



Unapproved Combined Minutes
Finance Committee
Risk Oversight Committee
Municipal Energy Agency of Nebraska
December 18, 2024 – 10:00 a.m. (CT)

The Municipal Energy Agency of Nebraska (MEAN) Finance Committee and Risk Oversight Committee met jointly with a virtual conference option provided on Wednesday, December 18, 2024, at the NMPP Energy office at 8377 Glynoaks Drive, Lincoln, Nebraska, the designated public meeting site. Notice of the meeting was given to committee members by e-mail, and the public was advised by publication in print in the Lincoln Journal Star newspaper and online on their website on November 27, 2024. The notice and agenda were posted upon issuance at the NMPP Energy office, the designated public meeting site, at 8377 Glynoaks Drive, Lincoln, Nebraska, and kept continually current and available for public inspection. Instructions to join the meeting were provided in the public meeting notice and all documents being considered at the meeting, and the current version of the Nebraska Open Meetings Act were made available on NMPP Energy’s Public Meeting Information website.

FINANCE COMMITTEE

CALL TO ORDER

Chair Brent Nation called the meeting to order at 10:01 a.m. (CT). Pursuant to Section 84-1412 (8) of the Nebraska Open Meetings Act, a current copy of the Open Meetings Act was posted in the meeting room and made available to the public.

Roll Call

A quorum was declared with six of seven committee members in attendance.

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| 1. Pat Davison – Imperial, NE | 4. Jeff Pohl – Burwell, NE |
| 2. Justin Forman – Aspen, CO | 5. Adam Suppes – Delta, CO |
| 3. Brent Nation – Fort Morgan, CO | 6. Randy Woldt – Wisner, NE |

Absent: Chris DesPlanques – Indianola, IA

RISK OVERSIGHT COMMITTEE

CALL TO ORDER

Todd Kielkopf called the meeting to order at 10:03 a.m. (CT). Pursuant to Section 84-1412 (8) of the Nebraska Open Meetings Act, a current copy of the Open Meetings Act was posted in the meeting room and made available to the public.

Roll Call

A quorum was declared with six of seven committee members in attendance, with one vacancy.

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| 1. James DePue – Wray, CO | 4. Mike Palmer – Sidney, NE |
| 2. Todd Kielkopf – Carlisle, IA | 5. Chris Rodman – Wall Lake, IA (arrived at 10:31 a.m.) |
| 3. Brent Nation – Fort Morgan, CO | 6. Adam Suppes – Delta, CO |

FINANCE COMMITTEE & RISK OVERSIGHT COMMITTEE

PUBLIC COMMENT PERIOD

The Public Comment Period was announced, and a review of the rules applicable to the public participation process at MEAN public meetings was provided. There were no public comments.

RISK OVERSIGHT COMMITTEE

CONSENT AGENDA

Minutes

Minutes of the December 13, 2023, meeting were previously distributed to committee members and included as Attachment A of the meeting packet. There were no changes to the minutes.

Next Meeting

The next meeting of the MEAN Risk Oversight Committee will be held on January 22, 2025, at the Younes Conference Center South, 416 W. Talmadge Rd., in Kearney, Nebraska.

Consent Resolution

Motion: Mike Palmer moved to approve the following consent resolution. Adam Suppes seconded the motion, which carried on a unanimous roll call vote. (Chris Rodman did not vote)

WHEREAS, certain business of the MEAN Risk Oversight Committee of the Municipal Energy Agency of Nebraska (MEAN) transpires on a regular and routine basis or is not of a controversial nature; and,

WHEREAS, roll-call votes on each individual issue greatly extended the meeting time.

NOW, THEREFORE, BE IT RESOLVED BY THE MEAN Risk Oversight Committee that in the interest of economizing time, yet complying with the Open Meetings Act of the State of Nebraska, which requires roll-call voting, the following issues are hereby consolidated in this Consent Resolution:

BE IT FURTHER RESOLVED BY the MEAN Risk Oversight Committee that the minutes of the December 13, 2023 meeting are hereby approved.

BE IT FURTHER RESOLVED BY the MEAN Risk Oversight Committee that the next meeting will be held on Wednesday, January 22, 2025 at the Younes Conference Center South, 416 W Talmadge Rd., Kearney, Nebraska. In the event of inclement weather, the meeting may be held virtually.

FINANCE COMMITTEE

CONSENT AGENDA

Minutes

Minutes of the November 13, 2024, meeting were previously distributed to committee members and included as Attachment B of the meeting packet. There were no changes to the minutes.

Next Meeting

The next meeting of the MEAN Finance Committee will be held on January 22, 2025, at the Younes Conference Center South, 416 W. Talmadge Rd., in Kearney, Nebraska.

Consent Resolution

Motion: Justin Forman moved to approve the following consent resolution. Adam Suppes seconded the motion, which carried on a unanimous roll call vote. (Jeff Pohl did not vote)

WHEREAS, certain business of the MEAN Finance Committee of the Municipal Energy Agency of Nebraska (MEAN) transpires on a regular and routine basis or is not of a controversial nature; and,

WHEREAS, roll-call votes on each individual issue greatly extended the meeting time.

NOW, THEREFORE, BE IT RESOLVED BY THE MEAN Finance Committee that in the interest of economizing time, yet complying with the Open Meetings Act of the State of Nebraska, which requires roll-call voting, the following issues are hereby consolidated in this Consent Resolution:

BE IT FURTHER RESOLVED BY the MEAN Finance Committee that the minutes of the November 13, 2024 meeting are hereby approved.

BE IT FURTHER RESOLVED BY the MEAN Finance Committee that the next meeting will be held on Wednesday, January 22, 2025 at the Younes Conference Center South, 416 W Talmadge Rd., Kearney, Nebraska. In the event of inclement weather, the meeting may be held virtually.

FINANCE COMMITTEE & RISK OVERSIGHT COMMITTEE

YEAR-END PROJECTIONS FISCAL YEAR 2024-2025

Presenter: Jamie Johnson, Director of Finance and Accounting

Projected year-end results for the fiscal year ending March 31, 2025, was presented, and included a review of Attachment C of the meeting packet. The purpose of projections is to take known information and rely on assumptions from experts in their field, to determine if mid-year rate changes are needed, or if adjustments should be made when setting rates and charges for the next year.

An overview of Cash Analysis, Fixed Cost Recovery Charge (FCRC) Analysis, Energy Charge Analysis, Cash from Rates and Charges and Targets and Coverage Analysis were presented.

Under accrual basis accounting, net revenue shown on the statement of revenue and expenses is not the same as the change in cash. Capital is projected to be greater than budget. The overall projection for total use of cash is \$2.3 million. Energy Charge costs are more variable due to fluctuation in market energy costs and generation resource performance. Projected results indicate rates are not high enough to cover costs. Use of cash was previously anticipated, however current projections show an increase from the amount originally budgeted.

Staff did not suggest a mid-year rate change but did recommended adjustments be made when setting rates and charges for Fiscal Year 2025-2026 due to rising costs that will increase cash reserve minimum balances above MEAN's current cash levels.

BUDGET, RATES, AND CHARGES FISCAL YEAR 2025-2026

Presenters: Jamie Johnson, Director of Finance and Accounting, and Kyle Kaldahl, Manager of Rates and Charges

The Budget, Rates, and Charges Fiscal Year 2025-2026, included as Attachment D of the meeting packet, was developed consistent with previous years showing budgeted results if rates remain flat.

A summary of MEAN's Rate Stabilization Reserve fund, Operating Fund, cash reserve targets and goals, and multi-year projections were presented. Final 2025 budget information has not been received from Walter Scott Unit 4. Mid-American had been providing estimates of 2024 activity but has just recently begun providing final details.

The most notable drivers of cost increases include generation capital, plant operations, staffing, market development, and market activity. Anticipated costs and the benefits associated with joining the Southwest Power Pool (SPP) Regional Transmission Organization Expansion (RTOE) were reviewed. By joining, MEAN will operate in two markets instead of three. This will reduce areas of focus for staff and allow for easier training and earlier proficiency. Choosing not to join RTOE, would require MEAN to pseudo tie out of the market which is more expensive than tying into the market, would result in increased transmission costs due to the location of resources, and would result in a limited number of counter parties MEAN could transact with. Best estimates of implementation costs that include market management, software, and pseudo ties is \$3.1 million dollars. Discussion ensued.

A significant contributor to the needed increase in rates and charges is increasing average capital costs that are projected to rise by approximately \$1.2 million over the next five years. This is due to a combination of inflationary increases in labor and material costs and compliance with 111D regulations.

Considerations for developing changes in rates and charges were presented. Both the Fixed Cost Recovery Charge (FCRC) and the Energy Charge are experiencing rising costs. According to MEAN's Bond Resolution, rates must be set to at least meet the minimum debt service coverage amount of 1.0. Historically rates have met the debt service requirements, but have not always covered all cash costs, reducing cash on hand. To cover predicted costs and maintain cash reserve targets in accordance with board policy, a rate increase is recommended.

Composite rate increase options with varying levels of cash utilization and debt service coverage were reviewed. Discussion ensued. Once cash reserve minimums have been met, aiming for steady, incremental annual increases should be the goal. Smaller, steady increases help maintain a healthier cash flow, ensuring consistent funding to meet operational and capital needs while providing budget predictability for member communities.

Committee members expressed support for recommending a rate increase. Based on committee feedback, Staff will develop a proposal to be considered at the next Finance Committee meeting in January.

ADJOURNMENT

There being no further business, the meeting adjourned at 11:34 a.m.

Prepared by:
Stacy Hendricks
Administrative Assistant
Municipal Energy Agency of Nebraska

Submitted by:
Brad Hans
Director of Wholesale Electric Operations
Municipal Energy Agency of Nebraska