

MINUTES OF LINCOLN ELECTRIC SYSTEM ADMINISTRATIVE BOARD

Minutes of regular meeting held at 9:30 a.m., Friday, November 16, 2018, at the offices of Lincoln Electric System, 1040 O Street, Lincoln, Nebraska.

Board Members Present: Layne Sup, Tammy Ward, DaNay Kalkowski, Andy Hunzeker, Sarah Peetz, Lucas Sabalka, Vicki Huff

Board Members Absent: Jerry Hudgins, Vacant Board Seat

LES Staff Present: Kevin Wailes, Shelley Sahling-Zart, Laura Kapustka, Jason Fortik, Dan Pudenz, Lisa Hale, Trish Owen, Paul Crist, Lacy Stockdale, Melissa Palmer, Jonathan Jakub, Jim Rigg, Paul Ladd, Jason Smith, Bryan Willnerd, Dustan Daniel, Scott Benson, Marc Shkolnick, Emily Koenig, Kelli Carr, Kelley Porter, Troy Hopkins, Giao Nguyen

Others Present: Doug Bantam, John Atkeison, Roxana Mora-Ogle

News Media Present: None

Chair Layne Sup called the meeting to order at approximately 9:30 a.m. A safety briefing was provided. He noted that LES conducts its meetings in compliance with the Nebraska Open Meetings Act and noted that copies of the Act are located near the entrance to the Board room. **Call to Order**

Chair Sup asked for approval of the minutes of the meeting of October 19, 2018. Andy Hunzeker moved their approval. Tammy Ward seconded the motion. The vote for approval of the minutes was: **Approval of Minutes**

Aye: Sup, Ward, Kalkowski, Hunzeker, Peetz, Sabalka, Huff

Nay: None

Absent: Hudgins, Vacant Board Seat

John Atkeison encouraged the LES Board to continue moving toward emissions free generation. **Comments from Customers**

Emily Koenig, Director, Finance & Rates, Financial Services, was recognized by the Board for 20 years of service to LES. **Introduction & Recognition of Staff**

- Sarah Peetz, Chair of the Operations & Power Supply Committee, reported on Committee discussion which included the following: 1) the Discretionary Overhead to Underground Conversion Program; 2) an Enterprise Risk Management (ERM) Program property damage risk review; 3) an update regarding the plug-in electric vehicle study; and 4) the 2018 third quarter generation revenue and cost report. **Operations & Power Supply Committee**
- Vicki Huff, Chair of the Personnel & Organization Committee, reported on Committee discussion which included the following: 1) an update on incident reporting and worker's compensation through the 3rd quarter; 2) an update on LES' wellness program; 3) a preview of 2019 health and dental programs; 4) an update regarding the revisions to LES' leave donation policy; 5) new innovations in the human resources integrated talent management system; and 6) an update regarding IBEW negotiations. **Personnel & Organization Committee**
- Sarah Peetz, member of the Finance & Audit Committee, reported on Committee discussion which included the following: 1) review of progress on the 2018 depreciation study; 2) an LES insurance coverage overview; 3) an Enterprise Risk Management (ERM) property damage risk review; 4) a review of the new financial forecasting system; 5) an update on the District Energy Corporation (DEC) and Nebraska Utility Corporation (NUCorp); and 6) a review of the draft 2019 Internal Auditing Plan. **Finance & Audit Committee**
- Sarah Peetz was recommended for reappointment as the LES Board representative to the District Energy Corporation (DEC) Board. Andy Hunzeker moved approval of the nomination. Vicki Huff seconded the motion. The vote was: **Appointment of District Energy Corporation (DEC) Representative**
- Aye: Sup, Ward, Kalkowski, Hunzeker, Peetz, Sabalka, Huff
- Nay: None
- Absent: Hudgins, Vacant Board Seat
- LES Policy No. 1 provides that the Chair appoint a Nominating Committee consisting of at least three Board members on or before the regular meeting in November of each year. **Appointment of LES Administrative Board Nominating**

- for the purpose of nominating Board officers for the following year. Chair Sup appointed the following to serve on the Nominating Committee: Vicki Huff (Chair), Jerry Hudgins and Andy Hunzeker. The Nominating Committee will make its report at the December Board meeting.
- Committee**
- Kelli Carr, Manager, System Planning, Energy Delivery, presented the Discretionary Overhead to Underground Conversion Program. (Exhibit I) Carr discussed the schedule and presented a map for projects slated to take place from 2019-2024. For many years, LES has budgeted about \$1 million per year in the capital budget for these projects to gradually convert more of the overhead facilities to underground. Projects are identified based on numerous factors including, but not limited to, aesthetics, roadway design, and safety standards.
- 2018 Discretionary Overhead to Underground Program Review**
- Scott Benson, Manager, Resource & Transmission Planning, provided the Board with an update regarding LES' Electric Vehicle Study. (Exhibit II) After several months of recruiting participants, LES started gathering data on November 1, 2018. Benson noted the study contains 90 participants and 15 different vehicle types. The anonymized data will include charging session duration, energy use, location, trip duration and distance. Partnering with LES on this study are the University of Nebraska-Lincoln's College of Electrical & Computer Engineering, the National Renewable Energy Laboratory and the American Public Power Association's Demonstration of Energy & Efficiency Development program.
- Electric Vehicle (EV) Project Update**
- Bryan Willnerd, Manager, Treasury & Risk Management, provided an annual overview of LES' Enterprise Risk Management (ERM) program and showed a short video. (Exhibit III) Willnerd noted the highlights of 2018 and outlined the program objectives for 2019.
- Enterprise Risk Management (ERM) 2018 Annual Report & Video**
- Emily Koenig, Director, Finance & Rates, provided an overview of LES' Annual Transmission Revenue Requirement (ATTR). (Exhibit IV) As a transmission owner in the Southwest Power Pool (SPP), LES is able to recover costs related to owned transmission (from LES customers and any others in its SPP Zone). The ATTR, which is calculated annually, is a "forward-looking" formula used
- Annual Transmission Revenue Requirement Overview**

to calculate direct costs and allocate factors to estimate the all-in cost of LES' transmission system. LES uses the ATRR as a guide in developing the Transmission Facilities charge for UNL and Health & Human Services (HHS) for use of the LES transmission system.

Jason Fortik, Vice President, Power Supply, provided the Board with an overview on the power supply dynamics in the Southwest Power Pool (SPP). (Exhibit V) Fortik covered load and capacity factors, including typical grid interaction with wind and solar, and the strategies SPP uses in the footprint generation mix to manage load and generation variability.

**Power Supply
Dynamics in the
Southwest Power Pool
(SPP) Overview**

Due to the December Administrative Board meeting being scheduled close to Christmas, the Board was asked who plans to be in attendance, noting if attendance is low, the meeting can be rescheduled. The Board agreed to keep the December 21, 2018 Board meeting as scheduled.

**Rescheduling or
Cancellation of
December 21, 2018
Board Meeting**

The Monthly Financial and Power Supply Reports were distributed to the Board and staff was available to answer questions. (Exhibit VI)

**Monthly Financial
and Power
Supply Reports**

The next regular meeting of the LES Administrative Board is scheduled for Friday, December 21, 2018, at 9:30 a.m.

Next Meeting

There being no further business before the Board, Layne Sup declared the meeting adjourned at approximately 11:30am

Adjournment

DaNay Kalkowski, Secretary

BY: S/Lacy Stockdale
Lacy Stockdale
Assistant Secretary