

ANNUAL REPORT 2020



POWERING THROUGH

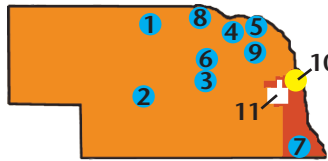
Your Energy Partner[®]
OPPD
Omaha Public Power District

OPPD SERVICE TERRITORY

- Served at Retail
- ▲ Served at Wholesale
- Power Station*
- Wind Generation
- Solar Generation
- ★ OPPD Headquarters

* 2020 rated capability

Renewables



WIND ENERGY CENTERS

- 1. Ainsworth**
10-megawatt participation agreement
- 2. Broken Bow I**
18-megawatt participation agreement
- Broken Bow II**
43.9-megawatt participation agreement
- 3. Petersburg**
40.5-megawatt participation agreement
- 4. Elkhorn Ridge**
25-megawatt participation agreement
- 5. Crofton Bluffs**
13.6-megawatt participation agreement
- 6. Prairie Breeze**
200.6-megawatt participation agreement
- 7. Flat Water**
60-megawatt participation agreement
- 8. Grande Prairie**
400-megawatt participation agreement
- 9. Sholes**
160-megawatt participation agreement

SOLAR

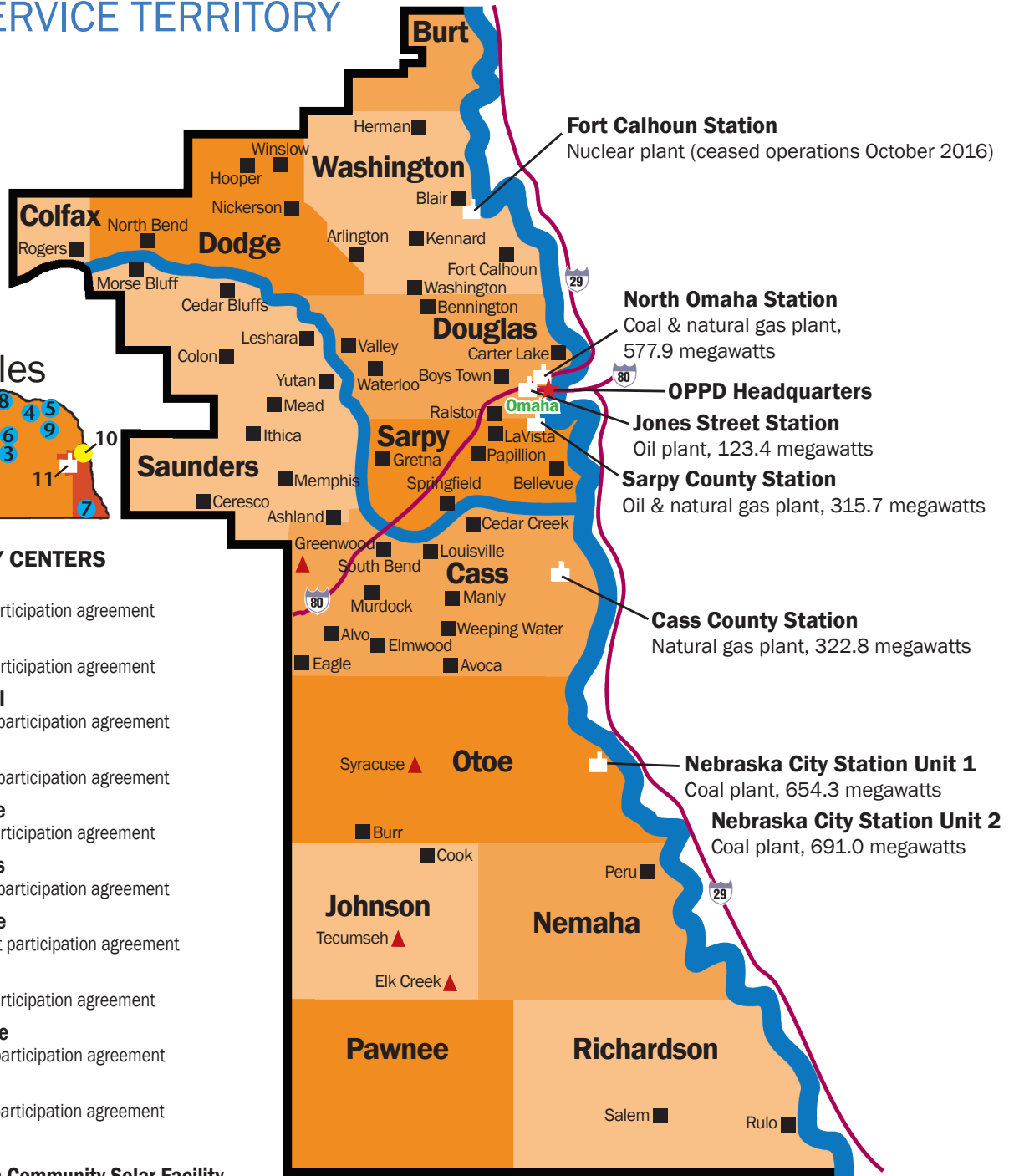
- 10. Fort Calhoun Community Solar Facility**
5 megawatts

LANDFILL GAS

- 11. Elk City Station**
6 megawatts

HYDRO

- From Western Area Power Administration**
81.3 megawatts



ABOUT OPPD

Omaha Public Power District is a publicly owned electric utility that serves an estimated population of 849,000 people, more than any other electric utility in the state. Operating since 1946, the public utility is governed by an elected board of eight directors. While its headquarters is located in Omaha, Neb., OPPD has several other locations in its 13-county, 5,000-square-mile service area in southeast Nebraska.

OPPD uses baseload power facilities fueled by coal and natural gas, peaking units fueled by natural gas and oil, and renewable energy, including wind, solar, landfill gas and hydropower.

POWERING THROUGH



In 2020, our work, like all of our lives, was different. It changed into something few of us imagined and is now something we endure, something we manage, for ourselves, our communities and our loved ones. “Masking up” and “physical distancing” weren’t always part of our everyday language, and hopefully, someday soon, those measures won’t be necessary.

For now, we will all continue to power through this time in history and do our best. At OPPD, yes, the way we work may have changed, but it is still the same fundamental work we have done for our communities and customers since our inception, powering lives and powering through all challenges.

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On the cover: All across OPPD, like everyone around the country, people are working through the challenges caused by the COVID-19 pandemic. That means masking up, washing hands and practicing physical distancing. But even though the work may look a little different, the mission of providing reliable, affordable and environmentally sensitive energy services remains unchanged.

BOARD CHAIR AND CEO MESSAGE



President and CEO
Timothy J. Burke



Board Chair
Amanda E. Bogner, P.E.

For Omaha Public Power District, as it was for much of the world, 2020 was about Powering Through. It is something we have all had to do at home and at work as a pandemic changed the world around us. As phrases like “masking up” and “physical distancing” have become the norm, our employees are taking the necessary precautions to make sure they show up to work healthy.

That’s because our employees know how vital our product is to our customers. Having reliable electricity keeps their world functioning as close to normal as possible. Within OPPD, just like people everywhere, new daily tasks like temperature checks and COVID-19 assessments are now the norm. With so many working from home, including half of our workforce, and so many students learning remotely, electricity has never been more valuable. That’s why our energy production employees, line technicians, and system operators are taking their health so seriously. Our communities need us. Despite all of the new challenges, including changes to and new guidelines for our working environments, 2020 was the safest year in OPPD’s history.

We know that so many small businesses and industries were hit incredibly hard by COVID-19. The coronavirus also exposed vulnerabilities of minorities and women in our local workforce. Civil unrest around the country, including the streets outside OPPD’s downtown Omaha headquarters, highlighted the need for all of us to do more. That’s why we worked with partners inside OPPD and around our community on Diversity, Equity & Inclusion (DE&I) initiatives. From our work with CEOs for CODE (Commitment to Opportunity, Diversity and Equity), nearly 150 Omaha business founders, leaders and CEOs produced a powerful “We Will” statement in June that commits them and their organizations to stand united against racism. We held leader huddles on racism and a corporate town hall on racism sponsored by the OPPD African American Network employee resource group. In recent years, we have hosted meetings for employees that encourage creating inclusive work environments, something we have worked hard to achieve.

In 2017, we started our Legacy i3 initiative that targets juniors and seniors in high school from diverse backgrounds. Through the program, they have a chance to work at OPPD while learning from employee ambassadors about careers in the energy field. They also gain skills they will need later to compete for jobs in the workforce. To date, three of these students have become full-time OPPD employees, with more to follow.

OPPD worked with other agencies to help secure and distribute CARES Act funds for energy assistance to those customers struggling with their utility bills due to the coronavirus.

Despite the challenges brought on by the pandemic, OPPD has moved forward with its Power with Purpose and Pathways to Decarbonization initiatives including its plans to build two backup natural gas generating facilities to support 400 to 600 megawatts of utility-scale solar coming to the generation mix.

2020 marked the first full year of OPPD’s community solar program, with the facility producing more than 9.2 million kilowatt hours of energy for 880 customers. And the interest is not waning. Nearly 500 customers remain on the program’s waiting list.

Our decommissioning work at our Fort Calhoun Nuclear Station continues safely, on time and on budget. The last of the plant’s spent fuel was moved to onsite dry cask storage in May.

And through it all, OPPD’s communications professionals have worked to keep the rest of the company informed about everything they need to know as the work shifted last spring and work guidelines changed. From a dedicated resource page on our intranet website to emails and a weekly newsletter sent to each employee’s home, employees remained connected to their jobs and to each other.

Across 13 counties in Nebraska, our employees do their part to help our customers thrive, and that hasn’t changed. While seemingly everything else changed in 2020, the work of OPPD’s employees and the promise of affordable, reliable and environmentally sensitive energy services remain constant.

Timothy J. Burke
President and CEO

Amanda E. Bogner, P.E.
Chair of the Board

BOARD OF DIRECTORS



Amanda E. Bogner, P.E.
Chair of the Board
Business Owner



Eric H. Williams
Vice Chair of the Board
Natural Resources
Planner



Rick M. Yoder, P.E.
Treasurer
Consultant
(retired)



Janece M. Mollhoff
Secretary
U.S. Army Nurse
Corps Colonel
(retired)



Michael J. Cavanaugh
Board Member
Omaha Police Lieutenant
(retired)
Security Contractor



Sara E. Howard
Board Member
Policy Advisor



Craig C. Moody
Board Member
Business Owner



Mary G. Spurgeon
Board Member
Educator
(retired)

SENIOR MANAGEMENT



Timothy J. Burke
President &
Chief Executive Officer



Kate W. Brown
Vice President &
Chief Information
Officer
Assistant Secretary



Juli A. Comstock
Vice President -
Customer Service
Assistant Secretary



L. Javier Fernandez
Vice President &
Chief Financial Officer
Assistant Secretary



Mary J. Fisher
Vice President -
Energy Production
& Nuclear
Decommissioning
Assistant Secretary



Scott M. Focht
Vice President -
Corporate Strategy &
Governance
Assistant Secretary



Lisa A. Olson
Vice President -
Public Affairs
Assistant Secretary



Martha L. Sedky
Vice President -
Human Capital
Assistant Secretary



Troy R. Via
Vice President -
Energy Delivery
Assistant Secretary



Kevin S. McCormick
Senior Director - Safety
& Technical Training

OPERATIONS REVIEW



Curtis Cross Jr., an OPPD designer, is shown outside a substation. All across OPPD, employees have been taking precautions such as masking up and practicing physical distancing to stay healthy during the pandemic.



Powering through: Operations

In the spring of 2020, half of OPPD's workforce began working from their homes, quickly adjusting by setting up office spaces in resourceful ways and places. It was a huge challenge for our Business Technology unit, one they passed with flying colors. Meetings went virtual and the work of powering OPPD's 13-county service territory never skipped a beat. Plant workers, line technicians and other frontline workers did their best to physically distance and made sure they monitored their health to avoid

contracting and spreading COVID-19.

At our service centers, the morning safety briefing looked a little different. Workers used laptops and smart phones to attend their briefings through virtual platforms. From underground cable replacement work, to fiber optic replacement work to the final fuel move into dry cask storage at Fort Calhoun Nuclear Station, the work of providing our customers with reliable, affordable energy continued.

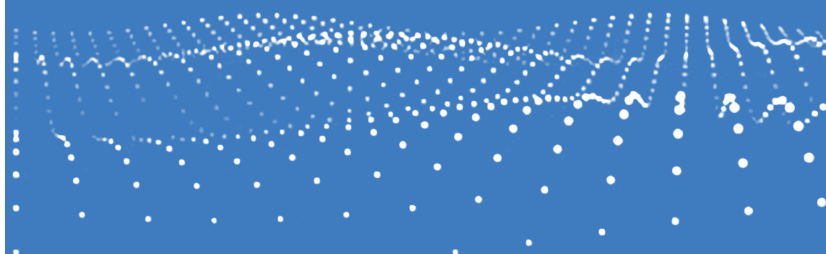


Kiem Tran, equipment operator at North Omaha Station, performs maintenance work inside the station.



710

The number of OPPD employees who work remotely due to the COVID-19 pandemic.





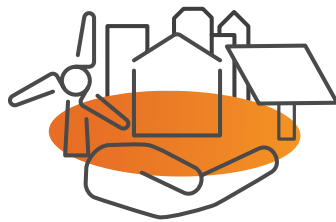
Powering through: Innovation

Two of OPPD's biggest initiatives continued despite the challenges of the pandemic. Power with Purpose, which incorporates both utility-scale solar and modern, backup natural gas generation, and Pathways to Decarbonization, which takes a holistic approach to how OPPD will reach its goal of net-zero carbon production by 2050, remained on track.

A total of 880 customers were part of OPPD's Community Solar Program, which had its first full year of operation in 2020. The facility produced 9,200,806 kilowatt-hours of renewable energy and nearly 500 customers are on the program's waiting list.

Despite the pandemic, customer and stakeholder outreach continued by transitioning to virtual online meetings. OPPD also

The first full year of OPPD's Community Solar Program was completed in 2020 and there is a waiting list of customers who hope to take part.



880

The number of customers who have participated for a full year in OPPD's solar program.



Residents who live around the future location of the Standing Bear Lake Station tour the grounds. To be located in northwest Omaha, the natural gas units will provide backup for OPPD's utility-scale solar as part of the utility's Power with Purpose project.

introduced a new, online community engagement platform, OPPDCommunityConnect. This new tool allows customers to ask questions, watch videos and learn more about various OPPD initiatives. Starting in the middle of 2020, visitors to the platform were able to obtain transparent, in-depth information about such projects, and offer their input, as well.

OPPD's Economic Development team came up with new ways to engage with potential clients through virtual coffee meetings. The monthly OPPD Board of Directors meetings and committee meetings were mostly done online, following pandemic guidelines and restrictions.

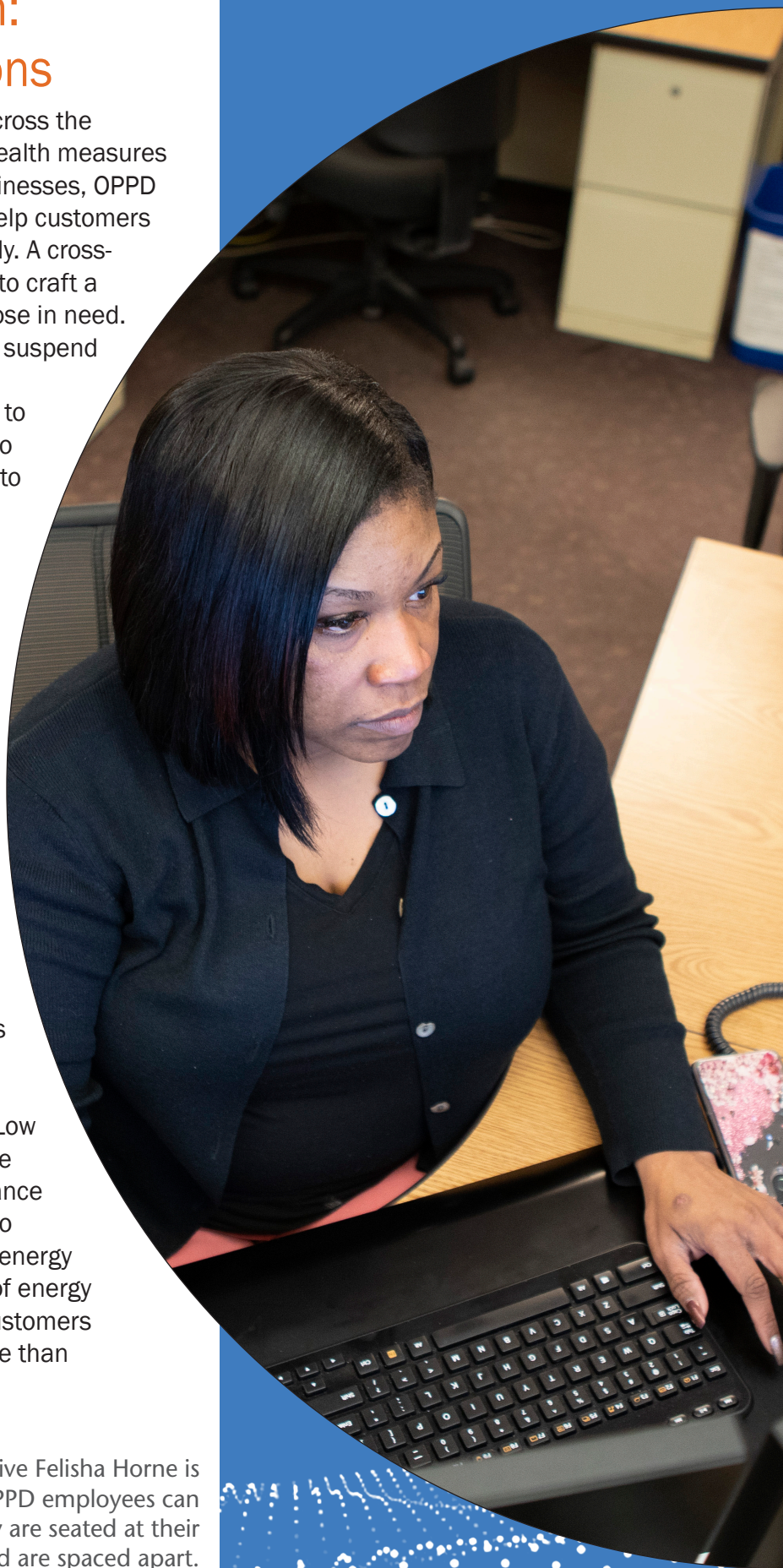
Powering through: Customer Solutions

As the pandemic worsened across the service territory, and directed health measures greatly reduced capacity at businesses, OPPD recognized a growing need to help customers who may be struggling financially. A cross-functional team came together to craft a package of solutions to help those in need.

One of those solutions was to suspend shut-off notices. The utility also worked with Dollar Energy Fund to help distribute federal funding to customers who were struggling to pay their utility bills due to the pandemic. The Douglas County Board of Commissioners voted to allocate funding from the Coronavirus Aid, Relief and Economic Security (CARES) Act for utility assistance, to be distributed by OPPD and Metropolitan Utilities District. As of the end of this program on Dec. 31, it had distributed \$2,177,684 of the funding to 6,673 OPPD customers. The average benefit was \$329.

Other Customer First Solutions also included the Gift of Energy program, which allows anyone to make a payment towards a friend, loved one, or neighbor's OPPD account. The Low Income Home Energy Assistance Program and the Energy Assistance Program both offer assistance to customers struggling with their energy bills. In all, the combined total of energy assistance provided to OPPD customers through October 2020 was more than \$6.5 million.

Call Center Representative Felisha Horne is shown at her work station. OPPD employees can remove their mask when they are seated at their desks and are spaced apart.



Powering through: Partnerships

OPPD's Economic Development team continues to bring valued businesses to the area while also helping to strengthen existing ones. In 2020, both Dollar General and Amazon announced they would bring large distribution facilities to the area, bringing jobs and investment to our local communities.

In August, Frontier Cooperative saw its 100th shuttle train come through its facility on OPPD's Arbor Rail Line. The rail line is a 54.6-mile line that runs between Lincoln and Nebraska City. OPPD opened up the line and helped construct a connection to Frontier to better serve that community, just another example of how OPPD partners with other organizations to benefit the local communities we serve.

In addition, OPPD partnered with local falcon enthusiasts to band and document a new group of peregrine falcon babies born at North Omaha Station. This was the first time the utility was able to band chicks born in the box at that facility. The falcon family also gained a live webcam, which allowed the public to watch the babies and stay updated on the family of falcons that nests in the box.

OPPD continues partnering with others to support our communities. One example is Frontier Cooperative using OPPD's Arbor Rail Line.



OPPD sent 15 crew members down to Oklahoma to help Oklahoma Gas & Electric restore power to customers after an ice storm caused widespread outages.



Powering through: Communities

In addition to the pandemic, the country saw a rising call for social justice in the communities we serve. OPPD leadership believes we should work to better represent our communities through diversity and inclusion efforts.

Our annual Best Places to Work for YOU survey had an 87% participation rate, and 71% of employees participated in the Greater Omaha Chamber of Commerce's Commitment to Opportunity, Diversity and Equity – CODE – survey.

And OPPD sent crews to Oklahoma in October to assist Oklahoma Gas & Electric on restoration after an ice storm hit the state. Fifteen OPPD crew members spent nearly two weeks on the mutual aid effort.



These photos highlight the work OPPD crew members performed during nearly two weeks of mutual aid. This is an example of how public power utilities like OPPD help communities power through, even communities hundreds of miles away.



13

The number of days OPPD crews spent in Oklahoma, restoring electricity.

Report of Management

The management of Omaha Public Power District (OPPD) is responsible for the preparation of the following financial statements and for their integrity and objectivity. These financial statements conform to generally accepted accounting principles and, where required, include amounts which represent management's best judgments and estimates. OPPD's management also prepared the other information in this Annual Report and is responsible for its accuracy and consistency with the financial statements.

To fulfill its responsibility, management maintains strong internal controls, supported by formal policies and procedures that are communicated throughout the company. Management also maintains a staff of internal auditors who evaluate the adequacy of and investigate the adherence to these controls, policies and procedures. OPPD is committed to conducting business with integrity, in accordance with the highest ethical standards, and in compliance with all applicable laws, rules and regulations. A Code of Ethics has been adopted for the Senior Executive and Financial Officers and the Controller, stating their responsibilities and standards for professional and ethical conduct.

Our independent auditors have audited the financial statements and have rendered an unmodified opinion as to the financial statements' fairness of presentation, in all material respects, in accordance with accounting principles generally accepted in the United States of America. During the audit, they considered internal controls over financial reporting as required by generally accepted auditing standards.

The Board of Directors pursues its oversight with respect to OPPD's financial statements through the Finance Committee, which is comprised solely of non-management directors. The committee meets periodically with the independent auditors, internal auditors and management to ensure that all are properly discharging their responsibilities. The committee reviews the annual audit plan and any recommendations the independent auditors have related to the internal control structure. The Board of Directors, on the recommendation of the Finance Committee, engages the independent auditors who have unrestricted access to the Finance Committee.



Timothy J. Burke
President and Chief Executive Officer



L. Javier Fernandez
Vice President and Chief Financial Officer

Independent Auditor's Report

Board of Directors
Omaha Public Power District
Omaha, Nebraska



We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of Omaha Public Power District (OPPD), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise OPPD's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of OPPD, as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2020 OPPD adopted Governmental Accounting Standards Board Statement No. 87, *Leases*, Governmental Accounting Standards Board Statement No. 96, *Subscription Based Information Technology Arrangements*, and Governmental Accounting Standards Board Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise OPPD's basic financial statements. The statistics as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statistics have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BKD, LLP

Omaha, Nebraska
March 18, 2021

Management's Discussion and Analysis (Unaudited)

USING THIS FINANCIAL REPORT

The Financial Report for the Omaha Public Power District (OPPD or Company) includes the Management's Discussion and Analysis, Financial Statements, Notes to Financial Statements, Required Supplementary Information and Notes to Required Supplementary Information. The Financial Statements consist of the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows; the Statement of Fiduciary Net Position; and the Statement of Changes in Fiduciary Net Position. The Financial Statements have been prepared in accordance with generally accepted accounting principles (GAAP) for governmental entities. Questions concerning any of the information provided in this report should be directed to Investor Relations at finfo@oppd.com.

Management's Discussion and Analysis (MD&A) – This unaudited information provides an objective and easily readable analysis of OPPD's financial activities based on currently known facts, decisions or conditions. In the MD&A, financial managers present both short-term and long-term analyses of the Company's activities. The MD&A should be read in conjunction with the Financial Statements, Required Supplementary Information and related Notes. This document contains forward-looking statements based on current plans.

Statement of Net Position – This statement reports resources with service capacity (assets) and obligations to sacrifice resources (liabilities). Deferrals result from outflows and inflows of resources that have already taken place but are not recognized in the financial statements as expenses and revenues because they relate to future periods. Net Position is the residual interest in the Company. On the Statement of Net Position, the sum of assets and deferred outflows equals the sum of liabilities, deferred inflows and net position. This statement facilitates the assessment and evaluation of liquidity, financial flexibility and capital structure.

Statement of Revenues, Expenses and Changes in Net Position – All revenues and expenses are accounted for in this statement. This statement measures the activities for the year and can be used to determine whether the revenues, rates, fees and other charges are adequate to recover expenses.

Statement of Cash Flows – This statement reports all cash receipts and payments summarized by net changes in cash from operating, noncapital financing, capital and related financing, and investing activities.

Statement of Fiduciary Net Position – This statement reports the financial resources available for pension and other postemployment benefits (OPEB).

Statement of Changes in Fiduciary Net Position – This statement reflects the additions, deductions and changes in net position restricted for pension and OPEB.

Notes to Financial Statements (Notes) – These Notes provide additional detailed information to support the financial statements.

Required Supplementary Information and Notes to Required Supplementary Information – This information provides additional detailed disclosures as required by the Governmental Accounting Standards Board.

ORGANIZATION

OPPD is a fully integrated, publicly owned electric utility governed by an elected board of eight directors. The Company serves an estimated population of 849,000 in a 13-county, 5,000-square-mile service area in southeast Nebraska.

FINANCIAL POSITION

The following table summarizes the financial position as of December 31 (in thousands).

Condensed Statements of Net Position	2020	2019	2018
Current Assets	\$ 828,170	\$ 745,334	\$ 826,594
Other Long-Term Assets and Special Purpose Funds	1,951,864	2,020,172	2,045,828
Electric Utility Plant	<u>2,654,227</u>	<u>2,597,532</u>	<u>2,525,344</u>
Total Assets	5,434,261	5,363,038	5,397,766
Deferred Outflows of Resources	216,438	307,043	224,275
Total Assets and Deferred Outflows	<u>\$ 5,650,699</u>	<u>\$ 5,670,081</u>	<u>\$ 5,622,041</u>
Current Liabilities	\$ 404,704	\$ 386,296	\$ 503,327
Long-Term Liabilities	<u>3,623,490</u>	<u>3,860,436</u>	<u>3,775,836</u>
Total Liabilities	4,028,194	4,246,732	4,279,163
Deferred Inflows of Resources	302,080	176,927	183,405
Net Position	<u>1,320,425</u>	<u>1,246,422</u>	<u>1,159,473</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 5,650,699</u>	<u>\$ 5,670,081</u>	<u>\$ 5,622,041</u>

Total Assets and Deferred Outflows

Total Assets in 2020 increased \$71,223,000 or 1.3% over 2019, primarily due to an increase in Current Assets from more Investments held as short-term and higher Cash and Cash Equivalents, as well as increases in Electric Utility Plant from additional capital spending. This was partially offset by a decrease in the Special Purpose Funds from less Investments held as long-term.

Deferred Outflows of Resources in 2020 decreased \$90,605,000 or 29.5% from 2019, primarily due to decreases in the unrealized pension and OPEB losses.

Total Liabilities, Deferred Inflows and Net Position

Total Liabilities in 2020 decreased \$218,538,000 or 5.1% from 2019, primarily due to a decrease in the Decommissioning Liability as a result of work completed and decreases in the Pension and OPEB Liabilities based on the most recent actuarial results.

Deferred Inflows of Resources in 2020 increased \$125,153,000 or 70.7% over 2019, primarily due to the implementation of the new lease accounting standard and increases in the unrealized pension and OPEB gains.

Net Position in 2020 increased \$74,003,000 or 5.9% over 2019 based on results of operations.

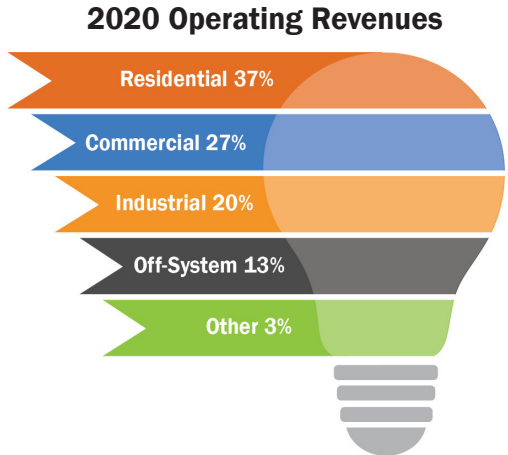
RESULTS OF OPERATIONS

The following table summarizes the operating results for the years ended December 31 (in thousands).

Condensed Statements of Revenues, Expenses and Changes in Net Position	2020	2019	2018
Operating Revenues	\$ 1,083,901	\$ 1,160,719	\$ 1,156,933
Operating Expenses	<u>(1,002,569)</u>	<u>(1,047,274)</u>	<u>(1,033,833)</u>
Operating Income	81,332	113,445	123,100
Other Income (Expenses)	<u>(7,329)</u>	<u>(26,496)</u>	<u>(54,366)</u>
Net Income	<u>\$ 74,003</u>	<u>\$ 86,949</u>	<u>\$ 68,734</u>

Operating Revenues

The following chart illustrates 2020 operating revenues by category and percentage of the total.

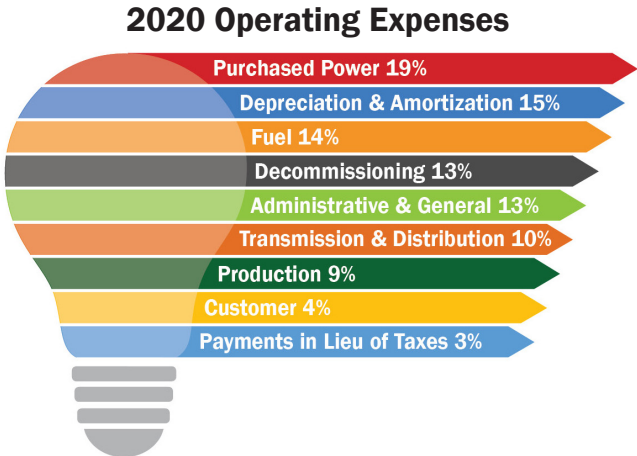


2020 Compared to 2019 – Total operating revenues were \$1,083,901,000 for 2020, a decrease of \$76,818,000 or 6.6% from 2019 operating revenues of \$1,160,719,000.

- Revenues from retail sales decreased \$66,046,000 or 6.8% from 2019, primarily due to a decrease in the revenue related to the Fuel and Purchased Power Adjustment (FPPA).
- Revenues from off-system sales decreased \$10,227,000 or 6.9% from 2019, primarily due to decreased energy prices in the marketplace.
- Other Electric Revenues include connection charges, late payment charges, leases, wheeling fees and miscellaneous revenues. These revenues decreased \$545,000 or 1.5% from 2019, primarily due to a reduction in late payment charges as these charges were temporarily suspended for part of 2020 to address customers’ financial hardship resulting from the COVID-19 pandemic. This decrease was partially offset by an increase in revenue from leases as a result of the implementation of the new lease accounting standard.

Operating Expenses

The following chart illustrates 2020 operating expenses by expense classification and percentage of the total.



2020 Compared to 2019 – Total operating expenses were \$1,002,569,000 for 2020, a decrease of \$44,705,000 or 4.3% from 2019 operating expenses of \$1,047,274,000.

- Fuel expense decreased \$16,678,000 or 10.3% from 2019, primarily due to a reduction in pollution remediation costs and reduced generation at the peaking stations.
- Purchased Power expense decreased \$16,862,000 or 8.2% from 2019, primarily due to lower energy prices in the marketplace.

- Production expense decreased \$16,169,000 or 15.4% from 2019, primarily due to lower maintenance expenses as a result of fewer scheduled maintenance outages.
- Transmission and Distribution expense increased \$5,125,000 or 5.6% over 2019, primarily due to increased reliability and resiliency work, including tree trimming.
- Customer expense decreased \$129,000 or 0.3% from 2019, primarily due to a temporary suspension of customer collection activities.
- Administrative and General expense increased \$5,909,000 or 4.8% over 2019, primarily due to increased payroll costs which was partially offset by decreased employee benefit costs.
- Depreciation and Amortization expense increased \$6,661,000 or 4.6% over 2019, primarily due to an increase in electric utility plant assets.
- Decommissioning expense decreased \$12,969,000 or 9.1% from 2019, primarily due to decreased funding of the Decommissioning Trust.
- Payments in Lieu of Taxes expense increased \$407,000 or 1.2% over 2019, due to higher retail revenues in incorporated areas of the service territory.

Other Income (Expenses)

2020 Compared to 2019 – Other income (expenses) totaled (\$7,329,000) in 2020, a decrease of \$19,167,000 from 2019 income (expenses) of (\$26,496,000).

- Interest Expense decreased \$10,136,000 or 12.7% from 2019, primarily due to lower interest rates.
- Loss on Reacquired Debt Using Existing Resources decreased \$8,482,000 or 88.1% from 2019, primarily due to less reacquired debt.
- Investment Income including Decommissioning Funds decreased \$7,961,000 or 15.3% from 2019, due to lower fair market value adjustments.
- Allowances for Funds Used During Construction (AFUDC) increased \$3,681,000 or 78.6% over 2019, due to higher construction balances subject to AFUDC.
- Products and Services – Net decreased \$351,000 or 12.3% from 2019, due to fewer completed projects. Products and services include energy information systems, ground loop heat exchanger systems, thermal conductivity testing, ECO 24/7 services and residential surge protection.
- Other – Net increased \$5,180,000 or 147.8% over 2019, primarily due to an increase in revenue from insurance proceeds and grants from the Federal Emergency Management Agency (FEMA) related to the 2019 flood event.

Net Income

Net income was \$74,003,000 for 2020 compared to \$86,949,000 in 2019. Discretionary changes to the Decommissioning and Benefits Reserve resulted in operating revenues and net income decreasing \$21,000,000 and \$17,000,000 in 2020 and 2019, respectively.

CAPITAL PROGRAM

The Company's electric utility plant includes production, transmission and distribution, and general plant facilities. The following table summarizes the balance of electric utility plant as of December 31 (in thousands).

	2020	2019
Electric utility plant	\$ 4,726,802	\$ 4,586,990
Accumulated depreciation and amortization	(2,072,575)	(1,989,458)
Total electric utility plant – net	\$ <u>2,654,227</u>	\$ <u>2,597,532</u>

Electric system requirements, including the identification of future capital investments, are reviewed annually to ensure current and future load requirements are serviced by a reliable and diverse power supply. Capital investments are financed with revenues from operations, bond proceeds, investment income and cash on hand.

The following table shows actual capital program expenditures for the last two years and budgeted expenditures for 2021 (in thousands).

Capital Program	Budget	Actual	
	2021	2020	2019
Transmission and distribution	\$ 143,990	\$ 106,861	\$ 137,774
Production	192,539	49,100	39,995
General	33,470	41,172	28,532
Total	\$ <u>369,999</u>	\$ <u>197,133</u>	\$ <u>206,301</u>

Actual and budgeted expenditures for 2019 through 2021 include the following:

- Transmission and distribution expenditures include various circuit, substation, and transmission projects to facilitate load growth and reliability, such as the Fiber Network Expansion Project to upgrade the fiber optic networks for substation communications, the Transmission and Distribution Improvement Program, which focuses on cable, conductor, and pole replacements, and the Light Emitting Diode (LED) Street Light Conversion Project.
- Production expenditures include equipment to maintain reliability, enhance efficiency and comply with environmental regulations. Actual and budgeted expenditures included costs for the Power with Purpose initiative that was approved by the Board of Directors in 2019 to add new generation that will be required to maintain energy generation and capacity requirements. Power with Purpose projects accounted for the increases in this category.
- General plant expenditures include fleet vehicles, construction equipment, business technology equipment and software applications. Budgeted expenditures include telecommunications equipment and business technology upgrades.

Details of the Company's electric utility plant asset balances and activity are included in Note 5 in the Notes to Financial Statements.

CASH AND LIQUIDITY

Financing

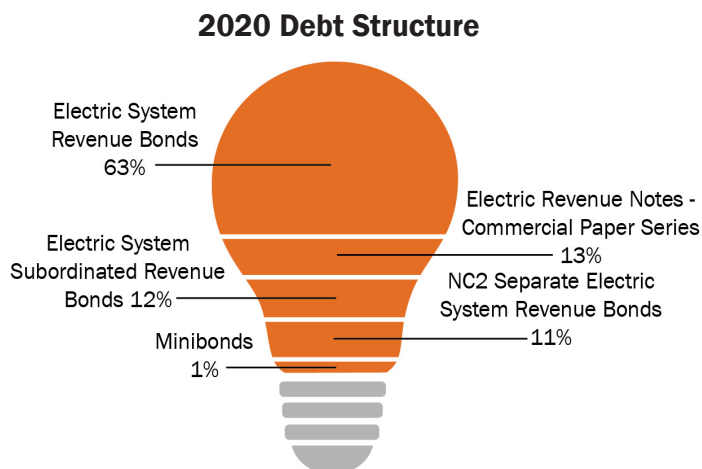
Sufficient liquidity is maintained to ensure working capital is available for normal operational needs and unexpected, but predictable, risk events. OPPD's liquidity includes cash, marketable securities and a line of credit. Debt offerings also provide a significant source of liquidity for capital investments not funded by revenues from operations.

The financing plan optimizes the debt structure to ensure capital needs are financed, liquidity needs are achieved and the Company's strong financial position is maintained. The 2021 financing plan anticipates the issuance of approximately \$125,000,000 of new Electric System Revenue Bonds to support capital projects.

OPPD increased its outstanding Commercial Paper from \$230,100,000 to \$250,000,000 in 2020. The proceeds of \$19,900,000 along with a cash contribution of \$4,165,000 were used to fully refund the 2014 Series DD Electric System Subordinated Revenue Bonds. Principal repayments of \$47,390,000 of Electric System Revenue Bonds, \$825,000 of Electric System Subordinated Revenue Bonds, \$3,495,000 of Nebraska City Station Unit 2 (NC2) Separate Electric System Revenue Bonds, and \$149,500 of Minibonds were made in 2020.

The Company has two Credit Agreements in place. The first Credit Agreement for \$250,000,000 expires on January 1, 2023. The second Credit Agreement for \$75,000,000 was executed on May 1, 2020 with an expiration date of April 30, 2021. The first Credit Agreement supports the Commercial Paper Program, and both Credit Agreements provide additional sources of working capital, if needed. There were no amounts outstanding under either Credit Agreement as of December 31, 2020 or 2019.

The following chart illustrates the debt structure and percentage of the total as of December 31, 2020.



Details of the Company's debt balances and activity are included in Note 7 in the Notes to Financial Statements.

Debt Service Coverage for Electric System Revenue Bonds

Debt service coverage for the Electric System Revenue Bonds was 3.09 times and 3.50 times in 2020 and 2019, respectively. OPPD's senior lien bond indenture provides that additional bonds may not be issued unless estimated net receipts for each future year shall equal or exceed 1.4 times the debt service on all Electric System Revenue Bonds outstanding, including the additional bonds being issued. Transactions in 2020 and 2019 for the NC2 Separate Electric System were not included in the calculation because the Electric System Revenue Bonds are not secured by the revenues from the NC2 Separate Electric System. The Company is in compliance with all debt covenants.

Debt Ratio

The debt ratio is a measure of financial solvency and represents the share of debt to total capitalization (debt and net position). This ratio does not include the NC2 Separate Electric System Revenue Bonds since this debt is secured by revenues of the NC2 Separate Electric System. The debt ratio was 56.6% and 58.7% at December 31, 2020 and 2019, respectively.

Credit Ratings

High credit ratings allow the Company to borrow funds at more favorable interest rates. Both quantitative (financial strength) and qualitative (business and operating characteristics) factors are considered by the credit rating agencies in establishing a company's credit rating. The credit ratings received from Standard & Poor's Ratings Services (S&P) and Moody's Investors Service (Moody's), independent bond rating agencies for the latest bond issues, were among the highest ratings granted to electric utilities and confirm the agencies' assessment of the Company's strong ability to meet its debt service requirements. S&P and Moody's affirmed OPPD's senior lien debt and subordinated ratings, and both have stable outlooks for OPPD's credit ratings.

The following table summarizes credit ratings in effect on December 31, 2020.

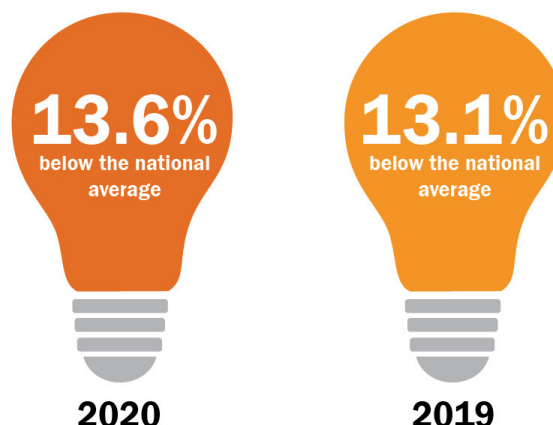
	S&P	Moody's
Electric System Revenue Bonds	AA	Aa2
Electric System Subordinated Revenue Bonds	AA-	Aa3
Electric System Revenue Notes - Commercial Paper Series	A-1+	P-1
Minibonds*	AA-	Aa3
NC2 Separate Electric System Revenue Bonds (2015A, 2016A)	A+	A1

* Payment of the principal and interest on the Minibonds, when due, is insured by a financial guaranty bond insurance policy.

COMPETITIVE AND REGULATORY ENVIRONMENT

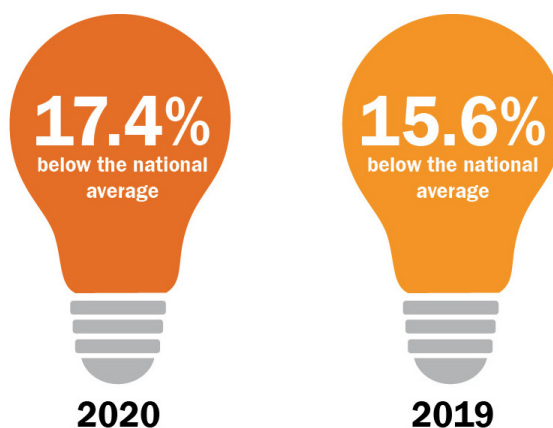
Electric Rates

Electric rates – Residential



The Company strives to manage costs to align with the mission of providing affordable, reliable and environmentally sensitive energy services to our customers. Residential customers paid an average of 11.40 and 11.30 cents per kilowatt-hour (kWh) in 2020 and 2019, respectively. The national average residential cents per kWh according to the Energy Information Administration (EIA), U.S. Department of Energy, was 13.20 for 2020 (preliminary year-to-date December 2020) and 13.01 cents per kWh for 2019. Based on the EIA data, OPPD residential rates were 13.6% and 13.1% below the national average for 2020 and 2019, respectively.

Electric rates – Retail



Retail customers paid an average of 8.81 and 8.90 cents per kWh in 2020 and 2019, respectively. The national average retail cents per kWh according to the EIA, was 10.66 for 2020 (preliminary year-to-date December 2020) and 10.54 cents per kWh for 2019. Based on the EIA data, OPPD retail rates were 17.4% and 15.6% below the national average for 2020 and 2019, respectively.

There were no general rate or FPPA rate adjustments in 2020 and 2019. In addition, there were no general rate or FPPA adjustments implemented in January 2021. The Company has committed to no general rate adjustments for five years through December 2021.

Energy Risk Management

OPPD participates in the wholesale marketplace with other electric utilities and power marketers. The Company must be able to offer energy at competitive prices and maintain reliability to successfully compete in this market. Energy market prices may fluctuate substantially in a short period of time due to changes in the supply and demand of electricity, fuel and environmental-related commodities. Policies provide guidelines for transacting in the marketplace with the intent to mitigate market risk. A cross-functional risk committee is responsible for identifying, measuring and mitigating various risk exposures related to power marketing and fuel purchase activities.

Fuel expense represents a significant cost and affects the ability to generate and market competitively priced power. To maintain a diverse portfolio of power supply, OPPD uses various fuel types for generation. Fuel policies were established to mitigate volumetric and price risk associated with the forecasted use of fuel for OPPD's generation.

Environmental Matters

Environmental matters can have a significant impact on operations and financial results. OPPD complies with all applicable local, state and federal environmental rules and regulations. The items mentioned below include proposed, enacted or enforceable laws, rules and regulations.

Coal Combustion Residuals (CCR) – In April 2015, the Environmental Protection Agency (EPA) promulgated technical requirements for the CCR rule that impacted landfills and surface impoundments for the safe disposal of coal combustion residuals under Subtitle D of the Resource Conservation and Recovery Act. The regulations provide design criteria, operating criteria, groundwater monitoring requirements, closure requirements, and recordkeeping and notification requirements associated with CCR landfills and surface impoundments. The regulation became effective in October 2015, and OPPD is in compliance with the requirements. OPPD continues to assess and implement compliance strategies associated with this regulation by required dates, and will continue to monitor changes in the regulation and evaluate compliance options as new information is available. In May 2019, OPPD notified the Nebraska Department of Environment and Energy (NDEE) that it had initiated Assessment of Corrective Measures (ACM) for the North Omaha Station (NOS) landfill. The intent is to have a selection of remedy by the end of the second quarter of 2021. The cost of compliance is not expected to be material at this time. The Nebraska City Station Unit 1 (NC1) landfill completed final closure activities in the fall of 2020 and will be proceeding to post closure sampling. In December 2020, OPPD also entered ACM for the NC2 landfill. The Company is currently in the process of assessing corrective measures for the NC2 landfill. The intent is to have a selection of remedy by the end of third quarter of 2021. The cost of compliance is not expected to be material at this time.

Regional Haze Rule (RHR) – The RHR requires the states, in coordination with the EPA, the National Park Service, U.S. Fish and Wildlife Service, the U.S. Forest Service, and other interested parties, to develop and implement air quality protection plans to reduce the pollution that causes visibility impairment. The first state plans for regional haze were due in December 2007. Comprehensive periodic revisions to these initial plans are currently due in 2021, 2028, and every 10 years thereafter. OPPD received a Regional Haze information request from the NDEE in Spring 2020 for use in their preparation of a State Implementation Plan (SIP) submittal. The information request asked OPPD to assess potential emission control technologies against four statutory factors for NC1. OPPD provided an initial response to the information request in November 2020 and is planning on providing additional information to NDEE during the first quarter of 2021. NDEE must submit the SIP to the EPA no later than July 31, 2021. The cost of compliance is not expected to be material at this time.

316(b) Fish Protection Regulations (316(b)) – In May 2014, the EPA issued the final rule under Section 316(b) Rule of the Clean Water Act. The final rule went into effect in October 2014. Facilities are required to choose one of seven options to reduce fish impingement. Facilities were also required to study the effects of entrainment and develop compliance strategies. All required studies were submitted to the NDEE in June 2019 for review. In June 2020, the NDEE agreed that the risk to endangered and threatened species and cost to benefit of entrainment reduction do not outweigh the cost of implementing the proposed technologies, including fine-meshed screens. The NDEE further agreed that the existing Cooling Water Intake Structure technology is the Best Technology Available (BTA) for entrainment. In December 2020, OPPD submitted to the NDEE the BTA determination for impingement as required under the 316(b) rule. This submittal stated that OPPD intends to install and operate Coarse Mesh Modified Traveling Screens with a Fish Return at Nebraska City Station (NCS) and NOS Units 4 and 5 intake structures. The BTA determination for entrainment and the compliance strategy and implementation timeline for impingement will be included in the renewed National Pollution Discharge Elimination System permits, expected to be issued in the first quarter of 2021. The cost of compliance is expected to be \$19,400,000 for NOS and NCS combined.

RESOURCE PLANNING AND GENERATION UPDATE

Southwest Power Pool (SPP) Integrated Marketplace and Transmission Planning

OPPD is a transmission-owning member of SPP, and all of OPPD's transmission facilities are under the SPP Open Access Transmission Tariff (OATT). In addition to tariff administration services, SPP also provides reliability coordination services, generation reserve sharing, energy market services, balancing authority services and planning authority services.

OPPD actively participates in the SPP energy markets. The market mechanism rewards low-cost, flexible and reliable providers of electricity. OPPD is in competition with other generation owners to serve load across the SPP footprint.

As the regional transmission expansion planning authority, SPP works with its members and stakeholders to develop transmission projects needed in the footprint to meet the reliability, economic, and public policy needs. One of SPP's transmission projects in the OPPD service territory is the Sarpy Transmission Project, which was energized in March 2020. This project involved the construction of a new high-voltage substation and 6.5 miles of transmission line consisting of both 345-kilovolt (kV) and 161-kV facilities co-located on common tower structures. The project was required to provide the necessary capacity and reliability to support new and expanding businesses and residential growth in the area including multiple large data centers. An additional supporting project included the 2.5-mile rebuild of an existing 161-kV transmission line to higher capacity.

Generation Update

In October 2019, OPPD announced the Power with Purpose initiative to add new generation that supports anticipated load growth, the retirement of NOS units 1, 2, and 3 and the conversion of NOS units 4 and 5 to natural gas. The new generation solution includes utility-scale solar of 400-600 megawatts (MW) with up to 600 MW of backup modernized natural gas generation. In November 2019, the Board of Directors granted approval for competitive sourcing of the utility-scale solar and natural gas generation.

The sourcing for the utility scale solar generation began in November 2019 and is currently underway. In order to meet the 400-600 MW of solar generation, OPPD intends to enter into multiple power purchase agreements for energy from multiple sites in Eastern Nebraska.

In September 2020, OPPD announced the locations and capacity of two natural gas backup generation facilities with onsite secondary fuel storage capability. The Standing Bear Lake Station in Douglas County is co-located with a Metropolitan Utilities District facility. This site will produce approximately 100 to 150 MW using reciprocating internal combustion engine assets. The Turtle Creek Station is located in Sarpy County. This second site will produce approximately 450 to 500 MW using two simple-cycle combustion turbine assets. The sourcing for these natural gas generation assets began in September 2020. The exact size of each facility will be determined as the sourcing process continues. In October 2020, the Nebraska Power Review Board unanimously approved the applications for these new natural gas generation facilities finding that they serve public convenience and necessity, are economical and feasible, and are without unnecessary duplication of facilities.

Renewable Capability including Purchased Power Contracts

Renewable portfolio standards are currently mandated in several states but not in Nebraska. In November 2019, the Company established a goal to conduct all of its operations in a manner that strives for net zero carbon production by 2050. OPPD is currently studying pathways to meet this goal as part of a Strategic Initiative titled *Pathways to Decarbonization*. OPPD's renewable generation resources includes a mix of wind, solar, hydro, and methane gas. As of December 31, 2020, the Company had 1,064.4 MW of renewable generation capacity primarily through purchase power agreements.

Fort Calhoun Station Decommissioning

In 2016, the OPPD Board of Directors approved a recommendation by management to cease operations at the Fort Calhoun Station (FCS). The station ceased operations on October 24, 2016 and began the decommissioning process. FCS is being decommissioned using the DECON process, which provides for the

immediate decontamination and dismantling of the nuclear systems and structures. OPPD contracted with EnergySolutions LLC (ES) to provide technical support during the completion of the DECON process. OPPD retains the license and management responsibility for the facility, while benefitting from the advisory services provided by ES. During 2020, FCS moved all spent fuel to the Independent Spent Fuel Storage Installation (ISFSI), and the ISFSI became operational in June 2020. Also in 2020, legacy large components were shipped off-site for disposal, and the diesel generators were removed.

Omaha Public Power District

Statements of Net Position

as of December 31, 2020 and 2019

ASSETS	2020	2019
	<i>(thousands)</i>	
CURRENT ASSETS		
Cash and cash equivalents	\$ 26,157	\$ 1,351
Investments	361,521	265,968
Investments – separate electric system	36,574	39,322
Accounts receivable – net	118,966	131,109
Fossil fuels – at average cost	34,677	30,475
Materials and supplies – at average cost	88,786	80,509
Regulatory asset – FCS decommissioning	129,442	123,600
Regulatory asset – other	15,372	53,700
Other	16,675	19,300
Total current assets	<u>828,170</u>	<u>745,334</u>
SPECIAL PURPOSE FUNDS – at fair value		
Investments – net of current	115,193	223,760
Segregated funds	215,592	192,402
Decommissioning funds	542,090	549,035
Total special purpose funds	<u>872,875</u>	<u>965,197</u>
ELECTRIC UTILITY PLANT – at cost		
Electric utility plant	4,726,802	4,586,990
Less accumulated depreciation and amortization	2,072,575	1,989,458
Total electric utility plant – net	<u>2,654,227</u>	<u>2,597,532</u>
OTHER LONG-TERM ASSETS		
Regulatory asset – FCS decommissioning – net of current	240,127	181,344
Regulatory assets – pension	455,126	424,961
Regulatory assets – other postemployment benefits	224,416	226,112
Regulatory assets – other	94,861	101,023
Other	64,459	121,535
Total other long-term assets	<u>1,078,989</u>	<u>1,054,975</u>
TOTAL ASSETS	<u>5,434,261</u>	<u>5,363,038</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unrealized pension contributions and losses	102,589	176,084
Unrealized OPEB contributions and losses	40,447	53,572
Unamortized loss on refunded debt	59,343	63,277
Other	14,059	14,110
Total deferred outflows of resources	<u>216,438</u>	<u>307,043</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 5,650,699</u>	<u>\$ 5,670,081</u>

See notes to financial statements

Omaha Public Power District

Statements of Net Position

as of December 31, 2020 and 2019

LIABILITIES	2020	2019
	(thousands)	
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 90,257	\$ 48,215
Current maturities of long-term debt – separate electric system	3,655	3,495
Accounts payable and other current liabilities	179,732	173,880
Accrued interest payable	34,034	33,855
Decommissioning	97,026	126,851
Total current liabilities	404,704	386,296
LIABILITIES PAYABLE FROM SEGREGATED FUNDS	62,810	57,723
 LONG-TERM DEBT		
Long-term debt – net of current	1,629,895	1,723,791
Long-term debt – net of current – separate electric system	201,495	205,150
Unamortized discounts and premiums	174,777	191,718
Total long-term debt – net	2,006,167	2,120,659
 OTHER LIABILITIES		
Decommissioning – net of current	766,372	779,105
Pension liability	522,742	589,108
Net OPEB liability	214,708	259,590
Other	50,691	54,251
Total other liabilities	1,554,513	1,682,054
TOTAL LIABILITIES	4,028,194	4,246,732
 DEFERRED INFLOWS OF RESOURCES		
Rate stabilization reserve	50,000	50,000
Decommissioning and benefits reserve	115,000	94,000
Unrealized pension gains	36,772	13,057
Unrealized OPEB gains	49,878	19,817
Leases	42,721	-
Other	7,709	53
Total deferred inflows of resources	302,080	176,927
 NET POSITION		
Net investment in capital assets	671,486	536,952
Restricted	139,718	140,275
Unrestricted	509,221	569,195
Total net position	1,320,425	1,246,422
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$5,650,699	\$ 5,670,081

See notes to financial statements

Omaha Public Power District

Statements of Revenues, Expenses and Changes in Net Position

for the Years Ended December 31, 2020 and 2019

	2020	2019
	<i>(thousands)</i>	
OPERATING REVENUES		
Retail	\$ 909,761	\$ 975,807
Off-system	137,282	147,509
Other electric	36,858	37,403
Total operating revenues	<u>1,083,901</u>	<u>1,160,719</u>
OPERATING EXPENSES		
Operations and maintenance		
Fuel	145,059	161,737
Purchased power	189,880	206,742
Production	88,602	104,771
Transmission and distribution	97,051	91,926
Customer	37,229	37,358
Administrative and general	128,265	122,356
Total operations and maintenance	<u>686,086</u>	<u>724,890</u>
Depreciation and amortization	151,011	144,350
Decommissioning	130,035	143,004
Payments in lieu of taxes	35,437	35,030
Total operating expenses	<u>1,002,569</u>	<u>1,047,274</u>
OPERATING INCOME	<u>81,332</u>	<u>113,445</u>
OTHER INCOME (EXPENSES)		
Interest expense	(69,676)	(79,812)
Loss on reacquired debt using existing resources	(1,144)	(9,626)
Contributions in aid of construction	21,995	17,208
Reduction of plant costs recovered through contributions in aid of construction	(21,995)	(17,208)
Decommissioning funds – investment income	29,612	29,988
Investment income	14,319	21,904
Allowances for funds used during construction	8,364	4,683
Products and services – net	2,511	2,862
Other – net	8,685	3,505
Total other income (expenses) – net	<u>(7,329)</u>	<u>(26,496)</u>
NET INCOME	<u>74,003</u>	<u>86,949</u>
NET POSITION, BEGINNING OF YEAR	<u>1,246,422</u>	<u>1,159,473</u>
NET POSITION, END OF YEAR	<u>\$1,320,425</u>	<u>\$1,246,422</u>

See notes to financial statements

Omaha Public Power District

Statements of Cash Flows

for the Years Ended December 31, 2020 and 2019

	2020	2019
	<i>(thousands)</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from retail customers	\$1,008,862	\$ 999,276
Receipts from collection of sales tax	48,332	47,389
Receipts from off-system counterparties	151,965	157,201
Receipts from insurance companies	2,768	-
Receipts from other sources	8,280	6,049
Payments for sales tax	(48,359)	(47,310)
Payments to operations and maintenance suppliers	(432,750)	(408,384)
Payments to off-system counterparties	(189,067)	(207,016)
Payments to employees	(141,243)	(139,661)
Payments to pension and OPEB obligations	(75,384)	(81,142)
Payments for in lieu of taxes and other taxes	(35,031)	(34,917)
Net cash provided from operating activities	<u>298,373</u>	<u>291,485</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from federal and state agencies	<u>6,166</u>	<u>267</u>
Net cash provided from noncapital financing activities	<u>6,166</u>	<u>267</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from debt issuances	19,900	251,423
Principal reduction of debt	(75,925)	(286,856)
Interest paid on debt	(82,079)	(102,669)
Acquisition and construction of capital assets	(209,016)	(201,510)
Contributions in aid of construction and other reimbursements	24,433	24,782
Lease and other payments	(3,704)	-
Cash received from leases	2,049	-
Net cash used for capital and related financing activities	<u>(324,342)</u>	<u>(314,830)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,288,369)	(1,906,944)
Maturities and sales of investments	1,284,610	1,965,944
Purchases of investments for decommissioning funds	(417,737)	(513,889)
Maturities and sales of investments in decommissioning funds	436,465	446,933
Investment income	29,640	26,987
Net cash provided from investing activities	<u>44,609</u>	<u>19,031</u>
CHANGE IN CASH AND CASH EQUIVALENTS	24,806	(4,047)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,351</u>	<u>5,398</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>26,157</u>	\$ <u>1,351</u>

See notes to financial statements

Omaha Public Power District Statements of Cash Flows

for the Years Ended December 31, 2020 and 2019

The following table provides a reconciliation of the statements of cash flows from operating activities to operating income as of December 31.

	2020	2019
	<i>(thousands)</i>	
Operating income	\$ 81,332	\$ 113,445
Adjustments to reconcile operating income to net cash provided from operating activities:		
Depreciation and amortization	136,090	129,430
Changes in assets and liabilities:		
Accounts receivable	6,527	(834)
Fossil fuels	(4,203)	(2,599)
Materials and supplies	(8,277)	401
Accounts payable	10,259	(1,703)
Accrued payments in lieu of taxes and other taxes	407	113
Accrued payroll	5,101	1,033
SPP and other special deposits	8,229	(3,103)
Decommissioning and benefits reserve	21,000	17,000
Regulatory assets	(16,620)	24,804
Other	58,528	13,498
Net cash provided from operating activities	<u>\$ 298,373</u>	<u>\$ 291,485</u>

The following table summarizes the supplemental disclosure of noncash capital, financing and investing activities as of December 31.

	2020	2019
	<i>(thousands)</i>	
NONCASH CAPITAL, FINANCING AND INVESTING ACTIVITIES		
Electric utility plant additions from outstanding liabilities	\$ 19,979	\$ 24,690
Net amortization of debt-related expenses, premiums and discounts	11,816	257
Allowances for funds used during construction	8,364	5,029
Changes in fair value on investments	15,159	24,159

See notes to financial statements

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Omaha Public Power District

Statements of Fiduciary Net Position

as of December 31, 2020 and 2019

ASSETS	2020	2019
	<i>(thousands)</i>	
Investments		
Investments, at fair value	\$ 1,353,898	\$ 1,230,913
Total investments	<u>1,353,898</u>	<u>1,230,913</u>
Receivables		
Accrued interest and dividend receivables	1,076	612
Receivable from broker	14,080	3,325
Other receivables	855	621
Total receivables	<u>16,011</u>	<u>4,558</u>
TOTAL ASSETS	<u>1,369,909</u>	<u>1,235,471</u>
LIABILITIES		
Payables		
Accrued management fees and administrative expenses	609	593
Payable to broker	20,702	9,832
Other liabilities	<u>311</u>	<u>190</u>
TOTAL LIABILITIES	<u>21,622</u>	<u>10,615</u>
NET POSITION RESTRICTED FOR PENSIONS AND OPEB	<u>\$ 1,348,287</u>	<u>\$ 1,224,856</u>

See notes to financial statements

Omaha Public Power District

Statements of Changes in Fiduciary Net Position

for the Years Ended December 31, 2020 and 2019

	2020	2019
	<i>(thousands)</i>	
ADDITIONS		
Contributions		
Employer	\$ 74,675	\$ 80,447
Employee	13,971	12,506
Total contributions	<u>88,646</u>	<u>92,953</u>
Investment income		
Interest and dividend income	14,451	13,584
Net appreciation in fair value of investments	147,401	181,835
Total investment income	161,852	195,419
Less: Investment expenses	(5,572)	(5,523)
Net investment income	<u>156,280</u>	<u>189,896</u>
Total additions	<u>244,926</u>	<u>282,849</u>
DEDUCTIONS		
Benefits paid to participants	102,515	100,724
Healthcare and life insurance premiums	18,729	20,418
Administrative and other expenses	251	162
Total deductions	<u>121,495</u>	<u>121,304</u>
NET CHANGE	<u>123,431</u>	<u>161,545</u>
NET POSITION RESTRICTED FOR PENSIONS AND OPEB		
Beginning of year	1,224,856	1,063,311
End of year	<u>\$ 1,348,287</u>	<u>\$ 1,224,856</u>

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business – The Omaha Public Power District (OPPD or Company), a political subdivision of the state of Nebraska, is a public utility engaged in the generation, transmission and distribution of electric power and energy and other related activities. The Board of Directors is authorized to establish rates. OPPD is generally not liable for federal and state income or ad valorem taxes on property; however, payments in lieu of taxes are made to various local governments.

Reporting Entity – These financial statements present OPPD and its component units. The following component units are presented as fiduciary funds of OPPD: the Retirement Plan and the Other Postemployment Benefit Plans. OPPD's Board of Directors performs the duties of a governing board for each of these defined benefit plans, and OPPD has a financial burden to make contributions to each plan. Detailed financial statements and note disclosures for these fiduciary funds can be found in separately issued financial reports. These financial reports can be obtained by contacting Investor Relations at info@oppd.com or by visiting oppd.com. Additional information on these plans can also be found in Note 8.

OPPD has one component unit that is wholly-owned, funded and governed by OPPD. The component unit is used to purchase land for future use, which will eventually be transferred to OPPD. Although the component unit is legally separate from OPPD, it is blended into and reported as part of OPPD because of the nature and extent of its operational and financial relationship with OPPD. The only asset of the component unit is \$14,161,000 in land, which is reported on OPPD's financial statements with Electric Utility Plant. The component unit had no assets in 2019.

Basis of Accounting – The financial statements are presented in accordance with generally accepted accounting principles (GAAP) for proprietary funds of governmental entities. Accounting records are maintained generally in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) and all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

OPPD applies the accounting policies established in the GASB Codification Section Re10, *Regulated Operations*. This guidance permits an entity with cost-based rates to include costs in a period other than the period in which the costs would be charged to expense by an unregulated entity if it is probable that these costs will be recovered through rates charged to customers. This guidance also permits an entity to defer revenues by recognizing liabilities to cover future expenditures. The guidance applies to OPPD because the rates of the Company's regulated operations are established and approved by the governing board.

If, as a result of changes in regulation or competition, the ability to recover these assets and to satisfy these liabilities would not be assured, OPPD would be required to write off or write down such regulatory assets and liabilities unless some form of transition cost recovery continues through established rates. In addition, any impairment to the carrying costs of deregulated plant and inventory assets would be determined. A portion of the Fuel and Purchased Power Adjustment regulatory asset was written off as of December 31, 2019, as a result of a Board of Directors decision (Note 9). There were no other write-downs of regulatory assets for the years ended December 31, 2020 and 2019.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Revenues and Expenses – Revenues and expenses related to providing energy services in connection with the Company's principal ongoing operations are classified as operating. All other revenues and expenses are classified as non-operating and reported as other income (expenses) on the Statements of Revenues, Expenses and Changes in Net Position.

Revenue Recognition – Electric operating revenues are recognized as earned. Meters are read and bills are rendered on a cycle basis. Revenues earned after meters are read are estimated and accrued as unbilled revenues at the end of each accounting period.

Cash and Cash Equivalents – The operating fund account is called the Electric System Revenue Fund (Note 2). Highly liquid investments for the Electric System Revenue Fund with an original maturity of three months or less are considered cash equivalents.

Investments – Investments are reported at fair value. Realized and unrealized gains and losses for all investments except hedging derivative instruments are included in Investment Income on the Statements of Revenues, Expenses and Changes in Net Position.

Hedging and Investment Derivative Instruments – OPPD is exposed to market price fluctuations on its sales and purchases of energy. The Company may enter into energy financial futures contracts to buy or sell energy in order to manage the risk of volatility in the market price of anticipated energy transactions. The Company does not enter into derivative instruments for speculative purposes. Fair value is estimated by comparing contract prices to forward market prices quoted by independent third-party pricing services. In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, outstanding derivatives are evaluated and classified as either hedging derivative instruments (effective) or investment derivative instruments (ineffective), with the accumulated change in fair market value recognized as deferred inflows/outflows of resources on the Statements of Net Position or investment income/expense on the Statements of Revenues, Expenses and Changes in Net Position, respectively (Note 4).

Accounts Receivable – Accounts Receivable includes outstanding amounts from customers and an estimate for unbilled revenues. An estimate is made for the Reserve for Uncollectible Accounts for retail customers based on an analysis of Accounts Receivable, economic conditions affecting customers and historical write-offs net of recoveries. Additional amounts may be included based on the credit risks of significant parties. Accounts Receivable includes \$53,103,000 and \$49,256,000 in unbilled revenues as of December 31, 2020 and 2019, respectively. Accounts Receivable was reported net of the Reserve for Uncollectible Accounts of \$2,100,000 and \$1,900,000 as of December 31, 2020 and 2019, respectively.

Materials and Supplies – The Company maintains inventories that are valued at average cost. Fort Calhoun Station (FCS) materials and supplies are valued at the lower of cost or fair value.

Electric Utility Plant – Electric utility plant is stated at cost, which includes property additions, replacements of property units and betterments. Maintenance and replacement of minor items are charged to operating expenses. Costs of depreciable units of electric utility plant retirements are eliminated from electric utility plant accounts by charges, less salvage plus removal expenses, to the accumulated depreciation account. Electric utility plant includes both tangible and intangible assets. Intangible assets include costs related to regulatory licenses, software licenses and other rights to use property (Note 5).

Long-lived assets, such as property, plant and equipment, are periodically reviewed for impairment or whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When the magnitude of the decline in service utility is significant and not part of the asset's normal life cycle, the asset is considered impaired.

Leases – Leases are contracts that convey control of the right to use another entity's nonfinancial asset as specified for a period of time in an exchange or exchange-like transaction without the transfer of ownership of the asset. The lease term is the period of time where there is a noncancellable right to use the underlying asset (Note 5).

For lessor contracts, lease receivables and deferred inflows of resources are reported at present value using OPPD's incremental borrowing rate unless otherwise noted in the contract terms. Lease receivables are reported in Accounts Receivable – Net for the current portion and Other Long-term Assets – Other for the long-

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term portion on the Statements of Net Position. The amortization of the discount for lessor contracts is recorded as Interest Receivable in Current Assets – Other on the Statements of Net Position with the offset to Interest Income in Other – Net on the Statements of Revenue, Expenses and Changes in Net Position.

For lessee contracts, lease assets and liabilities are reported at present value using OPPD’s incremental borrowing rate unless otherwise noted in the contract terms. Lease assets are reported in Electric Utility Plant and lease liabilities are reported in Accounts Payable and Other Current Liabilities for the current portion and Other Liabilities – Other for the long-term portion on the Statements of Net Position. The amortization of the discount for lessee contracts is reported as Accrued Interest Payable on the Statements of Net Position with the offset to Interest Expense on the Statements of Revenue, Expenses and Changes in Net Position.

Subscription Based Information Technology Arrangements (SBITA) – SBITAs are contracts that convey the control of the right to use software, alone or in combination with tangible assets, as specified in a contract for the subscription term in an exchange or exchange-like transaction. The subscription term is the period of time that OPPD has a noncancellable right to use the underlying asset (Note 5). SBITA assets and liabilities are reported at present value using OPPD’s incremental borrowing rate unless otherwise noted in the contract terms. SBITA assets are reported in Electric Utility Plant, and SBITA liabilities are reported in Accounts Payable and Other Current Liabilities for the current portion and Other Liabilities – Other for the long-term portion on the Statements of Net Position. The amortization of the discount is recorded as Accrued Interest Payable on the Statements of Net Position with the offset to Interest Expense on the Statements of Revenue, Expenses and Changes in Net Position.

Contributions in Aid of Construction (CIAC) – Payments are received from customers for construction costs, primarily relating to the expansion of the electric system. CIAC primarily includes payments for transmission, distribution and generating station assets. FERC guidelines are followed in recording CIAC. These guidelines direct the reduction of electric utility plant assets by the amount of contributions received toward the construction of electric utility plant. CIAC is recorded as other income and offset by an expense in the same amount representing the recovery of plant costs. This allows for compliance with GASB Codification Section N50, *Nonexchange Transactions*, while continuing to follow FERC guidelines.

Depreciation and Amortization – Depreciation for assets is computed on the straight-line basis at rates based on the estimated useful lives of the various classes of tangible property. Intangible assets are amortized over their expected useful life. Leased assets are amortized over the term of the contract. SBITA assets are amortized over the subscription term of the related contract. Depreciation expense for depreciable property averaged approximately 3.1% and 3.3% for the years ended December 31, 2020 and 2019, respectively. Depreciation is generally calculated using the following estimated lives:

- Generation 40 to 70 years
- Transmission and Distribution 15 to 75 years
- General 6 to 25 years

The FCS recovery costs incurred in 2012 and 2013 were deferred as a regulatory asset based on Board of Directors approval. These recovery costs continue to be amortized (and collected through retail rates) through 2023 as these costs benefit current and future ratepayers. This amortization was \$14,836,000 for both of the years ended December 31, 2020 and 2019.

Asset Retirement Obligations (AROs) – AROs represent the best estimate of the current value of cash outlays expected to be incurred for legally enforceable retirement obligations of tangible capital assets, which is offset with a deferred outflow of resources. The cost is amortized over the asset’s useful life, reducing the deferred outflow and increasing the depreciation and amortization expense. AROs are reported in current year dollars as Deferred Outflows – Other and Other Liabilities – Other on the Statements of Net Position (Note 6).

Nuclear Decommissioning – Based on the decommissioning plan established in 1983, the Board of Directors approved the collection of nuclear decommissioning costs using an independent engineering study of the costs to

decommission FCS. The Company established a Decommissioning Funding Plan for FCS in 1990 in compliance with Nuclear Regulatory Commission (NRC) regulations. Its purpose is to accumulate funds to decommission the radiated portions of FCS as defined by the NRC. OPPD is no longer required to calculate a minimum funding amount. OPPD's annual financial submittal to the NRC must show that the Company has adequate funds to meet its decommissioning cost estimate. The Company established a Supplemental Decommissioning Funding Plan for FCS in 1992 to accumulate funds to fully decommission FCS. This includes funds for additional costs beyond the previously calculated NRC minimum that are needed to decommission the radiated plant, the fuel facility and the non-radiated plant. Decommissioning trust funds are reported at fair value.

The decommissioning liability is the estimated current cost to decommission the plant for the NRC-required obligations, which is based upon a third-party, site-specific cost study (Note 11). The decommissioning cost liability, which includes a current and long-term portion on the Statements of Net Position, is adjusted annually for inflation and any significant changes in the cost estimate.

The Board of Directors authorized the use of regulatory accounting to match decommissioning expense to the amount funded from both retail rates and realized decommissioning fund investment income.

Nuclear Fuel Disposal Costs – Permanent disposal of spent nuclear fuel is the responsibility of the federal government under an agreement entered into with the Department of Energy (DOE). The agreement required the federal government to begin accepting high-level nuclear waste by January 1998; however, the DOE does not have a storage facility. In May 1998, the United States Court of Appeals confirmed the DOE's statutory obligation to accept spent fuel by 1998, but rejected the request that a move-fuel order be issued. In March 2001, OPPD, along with a number of other utilities, filed suit against the DOE in the United States Court of Federal Claims, alleging breach of contract.

In 2006, the DOE agreed to reimburse OPPD for allowable costs for managing and storing spent nuclear fuel and high-level waste incurred due to the DOE's delay in accepting waste. Applications are submitted periodically to the DOE for reimbursement of costs incurred for the storage of high-level nuclear waste. OPPD has incurred unreimbursed spent fuel costs after beginning decommissioning, and the Company is currently working with the DOE on the reimbursement of those claims. Based on accounting guidance and information currently available, the balance for the reimbursement of DOE costs incurred by OPPD for the dry-cask storage facility was \$0 and \$50,790,000 as of December 31, 2020 and 2019, respectively, and is recorded as Other Long-Term Assets – Other on the Statements of Net Position.

Compensated Absences – OPPD accrues vacation leave when employees earn the benefit. OPPD does not accrue a liability for sick leave since there is no cash payment made for sick leave when an employee terminates or retires.

Pension – Information about the fiduciary net position of the OPPD Retirement Plan and changes to the fiduciary net position have been determined on the same basis as they are reported for purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. Benefit payments are recognized when distributed in accordance with the benefit terms. Investments are reported at fair value (Note 8).

Other Postemployment Benefits (OPEB) – Information about the fiduciary net position of the OPPD OPEB Plans and changes to the fiduciary net positions have been determined on the same basis as they are reported for purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense. Benefit payments are recognized when distributed in accordance with the benefit terms. Investments are reported at fair value (Note 8).

Regulatory Assets and Liabilities – Rates for regulated operations are established and approved by the Board of Directors. The provisions of GASB Codification Section Re10, *Regulated Operations*, are applied. This guidance provides that regulatory assets are rights to additional revenues or deferred expenses, which are expected to be recovered through customer rates over some future period. Regulatory liabilities are reductions in earnings (or costs recovered) to cover future expenditures (Note 9).

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Ash Landfills – There is no current or proposed GASB statement providing accounting treatment for closure and postclosure care costs of ash landfills. The Company applies GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs* (GASB 18), as analogous authoritative literature since the accounting treatment for this situation is not specified in authoritative GAAP.

Although closure and postclosure care costs will be paid only near or after the date the landfills stop accepting ash, OPPD reports a portion of these closure and postclosure care costs as an operating expense in each reporting period based on landfill capacity used as of each period end. The remaining amount to be amortized over the remaining capacity of the landfills is reported as a Deferred Outflow – Other. The landfill closure and postclosure care liability represents the estimated liability to perform the required closure and postclosure care at the related landfills based on the regulatory requirements. The ash landfill liability is reported in current year dollars in Current Liabilities – Accounts Payable and Other Current Liabilities and Other Liabilities – Other on the Statements of Net Position. Actual closure and postclosure care costs may be higher or lower than the estimated amounts due to inflation, changes in technology, or changes in regulations (Note 6).

Pollution Remediation – GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49), requires that a liability be recognized for expected outlays for remediating existing pollution when triggering events occur. The liability is estimated using the expected cash flow technique prescribed under GASB 49, and includes only amounts reasonably estimable. The pollution remediation liability is reported in current year dollars in Current Liabilities – Accounts Payable and Other Current Liabilities and Other Liabilities - Other on the Statements of Net Position (Note 6).

Net Position – Net position is reported in three separate components on the Statements of Net Position. Net Investment in Capital Assets is the net position share attributable to net electric utility plant assets reduced by outstanding related debt. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in this component of net position. Restricted is the share of net position that has usage restraints imposed by law or by debt covenants, such as certain revenue bond funds and segregated funds, net of related liabilities and deferred inflows of resources related to those assets. Unrestricted is the share of net position that is neither restricted nor invested in capital assets.

Comparative Data – Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year presentation. These reclassifications had no effect on net income or net position.

Recent Accounting Pronouncements, adopted – GASB issued Statement No. 87, *Leases*, in June 2017, originally effective for reporting periods beginning after December 15, 2019. GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), which postponed the effective date to reporting periods beginning after June 15, 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments by creating a single model for leases. This statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. OPPD elected to early adopt this statement in 2020. The implementation of this statement resulted in the recognition of a lease receivable and a deferred inflow of resources of \$45,139,000 for lessor contracts and a leased asset and lease liability of \$154,000 for lessee contracts as of January 1, 2020. This guidance also requires restatement of the prior year's information, however, OPPD did not restate the 2019 information as the amounts were deemed immaterial to the overall financial statement balances.

GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, in June 2018, originally effective for reporting periods beginning after December 15, 2019. GASB 95 postponed the effective date to reporting periods beginning after December 15, 2020. The objective of this statement is

to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The requirements of this statement are applied prospectively. OPPD early adopted this statement in 2020 using regulatory accounting for interest costs incurred before the end of a construction period, which is allowable by this standard for entities with regulated operations. As a result, Allowance for Funds Used During Construction (AFUDC) is now reported as a regulatory asset on the Statements of Net Position and has a balance of \$8,436,000 at December 31, 2020.

GASB issued Statement No. 96, *Subscription Based Information Technology Arrangements*, in May 2020, effective for reporting periods beginning after June 15, 2022. The objective of this statement is to better meet the information needs of the financial statement users by establishing uniform accounting and financial reporting requirements for SBITAs, improving the comparability of financial statements among governments that have entered into SBITAs, and enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. OPPD elected to early adopt this statement in 2020. The implementation of this statement resulted in the recognition of a SBITA asset and SBITA liability of \$1,105,000 and \$726,000, respectively, as of January 1, 2020 on the Statements of Net Position. This guidance also requires restatement of the prior year's information, however, OPPD did not restate the 2019 information as the amounts were deemed immaterial to the overall financial statement balances.

GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, in June 2020, effective immediately for certain provisions and the remaining provisions are effective for reporting periods beginning after June 15, 2021. There are three primary objectives of this statement. The first is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board would typically perform. Secondly, this statement is to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension (OPEB) plans as fiduciary component units in fiduciary fund financial statements. The final objective is to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The Company adopted the applicable provisions of this statement in 2020 and will no longer include the Defined Contribution Retirement Savings Plan – 457(b) and the Defined Contribution Retirement Savings Plan – 401(k) in the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position as they no longer qualify as fiduciary component units for financial reporting purposes. As a result, the 2019 financial information on the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position were restated to remove the Defined Contribution Retirement Savings Plan – 457(b) and the Defined Contribution Retirement Savings Plan – 401(k).

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2. FUNDS AND INVESTMENTS

Funds and investments of OPPD were as follows:

	2020	2019
	(thousands)	
CURRENT ASSETS		
Investments		
Electric system revenue fund	\$ 104,800	\$ 25,000
Electric system revenue bond fund	84,475	71,691
Electric system subordinated revenue bond fund	4,055	5,255
Electric system construction fund	168,191	164,022
Total investments	<u>361,521</u>	<u>265,968</u>
Investments – separate electric system		
NC2 separate electric system revenue fund	16,357	15,811
NC2 separate electric system revenue bond fund	17,736	17,851
NC2 separate electric system capital costs fund	2,481	5,660
Total investments – separate electric system	<u>36,574</u>	<u>39,322</u>
SPECIAL PURPOSE FUNDS		
Investments		
Electric system revenue bond fund – net of current	48,025	57,625
Electric system construction fund – net of current	67,168	166,135
Total investments	<u>115,193</u>	<u>223,760</u>
Segregated funds		
Segregated fund – rate stabilization	50,000	50,000
Segregated fund – decommissioning and benefits	94,000	77,000
Segregated fund – other	71,592	65,402
Total segregated funds	<u>215,592</u>	<u>192,402</u>
Decommissioning funds		
Decommissioning trust – 1990 plan	337,757	317,041
Decommissioning trust – 1992 plan	204,333	231,994
Total decommissioning funds	<u>542,090</u>	<u>549,035</u>
Total funds and investments	<u>\$ 1,270,970</u>	<u>\$ 1,270,487</u>

The above table excludes interest receivables related to the Decommissioning Trusts of \$1,212,000 and \$1,558,000 for December 31, 2020 and 2019, respectively.

Electric System Revenue Fund and NC2 Separate Electric System Revenue Fund – These funds are to be used for operating activities for their respective electric system. Cash and cash equivalents in the Electric System Revenue Fund are shown separately from Investments on the Statements of Net Position.

Electric System Revenue Bond Fund, Electric System Subordinated Revenue Bond Fund and NC2 Separate Electric System Revenue Bond Fund – These funds are to be used for the retirement of their respective revenue bonds and the payment of the related interest and reserves as required. Investments with maturity dates within the next year are designated as current.

Electric System Construction Fund and NC2 Separate Electric System Capital Costs Fund – These funds are to be used for capital improvements, additions and betterments to and extensions of their respective electric system.

Segregated Fund – Rate Stabilization – This fund is to be used to help stabilize rates through the transfer of funds to operations as necessary. Since there is no funding requirement for the Rate Stabilization Reserve, this fund also may be used to provide additional liquidity for operations as necessary. The fund had no changes for the years ended December 31, 2020 and 2019.

Segregated Fund – Decommissioning and Benefits Reserve – This fund is to be used to help fund future decommissioning expenses beyond what was established in the current funding plan in any given year and future pension liabilities above the annual required contribution. The fund was increased by \$17,000,000 and \$42,500,000 for the years ended December 31, 2020 and 2019, respectively.

Segregated Fund – Other – This fund represents assets held for payment of customer deposits, refundable advances, OPPD’s self-insured health insurance plans (Note 8), and certain other liabilities.

The following table summarizes the balances of the Segregated Fund - Other as of December 31 (in thousands).

	2020	2019
Customer deposits and advances	\$ 59,022	\$ 54,041
Self-insurance	5,931	6,310
Other	6,639	5,051
Total	<u>\$ 71,592</u>	<u>\$ 65,402</u>

Decommissioning Trust Funds – These funds are to be used for the costs to decommission FCS. The Decommissioning Trust Funds are held by an outside trustee in compliance with the decommissioning funding plans approved by the Board of Directors.

Fair Value of Investments – Fair values in most cases are externally provided by the trustees that manage the funds. The trustees frequently utilize third-party pricing services to assist in their valuations (Note 3). The fair value of investments was as follows as of December 31 (in thousands).

Investment Type	2020		2019	
	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)
Money market funds	\$ 132,258	-	\$ 68,284	-
U.S. government securities	537,510	1.1	644,111	1.6
Mutual funds	257,285	-	235,665	-
Commercial paper	-	-	10,982	0.1
Corporate bonds and other debentures	342,705	1.2	309,887	2.0
Total	<u>\$ 1,269,758</u>		<u>\$ 1,268,929</u>	
Portfolio weighted average maturity		0.8		1.3

The above table excludes interest receivables related to the Decommissioning Trusts of \$1,212,000 and \$1,558,000 for December 31, 2020 and 2019, respectively.

Interest Rate Risk – The investments in relatively short-term securities reduces interest rate risk, as evidenced by its portfolio weighted average maturity of 0.8 and 1.3 years as of December 31, 2020 and 2019, respectively. In addition, OPPD is generally a buy-and-hold investor, which further reduces interest rate risk.

Credit Risk – OPPD’s investment policy complies with bond covenants and state statutes for governmental entities, which limit investments to investment-grade fixed income obligations. The Company was in full compliance with bond covenants and state statutes as of December 31, 2020 and 2019.

At December 31, 2020, the Company’s investments in money market funds were rated Aaa-mf by Moody’s Investors Service (Moody’s), and AAAM by Standard & Poor’s Rating Services (S&P). At December 31, 2020, the U.S. government securities were rated Aaa and AA+ by Moody’s and S&P, respectively. The mutual fund

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investments are not rated. At December 31, 2020, the commercial paper investments were all rated P-1 and A-1+ by Moody's and S&P, respectively.

The following tables summarize the ratings on the Company's investments in corporate bonds and other debentures as of December 31, 2020.

Moody's		S&P	
Amount	Rating	Amount	Rating
\$ 168,383	Aaa	\$ 163,476	AAA
9,588	Aa1	13,110	AA+
55,052	Aa2	28,091	AA
40,661	Aa3	35,937	AA-
43,576	A1	76,646	A+
25,445	A2	25,445	A
Total	<u>\$342,705</u>	Total	<u>\$342,705</u>

The following tables summarize the ratings on the Company's investments in corporate bonds and other debentures as of December 31, 2019.

Moody's		S&P	
Amount	Rating	Amount	Rating
\$ 124,982	Aaa	\$ 124,983	AAA
9,045	Aa1	15,880	AA+
58,450	Aa2	21,825	AA
92,238	Aa3	110,575	AA-
25,172	A1	36,624	A+
Total	<u>\$ 309,887</u>	Total	<u>\$ 309,887</u>

Custodial Credit Risk – Bank deposits were entirely insured or collateralized with securities held by OPPD or by its agent in OPPD's name at December 31, 2020 and 2019. All investment securities are delivered under contractual trust agreements.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Company's investment with a single issuer. The concentration of credit risk greater than five percent from a single issuer was the investment in International Bank of Reconstruction and Development corporate bonds at 8.8% and 7.6% as of December 31, 2020 and 2019, respectively.

3. FAIR VALUE MEASUREMENTS

OPPD accounts for fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72), which defines fair value, establishes methods for measuring fair value by applying one of three observable valuation approaches (market approach, income approach and cost approach) and establishes required disclosures about fair measurements.

Fair value is the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

GASB 72 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities and the lowest priority to unobservable inputs. Financial assets and liabilities are classified in their entirety based on the lowest level input that is significant to the fair value measurement.

The three levels of fair value hierarchy defined in GASB 72 are as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs are other than quoted market prices in the active markets included in Level 1, which are either directly or indirectly observable for the asset or liability as of the reporting date.

Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Pricing inputs include significant inputs that are unobservable and cannot be corroborated by market data. Level 3 assets and liabilities are valued based on internally developed models and assumptions or methodologies using significant unobservable inputs.

The fair value of investments in most cases is externally provided by the trustees that manage the funds. The trustees frequently utilize third-party pricing services to assist in their valuations.

The following tables summarize, in accordance with the fair value hierarchy, the Company's assets and liabilities that are accounted for and reported at fair value on a recurring basis by level as of December 31, 2020 and 2019 (in thousands):

Investment Type	2020			
	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 135,608	\$ 135,608	\$ -	\$ -
Money market funds	132,258	132,258	-	-
U.S. government securities	537,510	-	537,510	-
Corporate bonds and other debentures	342,705	-	342,705	-
Total fair value measurement by level	1,148,081	\$ 267,866	\$ 880,215	\$ -
Investments measured at net asset value (NAV)				
Mutual funds	121,677			
Total investments measured at fair value	\$1,269,758			
Derivative instruments				
Hedging derivatives – futures contracts – asset	\$ 93	\$ -	\$ 93	\$ -
Total derivative instruments measured at fair value	\$ 93	\$ -	\$ 93	\$ -

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Investment Type	Total	2019		
		Level 1	Level 2	Level 3
Mutual funds	\$ 124,249	\$ 124,249	\$ -	\$ -
Money market funds	68,284	68,284	-	-
U.S. government securities	644,111	-	644,111	-
Corporate bonds and other debentures	309,887	-	309,887	-
Commercial paper	10,982	-	10,982	-
Total fair value measurement by level	1,157,513	\$ 192,533	\$ 964,980	\$ -
Investments measured at NAV				
Mutual funds	111,416			
Total investments measured at fair value	\$1,268,929			
Derivative instruments				
Hedging derivatives – futures contracts – asset	\$ 53	\$ -	\$ 53	\$ -
Hedging derivatives – futures contracts – liability	71	-	71	-
Investment derivatives – futures contracts – asset	54	-	54	-
Total derivative instruments measured at fair value	\$ 178	\$ -	\$ 178	\$ -

VALUATION METHODOLOGIES

Mutual Funds Measured at Fair Value: Mutual funds are priced using active market exchanges, and sources include Interactive Data Pricing and Reference Data LLC. The fair values of shares in mutual funds are based on inputs that are quoted prices in active markets for identical assets and; therefore, have been categorized as Level 1 assets.

Money Market Funds: The fair value of shares in money market funds is valued with a NAV of \$1, which approximates fair value. They are priced on inputs obtained from Bloomberg, a pricing service whose prices are obtained from direct feeds from exchanges that are either directly or indirectly observable. Money Market Funds are included as Level 1 assets.

U.S. Government Securities: The fair value of U.S. government securities is derived from quoted prices on similar assets in active or non-active markets, from other observable inputs such as interest rates, yield curves, or credit spreads, and inputs that are derived from or corroborated by observable market data. U.S. treasury and other federal agency securities are included as Level 2 assets.

Corporate Bonds and Other Debentures: For fixed-income securities, multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validation in addition to checks for unusual daily movements. The fair values of fixed-income securities are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences. Corporate bonds are included as Level 2 assets.

Commercial Paper: The fair value of commercial paper is priced according to recent transactions, as the carrying value of the commercial paper approximated its fair value due to the short maturity. Commercial Paper is included as a Level 2 asset.

Hedging and Investment Derivative Instruments: Energy financial futures contracts uses the market approach based on monthly quoted prices from an independent external pricing service using market quotes. The market is not active to the point where identical contracts are available on a regular basis. These derivative instruments are included as Level 2 assets.

Investments Measured at NAV – The following tables summarize the fair value measurement of investments calculated at NAV per share (or its equivalent) as of December 31 (in thousands).

	2020			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Mutual funds	\$ <u>121,677</u>	none	daily	N/A
Total investments measured at NAV	<u>\$121,677</u>			
	2019			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Mutual funds	\$ 109,253	none	daily	N/A
Mutual funds	<u>2,163</u>	none	daily	1 day
Total investments measured at NAV	<u>\$111,416</u>			

Mutual Funds Measured at NAV: These mutual funds invest in fixed income securities including treasuries, agencies, corporate debt, mortgage-backed securities and some non-U.S. debt. The fair value of these investments has been determined using the NAV per share (or its equivalent) of the investment.

4. DERIVATIVES AND FINANCIAL INSTRUMENTS

Energy Futures Contracts – OPPD enters into financial futures contracts to hedge the volatility of the market price risk of electricity for anticipated off-system sales revenue or purchase power expense transactions. These transactions must comply with the risk management policy in place to control the volume of energy that can be hedged and the length of the contracts. The Company does not enter into derivative instruments for speculative purposes.

OPPD entered into energy financial future contracts with the Intercontinental Exchange (ICE) to hedge the expected cash flows associated with purchases and sales of energy due to market price volatility. By entering into these arrangements, OPPD will receive and make payments based on market prices without actually entering into the related commodity transactions. In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, outstanding derivatives are evaluated and classified as either hedging derivative instruments, or cash flow hedges (effective), or investment derivative instruments (ineffective), with the accumulated change in fair market value recognized as deferred inflows/outflows of resources on the Statements of Net Position or investment income/expense on the Statements of Revenues, Expenses and Changes in Net Position, respectively. The fair value and deferred cash flows, if any, for these contracts are determined by comparing the contract price to the forward market prices quoted by an independent external pricing service.

Realized gains or losses from hedging derivative instruments are recognized as either off-system sales revenue or purchased power expense on the Statements of Revenue, Expenses and Changes in Net Position in the month the contract expires. Gains or losses from investment derivative instruments are recognized immediately as investment income/expense. All derivative contracts are cash settled in the month subsequent to the period in which the contract expires.

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The following table summarizes the outstanding contracts and related megawatt-hours (MWh) as of December 31, 2020.

	Effective Date	Maturity Date	Notional Amount	Volume
Energy futures contract	Oct. 2020	Jan. 2021	10,600	MWh
Energy futures contract	Oct. 2020	Feb. 2021	8,800	MWh
Total MWh hedged			19,400	

The following table summarizes the outstanding contracts and related MWh as of December 31, 2019.

	Effective Date	Maturity Date	Notional Amount	Volume
Energy futures contract	Dec. 2019	Jan. 2020	20,360	MWh
Energy futures contract	Dec. 2019	Feb. 2020	17,400	MWh
Energy futures contract	Dec. 2019	Jul. 2020	18,400	MWh
Energy futures contract	Dec. 2019	Aug. 2020	16,800	MWh
Total MWh hedged			72,960	

The following table summarizes the fair value, changes in fair value and notional amounts of energy financial future contracts, classified by type, outstanding as of December 31, 2020.

Changes in Fair Value			Fair Value at December 31, 2020		
	Classification	Amount	Classification	Amount	Notional
Hedging derivative instruments:					
Commodity futures	Deferred inflow – other	\$93,000	Current assets – other	\$93,000	19,400 MWh

The following table summarizes the fair value, changes in fair value and notional amounts of energy financial future contracts, classified by type, outstanding as of December 31, 2019.

Changes in Fair Value			Fair Value at December 31, 2019		
	Classification	Amount	Classification	Amount	Notional
Hedging derivative instruments:					
Commodity futures	Deferred inflow – other	\$53,000	Current assets – other	\$53,000	16,800 MWh
Commodity futures	Deferred outflow – other	\$71,000	Accounts payable and other current liabilities	\$71,000	35,200 MWh
Investment derivative instruments:					
Commodity futures	Investment income	\$54,000	Current assets – other	\$54,000	20,960 MWh

As a result of engaging in hedging activities, OPPD is subject to the following key risks:

- **Basis Risk** – Basis risk is the risk that arises when variable rates or prices of a hedging derivative instrument and a hedged item are based on different reference rates. OPPD is exposed to this risk due to a difference in commodity value between different generating sites and delivery points or between cash market prices and the pricing points used in the SPP financial market.

- **Credit Risk** – Credit risk is the risk that results when counterparties or the clearing agent are unable or unwilling to fulfill their obligations. OPPD addresses this risk with the counterparties by executing these contracts using an independent clearing agent, which requires collateral and will spread any unfilled obligations across all participants utilizing their services. The risk of default by the clearing agent is mitigated by their membership in the commodities clearing house, which requires collateral and guaranty funds by each clearing agent to be used to offset any socialized unfilled obligations between member clearing agents.

Auction Revenue Rights (ARRs) – ARR are financial instruments that entitle the owner to a share of the revenues generated in the applicable Transmission Congestion Rights (TCR) auctions. ARR are allocated during annual and/or incremental monthly auctions and have the option of being converted into a TCR. OPPD is entitled to these financial payments as a substitute for firm (physical) transmission service. ARR are accounted for at cost as they are not readily convertible to cash and therefore do not meet the definition of a derivative. The balance of ARR, reported in Current Liabilities – Accounts Payable and Other Current Liabilities, was \$5,509,000 and \$3,637,000 as of December 31, 2020, and 2019, respectively, on the Statements of Net Position.

Transmission Congestion Rights – TCRs are financial instruments that entitle the holder to an offset to congestion charges on the transmission grid that take place in the day-ahead market. The Company utilizes TCRs to hedge against congestion differentials between OPPD generators and OPPD load in the SPP Integrated Marketplace.

TCRs qualify for the normal purchases and sales exception under GASB guidance and are reported on a cost basis on the Statements of Net Position. The total notional amount of TCRs outstanding as of December 31, 2020 and 2019, was 5,198,675 MWh and 4,576,616 MWh, respectively. The balance of TCRs reported in Current Assets - Other was \$2,245,000 and \$1,349,000 as of December 31, 2020 and 2019, respectively.

5. ELECTRIC UTILITY PLANT

The following table summarizes electric utility plant balances as of December 31, 2019, activity for 2020 and balances as of December 31, 2020 (in thousands).

	2019	Increases	Decreases	2020
Nondepreciable electric utility plant:				
Land and improvements	\$ 41,799	\$ 285	\$ (52)	\$ 42,032
Construction work in progress	140,526	196,985	(215,272)	122,239
Electric utility plant held for future use	2,413	-	-	2,413
Total nondepreciable electric utility plant	184,738	197,270	(215,324)	166,684
Depreciable electric utility plant:				
Generation	1,963,273	28,585	(10,293)	1,981,565
Transmission	537,062	68,800	(463)	605,399
Distribution	1,634,774	77,381	(9,951)	1,702,204
General plant	223,467	17,523	(20,071)	220,919
Intangible plant	43,676	470	(1,933)	42,213
Leases	-	154	-	154
SBITA	-	7,664	-	7,664
Total depreciable electric utility plant	4,402,252	200,577	(42,711)	4,560,118
Less accumulated depreciation and amortization	(1,989,458)	(140,196)	57,079	(2,072,575)
Depreciable electric utility plant, net	2,412,794	60,381	14,368	2,487,543
Net electric utility plant	\$ 2,597,532	\$ 257,651	\$ (200,956)	\$ 2,654,227

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The following table summarizes electric utility plant balances as of December 31, 2018, activity for 2019 and balances as of December 31, 2019 (in thousands).

	2018	Increases	Decreases	2019
Nondepreciable electric utility plant:				
Land and improvements	\$ 38,026	\$ 4,251	\$ (478)	\$ 41,799
Construction work in progress	47,410	205,566	(112,450)	140,526
Electric utility plant held for future use	2,413	-	-	2,413
Total nondepreciable electric utility plant	87,849	209,817	(112,928)	184,738
Depreciable electric utility plant:				
Generation	1,943,421	52,084	(32,232)	1,963,273
Transmission	551,482	22,862	(37,282)	537,062
Distribution	1,573,565	69,369	(8,160)	1,634,774
General plant	220,546	20,873	(17,952)	223,467
Intangible plant	52,928	2,578	(11,830)	43,676
Total depreciable electric utility plant	4,341,942	167,766	(107,456)	4,402,252
Less accumulated depreciation and amortization	(1,904,447)	(133,373)	48,362	(1,989,458)
Depreciable electric utility plant, net	2,437,495	34,393	(59,094)	2,412,794
Net electric utility plant	\$ 2,525,344	\$ 244,210	\$ (172,022)	\$ 2,597,532

OPPD engages in lease contracts, either as the lessor or the lessee, in the normal course of doing business.

Lessor – OPPD leases land, pole space and other assets to third parties. Lease terms range from 4 to 34 years. Several leases have an option to extend the lease term after completion of the contracted term. The lease receivable balance as of December 31, 2020 was \$43,673,000, of which \$1,273,000 is current and \$42,400,000 is long-term on the Statements of Net Position. OPPD recognized revenue of \$2,419,000 for the year ended December 31, 2020, which is reported as Other Electric Revenues on the Statements of Revenues, Expenses and Changes in Net Position. There were no variable lease payments received in 2020.

Lessee – OPPD leases antenna tower space from a third party and that contract terminates in 2027. OPPD has lease assets totaling \$154,000 with associated accumulated amortization of \$21,000 as of December 31, 2020, which is included in Electric Utility Plant and Accumulated Depreciation and Amortization on the Statements of Net Position, respectively. There were no payments recorded in the current period that were not included in the measurement of the lease liability, no commitments prior to the commencement of the lease contracts, and no lease impairments as of December 31, 2020.

The following table summarizes the lease principal and interest payments as of December 31, 2020 (in thousands).

	Principal	Interest	Total
2021	\$ 19	\$ 4	\$ 23
2022	20	3	23
2023	21	3	24
2024	22	2	24
2025	23	1	24
2026 - 2027	32	1	33
Total	<u>\$ 137</u>	<u>\$ 14</u>	<u>\$ 151</u>

SBITA - OPPD currently holds SBITA assets totaling \$7,664,000 with associated accumulated amortization of

\$1,971,000 as of December 31, 2020 which is included in Electric Utility Plant and Accumulated Depreciation and Amortization on the Statements of Net Position, respectively. OPPD has SBITAs for software related assets with contract terms ranging from 1 to 5 years, when including applicable extensions. There were no payments recorded in the current period that were not included in the measurement of the SBITA liability, no commitments prior to the commencement of the SBITA contracts, and no SBITA impairments as of December 31, 2020.

The following table summarizes the SBITA principal and interest payments as of December 31, 2020 (in thousands).

	Principal	Interest	Total
2021	\$ 1,980	\$ 83	\$ 2,063
2022	1,904	26	1,930
2023	291	1	292
Total	<u>\$ 4,175</u>	<u>\$ 110</u>	<u>\$ 4,285</u>

6. ENVIRONMENTAL AND REGULATORY OBLIGATIONS

The following table summarizes the total balance as of December 31, 2019, activity for 2020, balances as of December 31, 2020, and the amounts due within one year (in thousands) for the Environmental and Regulatory Obligations included in Other Liabilities – Other and Current Liabilities – Accounts Payable and Other Current Liabilities:

	2019	Increases	Decreases	2020	Amounts due within one year
Ash landfill	\$ 24,206	\$ 1,090	\$ (6,270)	\$ 19,026	\$ 86
Pollution remediation obligation	10,629	2,043	(10,178)	2,494	583
Asset retirement obligation	3,935	236	-	4,171	-
Total	<u>\$ 38,770</u>	<u>\$ 3,369</u>	<u>\$ (16,448)</u>	<u>\$ 25,691</u>	<u>\$ 669</u>

The following table summarizes the total balance as of December 31, 2018, activity for 2019, balances as of December 31, 2019, and the amounts due within one year (in thousands) for the Environmental and Regulatory Obligations included in Other Liabilities – Other and Current Liabilities – Accounts Payable and Other Current Liabilities:

	2018	Increases	Decreases	2019	Amounts due within one year
Ash landfill	\$23,072	\$ 8,047	\$ (6,913)	\$ 24,206	\$ 6,270
Pollution remediation obligation	-	10,629	-	10,629	2,879
Asset retirement obligation	-	3,935	-	3,935	-
Total	<u>\$23,072</u>	<u>\$ 22,611</u>	<u>\$ (6,913)</u>	<u>\$ 38,770</u>	<u>\$ 9,149</u>

Ash Landfills – OPPD operates ash landfills at the North Omaha Station (NOS) and the Nebraska City Station (NCS) locations. State and federal laws and regulations require OPPD to place a final cover on its landfills at the NOS and NCS locations when they no longer receive ash and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Closure and postclosure care financial assurance information is provided to the Nebraska Department of Environment and Energy (NDEE) on an annual basis as required by law. OPPD is not required to restrict any funds for closure and postclosure care costs. At December 31, 2020, the total ash landfill liability in current-year dollars was \$19,026,000 and recorded as \$86,000 in Current Liabilities – Accounts Payable and Other Current Liabilities and \$18,940,000 in Other Liabilities – Other on the Statements

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of Net Position. At December 31, 2019, the total ash landfill liability in current-year dollars was \$24,206,000 and recorded as \$6,270,000 in Current Liabilities – Accounts Payable and Other Current Liabilities and \$17,936,000 in Other Liabilities – Other on the Statements of Net Position.

The following table summarizes the current estimated landfill closure date and the percentage of capacity used for each landfill as of December 31. Actual closure dates may be earlier or later than estimated.

Location	Estimated landfill closure date	Estimated percentage of capacity as of December 31, 2020	Estimated percentage of capacity as of December 31, 2019
NOS	2024	49%	49%
NCS unit 1	Closed	100	96
NCS unit 2 cell 1	Closed	100	100
NCS cells 2 & 3	2027	19	13

Pollution Remediation Obligations – The Coal Combustion Residuals (CCR) rule defines the requirements for the disposal and handling of coal combustion residuals for landfills or surface impoundments. The CCR states that an owner of the landfill must prepare an annual groundwater monitoring and corrective action report to summarize key actions completed, problems encountered and planned activities relating to the groundwater monitoring system.

OPPD published a notification on February 14, 2019, that concentrations of certain pollutants detected in groundwater monitoring wells at the NOS landfill resulted in statistically significant increases above Groundwater Protection Standards. The facility officially entered Assessment of Corrective Measures on May 1, 2019. On November 13, 2020, OPPD received correspondence from NDEE stating the contaminant levels currently present in the ground water are not anticipated to negatively impact the water quality, proposing long-term ground water monitoring and post-closure landfill capping as the final remediation. OPPD does not anticipate any recoveries from any other parties and will be responsible for the entire remediation cost.

OPPD published a notification on April 24, 2020, that concentrations of certain pollutants detected in groundwater monitoring wells at the NC2 landfill resulted in statistically significant increases above Groundwater Protection Standards. The facility officially entered Assessment of Corrective Measures on December 14, 2020, and is currently in the process of evaluating the remediation options. OPPD does not anticipate any recoveries from any other parties and will be responsible for the entire remediation cost.

At December 31, 2020, the total pollution remediation liability in current-year dollars was \$2,494,000 and recorded as \$583,000 in Current Liabilities – Accounts Payable and Other Current Liabilities and \$1,911,000 in Other Liabilities – Other on the Statements of Net Position. At December 31, 2019, the total pollution remediation liability in current-year dollars was \$10,629,000 and recorded as \$2,879,000 in Current Liabilities – Accounts Payable and Other Current Liabilities and \$7,750,000 in Other Liabilities – Other on the Statements of Net Position.

Asset Retirement Obligations – OPPD has several AROs related to certain generation, transmission, distribution and general building facilities. There are no legally required funding provisions, assurance provisions or restricted assets related to these items unless otherwise stated below.

Underground Fuel Storage Tanks – OPPD has underground fuel tanks housing fuel for vehicles at various locations. The Company is required by the NDEE to decommission the underground fuel storage tanks, consistent with its regulations. There is not adequate information to be able to estimate the costs to decommission the storage tanks; however, OPPD has provided guarantees and financial assurance to the NDEE in the amount of \$1,000,000 associated with the storage tanks. The remaining lives of the storage tanks cannot be reasonably estimated and therefore the deferred outflow will not be amortized.

Nebraska City Sanitary Lagoons (NCS Lagoons) – OPPD uses sanitary lagoons as an integral part of the sewer system at the Nebraska City Station, supporting Nebraska City Station Unit 1 (NC1) and NC2. When the use of the sanitary lagoons is discontinued, the Company is required by the NDEE to close the system, consistent with its regulations. The estimated remaining useful life as of December 31, 2020 is 49 years and is based on the remaining useful life of NC2, as this unit is expected to have a longer life than NC1. The estimated initial liability was determined by environmental subject matter experts. The liability is evaluated annually for the effects of general inflation and potential changes in relevant factors used in the initial calculation.

Elk City Station – OPPD owns equipment at this landfill site. The contract for the site states that OPPD is responsible for the costs to remove, dispose or restore the property to a similar condition in which the property was in prior to the contract commencing. The contract was initiated in 2005 and is a 20-year agreement with an automatic five-year extension unless either party opts to not pursue the extension. OPPD personnel do not expect to opt out of the automatic extension and have no reason to believe the other party will opt out. Based on these contract terms, the estimated remaining useful life as of December 31, 2020 is 10 years. The estimated initial liability was determined by engineering subject matter experts. The liability is evaluated annually for the effects of general inflation and potential changes in relevant factors used in the initial calculation.

Easements – OPPD has identified potential retirement obligations related to certain generation, transmission and distribution facilities. OPPD’s non-perpetual land rights are renewed continuously because OPPD intends to utilize these facilities indefinitely. Since the timing and extent of any potential asset retirements are unknown, the value of any obligations associated with these facilities cannot be reasonably estimated. Accordingly, a liability has not been recorded.

The following table summarizes the ARO Liability recorded as Other Liabilities – Other on the Statements of Net Position as of December 31, 2020 and 2019 (in thousands):

	2020	2019
NCS lagoons	\$ 2,743	\$ 2,512
Underground fuel storage tanks	1,000	1,000
Elk City station	428	423
Total	<u>\$ 4,171</u>	<u>\$ 3,935</u>

7. DEBT

The proceeds of debt issued are utilized primarily to finance the construction program. The following table summarizes the debt balances as of December 31, 2019, activity for 2020, balances as of December 31, 2020, and the amounts due within one year (in thousands).

	2019	Additions	Retirements	2020	Amounts due within one year
Electric system revenue bonds	\$ 1,256,030	\$ -	\$ (47,390)	\$ 1,208,640	\$ 58,520
Electric system subordinated revenue bonds	254,665	-	(24,890)	229,775	-
Electric revenue notes – commercial paper series	230,100	19,900	-	250,000	-
Minibonds	31,211	676	(150)	31,737	31,737
NC2 separate electric system revenue bonds	208,645	-	(3,495)	205,150	3,655
Total	<u>\$ 1,980,651</u>	<u>\$ 20,576</u>	<u>\$ (75,925)</u>	<u>\$ 1,925,302</u>	<u>\$ 93,912</u>

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The following table summarizes the debt balances as of December 31, 2018, activity for 2019, balances as of December 31, 2019, and the amounts due within one year (in thousands).

	2018	Additions	Retirements	2019	Amounts due within one year
Electric system revenue bonds	\$1,320,330	\$137,755	\$(202,055)	\$1,256,030	\$ 47,390
Electric system subordinated revenue bonds	335,940	-	(81,275)	254,665	825
Electric revenue notes – commercial paper series	150,000	230,100	(150,000)	230,100	-
Minibonds	30,755	632	(176)	31,211	-
NC2 separate electric system revenue bonds	211,995	-	(3,350)	208,645	3,495
Total	<u>\$2,049,020</u>	<u>\$368,487</u>	<u>\$(436,856)</u>	<u>\$1,980,651</u>	<u>\$ 51,710</u>

Electric System Revenue Bonds – These bonds are payable from and secured by a pledge of and lien upon the revenues of the Electric System, subject to the prior payment therefrom of the operations and maintenance expenses of the Electric System. The Electric System Revenue Bonds are Senior Bonds.

Electric System Subordinated Revenue Bonds – These bonds are payable from and secured by a pledge of revenues of the Electric System, subject to the prior payment of the operations and maintenance expenses of the Electric System and the prior payment of the Electric System Revenue Bonds.

Electric Revenue Notes – Commercial Paper Series – The Commercial Paper Notes mature at various dates, but not more than 270 days after the date of issuance. The average borrowing rate was 0.61% and 1.5% for the years ended December 31, 2020 and 2019, respectively. A Credit Agreement with Bank of America, N.A., includes a covenant to retain drawing capacity at least equal to the issued and outstanding amount of Commercial Paper Notes. The Credit Agreement was renewed in 2019 and will expire on January 1, 2023. Commercial Paper is classified as long-term debt due to the existence of this credit agreement, and OPPD’s intent and ability to refinance Commercial Paper on a long-term basis.

Minibonds – Minibonds consist of current interest-bearing and capital appreciation Minibonds. The Minibonds may be redeemed prior to their maturity dates at the request of a holder, subject to certain conditions as outlined in the Minibond Official Statement. The principal and interest on these bonds is insured by a municipal bond insurance policy.

NC2 Separate Electric System Revenue Bonds – These bonds are payable from and secured by a pledge of and lien upon the revenues of the NC2 Separate Electric System, subject to the prior payment therefrom of the operations and maintenance expenses of the NC2 Separate Electric System. The general revenues of OPPD’s electric system are not pledged for the payment of these bonds. Participation Power Agreements were executed with seven public power and municipal utilities for half of the output of NC2. The participants’ rights to receive, and obligations to pay costs related to, half of the output is the “Separate System.”

Credit Agreements – OPPD has a Credit Agreement with the Bank of America, N.A., for \$250,000,000 which was renewed in 2019 and will expire on January 1, 2023. The Credit Agreement includes a financial covenant to retain drawing capacity at least equal to the issued and outstanding amount of Commercial Paper Notes. OPPD executed a credit agreement on May 1, 2020 for \$75,000,000 which will expire on April 30, 2021. There were no amounts outstanding under either Credit Agreement as of December 31, 2020 and 2019 leaving an unused amount of \$325,000,000 and \$250,000,000, respectively.

Lien Structure – In the event of a default, subject to the terms and conditions of debt covenants, OPPD is required to satisfy all Electric System Revenue Bond obligations before paying second-tier bonds and notes, which are Electric System Subordinated Revenue Bonds, Electric Revenue Notes – Commercial Paper Series and Minibonds.

Bond Restrictions – OPPD’s bond indenture for the Electric System Revenue Bonds, amended effective February 6, 2015, provides for certain restrictions. The most significant of which was that additional bonds may not be issued unless estimated net receipts (as defined) for each future year equal or exceed 1.4 times the debt service on all Electric System Revenue Bonds outstanding, including the additional bonds being issued or to be issued in the case of a power plant (as defined) being financed in increments. The Electric System is required to be maintained by the Company in good condition. The company is in compliance with all debt covenants.

The following tables summarize the outstanding Electric System Revenue Bonds, Electric System Subordinated Revenue Bonds, Minibonds, and NC2 Separate Electric System Revenue Bonds as of December 31, 2020 and 2019 (in thousands) and interest rates as of December 31, 2020.

Electric System Revenue Bonds

Issue	Final Maturity		2020	2019
	Dates	Interest Rates		
2010 Series A	2041	5.431%	\$ 120,000	\$ 120,000
2011 Series A	2024*	3.125% - 5.0%	8,715	10,555
2011 Series C	2022*	5.0%	16,615	26,430
2012 Series B	2046	3.75% - 5.0%	64,425	69,510
2015 Series A	2045	2.85% - 5.0%	93,005	93,005
2015 Series B	2039	2.0% - 5.0%	125,115	155,765
2015 Series C	2043	3.5% - 5.0%	94,145	94,145
2016 Series A	2039	3.0% - 5.0%	183,340	183,340
2017 Series A	2042	4.0% - 5.0%	220,195	220,195
2018 Series A	2039	3.25% - 5.0%	145,330	145,330
2019 Series A	2034	3.0% - 5.0%	137,755	137,755
Total			<u>\$ 1,208,640</u>	<u>\$ 1,256,030</u>

* All future maturities of these bonds were cash defeased on February 1, 2021

Electric System Subordinated Revenue Bonds

Issue	Final Maturity		2020	2019
	Dates	Interest Rates		
2014 Series AA	2036	4.0% - 5.0%	\$ 121,380	\$ 122,205
2014 Series CC	2038	4.0%	108,395	108,395
2014 Series DD	*	3.625%	-	24,065
Total			<u>\$ 229,775</u>	<u>\$ 254,665</u>

* Refunded in 2020

Minibonds

Issue	Final Maturity		2020	2019
	Dates	Interest Rates		
2001 Minibonds	2021	5.05%	\$ 31,737	\$ 31,211
Total			<u>\$ 31,737</u>	<u>\$ 31,211</u>

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NC2 Separate Electric System Revenue Bonds

Issue	Final Maturity Dates	Interest Rates	2020	2019
2015 Series A	2046	3.0% - 5.25%	\$ 104,765	\$ 107,120
2016 Series A	2049	3.25% - 5.0%	100,385	101,525
Total			<u>\$ 205,150</u>	<u>\$ 208,645</u>

The following table summarizes the bond payments as of December 31, 2020 for the Electric System Revenue Bonds, Electric System Subordinated Revenue Bonds, Minibonds, and NC2 Separate Electric System Revenue Bonds (in thousands).

	Electric System Revenue Bonds, Subordinated Revenue Bonds and Minibonds		NC2 Separate Electric System Revenue Bonds	
	Principal	Interest	Principal	Interest
2021*	\$ 90,257	\$ 67,239	\$ 3,655	\$ 10,044
2022	12,425	64,097	3,815	9,869
2023	48,610	62,619	4,000	9,674
2024	48,455	60,182	4,200	9,469
2025	52,150	57,649	4,415	9,253
2026 - 2030	280,575	247,987	25,600	42,641
2031 - 2035	347,385	174,615	32,390	35,783
2036 - 2040	406,105	84,428	39,215	27,391
2041 - 2045	163,805	19,344	44,460	16,854
2046 - 2049	20,385	408	43,400	4,338
Total	<u>\$1,470,152</u>	<u>\$ 838,568</u>	<u>\$ 205,150</u>	<u>\$ 175,316</u>

* Includes cash defeasement of all 2011 Series A and 2011 Series C Electric System Revenue Bonds on February 1, 2021

Debt Issuances – OPPD issued \$137,755,000 of Electric System Revenue Bonds, 2019 Series A on November 7, 2019. The 2019 Series A Bonds were used to reimburse capital expenditures. No bonds were issued in 2020.

Debt Payments – Repayments of \$47,390,000 of Electric System Revenue Bonds, \$825,000 of Electric System Subordinated Revenue Bonds, \$3,495,000 of NC2 Separate Electric System Revenue Bonds, and \$149,500 of Minibonds were made in 2020. Repayments of \$44,635,000 of Electric System Revenue Bonds, \$1,175,000 of Electric System Subordinated Revenue Bonds which includes \$85,000 in put payments, \$3,350,000 of NC2 Separate Electric System Revenue Bonds, and \$175,600 of Minibonds were made in 2019. There were no Minibond maturities in 2020 or 2019 other than redemptions for the annual put option.

Debt Refunding – OPPD issued an additional \$19,900,000 of Commercial Paper in 2020. These proceeds and cash of \$4,165,000 were used to fully refund the 2014 Series DD Electric System Subordinated Revenue Bonds. The series was callable on February 1, 2020. The refunding reduced the total debt service payments over the life of the bonds by \$12,814,000 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$10,539,000 based on the OPPD Commercial Paper rate on February 1, 2020. As a result of Commercial Paper being regularly re-marketed, the economic gain resulting in this refunding is not fixed and is exposed to future interest rate fluctuations. An increase or decrease in Commercial Paper rates will affect the actual realized economic gain. This resulted in a net loss on reacquired debt of \$1,144,000 that is included in Loss on Reacquired Debt Using Existing Resources on the Statements of Revenues, Expenses and Changes in Net Position.

OPPD issued an additional \$80,100,000 of Commercial Paper in 2019, which was used to partially refund the 2014 Series AA Electric System Subordinated Revenue Bonds and to fully refund the 2014 Series BB Electric System Subordinated Revenue Bonds. Both series were callable on August 1, 2019. The refunding reduced the total debt service payments over the life of the bonds by \$35,458,000 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$30,708,000 based on the OPPD Commercial Paper rate on August 1, 2019. As a result of Commercial Paper being regularly re-marketed, the economic gain resulting in this refunding is not fixed and is exposed to future interest rate fluctuations. An increase or decrease in Commercial Paper rates will affect the actual realized economic gain.

Debt Defeasances – On December 31, 2020, OPPD notified bond holders that all future maturities of the 2011 Series A and 2011 Series C Electric System Revenue Bonds totaling \$8,160,000 would be defeased on February 1, 2021 utilizing existing resources. As a result, this debt was reclassified to current as of December 31, 2020.

OPPD utilized \$172,045,000 of existing resources to legally defease Electric System Revenue Bond debt with a principal amount totaling \$157,420,000 on October 9, 2019. This fully defeased the 2011 Series B and 2012 Series A Electric System Revenue Bonds and partially defeased the 2012 Series B and 2015 Series B Electric System Revenue Bonds. This resulted in a net loss on reacquired debt of \$9,626,000 that is included in Loss on Reacquired Debt Using Existing Resources on the Statements of Revenues, Expenses and Changes in Net Position.

Electric System Revenue Bonds from the following series, with the aggregate outstanding principal of \$668,850,000 as of December 31, 2020, were legally defeased: 2011 Series A, 2011 Series B, 2011 Series C, 2012 Series A, 2012 Series B and 2015 Series B. Electric System Revenue Bonds from the following series, with the aggregate outstanding principal of \$673,440,000 as of December 31, 2019, were legally defeased: 2011 Series A, 2011 Series B, 2011 Series C, 2012 Series A, 2012 Series B and 2015 Series B. Defeased bonds are funded by government securities in irrevocable escrow accounts. Accordingly, the bonds and the related government securities escrow accounts are not included on the Statements of Net Position. At December 31, 2020 and 2019, OPPD had no outstanding defeased Electric System Subordinated Revenue Bonds or NC2 Separate Electric System Revenue Bonds.

8. BENEFIT PLANS FOR EMPLOYEES AND RETIREES

RETIREMENT PLAN AND SUPPLEMENTAL RETIREMENT PLAN

Plan Descriptions and Benefits Provided – The Omaha Public Power District Retirement Plan (Retirement Plan) is a single-employer, defined benefit plan, which provides retirement and death benefits to Plan members and their beneficiaries. The Retirement Plan covers all full-time employees as they are not covered by Social Security. The Retirement Plan was established and may be amended at the direction of OPPD's Board of Directors and is administered by the Company. Ad-hoc cost-of-living adjustments may be provided to retirees and beneficiaries at the discretion of the Board of Directors.

Generally, employees at the normal retirement age of 65 are entitled to annual pension benefits equal to 2.25% of their average compensation (as defined by the Plan document) times years of credited service (as defined by the Plan document) under the Traditional provision (as defined by the Plan document). Employees have the option to retire before the age of 65 if they meet eligibility requirements based on age and years of service. The Retirement Plan was amended as of January 1, 2008 to add a Cash Balance provision (as defined by the Plan document). Under the Cash Balance provision, members can receive the total vested value of their Cash Balance Account at separation from employment with OPPD. Effective January 1, 2013, all new employees are only eligible for the Cash Balance provision.

The Non-Qualified Plan is a single-employer, non-qualified defined benefit pension plan. The purpose of this plan is to allow certain current and former employees to retain the benefits to which they would have been entitled under the Retirement Plan, except for federally mandated limits. The benefits are derived from the Retirement

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Plan formula noted herein less amounts paid from the qualified Retirement Plan. The assets of this plan are held in an irrevocable trust but are not legally protected from creditors. Accordingly, the trust does not meet the criteria for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68). Annuities are purchased in the participant's name at the time of retirement. The Non-Qualified Plan was established and may be amended at the direction of OPPD's Board of Directors and is administered by the Company. The Non-Qualified Plan was amended as of January 1, 2018 to address the compensation limits in Internal Revenue Code 401(a)(17).

The following table summarizes the employees covered by the benefit terms of the Retirement Plan as of January 1, the actuarial valuation date and measurement date.

	2020	2019
Retirees and beneficiaries receiving benefits	2,258	2,219
Terminated Retirement Plan members entitled to, but not receiving, benefits	522	516
Active Retirement Plan members*	1,796	1,762
Total	<u>4,576</u>	<u>4,497</u>

* There were 579 and 455 members with the Cash Balance provision at January 1, 2020 and 2019, respectively.

The following table summarizes the employees covered by the benefit terms of the Non-Qualified Plan as of January 1.

	2020	2019
Active Non-qualified Plan members	7	6

Contributions – Employees contributed 7.7% and 7.2% of their covered payroll to the Retirement Plan for the years ended December 31, 2020 and 2019, respectively. The contribution rate for employees increased to 8.3% on January 1, 2021, and will increase to 9.0% on January 1, 2022. Employee contributions are immediately 100% vested. An employee's deferred retirement allowance is 100% vested after five years of continuous service (as defined by the Plan document). The Company is obligated to contribute the balance of the funds needed on an actuarially determined basis and has met this funding requirement. The actuarially determined contribution (ADC) was fully funded in the amount of \$59,093,000 and \$59,201,000 for the years ended December 31, 2020 and 2019, respectively.

Employees do not contribute to the Non-Qualified Plan. The Company contributes the funds needed on an actuarially determined basis and has met this funding requirement. The ADC was fully funded in the amount of \$694,000 and \$680,000 for the years ended December 31, 2020 and 2019, respectively. According to GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73), assets accumulated for non-qualified pension plan benefit payments are reported in OPPD's financial statements.

Actuarial Assumptions – Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The total pension liabilities in the January 1, 2020 and 2019 actuarial valuation were determined using the following actuarial assumptions applied to all periods included in the measurement.

The total pension liabilities must be determined using the Entry Age Normal (Level Percent of Pay) cost method per GASB 68 and 73. Under this actuarial method, an allocation to past service and future service is made by spreading the costs over an employee's career as a level percentage of pay. The actuarial value of the

Retirement Plan assets was determined using a method which smooths the effect of short-term volatility in the market value of investments over approximately five years. Ad-hoc cost-of-living adjustments are provided to retirees and beneficiaries of both plans at the discretion of the Board of Directors and are amortized in the year for which the increase is authorized. Except for the liability associated with cost-of-living adjustments, if any, the unfunded actuarial accrued liability was amortized on a level basis (closed group) over 20 years. The mortality table used for healthy participants was the PUB-2010 General table projected using Scale MP-2018 with generational projection for 2020 and the RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2017 with generational projection for 2019.

The other actuarial assumptions for the valuations of both plans as of January 1, 2020 and 2019, were as follows:

- The average rate of compensation increase varies by age.
- There were no ad-hoc cost-of-living adjustments.
- The average rate of inflation was 2.5%.
- The investment rate of return for the Retirement Plan was 7.0%, net of pension plan investment expenses, including inflation.

The actuarial assumptions are based on a study of the experience of the covered group. The last actuarial experience study was performed during 2016.

Discount Rate – The discount rate used to measure the total pension liability for the Retirement Plan was 7.0% for both 2020 and 2019. The discount rate is determined using the expected long-term rate of return of each asset class, including inflation and additional yields due to active investment management. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that OPPD contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with the provisions of GASB 73, OPPD elected to use the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the discount rate used to measure the total pension liability of the Non-Qualified Plan. The discount rate was 2.74% and 4.10% for 2020 and 2019, respectively.

The following table summarizes the Target Allocation and Long-term Expected Real Rate of Return, presented in geometric means, for each major Asset Class in the Retirement Plan.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity	28.0%	6.2%
Domestic fixed income	23.0	1.1
International developed equity	14.0	6.8
Emerging markets equity	10.0	8.7
Global fixed income	7.5	1.2
Private real estate	7.5	4.3
Emerging markets fixed income	5.0	4.0
High yield fixed income	3.0	3.5
Treasury inflation protected securities	2.0	1.1
Total	<u>100%</u>	

* Based on 2020 forward-looking capital market assumptions.

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Total Pension Liability, Plan Fiduciary Net Position and Net Pension Liability – The total pension liabilities, plan fiduciary net position and net pension liability are determined in accordance with GASB 68 and 73, accordingly. The amounts are based on the results of an actuarial valuation measurement date of January 1, 2020.

The following table shows the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the Retirement Plan for the Measurement Period from January 1, 2019, to January 1, 2020, and the changes for the year ended December 31, 2020 (in thousands).

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a-b)
Balance at 12/31/2019	\$ 1,504,787	\$ 919,805	\$584,982
(Based on 1/1/2019 measurement date)			
Changes recognized for the fiscal year:			
Service cost	21,502		21,502
Interest on total pension liability	103,374		103,374
Difference between expected and actual experience	7,747		7,747
Changes of assumptions	36,067		36,067
Contributions from employer		59,201	(59,201)
Contributions from employee		12,506	(12,506)
Net investment income		164,636	(164,636)
Benefit payments, including refunds of employee contributions	(100,724)	(100,724)	-
Administrative expense		(80)	80
Net changes	<u>67,966</u>	<u>135,539</u>	<u>(67,573)</u>
Balance at 12/31/2020	\$ 1,572,753	\$1,055,344	\$ 517,409
(Based on 1/1/2020 measurement date)			

The following table shows the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the Retirement Plan for the Measurement Period from January 1, 2018, to January 1, 2019, and the changes for the year ended December 31, 2019 (in thousands).

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a-b)
Balance at 12/31/2018	\$ 1,490,507	\$ 1,020,386	\$470,121
(Based on 1/1/2018 measurement date)			
Changes recognized for the fiscal year:			
Service cost	21,156		21,156
Interest on total pension liability	102,466		102,466
Difference between expected and actual experience	2,867		2,867
Changes of assumptions	(14,834)		(14,834)
Contributions from employer		53,563	(53,563)
Contributions from employee		11,417	(11,417)
Net investment income		(68,088)	68,088
Benefit payments, including refunds of employee contributions	(97,375)	(97,375)	-
Administrative expense		(98)	98
Net changes	<u>14,280</u>	<u>(100,581)</u>	<u>114,861</u>
Balance at 12/31/2019	\$ 1,504,787	\$ 919,805	\$ 584,982
(Based on 1/1/2019 measurement date)			

	2020	2019
Plan fiduciary net position as a percentage of the total pension liability	67.10%	61.13%
Actuarially determined contributions	\$59,093	\$59,201

The following table shows the Total Pension Liability for the Non-Qualified Plan for the Measurement Period from January 1, 2019, to January 1, 2020, and the changes for the year ended December 31, 2020 (in thousands).

	Increase (Decrease) Total Pension Liability
Balance at 12/31/2019	\$ 4,126
(Based on 1/1/2019 measurement date)	
Changes recognized for the fiscal year:	
Service cost	239
Interest on total pension liability	179
Difference between expected and actual experience	(3)
Changes of assumptions	792
Net changes	<u>1,207</u>
Balance at 12/31/2020	<u>\$ 5,333</u>
(Based on 1/1/2020 measurement date)	

The following table shows the Total Pension Liability for the Non-Qualified Plan for the Measurement Period from January 1, 2018, to January 1, 2019, and the changes for the year ended December 31, 2019 (in thousands).

	Increase (Decrease) Total Pension Liability
Balance at 12/31/2018	\$ 6,274
(Based on 1/1/2018 measurement date)	
Changes recognized for the fiscal year:	
Service cost	237
Interest on total pension liability	183
Difference between expected and actual experience	(87)
Changes of assumptions	(82)
Benefit payments	<u>(2,399)</u>
Net changes	<u>(2,148)</u>
Balance at 12/31/2019	<u>\$ 4,126</u>
(Based on 1/1/2019 measurement date)	

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued Retirement Plan financial report and can be reviewed by contacting Investor Relations at finfo@oppd.com or by visiting oppd.com.

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Pension Liability – The following table shows the Pension Liability as reported on the Statements of Net Position as of December 31 (in thousands).

	2020	2019
Retirement Plan		
Total pension liability	\$1,572,753	\$1,504,787
Plan fiduciary net position	<u>1,055,344</u>	<u>919,805</u>
Net pension liability	517,409	584,982
Non-Qualified Plan		
Total pension liability	<u>5,333</u>	<u>4,126</u>
Pension Liability	<u>\$ 522,742</u>	<u>\$ 589,108</u>

Sensitivity – The following table illustrates the impact of interest rate sensitivity on the Total Pension Liability and Net Pension Liability as of December 31, 2020, (in thousands) if it were calculated using a 1% change in the discount rate as of the measurement date (1/1/2020). The information provided below is calculated based on the applicable governmental accounting standards, which require the presentation of the discount rate at the rate in effect as of the measurement date.

	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
Retirement Plan			
Total pension liability	\$1,748,208	\$1,572,753	\$1,424,785
Plan fiduciary net position	<u>1,055,344</u>	<u>1,055,344</u>	<u>1,055,344</u>
Net pension liability	<u>\$ 692,864</u>	<u>\$ 517,409</u>	<u>\$ 369,441</u>
Non-Qualified Plan			
Total pension liability	<u>\$ 6,104</u>	<u>\$ 5,333</u>	<u>\$ 4,692</u>

The following table illustrates the impact of interest rate sensitivity on the Total Pension Liability and Net Pension Liability as of December 31, 2019 (in thousands) if it were calculated using a 1% change in the discount rate as of the measurement date (1/1/2019).

	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
Retirement Plan			
Total pension liability	\$1,671,006	\$1,504,787	\$1,364,515
Plan fiduciary net position	<u>919,805</u>	<u>919,805</u>	<u>919,805</u>
Net pension liability	<u>\$ 751,201</u>	<u>\$ 584,982</u>	<u>\$ 444,710</u>
Non-Qualified Plan			
Total pension liability	<u>\$ 4,708</u>	<u>\$ 4,126</u>	<u>\$ 3,638</u>

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -

For the year ended December 31, 2020, OPPD recognized pension expense of \$59,093,000 and non-qualified pension expense of \$694,000. For the year ended December 31, 2019, OPPD recognized pension expense of \$59,201,000 and non-qualified pension expense of \$680,000.

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources as of December 31, 2020 (in thousands).

	Deferred Outflows	Deferred Inflows
Retirement Plan		
Difference between expected and actual experience	\$ 11,679	\$ 294
Changes of assumptions	30,133	7,695
Net difference between expected and actual earnings on pension plan investments	-	28,643
Contribution made in fiscal year ending December 31, 2020	<u>59,093</u>	<u>-</u>
Total	<u><u>\$100,905</u></u>	<u><u>\$ 36,632</u></u>
Non-Qualified Plan		
Difference between expected and actual experience	\$ 994	\$ 66
Changes of assumptions	690	74
Total	<u><u>\$ 1,684</u></u>	<u><u>\$ 140</u></u>
Total deferred outflows/inflows of resources	<u><u>\$102,589</u></u>	<u><u>\$ 36,772</u></u>

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources as of December 31, 2019 (in thousands).

	Deferred Outflows	Deferred Inflows
Retirement Plan		
Difference between expected and actual experience	\$ 11,840	\$ 1,133
Changes of assumptions	22,106	11,759
Net difference between expected and actual earnings on pension plan investments	81,619	-
Contribution made in fiscal year ending December 31, 2019	<u>59,201</u>	<u>-</u>
Total	<u><u>\$ 174,766</u></u>	<u><u>\$ 12,892</u></u>
Non-Qualified Plan		
Difference between expected and actual experience	\$ 1,318	\$ 75
Changes of assumptions	-	90
Total	<u><u>\$ 1,318</u></u>	<u><u>\$ 165</u></u>
Total deferred outflows/inflows of resources	<u><u>\$176,084</u></u>	<u><u>\$ 13,057</u></u>

As of December 31, 2020, the Company reported \$59,093,000 as deferred outflows of resources related to pensions resulting from the contributions made to the Retirement Plan subsequent to the measurement date. This amount will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year	Qualified Plan	Non-Qualified Plan
2021	\$ 7,134	\$ 398
2022	(331)	398
2023	18,301	397
2024	(19,924)	101
2025	-	78
Thereafter	-	172

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DEFINED CONTRIBUTION RETIREMENT SAVINGS PLANS – 401(k)/457(b)

OPPD sponsors a Defined Contribution Retirement Savings Plan – 401(k) (401k Plan) and a Defined Contribution Retirement Savings Plan – 457(b) (457b Plan). Both the 401k Plan and 457b Plan cover all full-time employees and certain part-time employees and allow contributions by employees that are partially matched by the Company. The Defined Contribution plans were established and may be amended at the direction of OPPD’s Board of Directors and are administered by the Company. The 401k Plan’s and 457b Plan’s assets and income are held in an external trust account in each employee’s name. The matching share of contributions was \$5,885,000 and \$5,771,000 for the years ended December 31, 2020 and 2019, respectively. The employer maximum annual match on employee contributions was \$4,000 per employee for the years ended December 31, 2020 and 2019.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

There are two separate plans for OPEB. OPEB Plan A provides postemployment healthcare and life insurance benefits to qualifying members. OPEB Plan B provides postemployment healthcare premium coverage for the Company’s share to qualifying members who were hired after December 31, 2007. The OPEB Plans were established and may be amended at the direction of OPPD’s Board of Directors and are administered by the Company.

OPEB Plan A

Plan Description and Benefits Provided – OPEB Plan A (Plan A) is a single-employer defined benefit OPEB plan administered by the Company. Plan A provides postemployment healthcare benefits to retirees, surviving spouses, and employees on long-term disability and their dependents and life insurance benefits to retirees and employees on long-term disability. The requirements for retirement eligibility under OPPD’s Retirement Plan determines when Plan A members are eligible for medical benefits. OPPD is self-insured for healthcare benefits. Healthcare benefits are based on the coverage elected by Plan A members. Plan members are required to pay a premium based on the elected coverage and their respective premium cost share. When members are retired and eligible for Medicare benefits, coverage moves from OPPD’s Medical Plans to OPPD’s Group Medicare Supplement and Part D Plans.

Life insurance coverage is purchased from a third-party and benefits are based on one and one-half times the participant’s salary at the time of retirement until age 65. At age 65, the benefits are reduced to \$20,000 if retired on or after June 1, 1996 or \$15,000 if retired prior to June 1, 1996.

The following table summarizes the employees covered by the benefit terms of Plan A as of January 1.

	2020	2019
Inactive plan members currently receiving benefits	2,023	1,995
Active Plan A members	<u>1,796</u>	<u>1,762</u>
Total	<u>3,819</u>	<u>3,757</u>

Contributions – Plan A members are required to pay a monthly premium based on the elected coverage and the respective premium cost share. The Company contributes the balance of the funds needed on an actuarially determined basis. The ADC was fully funded in the amount of \$14,836,000 and \$20,621,000 for the years ended December 31, 2020 and 2019, respectively.

Actuarial Assumptions - Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The total Plan A liability in the January 1, 2020 and 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

The total Plan A liability must be determined using the Entry Age Normal (Level Percent of Pay) cost method per GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). Under this actuarial method, an allocation to past service and future service is made by spreading the costs over an employee's career as a level percentage of pay. The actuarial value of the Plan A assets was determined using a method which smooths the effect of short-term volatility in the market value of investments over approximately five years. The mortality table used for healthy participants was the PUB-2010 General table projected using Scale MP-2018 with generational projection for 2020 and the RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2017 with generational projection for 2019.

The other actuarial assumptions for the valuations as of January 1, 2020 and 2019, were as follows:

- The average rate of compensation increase varies by age.
- The average rate of inflation was 2.5%.
- The investment rate of return was 7.0%, net of OPEB plan investment expenses, including inflation.
- The pre-Medicare healthcare trend rates ranged from 6.8% immediate to 4.5% in 2020, and 7.1% immediate to 4.5% in 2019.
- The post-Medicare healthcare trend rates ranged from 11.6% immediate to 4.5% ultimate for both years.
- Amortization for the initial unfunded actuarial accrued liability and OPEB Plan changes was determined using a period of 30 years and the increasing method at a rate of 3.0% per year.
- Amortization for all changes (including gains/losses, assumption and plan provisions) after the initial year were determined using a closed period of 15 years and the level-dollar method.

The actuarial assumptions are based on a study of the experience of the covered group. The last actuarial experience study was performed during 2016.

Discount Rate – The discount rate used to measure the total Plan A liability was 7.0% for both 2020 and 2019. The discount rate is determined using the expected long-term rate of return of each asset class, including inflation and additional yields due to active investment management. The projection of cash flows used to determine the discount rate assumed that OPPD contributions will be equal to the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan A investments was applied to all periods of projected benefit payments to determine the total OPEB Plan A liability.

The following table summarizes the Target Allocation and Long-term Expected Real Rate of Return, presented in geometric means, for each major Asset Class in the OPEB Plan A.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Global equity	50.0%	6.4%
Domestic fixed income	20.0	1.1
Real return	20.0	5.2
Private real estate	10.0	4.3
Total	<u>100%</u>	

* Based on 2020 forward-looking capital market assumptions.

Total OPEB Plan A Liability, Plan Fiduciary Net Position and Net OPEB Plan A Liability - The total OPEB Plan A liability, plan fiduciary net position and net OPEB Plan A liability are determined in accordance with GASB 75. The amounts are based on the results of an actuarial valuation measurement date of January 1, 2020.

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The following table shows the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for Plan A for the Measurement Period from January 1, 2019, to January 1, 2020, and the changes for the year ended December 31, 2020 (in thousands).

	Increase (Decrease)		
	Total OPEB A Liability	Plan Fiduciary Net Position	Net OPEB A Liability
	(a)	(b)	(a-b)
Balance at 12/31/2019	\$ 399,018	\$ 139,650	\$ 259,368
(Based on 1/1/2019 measurement date)			
Changes recognized for the fiscal year:			
Service cost	4,064		4,064
Interest on total OPEB liability	27,514		27,514
Difference between expected and actual experience	(43,551)		(43,551)
Changes of assumptions	12,163		12,163
Contributions from employer		20,621	(20,621)
Net investment income		24,706	(24,706)
Benefit payments	(20,409)	(20,409)	-
Administrative expense		(49)	49
Net changes	<u>(20,219)</u>	<u>24,869</u>	<u>(45,088)</u>
Balance at 12/31/2020	\$ 378,799	\$ 164,519	\$ 214,280
(Based on 1/1/2020 measurement date)			

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for Plan A for the Measurement Period from January 1, 2018, to January 1, 2019, and the changes for the year ended December 31, 2019 (in thousands).

	Increase (Decrease)		
	Total OPEB A Liability	Plan Fiduciary Net Position	Net OPEB A Liability
	(a)	(b)	(a-b)
Balance at 12/31/2018	\$ 402,128	\$ 152,568	\$ 249,560
(Based on 1/1/2018 measurement date)			
Changes recognized for the fiscal year:			
Service cost	4,171		4,171
Interest on total OPEB liability	27,717		27,717
Changes in benefit terms	(37,614)		(37,614)
Difference between expected and actual experience	24,899		24,899
Changes of assumptions	(1,255)		(1,255)
Contributions from employer		19,973	(19,973)
Net investment income		(11,695)	11,695
Benefit payments	(21,028)	(21,028)	-
Administrative expense		(168)	168
Net changes	<u>(3,110)</u>	<u>(12,918)</u>	<u>9,808</u>
Balance at 12/31/2019	\$ 399,018	\$ 139,650	\$ 259,368
(Based on 1/1/2019 measurement date)			

	2020	2019
Plan fiduciary net position as a percentage of the total OPEB Plan A liability	43.43%	35.00%
Actuarially determined contributions	\$ 14,836	\$ 20,621

OPEB Plan A Fiduciary Net Position – Detailed information about OPEB Plan A’s fiduciary net position is available in the separately issued Plan A financial report and can be reviewed by contacting Investor Relations at finfo@oppd.com or by visiting oppd.com.

Sensitivity – The following table illustrates the impact of interest rate sensitivity on the Total OPEB Liability and Net OPEB Liability as of December 31, 2020 (in thousands) if it were calculated using a 1% change in the discount rate as of the measurement date (1/1/2020). The information provided below is calculated based on the applicable governmental accounting standards, which require the presentation of the discount rate at the rate in effect as of the measurement date.

OPEB Plan A	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
Total OPEB liability	\$ 426,441	\$ 378,799	\$ 339,357
Plan fiduciary net position	164,519	164,519	164,519
Net OPEB liability	<u>\$ 261,922</u>	<u>\$ 214,280</u>	<u>\$ 174,838</u>

The following table illustrates the impact of interest rate sensitivity on the Total OPEB Liability and Net OPEB Liability as of December 31, 2019 (in thousands) if it were calculated using a 1% change in the discount rate as of the measurement date (1/1/2019).

OPEB Plan A	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
Total OPEB liability	\$ 447,085	\$ 399,018	\$ 358,997
Plan fiduciary net position	139,650	139,650	139,650
Net OPEB liability	<u>\$ 307,435</u>	<u>\$ 259,368</u>	<u>\$ 219,347</u>

The following table illustrates the impact of healthcare cost trend rate sensitivity on the Total OPEB Liability and Net OPEB Liability as of December 31, 2020 (in thousands) if it were calculated using a 1% change in the healthcare cost trend rates as of the measurement date (1/1/2020).

Pre-Medicare	1% Decrease 5.8%-3.5%	Current Healthcare Cost Trend Rate 6.8%-4.5%	1% Increase 7.8%-5.5%
Post-Medicare	10.6%-3.5%	11.6%-4.5%	12.6%-5.5%
Total OPEB liability	\$ 340,186	\$ 378,799	\$ 425,470
Plan fiduciary net position	164,519	164,519	164,519
Net OPEB liability	<u>\$ 175,667</u>	<u>\$ 214,280</u>	<u>\$ 260,951</u>

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The following table illustrates the impact of healthcare cost trend rate sensitivity on the Total OPEB Liability and Net OPEB Liability as of December 31, 2019 (in thousands) if it were calculated using a 1% change in the healthcare cost trend rates as of the measurement date (1/1/2019).

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Pre-Medicare	6.1%-3.5%	7.1%-4.5%	8.1%-5.5%
Post-Medicare	10.6%-3.5%	11.6%-4.5%	12.6%-5.5%
Total OPEB liability	\$ 359,707	\$ 399,018	\$ 446,328
Plan fiduciary net position	139,650	139,650	139,650
Net OPEB liability	<u>\$ 220,057</u>	<u>\$ 259,368</u>	<u>\$ 306,678</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Plan A – For the year ended December 31, 2020, OPPD recognized OPEB expense of \$14,836,000. For the year ended December 31, 2019, OPPD recognized OPEB expense of \$20,621,000.

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to Plan A from the following sources as of December 31, 2020 (in thousands).

	Deferred Outflows	Deferred Inflows
OPEB Plan A		
Difference between expected and actual experience	\$ 14,589	\$46,289
Changes of assumptions	9,581	735
Net difference between expected and actual earnings on OPEB plan investments	-	2,309
Contribution made in fiscal year ending December 31, 2020	14,836	-
Total deferred outflows/inflows of resources	<u>\$ 39,006</u>	<u>\$49,333</u>

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to Plan A from the following sources as of December 31, 2019 (in thousands).

	Deferred Outflows	Deferred Inflows
OPEB Plan A		
Difference between expected and actual experience	\$ 19,744	\$18,393
Changes of assumptions	-	995
Net difference between expected and actual earnings on OPEB plan investments	12,214	-
Contribution made in fiscal year ending December 31, 2019	20,621	-
Total deferred outflows/inflows of resources	<u>\$ 52,579</u>	<u>\$19,388</u>

As of December 31, 2020, the Company reported \$14,836,000 as deferred outflows of resources related to Plan A resulting from the contributions made to the OPEB Plan subsequent to the measurement date. This amount will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB Plan A

will be recognized in OPEB expense as follows (in thousands):

Year	Amount
2021	\$ (8,580)
2022	(7,747)
2023	(1,120)
2024	(7,716)

OPEB Plan B

Plan Description and Benefits Provided – OPEB Plan B (Plan B) is a single-employer defined benefit OPEB plan administered by the Company. Plan B provides postemployment healthcare premium coverage for the Company’s share for retirees and surviving spouses and their dependents to qualifying members who were hired after December 31, 2007. Benefits are based on the coverage elected by the Plan B members and the balance in the member’s hypothetical account, which is a bookkeeping account. The hypothetical accounts are credited with \$10,000 upon commencement of full-time employment, \$1,000 annually on the member’s anniversary date and interest income at 5.0% annually. Plan B benefits are for the payment of OPPD’s share of the members’ healthcare premiums. Plan benefits will continue until the member and eligible spouse cease to be covered under the Company’s medical plan, the member’s hypothetical account is depleted or Plan B terminates, whichever occurs first. Benefits are forfeited for any member who fails to retire or who retires but does not immediately commence payments.

The following table summarizes the employees covered by the benefit terms of Plan B as of January 1.

	2020	2019
Inactive plan members currently receiving benefits	12	7
Active Plan B members	<u>891</u>	<u>765</u>
Total	<u>903</u>	<u>772</u>

Contributions – Funds are contributed, as needed, on an actuarially determined basis. Members do not contribute to Plan B. The ADC was fully funded in the amount of \$746,000 and \$625,000 for the years ended December 31, 2020 and 2019, respectively.

Actuarial Assumptions – Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The total Plan B liability in the January 1, 2020 and 2019, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

The total Plan B liability must be determined using the Entry Age Normal (Level Percent of Pay) cost method per GASB 75. Under this actuarial method, an allocation to past service and future service is made by spreading the costs over an employee’s career as a level percentage of pay. The actuarial value of the Plan B assets was determined using market value. The mortality table used for healthy participants was the PUB-2010 General table projected using Scale MP-2018 with generational projection for 2020 and the RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2017 with generational projection for 2019.

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The other actuarial assumptions for the valuations as of January 1, 2020 and 2019, were as follows:

- The average rate of inflation was 2.5%.
- The investment rate of return was 5.25%, net of OPEB plan investment expenses, including inflation.
- Amortization for all changes (including gains/losses, assumption and plan provisions) after the initial year were determined using a closed period of 15 years and the level-dollar method.

The actuarial assumptions are based on a study of the experience of the covered group. The last actuarial experience study was performed during 2016.

Discount Rate – The discount rate used to measure the total Plan B liability was 5.25% for both 2020 and 2019. The discount rate is determined using the expected long-term rate of return of each asset class, including inflation. The projection of cash flows used to determine the discount rate assumed that OPPD contributions will be made equal to the actuarially determined contribution rates. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan B investments was applied to all periods of projected benefit payments to determine the total OPEB Plan B liability.

The following table summarizes the Target Allocation and Long-term Expected Real Rate of Return, presented in geometric means, for each major Asset Class in Plan B.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic fixed income	70.0%	1.1%
Global equity	30.0	6.4
Total	<u>100%</u>	

* Based on 2020 forward-looking capital market assumptions.

Total OPEB Plan B Liability, Plan Fiduciary Net Position and Net OPEB Plan B Liability – The total OPEB Plan B liability, plan fiduciary net position and net OPEB Plan B liability are determined in accordance with GASB 75. The amounts are based on the results of an actuarial valuation measurement date of January 1, 2020.

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for Plan B for the Measurement Period from January 1, 2019, to January 1, 2020, and the changes for the year ended December 31, 2020 (in thousands).

	Total OPEB B Liability	Plan Fiduciary Net Position	Net OPEB B Liability
	(a)	(b)	(a-b)
Balance at 12/31/2019	\$ 4,079	\$ 3,857	\$ 222
(Based on 1/1/2019 measurement date)			
Changes recognized for the fiscal year:			
Service cost	565		565
Interest on total OPEB liability	243		243
Difference between expected and actual experience	462		462
Changes of assumptions	81		81
Contributions from employer		625	(625)
Net investment income		568	(568)
Benefit payments	(9)	(9)	-
Administrative expense		(48)	48
Net changes	<u>1,342</u>	<u>1,136</u>	<u>206</u>
Balance at 12/31/2020	<u>\$ 5,421</u>	<u>\$ 4,993</u>	<u>\$ 428</u>

(Based on 1/1/2020 measurement date)

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for Plan B for the Measurement Period from January 1, 2018, to January 1, 2019, and the changes for the year ended December 31, 2019 (in thousands).

	Increase (Decrease)		
	Total OPEB B Liability	Plan Fiduciary Net Position	Net OPEB B Liability/(Asset)
	(a)	(b)	(a-b)
Balance at 12/31/2018	\$ 3,691	\$ 4,042	\$ (351)
(Based on 1/1/2018 measurement date)			
Changes recognized for the fiscal year:			
Service cost	492		492
Interest on total OPEB liability	219		219
Difference between expected and actual experience	145		145
Changes of assumptions	(451)		(451)
Net investment income		(133)	133
Benefit payments	(17)	(17)	-
Administrative expense		(35)	35
Net changes	<u>388</u>	<u>(185)</u>	<u>573</u>
Balance at 12/31/2019	<u>\$ 4,079</u>	<u>\$ 3,857</u>	<u>\$ 222</u>
(Based on 1/1/2019 measurement date)			

	2020	2019
Plan fiduciary net position as a percentage of the total OPEB Plan B liability	92.10%	94.57%
Actuarially determined contributions	\$746	\$625

OPEB Plan B Fiduciary Net Position – Detailed information about OPEB Plan B's fiduciary net position is available in the separately issued Plan B financial report and can be reviewed by contacting Investor Relations at info@oppd.com or by visiting oppd.com.

Sensitivity – The following table illustrates the impact of interest rate sensitivity on the Total OPEB Liability and Net OPEB Liability/ (Asset) as of December 31, 2020 (in thousands) if it were calculated using a 1% change in the discount rate as of the measurement date (1/1/2020). The information provided below is calculated based on the applicable governmental accounting standards, which require the presentation of the discount rate at the rate in effect as of the measurement date.

OPEB Plan B	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Total OPEB liability	\$ 5,931	\$ 5,421	\$ 4,949
Plan fiduciary net position	4,993	4,993	4,993
Net OPEB liability/(asset)	<u>\$ 938</u>	<u>\$ 428</u>	<u>\$ (44)</u>

The following table illustrates the impact of interest rate sensitivity on the Total OPEB Liability and Net OPEB Liability/ (Asset) as of December 31, 2019 (in thousands) if it were calculated using a 1% change in the discount rate as of the measurement date (1/1/2019).

OPEB Plan B	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Total OPEB liability	\$ 4,494	\$ 4,079	\$ 3,697
Plan fiduciary net position	3,857	3,857	3,857
Net OPEB liability/(asset)	<u>\$ 637</u>	<u>\$ 222</u>	<u>\$ (160)</u>

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The Net OPEB Liability/ (Asset) is not affected by the healthcare cost trend rates as the Plan only covers the monthly cost of OPPD's share of the premium. Increases or decreases in the healthcare trend rates do not impact the member's hypothetical account.

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plan B – For the year ended December 31, 2020, OPPD recognized OPEB expense of \$746,000. For the year ended December 31, 2019, OPPD recognized OPEB expense of \$625,000.

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to Plan B from the following sources as of December 31, 2020 (in thousands).

	Deferred Outflows	Deferred Inflows
OPEB Plan B		
Difference between expected and actual experience	\$ 618	\$ -
Changes of assumptions	77	406
Net difference between expected and actual earnings on OPEB plan investments	-	139
Contribution made in fiscal year ending December 31, 2020	746	-
Total deferred outflows/inflows of resources	<u><u>\$1,441</u></u>	<u><u>\$545</u></u>

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to Plan B from the following sources as of December 31, 2019 (in thousands).

	Deferred Outflows	Deferred Inflows
OPEB Plan B		
Difference between expected and actual experience	\$ 190	\$ -
Changes of assumptions	-	429
Net difference between expected and actual earnings on OPEB plan investments	178	-
Contribution made in fiscal year ending December 31, 2019	625	-
Total deferred outflows/inflows of resources	<u><u>\$ 993</u></u>	<u><u>\$429</u></u>

As of December 31, 2020, the Company reported \$746,000 as deferred outflows of resources related to Plan B resulting from the contributions made to the OPEB Plan subsequent to the measurement date. This amount will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB Plan B will be recognized in OPEB expense as follows (in thousands):

Year	Amount
2021	\$ (18)
2022	(19)
2023	14
2024	(55)
2025	15
Thereafter	213

SELF-INSURANCE HEALTH PROGRAM

Employee healthcare and life insurance benefits are provided to substantially all employees. There were 1,614 and 1,623 employees with medical coverage as of December 31, 2020 and 2019, respectively. An Administrative Services Only (ASO) Health Insurance Program is used to account for the health insurance claims. With respect to the ASO program, reserves sufficient to satisfy both statutory and OPPD-directed requirements have been established to provide risk protection in the Segregated Fund – Other (Note 2). Additionally, private insurance has been purchased to cover claims in excess of 125% of expected aggregate levels and \$450,000 per member.

Healthcare expenses for employees were \$22,600,000 and \$27,407,000 for the years ended December 31, 2020 and 2019, respectively.

The total cost of life and long-term disability insurance for full-time employees was \$1,312,000 and \$1,218,000 for the years ended December 31, 2020 and 2019, respectively.

The balance of the Incurred but Not Presented Reserve was \$3,330,000 and \$3,502,000 as of December 31, 2020 and 2019, respectively.

9. REGULATORY ASSETS AND LIABILITIES

Rates for regulated operations are established and approved by the Board of Directors. The provisions of GASB Codification Section Re10, *Regulated Operations*, are applied. This guidance provides that regulatory assets are rights to additional revenues or deferred expenses, which are expected to be recovered through customer rates over some future period. Regulatory liabilities are reductions in earnings (or costs recovered) to cover future expenditures.

REGULATORY ASSETS

The following table summarizes the balances of regulatory assets as of December 31, 2020 and 2019 (in thousands).

	2020	2019
Pension	\$ 453,142	\$ 423,114
FCS decommissioning	369,569	304,944
Other postemployment benefits	224,416	226,112
NC2	52,315	51,325
FCS recovery costs	43,271	58,107
AFUDC	8,436	-
Financing costs	6,211	6,990
Supplemental pension	1,984	1,847
FPPA	-	38,301
Total	<u>\$1,159,344</u>	<u>\$1,110,740</u>

Pension Plan – The Company adopted the GASB accounting standards for the financial accounting and reporting of pension plans in 2015. These standards required the Company to recognize a liability for the net pension liability on the Statements of Net Position. In 2014, the Board of Directors authorized the use of regulatory accounting for pension costs to establish a regulatory asset to match the pension expense to the amounts funded and the cost recovery through rates (Note 8).

FCS Decommissioning – The Board of Directors authorized the use of regulatory accounting in 2015 to match decommissioning expense to the amounts funded from retail rates. In 2019, the Board of Directors authorized a revision to the regulatory accounting for decommissioning expense to match the expense to the amounts funded from both retail rates and realized decommissioning fund investment income starting in 2020 (Note 11).

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Other Postemployment Benefits – The Company adopted the GASB accounting standards for the financial accounting and reporting of other postemployment benefit plans in 2018. These standards required the Company to recognize a liability for the net other postemployment benefit liability on the Statements of Net Position. In 2017, the Board of Directors authorized the use of regulatory accounting for other postemployment costs to establish a regulatory asset to match the other postemployment benefit expense to the amounts funded and the cost recovery through rates (Note 8).

NC2 – The station was placed in commercial operation in 2009. Half of the unit's output is sold under 40-year Participation Power Agreements (PPAs). Certain participants funded their share of construction costs with NC2 Separate Electric System Revenue Bonds. These participants are billed for the debt service related to these bonds. The amounts recovered for debt service for the electric utility plant construction and other costs are included in off-system sales revenues. The revenues related to principal repayment will equal related depreciation and other deferred NC2 expenses over the 40-year term of the PPAs. A regulatory asset was established to equate expenses and the amount included in off-system sales revenues for principal repayment in order to maintain revenue neutrality in the interim years. This regulatory asset will increase annually until 2026 when principal repayments begin exceeding depreciation and other deferred expenses. After 2026, the regulatory asset will be reduced annually by recognizing deferred depreciation and other deferred expenses until its elimination in 2049, which is the end of the initial term of the PPAs.

FCS Recovery Costs – The Board of Directors authorized the use of regulatory accounting in 2012 for significant, unplanned operations and maintenance costs at FCS incurred to address concerns from the NRC and enhance operations. These recovery costs are being amortized over a 10-year period that commenced in 2013, as they continue to benefit future ratepayers and are being collected through retail rates.

Allowances for Funds Used During Construction – The Company adopted GASB 89 during 2020, which eliminated capitalized interest for governmental entities, except for those entities with regulated operations. As an entity with regulated operations, OPPD continues to record AFUDC as a regulatory asset, as allowed by GASB 89. Prior to January 1, 2020, AFUDC was capitalized as a component of the cost of electric utility plant. AFUDC approximates OPPD's current weighted average cost of debt and was computed at 3.0% and 3.3% for the years ended December 31, 2020 and 2019, respectively.

Financing Costs – The Board of Directors authorized the use of regulatory accounting for debt issuance costs in 2012 because of new accounting standards that would have required these costs to be expensed in the period incurred. These costs are amortized over the life of the associated bond issues consistent with the rate methodology.

Supplemental Pension Plan – The Company adopted the GASB accounting standards for the financial accounting and reporting of supplemental pension plans in 2017. These standards required the Company to recognize a liability for the total supplemental pension obligation on the Statements of Net Position. In 2017, the Board of Directors authorized the use of regulatory accounting for supplemental pension costs to establish a regulatory asset to match the supplemental pension expense to the amounts funded and the cost recovery through rates (Note 8).

Fuel and Purchased Power Adjustment (FPPA) – FPPA was implemented in the retail rate structure in 2010. The Board of Directors authorized the use of regulatory accounting to maintain revenue neutrality by matching retail revenues attributed to fuel and purchased power costs with the actual costs incurred. This regulatory asset represents the rights to additional revenues based on incurred expenses due to under-recoveries of fuel and purchased power costs. The Board of Directors approved the write-off of FPPA under-recoveries of \$10,213,000, for the year ended December 31, 2019, which offset other FPPA under recoveries. There were no write-offs in 2020.

REGULATORY LIABILITIES

The following table summarizes the balances of the regulatory liabilities reported as deferred inflows as of December 31, 2020 and 2019, (in thousands).

	2020	2019
Decommissioning and benefits reserve	\$ 115,000	\$ 94,000
Rate stabilization reserve	50,000	50,000
FPPA	7,616	-
Total	<u>\$ 172,616</u>	<u>\$ 144,000</u>

Decommissioning and Benefits Reserve – This reserve was established in 2016 to assist in funding future decommissioning expenses beyond what was established in the current funding plan in any given year and future pension liabilities above the actuarially determined contribution (Note 2). The Company added \$21,000,000 and \$17,000,000 to the reserve in 2020 and 2019, respectively.

Rate Stabilization Reserve – This reserve was established to help maintain stability in OPPD’s long-term rate structure (Note 2). There were no transfers to the reserve in 2020 or 2019.

Fuel and Purchased Power Adjustment – FPPA was implemented in the retail rate structure in 2010. The Board of Directors authorized the use of regulatory accounting to maintain revenue neutrality by matching retail revenues attributed to fuel and purchased power costs with the actual costs incurred. This regulatory liability represents over-recoveries of fuel and purchased power costs.

10. RISK MITIGATION AND RECOVERIES

OPPD is exposed to various risks of loss related to general liability and property damage. The Company procures property and liability insurance, subject to certain limits and deductibles, to reduce the adverse effect on its financial position or operational capabilities from claims caused by such matters. There have been no significant changes to the Company’s insurance portfolio. Claims have not exceeded the limits of property or liability insurance in any of the three preceding years.

The following table summarizes the total claims liability, comprising claims received and medical claims incurred but not presented, at December 31, 2020 and 2019 (in thousands).

	2020	2019
IBNP reserve	\$ 3,330	\$ 3,502
Workers’ compensation reserve	5,352	5,761
Public liability reserve	856	825
Total	<u>\$ 9,538</u>	<u>\$ 10,088</u>

The following table summarizes the changes in the total claims liability during 2020 and 2019 (in thousands).

	2020	2019
Claims liability, beginning of year	\$ 10,088	\$ 9,578
Payments on claims	(28,912)	(29,142)
Claims and adjustments	28,362	29,652
Claims liability, end of year	<u>\$ 9,538</u>	<u>\$ 10,088</u>

OPPD is eligible for disaster assistance from the Federal Emergency Management Agency (FEMA) when a disaster is declared for damage in the Company’s service area. FEMA declared disasters for events during 2020 (COVID-19 Pandemic), 2019 (flood) and 2017 (storm). The receivable for the 2017 disaster and part of the 2019 disaster was \$1,107,000 and \$10,033,000 at December 31, 2020 and 2019, respectively. There

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is no receivable from FEMA for the 2020 COVID-19 Pandemic event and some of the 2019 flood projects as of December 31, 2020, as those grant agreements were not executed in 2020 and cannot be recognized in accordance with GASB guidance.

The 2019 flood event included flood prevention and repair activities that are also covered by OPPD's property insurance. OPPD filed a claim and received preliminary notification from the insurance carrier of advance payment settlement for the 2019 flood event in the amount of \$764,000 (net of the \$2,500,000 deductible) as of December 31, 2019, which resulted in a reduction of Production expense of \$585,000 and CIAC of \$179,000. OPPD received an additional settlement for the 2019 flood event in the amount of \$2,246,000 in 2020, which resulted in the recognition of revenue of \$2,182,000 and CIAC of \$64,000. Payments of \$3,010,000 were received late in 2020. The receivable balance outstanding was \$0 and \$764,000 as of December 31, 2020 and 2019, respectively.

11. FORT CALHOUN STATION DECOMMISSIONING

In 2016, the OPPD Board of Directors approved a recommendation by management to cease operations at the Fort Calhoun Station (FCS). As a result of the Board decision to cease operations, the FCS assets were impaired in 2016. The station ceased operations on October 24, 2016, and began the decommissioning process. FCS is being decommissioned using the DECON process, which provides for the immediate decontamination and dismantling of the nuclear systems and structures. OPPD contracted with EnergySolutions LLC (ES) to provide technical support during the completion of the DECON process. OPPD retains the license and management responsibility for the facility, while benefitting from the advisory services provided by ES.

The total estimated cost in current-year dollars to decommission FCS using the DECON methodology was \$907,813,000 and \$954,341,000 as of December 31, 2020 and 2019, respectively. The estimated cost to decommission the station in current-year dollars for the NRC-required obligations using the DECON methodology was \$863,398,000 and \$905,956,000 as of December 31, 2020 and 2019, respectively. This included \$97,026,000 in Current Liabilities and \$766,372,000 in Other Liabilities as of December 31, 2020, and \$126,851,000 in Current Liabilities and \$779,105,000 in Other Liabilities as of December 31, 2019 on the Statements of Net Position. The estimated costs were based on a third-party, site-specific cost study.

The major assumptions used in the cost estimate as the basis for the decommissioning liability for December 31, 2020 and 2019 were as follows:

- Costs are provided in current-year dollars.
- Costs based on Prompt DECON Decommissioning model.
- Personnel costs based on a single average salary for security and non-security staff, adjusted for headcount reductions.
- Overhead costs are for site and corporate support.
- Site facilities and systems data are based on current existing site drawings and data provided by OPPD combined with experience from ES to establish station systems and buildings inventories. These were used to generate labor hours, cost, and waste volumes and classifications.

The Board of Directors authorized the use of regulatory accounting for decommissioning expense to match the expense to the amounts funded from both retail rates and realized decommissioning fund investment income. The balance of the regulatory asset was \$369,569,000 and \$304,944,000 as of December 31, 2020 and 2019, respectively. This included \$129,442,000 in Current Assets and \$240,127,000 in Other Long-Term Assets as of December 31, 2020, and \$123,600,000 in Current Assets and \$181,344,000 in Other Long-Term Assets as of December 31, 2019 on the Statements of Net Position. A long-term asset of \$0 and \$53,595,000 as of December 31, 2020 and 2019, respectively, was recorded for the estimated recovery from the DOE for costs related to spent fuel management activities. The Company is currently working with the DOE on the

recovery of spent fuel costs. Based on accounting guidance and information currently available, the long-term asset was removed in 2020.

The balance of the decommissioning trust assets was \$542,090,000 and \$549,035,000 as of December 31, 2020 and 2019, respectively, and includes interest receivables of \$1,212,000 and \$1,558,000 as of December 31, 2020 and 2019, respectively. Investment income was \$17,483,000 and \$14,322,000 for the years ended December 31, 2020 and 2019, respectively. The fair value of the Decommissioning Trust Funds increased \$12,129,000 and \$15,666,000 for the years ended December 31, 2020 and 2019, respectively.

The annual funding amount was \$112,552,000 and \$143,004,000 for the years ended December 31, 2020 and 2019, respectively. The Supplemental Decommissioning Trust Fund was reduced by \$149,191,000 and \$89,874,000 for the years ended December 31, 2020 and 2019, respectively, for expenditures incurred during the decommissioning process at FCS.

Employees located at FCS or other locations, and terminated as a result of the decision to cease operations, are eligible for an employee severance package. The package includes a lump-sum payment to eligible employees with a base of 12 weeks of pay based on current salary, plus an additional week of pay for each year of service up to a maximum of 52 weeks. Employees enrolled in the Company's medical benefit plans are also eligible for a lump-sum payment of medical, dental and vision insurance coverage costs based on the number of weeks used in the severance calculation (as noted above). Retiring employees are only eligible for payment related to dental coverage. There were 42 employees that received severance payments totaling \$1,679,000 in 2020. Employees did not receive severance payments in 2019.

Severance costs are accrued as the benefits are earned and recognized ratably over the future service period. Future severance costs beyond December 31, 2020 are estimated to be paid to approximately 169 employees in various waves of reductions through 2025. Severance costs of \$1,990,000 and \$1,578,000 were recorded as of December 31, 2020 and 2019, respectively.

In 2016, OPPD established a Key Employee Performance Plan (KEPP) to help ensure that key positions remained staffed for continued safe operations. As part of the KEPP, certain key positions at FCS are eligible for a performance incentive. Performance incentives are paid to employees based on attainment of certain milestone dates. In 2020, 112 employees received performance incentive payments totaling \$2,057,000. In 2019, 10 employees received performance incentive payments totaling \$611,000. Currently, no future performance incentive costs beyond December 31, 2020 are expected. Performance incentive costs of \$1,420,000 and \$784,000 were recorded as of December 31, 2020 and 2019, respectively.

12. COMMITMENTS AND CONTINGENCIES

Commitments for the uncompleted portion of construction contracts were approximately \$53,528,000 at December 31, 2020.

Power sales commitments that extend through 2027 were \$10,761,000 as of December 31, 2020. Power purchase commitments, including capacity contracts were \$285,335,000 as of December 31, 2020. These commitments extend through 2050 and do not include the PPAs for OPPD's commitments for wind energy purchases or NC2, which are separately disclosed below.

The following table summarizes OPPD's commitments for wind purchase agreements as of December 31, 2020.

	Total Capacity (in MW)	OPPD Share (in MW)	Commitment Through	Amount (in thousands)
Ainsworth*	59.4	10.0	2025	\$ 9,270
Elkhorn Ridge**	<u>80.0</u>	<u>25.0</u>	2029	<u>10,314</u>
Total	<u>139.4</u>	<u>35.0</u>		<u>\$ 19,584</u>

* This PPA is on a "take-or-pay" basis and the Company is obligated to make payments for purchased power even if the power is not available, delivered or taken by OPPD. In addition, the Company is obligated, through a step-up provision, to pay a share of any deficit in funds resulting from a default at the Ainsworth facility. Included in this amount is OPPD's expected share of decommissioning costs.

Notes to Financial Statements

as of and for the Years Ended December 31, 2020 and 2019

*** This PPA is on a “take-and-pay” basis and requires payments when the power is made available to OPPD. The commitment amount includes monthly fixed demand charges.*

There were no commitments for the solar or other wind PPAs.

There are 40-year PPAs with seven public power and municipal utilities (the Participants) for the sale of half of the net capacity of NC2. The Participants have agreed to purchase their respective shares of the output on a “take-or-pay” basis even if the power is not available, delivered to or taken by the Participants. The Participants are subject to a step-up provision, whereby in the event of a Participant default, the remaining Participants are obligated to pay a share of any deficit in funds resulting from the default. There is an NC2 Transmission Facilities Cost Agreement with the Participants that addresses the cost allocation, payment and cost recovery for delivery of their respective power.

OPPD has coal supply contracts with minimum future payments of \$106,842,000 at December 31, 2020. The Company also has coal-transportation contracts with minimum future payments of \$132,900,000 as of December 31, 2020. These contracts are subject to price adjustments.

The Company is engaged in routine litigation incidental to the conduct of its business and, in the opinion of Management, based upon the advice of General Counsel, the aggregate amounts recoverable or payable, taking into account amounts provided in the financial statements, are not significant.

13. SUBSEQUENT EVENT

Management evaluated subsequent events through the date the financial statements were available to be issued to identify subsequent events that would require recognition or disclosure as of and for the year ended December 31, 2020.

During February 2021, a polar vortex resulted in persistent and extreme cold weather that covered most of the United States, including the SPP region. This weather event led to an increase in energy demand while generating facilities faced fuel-supply issues and equipment failures that stressed the bulk electric system. As a result, SPP declared an Energy Emergency Alert Level 3, signaling that operating reserves were below the required minimum, and member utilities were asked to implement controlled service interruptions. The market experienced extreme price volatility for utilities buying or selling energy during this weather event. OPPD is currently evaluating the effects of this situation and cannot reasonably estimate the impact on the financial statements.

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Required Supplementary Information (Unaudited)

Schedule of Changes in Total Pension Liability, Net Pension Liability and Related Ratios

The following schedules show the history of changes in Total Pension Liability and Net Pension Liability as of December 31 using a January 1 measurement date (*in thousands*).

Retirement Plan	2020	2019
Total Pension Liability		
Service cost	\$ 21,502	\$ 21,156
Interest on total pension liability	103,374	102,466
Changes of benefit terms	-	-
Difference between expected and actual experience	7,747	2,867
Changes of assumptions	36,067	(14,834)
Benefit payments, including refunds of employee contributions	(100,724)	(97,375)
Net change in total pension liability	67,966	14,280
Total pension liability (beginning)	1,504,787	1,490,507
Total pension liability (ending) (a)	<u>\$ 1,572,753</u>	<u>\$ 1,504,787</u>
Plan Fiduciary Net Position		
Contributions from employer	\$ 59,201	\$ 53,563
Contributions from employee	12,506	11,417
Net investment income	164,636	(68,088)
Benefit payments, including refunds of employee contributions	(100,724)	(97,375)
Administrative expense	(80)	(98)
Net change in plan fiduciary net position	135,539	(100,581)
Plan fiduciary net position (beginning)	919,805	1,020,386
Plan fiduciary net position (ending) (b)	<u>\$ 1,055,344</u>	<u>\$ 919,805</u>
Net pension liability (ending) (a)-(b)	<u>\$ 517,409</u>	<u>\$ 584,982</u>
Plan fiduciary net position as a percentage of total pension liability	67.10%	61.13%
Covered payroll	\$ 187,099	\$ 179,364
Net pension liability as a percentage of covered payroll	276.54%	326.14%
Non-Qualified Plan		
Total Pension Liability		
Service cost	\$ 239	\$ 237
Interest on total pension liability	179	183
Changes of benefit terms	-	-
Difference between expected and actual experience	(3)	(87)
Changes of assumptions	792	(82)
Benefit payments	-	(2,399)
Net change in total pension liability	1,207	(2,148)
Total pension liability (beginning)	4,126	6,274
Total pension liability (ending)	<u>\$ 5,333</u>	<u>\$ 4,126</u>
Covered payroll	\$ 2,726	\$ 2,292
Total pension liability as a percentage of covered payroll	195.63%	180.02%

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

See notes to required supplementary information

	2018	2017	2016	2015
\$	21,135	\$ 23,406	\$ 23,224	\$ 22,492
	99,501	103,695	100,285	93,643
	909	-	1,268	-
	16,421	4,667	2,593	(5,328)
	(1,306)	42,537	-	54,712
	(91,372)	(85,752)	(81,441)	(79,681)
	45,288	88,553	45,929	85,838
	1,445,219	1,356,666	1,310,737	1,224,899
	<u>\$ 1,490,507</u>	<u>\$1,445,219</u>	<u>\$1,356,666</u>	<u>\$1,310,737</u>

\$	53,073	\$ 50,711	\$ 46,568	\$ 53,008
	10,890	11,957	12,375	11,720
	143,070	58,549	(11,465)	32,020
	(91,372)	(85,752)	(81,441)	(79,681)
	(95)	(134)	(111)	(193)
	115,566	35,331	(34,074)	16,874
	904,820	869,489	903,563	886,689
	<u>\$ 1,020,386</u>	<u>\$ 904,820</u>	<u>\$ 869,489</u>	<u>\$ 903,563</u>
	<u>\$ 470,121</u>	<u>\$ 540,399</u>	<u>\$ 487,177</u>	<u>\$ 407,174</u>

	68.46%	62.61%	64.09%	68.94%
\$	179,607	\$ 187,605	\$ 200,905	\$ 196,344
	261.75%	288.05%	242.49%	207.38%

	2018	2017
\$	275	\$ 252
	223	211
	144	-
	1,966	765
	(28)	461
	(3,852)	-
	(1,272)	1,689
	7,546	5,857
	<u>\$ 6,274</u>	<u>\$ 7,546</u>
\$	2,561	\$ 1,305
	244.99%	578.24%

Required Supplementary Information (Unaudited)

Schedule of Retirement Plan Contributions

The following table shows the history of Contributions for the Retirement Plan as of December 31, using a January 1 measurement date (*in thousands*).

	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution Percentage of Covered Payroll
2020	\$ 59,093	\$59,093	\$ -	\$187,099	31.58%
2019	59,201	\$59,201	-	179,364	33.01%
2018	53,563	53,563	-	179,607	29.82%
2017	53,073	53,073	-	187,605	28.29%
2016	50,711	50,711	-	200,905	25.24%
2015	46,568	46,568	-	196,344	23.72%
2014	53,008	53,008	-	194,100	27.31%

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

Required Supplementary Information (Unaudited)

Schedule of Changes in Total OPEB Liability, Net OPEB Liability and Related Ratios

The following schedules show the history of changes in Total OPEB Liability and Net OPEB Liability as of December 31 using a January 1 measurement date (*in thousands*).

Plan A	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 4,064	\$ 4,171	\$ 4,459
Interest on total OPEB liability	27,514	27,717	29,015
Changes of benefit terms	-	(37,614)	-
Difference between expected and actual experience	(43,551)	24,899	(31,210)
Changes of assumptions	12,163	(1,255)	-
Benefit payments	(20,409)	(21,028)	(20,017)
Net change in total OPEB liability	(20,219)	(3,110)	(17,753)
Total OPEB liability (beginning)	399,018	402,128	419,881
Total OPEB liability (ending) (a)	<u>\$ 378,799</u>	<u>\$ 399,018</u>	<u>\$ 402,128</u>
Plan Fiduciary Net Position			
Contributions from employer	\$ 20,621	\$ 19,973	\$ 22,568
Net investment income	24,706	(11,695)	18,705
Benefit payments	(20,409)	(21,028)	(20,017)
Administrative expense	(49)	(168)	(121)
Net change in plan fiduciary net position	24,869	(12,918)	21,135
Plan fiduciary net position (beginning)	139,650	152,568	131,433
Plan fiduciary net position (ending) (b)	<u>\$ 164,519</u>	<u>\$ 139,650</u>	<u>\$ 152,568</u>
Net OPEB liability (ending) (a)-(b)	<u>\$ 214,280</u>	<u>\$ 259,368</u>	<u>\$ 249,560</u>
Plan fiduciary net position as a percentage of total OPEB liability	43.43%	35.00%	37.94%
Covered payroll	\$ 187,099	\$ 179,364	\$ 179,607
Net OPEB liability as a percentage of covered payroll	114.53%	144.60%	138.95%

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

Required Supplementary Information (Unaudited)

Schedule of Changes in Total OPEB Liability, Net OPEB Liability and Related Ratios

The following schedules show the history of changes in Total OPEB Liability and Net OPEB Liability as of December 31 using a January 1 measurement date (*in thousands*).

Plan B	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 565	\$ 492	\$ 459
Interest on total OPEB liability	243	219	182
Difference between expected and actual experience	462	145	57
Changes of assumptions	81	(451)	-
Benefit payments	(9)	(17)	(13)
Net change in total OPEB liability	1,342	388	685
Total OPEB liability (beginning)	4,079	3,691	3,006
Total OPEB liability (ending) (a)	\$ 5,421	\$ 4,079	\$ 3,691
Plan Fiduciary Net Position			
Contributions from employer	\$ 625	\$ -	\$ -
Net investment income	568	(133)	356
Benefit payments	(9)	(17)	(13)
Administrative expense	(48)	(35)	(36)
Net change in plan fiduciary net position	1,136	(185)	307
Plan fiduciary net position (beginning)	3,857	4,042	3,735
Plan fiduciary net position (ending) (b)	\$ 4,993	\$ 3,857	\$ 4,042
Net OPEB liability/(asset) (ending) (a)-(b)	\$ 428	\$ 222	\$ (351)
Plan fiduciary net position as a percentage of total OPEB liability	92.10%	94.57%	109.52%
Covered-employee payroll	\$ 85,679	\$ 73,931	\$ 55,747
Net OPEB liability/(asset) as a percentage of covered-employee payroll	0.50%	0.30%	(0.63%)

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

Required Supplementary Information (Unaudited)

Schedule of OPEB Contributions

The following table shows the history of Contributions for the OPEB Plans as of December 31 using a January 1 measurement date (*in thousands*).

Plan A	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution Percentage of Covered Payroll
2020	\$ 14,836	\$ 14,836	\$ -	\$ 187,099	7.93%
2019	20,621	20,621	-	179,364	11.50%
2018	19,973	19,973	-	179,607	11.12%

Plan B	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contribution Percentage of Covered-Employee Payroll
2020	\$ 746	\$ 746	\$ -	\$ 85,679	0.87%
2019	625	625	-	73,931	0.85%
2018*	323	-	-	55,747	0.00%

* Plan B was overfunded as of December 31, 2018, so no employer contribution is required, despite the actuarially determined contribution.

Schedules are intended to show information for 10 years. Additional years will be displayed when available.

Notes to Required Supplementary Information (Unaudited)

Retirement Plan

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, one-year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal with 20-year closed amortization period for unfunded liability

Asset Valuation Method: 5-year smoothing

Salary Increases: Varies by age

Investment Rate of Return: 7.00% for 2020 through 2016, 7.75% for 2015 and 2014

Retirement Rates: Varies by age and service

Mortality Rates: PUB-2010 General table projected using Scale MP-2018 with generational projection for 2020, RP-2014 Aggregate mortality table with generational projection using Scale MP-2014, and is updated annually as new actuarial tables are published for 2019 through 2014.

Non-Qualified Plan

OPPD contributes to a fund for the Non-Qualified Plan on an actuarially determine basis. The fund will be used to pay related benefits; however, it does not meet the criteria for GASB 68 as the assets are not legally protected from creditors. As such, assets were reported in the Company's financial statements and were not netted against the total pension liability.

Valuation Date: Actuarially determined calculations are as of January 1, one-year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal

Salary Increases: Varies by age

Retirement Rates: Varies by age and service

Mortality Rates: PUB-2010 General table projected using Scale MP-2018 with generational projection for 2020, RP-2014 Aggregate mortality table with generational projection using Scale MP-2014, and is updated annually as new actuarial tables are published for 2019 through 2017.

Notes to Required Supplementary Information (Unaudited)

OPEB Plan A

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal with 15-year closed amortization period for unfunded liability

Asset Valuation Method: 5-year smoothing

Salary Increases: Varies by age

Investment Rate of Return: 7.00% for 2020 through 2017

Retirement Rates: Varies by age and service

Mortality Rates: PUB-2010 General table with generational projection using Scale MP-2018 for 2020. RP-2014 Aggregate mortality table with generational projection using Scale MP-2014, and is updated annually as new actuarial tables are published for years 2019 through 2017.

Healthcare Cost Trend Rates: The pre-Medicare healthcare trend rates ranged from 6.8% immediate to 4.5% ultimate in 2020, 7.1% immediate to 4.5% ultimate in 2019, 7.1% immediate to 4.5% ultimate in 2018, and from 7.4% immediate to 4.5% ultimate in 2017. The post-Medicare healthcare trend rates ranged from 11.6% immediate to 4.5% ultimate in 2020 and 2019, 8.0% immediate to 4.5% ultimate in 2018, and 8.6% immediate to 4.5% ultimate in 2017.

OPEB Plan B

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal with 15-year closed amortization period for unfunded liability

Asset Valuation Method: Market Value

Investment Rate of Return: 5.25% for 2020 through 2017

Mortality Rates: PUB-2010 General table with generational projection using Scale MP-2018 for 2020. RP-2014 Aggregate mortality table with generational projection using Scale MP-2014, and is updated annually as new actuarial tables are published for years 2019 through 2017.

Statistics (Unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Electric Utility Plant (at year end) (in thousands of dollars)	4,726,802	4,586,990	4,429,791	4,350,603	4,305,055	5,574,941	5,395,489	5,288,168	5,187,395	5,027,093
Total Indebtedness (at year end) (in thousands of dollars)	1,925,302	1,980,651	2,049,020	2,132,253	2,193,921	2,256,348	2,224,843	2,267,277	2,296,305	2,085,540
Operating Revenues (in thousands of dollars)										
Residential	431,965	423,574	431,199	409,272	410,957	383,051	379,986	385,171	362,105	337,053
Commercial	315,788	329,616	331,773	324,723	324,545	315,079	311,917	306,719	292,296	274,102
Industrial	225,078	215,765	213,606	214,580	210,912	201,805	207,649	213,742	197,225	186,417
Off-System Sales	137,282	147,509	183,714	163,761	175,506	195,512	223,055	118,268	123,191	159,732
FPPA Revenue	(45,917)	20,896	8,579	6,708	(6,115)	(19,166)	(20,147)	15,169	(3,237)	35,345
Unbilled Revenues	3,847	2,956	(2,532)	(1,049)	6,753	(976)	(1,800)	4,490	4,517	(4,239)
Provision for Rate Stabilization	—	—	—	(8,000)	(26,000)	25,000	(4,000)	—	—	—
Provision for Debt Retirement	—	—	—	—	—	—	—	17,000	17,000	24,000
Provision for Decommissioning & Benefits Reserve	(21,000)	(17,000)	(42,500)	(34,500)	—	—	—	—	—	—
Other Electric Revenues	36,858	37,403	33,094	28,806	29,918	30,930	29,798	29,654	54,900	29,352
Total	1,083,901	1,160,719	1,156,933	1,104,301	1,126,476	1,131,235	1,126,458	1,090,213	1,047,997	1,041,762
Operations & Maintenance Expenses (in thousands of dollars)	686,086	724,890	699,944	653,293	823,857	841,939	832,519	796,104	770,073	789,516
Payments in Lieu of Taxes (in thousands of dollars)	35,437	35,030	34,915	33,989	34,138	32,241	31,651	31,827	30,094	28,217
Net Operating Revenues before Depreciation, Amortization and Decommissioning (in thousands of dollars)	362,378	400,799	422,074	417,019	268,481	257,055	262,288	262,282	247,830	224,029
Net Income Before Special Item (in thousands of dollars)	74,003	86,949	68,734	79,168	25,750	32,322	51,925	55,276	54,829	54,440
Special Item (in thousands of dollars)	—	—	—	(1,972)	(959,575)	—	—	—	—	—
Net Income (Loss) (in thousands of dollars)	74,003	86,949	68,734	77,196	(933,825)	32,322	51,925	55,276	54,829	54,440
Energy Sales (in megawatt-hours)										
Residential	3,792,482	3,751,130	3,841,043	3,568,164	3,588,933	3,470,523	3,559,978	3,607,439	3,595,316	3,602,973
Commercial	3,529,531	3,735,317	3,765,727	3,675,829	3,683,821	3,630,557	3,638,193	3,561,707	3,492,745	3,481,459
Industrial	3,683,609	3,389,005	3,371,856	3,394,003	3,328,290	3,301,175	3,500,977	3,606,611	3,670,346	3,698,719
Off-System Sales	4,950,477	4,427,468	5,658,707	5,701,008	7,238,266	7,840,683	7,694,203	3,925,574	3,671,978	4,631,175
Unbilled Sales	83,316	44,351	(28,596)	(19,868)	63,638	(26,640)	(39,493)	26,221	28,558	(85,917)
Total	16,039,415	15,347,271	16,608,737	16,319,136	17,902,948	18,216,298	18,353,858	14,727,552	14,458,943	15,328,409
Number of Customers (average per year)										
Residential	342,716	337,517	333,567	328,576	323,784	319,501	315,705	311,921	308,516	308,412
Commercial	47,461	46,837	46,589	46,084	45,537	45,104	44,785	44,221	43,589	43,564
Industrial	144	147	151	157	164	174	177	193	210	206
Off-System	13	14	15	14	15	11	15	33	35	41
Total	390,334	384,515	380,322	374,831	369,500	364,790	360,682	356,368	352,350	352,223
Cents Per kWh (average)										
Residential	11.40	11.30	11.21	11.49	11.47	11.07	10.68	10.68	10.12	9.37
Commercial	8.95	8.82	8.81	8.83	8.81	8.69	8.57	8.61	8.40	7.89
Industrial	6.02	6.37	6.33	6.32	6.35	6.12	5.94	5.96	5.38	5.05
Retail	8.81	8.90	8.90	8.92	8.94	8.66	8.42	8.43	7.94	7.42
Generating Capability (at year end) (in megawatts)	2,691.5	2,690.8	2,691.4	2,645.7	2,490.1	3,080.3	3,232.1	3,237.0	3,208.8	3,222.7
System Peak Load (in megawatts)	2,384.0	2,436.1	2,363.7	2,426.9	2,354.4	2,315.1	2,291.1	2,339.4	2,451.6	2,468.3
Net System Requirements (in megawatt-hours)										
Generated	9,703,434	9,022,252	11,116,129	10,760,108	14,689,524	15,399,002	16,212,801	13,209,542	12,855,389	13,807,712
Purchased and Net Interchanged	1,950,971	2,414,090	367,609	395,288	(3,502,796)	(4,488,016)	(5,026,318)	(1,819,871)	(1,529,643)	(2,576,167)
Net	11,654,405	11,436,342	11,483,738	11,155,396	11,186,728	10,910,986	11,186,483	11,389,671	11,325,746	11,231,545

Investor Relations and Corporate Information

Corporate Headquarters

Energy Plaza
444 South 16th Street Mall
Omaha, Nebraska 68102-2247
oppd.com

General Counsel

Fraser Stryker PC LLO
Omaha, Nebraska

Financial Advisor

Barclays Capital Inc.
New York, New York

Consulting Engineer

NewGen Strategies &
Solutions, LLC
Lakewood, Colorado

Independent Auditors

BKD LLP
Omaha, Nebraska

Bond Counsel

Kutak Rock LLP
Omaha, Nebraska

Commercial Paper Holders

Issuing and Paying Agent
The Bank of New York Mellon Trust
Company, N.A.
New York, New York

Senior, Subordinate and Separate System Bondholders

You may contact OPPD with questions
about OPPD debt at:

Treasury & Financial Operations
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102-2247
Email: finfo@oppd.com
800-428-5584

The Trustee and Paying Agent on OPPD's
Senior Lien Debt, Subordinated Revenue
Bonds and Separate System Revenue
Bonds is The Bank of New York Mellon
Trust Company, N.A. You may contact The
Bank of New York Mellon Trust Company,
N.A. directly at:

*The Bank of New York Mellon
Trust Company, N.A.
Global Corporate Trust
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602*
Email:
corporate.bond.research@bnymellon.com
Bondholder Communications:
800-254-2826

OPPD Minibond Holders

OPPD is the Paying Agent, Transfer Agent
and Registrar on OPPD's Minibonds. OPPD
Minibond Administration provides information
and assistance to Minibond holders regarding:

- *Interest Payments*
Interest on Current Interest-Bearing
Minibonds is paid on April 1 and October 1
each year.
- *Ownership Transfer*
Minibond Transfer Information Forms can be
obtained via oppd.com or by contacting the
Minibond Administrator. (See below.)
- *Annual Optional Early Redemption*

Minibond Administrator

You may contact the Minibond Administrator at:
Minibond Administrator
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102-2247
Email: minibonds@oppd.com
800-428-5584

Available Financial Information

In compliance with Securities and Exchange
Commission Rule 15c2-12, information
regarding OPPD is available through the
Municipal Securities Rulemaking Board's
Electronic Municipal Market Access System.
Copies of its most recent annual reports and
official statements also are available upon
request at finfo@oppd.com or at the
following address:

Treasury & Financial Operations Division
Omaha Public Power District
444 South 16th Street Mall
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Financial information in the annual report
also is available at oppd.com



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