



Cavanaugh/Burke

RESOLUTION NO. 6365

WHEREAS, the Board of the Directors has determined it is in the best interest of the District, its employees, and its customer-owners to establish written policies that describe and document OPPD's corporate governance principles and procedures; and

WHEREAS, each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process; and

WHEREAS, the Board's Governance Committee (the "Committee") is responsible for evaluating Board Policy SD-1: Strategic Foundation on an annual basis. The Committee has reviewed the 2019 SD-1: Strategic Foundation Monitoring Report and finds OPPD to be sufficiently in compliance with the policy as stated.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors accepts the 2019 SD-1: Strategic Foundation Monitoring Report, in the form as set forth on Exhibit A attached hereto and made a part hereof, and finds OPPD to be sufficiently in compliance with the policy as stated.

SD-1: Strategic Foundation Monitoring Report Governance Committee Report February 11, 2020

Scott M. Focht
Senior Director, Corporate Strategy & Governance



SD-1: Strategic Foundation

Mission: OPPD’s mission is to provide affordable, reliable and environmentally sensitive energy services to our customer-owners.

Vision: OPPD’s vision is “Leading the Way We Power the Future.”

In implementing this vision, OPPD shall adhere to these principles:

- Strengthen the public power advantage of affordable and reliable electricity;
- Exemplify fiscal, social and environmental responsibility to optimize value to our customer-owners;
- Proactively engage and communicate with our stakeholders;
- Act transparently and with accountability for the best interest of our customer-owners;
- Collaborate, when appropriate, with partners; and
- Leverage OPPD’s leadership to achieve these goals

Values:

- We have a PASSION to serve
- We HONOR our community
- We CARE about each other

OPPD Corporate Scorecard: December 2019

■	On YE Target - projected to or has achieved target by year-end.
■	Slightly Below YE Target – deviating from target
■	Significantly Below YE Target – underperforming/underperformed

Our Strategic Foundation (SD-1)

Mission: To provide affordable, reliable and environmentally sensitive energy services to our customers.

Vision: “Leading the Way We Power the Future”

In implementing this vision, OPPD shall adhere to these principles:

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- Exemplify fiscal, social and environmental responsibility to optimize value to our customer-owners;
- Proactively engage and communicate with our stakeholders;
- Act transparently and with accountability for the best interest of our customer-owners;
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Core Values

- We have a PASSION to serve
- We HONOR our community
- We CARE about each other

Board Strategic Direction Policies, Targets & Performance

Measure	2017	2018	2019	Strat Goal
SD-2: Rates • Rates % below regional average	Rate Increase No General 8.7%	No General Rate Increase	No General Rate Increase	20.0%
SD-3: Access to Capital • Debt Coverage	2.0	2.0	2.0	2.0
SD-4: Reliability (SAIDI) • System Average Interruption Duration Index	84.2	98.3	88.6	<90
SD-4: Reliability • Equivalent Availability	86.5%	89.3	89.2 87.0	90%
SD-5: Customer Satisfaction • Overall Satisfaction	Top Quartile Residential 724	Top Quartile Residential 740	Third Quartile Residential 726	Top Quartile
SD-6: Safety (DART) • Days Away, Restricted or Transferred	1.06	0.65	0.68	<0.50
SD-6: Safety (PVAR) • Preventable Vehicle Accident Rate	2.53	1.62	2.29	4.0
SD-7: Environmental Stewardship* • % Renewables	33.5%*	31.9%	>30% 30.9%	>50%
SD-7: Environmental Stewardship* • Carbon Intensity	1,554 lbs./MWhr	1,552 lbs./MWhr	TBD	1,117 lbs/MWhr by 2030 (20% reduction from 2010 level)
SD-8: Employee Relations • Overall Employee Engagement	74.4	77.35	82.5 79.8	85
Resource Planning (SD-9), Ethics (SD-10), Economic Development (SD-11), Information Management & Security (SD-12), Stakeholder Outreach & Engagement (SD-13), Retirement Plan Funding (SD-14), Enterprise Risk Mgmt (SD-15)				

*Reflects the goal of the prior version of SD-7. The current version of SD-7 includes a goal of net-zero carbon production by 2050.

Strategic Direction: Performance

- Throughout 2019-20, the Board reviewed and accepted monitoring reports on all strategic direction policies.
 - Fourteen policies = “sufficiently in compliance”
 - One policy = “taking reasonable and appropriate measures to comply with this policy”

Our Mission

OPPD's mission is to provide affordable, reliable and environmentally sensitive energy services to our customer-owners.

Affordable...

SD-2: Rates

Resolution 6328: Board accepted SD-2: Competitive Rates Monitoring Report, finding OPPD to be sufficiently in compliance with this policy (June 20, 2019)

2019 Highlights

- Successfully executing five-year commitment to no increase in general rates:
 - Third year (2019) completed
 - Fourth year (2020) commitment on track
- Third full year of discontinued FCS operations meeting or exceeding estimated cost efficiencies.
- Funded \$42.5 million to the Decommissioning and Benefits Reserve account, increasing its balance to \$77 million.
- Significantly improved execution of the capital portfolio through increased oversight, prioritization and alignment.
- Provided \$23.2 million in aggregate interest expense savings (\$16.9 million on a net present value basis) through the cash defeasance of existing debt and subsequent issuance of the 2019 Series A Electric System Revenue Bonds.
- Increased the commercial paper issuance to \$230.1 million, under the asset/liability matching program. This is estimated to generate \$35.5 million (\$30.7 million on a net present value basis) in interest expense savings compared to its hypothetical long-term fixed rate alternative.
- Administered the Low Usage, Low Income transitional customer program which provided \$435,100 in bill credits to approximately 11,350 qualified customers to minimize the impact of the rate restructuring on low usage, low income customers.

Reliable...

SD-4: Reliability

Resolution 6298: Board accepted SD-4: Reliability Monitoring Report & Policy Revisions, finding OPPD to be sufficiently in compliance with this policy (December 13, 2018)

2019 Highlights

- Achieved a top quartile reliability level with a SAIDI value of 88.6 minutes, beating the goal of 90 minutes.
- Reduced tree related outage minutes by 26% from 2018 levels through an enhanced Vegetation Management Program.
- Lowered customer outage minutes in the distribution automation pilot area by leveraging smart technology.
- Increased proactive asset replacement programs for underground cable, poles and other equipment.
- Reduced the leading generation availability failure cause of boiler tube failures down to 1-2%.

Environmentally sensitive...

SD-7: Environmental Stewardship

Resolution 6340: Board accepted SD-7: Environmental Stewardship Monitoring Report, finding OPPD to be sufficiently in compliance with this policy (September 12, 2019)

2019 Highlights

- The 5 MW Community Solar Project became operational on January 1, 2020.
- No violations of environmental permits that resulted in enforcement action or fines.
- Successfully mitigated spring flood impacts to ponds and sanitary lagoons at Fort Calhoun Station and Nebraska City Station resulting in no noncompliance's.
- Partnered with UNMC and energized 1,487 solar panels in a rooftop solar installation atop three campus buildings to generate 500 kilowatts of solar-powered electricity.
- In November 2019, the Board of Directors approved revisions to SD-7: Environmental Stewardship, resulting in the addition of an aspirational goal for OPPD to conduct all of its operations (including operations such as building services and transportation) in a manner that strives for the goal of net zero carbon production by 2050.
- Reported that since 2009, annual emissions of mercury have declined 90%, nitrogen oxides by 56%, and sulfur dioxide by 24%.

Environmentally sensitive (continued)

- Supported and promoted Demand Side Management (DSM) programs; the current DSM portfolio contains over 157 MW of peak demand reduction.
- Completed a DSM potentiality study with goals and recommended future programs aligned to provide energy efficiency as well as peak demand reduction.
- Provided education to customers on solar and launched Community Solar program selling out all shares of the 5MW project to residential customers in 49 days with a wait list and the generating facility began producing electricity in December 2019.
- Launched new Energy Efficiency web pages and social media campaign to further educate customers on energy savings.
- Researched and incorporated feedback and launched Low Income Energy Efficiency Pilot improving the customer experience, ensuring coverage throughout the service territory, and leveraging other agencies to maximize the resources available to improve the energy efficiency, comfort and safety of customer homes.
- Pursued recommendations from the Integrated Energy Marketplace Strategic Initiative:
 - Continued education and incentives for employees and customers who purchase certain home charging stations and electric vehicles (EV's); Added rebate for home wiring for EV chargers.
 - Installed 6 new EV charging stations in the Omaha metro area through partnerships with local governments and businesses.
 - Prepared extensive application for the VW Settlement Funds to install public EV charging infrastructure.
 - Identified improvements to the Distributed Energy Resources application and witness testing process which will be implemented in 2020.
- Received award from Green Bellevue in recognition of our efforts in the community.

Our Vision

OPPD's vision is "Leading the Way We Power the Future."

In implementing this vision, OPPD shall adhere to these principles:

- Strengthen the public power advantage of affordable and reliable electricity;
- Exemplify fiscal, social and environmental responsibility to optimize value to our customer-owners;
- Proactively engage and communicate with our stakeholders;
- Act transparently and with accountability for the best interest of our customer-owners;
- Collaborate, when appropriate, with partners; and
- Leverage OPPD's leadership to achieve these goals

Strengthen the public power advantage of affordable and reliable electricity;

SD-2: Rates	SD-4: Reliability	SD-5: Customer Satisfaction
<i>Resolution 6328: Board accepted SD-2: Competitive Rates Monitoring Report, finding OPPD to be sufficiently in compliance with this policy (June 20, 2019)</i>	<i>Resolution 6298: Board accepted SD-4: Reliability Monitoring Report & Policy Revisions, finding OPPD to be sufficiently in compliance with this policy (December 13, 2018)</i>	<i>Resolution 6337: Board accepted SD-5: Customer Satisfaction Monitoring Report, finding OPPD to be sufficiently in compliance with this policy (August 15, 2019)</i>

2019 Highlights

- Achieved no general rate increase in 2019, and on track for no general rate increase in 2020.
- In the 2019 J.D. Power Electric Utility Residential Customer Satisfaction Study Midwest Region’s Midsize Segment, Omaha Public Power District was at the top of the 3rd Quartile, with a customer satisfaction index score of 726 which also happened to be the average for the segment.
- In the 2019 Escalent Utility Trusted Brand & Customer Engagement™: Business study OPPD was 35th nationally out of 77 utilities included in the study, placing us in the 2nd Quartile with an index score of 765.
- Recognized by the Escalent in their 2019 Cogent Syndicated Utility Trusted Brand & Customer Engagement™: Residential report as one of the 32 electric utilities listed as a Most Trusted Utility Brand, being designated a 2019 Customer Champion.
- Partnered with Metropolitan Utilities District to co-locate customer service office at Energy Plaza enhancing the customer experience for both OPPD and MUD customers.

Exemplify fiscal, social and environmental responsibility to optimize value to our customer owners;

SD-3: Access to Credit Markets	SD-7: Environmental Stewardship	SD-9: Resource Planning
Resolution 6317: Board accepted SD-3: Access to Credit Markets Monitoring Report, finding OPPD to be sufficiently in compliance with this policy (April 11, 2019)	Resolution 6340: Board accepted SD-7: Environmental Stewardship Monitoring Report, finding OPPD to be sufficiently in compliance with this policy (September 12, 2019)	Resolution 6330: Board accepted SD-9: Resource Planning Monitoring Report, finding OPPD to be sufficiently in compliance with this policy (July 11, 2019)

2019 Highlights

- Maintained strong financial metrics, including S&P AA and Moody’s Aa2 credit ratings.
- Achieved cost and process improvements across the district by implementing lean methodologies, scrutinizing expenditures, and achieving budget targets.
- Renewable energy resources in 2019 provided 30.9%* of our retail sales, including hydro-generation, landfill gas and wind.
- Wind capacity factor was 40.1% in 2019
- Approved Power with Purpose which will add 400-600MWs of solar power to our generation fleet.
- Board of Directors accepted revision to SD-7: Environmental Stewardship, which included a change to conduct all of its operations in a manner that strives for the goal of net zero carbon production by 2050.
- Completed conversion of approximately 25% of high pressure sodium to LED streetlights in the first year of a five-year project to bring additional safety, savings and environmental benefits to our customers.
- Continued efforts to green OPPD’s fleet vehicles with more than 200 vehicles now that are all-electric, hybrid, or flex-fuel.

**DISCLAIMER: due to the long year-end close schedule, the month of December is still preliminary. This value may change slightly.*

Proactively engage and communicate with our stakeholders;

SD-13: Stakeholder Outreach and Communication

Resolution 6345: Board accepted SD-13: Stakeholder Outreach and Communication Monitoring Report, finding OPPD to be sufficiently in compliance with this policy (November 14, 2019)

2019 Highlights

- **Use of an integrated, clear and transparent engagement process**
 - Adopted the International Association of Public Participation (IAP2) principles for transparency, consistency and the improve upon our current process.
- **Provided meaningful ways for customer-owners to participate and provide feedback**
 - Meetings: livestream committee and board meetings
 - Communications: social media, media releases, Outlets, websites (OPPD.com, OPPDListens, OPPDtheWire, Storm & Outage)
 - Engagement Tools: research (power panel, satisfaction studies), local leader meetings, open houses, workshops, project hotlines, OPPDListens
 - Relationship Building/Feedback: legislative and advocacy roles, community coffees, community events, speakers bureau, representation on boards & orgs
- **Engaged customers on numerous projects**
 - Community solar
 - Sarpy and La Vista Transmission projects
 - Proactive flood outreach
 - Ongoing - LED streetlights, pole inspections, planned outages, underground cable replacements, tree trimming
 - Demand Side Management Potentiality Study
 - Product Development (energy efficiency, EV, etc.)
 - Power with Purpose
- **Commitment to evaluation and improvement**
 - Improve from our lessons learned
 - Continue learning (IAP2), networking, research and benchmarking
 - Continue to use technology (i.e. automated calls) to improve and enable dialogue

Act transparently and with accountability for the best interest of our customer-owners;

SD-10: Ethics

Resolution 6341: Board accepted SD-10: Ethics Monitoring Report, finding OPPD to be sufficiently in compliance with this policy (September 12, 2019)

2019 Highlights

- Livestreamed and archived broadcasts of all OPPD committee and board meetings.
- Held Strategic Direction monitoring report and refinement discussions in public setting.
- Proactively educated customers about key utility and industry topics via The Wire, social and traditional media, including storm restoration efforts, economic development plans and progress, nuclear decommissioning, public power legislation and more.
- Executed outreach efforts to gauge customer owner views and input, including on transmission projects and strategic direction policies.
- Leveraged On-Line Panel participation with 5,000 plus stakeholders providing input and feedback.
- The Board of Directors and the District both have Code of Conduct policies that contain provisions for reporting, investigating and dispositioning potential conflicts of interest or violations of the Code of Conduct policy.

Collaborate, when appropriate, with partners;

SD-11: Economic Development

Resolution 6343: Board accepted SD-11: Economic Development Monitoring Report, finding OPPD to be sufficiently in compliance with this policy (October 17, 2019)

2019 Highlights

- Worked closely with economic development partners across the service territory, including state agencies, local government officials, interacting with more than 175 businesses a year:
 - In the last 12 months, announced projects have generated more than \$129M in new revenue upon completion of construction
 - Projects also generated 450 direct jobs and \$1B+ in investment
 - In October 2019, Google announced a 2 million square foot data center project
 - Implementation of the Integrated Energy Marketplace (IEM) Targeted Economic Development Initiative
 - For the 3rd consecutive year, awarded “Top Utilities in Economic Development” by Site Selection magazine – one of 10 utilities receiving this designation
 - 2017, 2018 & 2019 Governor’s Cup and Greater Omaha Site Selection Award
 - 2019 Silver Shovel Area Development Award

Collaborate, when appropriate, with partners (continued)

- Active leadership roles in the national Mid-America Economic Developers Association, statewide Blueprint Nebraska, Nebraska Economic Developers Association and Nebraska Diplomats, and local organizations such as Omaha Chamber/Prosper Omaha 2.0 and Heartland 2050.
- Leading site initiatives to secure, plan and promote development areas.
- Launched four Connect the Dots events - a partnership between OPPD, UNL Extension and community economic development groups, which focuses on connecting students and businesses from 16 industries.
- Founding partner of the Omaha STEM Ecosystem, which is a collaborative effort between business and education to grow our talent pipeline.
- Received Habitat for Humanity award and held two OPPD led Rock the Block events in North and South Omaha.
- As part of United Way's Day of Caring, assisted the City of Weeping Water with community betterment improvements.
- Partnered with Nebraska Community Energy Alliance (NCEA) to administer a grant on their behalf, providing our customer owners opportunity for additional rebates towards electric vehicles.

Leverage OPPD's leadership to achieve these goals.

SD-6: Safety	SD-8: Employee Relations	SD-10: Ethics	SD-12: Information Management & Security	SD-15: Enterprise Risk Management
<p><i>Resolution 6356: Board accepted SD-6: Safety Monitoring Report, finding OPPD to be taking reasonable and appropriate measures to comply with this policy (January 16, 2020)</i></p>	<p><i>Resolution 6353: Board accepted SD-8: Employee Relations Monitoring Report, finding OPPD to be sufficiently in compliance with this policy (December 12, 2019)</i></p>	<p><i>Resolution 6341: Board accepted SD-10: Ethics Monitoring Report, finding OPPD to be sufficiently in compliance with this policy (September 12, 2019)</i></p>	<p><i>Resolution 6344: Board accepted SD-12: Information Management & Security Monitoring Report, finding OPPD to be taking reasonable and appropriate measures to comply with this policy (October 17, 2019)</i></p>	<p><i>Resolution 6325: Board accepted SD-15: Enterprise Risk Management Monitoring Report, finding OPPD to be sufficiently in compliance with this policy (June 20, 2019)</i></p>

2019 Highlights

- Received APPA's 2018 Electric Utility Safety Award Of Excellence Second Place and National Safety Council- Nebraska Safest Companies.
- Achieved Days Away Restrict or Transferred (DART) of 0.68 and a Preventable Vehicle Incident Rate (PVIR) of 2.29.
- Engaged as an active participant in NERC's GridEx V; a two day security event with over 425 organizations participating
- Participated in Cyber Security month (October) by holding multiple employee events to increase awareness, educate, and collaborate on security topics across the District.
- Improved metrics on phishing campaigns by positively reinforcing behaviors that are supportive of identification/reporting of phishing emails.
- Actively involved with industry organizations to advocate and strengthen the value of public power for our customer-owners.
- Actively involved in local board affiliations to strengthen the communities we serve.
- Served as presenters at many industry and local community conferences and meetings.
- Tim Burke serves as one of 30 participants in the Air Force Civic Leader Program.
- Received Diversity & Inclusion Champion Award from the Urban League of Nebraska.

Recommendation

The Governance Committee has reviewed and accepted this Monitoring Report for SD-1 and recommends that the Board find OPPD to be sufficiently in compliance with Board Policy SD-1.



Board Action

BOARD OF DIRECTORS

February 11, 2020

ITEM

SD-1: Strategic Foundation Monitoring Report

PURPOSE

To ensure full board review, discussion and acceptance of SD-1: Strategic Foundation Monitoring Report.

FACTS

- a. The first set of Board policies were approved by the Board on July 16, 2015. A second set of Board policies were approved by the Board on October 15, 2015.
- b. Each policy was evaluated and assigned to the appropriate Board Committee for oversight of the monitoring process.
- c. The Governance Committee is responsible for evaluating Board Policy SD-1: Strategic Foundation.
- d. The Governance Committee has reviewed the SD-1: Strategic Foundation Monitoring Report and is recommending that OPPD be found to be sufficiently in compliance with the policy as stated.

ACTION

The Governance Committee recommends Board approval of the 2019 SD-1: Strategic Foundation Monitoring Report.

RECOMMENDED:

APPROVED FOR BOARD CONSIDERATION:

Scott M. Focht

Timothy J. Burke

SMF;jlm

Attachments: Exhibit A – Monitoring Report
Resolution