



# 2022 Final Corporate Operating Plan (COP) & Rate Action Highlights

Board of Directors  
All Committees Meeting  
December 14, 2021

# Corporate Operating Plan

## Updates from the Preliminary Plan

- **Expected adjustments:**
  - Each year between the Preliminary and Actual COP drafts, the organization evaluates the need for COP updates as a result of having more information between October and November.
  - Typically updates are made to the COP to reflect business decisions (e.g. *November Board resolutions*) and updated starting balances impacted by October actual results.
- **2022 COP Updates:**
  - Updates have been made to the 2022 Final COP to reflect updates related to having one more month of 2021 actuals for improved 2022 modeling.
  - Retail Revenues related to the proposed rate action were split into the corresponding customer class.
- **Comparisons:**
  - The COP Book was updated to compare 2022 vs 2021 actuals through October plus two months of forecast.

# Corporate Operating Plan

## 2022 Strategic Initiative Funding

INITIATIVE	O&M FUNDING*	CAPITAL FUNDING*	TOTAL Funding
Pathways to Decarbonization	\$600,000		\$600,000
Electric System Evaluation & Modernization	\$800,000		\$800,000
Customer Engagement	\$2,000,000	\$1,010,000	\$3,010,000
Business Technology Platform	\$5,200,000	\$1,211,750	\$6,411,750
Workplace Transformation	\$600,000		\$600,000
TOTAL Strategic Initiatives	\$9,200,000	\$2,221,750	\$11,421,750

\*Values are incremental to the standard budget allocations

# 2022 Rate Changes

## Proposed Percent Increase by Customer Class

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	Residential	Commercial	Industrial	Lighting	Wholesale	Total
Proposed Increase*	3.2%	0.9%	3.2%	2.5%	0%	2.5%
Proposed Revenue Increase (\$ Millions)	13.49	2.81	9.26	0.43	0.00	\$25.99

- **Other Rate Actions:**

- All of the other rate actions and rate change details are as presented in the red-lined version of the Service Regulations and Schedules.

- **Fuel & Purchased Power Adjustment (FPPA):**

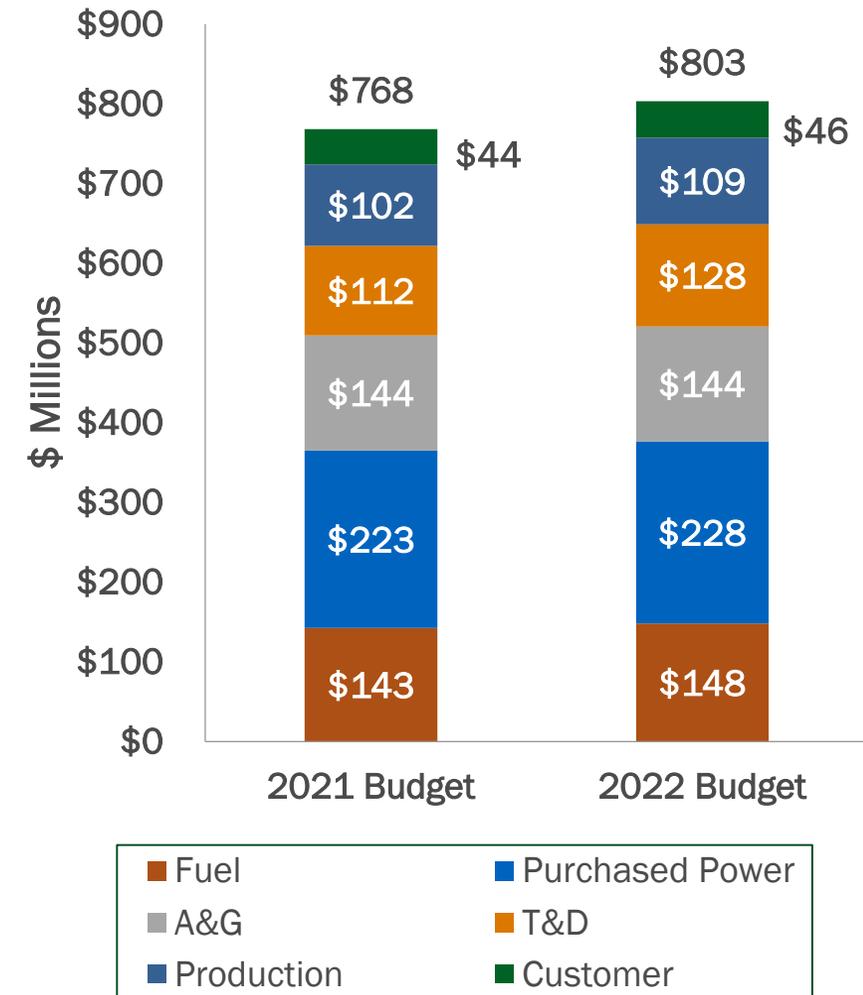
- Starting in 2022 the FPPA formula will include revenue that results from excess energy sales into the Southwest Power Pool (SPP).
- The change in formula does not generate a rate increase or decrease in and of itself and the Fuel and Purchase Power adjustment factor on the bill will remain unchanged in 2022.

\*This is an average increase at the customer class level. Rates within the class will have varying increases. Customers within each rate will have varying increases.

# Rate Increase Drivers

## Strategic Transformation Increases O&M:

- Technology, Property and Preparedness:
  - Technology Platform Strategic Initiative
  - Evaluating the District’s facilities for the future workforce
- Customer Service:
  - Customer Engagement for the Future Strategic Initiative
  - Pilot project regarding energy burden project solutions
- Energy Delivery:
  - Electrical Systems Evaluation & Modernization Strategic Initiative
  - Asset Health Monitoring Program to better manage and reduce asset failures
  - Hiring of new team members to keep up with large infrastructure projects
  - All-time highest vegetation management (tree trimming) budget in OPPD history
- Energy Production:
  - Planned Outages
  - Resources to support the Decarbonization Strategic Initiative



# Independent Reviews

## Summary

- **Corporate Operating Plan:**
  - “The expenditures anticipated by the District are reasonable and of the type that a utility following prudent utility practices would expect.”
  
- **Rate Action:**
  - “We find the proposed rate changes to be fair, reasonable, and nondiscriminatory.”

# Corporate Operating Plan

## Summary

- Advances OPPD's Mission: "Provide affordable, reliable and environmentally sensitive energy services to our customer-owners." (SD-1)



# Selected Cost Saving Efforts



# Bond Refunding

## Actively Managing Debt

- OPPD's Finance team continues to achieve savings through senior and subordinate bond refundings.
- For the period of 2016 through 2021, the District achieved net present value savings of approximately \$82.5 million on senior debt transactions.
- In addition, the District anticipates a net present value savings of approximately \$41.2 million after refunding subordinate debt with commercial paper in 2019 and 2020. Since commercial paper has varying interest rates, the exact savings will not be known until it is realized.

# Continuous Improvement Culture

## Creating a Lasting Impact

- OPPD has cultivated a culture of continuous improvement where employees across all areas and levels of the organization are engaged in cost and process efficiency efforts.
- Over the last three years, Continuous Improvement has helped initiate approximately 340 completed projects, which provided organizational efficiency gains of approximately 46 thousand person-hours and approximately \$12 million dollars of value to OPPD.
- **2021 Project Example:**
  - Rural Reliability – Circuit Ties with neighboring Utilities
  - Projected 2021 Savings/Avoided Cost ~\$1.0 million
  - Explored and utilized options with neighboring utilities to create circuit ties that will improve reliability and provide load support for special projects (e.g. substation outages)