



Yoder/Bishop

RESOLUTION NO. 6527

WHEREAS, in Resolution No. 6481, the Board of Directors approved the Omaha Public Power District's 2022 Corporate Operating Plan (COP) which includes projected expenditures for the District's operations, all phases of the District's Capital Expenditure Plan and the District's fuel needs, in the amount of \$1,822.2 million; and

WHEREAS, additional expenditures above the authorized amounts in the COP were incurred in 2022 due to elevated market pricing, Arbor Line derailment and forced outages, resulting in additional fuel and purchased power expenditures; and

WHEREAS, refined project estimates and completion timelines resulted in decreased 2022 capital expenditures for the Power with Purpose generation projects; and

WHEREAS, in accordance with the Nebraska Revised Statutes, Management seeks approval of a revised 2022 Corporate Operating Plan expenditure amount of \$1,938.4 million for the additional expenditures described in this resolution.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Omaha Public Power District hereby approves the 2022 revised Corporate Operating Plan expenditure amount of \$1,938.4 million.



BOARD OF DIRECTORS

Action Item

October 18, 2022

ITEM

Revised 2022 Corporate Operating Plan Expenditure Amount

PURPOSE

Approval of the Revised 2022 Expenditure Amount

FACTS

- a. The 2022 Corporate Operating Plan (COP), including an authorized expenditure amount of \$1,822.2 million, was approved by the Board of Directors on December 16, 2021.
b. The 2022 COP included estimated revenues and expenditures for operating within the Southwest Power Pool (SPP) Integrated Marketplace. The COP also included estimated fuel expenses based on dispatch modeling and resource planning performed by a collaboration of OPPD employees.
c. Actual operations and maintenance experience in 2022 included multiple unexpected expenditures:
- Due to elevated market pricing and operating interruptions from the Arbor Line derailment and forced outages, OPPD purchased more energy than was estimated, resulting in purchased power expenditures above the COP (\$86 million).
- Due to elevated market pricing and sustained market price volatility, OPPD incurred fuel expenses in excess of the COP (\$44 million).
d. Capital expenditures are projected to be less than the annual approved budget by \$70 million, primarily due to refined estimates and timelines related to the Power with Purpose projects.
e. It is estimated that the 2022 expenditures may exceed the 2022 COP by \$116.2 million. An incremental \$116.2 million above the original 2022 approved expenditures is \$1,938.4 million.
f. Off-system sales revenue is expected to exceed the COP and will mostly mitigate the unplanned additional expenditure impact due to elevated market pricing, helping to achieve the planned debt service coverage.

ACTION

Approval of the Revised 2022 Corporate Operating Plan Expenditure Amount of \$1,938.4 million.

RECOMMENDED:

DocuSigned by: Jeff Bishop
Jeffrey M. Bishop
Vice President and Chief Financial Officer

APPROVED FOR BOARD CONSIDERATION:

DocuSigned by: L. Javier Fernandez
L. Javier Fernandez
President and Chief Executive Officer

JMB: bjs
Attachments: Resolution



2022 Excess Expenditures Request



Executive Summary

- **Additional Expenditures Requested for Fuel and Purchased Power Expenditures:**
 - Requesting excess expenditures of \$116.2 million for an adjusted 2022 total of \$1,938.4 million
 - Purchased Power increase (+\$86 million) due to elevated market prices and operating interruptions
 - Fuel (+\$44 million) expenditures increased due to higher than planned pricing, partially offset by forced outages
 - Capital expenditure timing shifts and refined estimates, primarily due to delays in Power with Purpose projects (\$70 million), partially offsets increased Fuel & Purchased Power Expenditures,
- **2022 Year End Financial Outlook:**
 - Off-System Sales experienced favorable pricing (+\$106 million) due to the same market conditions that increased purchased power expenditures and balances 2022 financial outlook
 - Management is actively monitoring and managing the financial health of the District to deliver a 2.0 times Debt Service Coverage metric for 2022

2022 Expenditure Summary

2022 Year End Projection vs COP (\$s in 000's)

Expenditure	Current Projection	COP	Var.
Fuel Costs and Purchased Power	\$506,887	\$376,734	\$130,153
Non-Fuel Operations & Maintenance	435,562	426,660	8,902
Total Debt Service and Other Expenses	134,758	144,429	(9,671)
Payments in Lieu of Taxes	40,586	38,709	1,877
Capital Expenditures*	600,000	670,000	(70,000)
Regulatory Amortization	14,836	14,838	(2)
Decommissioning Expenditures**	149,804	150,870	(1,066)
TOTAL EXPENDITURES	\$1,882,433	\$1,822,240	\$60,193

- Items of Note:

- Current projections results in an estimated excess expenditure need of \$60.2 million
- Requesting \$116.2 million of additional expenditure authority (+10% general contingency +\$50M contingency for purchased power considerations)
- Current projections show OPPD exceeding board approved expenditures in December

*Capital Expenditures are shown net of Contributions in Aid of Construction.

**Decommissioning Expenditures represent expenditures related to Decommissioning activity, which differs from Decommissioning Funding.