

MINUTES OF LINCOLN ELECTRIC SYSTEM ADMINISTRATIVE BOARD

Minutes of the regular meeting held at 9:30 a.m., Friday, March 17, 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 March 10, 2023.

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

Board Members Absent: Karen Griffin, Andrew Hunzeker

LES Staff Present: Kevin Wailes, Shelley Sahling-Zart, Emily Koenig, David Malcom, Paul Crist, Jason Fortik, Lisa Hale, Trish Owen, Travis Moore, Kelley Porter, Jim Rigg, Wade Leibrandt, Fredrick Rumery

Others Present: Ken Winston (virtual)

News Media Present: None

Vice Chair David Spinar declared a quorum present and called the meeting to order at approximately 9:30 a.m. A safety briefing was provided. Vice Chair Spinar 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**

Vice Chair David Spinar asked for approval of the February 17, 2023, meeting minutes. Carl Eskridge moved their approval. Chelsea Johnson seconded the motion. The vote for approval of the minutes was: **Approval of Minutes**

Aye: Kate Bolz, Martha Durr, Carl Eskridge, Chelsea Johnson, Lucas Sabalka, Eric Schafer, David Spinar

Nay: None

Absent: Karen Griffin, Andrew Hunzeker

Ken Winston, representing Nebraska Interfaith Power and Light, discussed several bills pending before the Nebraska Legislature. **Customer Comments**

Chelsea Johnson, Chair of the Personnel & Organization Committee, reported on Committee discussions which included: 1) a status update on negotiations with the Rokeby Generating Station Union; 2) 2023 employment data; 3) a review of **Personnel & Organization Committee Report**

LES' 2022 safety performance; 4) a year-end review for the 2022 health and dental programs; and 5) a high-level update on Investment Committee activities for LES' retirement plans. (Exhibit I)

Travis Moore, Legislative & Corporate Policy Analyst, Corporate Governance & Records, provided a report on state legislative matters. (Exhibit II) Moore noted that Thursday, March 16, 2023, marked the 46th day of the 90-day session, scheduled to adjourn on June 9, 2023. Moore provided an update on the 2023 priority bills: LB 61, LB 63, LB 79, LB 267, LB 297, LB 565, LB 644, LB 709, and LB 768. **State Legislative Report**

Moore also reviewed the following bills: LB 289, LB 505, LB 560, and LB 650.

Emily Koenig, Vice President and CFO, reviewed LES' Annual Self-Insured Health and Dental Insurance program. (Exhibit III) As a plan sponsor, LES is subject to the Political Subdivision Self-Funding Benefits Act. LES must provide an annual report to its governing body, the beginning and ending balance of the Claims Fund and Incurred But Not Presented (IBNP) Reserve Fund, and deposits of monthly accruals. **Annual Self-Insured Health & Dental Insurance Review**

According to Koenig, total health contributions exceeded costs incurred, reducing the participant deficit. Overall, LES' self-funded health insurance plan has benefited participants.

Wade Leibbrandt, Manager, Budgeting and Financial Planning, provided a briefing on Corporate Key Indicators Benchmarking. (Exhibit IV) LES utilizes multiple resources for benchmarking financial and operational performance. **Corporate Key Indicators Benchmarking**

LES ranks in the Top 2 Quartiles for 62 percent of the metrics from the Omaha Public Power District (OPPD) and American Public Power Association (APPA) surveys. LES residential customers continue to have some of the lowest bills, ranking third in the OPPD survey.

The System Average Interruption Duration Index (SAIDI) indicates that LES customers experience some of the shortest outage restoration times. According to the Occupational Safety and Health Administration (OSHA), LES is a safe place to work despite increased soft-tissue incidents in 2021 and 2022.

Leibbrandt also shared that benchmarking shows that LES' operating and maintaining utility expenses are below the industry average per customer. LES power costs continue to be less than the industry average.

Fredrick Rumery, Supervisor, Project Management, provided an update on the supply chain. (Exhibit V) Rumery noted that supply chain issues are nationwide and that an Electric Subsector Coordinating Council Supply Chain Tiger Team has been established.

Supply Chain Update

Rumery discussed material challenges, proactive measures being considered, long-term mitigation efforts, customer outreach, and watchful trends.

Kevin Wailes, CEO, discussed LES Administrative Board Member attendance at the 2023 American Public Power Association (APPA) National Conference in Seattle, Washington. Wailes noted that such a motion would allow any Board Member to attend.

Authorization of Board Attendance at the 2023 American Public Power Association (APPA) National Conference in Seattle, Washington, June 16th-21st

Vice Chair David Spinar requested a motion to authorize LES Administrative Board Members to attend the 2023 APPA National Conference in Seattle, Washington, from June 16, 2023, to June 21, 2023. Carl Eskridge made the motion. Eric Schafer seconded the motion. The vote for approval was:

Aye: Kate Bolz, Martha Durr, Carl Eskridge, Chelsea Johnson, Lucas Sabalka, Eric Schafer, David Spinar

Nay: None

Absent: Karen Griffin, Andrew Hunzeker

Kevin Wailes, CEO, noted that the monthly financial and Power Supply Reports are delayed, pending the results of the 2022 audit.

Monthly Financial and Power Supply Reports

The next regular meeting of the LES Administrative Board will be Friday, April 21, 2023, at 9:30 a.m.

Next Meeting

Kevin Wailes, CEO, noted that Shelley Sahling-Zart, Vice President and General Counsel, will provide ethics training to members of the LES Administrative Board upon adjournment of the meeting.

Miscellaneous Information

Without further business before the Board, Vice Chair Spinar **Adjournment**
declared the meeting adjourned at approximately 11:03 a.m.

Lucas Sabalka, Secretary

BY: *S/Travis Moore*
Travis Moore
Assistant Secretary

Exhibit I



LES PERSONNEL AND ORGANIZATION COMMITTEE

Meeting Summary

Tuesday, February 28 – 2:30pm (Virtual)

- **HR gave a status update on union negotiations with the Rokeby Generating Station Union. Both parties are exchanging initial proposals and will be beginning direct negotiations soon.**
- **HR outlined current 2023 employment data (hiring rates, employee metrics, and turnover statistics) for the committee as it continues to focus on successful recruitment and retention strategies in a challenging labor market.**
- **Safety & Physical Security provided a review of 2022 safety performance. Total number of injuries for 2022 were at 14, resulting in 7 restricted duty cases and 3 days-away cases (down from 7 and 7 in 2021, respectively).**
- **While the Safety department increased training efforts in 2022, LES did not fully meet their goals:**
 - Goal of a DART rate at 1.5 or below – actual DART was 2.16. (DART stands for=Days Away, Restricted or Transferred)
 - Goal of zero backing incidents and less than 4 vehicle incidents – LES had 3 minor backing accidents.
- **The Safety department and the Central Safety Committee have established the following four safety and wellness goals for 2023:**
 1. Increase the number of Good Catches, Safety Suggestions and Lessons Learned submissions for all divisions.
 2. Reduction in the average number of injuries that result in days away or restricted duty by 1.
 3. Zero vehicle backing accidents.
 4. Increase participation in wellness challenges by 5%.
- **HR gave the committee a year-end review for the 2022 health and dental programs:**
 - Total costs for the health plan for 2022 were approximately \$8.8M (\$6.4M in medical claims and \$966,000 in fixed costs).
 - Total premiums including stop loss reimbursements were \$9.8M. The resulting surplus will be used to reimburse for the prior year shortage and for the claims reserve fund.
 - The Dental plan had total costs of \$441,834 with total premiums equaling \$441,930 for 2022, resulting in a \$96 surplus for the year.
- **A high-level update on Investment Committee activities for the retirement plans was given:**

- The committee reviewed the recent GIA Fund activity and balance status. It also reviewed the liquidity fee process.
- The committee received an overview of the recently passed federal legislation - The Secure Act 2.0
- The committee reviewed the 2022 4th quarter market and performance update with the LES financial consultants.
- The committee also reviewed the most recent benchmark fee study process and the need to potentially conduct a Request for Proposal (RFP) in 2023.

Exhibit II



2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 49	Judiciary Committee Hearing February 23, 2023	(Dungan) Changes provisions relating to solar energy and wind energy, declares certain instruments void and unenforceable, and provides for a civil cause of action. LB 49 permits counties and municipalities to consider a “right to direct sunlight” in its zoning regulations to encourage solar or wind energy. It also proposes to prohibit any deed or ownership document or homeowners’ association covenant from forbidding or restricting the installation of a solar energy system.	Monitor
LB 57	Business & Labor Committee Hearing January 30, 2023	(M. Cavanaugh) Adopts the Paid Family and Medical Leave Insurance Act. It creates an insurance program to provide partial wage replacement for eligible employees to care for themselves or a family member following a serious illness or to care for a new child through birth, foster care, or adoption. Leave can also be used for military needs. The program is financed through employer contributions to the program, but an employer may also satisfy the requirements through an employer-provided insurance plan.	Monitor/Confer with the City
LB 61	Transportation Committee General File	(Brandt) Authorizes the leasing of dark fiber and eliminates certain powers of the Public Service Commission. LB 61 was introduced at the request of OPPD and is intended to facilitate broadband development by amending statutory provisions regarding the lease, sale or license of dark fiber to eliminate provisions that have been a barrier to dark fiber leases. The goal of LB 61 is to promote effective public-private partnerships between communications providers and public power entities that own fiber infrastructure.	Monitor
LB 63	Transportation Committee Hearing February 14, 2023	(Bostar) Requires the withholding of distributions to telecommunications companies from the Nebraska Telecommunications Universal Services Fund.	Monitor
LB 79	Revenue Committee Hearing March 3, 2023	(Erdman) Adopt the Nebraska EPIC Option Consumption Tax Act. EPIC stands for the elimination of property, income, and corporate taxes. LB 79 would repeal state income, sales, inheritance, and property taxes and replace them with a consumption tax.	Monitor
LB 120	Natural Resources Committee Hearing February 16, 2023	(Bostelman) Eliminates obsolete provisions from 2014 requiring a transmission study that was completed by the Nebraska Power Review Board and its consultant, the Brattle Group, in 2014. LES supports repeal of these outdated statutes.	Support
LB 122	Transportation Committee Hearing January 31, 2023	(Bostelman) Changes provisions relating to the One-Call Notification System Act to establish an Underground Excavation Safety Committee. The committee would review complaints submitted to the State Fire Marshal alleging violations of the One-Call Notification System Act and make recommendations on resolving complaints. LES questions whether the committee will be any more effective than the current structure.	Monitor/Confer with the City



2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 133	Government Committee Hearing February 10, 2023	(J. Cavanaugh) Provides that entities exercising the power of eminent domain are subject to the Open Meetings Act. As a public entity, LES is already required to comply with the Open Meetings Act, but the bill will be monitored for any other amendments that may impact eminent domain authority.	Monitor
LB 134	Transportation Committee Hearing February 21, 2023	(J. Cavanaugh) Amends the Small Wireless Facilities Deployment Act to require an authority (e.g., city) to provide reasonable notification to adjacent property owners prior to installation of a small wireless facility or installation of any new or modified pole to accommodate a small wireless facility. This bill appears to be in response to a situation in Omaha where a wireless provider installed a new pole literally in the middle of a public sidewalk restricting pedestrian traffic. LES agrees with the requirement to provide notice but would prefer to see responsibility placed on the wireless providers rather than the authority. We will discuss this matter with Sen. Cavanaugh.	Support/Confer with the City
LB 161	Business & Labor Committee General File	(McDonnell) Amends the Workplace Privacy Act to prohibit employers from requiring employees to wear a communication device that tracks their physical location, travel patterns, or contacts with other employees, except in a state of emergency declared by the Governor. LES does not require this of its employees, but we will monitor the bill for any other amendments.	Monitor/Confer with the City
LB 164	Urban Affairs Committee Hearing January 24, 2023	(McKinney) Adopts updates to building and energy codes to align with the 2021 edition of the International Building Code, International Residential Code, and International Energy Conservation Code. These changes are on the customer side of the meter, but we will monitor for general awareness.	Monitor/Confer with the City
LB 169	Judiciary Committee Hearing March 1, 2023	(Hunt) Prohibits discrimination based upon sexual orientation and gender identity. LES policies already prohibit discrimination based upon sexual orientation and gender identity, but the bill will be monitored for any amendments that may exceed LES policies.	Monitor/Confer with the City
LB 172	Urban Affairs Committee General File	(Bostar) Updates the Nebraska State Electrical Code to align with the minimum standards set forth in the 2023 National Electrical Code. These changes do not impact LES, but we will monitor for general awareness.	Monitor/Confer with the City
LB 205	Government Committee General File	(von Gillern) Adopts the Government Neutrality in Contracting Act to prohibit political subdivisions from, among other things, issuing RFPs or bid specifications that include language that requires, prohibits, encourages, or discourages bidders for public contracts from entering into or adhering to a collective bargaining agreement.	Monitor/Confer with the City



2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 209	Revenue Committee Hearing March 1, 2023	(Bostar) Provides tax exemption relating to data centers. LB 209 provides personal property tax exemption and a sales and use tax exemption for computers and related equipment used in the operation or maintenance of a data center, including servers, temperature control infrastructure, and electrical power infrastructure. LB 209 also exempts the electricity used by the data center from sales and use taxes. The sales and use tax exemption has no impact to LES, but it would result in less tax revenue for the State and also the City. The Chamber of Commerce supports the bill.	Monitor/Confer with the City
LB 237	Appropriations Committee Hearing March 13, 2023	(Wayne) Appropriates \$1 million in FY 2023-24 and \$1 million in FY 2024-25 to the Department of Environment and Energy for the Low-Income Weatherization Assistance Program to aid in carrying out energy efficiency audits and weatherization improvements.	Support
LB 255	Natural Resources Committee Hearing February 22, 2022	(Brewer) LB 255 prohibits LES, NPPD, and OPPD from exercising the power of eminent domain to acquire property to construct or operate a wind or solar generation facility. LES opposes any efforts to erode eminent domain authority. LES's preference is always to work with property owners to negotiate a mutually acceptable purchase, but eminent domain is sometimes a necessary tool to fulfill a public purpose. If LB 255 passes, the result will likely be significant increases in property acquisition as property owners would be free to command a much higher purchase price without the fear of condemnation. The price could be significant depending on the type of facility and the size of the facility (megawatt production), including the geographic footprint of property necessary which could range from tens to hundreds of acres per facility site. LB 255 also amends other provisions related to special generation applications, which would not impact LES.	Oppose
LB 267	Business & Labor Committee General File	(Brewer) Adopts the Critical Infrastructure Utility Worker Protection Act. The bill was introduced at the request of OPPD. The bill would ensure that critical infrastructure utility workers are provided priority access to personal protective equipment, medical screening and testing, medical treatment and vaccines in the event of any civil defense emergency, disaster, or emergency involving a severe threat to human health. Utility workers would have priority access at least equal to that of hospital and medical personnel, law enforcement personnel, or other emergency responders.	Support
LB 289	Natural Resources Committee General File	(Bostelman) LB289 amends the Municipal Cooperative Financing Act to allow municipal cooperatives to own and operate, contract to operate, or lease advanced metering infrastructure technology and provide advanced metering infrastructure services regarding a public owned utility system. The bill was introduced on behalf of NMPP Energy and does not directly impact LES. However, LES is a member of NMPP Energy and is supportive of this clarification.	Support



2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 297	Government Committee General File	(Sanders) Adopts the Personal Privacy Protection Act which seems to amend the Administrative Procedure Act. LB 297 prohibits the State or any political subdivision from requesting or disclosing personal information which is defined to mean any list, registry or other information that identifies a person as a member, support, volunteer of, or donor to any nonprofit organization certified as a 501(c) entity under the Internal Revenue Code. Staff is working to learn more about what prompted this legislation.	Monitor
LB 304	Government Committee Hearing February 9, 2023	(Linehan) Requires each political subdivision to disclose on its website membership dues paid annually to any association or organization, including the amount of dues paid. It also requires disclosure of fees paid to any individual lobbyist or lobbying firm or such association other than those that may be included in the membership dues. It is unclear what problem or concern LB 304 seeks to address. While LES supports transparency and would provide this information upon request, LES does not see a purpose to be served in merely adding more information to its website. LES works to provide information on its website that is of greatest importance or use to LES customers and to make that information easy to locate. That said, LES is happy to make the information available to any member of the public upon request.	Oppose/Confer with the City
LB 367	Business & Labor Committee Hearing March 13, 2023	(Conrad) Adopts the Fair Chance Hiring Act to prohibit employers and employment agencies from asking an applicant to disclose information concerning the applicant's criminal record or history until after the applicant has received a conditional offer of employment from the employer. This provision would not apply if a criminal history is otherwise required by state or federal law. This seems to be consistent with LES hiring practices.	Monitor/Confer with the City
LB 394	Judiciary Committee Hearing February 23, 2023	(Erdman) Changes provisions relating to eminent domain to require that for agricultural land only the damages shall be two times the fair market value of the condemned property and severance damages shall include the replacement cost of dwellings, garages, sheds, barns, wells, septic systems, fences, and other permanent structures.	Oppose



2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 399	Natural Resources Committee Hearing February 22, 2023	(Brewer) Changes provisions relating to privately developed renewable energy generation facilities (PDREGF) to require Nebraska Power Review Board (NPRB) approval of such facilities. Under current law PDREGF are only required to certify to the NPRB that they have complied with the requirements of the statute, such as providing a decommissioning plan and certifying that the applicant has a joint transmission development agreement and has consulted with Game and Parks to address and impacts to species. LB 399 would require a hearing before the NPRB and subsequent approval. The application would be approved if the NPRB finds that the requirements have been met and that the application is “not outweighed by any testimony or evidence in opposition to the application offered by power suppliers, other interested parties, or members of the public.” This language is overly broad and vague. While this provision does not apply to the generation applications made by public power entities, this standard could set a precedent for changes in the public power approval criteria.	Oppose
LB 408	Government Committee Hearing February 15, 2023	(M. Cavanaugh) Changes provisions relating to conflicts of interest under the Nebraska Political Accountability and Disclosure Act. It requires members of nonelective government bodies to file a conflict-of-interest statement if the member is required to take action or make a decision in the discharge of their official duties that may cause financial benefit or detriment to the member or the member’s immediate family or business. This provision is consistent with existing conflict of interest provisions in the Lincoln Municipal Code so there is no impact to LES board members.	Monitor/Confer with the City
LB 450	Natural Resources Committee General File	(Brewer) Prohibits land disposal of wind turbine blades and their component parts. While LES has power purchase agreements with several wind projects, LES only owns two wind turbines. The matter of disposing of wind turbine blades is a continuing challenge nationwide and there is ongoing research and development regarding new technologies to deal with blade disposal.	Monitor
LB 496	Revenue Committee Hearing February 10, 2023	(Linehan) LB 496 provides a sales and use tax exemption on the gross receipts from the sale, lease, rental, and storage of business inputs. A business input is defined as a product or service purchased by a business entity from a retailer which is used in the regular production of a product or the provision of a service, and the cost of which is passed on to the customer and the customer is the ultimate consumer of such product or service. We will monitor until we learn more about the intent of the legislation.	Monitor/Confer with the City



2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 505	Revenue Committee Hearing March 8, 2023	(Bostar) LB 505 relates to electric vehicles and commercial electric vehicle (EV) charging stations. It increases the motor vehicle registration of EVs from \$75 to \$200 and imposes a per-kilowatt-hour excise tax on electric energy used at commercial EV charging stations. In addition, it provides that a commercial EV charging station operator that sells electricity at a charging station on a kilowatt-hour basis is not a retail provider of electricity. Under state law, only public power utilities with a certified retail service area are authorized to sell electricity at retail. The public power industry agreed to this very narrow exception to the retail service provisions following months of discussions with various parties, including truck stop and convenience store representatives and representatives of road and highway construction contractors. Following introduction of LB 505, the truck stop and convenience store owners have expressed concern regarding other issues related to public power such as being subject to demand charges and public power having a competitive advantage. LES, and other public power utilities, will oppose additional amendments to LB 505 that require development of EV rates or impose additional requirements on utilities that were not discussed during the past year of negotiations.	Support as introduced/Confer with the City
LB 513	Government Committee General File	(Brewer) Changes proof of publication requirements for legal notices and requirements for published notice and virtual conferencing under the Open Meetings Act. It allows for alternatives for public posting of meeting agendas if there is no newspaper of general circulation within the public body's jurisdiction. The bill does not impact LES, but will be monitored for amendments.	Monitor
LB 541	Government Committee Hearing March 15, 2023	(Lowe) Provides for nomination and election of public power district and public power and irrigation district directors on the partisan ballot. The bill does not directly impact LES, but will be monitored as it relates to the public power industry in Nebraska.	Monitor
LB 560	Appropriations Committee Hearing March 6, 2023	(Blood) States the intent of the Legislature to seek all federal funds available through the Inflation Reduction Act of 2022 for the purposes of energy efficiency in homes and businesses, electric vehicle infrastructure, upgrading utility infrastructure, assisting the transition to cleaner energy, supporting drought-resistant agricultural practices, and creating jobs.	Support
LB 565	Natural Resources Committee General File	(Bostelman) LB 565 appropriates \$250,000 from the General Fund for FY23-24 and FY24-25 to the Department of Economic Development to provide grants to a public power districts serving a majority of counties in the state to be used for engineering and modeling work for a U.S. Department Energy regional clean hydrogen hub designation and associated federal funding. AM 827 would add provisions of LB 567 and LB 568 (as amended).	Support



2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 566	Executive Board Hearing February 24, 2023	(Bostelman) Provides \$30,000 for a study of, among other things, intermittent renewable energy generation including an analysis of the short-term and long-term costs and economic risks of replacing baseload generation with intermittent renewable generation. The study would be conducted by the Natural Resources Committee who could contract with an outside consultant subject to approval by the Executive Board. The study is to be completed by November 15, 2023. LES is opposed to LB 566 as drafted because it frames a study with a bias. It seeks to evaluate the impacts of intermittent generation and the benefits of coal, hydrogen and nuclear. A study of generation should be framed as an objective evaluation of all generation resources.	Oppose
LB 567	Natural Resources Committee Hearing February 2, 2023	(Bostelman) LB 567 has two distinct purposes. First, it eliminates existing statutory language that prohibits high level managers of a public power district from serving on a board of any public power district. This provision does not impact LES, but it will be monitored as it relates to the public power industry. Second, the bill provides a definition of reliability, but it is unclear what purpose is served by adding the definition as it is not substantively used elsewhere in the statutes. The definition is the same definition used by the Southwest Power Pool. While LES does not disagree with the definition, it remains unclear what purpose is served by simply adding a definition into the statutes. AM 827 would amend provisions of LB 567 into LB 565.	Monitor
LB 568	Natural Resources Committee Hearing February 16, 2023	(Bostelman) Adopts the Nuclear and Hydrogen Development Act and creates the Nuclear and Hydrogen Industry Work Group. The work group consists of 11 members, with one representative of a public power district who is appointed by the Governor. The work group will determine the workforce training needs of the nuclear and hydrogen industries in conjunction with the Nebraska Community College System and Nebraska State College system to develop education training course. \$5 million dollars is transferred to the Nuclear and Hydrogen Development Act fund and awarded to community colleges and state colleges that implement education training courses. The fund terminates on July 31, 2028. AM 849 reduces the funding ask from \$5M to \$200k. AM 827 would amend provisions of LB 568 into LB 565.	Support
LB 569	Government Committee Hearing February 15, 2023	(Bostelman) LB 569 would prohibit a member of a county board or county planning commission, or a member of his or her immediate family, from having a financial interest in any entity that is involved in the development, construction, management, or operation of an electric generation facility or owns or leases property relating to a electric generation facility.	Monitor/Confer with the City



2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 636	Natural Resources Committee General File	(Albrecht) Prohibits political subdivisions from enacting ordinances or implementing any resolution, regulation, or policy that restricts or prohibits the sale, use, or supply of natural gas or propane. The bill does not impact LES, but it will be monitored for any amendments that may expand the scope to other types of energy.	Monitor/Confer with the City
LB 637	Government Committee Hearing February 24, 2023	(Albrecht) Requires members of the public to be allowed to speak at each meeting subject to the Open Meetings Act. Current law does not require public comment at every open meeting. LES currently allows for public comment at each monthly board meeting.	Monitor/Confer with the City
LB 644	Banking Committee General File	(McDonnell) Transfers \$80 million to the Site and Building Development Fund to support the identification, evaluation, and development of sites to attract advanced manufacturing, processing, trade, technology, aerospace, automotive, clean energy, life science and other transformational industries to Nebraska.	Support/Confer with the City
LB 650	Government Committee General File	(McDonnell) Amends the public records statutes to provide that certain cybersecurity records may be lawfully withheld from the public. A few years ago LES successfully secured similar legislation for critical energy infrastructure information. The provisions of LB 650 would also apply to LES and would provide additional protections for cybersecurity records.	Support/Confer with the City
LB 670	Business & Labor Committee Hearing February 13, 2023	(Hunt) Prohibits discrimination under the Nebraska Fair Employment Practice Act on the basis of gender identity or sexual orientation and prohibit discrimination by employers regardless of size. As stated previously, this bill is consistent with existing LES employment policies.	Monitor/Confer with the City
LB 709	Banking, Commerce & Insurance Committee General File	(Wishart, Ballard, Geist) Creates the Convention and Event Center Capital Construction Fund to provide \$71 million in funding, the bulk of which would go toward site acquisition and construction of a new convention center in Lincoln. The total cost of a convention center is estimated at \$110-\$120 million. The bill does not directly impact LES, but this would be a major economic development project for the City.	Support/Confer with the City



2023 NEW LEGISLATION IMPACTING LES

LEGISLATIVE BILL	STATUS OF LEGISLATION	SUMMARY OF LEGISLATION	LES POSITION
LB 725	Natural Resources Committee Hearing March 2, 2023	(Dungan) LB 725 was introduced to prohibit electric companies and electric cooperative corporations from using ratepayer funds for campaign/election purposes. LES does not contribute ratepayer funds to election campaigns as such contributions are already prohibited. However, the bill is drafted in a manner that poses unintentional consequences. The bill defines ratepayer proceeds to mean any money, funds, compensation, or property received from a ratepayer. It then goes on to prohibit a ‘recipient of ratepayer proceeds’ from contributing such proceeds to an election. Technically the bill could prohibit any utility employee, for example, from even contributing to a campaign in their individual capacity. This is likely an unintended consequence. LES will work with Sen. Dungan for an amendment to clarify this language. With clarification, LES would be neutral on the bill.	Monitor/Confer with the City/ Seek Amendments
LB 726	Natural Resources Committee Hearing March 2, 2023	(Dungan) Adopts the Nebraska Electric Consumer Rights to Transparency and Local Control Act which would require LES to publish on its website the following: (1) Board meeting dates, times, locations, and agendas 10 days before the meeting; (2) Board meeting minutes 10 days after the date of the meeting; (3) current rate schedules, fees, rents, and other charges made or levied by the Board; (4) a full and complete list of the receipts and disbursements; (5) fiscal year budget; (6) list of all Board Members currently serving; (7) a method by which to contact Board Members; and (8) a method by which to contact LES staff. Much of this information is already available on LES’ website and is subject to request under the public records laws. Some of the items are overly broad and could be an administrative burden to maintain, such as providing all receipts and disbursements. It is simply unclear what problem LB 726 seeks to address.	Oppose/Confer with the City
LB 733	Transportation Committee Hearing February 21, 2023	(Bostar) Adopts the Broadband Pole Placement and Undergrounding Fund Act to provide funds for telecom providers to seek reimbursement for pole replacement costs they incur when installing broadband services in unserved areas. The bill does not directly impact LES as the Lincoln area would not be deemed an unserved area, but we will continue to monitor the bill for any amendments that would expand the scope.	Monitor/Confer with the City
LB 734	Judiciary Committee Hearing March 24, 2023	(Bostar) Provides an enhanced Class II felony for damage to certain infrastructure facilities that are a significant factor contributing to the death or serious bodily injury of another person. This bill was introduced in response to the recent shooting attacks on several substations across the country. While LES supports punishment for perpetrators of attacks on electric infrastructure, the bill is unlikely to deter such activity.	Support/Confer with the City



2023 NEW LEGISLATION IMPACTING LES

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LB 743	Banking Committee Hearing February 13, 2023	(Kauth) LB 743 adopts the Investment Neutrality in Public Funds Act. The intent of the bill is to prohibit governing bodies of political subdivisions from making or supervising investment actions that in any way further social, political, or ideological interests. The bill defines fiduciary at the “governing body of a political subdivision acting as an investment manager or proxy advisor” which arguably does not apply to LES. Nonetheless LES opposes the bill as an attempt to erode local control.	Oppose/Confer with the City
LB 768	Appropriations Committee Hearing March 14, 2023	(DeKay) Transfer money from the Cash Reserve Fund to the Critical Infrastructure Facilities Cash Fund. The bill does not further identify the purpose for the funding. Staff will contact Senator DeKay to learn more about the purpose for the funds.	Monitor
LR 21	Executive Board Hearing February 24, 2023	(Brewer) Provide for a special committee of the Legislature to be known as the Small Modular Nuclear Reactor Study Committee. There are no funds yet identified for the committee. LES is supportive of continued discussion and evaluation regarding the feasibility of advanced nuclear technologies in Nebraska.	Support

Exhibit III

2022 Health and Dental Report

Emily N. Koenig
Vice President & CFO

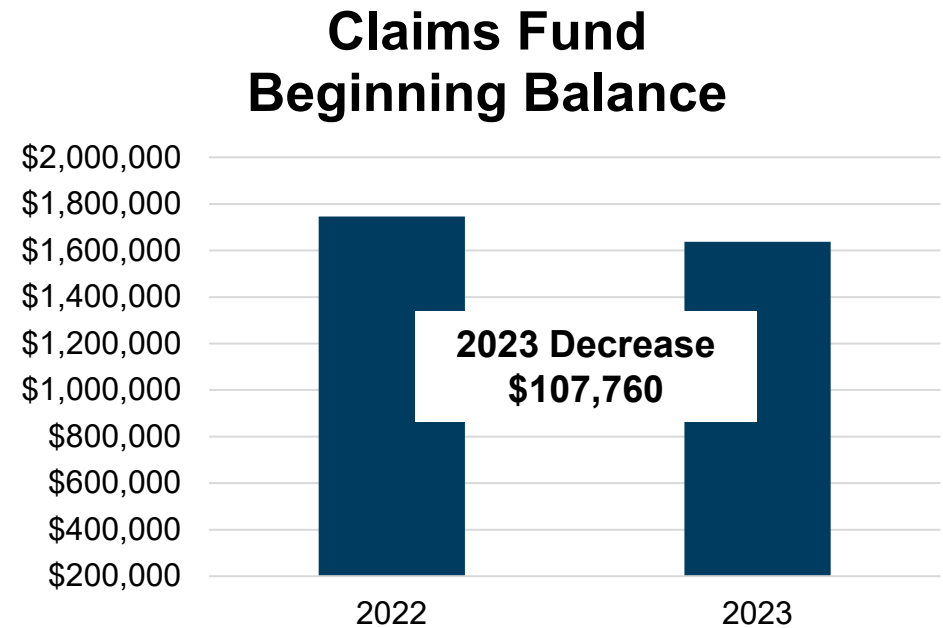
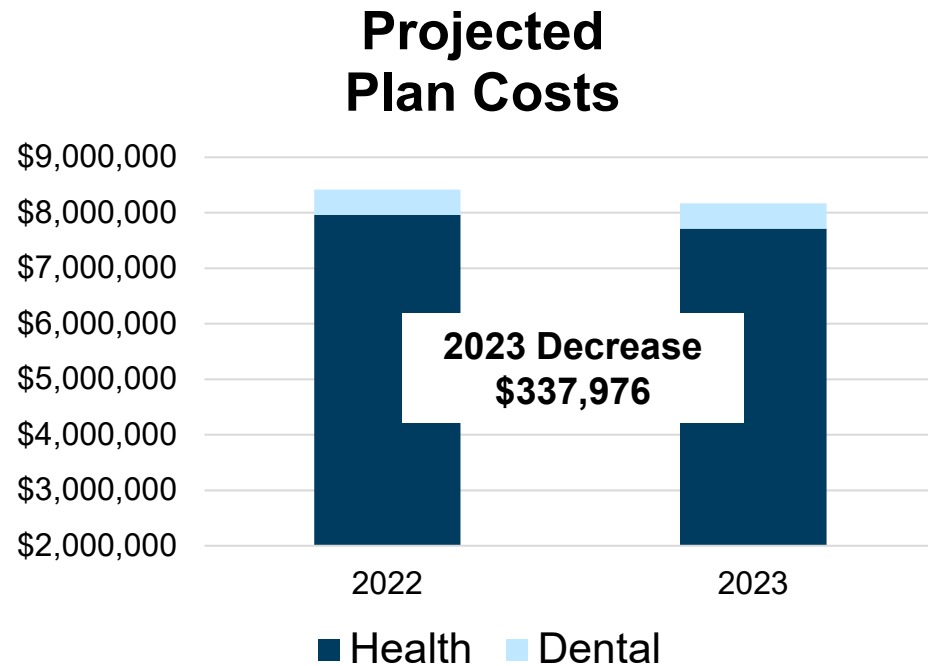
Administrative Board
March 17, 2023

Nebraska Statute requires that an annual report be presented to the LES Board

- LES, as a Plan Sponsor, is subject to the Political Subdivision Self-Funding Benefits Act (Act) detailed in Sections §13-1601 to §13-1626 of the Nebraska Revised Statutes.
- The Act requires a Plan Sponsor to provide an annual report to its governing body reflecting:
 - Beginning and ending balances of the established funds
 - Claims Fund
 - Incurred But Not Presented (IBNP) Reserve Fund
 - Deposits of monthly accruals

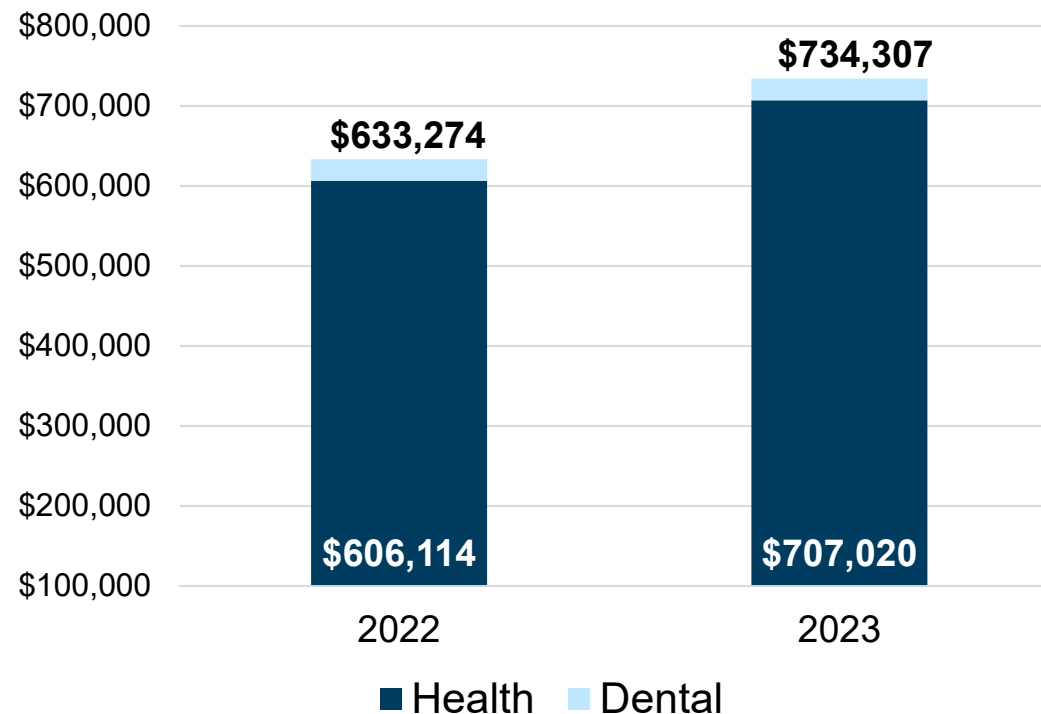
Health & Dental Expenses flow through the Claims Fund

- The Claims Fund (required by the Act) is used to collect premiums and pay for expenses related to the plan
- The beginning balance for the Claims Fund is set at the difference between the 100% and 125% of the 2023 projected plan
- Insurance is purchased for costs that exceed 125% of plan costs



IBNP Reserve increased in 2023

- IBNP Reserve is required by the Act
- Represents claims which have been incurred, but not yet been presented for payment
- IBNP Reserve is based on independent actuary studies from Silverstone (Health) and Ameritas (Dental)



Total Health Contributions exceeded costs incurred, leading to a reduction in the participant deficit

2022 HEALTH CONTRIBUTIONS & COSTS			
	Participants	LES	Total
	25%	75%	100%
Total Contributions	\$2,112,017	\$5,956,635	\$8,068,652
Total Costs	<u>(1,826,541)</u>	<u>(5,479,624)</u>	<u>(7,306,165)</u>
2022 Total	\$285,476	\$477,011	\$762,487
Prior Years Cumulative Participant Deficit	<u>(393,223)</u>		
Cumulative Participant Deficit	(\$107,747)		

LES' self-funded Health Insurance Plan has benefited participants

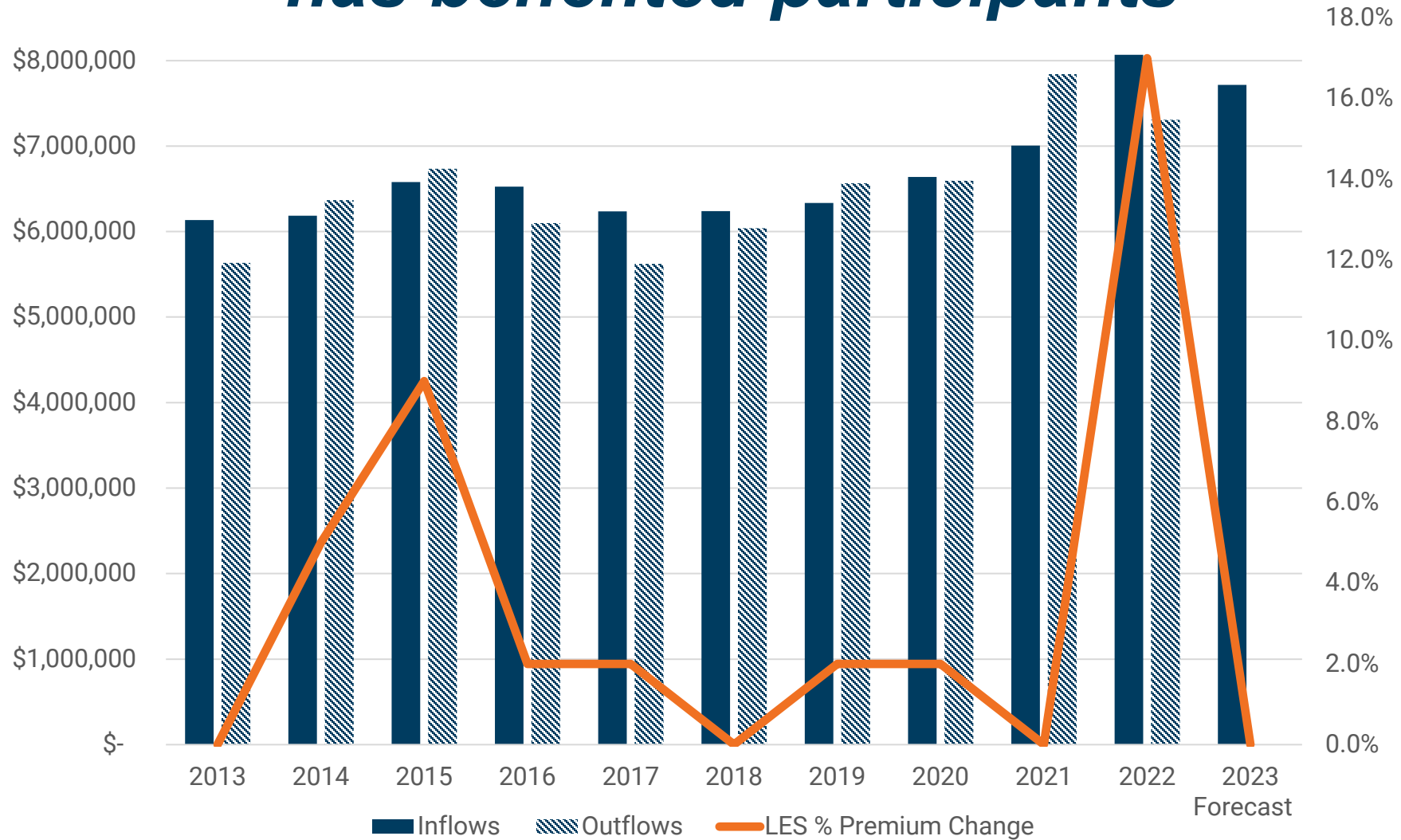


Exhibit IV

Corporate Key Indicators

LES Administrative Board
March 17, 2023

**Wade Leibbrandt,
Manager of Budgeting and
Financial Planning**

**Benchmarking Provided By:
Omaha Public Power District (OPPD)
&
American Public Power Association (APPA)**

Overview of LES Benchmarking

LES utilizes multiple resources for benchmarking financial and operational performance

	OPPD <i>Corporate Key Indicators for Public Power Utilities</i>	APPA <i>Financial Operating Ratios for Utilities</i>	LES <i>Peer Group Analysis (Internal)</i>
Last Prepared	July 2022	January 2023	Fall 2022
Participants*	19	158	21
Metrics*	58	25	7
Timeframe Presented	5 Years	1 Year	4 Year Average

Main focus of today's presentation

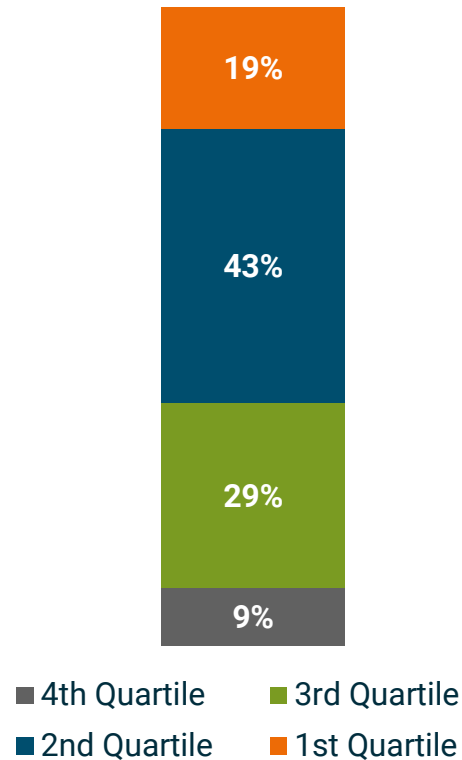
* Most participants do not participate in all metrics

Source: OPPD Corporate Key Indicators Report

2021 Survey Rankings for all Metrics and Ratios

LES ranks in the Top 2 Quartiles for 62% of the metrics from both surveys

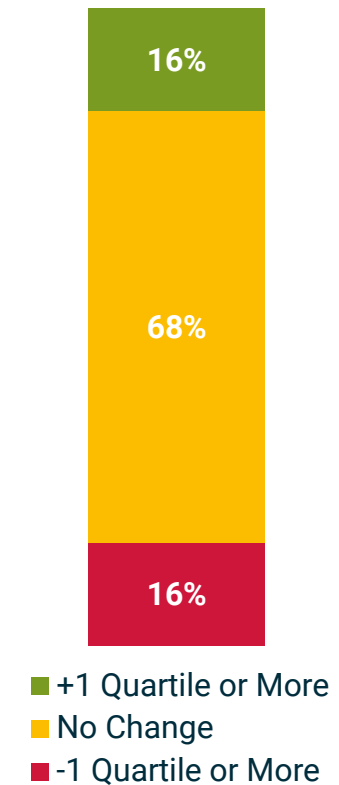
LES Rank - All Ratios *



- LES continues to rank favorably in both surveys
- There is variation in the ranks from year-to-year
- Movement between quartiles can result from unique things happening at other utilities

Not all ratios are created equal

Change from 2020

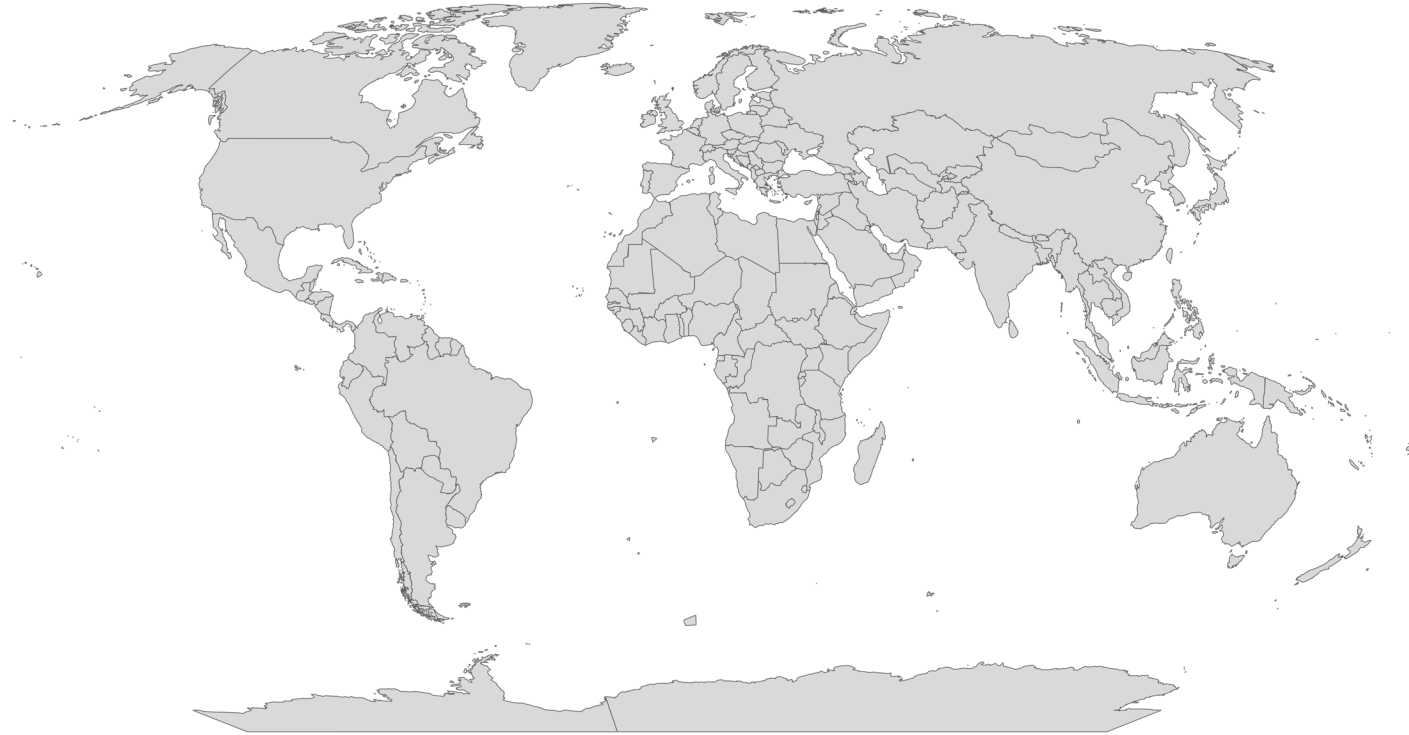


* LES participates in 75 of 83 total metrics between the two reports. The others have been deemed not applicable to LES, and excluded from this analysis

OPPD Benchmarked 19 Public Power Peer Utilities

OPPD's survey includes 19 utilities from around the country, including 9 that are part of LES' peer group

OPPD Survey Participants by Location

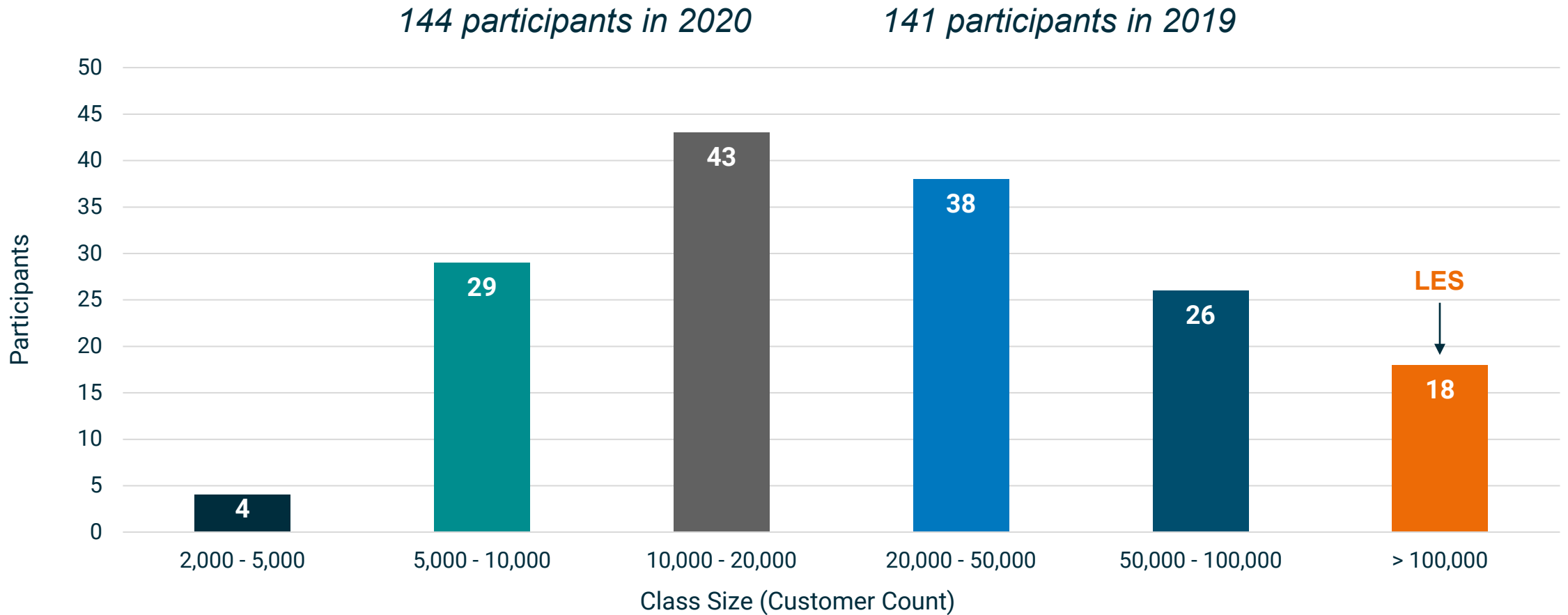


© Australian Bureau of Statistics, GeoNames, Microsoft, Navinfo

Source: OPPD Corporate Key Indicators Report

158 Utilities Participated in APPA's 2021 Annual Survey

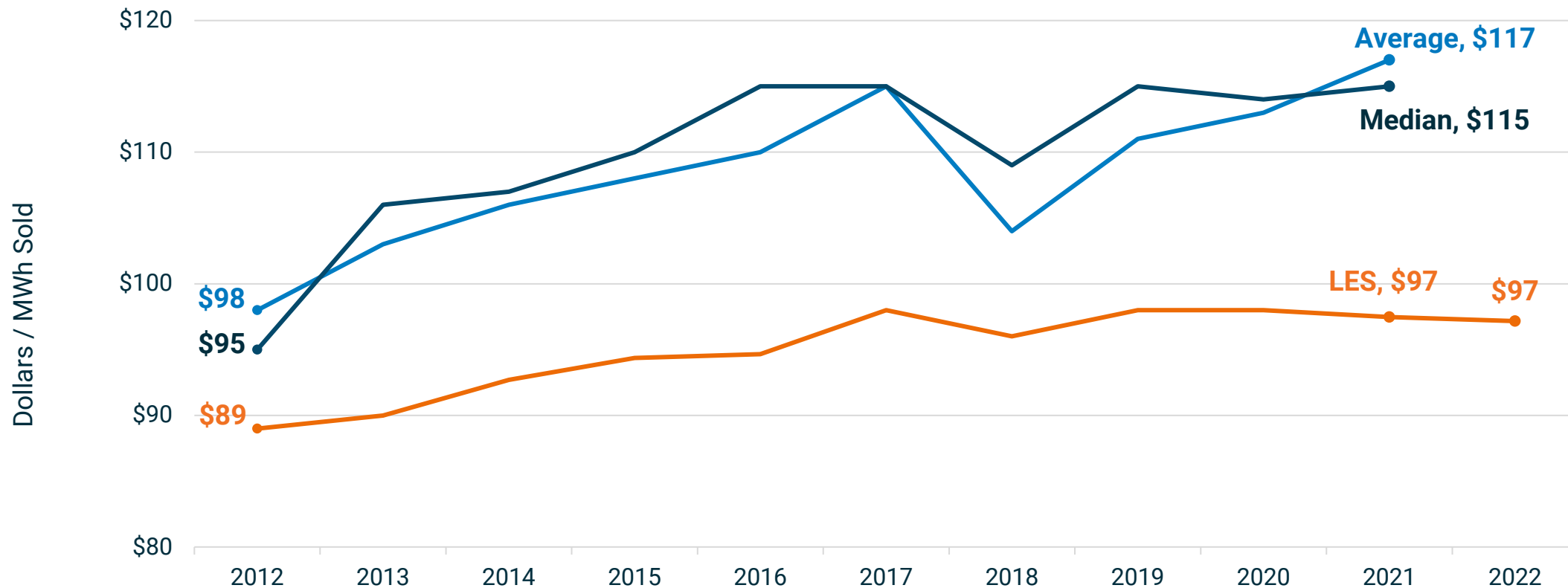
APPA's survey includes utilities with retail sales accounting for 50% or more of total sales, and that have retail sales or sales for resale of 150,000 MWh or more



Source: APPA Selected Financial and Operating Ratios of Public Power Utilities

Residential Revenues per Residential MWh Sold

LES residential customers continue to have some of the lowest bills, ranking 3rd in OPPD's survey



Result



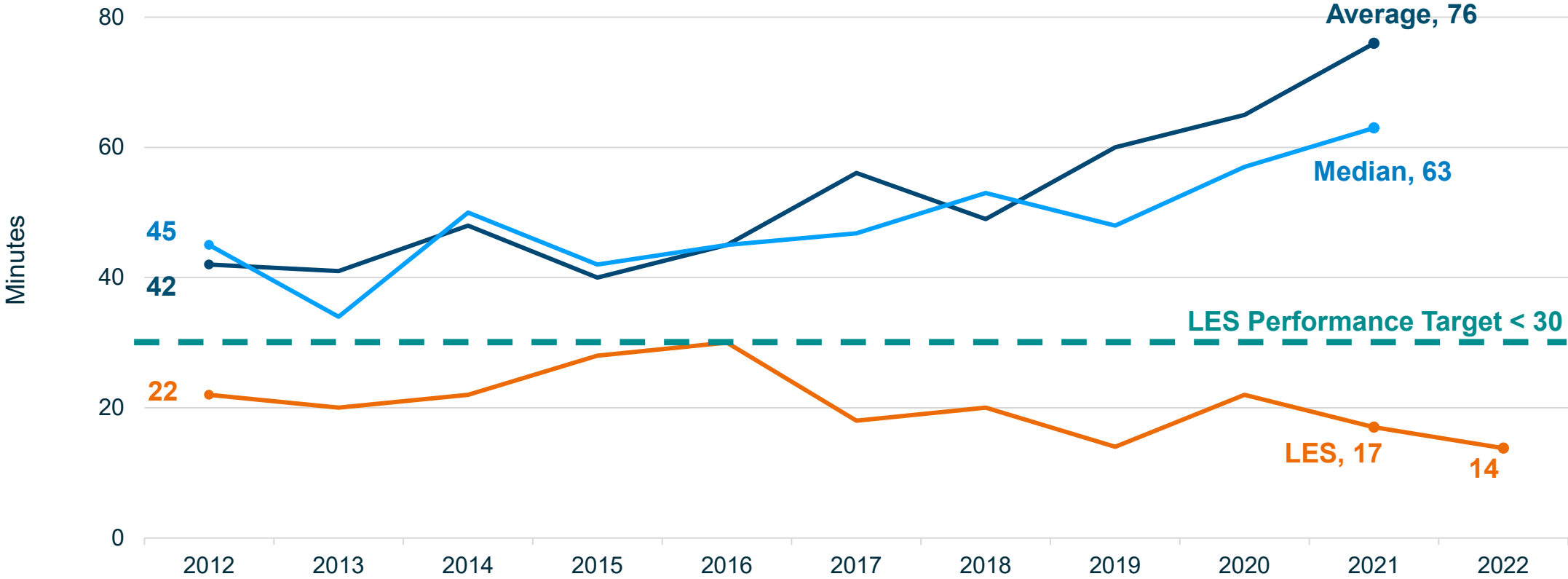
Better



Source: OPPD Corporate Key Indicators Report

System Average Interruption Duration Index (SAIDI)

LES customers experience some of the shortest outage restoration times



Result



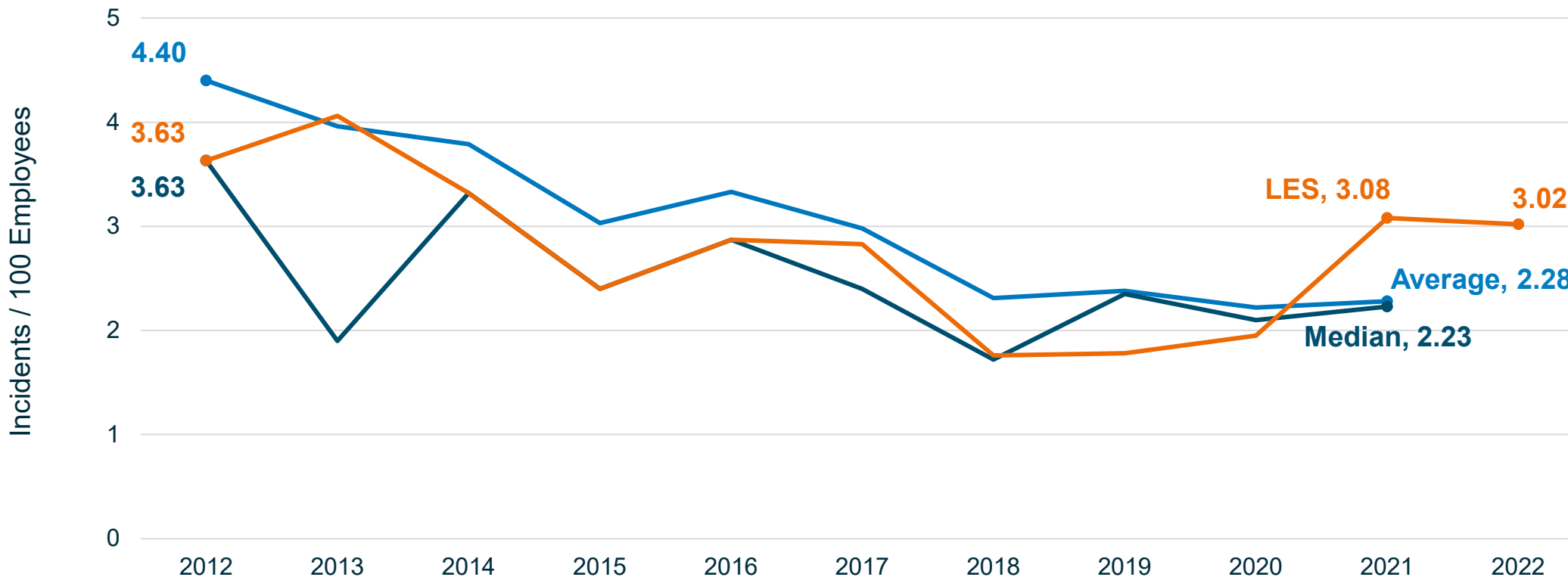
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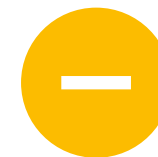
Source: OPPD Corporate Key Indicators Report

Occupational Safety and Health Administration (OSHA) Incident Rate per 100 Employees

LES is a safe place to work despite an increased number of soft-tissue incidents in 2021 and 2022



Result



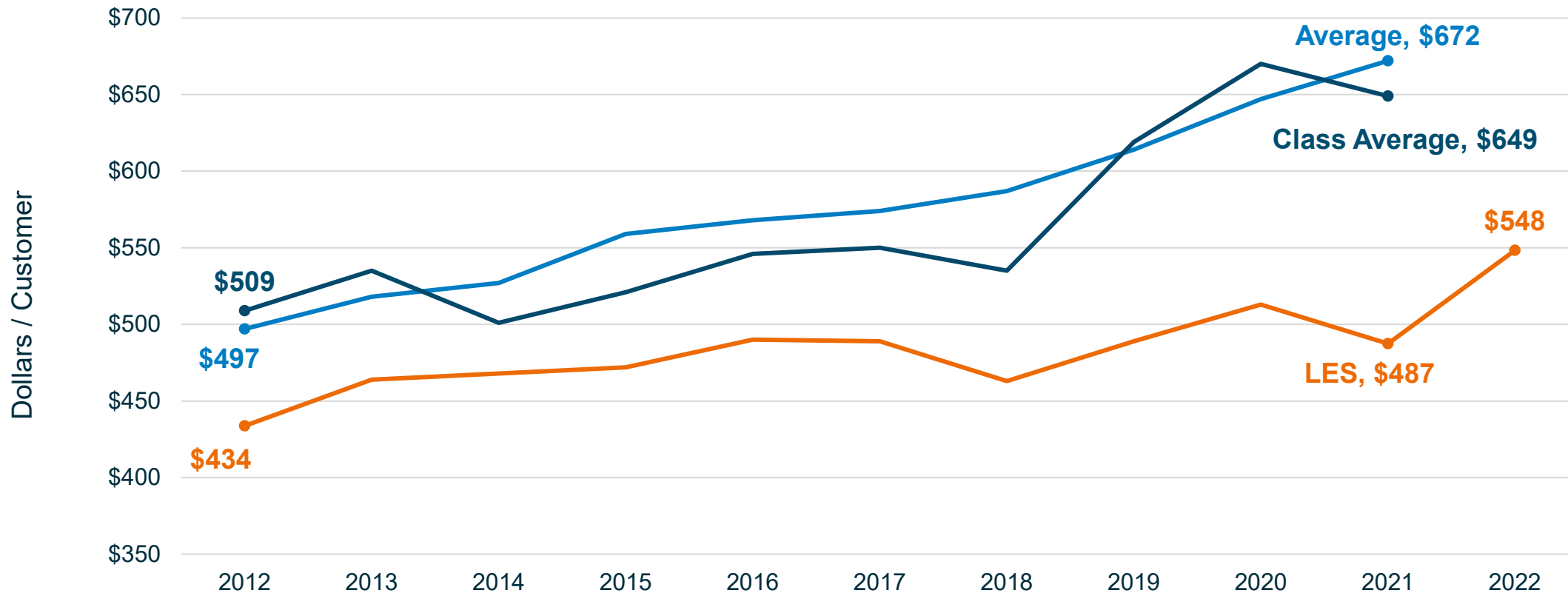
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Source: OPPD Corporate Key Indicators Report

Total O&M Expense per Retail Customer*

LES' expenses to operate and maintain the utility are below the industry average per customer



Result



Better

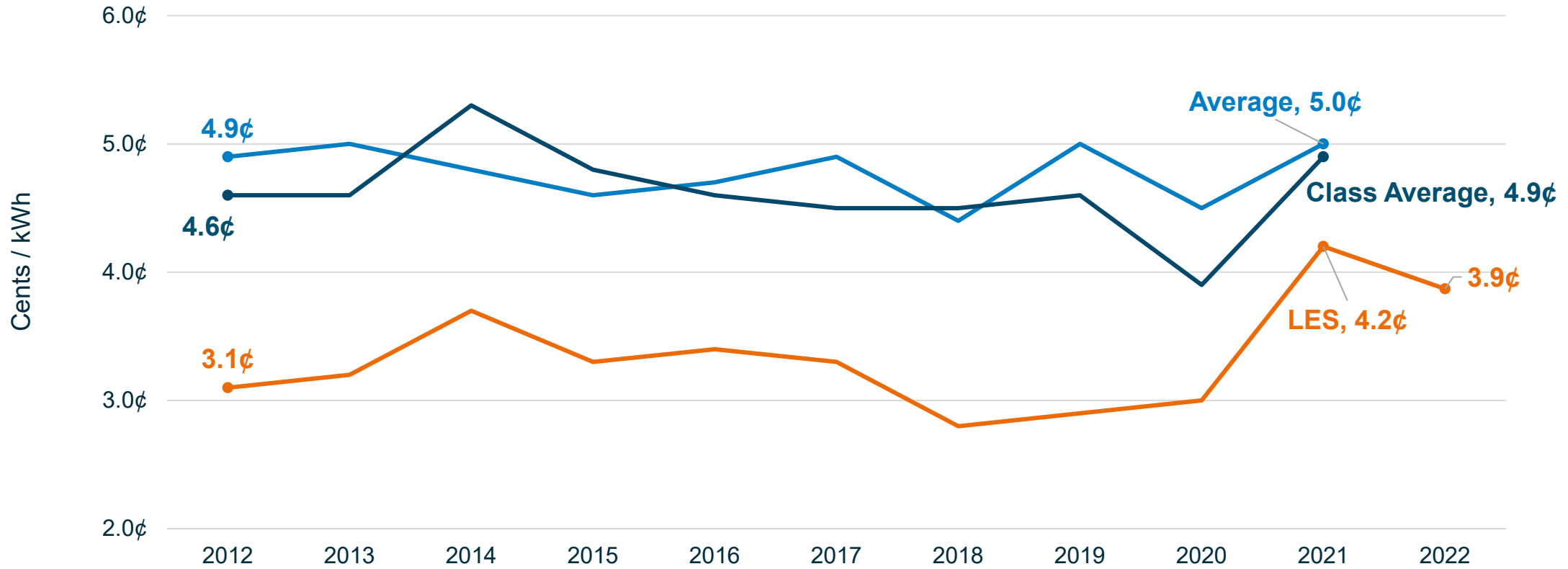


*LES 2022 calculation is preliminary

Source: APPA Selected Financial and Operating Ratios of Public Power Systems

Total Power Supply Expense per kWh Sold *

LES power costs continue to be less than the industry average



Result



Better

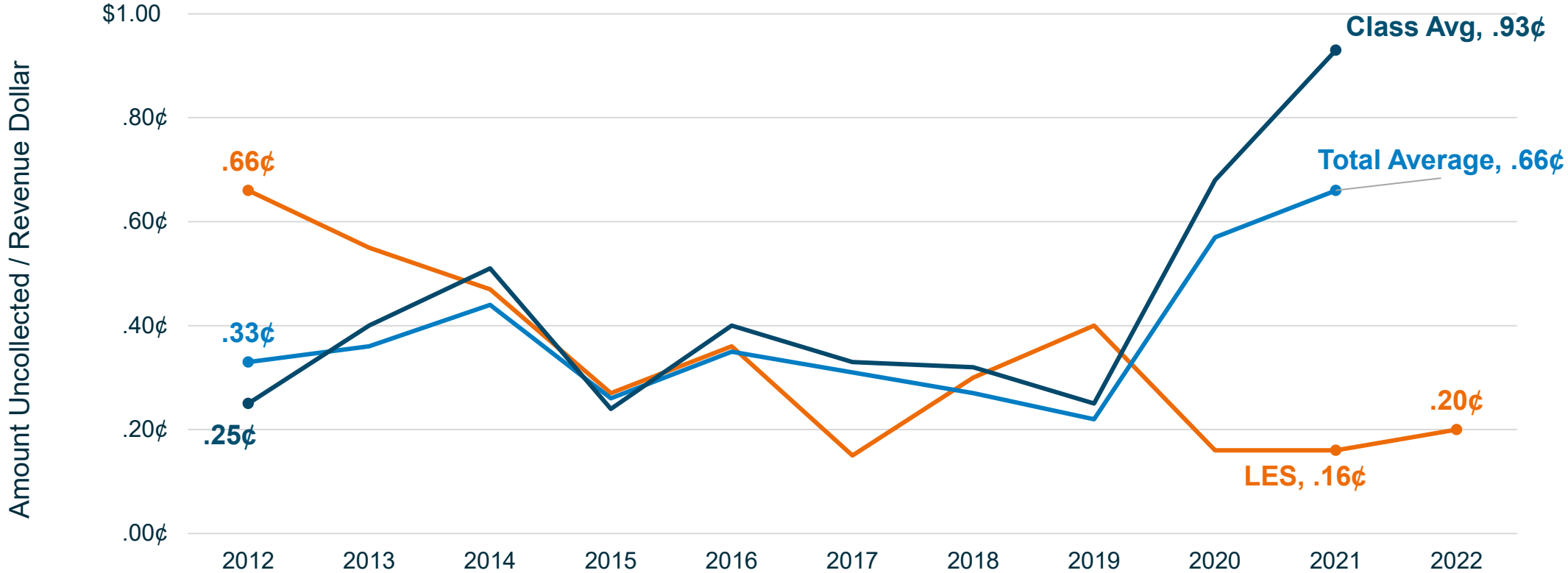


*LES 2022 calculation is preliminary

Source: APPA Selected Financial and Operating Ratios of Public Power Systems

Uncollectible Accounts per Revenue Dollar

Only a very small portion of LES' revenue goes uncollected



Result



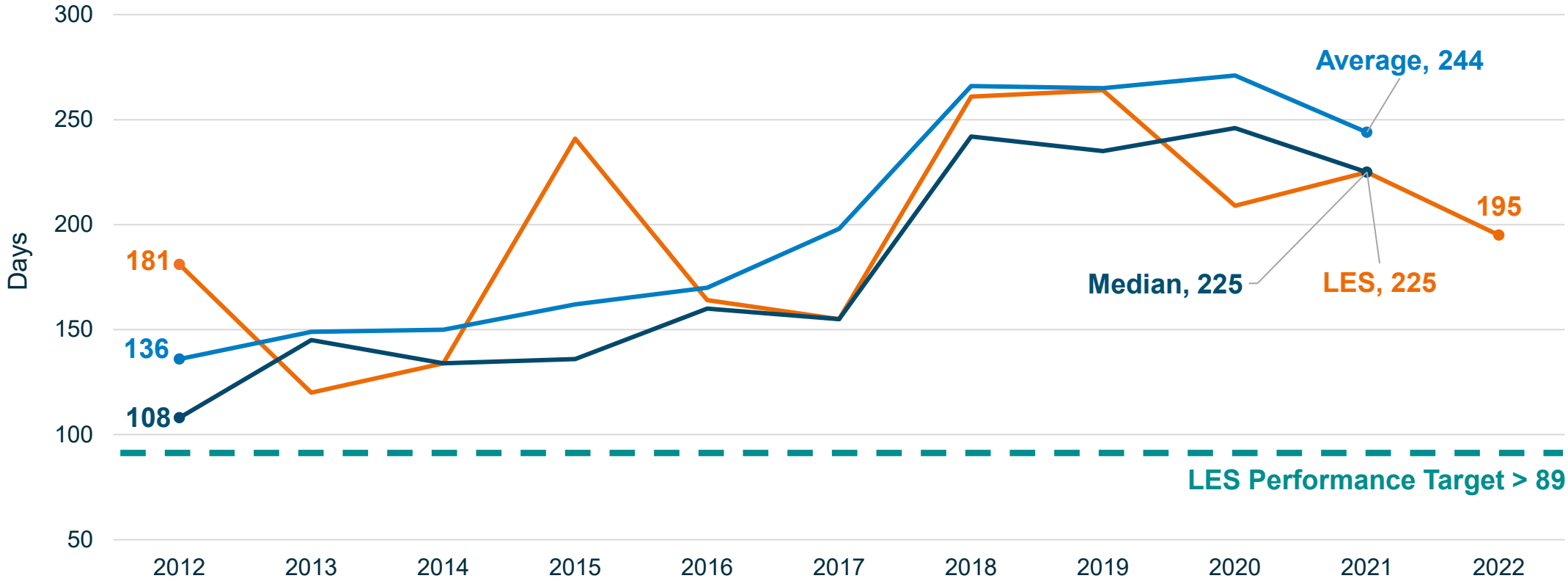
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Source: APPA Selected Financial and Operating Ratios of Public Power Systems

Days Cash on Hand *

LES cash levels fluctuate due to financing strategies to cover liquidity and capital needs



Result



Better

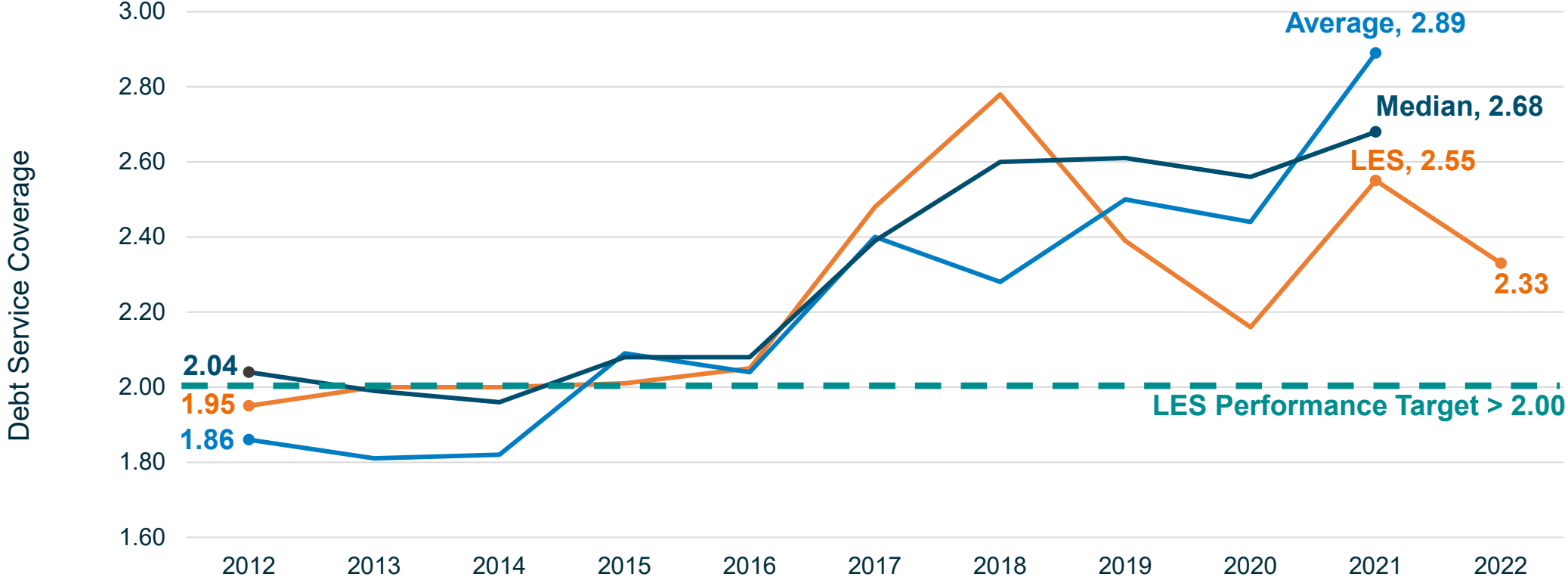


*LES calculation differs from OPPD calculation

Source: OPPD Corporate Key Indicators Report

Debt Service Coverage

Better than budgeted financial performance resulted in Debt Service Coverage exceeding target



Result



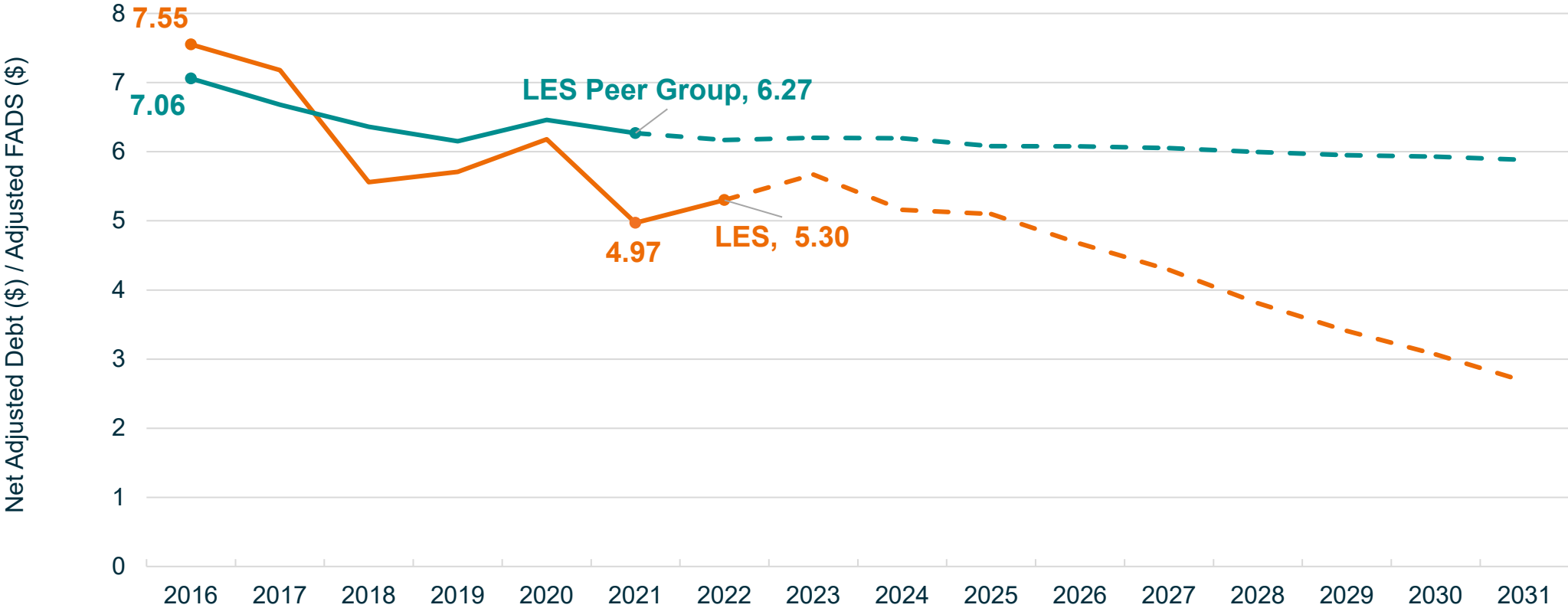
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Source: OPPD Corporate Key Indicators Report

Net Debt Ratio

Ratings Agencies focus on duration of how many years it will take to pay off all debt with current funds



LES Peer Group Forecast is based on 5-year historical trending

Better
↓

LES' Ranking Per APPA Ratios

Quartile 1	Quartile 2
<p>Distribution O&M Expenses per Retail Customer</p> <p>Purchased Power Cost per kWh</p> <p>Retail Customers per Meter Reader</p> <p>Revenue per kWh (All Retail Customers)</p> <p>Revenue per kWh (Commercial Customers)</p> <p>Revenue per kWh (Residential Customers)</p>	<p>Customer Accounting, Customer Service, and Sales Expense per Retail Customer</p> <p>Distribution O&M Expenses per Circuit Mile</p> <p>Energy Loss Percentage</p> <p>Net Income per Revenue Dollar</p> <p>Operating Ratio</p> <p>Revenue per kWh (Industrial Customers)</p> <p>System Load Factor</p> <p>Times Interest Earned</p> <p>Total O&M Expense (Excluding Power Supply Expense) per Retail Customer</p> <p>Total O&M Expense per kWh Sold</p> <p>Total Power Supply Expense per kWh Sold</p> <p>Uncollectible Accounts per Revenue Dollar</p>
Quartile 3	Quartile 4
<p>Administrative and General Expenses per Retail Customer</p> <p>Capital Expenditures to Depreciation</p> <p>Current Ratio</p> <p>Debt Service Coverage</p> <p>Debt to Total Assets</p> <p>Labor Expense per Worker-hour</p> <p>Retail Customers per Non-Power Generation Employee</p>	

Source: OPPD Corporate Key Indicators Report

LES' Ranking Per OPPD Ratios

Quartile 1	Quartile 2
<p>Average Monthly Residential Bill Commercial Revenues per Commercial MWh Sold Customer Accounts, Service and Sales per Retail Customer O&M (Non-Power Production) per Retail Customer Purchased Power Expense per MWh Purchased Residential Revenues per Residential MWh Sold Steam Production O&M per Steam MWh Generated System Average Interruption Duration Index (SAIDI)</p>	<p>A&G per Employee A&G per Retail Customer Customer Accounts, Service and Sales per Retail MWh Sold Customer Average Interruption Duration Index (CAIDI) Distribution O&M as a % of Total Operating Revenues Distribution O&M per Retail Customer Distribution O&M per Retail MWh Sold EAF – Oil & Gas EFOR - Oil & Gas Equivalent Forced Outage Rate (EFORd) - Oil & Gas Net Distribution Plant in Service per Retail Customer O&M (Less Fuel and Purchased Power) as a % of Total Operating Revenues Power Production O&M per MWh Sold Retail Revenues per Retail MWh Sold Total O&M as a % of Total Operating Revenues Total O&M per MWh Sold Transmission O&M (Less Other) as a % of Total Operating Revenues Transmission O&M as a % of Total Operating Revenues Transmission O&M per MWh Sold Transmission O&M per Transmission Circuit Mile</p>
Quartile 3	Quartile 4
<p>A&G as a % of O&M (Less Fuel and Purchased Power) A&G as a % of Total Operating Revenues A&G per MWh Sold Days Cash on Hand Debt Service Coverage Gross Distribution Plant in Service per Retail Customer Industrial Revenues per Industrial MWh Sold OSHA Incidence Rate (per 100 Employees) Power Production O&M per MWh Generated/Purchased Retail Customers per Non-Power Generation Employee Retail Electric Energy Sales per Retail Employee Total Liabilities as a % of Total Assets Transmission O&M (Less Regional Market) per MWh Sold Transmission O&M (Less Regional Market) per Transmission Circuit Mile Uncollectible Accounts Expense as a % of Electric Energy Revenues</p>	<p>Electric Energy Sales per Employee Fuel Expense per MWh Generated Generation O&M (Less Fuel) per MWh Generated Generation O&M per MWh Generated Inventory Turnover Wholesale (Less Participation) Revenues per Wholesale (Less Participation) MWh Sold Wholesale Revenues per Wholesale MWh Sold</p>

Source: OPPD Corporate Key Indicators Report

The full APPA and OPPD benchmarking surveys are available to all LES Administrative Board members via the Board Portal.

Thank you!

Exhibit V

Supply Chain Review

Fredrick Rumery
Supervisor, Project Management
Lincoln Electric System

Purpose

All industries including electric utilities across the United States are experiencing extreme delays with the delivery of critical material needed to maintain existing service along with equipment to new customer growth.

The purpose of this outreach is to highlight potential material issues that may impact LES' Customer homes already built and in service, as well as homes to be built in the future.

Furthermore, the aim is to describe LES' strategy to avoid unnecessary deferrals and seek feedback for the mutual benefit of all affected.

National Concern

- **Issues are Nationwide**
 - Non-standard construction has been implemented by many utilities.
- **Electric Subsector Coordinating Council Supply Chain Tiger Team**
 - IOU's, CO-OP's, Public Power
 - Kevin Wailes, Paul Crist
- **Considerations**
 - Spring Storms
 - Hurricanes
 - Vandalism
 - Electrification

LISTSERVS & NEWS

FROM APPA

APPA Launches Listserv For Members Focused On **Supply Chain** Issues

The American Public Power Association (APPA) has launched a new listserv group where members can discuss issues related to the **supply chain**, including challenges and needs, opportunities, policies and practices. APPA members that are interested in signing up for the listserv should click here and go to the "**Supply** Management" section.

ELECTRICITY MARKETS

Lawmakers From Alabama Raise Utility **Supply Chain** Concerns With FEMA

A group of House Representatives from Alabama recently sent a letter to the Federal Emergency Management Agency (FEMA) in which they voiced concerns over "the dangerous **supply chain** shortages affecting Alabama's electricity sector."

TVPPA Develops New **Supply Chain** Toolkit to Support Its Member Utilities

The Tennessee Valley Public Power Association (TVPPA) developed a new **supply chain** toolkit to provide support to its member utilities across the Tennessee Valley. The toolkit includes talking points, social media posts, and sample letters that can be used by key accounts and communications teams.

Material Challenges

Major Materials	Lead Times Increases	Current Lead Time	Price Increases	Risk
Smoothwall Duct	>6x longer	20 Weeks	+80%	Low Risk
Medium Voltage Cable	>3x longer	52 Weeks	+95%	Medium Risk
Switchgear	>2x longer	22 Weeks	+38%	Medium Risk
Wood Poles	>2x longer	26 Weeks	+37%	Medium Risk
Single Phase Transformer	>4x longer	52 Weeks	+65%	High Risk
Three Phase Transformer	>6x longer	80 Weeks	+50%	High Risk



Proactive Measures

- Evaluate storm & repair inventory levels (balancing existing vs. new)
- Internal LES Supply Chain Tiger Team
- Internal Program Deferral
- Transformer Budget Increase Starting in 2021
- Accelerated Inventory Ordering Points
- Internal Refurbishment of Usable Stock



Long-Term Mitigation Efforts

- **Creation of Internal Guideline**
- **Under-Utilized Transformer Review**
- **Overhead Transformer Availability**
- **Alternative Construction Designs**
 - Pole Top – With Shell
 - Pole Top – Without Shell
 - Pad Mounted – With Enclosure

*Alternative designs are compatible for single phase service only.



Enclosure Type Setting



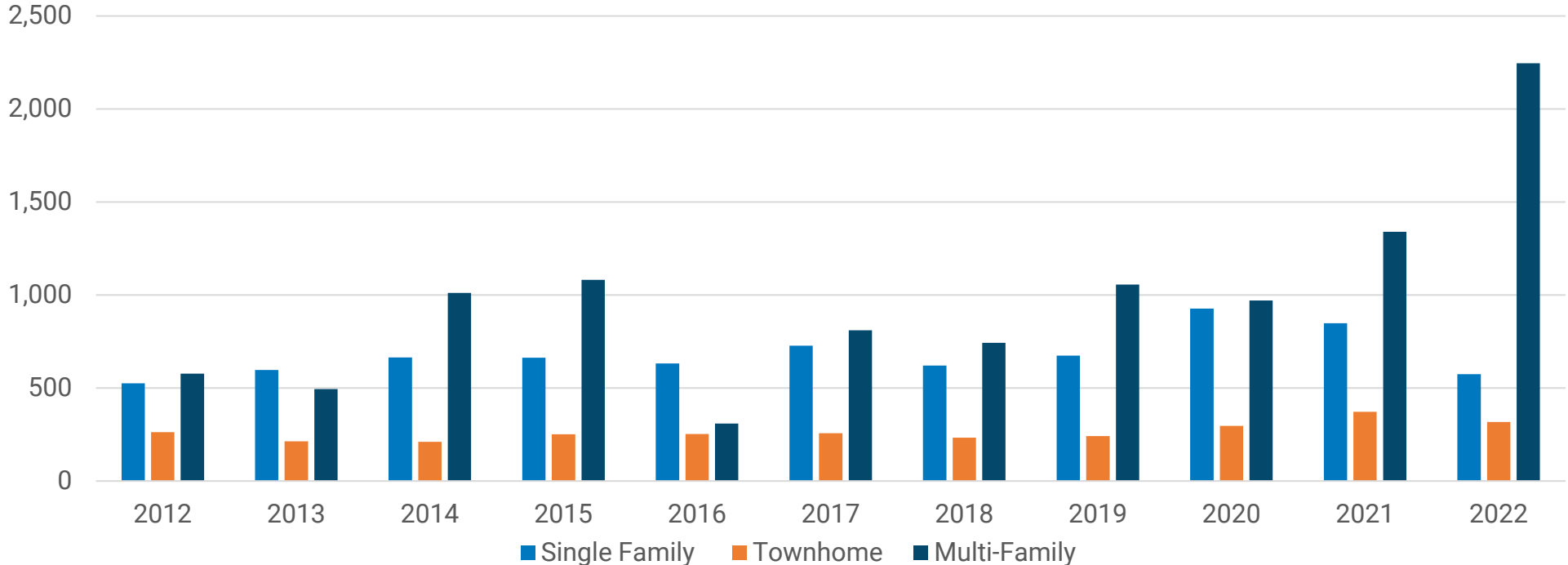
Customer Outreach

- **LES Construction Webpage**
 - Supply Chain Literature
 - Supply Chain Video
- **Developer Meetings**
 - Alternative Design Review
 - Communication Process Review
- **Underground Service Agreement Revised**
- **Letter to Affected Customers**
 - September 2022



Watchful Trends

Lincoln Building Permits 10-Year Review





Questions?