

MINUTES OF LINCOLN ELECTRIC SYSTEM ADMINISTRATIVE BOARD

Minutes of regular meeting held at 9:30 a.m., Friday, January 15, 2021, at the Lincoln Electric System Walter A. Canney Service Center, 2620 Fairfield St., Lincoln, Nebraska.

Board Members Present: Sarah Peetz, Andy Hunzeker, DaNay Kalkowski, Lucas Sabalka, David Spinar

Board Members Absent: Eliot Bostar, Karen Griffin, Rebecca Lai, Layne Sup

LES Staff Present: Kevin Wailes, Shelley Sahling-Zart, Laura Kapustka, Jason Fortik, Lisa Hale

Others Present: No one present on site. Several individuals participated virtually.

News Media Present: None

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

Due to the current public health emergency circumstances, LES implemented special measures intended to balance compliance with the Nebraska Open Meetings Act with the public health recommendations designed to mitigate spread of the COVID-19 coronavirus. LES made arrangements for some board members and the public to access the meeting virtually, though only board members present in person on site can be officially noted as present in compliance with the Nebraska Open Meetings Act.

Ken Winston addressed the board thanking them for adopting the decarbonization goal in November and urging their support for several energy and climate-related legislative proposals. **Comments from Customers**

Layne Sup, Chair of the Nominating Committee, provided the Committee's recommendation for board officers for 2021. (Exhibit I) The Nominating Committee recommends the following slate of officers: **Nominating Committee Report**

Chair – DaNay Kalkowski

Vice Chair – Andy Hunzeker
Secretary – David Spinar
Assistant Secretary – Shelley Sahling-Zart

The Nominating Committee also recommends that Layne Sup be appointed as LES' representative on the District Energy Corporation (DEC) Board of Directors.

The Nominating Committee report is typically provided at the December board meeting, but the report was deferred to January due to the fact that the December 2020 board meeting was canceled due to the COVID-19 pandemic.

The gavel was passed to General Counsel, Shelley Sahling-Zart, to conduct the election of board officers for 2021. As previously reported the Nominating Committee recommends the following slate of officers:

**Election of 2021
Officers & DEC
Board
Representative**

Chair – DaNay Kalkowski
Vice Chair – Andy Hunzeker
Secretary – David Spinar
Assistant Secretary – Shelley Sahling-Zart
LES Representative on DEC Board - Layne Sup

She opened the floor for other nominations. Hearing none, Sarah Peetz moved that nominations close and the nominated slate of officers be elected. Andy Hunzeker seconded the motion. The vote to elect the nominated slate of officers for 2021 and the DEC Board Representative was:

Aye: Peetz, Kalkowski, Hunzeker, Sabalka, Spinar

Nay: None

Absent: Bostar, Griffin, Lai, Sup

The gavel was passed to newly elected Chair, DaNay Kalkowski, who conducted the remainder of the meeting.

Chair Kalkowski asked for approval of the minutes of the meeting of November 20, 2020. Sarah Peetz moved their approval. Andy Hunzeker seconded the motion. The vote for approval of the minutes was:

Approval of Minutes

Aye: Peetz, Kalkowski, Hunzeker, Sabalka, Spinar

Nay: None

Absent: Bostar, Griffin, Lai, Sup

- Lucas Sabalka, Chair of the Operations & Power Supply Committee, reported on Committee discussions which included the following: 1) overview of 2020 Power Supply risks in the Enterprise Risk Management Program; 2) Sustainable Energy Program annual update; 3) update on net metering and customer-owned renewable energy systems; and a report on the Electric Vehicle Demand Response Pilot Study. (Exhibit II) **Operations & Power Supply Committee Report**
- Layne Sup, Chair of the Finance & Audit Committee, reported on Committee discussions in December and January which included the following: 1) 2020 pre-audit meeting with the external auditor, BKD; 2) cyber security update; 3) an annual report on the 2020 Enterprise Risk Management program; 4) overview of how LES calculates the Payment in Lieu of Tax (PILOT) and the City Dividend for Utility Ownership (CDFUO); 5) overview and committee approval of the 2021 internal audit plan; 6) an update on activities of the District Energy Corporation (DEC) and the Nebraska Utility Corporation (NUCorp); 7) semi-annual investment report; 8) 2020 preliminary financial review; 9) a briefing on the SolarWinds cyber attack across the country and how LES responded; and 10) the 4th quarter internal audit report. (Exhibit III) **Finance & Audit Committee Report**
- DaNay Kalkowski, Chair of the Budget & Rates Committee, reported on Committee discussions which included the following: 1) overview of how LES calculates the Payment in Lieu of Tax (PILOT) and the City Dividend for Utility Ownership (CDFUO); 2) proposed changes to the Economic Development Rider to require customers under the rider to be an eligible business pursuant to the ImagiNE Act; 3) 3rd quarter 2020 Generation Revenue and Cost Report; and 4) an update on activities of the District Energy Corporation (DEC) and the Nebraska Utility Corporation (NUCorp). (Exhibit IV) **Budget & Rates Committee Report**
- Karen Griffin, Chair of the Legislation & Governmental Affairs Committee, reported on Committee discussions which included the following: 1) review of proposed changes to the 2021 Legislative Guidelines; 2) an overview and outlook for the 2021 state legislative session, including leadership **Legislation & Governmental Affairs Committee Report**

changes; and 3) consideration of a letter to the congressional delegation regarding support for a fee on carbon. (Exhibit V)

Shelley Sahling-Zart, Vice President & General Counsel, reviewed proposed changes to the 2021 Legislative Guidelines that were reviewed with the Legislation & Governmental Affairs Committee, including additional changes recommended by the Committee. The guidelines provide general guidance regarding LES positions on a broad range of state and federal legislation and regulatory issues.

**Approval of 2021
Legislative
Guidelines**

Board member Sarah Peetz noted that Lucas Sabalka’s proposed letter regarding a carbon fee indicated that consideration of such a fee should evaluate impacts to vulnerable populations. Based on this Peetz recommended that the guideline in section 1 regarding a revenue-neutral fee or tax on carbon emissions include similar language regarding vulnerable customers. The consensus of the board was to revise this bullet as follows:

“LES supports policy aimed at reducing carbon dioxide production through an associated federal revenue-neutral fee or tax on carbon emissions, provided such a polity is consistently applied to all carbon-emitting resources and does not unfairly impact LES’s most vulnerable customers or businesses.” (Underscoring represents new revisions.)

Following discussion Sarah Peetz moved approval of the 2021 Legislative Guidelines as proposed and revised through board discussion. (Exhibit VI) David Spinar seconded the motion. The vote to approve the 2021 Legislative Guidelines was:

Aye: Peetz, Hunzeker, Kalkowski, Sabalka, Spinar

Nay: None

Absent: Bostar, Griffin, Lai, Sup

Shelley Sahling-Zart, Vice President and General Counsel, provided a report on state legislative activities. The Nebraska Legislature convened January 6, 2021. She reported on leadership changes including the election of Lincoln senator Mike Hilgers as Speaker of the Legislature and the election of Senator Bruce Bostelman as Chair of the Natural Resources Committee, the committee of jurisdiction for most

**2021 State
Legislative Report**

public power issues.

Sahling-Zart noted some of the legislative bills that have been introduced to date. New legislation can be introduced through January 20. She noted that Senator Flood introduced LB 83 to amend the Open Meetings Act to allow public bodies, including the LES Administrative Board, to conduct meetings virtually in declared emergencies such as the ongoing COVID-19 pandemic. The legislation was developed by a broad coalition of public entities, including LES and the City of Lincoln. Media of Nebraska has also indicated its support for the legislation. Senator Tom Brewer, Chair of the Government, Military & Veterans Affairs Committee, is also supportive of the committee which is important as the bill has been referred to his committee.

She noted that the Board's Legislation and Governmental Affairs Committee will meet with staff early in the session to review LES positions on legislation LES will be actively monitoring.

Bryan Willnerd, Manager, Treasury & Risk Management, reported on the 2020 Enterprise Risk Management (ERM) Program. (Exhibit VII) He noted that the ERM employee committee is working on adding an epidemic/pandemic risk. As a result of the annual review, one risk was deemed fully mitigated and removed, three risks were renamed for better clarity, and two additional risks were identified for possible inclusion.

**Enterprise Risk
Management
Program Annual
Report**

Willnerd also provided an overview of 2021 ERM activities including a cyber tabletop exercise and a property damage tabletop exercise at an LES generating facility.

Bryan Willnerd, Manager, Treasury & Risk Management, provided an overview of claims processed for the six-month period of July 1, 2020 through December 31, 2020. (Exhibit VIII) One claim in the amount of \$2,358 was paid. Nine claims totaling approximately \$55,000 were denied. LES Policy 511 requires the Board to ratify individual claims equal to or greater than \$10,000. There were no claims in the period requiring ratification.

**Review of Six-Month
Property Damage
Claims**

Jason Fortik, Vice President Power Supply, presented the 2020 Power Supply year-end review. (Exhibit IX) Net power costs for 2020 were \$11.2 million below budget, approximately 11.0 percent, primarily due to lower generating plant

**Power Supply 2020
Year-End Review**

operating expenses and energy purchase expenses more than offset the reduction in energy sales revenue. Year-end renewable energy production expressed as a percentage of retail sales was 49.2 percent, better than the forecast of 46.6 percent. The system peak load for 2020 was 715 megawatts (MW) on August 27, 2020, well below the all-time peak of 786 MW set in 2011. It is the lowest peak recorded since 2001's 704 MW peak, primarily due to the COVID-19 pandemic impact on business operation.

Laura Kapustka, Vice President Financial Service & CFO, presented the 2020 preliminary year-end financial review. (Exhibit X) She noted that the review is preliminary as staff is still processing period 13 adjustments and reconciliations. She noted that retail revenues took a hit for the year due to the COVID-19 pandemic, but lower net power costs and other expenses offset the reduced revenues resulting in strong year-end financial projections. Year-end debt service coverage is projected at 2.20, above the budgeted coverage of 2.04, primarily due to lower net power costs as reported by Fortik. Capital budget expenditures are expected to end approximately \$9.5 million under budget, primarily due to various pandemic-related construction delays and deferrals as well as lower than projected contractor costs. The capital budget highlight for 2020 is the successful completion of Phase 2 of the LES Operations Center in southeast Lincoln.

**2020 Preliminary
Year-End Financial
Review**

Marc Shkolnick, Manager, Energy Services, provided an annual update on the 2020 Sustainable Energy Program (SEP) and highlighted the 2021 SEP. (Exhibit XI) Customer utilization of the 2020 SEP funds currently stands at \$1.4 million obligated funds pending final year-end reconciliations. This falls short of the \$1.75 million budgeted for the program, again likely due to the COVID-19 pandemic. Total net demand reduction from 2020 SEP projects is approximately 4.37 MW, which is right on the 2020 target of 4.3 MW. The bulk of the reduction is from commercial lighting projects and the LES Peak Rewards thermostat program.

**2020 Sustainable
Energy Program
Year-End Review
and 2021 Program**

Shkolnick also reviewed participation in the Peak Rewards thermostat program and customer-owned renewable energy systems. There are currently 1,885 households and 1,985 thermostats enrolled in Peak Rewards. In 2020 LES added 30 new residential net metered systems and one commercial system.

Jason Fortik, Vice President Power Supply, presented the 2020 NPA Load and Capability Report. (Exhibit XII) He reviewed the statewide generation capability compared to statewide load obligations. There are 7,607 megawatts (MW) of existing generation in the state, up slightly from 7,564 MW shown in the previous year's report. There are 70 MW of utility behind-the-meter nameplate generation. There are an additional 50 MW of committed resources, which is the Grand Island Prairie Hills Wind Farm scheduled for operation in 2021. There are 1,000 MW of planned resources, consisting of 400 MW renewable and 600 MW conventional resources. In addition, there are 75 MW of resources being studied.

**Nebraska Power
Association Annual
Load & Capability
Report**

The report includes the sum of the peak demand forecasts and resources of Nebraska's utilities over the 20-year period of 2020 through 2039. Over the period the average annual compounded peak demand growth rate for the State is projected at 0.60 percent per year, down slightly from 0.7 in last year's report.

The report indicates that a statewide deficit would not occur in the planning period studied until 2026, three years earlier than last year's report. The study shows a statewide deficit in the year 2022 if all fossil units are retired after 60 years of in-service, one year later than indicated in last year's report.

Kevin Wailes, CEO, reported LES' 2020 year-end performance on business indicators. (Exhibit XIII) The indicators measure financial performance as well as performance related to customer service, safety, and environmental responsibility. Wailes noted that LES' performance for 2020 remains strong across the metrics despite the COVID-19 pandemic.

**LES Business
Indicators Year-End
Report**

Shelley Sahling-Zart, Vice President & General Counsel, presented "2020 Reflections," which summarizes a wide variety of 2020 projects, accomplishments, and highlights from across the company. She noted that the COVID-19 pandemic required staff to adapt and restructure many projects and activities. She also noted that it was a tragic year for LES with two employee deaths in 2020 and one recently in the early days of 2021. (Exhibit XIV)

**2020 Year-End
Summary**

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

**Monthly Financial
and Power Supply
Reports**

The next regular meeting of the LES Administrative Board is **Next Meeting** scheduled for Friday, February 19, 2021, at 9:30 a.m.

There being no further business before the Board, DaNay Kalkowski **Adjournment** declared the meeting adjourned at approximately 11:58 a.m.

David Spinar, Secretary

BY: S/Shelley Sahling-Zart
Shelley Sahling-Zart
Assistant Secretary

Exhibit I



MEMORANDUM

Date: January 14, 2021
To: LES Administrative Board
From: Board Nominating Committee
Subject: Election of 2021 Officers

The Nominating Committee is recommending the following slate of officers for the January 2021 Lincoln Electric System Administrative Board Election of officers.

- DaNay Kalkowski - Chair
- Andrew Hunzeker - Vice Chair
- David Spinar - Secretary
- Shelley Sahling-Zart - Assistant Secretary
- Layne Sup - District Energy Corporation Board

Exhibit II



Operations and Power Supply Committee Meeting Summary January 4, 2021 (via MS Teams)

Enterprise Risk Management (ERM) Program – 2020 Power Supply Risks: *(This item is covered in more detail later on today's agenda)*

LES maintains an ERM Program to help identify, quantify, prioritize, and manage the key risks to the organization. All LES employees, the Administrative Board, and its Committees have responsibilities under the Program. The Committee was provided a 2020 year-end review of ERM activities specifically related to operations and power supply risks. Staff provided an overview of the risk ranking process, the development of scenarios to describe the various risk levels, the determination of the financial impact of the risk, and the probability that the risk will occur. One risk was removed from the risk register due to the risk being fully mitigated. Another risk was renamed to better describe the risk, and the financial impact for two risks was increased due to changes in insurance deductibles.

Sustainable Energy Program (SEP) Annual Update: *(This item is covered in more detail later on today's agenda)*

LES manages a Sustainable Energy Program to encourage customer energy efficiency and reduce LES's need to build additional generating resources. The 2020 Budget for the SEP was \$1.75M and approximately \$1.4M of that amount was obligated to customer projects including insulation upgrades, air conditioning and heat pump upgrades, heat pump water heater upgrades, lighting upgrades, the Peak Rewards program, and industrial energy efficiency projects. Over 1,800 customer projects were funded and an additional 370 Peak Rewards customers were added in 2020, resulting in an estimated 9,000 MWh's of energy savings and 4.3MW of demand reduction. Since the SEP's inception in 2009, more than \$26.7M in incentives have been allocated to customers for a cumulative savings of 140,000 MWh's, more than 34 MW of demand reduction, and an emissions reduction of approximately 100,000 tons of CO₂.

Net Metering and Customer Owned Renewables Update:

There are now 150 residential and commercial net metered systems in LES's service area and five customers utilizing LES's Renewable Generation Rate for a total of almost 1.8 MW in generating capacity. The average capacity rating of the residential net metered systems has increased from 5 kW to 11 kW since 2010 while the average capacity rating of the commercial net metered systems is 14 kW. Almost \$680k in incentive capacity payments have been made to LES customers. Staff will continue to monitor the magnitude of capacity installed utilizing these programs and consult with the Committee regarding future incentives in the programs.

Electric Vehicle (EV) Demand Response Pilot Study:

The EV Demand Response Pilot Study started on January 1st, 2021 and is intended to gauge the effectiveness of incenting EV owning customers to not charge their vehicles during LES's peak electricity consumption hours in the January - February and June – September time periods. Approximately 66 EV owners are enrolled in the pilot program and could receive up to \$10/month for an annual total of \$60 if they choose to participate in each of the program's curtailment events. The data and experience gained through this program will help staff prepare for a potential future with significantly more EV's connected in the LES service area.

Exhibit III



**Finance & Audit (Virtual) Committee – meeting minutes
December 11, 2020**

1. 2020 Pre-Audit Meeting with External Auditor

- BKD, the external auditor for LES, met with the committee to make their annual pre-audit presentation.
- BKD provided information on this year's audit timeline, their audit approach, and introduced members of the audit engagement team.

2. Cyber Security Update (Dustin)

- The committee received a presentation from the Cyber Security group which included a review of the 2020 cyber security metrics including the phishing rates, numbers of suspicious emails, cyber events and risk assessments.
- Metric results for 2020 were, for the most part, better than they were in 2019.
- An example of a phishing email that had been used to test/train LES employees was shared with the Committee.
- A review of some of the notable accomplishments for 2020 was shared as well as a few goals for 2021 which included upgrading network defense equipment and remote connectivity capabilities.
- A slide that detailed the countries that had unsuccessfully attempted to connect with LES was also shared.

3. ERM 2020 Annual Report (Bryan)

- Bryan presented a high-level overview of the 2020 LES Enterprise Risk Management (ERM) Annual report including:
 - ERM Program oversight & guidance,
 - Timeline of key program activities, processes, and campaigns,
 - Year-over-Year ERM changes from 2019
- Appreciation was extended to the members of the Risk Management Committee for their dedication to the ongoing success of the Program.

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4. Rate design: PILOT and CDFUO (Zac)

(These notes will also be included in the Budget & Rates Committee Meeting report.)

- The committee was briefed on the background and mechanics of how the LES Payment in Lieu of Tax (PILOT) and City Dividend for Utility Ownership (CDFUO) obligations are calculated and collected from customers.
- The Lincoln City Charter requires LES to pay 5% of its gross retail revenues from electric sales in cities, towns, or villages to the Lincoln Public Schools, Lancaster County, City of Lincoln, and City of Waverly.
- This payment exceeded \$13 million in 2019.
- The CDFUO Ordinance was approved in 2011 by the City of Lincoln to increase their return on investment in LES.
- The CDFUO is allocated to each rate class based on their contribution to capacity costs.
- In 2020, the City Council amended the CDFUO ordinance to remove the annual growth cap. CDFUO rates are projected to double in the next 10 years as a result of removing the cap.
- The impact of the change in the CDFUO ordinance to LES' financial metrics was reviewed. It is likely that LES will begin targeting different thresholds for several metrics, such as Debt Service Coverage and Fixed Charge Coverage, in order to remain at levels that are expected of a AA-rate utility by the rating agencies.

5. Committee Approval of 2021 Internal Audit Plan (Dave)

- The Internal Auditors presented their final version of the proposed 2021 Audit Plan and Alternative Audit Listing for approval. After a brief discussion, the committee approved the 2021 Audit Plan.

6. DEC/NUCorp Update (Emily)

(These notes will also be included in the Budget & Rates Committee Meeting report.)

- Since nearly the beginning of the organization, DEC has been both an interlocal agency and a corporation.
 - DEC is working through the process to dissolve its corporate status to remove a conflict of interest issue associated with County Board members as well as ensure that DEC is subject to the State of Nebraska Tort Claims Limits.
 - The dissolution has been approved by the County Board and is currently in the City Council approval process.
- DEC is planning to issue long-term bonds in early 2021 to paydown the short-term financing facility that has been used to fund the LOC and Nebraska State Penitentiary DEC plants. Additionally, DEC plans to refund some, if not all, of its existing bonds.
- Earlier this year LES proposed an updated Administrative Services Agreement to NUCorp to better reflect the tasks and responsibilities that LES performs for NUCorp.

- LES received UNL's feedback recently and is working through addressing the comments to attempt to have action taken on the agreement at the January NUCorp Board Meeting.
- A project is starting to implement SAP for NUCorp. The implementation will be straightforward as it will only include the financial modules of SAP due to those being the only functions that LES performs for NUCorp. The expected go-live date is July 1, 2021 to coincide with NUCorp fiscal year begin.



**Finance & Audit (Virtual) Committee – meeting minutes
January 13, 2021**

1. Semi-Annual Investment Report (Bryan)

- Bryan share a presentation which reviewed compliance with LES' Investment Policy as of the end of December.
- As of December 31, LES held approximately \$150M in investments and money market funds.
- All investment portfolio allocations complied with LES' Investment Policy.

2. 2020 Preliminary Financial Review (Laura)

(This item will also be covered at the Board meeting.)

- Laura reviewed projected 2020 year-end financial results with the Committee.
- It is projected that the reduction in retail revenues will be more than offset by lower expenses and lower debt service costs.
- It is currently projected that year-end Debt Service Coverage will be 2.20 times as compared to the budget of 2.04 times.
- The Financial Accounting department is in the process of preparing the final financial report for 2020 which will conclude with the audit by BKPD.

3. SolarWinds briefing (Dustin)

- Dustin provided the Committee a brief of what the SolarWinds attack was and how LES responded to the event.
- During the brief, certain risks were identified, and the probability and impact of the potential impacts were shared.
- Dustin also reviewed the lessons learned during the event as well as future improvements that are being made.

4. Internal Audit 2020 4th Quarter Report (Dave)

- Internal Auditing presented the committee with the report for the fourth quarter report of 2020.

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- There were two audit reports presented:
 - The Damage to LES Property Audit and the Service Area Adjustment Audit.

- Both audits had clean opinions with only minor findings and recommendations.
- The committee was also provided Internal Auditing's annual memo regarding their review of the purchasing card activities for the Chief Operating Officer, the Chief Financial Officer, and the General Counsel.
 - There were no issues noted.
 - If questionable charges to the purchasing cards had been noted during the year, the auditors would have contacted the Finance and Audit Committee and the Chair of the Board immediately upon its discovery.
- The Committee also received a memo detailing the activities of the Internal Auditing Department over the past year.
 - A summarized version of this memo has been provided to each member of the LES Board.

Exhibit IV



Budget & Rates Committee (Virtual) Meeting – December 9, 2020

1. Rate design: PILOT and CDFUO (Zac and Emily)

(These notes will also be included in the Finance & Audit Committee Meeting report.)

- The committee was briefed on the background and mechanics of how the LES Payment in Lieu of Tax (PILOT) and City Dividend for Utility Ownership (CDFUO) obligations are calculated and collected from customers.
- The Lincoln City Charter requires LES to pay 5% of its gross retail revenues from electric sales in cities, towns, or villages to the Lincoln Public Schools, Lancaster County, City of Lincoln, and City of Waverly.
- This payment exceeded \$13 million in 2019.
- The CDFUO Ordinance was approved in 2011 by the City of Lincoln to increase their return on investment in LES.
- The CDFUO is allocated to each rate class based on their contribution to capacity costs.
- In 2020, the City Council amended the CDFUO ordinance to remove the annual growth cap. CDFUO rates are projected to double in the next 10 years as an effect of removing the cap.
- The impact of the change in the CDFUO ordinance to LES' financial metrics was reviewed. It is likely that LES will begin targeting different thresholds for several metrics, such as Debt Service Coverage and Fixed Charge Coverage, in order to remain at levels that are expected of a AA-rated utility by the rating agencies.

2. Economic Development Rider – proposed changes (Zac)

- The current Economic Development Rider does not restrict the type of businesses that qualify for the benefits of the rider which could result in free riders taking advantage of the discounts provided within the rider.
- In order to mitigate this risk, modifications to the rider will be made to require customers to be an eligible business under the Nebraska Imagine Act.

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- These changes will be incorporated in the 2022 budget and rates materials. Until the change is made, LES will work with individual inquiries as they occur to explain the pending proposed changes.

3. Third Quarter 2020 Generation Revenue and Cost Report (Jason)

- Staff presented its analysis of the financial performance of LES' generating resources in the SPP Integrated Marketplace for the third quarter of 2020.
- A combination of slightly increased demand for electrical generation for the summer months, increased but still historically low natural gas prices, and continuing increases in wind generation in the SPP footprint, edged market electricity prices up, but they still remained below budget expectations for the quarter.
- LES' generating fleet was able to take advantage of some opportune pricing opportunities that allowed the portfolio to erase negative net revenue results from the second quarter and post slightly positive net revenue results year to date.

4. DEC/NUCorp Update (Emily)

(These notes will also be included in the Finance & Audit Committee Meeting report.)

- Since nearly the beginning of the organization, DEC has been both an interlocal agency and a corporation.
 - DEC is working through the process to dissolve its corporate status to remove a conflict of interest issue associated with County Board members as well as ensure that DEC is subject to the State of Nebraska Tort Claims Limits.
 - The dissolution has been approved by the County Board and is currently in the City Council approval process.
- DEC is planning to issue long-term bonds in early 2021 to paydown the short-term financing facility that has been used to fund the LOC and Nebraska State Penitentiary DEC plants. Additionally, DEC plans to refund some, if not all, of its existing bonds.
- Earlier this year LES proposed an updated Administrative Services Agreement to NUCorp to better reflect the tasks and responsibilities that LES performs for NUCorp.
 - LES received UNL's feedback recently and is working through addressing the comments to attempt to have action taken on the agreement at the January NUCorp Board Meeting.
- A project is starting to implement SAP for NUCorp. The implementation will be straightforward as it will only include the financial modules of SAP due to those being the only functions that LES performs for NUCorp. The expected go-live date is July 1, 2021 to coincide with NUCorp fiscal year begin.

Exhibit V



Legislation & Governmental Affairs Committee – December 10, 2020

The following is a summary of the December 10, 2020 meeting of the Legislation & Governmental Affairs Committee:

1. 2021 Legislative Guidelines

The committee reviewed proposed changes to the Legislative Guidelines for 2021 and recommended a few additional changes. Staff will review all of the changes in greater detail, but the committee recommends their approval as provided.

2. 2021 Legislative Outlook

Staff provided an outlook for the 2021 session of the Nebraska Legislature which convenes on January 6, 2021. Many restrictions will initially still be in place due to the ongoing COVID-19 pandemic which will limit the ability to interact with senators. A number of leadership changes are anticipated, including election of a new Speaker and Chair of the Natural Resources Committee, the committee of jurisdiction for most public power matters.

LES has actively participated in a broad coalition of entities seeking legislation to amend the Open Meetings Act to authorize the boards and councils of public entities to meet virtually during a declared emergency, such as a pandemic. Such legislation will protect the health and safety of public board members and the public and enable the continuity of the work of these public bodies, while also maintaining a high level of transparency.

3. Discussion of Letter to Congressional Delegation

The committee also discussed a request from board member Lucas Sabalka for the board to send a letter to Nebraska's congressional delegation urging them to support carbon pricing. He had proposed that the letter could be from the Board or from individual board members. There was significant discussion, but the committee was not in agreement about sending the letter as an official board letter. The consensus was that board members could send personal individual letters at their discretion.

Exhibit VI

Exhibit VII

Exhibit VIII

Exhibit IX

Exhibit X

Exhibit XI

Exhibit XII

Exhibit XIII

Exhibit XIV

Exhibit XV