

Combined Agenda
Power Supply Committee Meeting
Municipal Energy Agency of Nebraska
Younes Conference Center – 416 Talmadge Rd, Kearney, NE 68845
May 18, 2022 - 1:00 p.m. (CT)
Finance Committee Meeting
Risk Oversight Committee Meeting
3:00 p.m. (CT)

*All agenda items are for discussion and action will be taken as deemed appropriate. Potential action items may include but not be limited to items indicated with an asterisk**

POWER SUPPLY COMMITTEE

- 1. Call to Order
 - A. Nebraska Open Meetings Act – Section 84-1412(8)
 - B. Roll Call
- 2. Public Comment Period..... 3
(Public Comment Period Rules apply. See www.nmppenergy.org/about/board-meetings)
- 3. Consent Agenda*
 - A. Minutes of April 21, 2022 meeting
 - B. Next meeting
 - C. 2022 Summer Season Load and Capability Report and Operational Readiness
 - D. Consent Resolution 8
- 4. Integrated Resource Plan Review & Recommendation* 9
 - A. Load Forecast Scenarios
 - B. Existing Resource Portfolio
 - C. Future Resource Needs
 - D. Candidate Portfolios
 - E. Market Price Scenarios
 - F. Energy Efficiency/DSM Programs
 - G. Renewable Distributed Generation
 - H. 2050 Vision
 - I. Modeling Results
 - J. Committee Recommendation
- 5. Updates..... 11
 - A. Central Nebraska Public Power and Irrigation District Hydropower Request for Proposal
 - B. NextEra Solar Project
 - C. Western Area Power Administration (WAPA) Capacity and Energy Displacement Agreement
- 6. Recission of MEAN Resolution Regarding Power Purchase Agreements for Sergeant Bluff Solar* . 12
- 7. Establish Exception to Moratorium and Lease Member Generation from City of Sidney, Nebraska* 14
- 8. Future Development Discussions 15
 - A. MEAN Contracted Distributed Generation
 - B. Battery Storage
 - C. Behind The Meter Generation Modernization

9. Operations Update

Recess for Break

RISK OVERSIGHT COMMITTEE / FINANCE COMMITTEE

- 10. Call to Order
 - A. Nebraska Open Meetings Act – Section 84-1412(8)
 - B. Roll Call
 - 1) Finance Committee
 - 2) Risk Oversight Committee

RISK OVERSIGHT COMMITTEE | FINANCE COMMITTEE | POWER SUPPLY COMMITTEE

- 11. Public Comment Period..... 16
(Public Comment Period Rules apply. See www.nmppenergy.org/about/board-meetings)

RISK OVERSIGHT COMMITTEE

- 12. Consent Agenda*
 - A. Minutes of April 21, 2022 meeting
 - B. Next meeting
 - C. Consent Resolution 17

FINANCE COMMITTEE

- 13. Consent Agenda*
 - A. Minutes of May 12, 2022 meeting
 - B. Next meeting
 - C. Consent Resolution 18
- 14. BKD Pre-Audit Communication Letter..... 19
- 15. Financial Report – Fiscal Year 2021-2022 Preliminary Year-End Review 20

FINANCE COMMITTEE | RISK OVERSIGHT COMMITTEE | POWER SUPPLY COMMITTEE

- 16. Rate Stabilization Account Target* 24

FINANCE COMMITTEE

- 17. Considerations related to Preliminary Fiscal Year 2021-2022 Financial Results* 25
 - A. Rate Stabilization Account Transfers
 - B. Allocation of a Portion of Fiscal Year 2021-2022 Net Revenue to Participants.
- 18. Debt Strategy and Refunding Considerations 29

FINANCE COMMITTEE | RISK OVERSIGHT COMMITTEE | POWER SUPPLY COMMITTEE

- 19. Rate Structure 30
- 20. Adjourn

MEAN Power Supply Committee

PUBLIC COMMENT PERIOD

Date: May 18, 2022
Initiator/Staff Information Source: Michelle Lepin
Action Proposed: Informational

Members of the public are invited to attend the meeting and speak during the Public Comment Period, subject to the Public Comment Period Rules published under MEAN's board information section on NMPP Energy's website <https://www.nmppenergy.org/about/board-meetings>. The Comment Period will be available on a first-come, first-served basis. The sign-up form for individuals interested in making public comments at the May 18, 2022 meeting is available at the link above or here: [Sign Up Form](#)

MEAN Power Supply Committee

CONSENT AGENDA

Date: May 18, 2022
Initiator/Staff Information Source: Stacy Hendricks
Action Proposed: Approval

Minutes

Minutes of the April 21, 2022, meeting of the Power Supply Committee were previously distributed to Board Members and are included as *Attachment A* of the meeting packet. If any corrections or changes need to be made to the minutes, please contact Stacy Hendricks at 800-234-2595.

Next Meeting

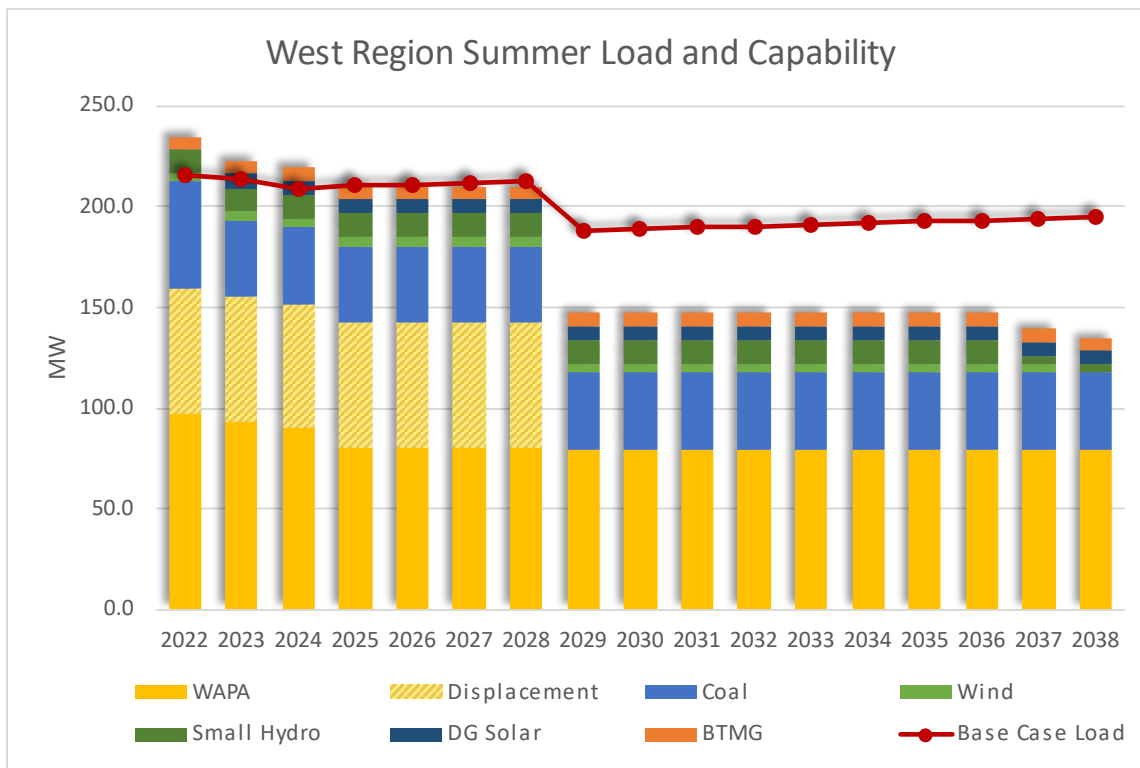
The next meeting of the MEAN Power Supply Committee will be held on Wednesday, August 17, 2022, at the Younes Conference Center, located at 416 Talmadge Rd in Kearney, Nebraska.

2022 Summer Season Load and Capability Report and Operational Readiness

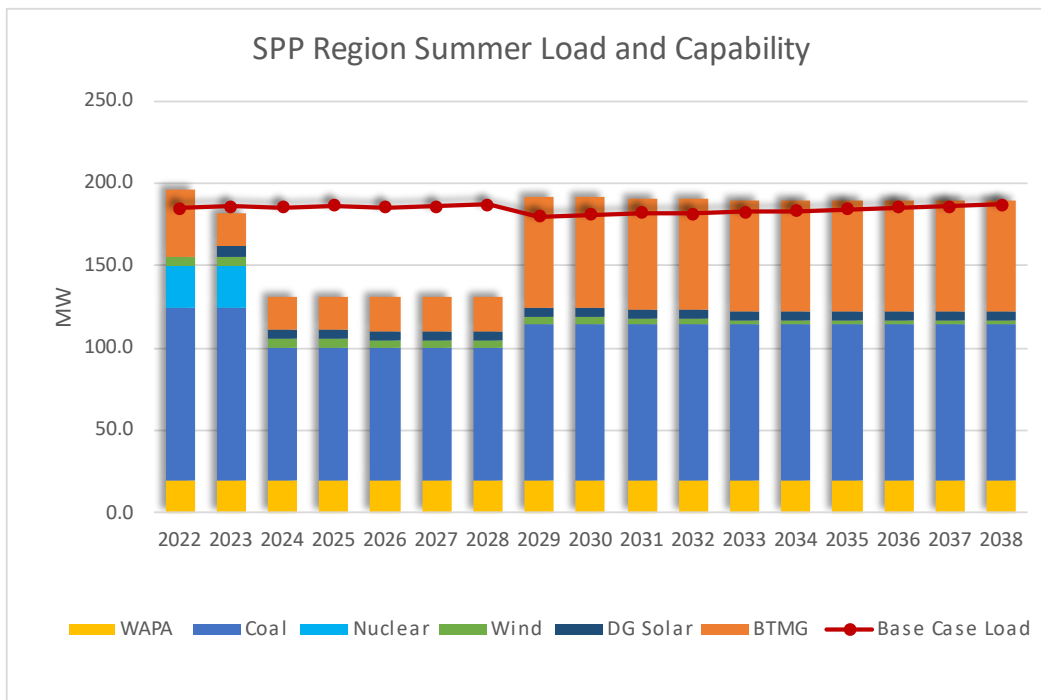
The following pages (4 - 7) of the meeting packet include detailed information on the 2022 Summer Season Load and Capability Report. The report establishes the contracted capacity of leased member generation.

2022 MEAN LOAD AND CAPABILITY					
Participant	Total Capacity	Projected Peak Summer Load	Peak Load Including Reserves	Surplus/Deficit	
	(kW)	(kW)	(kW)	(kW)	%
MEAN TRP	527,900	437,200	492,900	35,000	7.1%

2022 WEST REGION PROJECTED PEAK LOAD				
Total Capacity	Projected Peak Summer Load	Peak Load Including Reserves	Surplus/Deficit	
(MW)	(MW)	(MW)	(MW)	%
235	196	215	20	9.5%

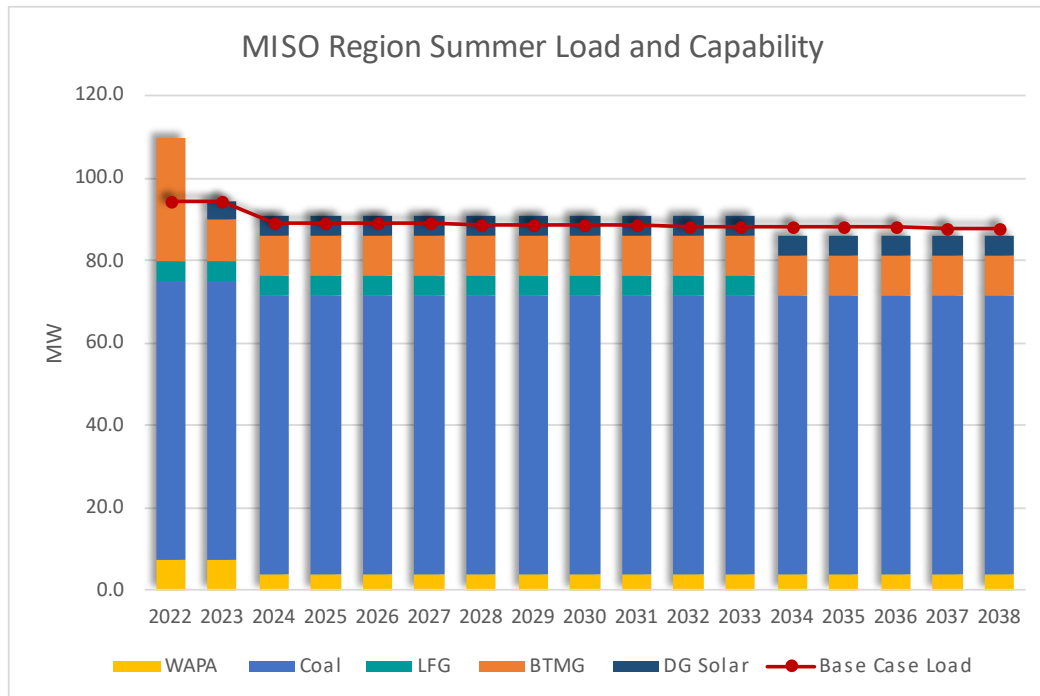


2022 SPP REGION PROJECTED PEAK LOAD				
Total Capacity	Projected Peak Summer Load	Peak Load Including Reserves	Surplus/Deficit	
(MW)	(MW)	(MW)	(MW)	%
196	156	184	11	6.2%



2022 MISO REGION PROJECTED PEAK LOAD

Total Capacity	Projected Peak Summer Load	Peak Load Including Reserves	Surplus/Deficit	
(MW)	(MW)	(MW)	(MW)	%
97	85	94	3	3.5%



**MEAN PARTICIPANTS
LOAD AND CAPABILITY REPORT
2022 SUMMER SEASON**

PARTICIPANT	SERVICE SCHEDULE	OWNED GENERATION (kW)	OTHER PURCHASES (kW)	MAX WAPA ALLOCATION (kW)	LEASE TO MEAN (kW)	SALES TO OTHERS (kW)	TOTAL CAPACITY (kW)	PROJECTED 2022 SUMMER PEAKS (kW)	TTL RQMT INCLUDING LOSSES & RESERVES (kW)	SURPLUS/ (DEFICIT) (kW)
Center	J	0	0	1,221	0	0	1,221	2,712	2,928	(1,707)
Holyoke	J	0	0	3,500	0	0	3,500	4,911	5,135	(1,635)
Lake View	J	0	0	3,575	0	0	3,575	4,686	4,815	(1,240)
Snyder	J	0	0	113	0	0	113	1,809	2,081	(1,968)
Trenton	J	0	0	0	0	0	0	1,152	1,336	(1,336)
Wray	J	0	0	4,309	0	0	4,309	5,959	6,221	(1,912)
Glenwood Springs	K	0	0	1,159	0	0	1,159	22,098	25,126	(23,967)
Paxton	K	0	0	0	0	0	0	1,123	1,303	(1,303)
Alliance	M	5,546	0	2,999	(5,546)	0	2,999	25,388	28,977	(25,978)
Ansley	M	1,350	0	75	(1,350)	0	75	1,050	1,206	(1,131)
Arnold	M	0	0	1,239	0	0	1,239	1,646	1,711	(472)
Aspen	M	0	0	988	0	0	988	11,130	12,597	(11,609)
Basin	M	0	0	0	0	0	0	2,228	2,582	(2,582)
Bayard	M	0	0	1,808	0	0	1,808	1,999	2,030	(222)
Beaver City	M	0	0	299	0	0	299	1,334	1,499	(1,200)
Benkelman	M	785	0	489	(785)	0	489	2,977	3,375	(2,886)
Blue Hill	M	0	0	1,341	0	0	1,341	1,929	2,023	(682)
Breda	M	0	0	771	0	0	771	1,047	1,079	(308)
Bridgeport	M	0	0	1,368	0	0	1,368	3,433	3,761	(2,393)
Broken Bow	M	6,900	0	2,273	(6,900)	0	2,273	15,503	17,625	(15,352)
Burwell	M	3,018	0	542	(3,018)	0	542	2,785	3,145	(2,603)
Callaway	M	875	0	755	(875)	0	755	1,596	1,730	(975)
Carlisle	M	0	0	0	0	0	0	5,176	5,777	(5,777)
Chappell	M	850	0	1,617	(850)	0	1,617	2,276	2,382	(765)
Crete	M	6,151	0	2,588	(6,151)	0	2,588	23,245	26,557	(23,969)
Curtis	M	3,066	0	431	(3,066)	0	431	3,053	3,473	(3,042)
Delta	M	0	0	1,404	0	0	1,404	12,214	13,778	(12,374)
Denver	M	0	0	0	0	0	0	3,661	4,086	(4,086)
Fairbury	M	0	0	3,349	0	0	3,349	21,095	23,940	(20,591)
Fleming	M	0	0	426	0	0	426	615	645	(219)
Fonda	M	0	0	290	0	0	290	1,171	1,273	(983)
Fort Morgan	M	0	0	23,157	0	0	23,157	43,946	47,255	(24,098)
Gering	M	0	0	10,723	0	0	10,723	16,981	17,978	(7,255)
Grant	M	0	0	512	0	0	512	3,590	4,083	(3,571)
Gunnison	M	0	0	4,475	0	0	4,475	8,666	9,333	(4,858)
Haxtun	M	0	0	1,249	0	0	1,249	2,072	2,203	(954)
Imperial	M	0	0	3,033	0	0	3,033	7,218	7,890	(4,857)
Indianola	M	35,000	0	0	(35,000)	0	0	30,790	34,364	(34,364)
Julesburg	M	0	0	680	0	0	680	2,851	3,199	(2,519)
Kimball	M	5,000	0	1,497	(5,000)	0	1,497	4,401	4,863	(3,366)
Lyman	M	0	0	747	0	0	747	1,025	1,069	(322)
Lyons	M	0	0	201	0	0	201	2,931	3,366	(3,165)
Mitchell	M	0	0	1,709	0	0	1,709	2,835	3,014	(1,305)
Morrill	M	0	0	2,345	0	0	2,345	4,257	4,561	(2,216)
Oak Creek	M	1,360	0	298	(1,360)	0	298	1,376	1,547	(1,249)
Oxford	M	3,450	0	555	(3,450)	0	555	1,684	1,865	(1,310)
Pender	M	3,300	0	667	(3,300)	0	667	3,631	4,106	(3,439)
Pierce	M	0	0	241	0	0	241	4,614	5,315	(5,074)
Plainview	M	0	0	609	0	0	609	2,712	3,050	(2,441)
Red Cloud	M	4,200	0	629	(4,200)	0	629	3,085	3,478	(2,849)
Rockford	M	0	0	0	0	0	0	1,475	1,734	(1,734)
Sergeant Bluff	M	0	0	1,508	0	0	1,508	8,271	9,056	(7,548)
Shickley	M	0	0	57	0	0	57	878	1,009	(952)
Sidney	M	0	0	2,697	0	0	2,697	17,537	19,900	(17,203)
Spencer	M	0	0	84	0	0	84	1,016	1,165	(1,081)
Stuart	M	1,543	0	208	(1,543)	0	208	1,342	1,524	(1,316)
Torrington	M	0	0	4,969	0	0	4,969	15,561	17,247	(12,278)
Wall Lake	M	0	0	1,353	0	0	1,353	1,965	2,036	(683)
Waverly	M	34,000	0	0	(34,000)	0	0	28,194	31,466	(31,466)
West Point	M	4,145	0	1,198	(4,145)	0	1,198	11,157	12,754	(11,556)
Wisner	M	2,000	0	2,484	(2,000)	0	2,484	3,188	3,301	(817)
Yuma	M	0	0	3,311	0	0	3,311	6,918	7,493	(4,182)
MEAN		200,600	91,770	76,577	122,539	(73,679)	417,807	0	7,434	410,373
TOTAL Schedule M, J, K		323,139	91,770	186,702	0	(73,679)	527,932	437,166	492,855	35,077

Consent Resolution

WHEREAS, certain business of the Power Supply 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 Power Supply 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:

- 1. BE IT FURTHER RESOLVED BY the MEAN Power Supply Committee that the minutes of the April 21, 2022 meeting are hereby approved.*
- 2. BE IT FURTHER RESOLVED BY the MEAN Power Supply Committee that the next meeting will be held on Wednesday, August 17, 2022, at the Younes Conference Center, 416 Talmadge Rd in Kearney, Nebraska*
- 3. BE IT FURTHER RESOLVED BY the MEAN Power Supply Committee that the Committee recommends the MEAN Board of Directors approve the 2022 Summer Season Load and Capability Report.*

MEAN Power Supply Committee

INTEGRATED RESOURCE PLAN REVIEW & RECOMMENDATION

Date: May 18, 2022
Initiator/Staff Information Source: Shannon Coleman
Action Proposed: Approval

As part of the Western Area Power Administration (WAPA) Energy Planning and Management Program (EPAMP), MEAN is required, as a WAPA firm electric service customer, to prepare and submit an Integrated Resource Plan (IRP) on behalf of MEAN and its Total Requirements Participants.

As part of the IRP process, MEAN is also required to allow for ample opportunities for full public participation and accomplishes this by discussing the IRP and resource planning at a series of meetings and workshops open to the public, with opportunities for oral public comments, and by publicly posting the draft IRP and accepting oral and written public comments.

After a two-year process involving at least 16 public meetings, MEAN publicly posted the draft IRP on April 19, 2022. MEAN received additional public comments at a public workshop held April 21, 2022, and through the written public comment period. The final IRP will address all public comments made during the written public comment period. The proposed 2022 IRP is included as *Attachments B, B1, and B2* in the meeting packet includes a summary of all public comments received on or before May 11, 2022, plus necessary housekeeping clean-ups. Written public comments received after May 11, 2022, and before the May 14, 2022, 5 pm CT deadline will also be addressed in the final IRP as described in the proposed resolution. An up-to-date copy of the draft will be available online on or about May 16, 2022, at <https://mean.nmppenergy.org/about/means-integrated-resource-plan>.

Staff seeks the recommendation of the Power Supply Committee. Following the recommendation of the Power Supply Committee, the IRP will be submitted to the MEAN Board of Directors for approval on May 19, 2022.

*POWER SUPPLY COMMITTEE
RESOLUTION*

WHEREAS, Western Area Power Administration (“WAPA”) requires its customers to prepare and submit an Integrated Resource Plan (“IRP”) every five years, and

WHEREAS, MEAN has prepared an IRP for submission to WAPA in 2022 to comply with the requirements of the WAPA Energy Planning and Management Program for MEAN and its total requirements participants.

NOW, THEREFORE, BE IT RESOLVED by the MEAN Power Supply Committee that the Committee recommends the MEAN Board of Directors approve the Integrated Resource Plan as presented, with additional updates to be incorporated in response to public comments and to include the following future portfolios in the recommended action plan:

- *SPP: Portfolio(s) _____*

- *West: Portfolio(s) _____*

BE IT FURTHER RESOLVED by the MEAN Board of Directors that the Committee recommends the MEAN Board of Directors reserve the right to modify the 2022 IRP to take into account changed circumstances and operational and economic considerations.

MEAN Power Supply Committee

UPDATES

Date: May 18, 2022
Initiator/Staff Information Source: Staff
Action Proposed: Informational

A. CENTRAL NEBRASKA PUBLIC POWER AND IRRIGATION DISTRICT REQUEST FOR PROPOSAL

Staff will provide an update of Central Nebraska Public Power and Irrigation District Request for Proposal regarding their hydroelectric generating resources

B. NEXTERA SOLAR PROJECT

Staff will discuss the proposed NextEra Solar Project near Sidney, Nebraska covering the current timeline, how it would fit in MEAN's portfolio, and issues related to material tariffs.

C. WAPA CAPACITY AND ENERGY DISPLACEMENT AGREEMENT

At the MEAN Board of Directors meeting on November 18, 2021, the Board approved execution of a new Capacity and Energy Displacement Agreement with Western Area Power Administration (WAPA) to supersede, terminate and replace the existing agreement that is scheduled to terminate on September 30, 2024.

Staff of MEAN and WAPA have been in negotiations on the terms and conditions of the new agreement. Staff will provide an update at the May 18, 2022 meeting.

MEAN Power Supply Committee

**RECISSION OF MEAN RESOLUTION REGARDING POWER PURCHASE AGREEMENTS
FOR SERGEANT BLUFF SOLAR**

Date: May 18, 2022
Initiator/Staff Information Source: Michelle Lepin
Action Proposed: Approval

Background Information:

In 2016, Sergeant Bluff, a Service Schedule M participant of MEAN, expressed a desire to purchase all electrical output of the approximately 1-1.5 MW solar photovoltaic generating facility to be constructed, owned, and operated by Ideal Energy or equivalent solar group and located within the City’s service area. This request was made prior to MEAN’s adoption of a Renewable Distributed Generation Policy, and due to the nature of the Service Schedule M total requirements purchase obligation and the corresponding MEAN Bond Covenants, the City’s purchase of such output was to be required to be made through MEAN. Accordingly, the approval by MEAN in March 2016 was structured to enable MEAN to acquire the output of this resource under a power purchase agreement directly between MEAN and Ideal Energy or equivalent solar group for a term of up to 25 years, with a corresponding sale of the output by MEAN to the City of Sergeant Bluff as a Supplemental Agreement to the Service Schedule M agreement. As described below, the power purchase agreements approved in 2016 were never executed.

The MEAN Board of Directors subsequently adopted the MEAN Renewable Distributed Generation Policy (DG Policy) allowing total requirements participants to procure qualifying renewable resources to serve a specified portion of their own load. Sergeant Bluff has expressed an intention to utilize the DG Policy to enter into a new power purchase agreement with SE Municipal Solar, LLC as part of the Solar RFP process recently conducted by MEAN. The City’s purchase under the power purchase agreement was determined by the MEAN Board to meet the requirements of the DG Policy in January 2022.

MEAN has reviewed the status with the City, and staff recommends the Power Supply Committee recommend the Board rescind the resolution adopted by MEAN in March 2016 for the original Ideal Energy or equivalent solar group arrangement.

MEAN POWER SUPPLY COMMITTEE RESOLUTION

WHEREAS, on March 10, 2016, MEAN adopted a resolution approving a power purchase agreement with Ideal Energy or equivalent solar group to purchase all electrical output of the approximately 1-1.5 MW solar photovoltaic generating facility to be owned and operated by Ideal Energy or equivalent solar group and located in the City of Sergeant Bluff, Iowa (“Ideal Energy or Equivalent Solar Group Project”) and approving a supplemental agreement with the City of Sergeant Bluff, Iowa under which MEAN would sell the output of the facility to the City of Sergeant Bluff, Iowa;

WHEREAS, the Ideal Energy or Equivalent Solar Group Project has not been constructed and the agreements approved in 2016 have not been executed;

WHEREAS, the City of Sergeant Bluff, Iowa has expressed an intention to enter into a new power purchase agreement with SE Municipal Solar, LLC as part of the Solar RFP process recently conducted by MEAN; and

WHEREAS, the MEAN Power Supply Committee desires to recommend the MEAN Board of Directors rescind the March 10, 2016 resolution.

NOW, THEREFORE, BE IT RESOLVED BY the MEAN Power Supply Committee that the Committee recommends the MEAN Board of Directors rescind the following resolution adopted March 10, 2016:

- *Resolution approving Power Purchase Agreement for solar resource and related sale of solar-generated power to Sergeant Bluff with associated Sergeant Bluff-specific SSM Exhibit D Modification*

MEAN Power Supply Committee

ESTABLISH EXCEPTION TO MORATORIUM AND LEASE MEMBER GENERATION FROM CITY OF SIDNEY, NEBRASKA

Date: May 18, 2022
Initiator/Staff Information Source: Brad Hans
Action Proposed: Approval

The proposed new generating facility in Sidney, Nebraska includes installing three 2 to 2.5 MW reciprocating internal combustion engine behind the meter generators. The city would receive contract capacity compensation for these units or financial compensation for committing them to operating reserves for MEAN.

MEAN POWER SUPPLY COMMITTEE RESOLUTION

WHEREAS, the City of Sidney, Nebraska, a MEAN Service Schedule M participant, intends to pursue the purchase and installation of 6 to 7.5 MW of behind the meter reciprocating internal combustion engine generation in their community and desires to commit to MEAN all of the generating accredited capacity for pooling by MEAN or utilize the generating facility for MEAN's operating reserves; and

WHEREAS, the MEAN Board of Directors approved a moratorium effective January 20, 2005, on leasing any new or additional generation until such time peaking capacity generation is needed; and

WHEREAS, the MEAN Power Supply Committee desires to recommend the MEAN Board of Directors establish an exception to the moratorium to allow MEAN to lease generating capacity from the City of Sidney, Nebraska or utilize the generating facility for operating reserves.

NOW, THEREFORE, BE IT RESOLVED BY the MEAN Power Supply Committee that the Committee recommends the Board of Directors approve an exception to the moratorium placed into effect January 20, 2005, to allow MEAN to lease approximately 6 to 7.5 MW of generating capacity from the City of Sidney, Nebraska or to enter into an agreement for MEAN to utilize the generating facility for operating reserves at a cost to be negotiated at a later date.

MEAN Power Supply Committee

FUTURE DEVELOPMENT DISCUSSIONS

Date: May 18, 2022
Initiator/Staff Information Source: Staff
Action Proposed: Informational

Staff will discuss:

The potential opportunities for MEAN to enter into purchase power agreements with solar developers in MEAN communities where community solar projects are being constructed.

Attributes of energy storage systems and ways that MEAN could use this technology in its power supply portfolio.

Modernization of MEAN's behind the meter generation fleet and the opportunities this provides.

MEAN Power Supply Committee

OPERATIONS UPDATE

Date:	May 18, 2022
Initiator/Staff Information Source:	Jeff Lindsay
Action Proposed:	Informational

Jeff Lindsay will provide an operations update and an update on current energy pricing in the markets.

MEAN Power Supply Committee | Risk Oversight Committee | Finance Committee

PUBLIC COMMENT PERIOD

Date: May 18, 2022
Initiator/Staff Information Source: Michelle Lepin
Action Proposed: Informational

Members of the public are invited to attend the meeting and speak during the Public Comment Period, subject to the Public Comment Period Rules published under MEAN's board information section on NMPP Energy's website <https://www.nmppenergy.org/about/board-meetings>. The Comment Period will be available on a first-come, first-served basis. The sign-up form for individuals interested in making public comments at the May 18, 2022 meeting is available at the link above or here: [Sign Up Form](#)

MEAN Risk Oversight Committee

CONSENT AGENDA

Date: May 18, 2021
Initiator/Staff Information Source: Stacy Hendricks
Action Proposed: Approval

Minutes

Minutes of the April 21, 2022 meeting were previously distributed to Board members and included as *Attachment C* of the meeting packet. If any changes or corrections need to be made to the minutes, please contact Stacy Hendricks at 800-234-2595.

Next Meeting

The next meeting of the MEAN Risk Oversight Committee will be held on August 17, 2022 at the Younes Conference Center located at 416 Talmadge Rd. in Kearney, Nebraska.

Consent Resolution

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:

- 1. BE IT FURTHER RESOLVED BY the MEAN Risk Oversight Committee that the minutes of the April 21, 2022 meeting are hereby approved.*
- 2. BE IT FURTHER RESOLVED BY the MEAN Risk Oversight Committee will be held on Wednesday, August 17, 2022 at the Younes Conference Center, 416 Talmadge Rd., in Kearney, Nebraska.*

MEAN Finance Committee

CONSENT AGENDA

Date: May 18, 2022
Initiator/Staff Information Source: Stacy Hendricks
Action Proposed: Information/Approval

Minutes

Minutes of the May 12, 2022 meeting of the MEAN Finance Committee were previously distributed to Board members and are included as *Attachment D* of the meeting packet. If any corrections or changes need to be made to the minutes, please contact Stacy Hendricks at 800-234-2595.

Next Meeting

The next meeting of the MEAN Finance Committee will be held on August 17, 2022, at the Younes Conference Center, located at 416 Talmadge Rd. in Kearney, Nebraska.

Consent Resolution

WHEREAS, certain business of the 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:

- 1. BE IT FURTHER RESOLVED BY the MEAN Finance Committee that the minutes of the May 12, 2022 meeting are hereby approved.*
- 2. BE IT FURTHER RESOLVED BY the MEAN Finance Committee that the next meeting will be held on Wednesday, August 17, 2022, at the Younes Conference Center, 416 Talmadge Rd. in Kearney, Nebraska.*

MEAN Finance Committee

BKD PRE-AUDIT COMMUNICATION LETTER

Date:	May 18, 2022
Initiator/Staff Information Source:	Jamie Johnson
Action Proposed:	Information

Jamie Johnson, Director of Finance and Accounting, will provide a review of the BKD Pre-Audit Communication Letter included as *Attachment E*.

MEAN Finance Committee

FINANCIAL REPORT – FISCAL YEAR 2021-2022 PRELIMINARY YEAR-END REVIEW

Date: May 18, 2022
Initiator/Staff Information Source: Jamie Johnson
Action Proposed: Information

MEAN financials for December 2021, January 2022 and February 2022 have been distributed. Jamie Johnson, Director of Finance and Accounting, will review MEAN financials including preliminary fiscal year 2021-2022 results in greater detail at the meeting. Johnson will also review preliminary fiscal year-end financial results for the NMPP Energy organizations at the meeting.

A summary of preliminary fiscal year-end results for the NMPP Energy organizations is included below.

Balance Sheets
March 2022 - PRELIMINARY

	<u>NMPP</u>	<u>MEAN</u>	<u>NPGA</u>	<u>ACE</u>
Assets and Deferred Outflows of Resources				
Cash and cash equivalents	\$ 430,480	\$ 31,858,673	\$ 1,590,035	\$ 698,497
Investments (Short-term, Long-term & Restricted)	275,000	40,215,194	248,936	2,374,457
Accounts receivable	1,003,273	15,935,759	2,254,162	93,061
Gas in storage	-	-	125,060	-
Prepaid expenses and other	376,858	474,390	-	2,750
Productive capacity, net and related operating assets	-	106,978,543	-	-
Capital assets, net	20,828	4,484,791	-	52,054
Costs recoverable from future billings	-	40,770,358	-	-
Deferred loss on refunding	-	5,395,655	-	-
Fair value of derivative investments	-	-	2,885,000	-
Total assets and deferred outflows of resources	\$ 2,106,439	\$ 246,113,363	\$ 7,103,193	\$ 3,220,819
Liabilities and Deferred Inflows of Resources				
Accounts payable and accrued expenses	\$ 857,265	\$ 9,710,088	\$ 1,335,784	\$ 66,490
Unearned revenue	586,428	-	-	-
Debt, related bond premium, and accrued interest payable	-	144,975,968	-	-
Deferred inflow - deferred revenue - rate stabilization	-	28,313,381	-	-
Deferred inflow - deferred gain on refunding	-	3,133,000	-	-
Deferred inflow - derivative instruments	-	-	2,885,000	-
Total liabilities and deferred inflows of resources	1,443,693	186,132,437	4,220,784	66,490
Net Assets/Net Position	662,746	59,980,926	2,882,409	3,154,329
Total liabilities, deferred inflows & net position	\$ 2,106,439	\$ 246,113,363	\$ 7,103,193	\$ 3,220,819

Statements of Revenues and Expenses
For the Fiscal Year Ended: March 2022 - PRELIMINARY

	<u>NMPP</u>	<u>MEAN</u>	<u>NPGA</u>	<u>ACE</u>
Operating Revenues				
Member and champion dues	\$ 268,377	\$ -	\$ -	\$ -
Marketing fees	-	-	-	1,087,968
Sales - product/services, electric, gas	1,121,680	118,217,751	8,770,029	-
Transfer from (provision for) rate stabilization	-	-	-	-
Other	103	1,067,991	-	-
Total operating revenues	1,390,160	119,285,742	8,770,029	1,087,968
Operating Expenses				
Commodity costs (electric energy & gas)	-	97,124,776	8,283,925	-
Administrative and general	1,343,106	10,568,673	489,828	564,785
Depreciation and amortization	5,637	7,032,668	-	32,460
Total operating expenses	1,348,743	114,726,117	8,773,753	597,245
Operating Income (Loss)	41,417	4,559,625	(3,724)	490,723
Nonoperating Revenues (Expenses)				
Net costs to be recovered in future periods	-	(847,028)	-	-
Investment return	2,841	290,718	5,653	(21,722)
Interest expense	-	(5,637,696)	-	-
Distribution to members	-	-	-	(200,000)
Bond issue costs	-	(451,385)	-	-
Net Revenue (Loss)	\$ 44,258	\$ (2,085,766)	\$ 1,929	\$ 269,001

Net Revenue (Loss) - Compared to Budget
For the Fiscal Year Ended: March 2022 - PRELIMINARY

	<u>NMPP</u>	<u>MEAN</u>	<u>NPGA</u>	<u>ACE</u>
Net Revenue (Loss) - Before Credits/Distributions	\$ 44,258	\$ (2,085,766)	\$ 1,929	\$ 469,001
Budgeted Net Revenue (Loss)	5,920	2,159,290	-	438,108
+/- Variance to Budget	\$ 38,338	\$ (4,245,056)	\$ 1,929	\$ 30,893

Financial statement summaries of preliminary fiscal year 2021-2022 results for MEAN are included below.

Balance Sheets
March 2022 - PRELIMINARY and March 2021

	<u>March 2022</u>	<u>March 2021</u>	<u>\$ +/-</u>
Assets and Deferred Outflows of Resources			
Unrestricted cash, cash equivalents, and investments	\$ 52,859,187	\$ 45,600,407	\$ 7,258,780
Accounts receivable	15,935,759	22,974,018	(7,038,259)
Prepaid expenses and other	474,390	496,273	(21,883)
Productive capacity operating assets	2,080,531	2,804,553	(724,022)
Restricted investments	19,214,680	20,183,375	(968,695)
Productive capacity, net	104,898,012	107,574,881	(2,676,869)
Capital assets, net	4,484,791	4,824,549	(339,758)
Costs recoverable from future billings	40,770,358	41,617,386	(847,028)
Deferred outflows - deferred loss on refunding	5,395,655	7,572,006	(2,176,351)
Total assets and deferred outflows of resources	<u>\$ 246,113,363</u>	<u>\$ 253,647,448</u>	<u>\$ (7,534,085)</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Current maturities of long-term debt	\$ 5,575,000	\$ 5,330,000	\$ 245,000
Accounts payable and accrued expenses	9,710,086	6,824,680	2,885,406
Accrued interest payable	2,320,229	3,113,718	(793,489)
Long-term debt, net	137,080,739	147,998,975	(10,918,236)
Deferred inflows of resources - rate stabilization	28,313,382	28,313,382	-
Deferred inflows of resources - deferred gain on refunding	3,133,000	-	3,133,000
Net Position	59,980,927	62,066,693	(2,085,766)
Total liabilities, deferred inflows and net position	<u>\$ 246,113,363</u>	<u>\$ 253,647,448</u>	<u>\$ (7,534,085)</u>

Statements of Revenues and Expenses
For the Fiscal Year Ended: March 2022 - PRELIMINARY

	Fiscal YTD			Prior Year	Actual vs. Prior Year +/-
	Actual	Budget	+/-		
Electric Energy Sales - MWh's	1,907,287	1,884,766	22,521	1,887,827	19,460
Operating Revenues					
Electric energy sales	\$ 118,217,751	\$ 117,076,651	\$ 1,141,100	\$ 116,936,081	\$ 1,281,670
Transfer from/(provision for) rate stabilization	-	-	-	(7,100,000)	7,100,000
Other	1,067,991	814,433	253,558	882,306	185,685
Total operating revenues	<u>119,285,742</u>	<u>117,891,084</u>	<u>1,394,658</u>	<u>110,718,387</u>	<u>8,567,355</u>
Operating Expenses					
Electric energy costs	97,124,776	91,601,569	5,523,207	86,560,179	10,564,597
Administrative and general	10,568,673	11,284,183	(715,510)	10,291,515	277,158
Depreciation and amortization	7,032,668	7,068,792	(36,124)	6,964,897	67,771
Total operating expenses	<u>114,726,117</u>	<u>109,954,544</u>	<u>4,771,573</u>	<u>103,816,591</u>	<u>10,909,526</u>
Operating Income/(Loss)	<u>4,559,625</u>	<u>7,936,540</u>	<u>(3,376,915)</u>	<u>6,901,796</u>	<u>(2,342,171)</u>
Nonoperating Revenues/(Expenses)					
Net costs to be recovered in future periods	(847,028)	(610,896)	(236,132)	733,190	(1,580,218)
Investment return	290,718	340,900	(50,182)	523,694	(232,976)
Interest expense	(5,637,696)	(5,507,254)	(130,442)	(5,753,382)	115,686
Bond issue costs	(451,385)	-	(451,385)	-	(451,385)
Net Nonoperating Revenues/(Expenses)	<u>(6,645,391)</u>	<u>(5,777,250)</u>	<u>(868,141)</u>	<u>(4,496,498)</u>	<u>(2,148,893)</u>
Change in Net Position	<u>\$ (2,085,766)</u>	<u>\$ 2,159,290</u>	<u>\$ (4,245,056)</u>	<u>\$ 2,405,298</u>	<u>\$ (4,491,064)</u>

MEAN Finance Committee | Risk Oversight Committee | Power Supply Committee

RATE STABILIZATION ACCOUNT TARGET

Date:	May 18, 2022
Initiator/Staff Information Source:	Jamie Johnson
Action Proposed:	Information

The Committees have been discussing establishing a funding goal for the Rate Stabilization Account – Other component. As noted in the Rate Stabilization Account section of MEAN’s Financial and Administrative Policies and Guidelines, MEAN accumulates funds in the Other component as determined by the Board for items such as debt strategy, resource planning, etc.

Based on current analysis, MEAN staff recommends the Committee and the Board consider a goal of \$1.5 million annually for 30 years beginning Fiscal Year ended March 31, 2022.

Each Committee is asked to consider a recommendation to the MEAN Board at the meeting.

MEAN Finance Committee

CONSIDERATIONS RELATED TO PRELIMINARY FISCAL YEAR 2021-2022
FINANCIAL RESULTS

Date: May 18, 2022
Initiator/Staff Information Source: Jamie Johnson
Action Proposed: Information

In accordance with MEAN’s Financial and Administrative Policies and Guidelines, MEAN annually evaluates its preliminary Fiscal Year change in net position upon closing of MEAN’s annual financial records including all year end accruals and Fiscal Year transactions. After evaluation of preliminary results, the MEAN Board may authorize charges or credits to MEAN Participants. The MEAN Board may also authorize the transfer of a portion of MEAN’s preliminary Fiscal Year change in net position into the rate stabilization account or from the rate stabilization account in order to meet MEAN’s rate stabilization account funding objective, while maintaining debt service coverage ratios established by bond covenants; provided, however, such transfer shall be rounded to the nearest multiple of \$100,000.

The preliminary net loss for the fiscal year ended March 31, 2022 is approximately \$(2.1) million. Summaries are included to assist the MEAN Finance Committee and MEAN Board in evaluating the financial results. Jamie Johnson, Director of Finance will also discuss further at the meeting.

The following table summarizes the impact from the Energy Charge:

	Preliminary	Budget	Preliminary vs. Budget	
			\$ +/-	% +/-
Purchased Power, net of Debt and Capital in FCRC	\$ 58,506,514	\$ 48,317,321	\$ 10,189,193	21%
Production	13,938,928	18,248,382	(4,309,454)	-24%
Transmission	4,766,570	4,442,481	324,089	7%
Total Cash Costs	77,212,012	71,008,184	6,203,828	9%
Electric Energy Sales - Schedule K/K-1 - Energy Charge	(5,683,770)	(5,575,728)	(108,042)	2%
Electric Energy Sales - Schedule J	(3,300,546)	(2,736,651)	(563,895)	21%
Electric Energy Sales - Non-Participants	(1,005,018)	(1,618,319)	613,301	-38%
Electric Energy Sales - Schedule M - Renewables	(5,235,983)	(5,389,186)	153,203	-3%
Other Operating Revenues and Investment Return	(547,171)	(272,569)	(274,602)	101%
Total Rate Offsets	(15,772,487)	(15,592,453)	(180,034)	1%
Addition to/(Use of) Cash on Hand - Energy Charge	(2,347,090)	2,441,036	(4,788,126)	-196%
Total Financial Targets and Ratios Coverage	(2,347,090)	2,441,036	(4,788,126)	-196%
Electric Energy Sales - Schedule M - Energy Charge	\$ 59,092,435	\$ 57,856,767	\$ 1,235,668	2%

The following table summarizes the impact from the **Fixed Cost Recovery Charge (FCRC)**:

	Preliminary	Budget	Preliminary vs. Budget	
			\$ +/-	% +/-
Administrative and General, net	\$ 9,849,599	\$ 10,564,319	\$ (714,720)	-7%
Contracted Generation Debt Service, net	18,186,357	18,101,706	84,651	0%
MEAN Debt Service, net	11,760,292	11,393,408	366,884	3%
Contracted Generation Capital	1,726,407	2,491,679	(765,272)	-31%
MEAN and Owned Generation Capital	4,016,042	3,806,729	209,313	5%
Total Cash Costs	45,538,697	46,357,841	(819,144)	-2%
Addition to/(Use of) Cash on Hand - FCRC	(1,638,697)	(2,457,841)	819,144	-33%
Total Financial Targets and Ratios Coverage	(1,638,697)	(2,457,841)	819,144	-33%
Electric Energy Sales - FCRC	\$ 43,900,000	\$ 43,900,000	\$ -	0%

The table on the following page summarizes MEAN's established targets and ratios including preliminary results, approved budget for fiscal year 2022-2023 and a preliminary look at future years based on information in the approved budget.

Revenue Requirement and Coverage Analysis
As of May 2022

Line	Preliminary Actual 2021-2022	Approved 2022-2023	2023-2024	2024-2025	Preliminary	
					2025-2026	2026-2027
Revenue Requirement						
A	\$ 112,721,681	\$ 116,070,187	\$ 116,280,437	\$ 115,822,085	\$ 115,894,681	\$ 115,894,680
B		3%	0%	0%	0%	0%
C	\$ (2,085,766)	\$ (350,598)	\$ (865,578)	\$ 2,938,894	\$ 1,200,639	\$ 4,087,157
						\$ 2,683,499
Change in Unrestricted Cash and Investments - Accrual Basis						
D	\$ (3,985,788)	\$ 349,061	\$ 399,161	\$ 4,140,603	\$ 1,011,521	\$ 1,127,685
E	-	(2,865,045)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
F	\$ (3,985,788)	\$ (2,515,984)	\$ (600,839)	\$ 3,140,603	\$ 11,521	\$ 127,685
						\$ 4,300,102
Debt Service Coverage - policy target of 1.20X; requirement of 1.00X						
G	1.00	0.93	1.14	1.54	1.30	1.63
H	1.00	1.20	1.24	1.64	1.40	1.73
Rate Stabilization Fund						
I	\$ 18,033,283	\$ 20,108,039	\$ 19,863,991	\$ 19,155,888	\$ 19,393,029	\$ 18,005,224
J	\$ 28,313,381	\$ 25,448,336	\$ 24,448,336	\$ 23,448,336	\$ 22,448,336	\$ 21,448,336
K	\$ 10,280,098	\$ 5,340,297	\$ 4,584,345	\$ 4,292,448	\$ 3,055,307	\$ 3,443,112
						\$ 3,192,868
Operating Fund						
L	\$ 19,711,596	\$ 21,241,094	\$ 20,830,180	\$ 20,025,446	\$ 20,582,955	\$ 20,077,745
M	\$ 24,545,806	\$ 24,281,867	\$ 24,681,028	\$ 28,821,631	\$ 29,833,152	\$ 30,960,837
N	\$ 4,834,210	\$ 3,040,773	\$ 3,850,848	\$ 8,796,185	\$ 9,250,197	\$ 10,883,092
						\$ 15,111,626
Total Unrestricted Cash and Investments (Includes Rate Stabilization Fund and Operating Fund)						
O	\$ 37,744,879	\$ 41,349,133	\$ 40,694,171	\$ 39,181,334	\$ 39,975,984	\$ 38,082,969
P	\$ 52,859,187	\$ 49,730,203	\$ 49,129,364	\$ 52,269,967	\$ 52,281,488	\$ 52,409,173
Q	\$ 15,114,308	\$ 8,381,070	\$ 8,435,193	\$ 13,088,633	\$ 12,305,504	\$ 14,326,204
						\$ 18,304,494

*This line does not demonstrate changes in MEAN's cash costs.
 **Rate Stabilization Target = 15% of budgeted cash operating expenses, excluding purchased power capital; plus, annual average of preliminary 5-year capital budget, including purchased power capital.
 ***Operating Fund Target = at least 60 days of budgeted cash operating expenses + at least 45 days of budgeted pass through expenses.
 ^The Operating Fund balance is known for 2021-2022; however, the balance is impacted by the timing of collection of revenues and payment of costs. An estimate of the expected impact of timing variances at March 2022 is included in the 2022-2023 balance shown; actual results could vary significantly.

A. Rate Stabilization Account Transfers

Preliminary debt service coverage meets the requirement of MEAN's bond resolution. As coverage is met and total unrestricted cash and investments exceed the minimum balance targets, staff does not recommend a transfer into or from the rate stabilization account.

Additional information will be provided at the meeting to allocate the current rate stabilization account balance into the various components established by MEAN's Financial and Administrative Policies and Guidelines.

The MEAN Finance Committee will consider a recommendation to the MEAN Board at the meeting.

An example allocation of the Rate Stabilization Account balance of \$28,313,381 as of March 31, 2022 is \$20,100,000 to the Reserve component, \$1,900,000 to the Energy component, \$5,000,000 to the Fixed Costs component, with the remaining balance of \$1,313,381 to the Other component.

B. Allocation of a Portion of Fiscal Year 2021-2022 Net Revenue to Participants

The preliminary net loss for the fiscal year ended March 31, 2022, is approximately \$(2.1) million. As debt service coverage is met and total unrestricted cash and investments exceed the minimum balance targets, staff does not recommend an additional charge or a credit to Participants.

MEAN Finance Committee

DEBT STRATEGY AND REFUNDING CONSIDERATIONS

Date:	May 18, 2022
Initiator/Staff Information Source:	Jamie Johnson
Action Proposed:	Information

Jamie Johnson, Director of Finance and Accounting, will provide a municipal bond market update and information on refunding opportunities.

MEAN Finance Committee | Risk Oversight Committee | Power Supply Committee

RATE STRUCTURE

Date:	May 18, 2022
Initiator/Staff Information Source:	Jamie Johnson
Action Proposed:	Information

Additional information will be provided on concepts for consideration for updates to the components of the fixed cost recovery charge and updates to contracts, rates, and charges related to renewable generation.