



2024 Proposed Revenue & Expense and Capital Budget

THE
POWER OF
PEOPLE



NPPD Board of Directors Meeting
Budget Committee
November 9, 2023

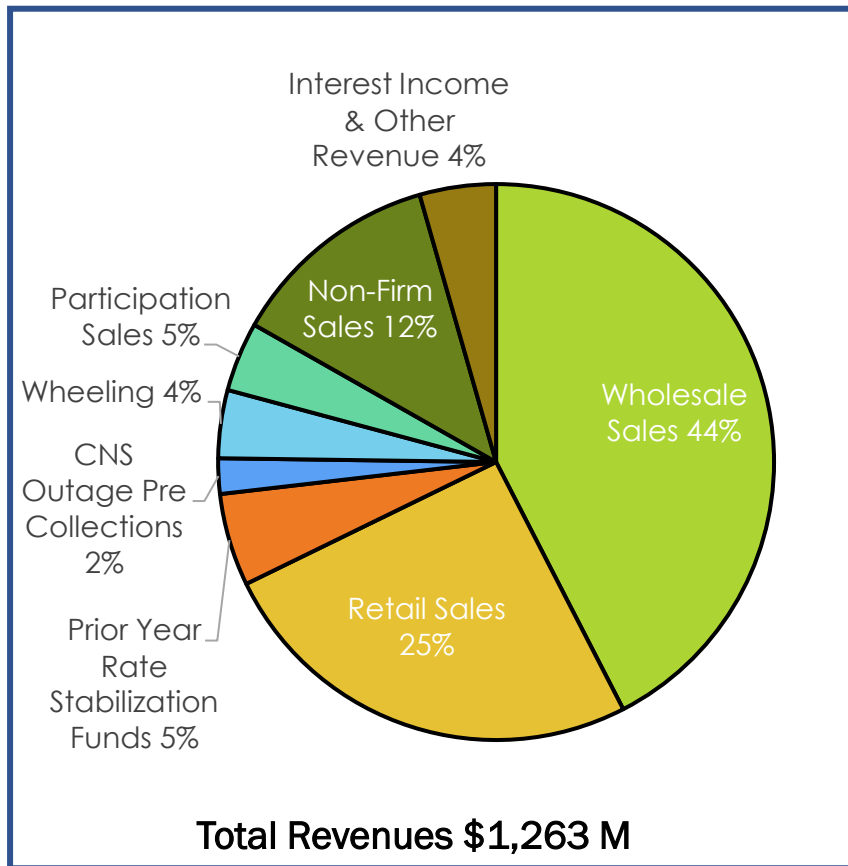
Crystal Harper, Associate Financial Manager



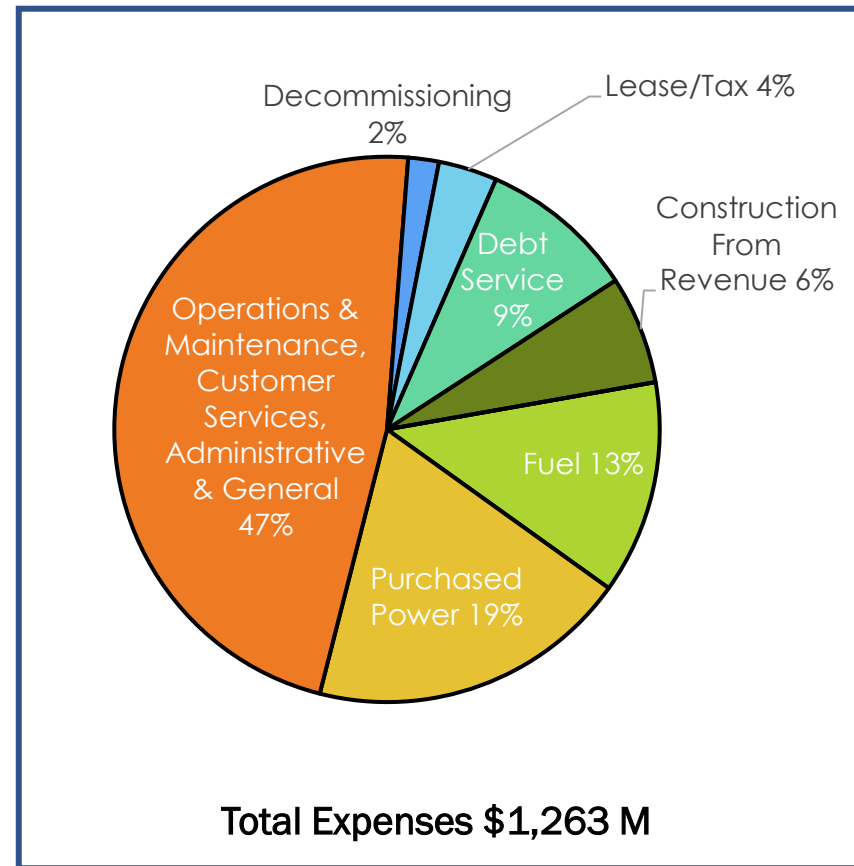
Objectives

- Final review of the 2024 Revenue & Expense and Capital Budget
- Request Board approval of Resolution for the 2024 Revenue & Expense and Capital Budget

Key Components of the 2024 Budget - Revenues & Expenses Balance

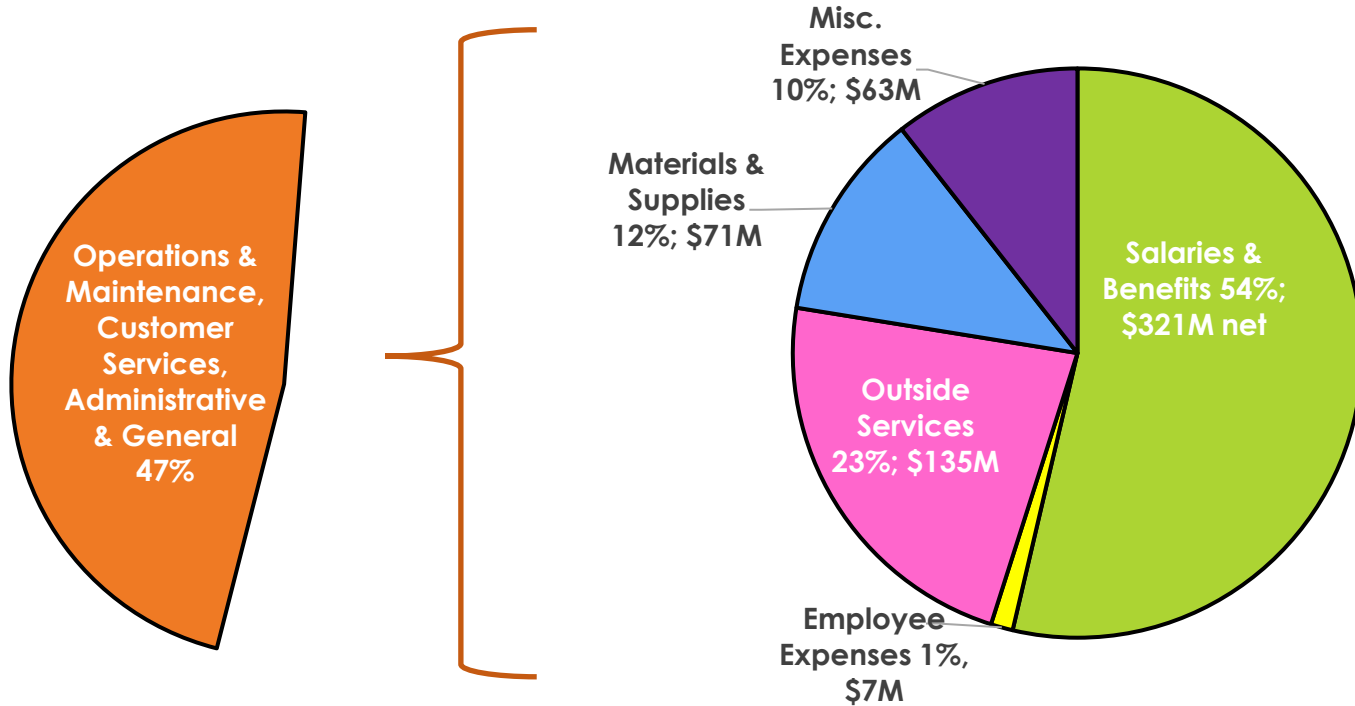


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Key Components of O&M, Customer Services, and A&G portion of the pie (\$597 million)

(Represents 47% of total expenses)



2024 Proposed Budget incorporates management of underlying risks in the organization (\$ Millions)

| | 2023 Budget | Proposed 2024 Budget | 2024 vs 2023 Incr/(Decr) |
|---|----------------|-------------------------|-----------------------------|
| Operating Revenues: | | | |
| 1 Firm Revenues | \$ 840.5 | \$ 856.3 | \$ 15.8 |
| 2 Participation & Other Firm Electric Sales | 71.2 | 56.3 | (14.9) |
| 3 Market Sales | 140.0 | 155.7 | 15.7 |
| 4 SPP Wheeling Revenue | 51.9 | 51.0 | (0.9) |
| 5 Miscellaneous Revenues | 26.2 | 50.1 | 23.9 |
| 6 Deferred Revenue | 53.5 | 93.3 | 39.8 |
| 7 Total Operating Revenue | \$ 1,183.3 | \$ 1,262.7 | \$ 79.4 |
| Operating Expenses: | | | |
| 8 Fuel | \$ 158.4 | \$ 159.8 | \$ 1.4 |
| 9 Purchased Power | 222.9 | 241.2 | 18.3 |
| 10 O&M/A&G | 476.9 | 597.3 | 120.4 |
| 11 Lease & Tax Payment | 41.1 | 43.8 | 2.7 |
| 12 Decommissioning Exp | 13.8 | 22.8 | 9.0 |
| 13 Construction from Revenue | 83.9 | 81.1 | (2.8) |
| 14 Debt Service | 186.3 | 116.7 | (69.6) |
| 15 Total Operating Expense | \$ 1,183.3 | \$ 1,262.7 | \$ 79.4 |
| 16 Surplus/(Deficit) | \$ - | \$ - | \$ - |

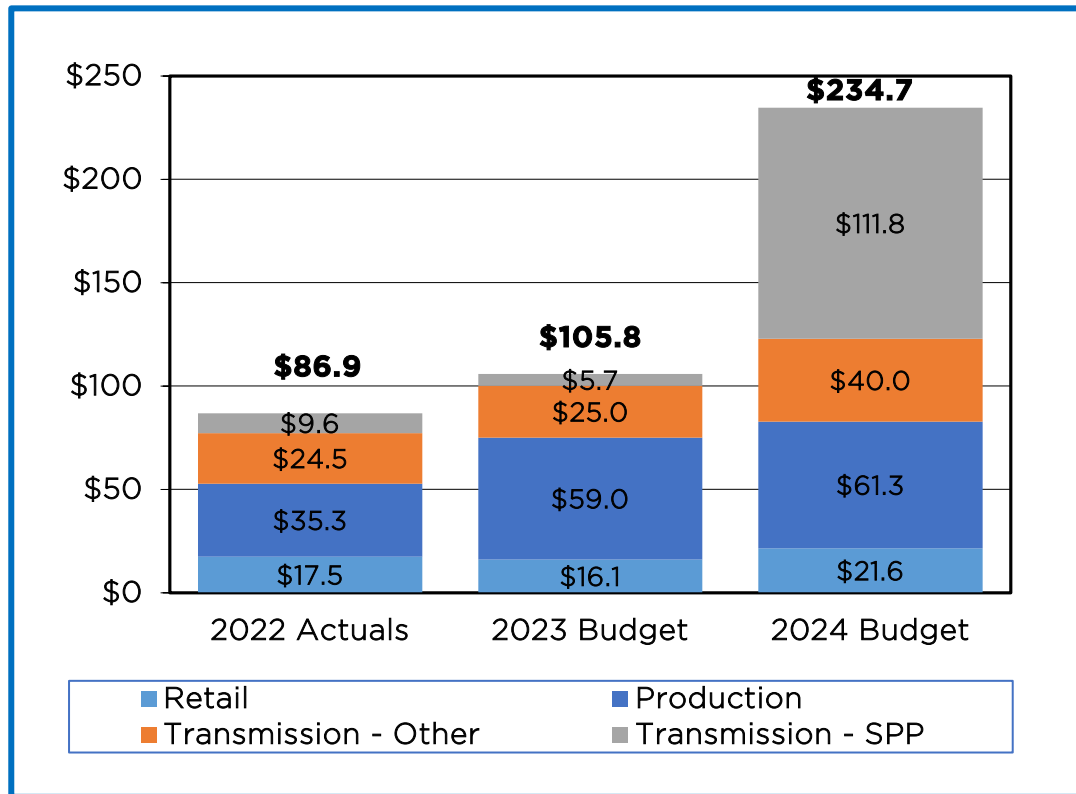
Revenue Changes > \$20M:

- Higher interest rate environment increases Miscellaneous Revenue projections
- Deferred Revenues increase in 2024 as CNS Outage Pre-collection revenues are recognized in even years

Expense Changes > \$20M:

- 2024 O&M/A&G includes:
 - 2024 CNS Outage budget
 - Increased salaries and benefits for staff including added full-time and knowledge retention positions
 - Material and supplies increases related to inflation and supply chain impacts
- Additional debt service payment related to 2021 surplus.

Requesting Board Approval of the 2024 Capital Budget (\$ Millions)



Production Projects > \$10M:

- \$15.0M - CNS, Spare Main Generator Rotor
- \$10.0M - Unspecified - for emergent corporate use

Transmission Projects > \$10M:

- \$25.0M - Transformer Purchase
- \$19.0M - New Gothenburg Industrial 115kV Sub Tran
- \$18.0M - Scottsbluff-Victory Hill 115kV Line #1 Notice to Construct
- \$12.1M - Kearney Tech1-Tower 115kV Project
- \$10.6M - New Etna 345kV Sub Transformer
- A full list of capital projects included in the 2024 capital budget was attached to the letter to the Board.

Key Financial Metrics

2024 Proposed Budget

| | 2022 Actual | 2023 Budget | 2024 Budget |
|--|-------------|-------------|-------------|
| Debt Service Coverage (Target ≥ 2.0 times) (Financial Management Policy ≥ 1.5 times) * Peers range from 0.94 to 5.55 times (Median 2.32) | 2.31X | 2.14X | 2.31X |
| Debt/Equity Ratio (Target Best Quartile $\leq 49\%$ Debt) * Peers range from 28% to 98% debt (Median 55%) | 38% / 62% | 35% / 65% | 41% / 59% |
| Days of Cash (Target Best Quartile ≥ 245 days) * Peers range from 92 to 400 (Median 187) | 245 | 255 | 207 |

*Peers are primarily LPPC members plus LES and MEAN

RESOLUTION
OF
NEBRASKA PUBLIC POWER DISTRICT

No.
Adopted:

WHEREAS, in accordance with Section 708 of the General System Revenue Bond Resolution No. 98-68, adopted June 4, 1998, the management and staff of the District have prepared and submitted to the Board of Directors the 2024 Revenue and Expense and 2024 Capital Budgets; and

WHEREAS, said Budgets have been reviewed by management of the District and are recommended for approval by the Board of Directors; and

WHEREAS, said Budgets have been submitted to and reviewed by the Board of Directors of the Nebraska Public Power District; and

WHEREAS, the District reasonably expects to reimburse itself for all, or a portion of the 2024 Capital Budget with tax-exempt obligations to be issued in the future; and

WHEREAS, the Internal Revenue Code and applicable regulations require the District to take this action for expenditures in the 2024 Capital Budget to be reimbursed with proceeds of tax-exempt debt.

NOW, THEREFORE, BE IT RESOLVED that:

1. The 2024 Original Revenue and Expense and 2024 Capital Budgets for the General System be hereby approved.
2. The statements contained in this Resolution with respect to the reimbursement of the expenditures are intended to be statements of official intent as required by, and in compliance with Treasury Regulation Section 1.150-2
3. The maximum principal amount of tax-exempt obligations expected to be issued for the projects in the 2024 capital budget is \$250 million.
4. The District reasonably expects to reimburse itself for expenditures related to the 2024 Capital Budget, as described in this Resolution, with the proceeds of tax-exempt debt to be issued after the date hereof, but this Resolution does not constitute a binding obligation with respect to the issuance of such tax-exempt debt.
5. This resolution shall take effect immediately.

Understanding the Resolution

- Formally approves the Revenue, Expense, and Capital Budgets
- Gives the District authority to issue tax-exempt debt for any capital projects in the 2024 budget
 - Emergent capital projects where the District expects to issue tax-exempt debt in the future are not included and will require additional approval

Approval Request

- Recommend approval of Resolution for:
 - The 2024 Revenue and Expense and Capital Budgets



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Questions

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