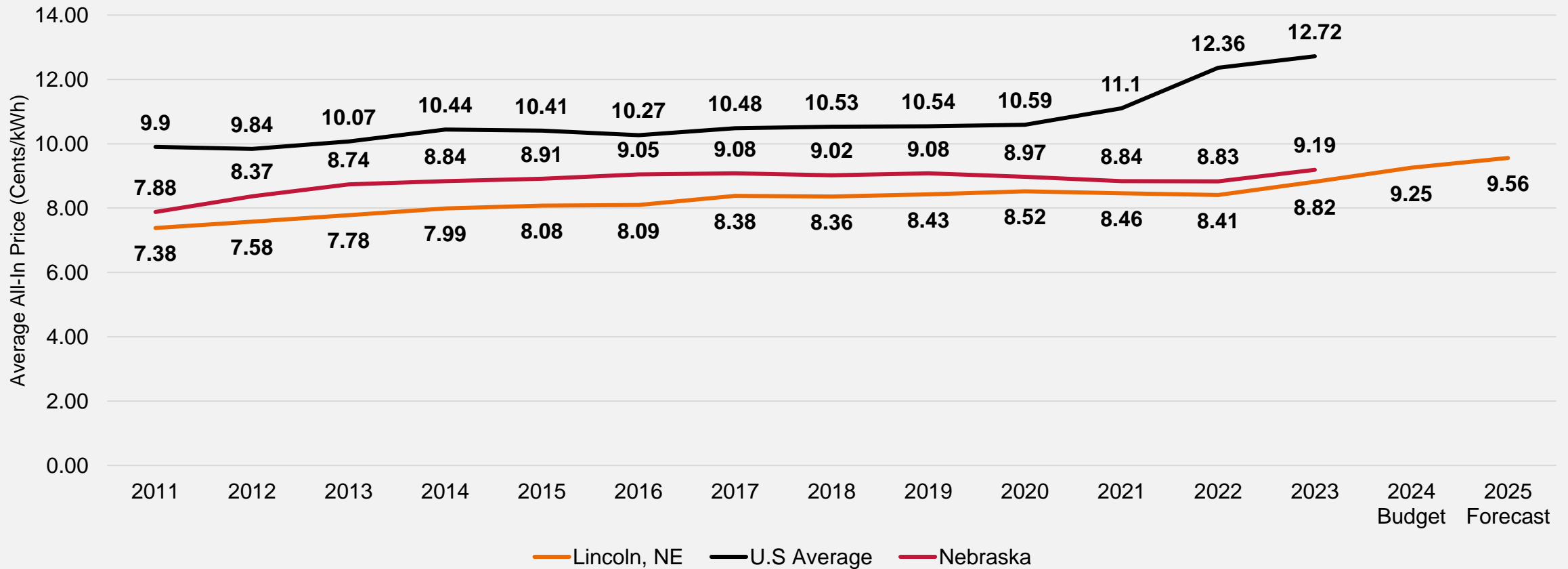
LES Rates vs. Inflation



Source: Bureau of Labor Statistics and 2023 Energy Administration Annual Energy Outlook Report

LES customers experience lower-than-average electric prices

All Retail Sectors Average All-in Price of Electricity

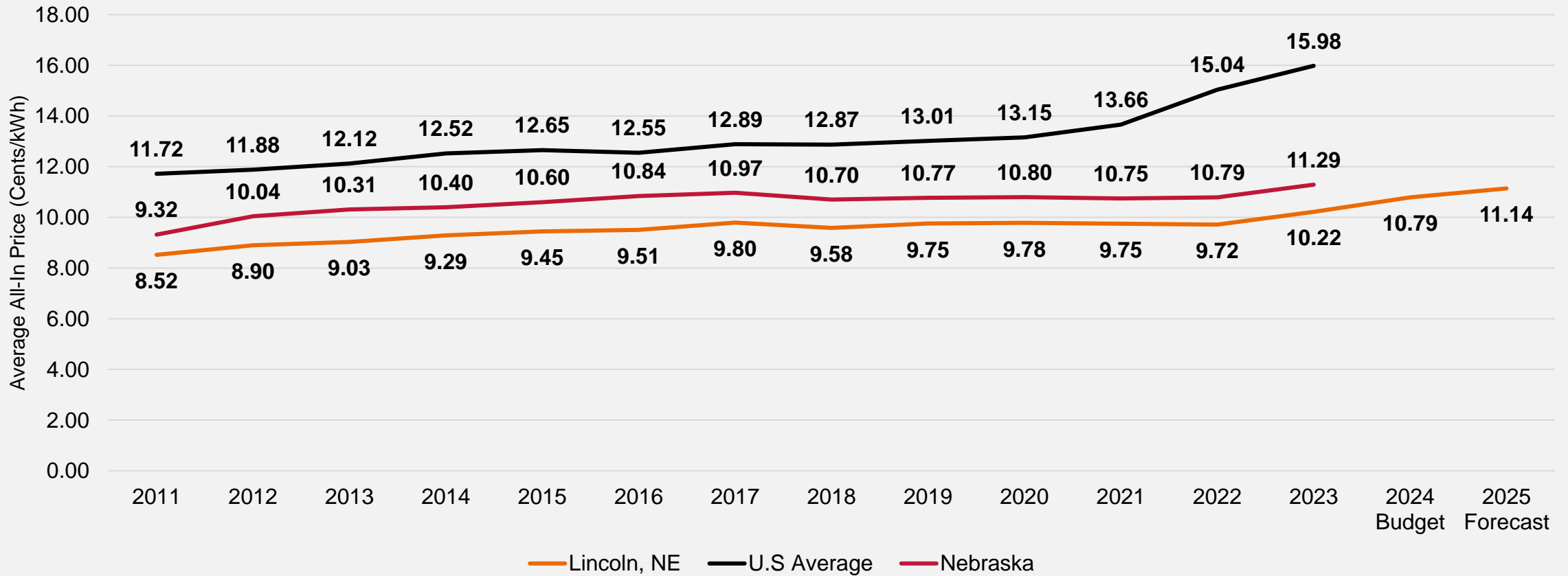


Preliminary 2025 Budget for LES assumes 3.3% Retail increase

Source: Energy Information Administration

LES residential customers experience lower-than-average electric prices

Residential Average All-in Price of Electricity



Preliminary 2025 Budget for LES assumes 3.7% Retail increase

Source: Energy Information Administration

Residential (Monthly Average)			
Electric Bills using January 1, 2024 Rates, applicable Franchise Fees and LES' City Dividend		Electric Bills using 2024 Rates adjusted for changes since January 1, 2024, including proposed 2025 rate changes, and applicable Franchise Fees and LES' City Dividend	
City	Residential 1,000 kWh	City	Residential 1,000 kWh
Denton, NE	\$105	Denton, NE	\$105
Lincoln, NE	\$107	Lincoln, NE	\$110
Des Moines, IA	\$117	Des Moines, IA	\$119
Omaha, NE	\$120	Omaha, NE	\$120
Kearney, NE	\$127	Kearney, NE	\$127
Colorado Springs, CO	\$133	Colorado Springs, CO	\$131
Wichita, KS	\$136	Kansas City, MO	\$141
Kansas City, MO	\$141	Wichita, KS	\$152
Denver, CO	\$141	Denver, CO	\$153
Kansas City, KS	\$166	Kansas City, KS	\$168
Minneapolis, MN	\$182	Minneapolis, MN	\$182

Small Commercial (Monthly Average)			
Electric Bills using January 1, 2024 Rates, applicable Franchise Fees and LES' City Dividend		Electric Bills using 2024 Rates adjusted for changes since January 1, 2024, including proposed 2025 rate changes, and applicable Franchise Fees and LES' City Dividend	
City	40 kW 10,000 kWh	City	40 kW 10,000 kWh
Omaha, NE	\$804	Omaha, NE	\$804
Lincoln, NE	\$839	Lincoln, NE	\$856
Denton, NE	\$935	Denton, NE	\$935
Des Moines, IA	\$990	Des Moines, IA	\$987
Kearney, NE	\$1,031	Colorado Springs, CO	\$1,011
Colorado Springs, CO	\$1,040	Kearney, NE	\$1,031
Wichita, KS	\$1,203	Wichita, KS	\$1,283
Kansas City, MO	\$1,295	Kansas City, MO	\$1,303
Denver, CO	\$1,436	Minneapolis, MN	\$1,529
Kansas City, KS	\$1,551	Denver, CO	\$1,554
Minneapolis, MN	\$1,561	Kansas City, KS	\$1,568

Large Light & Power Commercial (Monthly Average)			
Electric Bills using January 1, 2024 Rates, applicable Franchise Fees and LES' City Dividend		Electric Bills using 2024 Rates adjusted for changes since January 1, 2024, including proposed 2025 rate changes, and applicable Franchise Fees and LES' City Dividend	
City	500 kW 180,000 kWh	City	500 kW 180,000 kWh
Des Moines, IA	\$14,413	Des Moines, IA	\$14,055
Denton, NE	\$14,966	Denton, NE	\$14,966
Omaha, NE	\$15,406	Omaha, NE	\$15,406
Lincoln, NE	\$16,470	Lincoln, NE	\$16,917
Kearney, NE	\$17,067	Kearney, NE	\$17,067
Colorado Springs, CO	\$17,657	Colorado Springs, CO	\$17,027
Wichita, KS	\$18,569	Wichita, KS	\$20,195
Kansas City, MO	\$19,356	Kansas City, MO	\$19,198
Denver, CO	\$19,809	Denver, CO	\$20,719
Minneapolis, MN	\$24,383	Minneapolis, MN	\$23,807
Kansas City, KS	\$24,445	Kansas City, KS	\$24,385

Large Light & Power Industrial (Monthly Average)			
Electric Bills using January 1, 2024 Rates, applicable Franchise Fees and LES' City Dividend		Electric Bills using 2024 Rates adjusted for changes since January 1, 2024, including proposed 2025 rate changes, and applicable Franchise Fees and LES' City Dividend	
City	1,000 kW 650,000 kWh	City	1,000 kW 650,000 kWh
Denton, NE	\$40,094	Denton, NE	\$40,094
Lincoln, NE	\$40,975	Kearney, NE	\$41,776
Colorado Springs, CO	\$43,836	Colorado Springs, CO	\$45,335
Omaha, NE	\$45,335	Des Moines, IA	\$44,044
Des Moines, IA	\$45,420	Lincoln, NE	\$47,679
Wichita, KS	\$46,656	Omaha, NE	\$41,561
Kearney, NE	\$47,679	Wichita, KS	\$52,922
Kansas City, MO	\$52,720	Kansas City, MO	\$52,954
Denver, CO	\$53,591	Denver, CO	\$53,805
Kansas City, KS	\$69,879	Minneapolis, MN	\$67,247
Minneapolis, MN	\$72,360	Kansas City, KS	\$67,474

General Service Demand Commercial (Monthly Average)			
Electric Bills using January 1, 2024 Rates, applicable Franchise Fees and LES' City Dividend		Electric Bills using 2024 Rates adjusted for changes since January 1, 2024, including proposed 2025 rate changes, and applicable Franchise Fees and LES' City Dividend	
City	75 kW 50,000 kWh	City	75 kW 50,000 kWh
Lincoln, NE	\$2,882	Lincoln, NE	\$2,973
Colorado Springs, CO	\$3,504	Colorado Springs, CO	\$3,374
Omaha, NE	\$3,567	Omaha, NE	\$3,567
Des Moines, IA	\$3,673	Des Moines, IA	\$3,623
Kearney, NE	\$3,808	Kearney, NE	\$3,808
Denton, NE	\$4,068	Denton, NE	\$4,068
Denver, CO	\$4,144	Denver, CO	\$4,175
Kansas City, MO	\$4,314	Kansas City, MO	\$4,354
Wichita, KS	\$5,180	Kansas City, KS	\$5,240
Kansas City, KS	\$5,425	Minneapolis, MN	\$5,298
Minneapolis, MN	\$5,459	Wichita, KS	\$5,488

Regional bill rankings expected to remain steady

LES Regional Utility Bill Comparison available at les.com

New Rates Proposed for 2025

As discussed at a previous Board meeting, LES is proposing two new rates for 2025:

Multi-tenant Shared Solar Rate

- Allows property owners who invest in solar to designate tenants to receive credits for solar production

Renewable Generation Standby Rider

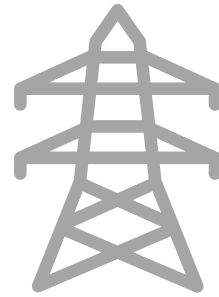
- Accommodates large commercial and industrial customers wanting to serve their facilities with solar



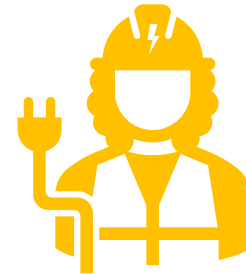
A few additional rate changes



Change in the language outlining how the City Dividend will be prorated for partial months




Increased pole attachment rate from \$16 to \$17



No change to service fees in 2025

Resolutions to be presented for action at October Board Meeting

- 
- 2025 Budget – Total Authorization \$474.8 million
 - 2025 Rate Schedules
 - Financing Authorization

After action, approved items will be moved along to the City Council

Dates

- ✓ August 29
- ✓ September 10
- ☐ **September 20**
- ☐ September 23
- ☐ TBD (Sept 23-Oct 17)
- ☐ September 24
- ☐ October 3
- ☐ October 18
- ☐ October 18
- ☐ October 21 – October 25
- ☐ October 28, 5:30 pm
- ☐ November 4, 3:00 pm
- ☐ November 18, 5:30 pm

Budget & Rates Schedule

- Finance Committee meeting
- Finance Committee meeting
- Board meeting – 2025 Proposed Budget & Rates presentation**
- Begin customer outreach
- Customer meetings (LIBA, LJS, Chamber, Other) as requested
- Business Advisory Council
- Public meeting on proposed 2025 Budget & Rates
- Finance Committee – review public comments
- Board meeting – action on 2025 Budget and Rates
- Individual meetings with City Council members (as requested)
- City Council first reading on 2025 Budget & Rates
- City Council public hearing on 2025 Budget & Rates
- City Council takes action on 2025 Budget & Rates

Exhibit III

Strategic Planning process update

Emeka Anyanwu
Chief Executive Officer

September 20, 2024

Contents

❖ Introduction

- Why Strategic Planning?

❖ Finding the right Partner

- Selection Process summary

❖ What comes next

- Estimated Timeline
- Board role
- Questions/Discussion





Introduction

Why Strategic Planning?

- Organizational Alignment
 - Including LES Administrative Board
- Identify Risks and Opportunities
- Articulate objectives and work plan
- Set milestones and success measures
- Shape and guide financial planning
- Community Engagement & co-creation



Finding the right partner

Consultant selection process

- Collaboration with full Executive team
- Designed to be robust – as well efficient & timely
- Unique selection for professional services



Visioning discussion

Developing a shared understanding
Expressing identity and intent



Request for Qualifications

Identify qualified providers
Rapid shortlisting



Request for Proposals

Full Proposals requested
In-person interviews



Final Scoping

Develop a statement of work
Final contracting (in progress)

Proposal Elements requested

Consideration of LES Characteristics

Organizational Identity

Governance structure

Decarbonization goal

Policy/Political environment

Utility size & scale

Innovation profile & Risk appetite

Technology strategy

Defining Process Objectives

SWOT analysis

Criteria, objectives, and tools

Peer best practices

Board & Stakeholder input

Community engagement

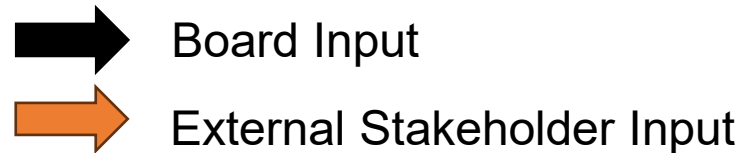
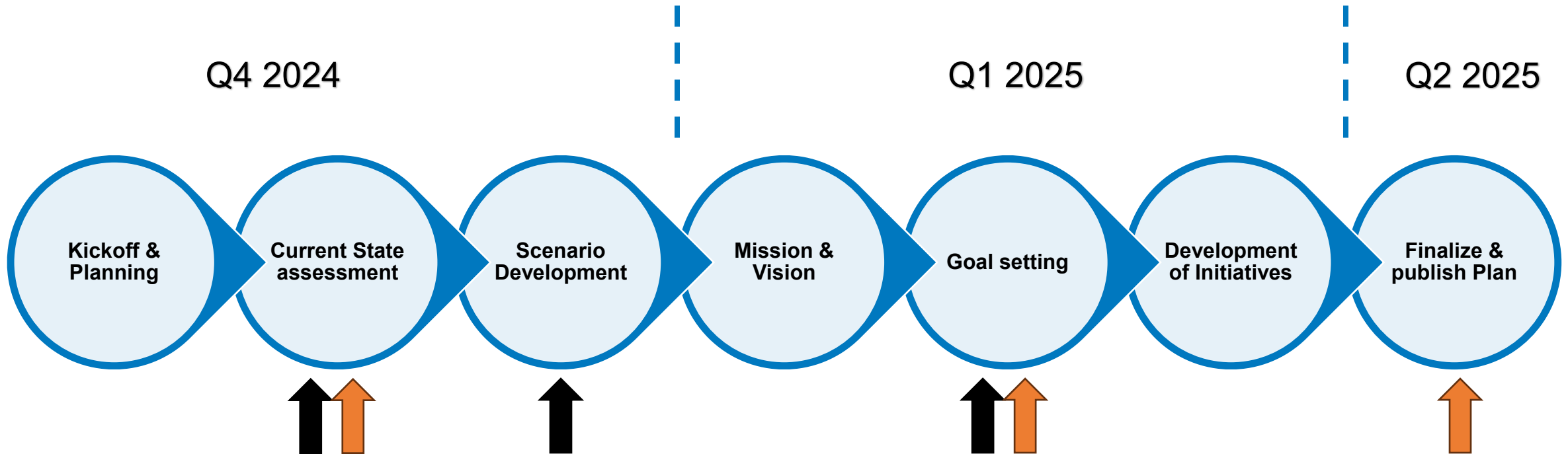
Identification of Initiatives & key results

Review and update (if necessary)
Mission, Vision, and Core Values



Next Steps

Generalized timeline



A word about Organizational Culture



Questions & Discussion



Exhibit IV



Revenue & Expense Statement (Condensed)

AUGUST 2024

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

(Dollar amounts in 000)

YEAR TO DATE	2024 Actual	2024 Budget	Difference	Percentage Difference	Comments
1) Total Revenue	\$246,177	\$245,265	\$912	0%	Wholesale revenue exceeded budget by 14% (\$3.2M), primarily due to higher than expected revenues from SPP IM activities. Retail revenue was under budget by 2% (\$4.2M). Other revenue was over budget by 38% (\$1.8M) due to natural gas capacity releases, REC sales, and funds received from the City of Lincoln for heat pump incentives (offset by A&G expenses).
2) Power Costs	94,396	98,528	(4,132)	-4%	Produced power was 18% (\$8.8M) under budget due primarily to lower than budgeted energy costs for LRS, TBGS, WS4, Renewables & J St.; lower operations expenses for LRS, Rokeby, J St. & TBGS; and lower maintenance expenses for WS4 & Renewables. Purchased power was over budget by 10% (\$4.7M) due to higher SPP purchases.
3) Other Operating Expenses	68,142	67,120	1,022	2%	Other operating expenses were slightly over budget, primarily due to increased payroll and benefits expenses (\$1.9M) and transmission expenses (\$150K); offset by lower vegetation management expenses due to the availability of crews (\$900K), pole inspection expenses (\$450K), and transformer expenses (\$100K).
4) Depreciation	23,791	25,542	(1,751)	-7%	
5) Total Expenses	<u>186,329</u>	<u>191,190</u>	<u>(4,861)</u>	-3%	
6) Operating Income	59,848	54,075	5,773	11%	
7) Non-Operating Expense (Income)	<u>23,798</u>	<u>24,105</u>	<u>(307)</u>	-1%	
8) Change in Net Position (Net Revenue)	<u>\$36,050</u>	<u>\$29,970</u>	<u>\$6,080</u>	20%	
	<u>Year End Projection</u>	<u>Year End Budget</u>			
9) Fixed Charge Coverage	1.65x	1.40x			
10) Debt Service Coverage	2.44x	2.10x			
	<u>Month End Actual</u>	<u>Month End Budget</u>			
11) Days Cash on Hand (Days)	121	129			

LINCOLN ELECTRIC SYSTEM

FINANCIAL AND OPERATING STATEMENT

August 2024



INDEX

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

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



REVENUE & EXPENSE STATEMENT

CURRENT MONTH

AUGUST 2024

DESCRIPTION	CURRENT MONTH	CURRENT MONTH	VARIANCE FROM BUDGET		LAST YEAR MONTH	VARIANCE FROM LAST YEAR	
	ACTUAL	BUDGET	AMOUNT	%	ACTUAL	AMOUNT	%
OPERATING REVENUES							
1. Retail	\$32,086,462	\$32,934,061	(\$847,599)	-2.6%	\$30,568,840	\$1,517,622	5.0%
2. Wholesale	3,395,908	2,513,466	882,442	35.1%	4,076,128	(680,220)	-16.7%
3. Other Revenue	1,007,890	504,423	503,467	99.8%	639,473	368,417	57.6%
4. CDFUO (a)	1,181,328	1,148,368	32,960	2.9%	1,042,995	138,333	13.3%
5. Total Operating Revenues	37,671,588	37,100,318	571,270	1.5%	36,327,436	1,344,152	3.7%
OPERATING EXPENSES							
6. Purchased Power	7,592,322	5,406,385	2,185,937	40.4%	6,663,171	929,151	13.9%
7. Produced Power	6,467,859	7,227,802	(759,943)	-10.5%	7,512,196	(1,044,337)	-13.9%
8. Operations	2,063,943	2,435,970	(372,027)	-15.3%	2,398,703	(334,760)	-14.0%
9. Maintenance	2,754,037	1,039,706	1,714,331	164.9%	1,384,025	1,370,012	99.0%
10. Admin. & General	5,084,063	4,869,379	214,684	4.4%	4,911,058	173,005	3.5%
11. Depreciation	2,981,499	3,181,579	(200,080)	-6.3%	2,929,280	52,219	1.8%
12. Total Operating Expenses	26,943,723	24,160,821	2,782,902	11.5%	25,798,433	1,145,290	4.4%
13. OPERATING INCOME	10,727,865	12,939,497	(2,211,632)	-17.1%	10,529,003	198,862	1.9%
NONOPERATING EXPENSES (INCOME)							
14. Interest Expense (b)	1,456,013	1,416,237	39,776	2.8%	1,482,843	(26,830)	-1.8%
15. PILOT (c)	1,494,089	1,558,856	(64,767)	-4.2%	1,366,654	127,435	9.3%
16. CDFUO Expense (a)	1,046,389	1,046,389	0	0.0%	963,140	83,249	8.6%
17. Other Expense	0	0	0	--	0	0	--
18. Total Other Nonoperating Expense	3,996,491	4,021,482	(24,991)	-0.6%	3,812,637	183,854	4.8%
19. Other (Income)	(45,498)	(43,269)	(2,229)	5.2%	(45,060)	(438)	1.0%
20. Interest (Income)	(1,199,367)	(641,921)	(557,446)	86.8%	(964,759)	(234,608)	24.3%
21. Total Other Nonoperating (Income)	(1,244,865)	(685,190)	(559,675)	81.7%	(1,009,819)	(235,046)	23.3%
22. Total Nonoperating Expenses (Income)	2,751,626	3,336,292	(584,666)	-17.5%	2,802,818	(51,192)	-1.8%
23. Income Before Contributions	7,976,239	9,603,205	(1,626,966)	-16.9%	7,726,185	250,054	3.2%
CONTRIBUTED CAPITAL							
24. Contributed Capital Received	58,722	182,757	(124,035)	-67.9%	158,433	(99,711)	-62.9%
25. Contributed Capital Used (d)	(58,722)	(182,757)	124,035	67.9%	(158,433)	99,711	62.9%
26. Net Contributed Capital	0	0	0	--	0	0	--
27. CHANGE IN NET POSITION	\$7,976,239	\$9,603,205	(\$1,626,966)	-16.9%	\$7,726,185	\$250,054	3.2%

(a) City Dividend for Utility Ownership.

(b) Bond Interest \$1,532,116 + Software Agreements Interest \$5,031 + Variable Interest \$227,886 + Amortization of Issuance Costs on Outstanding Debt \$77,697 + Amortization of Loss on Refunded Debt \$107,776 - Amortization of Discount/

(c) Payment In Lieu of Tax.

(d) Reduction of Plant Costs Recovered through Contributions.



REVENUE & EXPENSE STATEMENT

YEAR-TO-DATE

AUGUST 2024

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR	
			AMOUNT	%		AMOUNT	%
OPERATING REVENUES							
1. Retail	\$205,723,978	\$209,933,042	(\$4,209,064)	-2.0%	\$198,737,227	\$6,986,751	3.5%
2. Wholesale	25,288,561	22,111,860	3,176,701	14.4%	29,300,059	(4,011,498)	-13.7%
3. Other Revenue	6,563,955	4,764,566	1,799,389	37.8%	5,118,934	1,445,021	28.2%
4. CDFUO (a)	8,600,336	8,455,499	144,837	1.7%	7,783,496	816,840	10.5%
5. Total Operating Revenues	246,176,830	245,264,967	911,863	0.4%	240,939,716	5,237,114	2.2%
OPERATING EXPENSES							
6. Purchased Power	52,837,911	48,137,469	4,700,442	9.8%	51,147,697	1,690,214	3.3%
7. Produced Power	41,557,760	50,390,890	(8,833,130)	-17.5%	41,509,610	48,150	0.1%
8. Operations	18,488,007	19,239,106	(751,099)	-3.9%	17,197,539	1,290,468	7.5%
9. Maintenance	9,805,783	8,411,534	1,394,249	16.6%	7,335,301	2,470,482	33.7%
10. Admin. & General	39,848,480	39,469,808	378,672	1.0%	38,286,782	1,561,698	4.1%
11. Depreciation	23,791,004	25,542,432	(1,751,428)	-6.9%	23,356,642	434,362	1.9%
12. Total Operating Expenses	186,328,945	191,191,239	(4,862,294)	-2.5%	178,833,571	7,495,374	4.2%
13. OPERATING INCOME	59,847,885	54,073,728	5,774,157	10.7%	62,106,145	(2,258,260)	-3.6%
NONOPERATING EXPENSES (INCOME)							
14. Interest Expense (b)	11,387,765	11,405,074	(17,309)	-0.2%	11,628,295	(240,530)	-2.1%
15. PILOT (c)	9,371,124	9,800,124	(429,000)	-4.4%	8,843,606	527,518	6.0%
16. CDFUO Expense (a)	8,371,112	8,371,112	0	0.0%	7,705,120	665,992	8.6%
17. Other Expense	3	0	3	--	153	(150)	-98.0%
18. Total Other Nonoperating Expense	29,130,004	29,576,310	(446,306)	-1.5%	28,177,174	952,830	3.4%
19. Other (Income)	(364,110)	(356,898)	(7,212)	2.0%	(353,232)	(10,878)	3.1%
20. Interest (Income)	(4,967,783)	(5,114,199)	146,416	-2.9%	(5,191,700)	223,917	-4.3%
21. Total Other Nonoperating (Income)	(5,331,893)	(5,471,097)	139,204	-2.5%	(5,544,932)	213,039	-3.8%
22. Total Nonoperating Expenses (Income)	23,798,111	24,105,213	(307,102)	-1.3%	22,632,242	1,165,869	5.2%
23. Income Before Contributions	36,049,774	29,968,515	6,081,259	20.3%	39,473,903	(3,424,129)	-8.7%
CONTRIBUTED CAPITAL							
24. Contributed Capital Received	2,050,138	1,462,053	588,085	40.2%	1,291,356	758,782	58.8%
25. Contributed Capital Used (d)	(2,050,138)	(1,462,053)	(588,085)	-40.2%	(1,291,356)	(758,782)	-58.8%
26. Net Contributed Capital	0	0	0	--	0	0	--
27. CHANGE IN NET POSITION	\$36,049,774	\$29,968,515	\$6,081,259	20.3%	\$39,473,903	(\$3,424,129)	-8.7%

(a) City Dividend for Utility Ownership.

(b) Bond Interest \$12,256,929 + Software Agreements Interest \$45,726 + Variable Interest \$1,521,343 + Amortization of Issuance Costs on Outstanding Debt \$657,504 + Amortization of Loss on Refunded Debt \$862,210 - Amortization of Discount/

(c) Payment In Lieu of Tax.

(d) Reduction of Plant Costs Recovered through Contributions.



REVENUES, ENERGY & CUSTOMERS

CURRENT MONTH

AUGUST 2024

DESCRIPTION	CURRENT	CURRENT	VARIANCE FROM		LAST YEAR	VARIANCE FROM	
	MONTH ACTUAL	MONTH BUDGET	AMOUNT	%	MONTH ACTUAL	AMOUNT	%
REVENUE							
1. Residential	\$15,631,671	\$16,601,917	(\$970,246)	-5.8%	\$14,497,968	\$1,133,703	7.8%
2. Commercial & Street Light	13,347,758	13,377,546	(29,788)	-0.2%	13,008,281	339,477	2.6%
3. Industrial	<u>3,107,033</u>	<u>2,954,598</u>	<u>152,435</u>	5.2%	<u>3,062,591</u>	<u>44,442</u>	1.5%
4. Total Retail	32,086,462	32,934,061	(847,599)	-2.6%	30,568,840	1,517,622	5.0%
5. SPP Sales	2,312,717	1,231,312	1,081,405	87.8%	2,980,789	(668,072)	-22.4%
6. Contract Sales	<u>1,083,191</u>	<u>1,282,154</u>	<u>(198,963)</u>	-15.5%	<u>1,095,339</u>	<u>(12,148)</u>	-1.1%
7. Total Wholesale	<u>3,395,908</u>	<u>2,513,466</u>	<u>882,442</u>	35.1%	<u>4,076,128</u>	<u>(680,220)</u>	-16.7%
8. Total	\$35,482,370	\$35,447,527	\$34,843	0.1%	\$34,644,968	\$837,402	2.4%
ENERGY (MWH'S)							
9. Residential	144,261	159,063	(14,802)	-9.3%	134,971	9,290	6.9%
10. Commercial & Street Light	148,720	155,447	(6,727)	-4.3%	149,977	(1,257)	-0.8%
11. Industrial	<u>43,103</u>	<u>43,352</u>	<u>(249)</u>	-0.6%	<u>45,476</u>	<u>(2,373)</u>	-5.2%
12. Total Retail	336,084	357,862	(21,778)	-6.1%	330,424	5,660	1.7%
13. SPP Sales	31,243	27,299	3,944	14.4%	61,681	(30,438)	-49.3%
14. Contract Sales	<u>35,208</u>	<u>24,316</u>	<u>10,892</u>	44.8%	<u>34,088</u>	<u>1,120</u>	3.3%
15. Total Wholesale	<u>66,451</u>	<u>51,615</u>	<u>14,836</u>	28.7%	<u>95,769</u>	<u>(29,318)</u>	-30.6%
16. Total	402,535	409,477	(6,942)	-1.7%	426,193	(23,658)	-5.6%
CUSTOMERS - AT MONTH END							
17. Residential	135,049	131,812	3,237	2.5%	132,634	2,415	1.8%
18. Commercial & Street Light	17,923	17,745	178	1.0%	17,795	128	0.7%
19. Industrial	<u>236</u>	<u>233</u>	<u>3</u>	1.3%	<u>234</u>	<u>2</u>	0.9%
20. Total Retail	153,208	149,790	3,418	2.3%	150,663	2,545	1.7%
21. Wholesale	<u>6</u>	<u>6</u>	<u>0</u>	0.0%	<u>7</u>	<u>(1)</u>	-14.3%
22. Total	153,214	149,796	3,418	2.3%	150,670	2,544	1.7%



REVENUES, ENERGY & CUSTOMERS

YEAR-TO-DATE

AUGUST 2024

DESCRIPTION	YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE ACTUAL	VARIANCE FROM LAST YEAR	
			AMOUNT	%		AMOUNT	%
REVENUE							
1. Residential	\$97,108,209	\$99,358,395	(\$2,250,186)	-2.3%	\$94,946,126	\$2,162,083	2.3%
2. Commercial & Street Light	85,780,980	88,900,255	(3,119,275)	-3.5%	82,435,729	3,345,251	4.1%
3. Industrial	<u>22,834,789</u>	<u>21,674,392</u>	<u>1,160,397</u>	5.4%	<u>21,355,372</u>	<u>1,479,417</u>	6.9%
4. Total Retail	205,723,978	209,933,042	(4,209,064)	-2.0%	198,737,227	6,986,751	3.5%
5. SPP Sales	19,346,165	14,777,507	4,568,658	30.9%	22,082,216	(2,736,051)	-12.4%
6. Contract Sales	<u>5,942,396</u>	<u>7,334,353</u>	<u>(1,391,957)</u>	-19.0%	<u>7,217,843</u>	<u>(1,275,447)</u>	-17.7%
7. Total Wholesale	<u>25,288,561</u>	<u>22,111,860</u>	<u>3,176,701</u>	14.4%	<u>29,300,059</u>	<u>(4,011,498)</u>	-13.7%
8. Total	\$231,012,539	\$232,044,902	-\$1,032,363	-0.4%	\$228,037,286	2,975,253	1.3%
ENERGY (MWH'S)							
9. Residential	907,023	948,826	(41,803)	-4.4%	937,017	(29,994)	-3.2%
10. Commercial & Street Light	1,004,779	1,033,631	(28,852)	-2.8%	1,012,546	(7,767)	-0.8%
11. Industrial	<u>323,757</u>	<u>311,380</u>	<u>12,377</u>	4.0%	<u>312,419</u>	<u>11,338</u>	3.6%
12. Total Retail	2,235,559	2,293,837	(58,278)	-2.5%	2,261,982	(26,423)	-1.2%
13. SPP Sales	208,245	228,220	(19,975)	-8.8%	338,555	(130,310)	-38.5%
14. Contract Sales	<u>177,408</u>	<u>160,595</u>	<u>16,813</u>	10.5%	<u>200,900</u>	<u>(23,492)</u>	-11.7%
15. Total Wholesale	<u>385,653</u>	<u>388,815</u>	<u>(3,162)</u>	-0.8%	<u>539,455</u>	<u>(153,802)</u>	-28.5%
16. Total	2,621,212	2,682,652	(61,440)	-2.3%	2,801,437	(180,225)	-6.4%
CUSTOMERS AVERAGE							
17. Residential	134,533	131,492	3,041	2.3%	131,797	2,736	2.1%
18. Commercial & Street Light	17,895	17,693	202	1.1%	17,711	184	1.0%
19. Industrial	<u>238</u>	<u>233</u>	<u>5</u>	2.1%	<u>231</u>	<u>7</u>	3.0%
20. Total Retail	152,666	149,418	3,248	2.2%	149,739	2,927	2.0%
21. Wholesale	<u>6</u>	<u>6</u>	<u>0</u>	0.0%	<u>7</u>	<u>(1)</u>	-14.3%
22. Total	152,672	149,424	3,248	2.2%	149,746	2,926	2.0%



OPERATING EXPENSE STATEMENT

CURRENT MONTH

AUGUST 2024

DESCRIPTION	CURRENT	CURRENT	VARIANCE FROM		LAST YEAR	VARIANCE FROM	
	MONTH	MONTH	BUDGET	%	MONTH	LAST YEAR	%
	ACTUAL	BUDGET	AMOUNT		ACTUAL	AMOUNT	
POWER COST							
1. SPP Purchased Power	\$2,774,587	\$571,912	\$2,202,675	385.1%	\$1,575,524	\$1,199,063	76.1%
2. Non-Owned Asset Power	4,817,735	4,834,473	(16,738)	-0.3%	5,087,647	(269,912)	-5.3%
3. Total Purchased Power	7,592,322	5,406,385	2,185,937	40.4%	6,663,171	929,151	13.9%
4. Produced Power	6,467,859	7,227,802	(759,943)	-10.5%	7,512,196	(1,044,337)	-13.9%
5. Total Power Cost	14,060,181	12,634,187	1,425,994	11.3%	14,175,367	(115,186)	-0.8%
OPERATION & MAINTENANCE (O&M)							
6. Energy Delivery	3,735,480	2,429,994	1,305,486	53.7%	2,860,869	874,611	30.6%
7. Transmission	1,082,500	1,045,682	36,818	3.5%	921,859	160,641	17.4%
8. Total O & M Expense	4,817,980	3,475,676	1,342,304	38.6%	3,782,728	1,035,252	27.4%
ADMINISTRATIVE & GENERAL (A&G)							
9. Administration	286,408	333,974	(47,566)	-14.2%	264,147	22,261	8.4%
10. Communication & Corporate Records	231,845	221,982	9,863	4.4%	209,648	22,197	10.6%
11. Corporate Operations	872,573	937,890	(65,317)	-7.0%	1,068,975	(196,402)	-18.4%
12. Customer Services	1,084,758	1,056,393	28,365	2.7%	1,076,785	7,973	0.7%
13. Financial Services	476,891	461,041	15,850	3.4%	453,206	23,685	5.2%
14. Power Supply	434,209	461,636	(27,427)	-5.9%	414,159	20,050	4.8%
15. Technology Services	1,697,379	1,396,463	300,916	21.5%	1,424,138	273,241	19.2%
16. Total A & G Expense	5,084,063	4,869,379	214,684	4.4%	4,911,058	173,005	3.5%
17. DEPRECIATION	2,981,499	3,181,579	(200,080)	-6.3%	2,929,280	52,219	1.8%
18. TOTAL OPERATING EXPENSE	\$26,943,723	\$24,160,821	\$2,782,902	11.5%	\$25,798,433	\$1,145,290	4.4%



OPERATING EXPENSE STATEMENT

YEAR-TO-DATE

AUGUST 2024

DESCRIPTION	YEAR TO DATE		VARIANCE FROM BUDGET		LAST YEAR YEAR TO DATE		VARIANCE FROM LAST YEAR	
	ACTUAL	BUDGET	AMOUNT	%	ACTUAL	AMOUNT	%	
POWER COST								
1. SPP Purchased Power	\$14,475,728	\$8,369,261	\$6,106,467	73.0%	\$12,416,729	\$2,058,999	16.6%	
2. Non-Owned Asset Power	<u>38,362,183</u>	<u>39,768,208</u>	<u>(1,406,025)</u>	-3.5%	<u>38,730,968</u>	<u>(368,785)</u>	-1.0%	
3. Total Purchased Power	52,837,911	48,137,469	4,700,442	9.8%	51,147,697	1,690,214	3.3%	
4. Produced Power	<u>41,557,760</u>	<u>50,390,890</u>	<u>(8,833,130)</u>	-17.5%	<u>41,509,610</u>	<u>48,150</u>	0.1%	
5. Total Power Cost	94,395,671	98,528,359	(4,132,688)	-4.2%	92,657,307	1,738,364	1.9%	
OPERATION & MAINTENANCE (O&M)								
6. Energy Delivery	19,817,689	19,327,567	490,122	2.5%	16,773,486	3,044,203	18.1%	
7. Transmission	<u>8,476,101</u>	<u>8,323,073</u>	<u>153,028</u>	1.8%	<u>7,759,354</u>	<u>716,747</u>	9.2%	
8. Total O & M Expense	28,293,790	27,650,640	643,150	2.3%	24,532,840	3,760,950	15.3%	
ADMINISTRATIVE & GENERAL (A&G)								
9. Administration	2,176,569	2,250,534	(73,965)	-3.3%	1,970,735	205,834	10.4%	
10. Communication & Corporate Records	1,785,902	1,771,899	14,003	0.8%	1,603,036	182,866	11.4%	
11. Corporate Operations	8,214,931	7,810,506	404,425	5.2%	9,371,899	(1,156,968)	-12.3%	
12. Customer Services	8,607,926	8,587,267	20,659	0.2%	7,824,065	783,861	10.0%	
13. Financial Services	3,824,979	3,761,161	63,818	1.7%	3,517,014	307,965	8.8%	
14. Power Supply	3,483,696	3,779,690	(295,994)	-7.8%	3,095,563	388,133	12.5%	
15. Technology Services	<u>11,754,477</u>	<u>11,508,751</u>	<u>245,726</u>	2.1%	<u>10,904,470</u>	<u>850,007</u>	7.8%	
16. Total A & G Expense	39,848,480	39,469,808	378,672	1.0%	38,286,782	1,561,698	4.1%	
17. DEPRECIATION	23,791,004	25,542,432	(1,751,428)	-6.9%	23,356,642	434,362	1.9%	
18. TOTAL OPERATING EXPENSE	\$186,328,945	\$191,191,239	(\$4,862,294)	-2.5%	\$178,833,571	\$7,495,374	4.2%	



BALANCE SHEET
AUGUST 2024

ASSETS & DEFERRED OUTFLOWS OF RESOURCES

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1	DESCRIPTION	END OF MONTH BALANCE	VARIANCE SINCE JANUARY 1
CURRENT ASSETS:			CURRENT LIABILITIES:		
1. Revenue Fund (includes CDFUO)	\$58,243,209	(\$39,193,097)	OTHER LIABILITIES		
2. Payment in Lieu of Tax Fund	7,727,469	(4,520,689)	1. Accounts Payable	\$20,586,252	(\$1,053,920)
3. Rate Stabilization Fund	40,992,021	1,747,874	2. Accrued Payments in Lieu of Taxes	9,213,496	(3,906,039)
4. Bond Principal & Interest Funds	48,057,047	29,247,219	3. City Dividend for Utility Ownership Payable	0	(4,185,556)
5. Other Restricted/Designated Funds (a)	4,581,485	474,636	4. Commercial Paper Notes	65,500,000	0
6. Restricted/Designated Funds Total	93,630,553	31,469,729	5. Accrued Software Interest	9,583	(16,243)
7. Total Current Asset Funds (b)	159,601,231	(12,244,057)	6. Accrued Liabilities	18,932,113	2,290,938
8. Receivables Less Uncollectible Allowance	30,873,624	7,776,126	7. Total Other Liabilities	114,241,444	(6,870,820)
9. Unbilled Revenue	21,238,035	3,619,885	CURRENT LIABILITIES - RESTRICTED ASSETS		
10. Accrued Interest Receivable	179,386	(2,113,286)	8. Current Portion of Long-Term Debt	37,800,000	0
11. Materials, Supplies & Fuel Inventory	36,162,811	4,435,877	9. Accrued Interest	9,216,072	2,841,021
12. Plant Operation Assets	18,760,801	971,144	10. Other Current Liabilities (d)	961,129	55,713
13. Other Current Assets	3,623,151	(923,499)	11. Total Current Liabilities - Restricted Assets	47,977,201	2,896,734
14. Total Current Assets	270,439,039	1,522,190	12. Total Current Liabilities	162,218,645	(3,974,086)
NONCURRENT ASSETS:			NONCURRENT LIABILITIES:		
15. Bond Reserve Funds	9,727,484	328,625	13. 2013 Bonds	29,065,000	0
16. Self-Funded Benefits Reserve Fund (IBNP)	884,925	110,658	14. 2015A Bonds	71,400,000	0
17. Segregated Funds (c)	25,709,522	9,877,320	15. 2016 Bonds	65,960,000	0
18. Restricted Funds Total (b)	36,321,931	10,316,603	16. 2018 Bonds	121,205,000	0
19. Unamortized Debt Expense	1,857,033	(224,184)	17. 2020A Bonds	72,200,000	0
21. Accrued Lease Interest	117,165	31,503	18. 2020B Bonds	171,625,000	0
22. Other Noncurrent Assets	1,130,307	(424,936)	19. Total Revenue Bonds	531,455,000	0
23. Total Noncurrent Assets	\$46,386,351	\$9,457,495	20. Less Current Maturities	37,800,000	0
CAPITAL ASSETS:			21. Less Unamortized Discounts/Premiums	(30,698,648)	3,955,946
24. Utility Plant in Service	1,860,188,581	17,198,346	22. Note Purchase Agreement	0	0
25. Accumulated Depreciation & Amortization	(957,721,543)	(21,883,058)	23. Revolving Credit Agreement	0	0
26. Construction Work in Progress	137,096,242	32,364,498	24. Net Long Term Debt	524,353,648	(3,955,946)
27. Total Capital Assets	1,039,563,280	27,679,786	25. Liabilities Payable from Segregated Funds (e)	25,695,463	9,863,373
DEFERRED OUTFLOWS OF RESOURCES:			26. Asset Retirement Obligation	3,821,779	(1,368,341)
28. Deferred Loss on Refunded Debt	7,265,015	(862,210)	27. Software Liabilities	1,471,939	32,439
29. Deferred Costs for Asset Retirement Obligations	3,821,779	(1,368,341)	28. Other Noncurrent Liabilities	35,789,688	136,524
30. Total Deferred Outflows of Resources	11,086,794	(2,230,551)	29. Total Liabilities	753,351,162	733,963
			DEFERRED INFLOWS OF RESOURCES:		
			30. Deferred Inflow of Resource	6,472,675	(354,817)
			31. Total Deferred Inflows of Resources	6,472,675	(354,817)
			NET POSITION:		
			32. Net Investment in Capital Assets	425,127,910	29,315,195
			33. Restricted for Debt Service	39,375,763	26,734,823
			34. Restricted for Employee Health Insurance Claims	2,528,194	(417,012)
			35. Unrestricted	140,619,760	(19,583,232)
			36. Total Net Position	607,651,627	36,049,774
31. TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$1,367,475,464	\$36,428,920	37. TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$1,367,475,464	\$36,428,920



STATEMENT OF CASH FLOWS

AUGUST 2024

	CURRENT MONTH	YEAR-TO-DATE
CASH FLOW FROM OPERATING ACTIVITIES:		
1. Received from Sales to Customers and Users	\$35,271,582	\$248,757,393
2. Sales Tax Receipts	\$1,825,193	\$11,270,940
3. Paid to Suppliers for Goods & Services	(\$19,929,155)	(\$149,711,024)
4. Paid to Employees for Services	(\$2,182,247)	(\$14,508,416)
5. Payments for Sales Tax	(1,718,012)	(10,616,860)
6. Cash Flow from Operating Activities (a)	13,267,361	85,192,033
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
7. Payment in Lieu of Tax	0	(13,277,162)
8. City Dividend for Utility Ownership Payments	(6,278,334)	(12,556,668)
9. Other	0	0
10. Cash Flow from (used for) Noncapital Financing Activities	(6,278,334)	(25,833,830)
CASH FLOWS FROM INVESTING ACTIVITIES:		
11. Net (Purchases) Sales of Investments	23,633,878	52,948,760
12. Interest Income	1,098,809	5,439,363
13. Cash Flow from (used for) Investing Activities	24,732,687	58,388,123
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
14. Acquisition and Construction of Capital Assets	(7,147,352)	(56,758,957)
15. Salvage on Retirement of Plant	12,073	120,077
16. Cost of Removal of Property Retired	(160,563)	(1,357,381)
17. Debt Issuance Cost Paid	0	0
18. Debt Premiums Collected	0	0
19. Net Capital Contributions	44,663	913,510
20. Capital Contributions Recv'd in Advance	0	0
21. Cash Received from Leases	42,979	342,836
23. Net Proceeds from Issuance of Long-Term Debt	0	0
24. Principal Payments on Long-Term Debt	0	0
25. Interest Payments on Debt	(341,552)	(10,937,251)
26. Cash Flow from (used for) Capital Financing Activities	(7,549,752)	(67,677,166)
26. Cash Flow from (used for) Capital Financing Activities	24,171,962	50,069,160
27. Net Increase (Decrease) in Cash and Cash Equivalents	60,391,881	35,018,728
28. Cash and Cash Equivalents Beginning of Period	\$84,563,843	\$85,087,888
STATEMENT OF CASH FLOW FOOTNOTES		
(a) Reconciliation of operating income to cash flows from operating activities		
1. Net Operating Revenue	\$10,727,865	\$59,847,885
2. Noncash items included in operating income	3,081,107	24,576,799
3. Changes in Assets & Liabilities Increase/(Decrease)	(541,611)	767,349
4. Net cash flows from operating activities	\$13,267,361	\$85,192,033
(b) Cash and cash equivalents are defined as cash and investments with original maturities of three months or less.		



DEBT SERVICE COVERAGE

AUGUST 2024

DESCRIPTION	----- CURRENT MONTH -----			----- YEAR-TO-DATE -----		
	ACTUAL THIS YEAR	BUDGET THIS YEAR	ACTUAL LAST YEAR	ACTUAL THIS YEAR	BUDGET THIS YEAR	ACTUAL LAST YEAR
1. Total Operating Revenues	\$37,671,588	\$37,100,318	\$36,327,436	\$246,176,830	\$245,264,967	\$240,939,716
2. Total Operating Expenses	26,943,723	24,160,821	25,798,433	186,328,945	191,191,239	178,833,571
3. Less Depreciation	(2,981,499)	(3,181,579)	(2,929,280)	(23,791,004)	(25,542,432)	(23,356,642)
4. Operating Expense Net of Depreciation	23,962,224	20,979,242	22,869,153	162,537,941	165,648,807	155,476,929
5. Net Operating Revenue for Debt Service	13,709,364	16,121,076	13,458,283	83,638,889	79,616,160	85,462,787
6. Interest Income (a)	132,555	528,914	779,743	3,781,507	4,215,393	4,054,940
7. Other Income	45,498	43,269	0	364,110	356,898	0
8. Rate Stabilization Fund	0	0	0	0	0	0
9. AVAILABLE FOR DEBT SERVICE	13,887,417	16,693,259	14,238,026	87,784,506	84,188,451	89,517,727
10. DEBT SERVICE (b)	\$4,682,116	\$4,682,115	\$4,120,297	\$37,456,929	\$37,456,913	\$32,962,379
11. DEBT SERVICE COVERAGE	2.97	3.57	3.46	2.34	2.25	2.72

(a) Excludes Interest from Rate Stabilization Fund.

(b) Includes Bond Principal & Interest only.

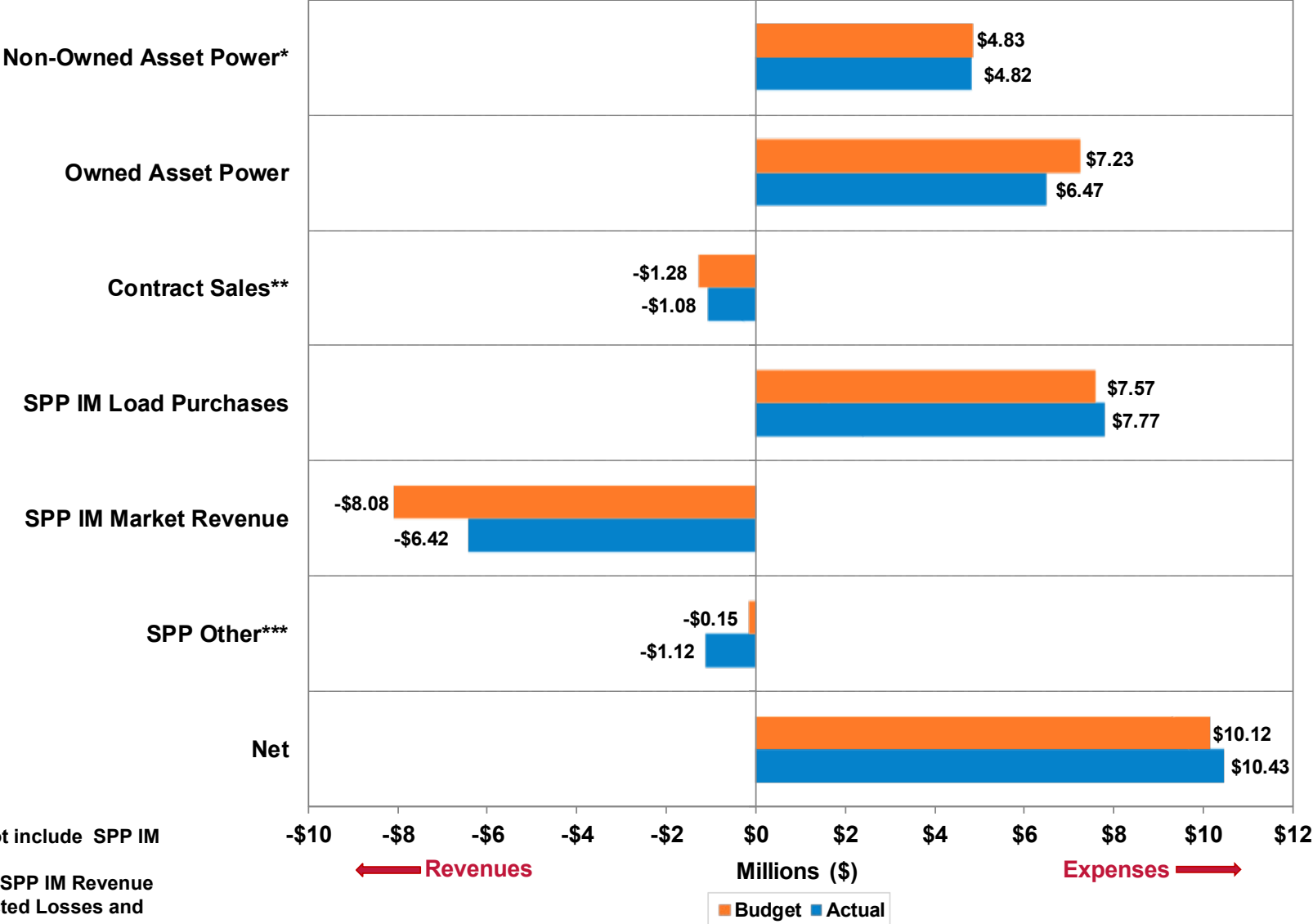
Power Supply Division 2024 August Monthly Report

September 20, 2024

Jason Fortik

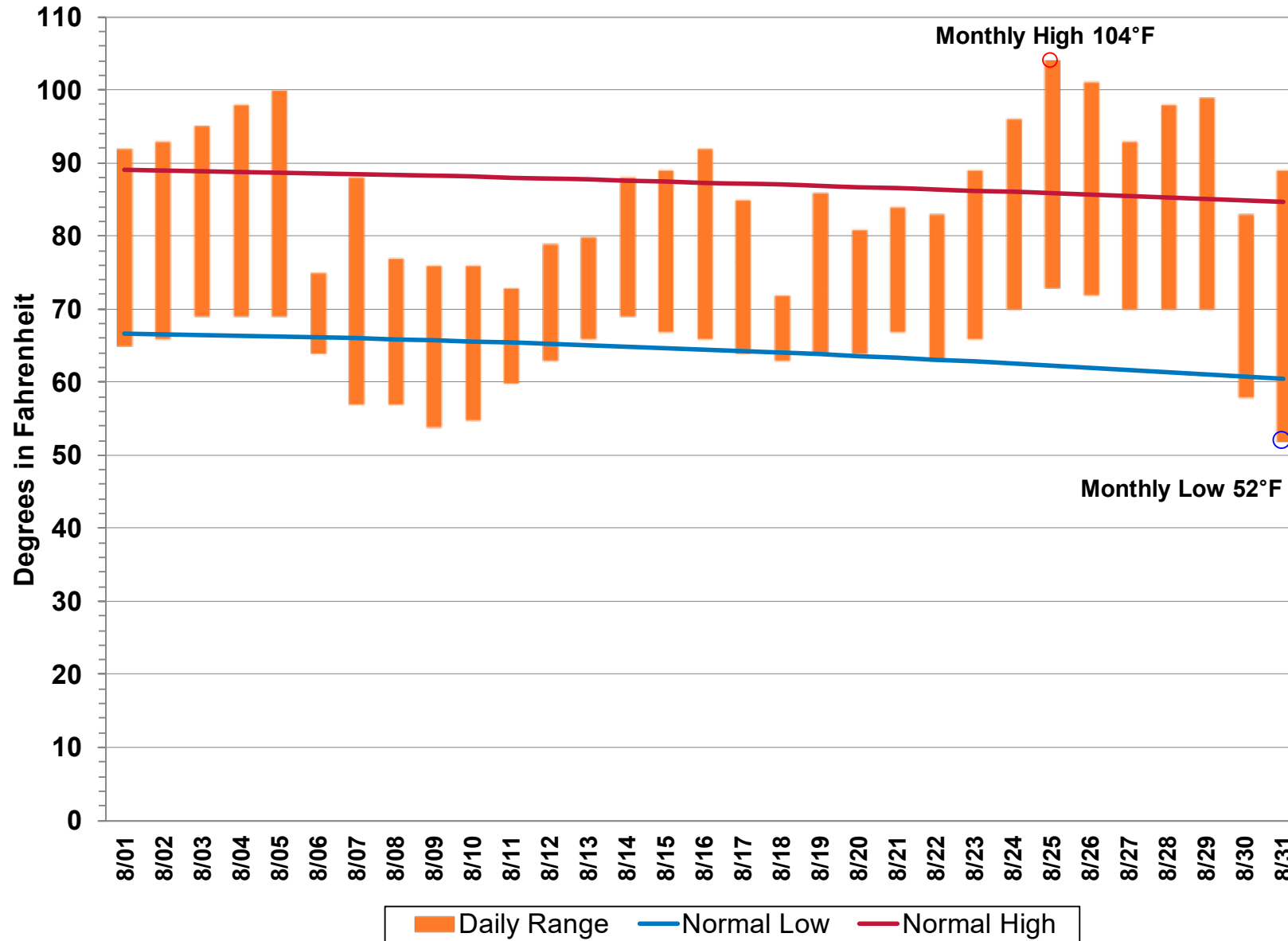
Vice President, Power Supply

Monthly Actual vs. Budget

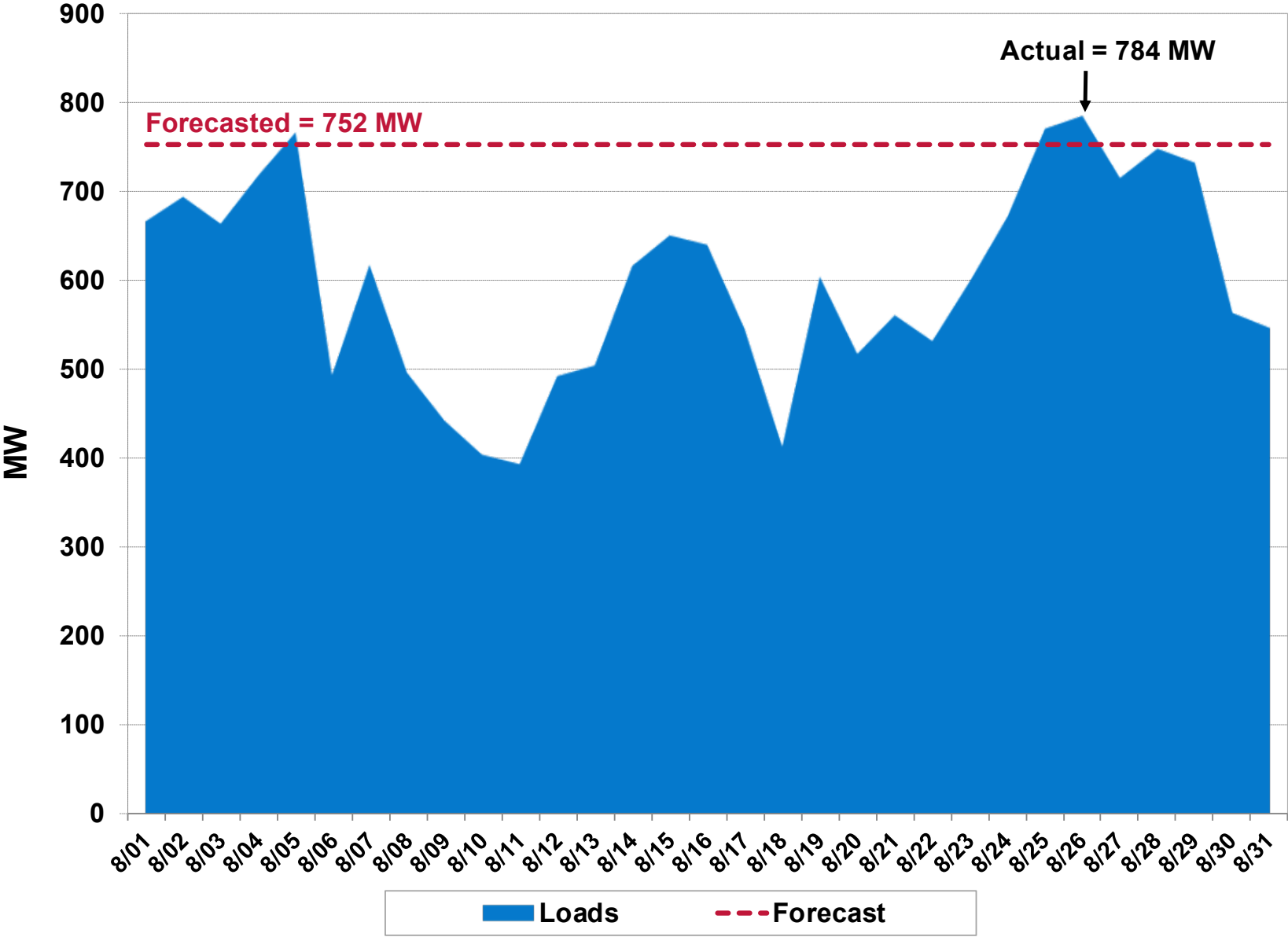


*Non-Owned Asset Power does not include SPP IM Purchased
 **Contract Sales does not include SPP IM Revenue
 ***SPP Other includes Over-Collected Losses and ARR's/TCR

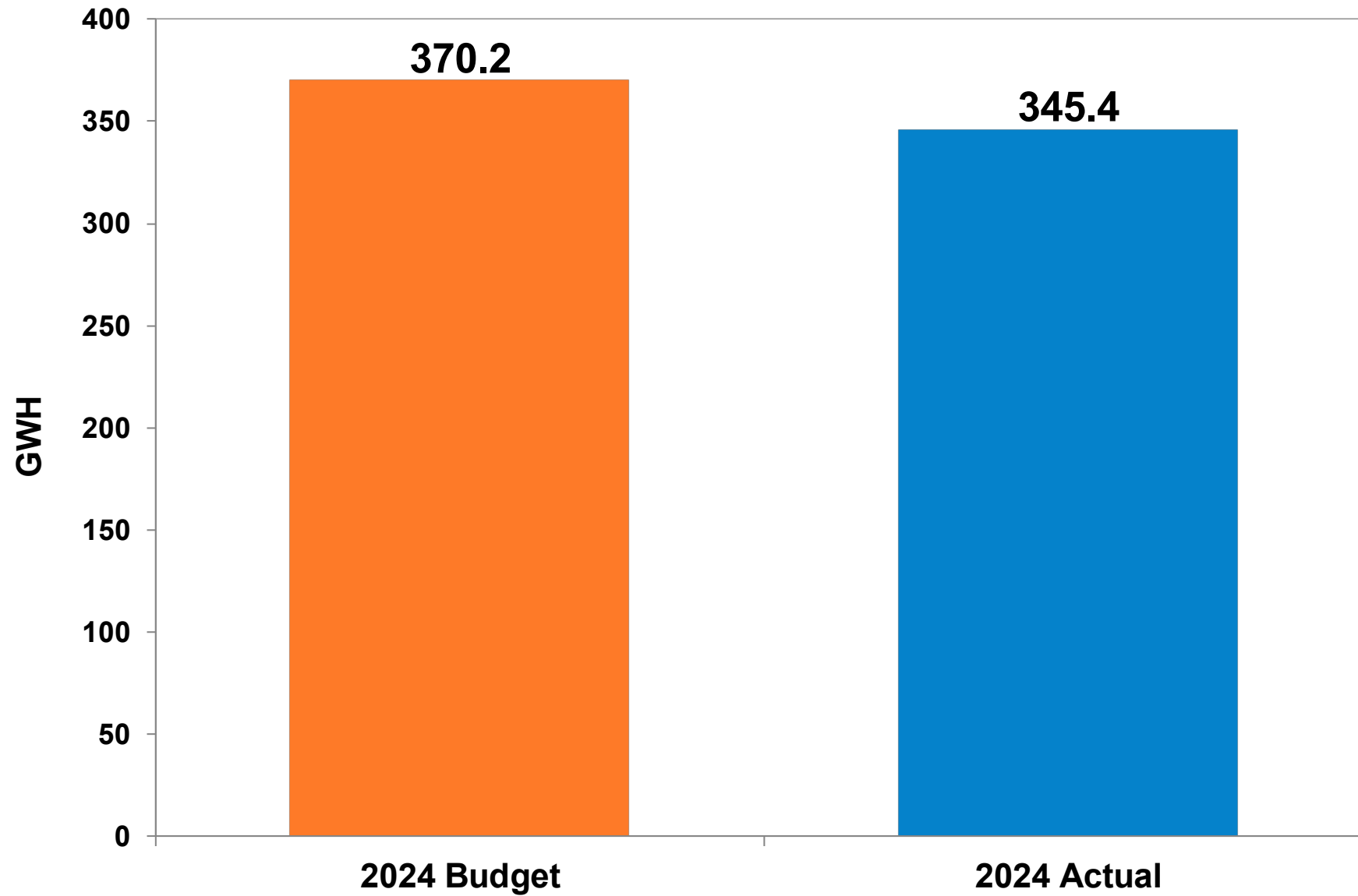
Daily Temperature Range



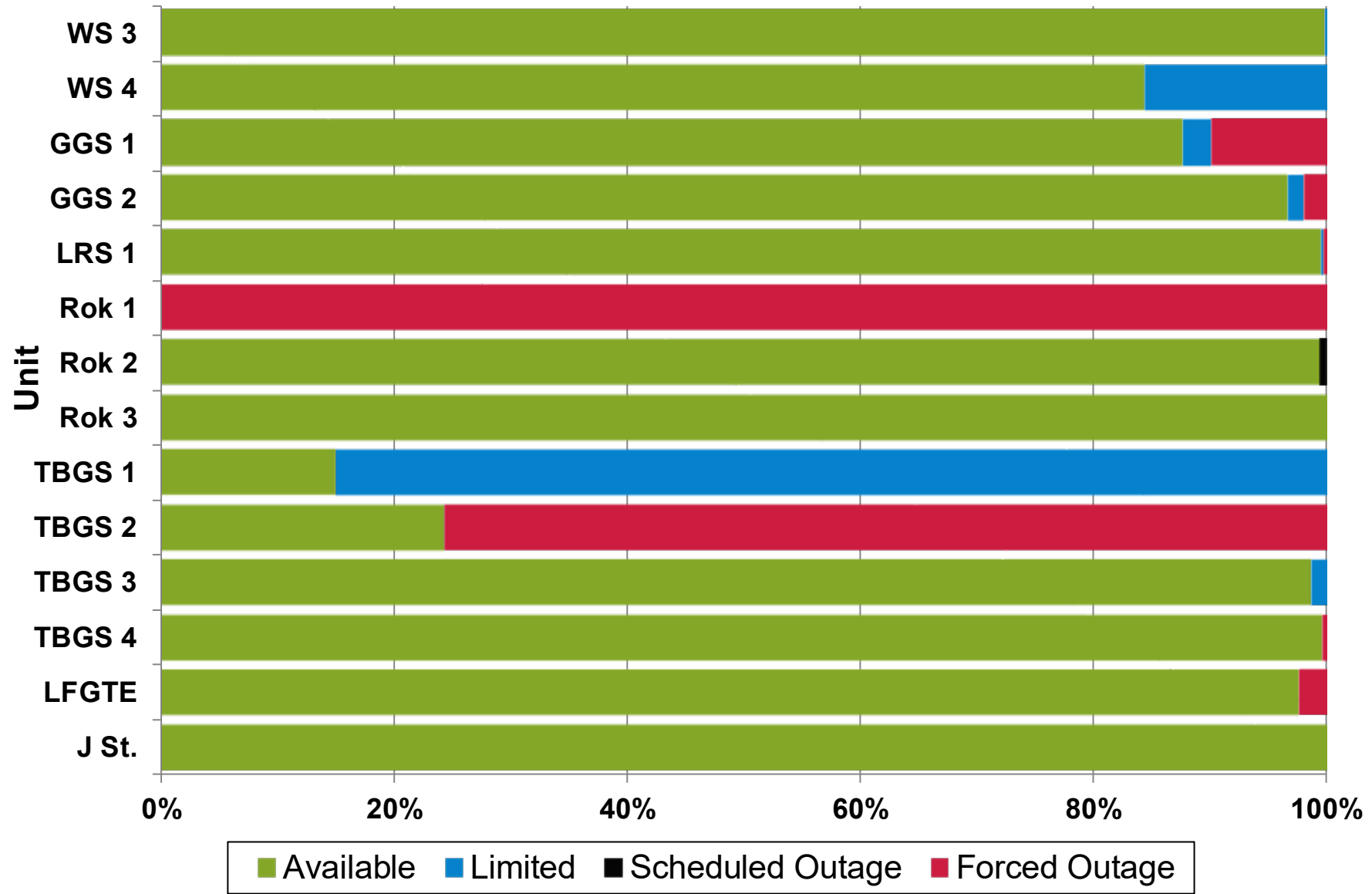
Loads



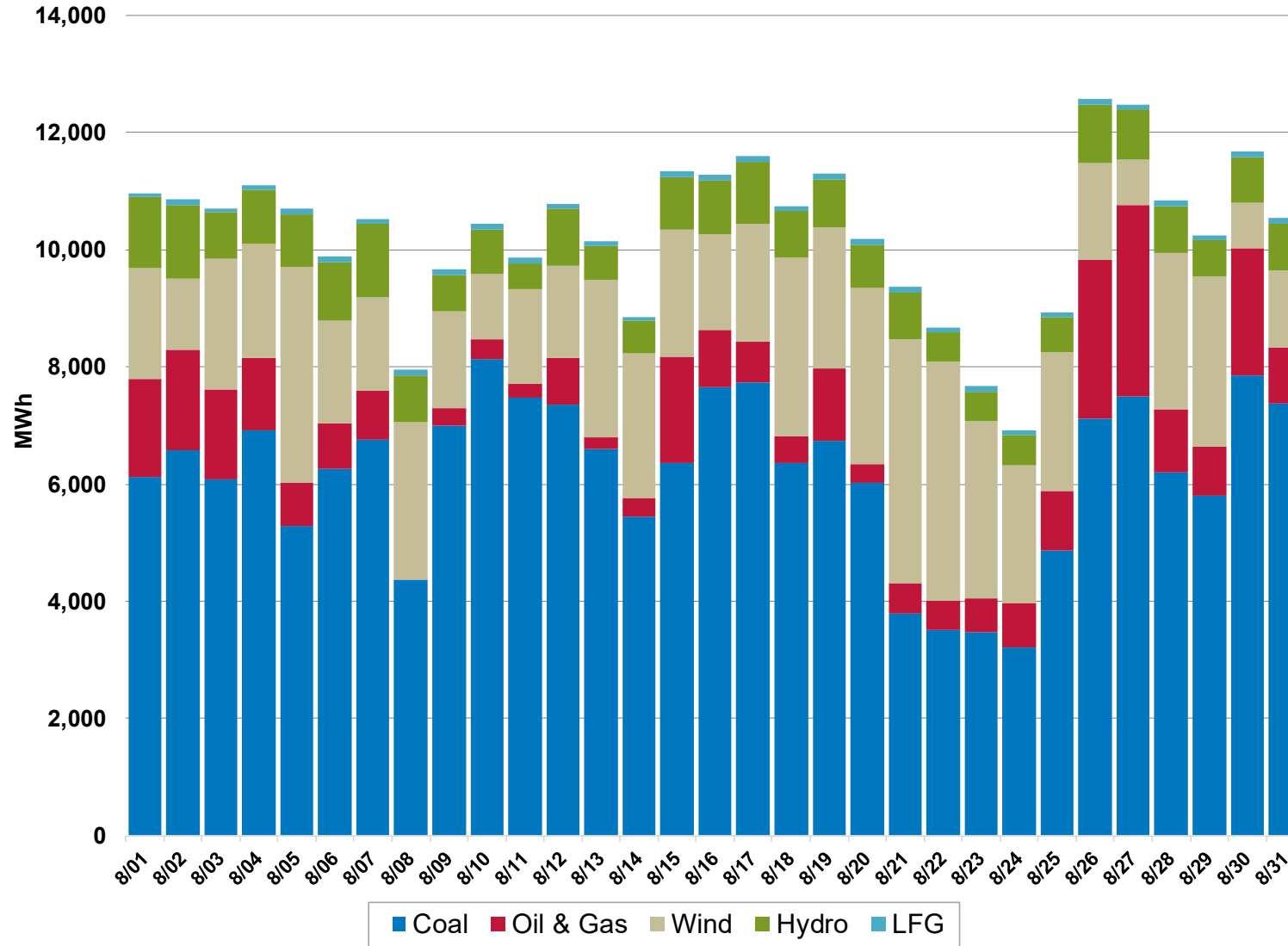
Customer Energy Consumption



Unit Equivalent Availability

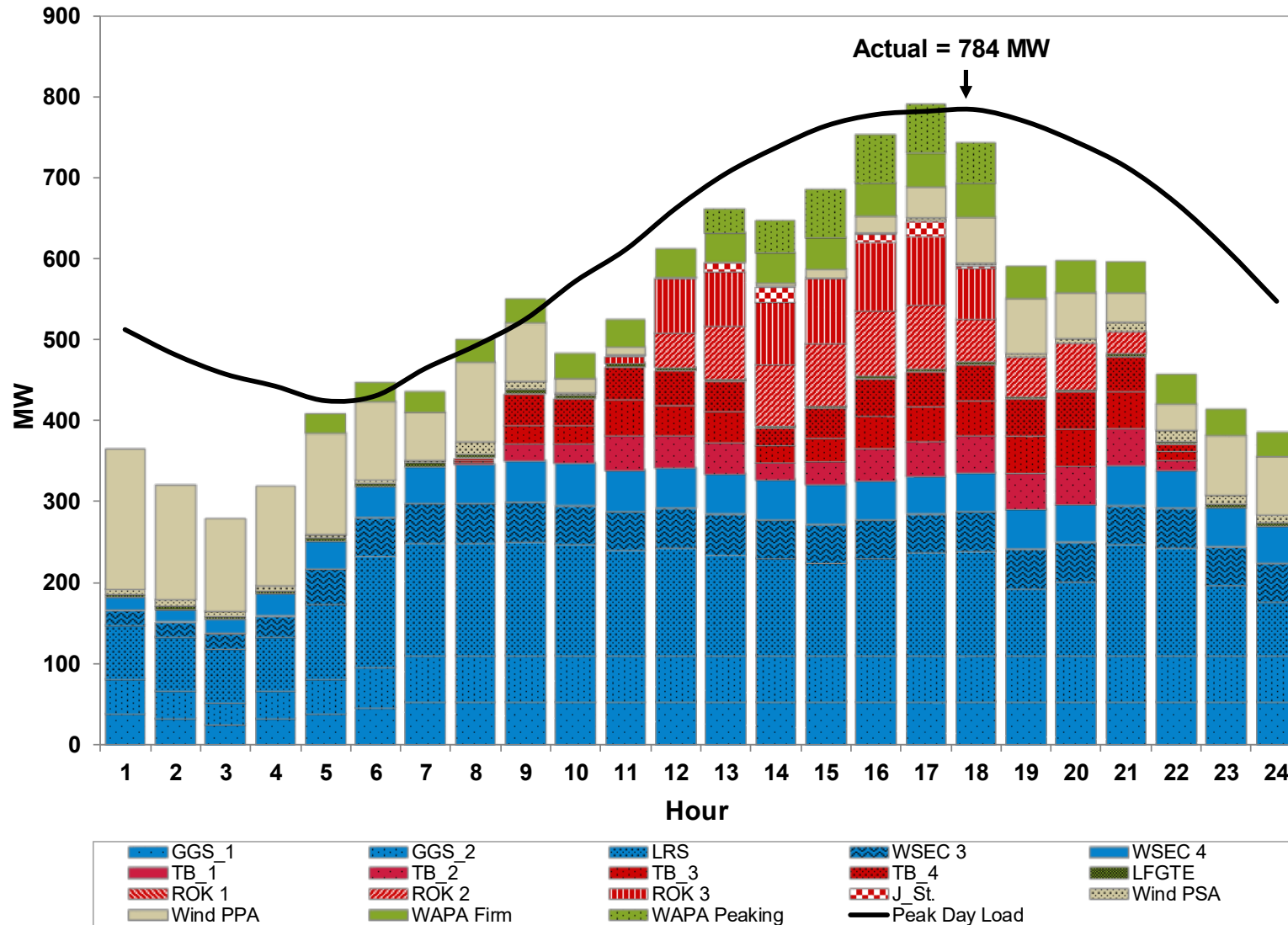


Resource Energy



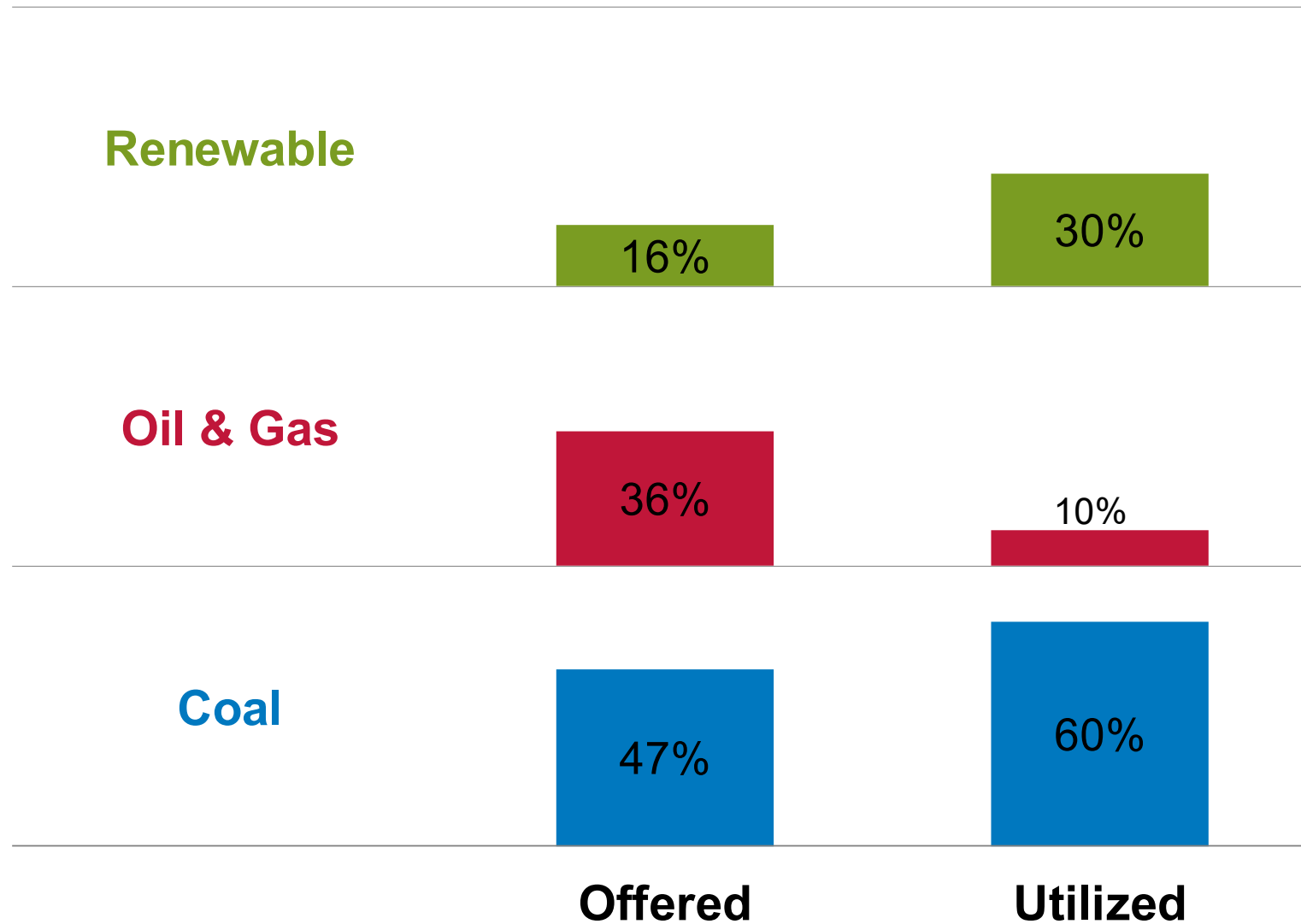
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

Peak Load Day – August 26, 2024



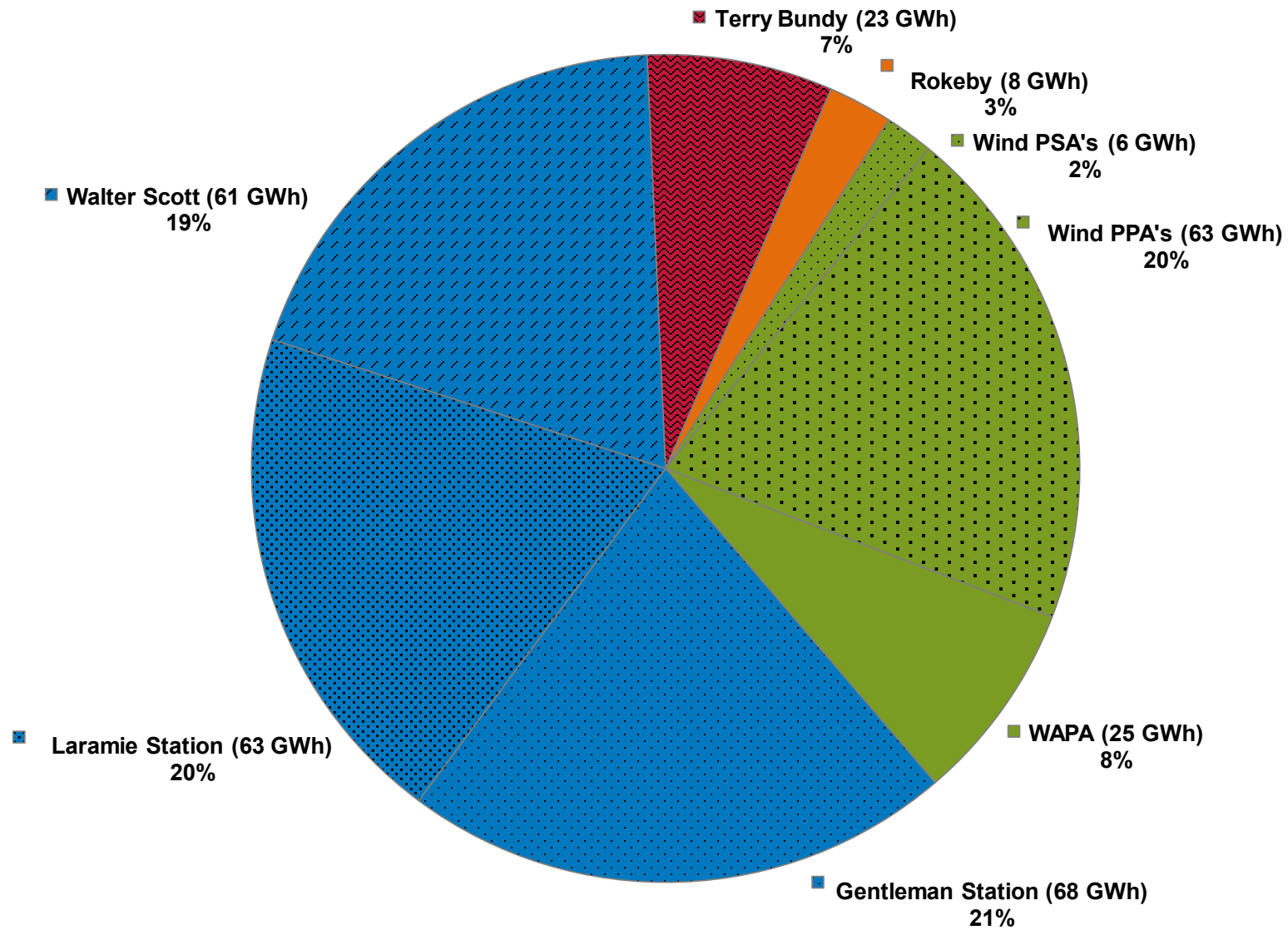
Note: LES is selling the Renewable Energy Certificates (RECs) associated with its applicable resources and the renewable attributes are transferred to the REC recipient.

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



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

Energy Utilized by the SPP Integrated Marketplace



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