2023 Corporate Operating Plan

Power with Purpose

Your Energy Partner

OPPD

Omaha Public Power District

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Management Letter

Management Letter

Omaha Public Power District management and employees continue the work that leads us down the path to a utility of the future while continuing to provide our customer-owners with affordable and reliable energy services. In 2022, OPPD made progress on strategic initiatives that will help us on our transformative journey while still realizing our vision of leading the way we power the future.

Much of the utility's work has revolved around meeting customers' demands for modern solutions and personalized engagement with their electrical utility in ways that best benefit their needs. The past year saw progress made in the Power with Purpose project. The project will add up to 600 megawatts (MW) of solar generation with an additional 600 MW of modernized backup natural gas generation to OPPD's system.

Our 2023 Corporate Operating Plan (COP) recommends an average 2.9% rate increase, which reflects an increase to the Fuel and Purchased Power Adjustment (FPPA) and no change to the general rate. The increase to the FPPA is due to rising commodity prices and an increase in purchased power costs. FPPA is the mechanism OPPD uses to collect price fluctuations from year to year.

As OPPD continues working to adapt to an ever-changing energy landscape, work must be done on multiple fronts to continue delivering the reliable and affordable product our customers have relied on for generations. From two-way communication metering technology that will help us more quickly and accurately assess and restore outages, to OPPD's Technology Platform and Workplace Transformation initiatives, which will help our employees better serve our customers, important, transformative work at the utility continues. The Workplace Transformation initiative will develop a framework to ensure OPPD's workforce is ready for operational changes, as well as support OPPD's evolution to a digital utility. The Technology Platform initiative aims to create a sustainable and secure technology foundation for all of the future-focused work to come.

The future of OPPD is bright, and the work we are doing today will enable us to reach our long-term goals of being a digital utility, as well as meet our goal of net-zero carbon production by 2050.

L. Javier Fernandez
President and Chief Executive Officer

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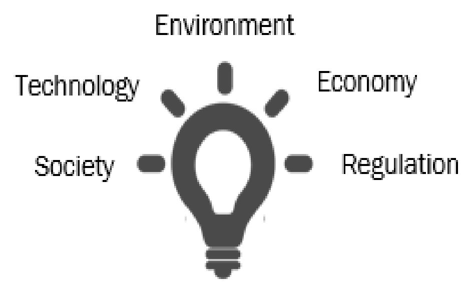
Strategic Planning and Enterprise Risk Management

Strategic Planning

Industry trends are accelerating transformational change, creating significant pressures on the traditional strategies and business models of electric utilities. Dynamic trends compel us to navigate through significant ambiguity and make courageous decisions for our future. While leveraging the legacy of traditional energy services, we must also embrace innovation, and continuously explore new and better ways to deliver affordable, reliable and environmentally sensitive energy services to our customers.



Strategic Direction

To provide clear and transparent direction on behalf of OPPD's customer owners OPPD's publicly elected Board of Directors established fifteen strategic direction (SD) policies to which OPPD is accountable. The policies guide OPPD's planning efforts to address current and future trends, mitigate risks, pursue strategic opportunities and prioritize resources to efficiently and effectively provide energy services to our customer owners.

Our Strategic Foundation (SD-1)

Mission: To provide affordable, reliable and environmentally sensitive energy services to our customers.

Vision: "Leading the Way We Power the Future"
In implementing this vision, OPPD shall adhere to these principles:

- Strengthen the public power advantage of affordable and reliable electricity;
- Exemplify fiscal, social and environmental responsibility to optimize value to our customer-owners;
- Proactively engage and communicate with our stakeholders;
- Act transparently and with accountability for the best interest of our customer-owners;
- Collaborate, when appropriate, with partners; and
- Leverage OPPD's leadership to achieve these goals.

Core Values

- We have a PASSION to serve
- We HONOR our community
- We CARE about each other

The SD policies leverage industry benchmarks to drive performance as a top utility, and provide the basis for a scorecard to which the organization manages its performance.

Board Strategic Direction Policies & Strategic Goals			
Policy	**Measure**	**Definition**	**Strategic Goal**
Rates (SD-2)	% Below Regional Retail Average	Retail rate target of West North Central Regional average published rates on a system average basis.	20% *
Access to Credit Markets (SD-3)	Debt Coverage Ratio	Revenues less expenses divided by total annual senior and subordinate lien debt interest and principal payments.	2.0
Reliability (SD-4)	SAIDI	System Average Interruption Duration Index	< 90
	Equivalent Availability	Maintaining steam unit equivalent availability factor at or above 90% on a three-year rolling average	90%
Customer Satisfaction (SD-5)	Absolute Satisfaction Score	Customer satisfaction for similar-sized utilities in the region across customer classes	Top quartile
Safety (SD-6)	DART	Days Away, Restricted or Transferred	< 0.50
	PVIR	Preventable Vehicle Incident Rate	< 4.00
Environmental Stewardship (SD-7)	Net Zero Carbon	By year end 2027, achieve an approximate 3,500,000 ton annual reduction in CO2 emissions at the North Omaha Station site relative to OPPD's 2013 benchmark of 3,960,179 tons at the station	3.5 million tons/year
Employee Relations (SD-8)	Employee Engagement	Composite score of employee engagement	Top quartile
For a full listing of the 15 Strategic Directives, which includes Integrated System Planning (SD-9), Ethics (SD-10), Economic Development (SD-11), Information Management & Security (SD-12), Stakeholder Outreach & Engagement (SD-13), Retirement Plan Funding (SD-14), Enterprise Risk Management (SD-15), please access the following link to the OPPD Board Policy document https://www.oppd.com/media/317205/oppd-board-policy-binder.pdf			

Board Strategic Direction Policies and Strategic Goals are initial estimates and are under review by the OPPD Board of Directors.

Powering the Future to 2050

The Vision is Clear - Perfect Power, Customer Freedom and Cleaner World enabled through a Digitally Driven, Purpose Driven Culture and Future Ready Posture mindset

In November of 2019, the Board of Directors revised SD-7: Environmental Stewardship and established the goal to conduct all of its operations in a manner that strives for the goal of net zero carbon production by 2050. In consideration of this revision, other SD policies, and transformational changes within and outside the industry, the Executive Leadership Team (ELT) created Powering the Future to 2050 (PF 2050), which provides a strategic vision for the organization through the year 2050.

PF 2050 was developed with the expressed intent to meet or exceed the fifteen SD policies. PF 2050 outlines a transformational journey:

- From an electric utility that uses technology, <u>to a technology-focused organization that delivers essential energy services</u>.
- From a traditional utility with one-way power and information flows, <u>to a digital utility with two-way & multi-directional power and communication flows</u>.
- From a reactive grid that bends and breaks from extreme wind and weather <u>to a proactive grid that can predict, self-heal, back up, and communicate directly with customer-owners</u>.
- From a company that monitors carbon emissions, <u>to a company that eliminates carbon emissions</u>.
- From a company that offers customer-owners limited options, <u>to one that provides multiple options</u>.
- From a company that adapts slowly, <u>to a company more empowered by agile teams</u>.

It leverages and aligns with the research and outcomes from the five strategic initiatives that OPPD has undertaken in recent years:

- Pathways to Decarbonization: To identify no regrets solutions across potential future pathways in generation, internal operations, customer, and community that strive to meet SD-7's goal of net zero carbon production by 2050.
- Customer Engagement for the Future: To better connect and engage with current and prospective customers in order to truly learn and understand what is important to and desired by them, and use that information to define, plan, and prioritize initiatives that help meet customers' changing expectations from their energy services provider.
- Electric System Evaluation & Modernization: To leverage technology, systems and data to enhance customer experience, modernize our grid, manage asset lifecycles, and optimize operational processes.
- Technology Platform: To create a sustainable and secure technology base that cultivates industry, customer, and employee confidence and directly aligns with the holistic goals of OPPD.
- Workplace Transformation: To develop a framework ensuring workforce readiness for changes related to the developing operations model, supports OPPD's evolution as a utility of the future, and promotes OPPD's position as an employer of choice in the region.

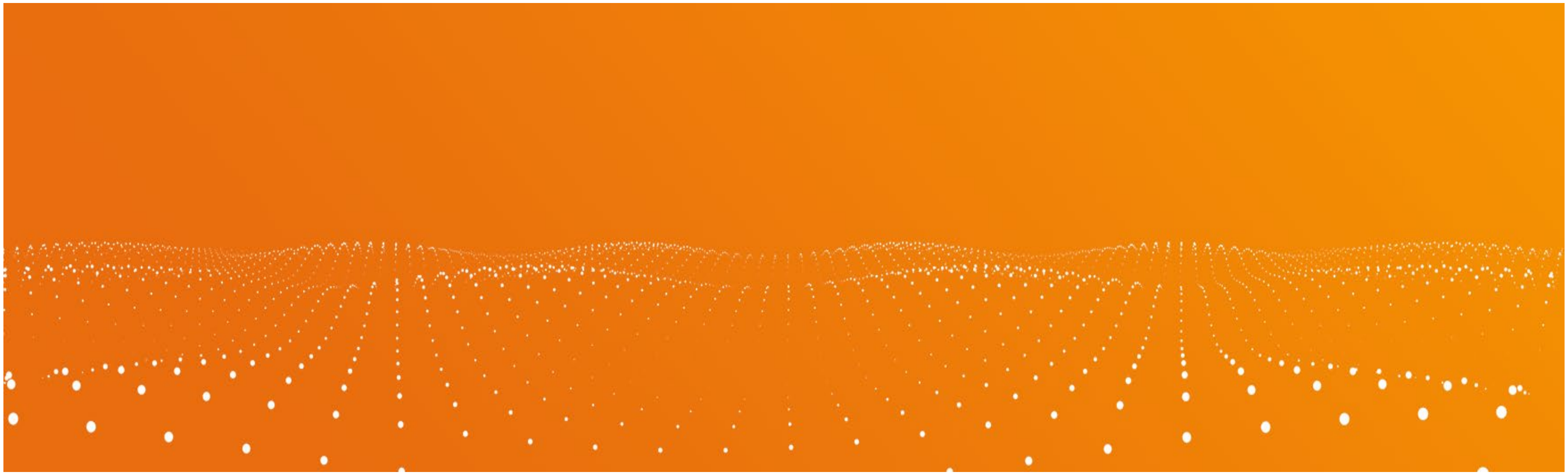
OPPD leveraged PF 2050 to guide planning, prioritization and resourcing decisions for this Corporate Operating Plan.

Enterprise Risk Management

Fundamental to effective planning is an understanding of the District's enterprise level risks and the development and implementation of initiatives and mitigation plans to respond to those risks. The District's Enterprise Risk Management (ERM) program specifies risk management standards, management responsibilities, and controls to help ensure risk exposures are properly identified and managed within agreed upon risk tolerance levels. Specific risk mitigation plans and procedures are maintained and reviewed periodically to provide focused and consistent efforts to mitigate various risk exposures. In support of its 2023 corporate planning efforts, OPPD leveraged risk assessments and mitigation plans to help prioritize resource allocation. The ELT has initiated and will continue to expand this effort by incorporating those critical trends identified and associated with PF 2050.

Theme	OPPD's Risk Management Focus
Retail revenues & wholesale revenues	Persistently pursue customer and economic development to achieve economies of scale and strengthen the affordability of our rates. Optimize wholesale revenues and purchases to further benefit our customer-owners.
Resource Adequacy and Reliability	Acquire and maintain a high availability and diverse generation portfolio to serve a significantly growing customer demand.
Environmental sensitivity	Ensure the District is compliant with all environmental regulations, well-positioned to respond to new regulations, and able to minimize our environmental impact.
Fuel costs	Effectively manage the District's fuel portfolio through numerous mitigation strategies to continue to ensure low cost and resilient generation.
Fort Calhoun Station Decommissioning	Realize the economic savings potential from ceasing operations at Fort Calhoun Station and effectively executing the decommissioning project. Ensure decommissioning funds are wholly adequate to return the facility to green field status.
Cyber & physical security	Vigorously defend customer information and District assets from all potential cyber and physical security threats inherent with national critical infrastructure.
Infrastructure investment	Optimally invest in transmission, distribution, substation, facility, and technology assets to ensure reliable and resilient energy services and supporting functions will meet the demands of our customer-owners.
Workplace safety	Continue promoting safety as a top priority to ensure every employee and contractor goes home as healthy as they came into work.
Community partnership	Honor and support the communities in which we operate and fulfill the promise of public power.

Assumptions



Assumptions

2023 Proposed Rate Action

OPPD's 2023 Corporate Operating Plan assumes no general rate increase and a 2.9% increase in the Fuel and Purchased Power Adjustment (FPPA) factor effective January 1, 2023.

General

2022 Projected

Revenues, operations and maintenance, capital and deferred expenditures reflect the 2022 actual values and forecast submitted through September 30, 2022.

Financing/Investing

Financing

Revenue bonds with net proceeds of $478.9 million are included in the 2023 budget. The proceeds of these bonds are expected to be used for funding 74.8% of capital expenditures.

Average Earnings Rates on Funds

The average earnings rate used for all funds (including special purpose) for 2023 is 3.4% which is an increase of 2.0% from the prior year's rate of 1.4%.

Energy Sales/Revenues

Load Forecast

The plan assumes a 6.8% increase in retail energy sales (MWh) and a 1.0% increase in the number of customers in 2023, as compared to the 2022 projections.

Assumptions

Generation, Purchased Power, and Fuel Budget

Outages have been scheduled for the following base-load units in 2023:

1. Nebraska City Station Units Number 1 and 2
2. North Omaha Station Units Number 4 and 5

Additionally there are several shorter outages scheduled for other units. The purchased power budget includes generation supplied from 972 megawatts of wind capability, 80 megawatts of hydropower from the Western Area Power Administration, as well as 5 megawatts of Fort Calhoun Community Solar capability. In addition to OPPD's existing wind and solar portfolio, a future 81-megawatt utility-scale solar generation facility, Platteview Solar, is being constructed and expected to go operational in 2024.

Department Operation and Maintenance Budget

Department and division level budgets were proposed in August 2022 during the Resource Optimization Sessions. These plans were reviewed with the Executive Leadership Team for alignment with the strategic and operational objectives before submitting them to the Board in the 2023 Corporate Operating Plan for Board final approval.

Capital Budget Expenditures

The capital portfolio prioritization and allocation process continues to improve capital planning. The process enables better alignment with the strategic directives and provides more transparency of capital spending through improved project review and approval processes. The size of the 2023 capital budget is comparable to the 2022 plan as the District continues system expansion to provide reliable electric service to a growing community.

Total 2023 Budget

The total 2023 Budget is $1.9 billion.

BUDGET SUMMARY
(DOLLARS IN THOUSANDS)

Total Budget

	BUDGET 2022	BUDGET 2023	INCREASE / (DECREASE)	% CHANGE
Fuel Costs and Purchased Power	$376,734	$462,867	$86,133	22.9
Non-Fuel Operations & Maintenance	426,660	481,800	55,140	12.9
Total Debt Service and Other Expenses	144,429	164,149	19,720	13.7
Payments in Lieu of Taxes	38,709	42,065	3,356	8.7
Capital Expenditures*	670,000	640,000	(30,000)	(4.5)
Regulatory Amortization	14,838	13,602	(1,236)	(8.3)
Decommissioning Expenditures**	150,870	115,301	(35,569)	(23.6)
TOTAL BUDGET	**$1,822,240**	**$1,919,784**	**$97,544**	**5.4**

*Capital Expenditures are shown net of Contributions in Aid of Construction.

**Decommissioning Expenditures represent expenditures related to Decommissioning activity, which differs from Decommissioning Funding ($95.2 million) which is an expense and is reflected on the income statement.

Budget Component Comparison

	BUDGET 2022	BUDGET 2023	CHANGE
Fuel Costs and Purchased Power	20.7%	24.1%	3.4
Non-Fuel Operations & Maintenance	23.4%	25.1%	1.7
Total Debt Service and Other Expenses	7.9%	8.6%	0.6
Payments in Lieu of Taxes	2.1%	2.2%	0.1
Capital Expenditures*	36.8%	33.3%	(3.4)
Regulatory Amortization	0.8%	0.7%	(0.1)
Decommissioning Expenditures**	8.3%	6.0%	(2.3)
TOTAL BUDGET	**100%**	**100%**	**0.0**

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

Fuel and Purchased Power Budget

	BUDGET 2022	BUDGET 2023	INCREASE / (DECREASE)	% CHANGE
Fuel Cost	$148,243	$165,301	$17,058	11.5
Purchased Power	228,491	297,566	69,075	30.2
TOTAL BUDGET	**$376,734**	**$462,867**	**$86,133**	**22.9**

Non-Fuel O&M Budget

	BUDGET 2022	BUDGET 2023	INCREASE / (DECREASE)	% CHANGE
Production	$108,540	$131,925	$23,385	21.5
Transmission and Distribution	128,033	150,401	22,368	17.5
Customer Accounting and Services	45,922	47,881	1,959	4.3
Administrative and General	144,165	151,593	7,428	5.2
TOTAL BUDGET	**$426,660**	**$481,800**	**$55,140**	**12.9**

Debt Service/Other Expenses

	BUDGET 2022	BUDGET 2023	INCREASE / (DECREASE)	% CHANGE
Bonds	$152,212	$169,510	$17,298	11.4
Commercial Paper	719	8,750	8,031	1117.0
Other	(8,502)	(14,111)	(5,609)	66.0
TOTAL BUDGET	**$144,429**	**$164,149**	**$19,720**	**13.7**

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

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Income Statement

Projected net income for 2022 is a loss of $2.2 million, which is $64.9 million under budget. The net loss is primarily due to Net Power Costs (Fuel, Purchased Power, Wholesale Revenues). Also contributing to the net loss is mark to market adjustments on invested securities, which do not impact debt service coverage. As OPPD typically holds investments to maturity, mark to market adjustments are rarely realized. Partially offsetting the net loss is improved FEMA reimbursements as well as lower debt service costs. It should be noted that OPPD does not set budgets and other forward looking plans on the basis of net income. The District uses a 2.0 Debt Service coverage ratio as the basis of annual budgets, which is based on SD-3 Access to Credit Markets.

Net income for 2023 is budgeted to be $96.5 million, which is $98.7 million higher than the 2022 projected net income. When compared to the 2022 budget, net income for 2023 is $33.8 million or 53.8% higher. The District does not manage to a net income metric. OPPD's primary financial metrics are Total Debt Service and liquidity, which drive net income fluctuations.

Major factors contributing to the change in 2023 operating and net income are:

1. Operating revenues are budgeted to be $8.4 million higher than 2022 projections and $153.0 million higher than the 2022 budget. The budget increase is primarily due to higher Commercial and Industrial Sales. Retail revenues are projected to increase $55.8 million from 2022 projections and increase $86.0 million when compared to the 2022 budget, which is related to year over year growth in the industrial and commercial customer classes. In addition, Wholesale Revenues are projected to increase by $64.7 million compared to 2022 budget, driven by elevated market prices, partially offset by lower sales volumes. Wholesale Revenues are expected to decrease by approximately $46.1 million compared to 2022 projections primarily due to decreased sales volumes.

2. Operations and maintenance expense is budgeted to be $15.7 million lower than the 2022 projected amount and $141.3 million higher than the 2022 budget amount. The 2023 budget is lower than the 2022 projected amount due to increased Purchased Power and Fuel expenses during 2022 resulting from elevated market prices and operating interruptions. The 2023 budget is higher than the 2022 budget primarily due to higher fuel and purchased power expenses, production outage costs and investments in the District's strategic priorities.

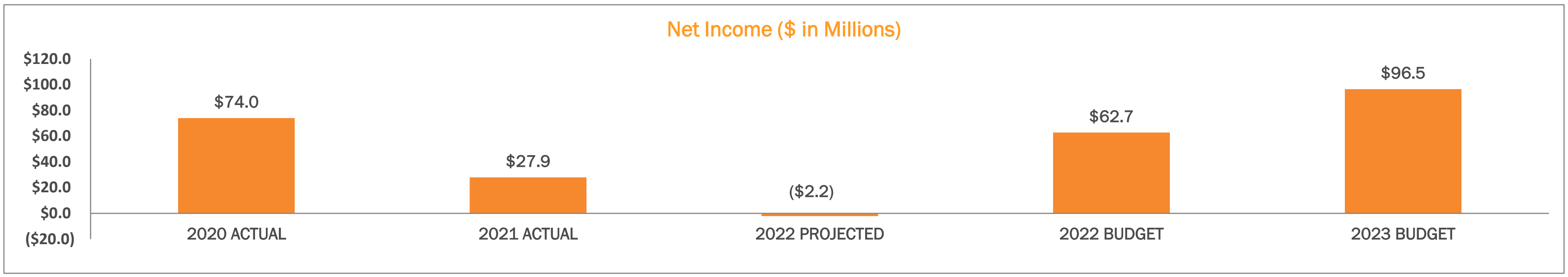
3. Other income for 2023 is $61.1 million higher than the 2022 projected amount primarily due to the decrease in fair market value of investments in 2022. Other income budgeted for 2023 is $15.1 million higher than the 2022 budget amount primarily due to increased investment income resulting from higher average earnings rates.

4. Total decommissioning funding, which is recognized as an expense of $95.2 million in 2023, is $48.8 million lower than 2022 projected.

INCOME STATEMENT
(DOLLARS IN THOUSANDS)

Income Statement

	ACTUAL 2020	ACTUAL 2021	PROJECTED 2022	BUDGET 2022	VARIANCE 2022	BUDGET 2023	23 BUDGET VS. 22 PROJ. $ CHANGE	23 BUDGET VS. 22 PROJ. % CHANGE
OPERATING REVENUES	$1,083,901	$1,496,920	$1,392,832	$1,248,228	$144,604	$1,401,221	$8,388	0.6
OPERATING EXPENSES								
O&M EXPENSE	$686,086	$1,093,592	$960,318	$803,394	$156,924	$944,666	($15,651)	(1.6)
PAYMENTS IN LIEU OF TAXES	35,438	38,555	40,628	38,709	1,919	42,065	1,437	3.5
DECOMMISSIONING EXPENSE	130,035	132,543	143,922	138,923	5,000	95,168	(48,754)	(33.9)
REGULATORY AMORTIZATION	14,836	14,836	14,841	14,838	3	13,602	(1,239)	(8.4)
DEPRECIATION EXPENSE	136,175	142,156	147,480	143,459	4,021	156,567	9,087	6.2
TOTAL OPERATING EXPENSE	$1,002,569	$1,421,682	$1,307,189	$1,139,323	$167,866	$1,252,068	($55,121)	(4.2)
OPERATING INCOME	$81,331	$75,238	$85,644	$108,905	($23,261)	$149,153	$63,509	74.2
INTEREST INCOME*	$45,034	($3,286)	($43,836)	$19,363	($63,199)	$27,152	$70,988	(161.9)
ALLOWANCE FOR FUNDS USED	8,404	9,772	17,872	8,095	9,777	25,369	7,497	41.9
PRODUCTS AND SERVICES - NET	2,511	1,830	2,248	3,365	(1,117)	3,400	1,153	51.3
MISC. NON OPERATING INCOME	7,542	12,931	21,558	13,000	8,558	3,000	(18,558)	(86.1)
TOTAL OTHER INCOME	$63,492	$21,247	($2,159)	$43,822	($45,982)	$58,921	$61,080	(2,828.7)
TOTAL INCOME LESS OPERATING EXPENSE	$144,823	$96,485	$83,484	$152,727	($69,243)	$208,073	$124,589	149.2
INCOME DEDUCT. & INT. CHARGES								
INTEREST EXPENSE	80,883	78,800	98,568	98,487	81	125,671	27,104	27.5
AMORTIZATION	(11,816)	(12,210)	(14,514)	(10,206)	(4,307)	(15,316)	(803)	5.5
OTHER INCOME DEDUCTIONS	1,754	1,947	1,595	1,705	(110)	1,205	(390)	(24.5)
TOTAL INCOME DEDUCT. & INT. CHARGES	$70,821	$68,537	$85,649	$89,986	($4,337)	$111,560	$25,911	30.3
NET INCOME	$74,002	$27,948	($2,165)	$62,741	($64,906)	$96,513	$98,678	(4,558.0)



NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

** Included in Projected 2022 Interest Income are mark to market losses of approximately $69.0M*

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Coverage Ratios

The total debt service coverage ratio, which is the key metric viewed by credit rating agencies, is budgeted to be 2.00 times in 2023, as directed by SD-3 Access to Credit Markets.

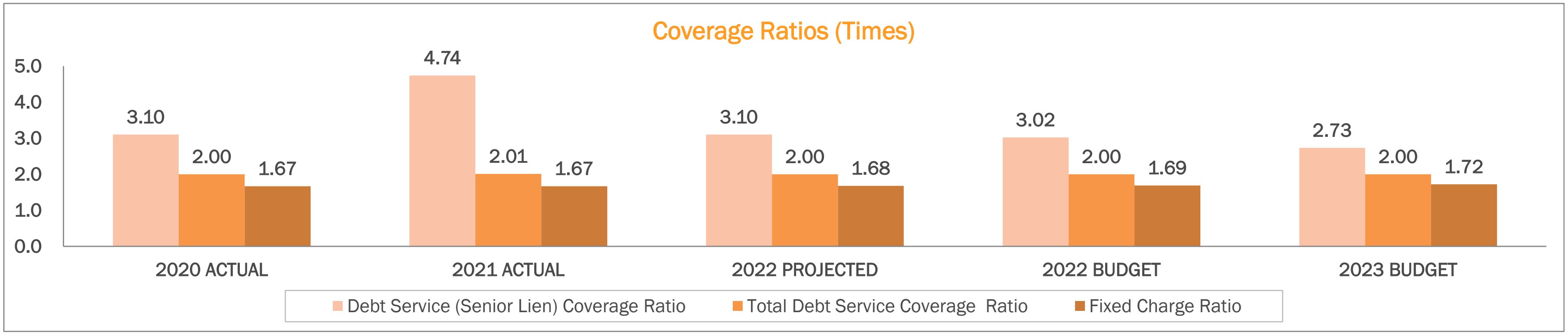
The fixed charge ratio is budgeted at 1.72 times in 2023, as compared to the projected 2022 of 1.68 times.

The Senior Lien debt service coverage ratio is projected to be 3.10 times in 2022 and 2.73 times in 2023. The decrease is driven by an increase in Senior Lien debt service requirements, partially offset by an increase in net receipts. Net receipts for 2023 are expected to increase by $29.6 million or 8.2% from 2022 projected levels primarily due to decreasing Operations and Maintenance expenses. Senior Lien debt service requirements for 2023 are scheduled to increase by approximately $26.7 million over 2022 projections as a result of the 2022 and 2023 bond issues.

COVERAGE RATIOS
(DOLLARS IN THOUSANDS)

Coverage Ratios

	ACTUAL 2020	ACTUAL 2021	PROJECTED 2022	BUDGET 2022	VARIANCE 2022	BUDGET 2023	23 BUDGET VS. 22 PROJ. $ CHANGE	23 BUDGET VS. 22 PROJ. % CHANGE
OPERATING REVENUES (EXCL. NC2)	$1,018,067	$1,426,672	$1,326,854	$1,188,647	$138,207	$1,331,828	$4,974	0.4
INTEREST INCOME - BONDS RESERVE ACCOUNT	1,116	1,077	1,909	792	1,117	2,066	157	8.2
O&M EXPENSE (EXCL. NC2 PARTICIPANT SHARE)	(649,580)	(1,054,372)	(925,044)	(768,392)	(156,652)	(899,143)	25,901	(2.8)
PAYMENTS IN LIEU OF TAXES	(35,438)	(38,555)	(40,628)	(38,709)	(1,919)	(42,065)	(1,437)	3.5
NET RECEIPTS	$334,165	$334,822	$363,091	$382,338	($19,247)	$392,686	$29,595	8.2
DEBT SERVICE REQUIREMENTS (SENIOR LIEN)	$107,795	$70,582	$116,947	$126,267	($9,320)	$143,690	$26,743	22.9
DEBT SERVICE (SENIOR LIEN) COVERAGE RATIO	3.10	4.74	3.10	3.02		2.73		
<u>MEMO: OTHER COVERAGE RATIOS:</u>								
TOTAL DEBT SERVICE COVERAGE RATIO (DSC)	2.00	2.01	2.00	2.00		2.00		
FIXED CHARGE RATIO	1.67	1.67	1.68	1.69		1.72		



NOTES: Some columns may not foot exactly due to the method used for individual line item rounding. Total DSC as defined in OPPD's published Strategic Directive-3: Access to Credit Markets.

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Debt and Financing Data

Total Senior Lien revenue bonds outstanding at year-end 2023 are budgeted to equal $2,394.0 million. The 2023 budget anticipates the issuance of approximately $504.0 million of new Senior Lien revenue bonds and also includes Senior Lien revenue bond maturities and retirements of $45.3 million.

Total subordinated bonds outstanding at year-end 2023 are budgeted to equal $224.7 million and also includes subordinated bond maturities and retirements of $2.6 million. The 2023 budget does not anticipate the issuance of new subordinated bonds.

Total commercial paper outstanding at year-end 2023 is budgeted to equal $250.0 million The 2023 budget does not anticipate the retirement or issuance of new commercial paper.

Total Separate System (NC2) revenue bonds outstanding at year-end 2023 are budgeted to equal $193.7 million. The 2023 budget does not anticipate the issuance of new NC2 revenue bonds, but does have NC2 revenue bond maturities and retirements of $4.0 million.

The total average interest rate on existing debt will be 3.90% at the end of 2022 and 4.10% at the end of 2023. The debt to capitalization ratio is budgeted to be 67% for 2023.

DEBT AND FINANCING DATA
(DOLLARS IN THOUSANDS)

Debt and Financing Data

	ACTUAL 2020	ACTUAL 2021	PROJECTED 2022	BUDGET 2022	VARIANCE 2022	BUDGET 2023	23 BUDGET VS. 22 PROJ. $ CHANGE	23 BUDGET VS. 22 PROJ. % CHANGE
SENIOR LIEN REVENUE BONDS								
BALANCE - BEGINNING OF YEAR	$1,256,030	$1,208,640	$1,524,630	$1,508,855	$15,775	$1,935,320	$410,690	26.9
MATURITIES / RETIREMENTS	(47,390)	(122,945)	(9,875)	(9,875)	0	(45,305)	(35,430)	358.8
NEW ISSUES	0	438,935	420,565	394,419	26,146	504,000	83,435	19.8
BALANCE - END OF YEAR	$1,208,640	$1,524,630	$1,935,320	$1,893,399	$41,921	$2,394,015	$458,695	23.7
AVERAGE INTEREST RATE (END OF YEAR)	4.77%	3.76%	4.11%	4.14%		4.09%		
SUBORDINATED								
BALANCE - BEGINNING OF YEAR	$254,665	$229,775	$229,775	$229,775	$0	$227,225	($2,550)	(1.1)
MATURITIES / RETIREMENTS	(24,890)	0	(2,550)	(2,550)	0	(2,555)	(5)	0.2
NEW ISSUES	0	0	0	0	0	0	0	0.0
BALANCE - END OF YEAR	$229,775	$229,775	$227,225	$227,225	$0	$224,670	($2,555)	(1.1)
AVERAGE INTEREST RATE (END OF YEAR)	4.27%	4.24%	4.23%	4.23%		4.22%		
MINIBONDS								
BALANCE - BEGINNING OF YEAR	$31,211	$31,737	$0	$0	$0	$0	$0	0.0
MATURITIES / RETIREMENTS	(150)	(32,344)	0	0	0	0	0	0.0
ACCRETED INTEREST	676	607	0	0	0	0	0	0.0
BALANCE - END OF YEAR	$31,737	$0	$0	$0	$0	$0	$0	0.0
AVERAGE INTEREST RATE (END OF YEAR)	4.98%							
COMMERCIAL PAPER								
BALANCE - BEGINNING OF YEAR	$230,100	$250,000	$325,000	$325,000	$0	$250,000	($75,000)	(23.1)
MATURITIES / RETIREMENTS	0	0	(75,000)	(75,000)	0	0	75,000	(100.0)
NEW ISSUES	19,900	75,000	0	0	0	0	0	0.0
BALANCE - END OF YEAR	$250,000	$325,000	$250,000	$250,000	$0	$250,000	$0	0.0
AVERAGE INTEREST RATE (END OF YEAR)	0.67%	0.16%	1.19%	0.29%		3.50%		
SEPARATE SYSTEM REVENUE BONDS (NC2)								
BALANCE - BEGINNING OF YEAR	$208,645	$205,150	$201,495	$201,495	$0	$197,680	($3,815)	(1.9)
MATURITIES / RETIREMENTS	(3,495)	(3,655)	(3,815)	(3,815)	0	(4,000)	(185)	4.8
NEW ISSUES	0	0	0	0	0	0	0	0.0
BALANCE - END OF YEAR	$205,150	$201,495	$197,680	$197,680	$0	$193,680	($4,000)	(2.0)
AVERAGE INTEREST RATE (END OF YEAR)	4.94%	4.95%	4.95%	4.95%		4.95%		
TOTAL AVERAGE INTEREST RATE (END OF YEAR)	4.20%	3.45%	3.90%	3.83%		4.10%		
TOTAL INTEREST EXPENSE (ON DEBT)	$70,821	$68,537	$85,649	$89,986	($4,337)	$111,560	$25,911	30.3
DEBT TO CAPITALIZATION RATIO	57%	61%	64%	63%		67%		

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

Financial Statements

Cash Flow Analysis

Projected cash receipts for 2022 are $1,491.6 million, which is $214.6 million over budget. Cash disbursements are projected to be $1,861.3 million in 2022 or $64.5 million over the 2022 budget amount. Both receipts and disbursements are impacted by energy markets resulting from increased prices and higher fuel costs. Fuel costs are driven by increased commodity pricing, partially offset by lower volumes from unplanned outages.

In 2023, cash receipts are budgeted to decrease by $56.2 million to $1,435.4 million as compared to the 2022 projection. This decrease is primarily due to lower wholesale revenues, which is related to decreased sales volume.

Cash disbursements in 2023 are budgeted to increase by $33.0 million to $1,894.3 million as compared to the 2022 projection. Increases in cash disbursements include operation and maintenance expense of $70.5 million, capital expenditures of $55.0 million and debt service of $30.9 million, partially offset by decreases in purchased power of $56.1 million, fuel of $23.1 million and decommissioning expense of $33.4 million.

The budget values of cash receipts and disbursements result in a projected year-end cash balance of $640.9 million in 2023.

CASH FLOW ANALYSIS
(DOLLARS IN THOUSANDS)

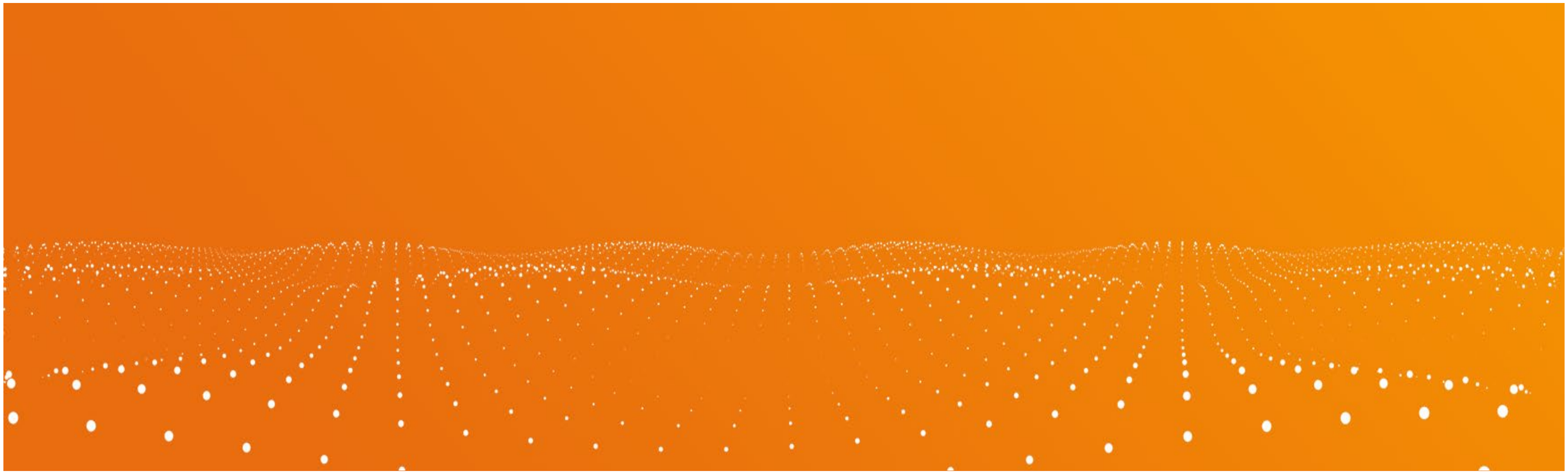
Cash Flow Analysis

	ACTUAL 2020	ACTUAL 2021	PROJECTED 2022	BUDGET 2022	VARIANCE 2022	BUDGET 2023	23 BUDGET VS. 22 PROJ. $ CHANGE	23 BUDGET VS. 22 PROJ. % CHANGE
CASH BEGINNING OF PERIOD	$356,508	$366,157	$636,681	$602,644	$34,037	$620,910	($15,771)	(2.5)
RECEIPTS								
RETAIL REVENUES	$977,771	$1,034,029	$1,154,704	$1,067,540	$87,164	$1,160,884	$6,179	0.5
WHOLESALE REVENUES (INCL. NC2)	142,663	310,228	244,575	136,340	108,235	201,247	(43,328)	(17.7)
OTHER ELECTRIC REVENUES	36,858	37,637	40,096	37,431	2,665	39,679	(417)	(1.0)
INTEREST INCOME	34,200	37,107	49,765	32,321	17,444	30,152	(19,613)	(39.4)
PRODUCTS & SERVICES	2,511	1,830	2,411	3,365	(954)	3,400	989	41.0
USE OF RESERVE ACCOUNTS	0	0	0	0	0	0	0	0.0
TOTAL RECEIPTS	$1,194,002	$1,420,830	$1,491,551	$1,276,997	$214,554	$1,435,362	($56,189)	(3.8)
DISBURSEMENTS								
O&M EXPENSE (W/O FUEL & PURCHASED POWER)	$340,630	$472,243	$421,165	$422,630	($1,465)	$491,668	$70,503	16.7
DECOMMISSIONING EXPENSE	130,035	132,543	128,583	138,923	(10,340)	95,168	(33,414)	(26.0)
PAYMENTS IN LIEU OF TAXES	35,438	38,555	38,337	35,847	2,490	40,540	2,203	5.7
DEBT SERVICE	134,004	116,972	133,578	154,544	(20,966)	164,486	30,908	23.1
CAPITAL EXPENDITURES	205,976	281,122	585,000	670,000	(85,000)	640,000	55,000	9.4
FUEL	145,059	203,944	189,080	147,365	41,715	165,934	(23,146)	(12.2)
PURCHASED POWER	192,588	395,399	352,656	227,493	125,163	296,525	(56,130)	(15.9)
CHANGES IN OTHER NET ASSETS	3,524	15,476	12,923	0	12,923	0	(12,923)	(100.0)
CONTRIBUTIONS TO RESERVE ACCOUNTS	17,000	0	0	0	0	0	0	0.0
TOTAL DISBURSEMENTS	$1,204,253	$1,656,254	$1,861,321	$1,796,802	$64,519	$1,894,322	$33,000	1.8
NET OPERATING CASH FLOW	($10,251)	($235,424)	($369,771)	($519,805)	$150,034	($458,960)	($89,189)	24.1
FINANCING	$0	$531,245	$451,795	$454,556	($2,761)	$504,000	$52,205	11.6
FINANCING COST / RESERVE AMOUNT	0	(25,297)	(22,795)	(15,867)	(6,928)	(25,060)	(2,265)	9.9
COMMERCIAL PAPER - NET	0	0	(75,000)	(75,000)	0	0	75,000	(100.0)
OTHER	19,900	0	0	0	0	0	0	0.0
TOTAL FINANCING	$19,900	$505,948	$354,000	$363,689	($9,689)	$478,940	$124,940	35.3
TOTAL CHANGE IN CASH	$9,649	$270,524	($15,771)	($156,116)	$140,345	$19,980	$35,751	(226.7)
CASH END OF PERIOD	$366,157	$636,681	$620,910	$446,528	$174,382	$640,890	$19,979	3.2
DECOMMISSIONING FUND	$542,090	$519,702	$602,008	$546,221	$55,787	$591,073	($10,935)	(1.8)

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

Omaha Public Power District

Energy Sales



Energy Sales

Electric Energy Sales & Electric Customers

Retail energy sales are budgeted to be 12,973,856 MWh or 6.8% greater than 2022 projections, driven by load growth in the Commercial and Industrial classes. Wholesale revenues (including NC2 participation sales) are budgeted to decrease 539,971 MWh or 12.9% from 2022 projected levels. Total electric energy sales are budgeted to be 16,628,467 MWH or 1.7% more than the 2022 projected energy sales due to increased retail sales, particulary in the Industrial class, partially offset by decreased wholesale revenues.

In 2023, the average number of retail customers is budgeted to increase by 4,172 or 1.0% above 2022 projections.

ELECTRIC ENERGY SALES AND CUSTOMERS

Energy Sales and Customers

	ACTUAL 2020	ACTUAL 2021	PROJECTED 2022	BUDGET 2022	VARIANCE 2022	BUDGET 2023	23 BUDGET VS. 22 PROJ. MWh CHANGE	% CHANGE
ELECTRIC ENERGY SALES (MWh)								
RESIDENTIAL	3,792,482	3,868,322	3,912,954	3,676,059	236,895	3,841,839	(71,115)	(1.8)
COMMERCIAL	3,529,531	3,668,742	3,788,136	3,783,785	4,350	3,839,630	51,495	1.4
INDUSTRIAL	3,683,609	4,014,243	4,451,876	4,719,585	(267,709)	5,286,601	834,725	18.7
UNBILLED SALES	83,316	(43,517)	(1,997)	(29,139)	27,142	5,785	7,782	(389.7)
RETAIL SALES	11,088,938	11,507,790	12,150,969	12,150,291	678	12,973,856	822,887	6.8
NC2 PARTICIPANT	1,861,619	1,937,894	2,415,381	2,316,838	98,542	2,024,921	(390,460)	(16.2)
OTHER	3,088,859	2,284,818	1,779,201	2,831,109	(1,051,908)	1,629,690	(149,511)	(8.4)
WHOLESALE REVENUES	4,950,477	4,222,712	4,194,582	5,147,948	(953,366)	3,654,611	(539,971)	(12.9)
TOTAL MWh SALES	16,039,416	15,730,502	16,345,550	17,298,238	(952,688)	16,628,467	282,916	1.7
ELECTRIC CUSTOMERS (12 MONTH AVG.)								
RESIDENTIAL	342,716	346,503	351,841	345,506	6,334	355,847	4,006	1.1
COMMERCIAL	47,461	48,781	49,532	48,095	1,436	49,689	157	0.3
INDUSTRIAL	144	141	137	146	(9)	145	8	5.9
TOTAL RETAIL CUSTOMERS	390,321	395,424	401,509	393,747	7,762	405,681	4,172	1.0
kWh / CUSTOMER								
RESIDENTIAL	11,066	11,164	11,121	10,640	482	10,796	(325)	(2.9)
COMMERCIAL	74,367	75,209	76,479	78,673	(2,194)	77,273	794	1.0
INDUSTRIAL	25,521,542	28,537,271	32,515,222	32,325,925	189,297	36,459,317	3,944,096	12.1
AVERAGE kWh / CUSTOMER	28,196	29,212	30,268	30,932	(664)	31,966	1,698	5.6

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

Energy Sales

Operating Revenues

Total electric operating revenues for 2022 are projected to be $1,392.8 million, which is $144.6 million or 11.6% over the 2022 budget. The variance is primarily due to wholesale revenues which are $110.9 million over budget for 2022 primarily due to energy market pricing and elevated congestion hedging revenues. Retail revenues are $30.2 million over the budget for 2022 due to warmer weather and increased customer counts.

Total electric operating revenues for 2023 are budgeted to be $1,401.2 million, which is $8.4 million or 0.6% above the 2022 projected operating revenues. Retail revenues are $55.8 million greater than 2022 projection due to Industrial of $53.0 million and Commercial of $15.7 million, driven by load growth of 18.7% and 1.4%, respectively. Wholesale revenues are $46.1 million below the 2022 projected amount primarily due to decreased sales volume.

OPERATING REVENUES
(DOLLARS IN THOUSANDS)

Operating Revenues

	ACTUAL 2020	ACTUAL 2021	PROJECTED 2022	BUDGET 2022	VARIANCE 2022	BUDGET 2023	23 BUDGET VS. 22 PROJ. $ CHANGE	23 BUDGET VS. 22 PROJ. % CHANGE
ELECTRIC OPERATING REVENUES								
RESIDENTIAL	$431,965	$439,609	$464,752	$435,829	$28,923	$463,690	($1,061)	(0.2)
COMMERCIAL	315,787	324,790	337,836	340,470	(2,634)	353,539	15,704	4.6
INDUSTRIAL	225,078	276,265	298,283	298,957	(674)	351,251	52,968	17.8
FPPA RECEIVABLE AMORTIZATION	($45,917)	$7,616	$7,400	$0	$7,400	($7,400)	($14,800)	(200.0)
PROVISION FOR DABR	(21,000)	83,000	0	0	0	0	0	0.0
UNBILLED REVENUES/ADJUSTMENTS	3,847	(372)	371	3,186	(2,815)	3,396	3,026	816.6
TOTAL RETAIL SALES	$909,761	$1,130,907	$1,108,641	$1,078,442	$30,200	$1,164,477	$55,836	5.0
NC2 PARTICIPANTS	$65,834	$70,248	$65,978	$59,581	$6,397	$69,393	$3,414	5.2
OTHER	71,448	258,128	177,228	72,774	104,454	127,671	(49,557)	(28.0)
TOTAL WHOLESALE REVENUES	$137,282	$328,376	$243,207	$132,355	$110,851	$197,064	($46,143)	(19.0)
TOTAL SALES OF ELECTRIC ENERGY	$1,047,043	$1,459,283	$1,351,848	$1,210,797	$141,051	$1,361,541	$9,693	0.7
OTHER ELECTRIC REVENUES								
LATE PAYMENT CHARGES	$3,179	$4,392	$4,813	$4,529	$284	$4,437	($376)	(7.8)
RENT FROM ELECTRIC PROPERTY	5,272	5,137	4,513	4,291	222	4,491	(22)	(0.5)
MISC. SERVICE REVENUE	4,391	4,423	5,451	4,571	880	4,074	(1,377)	(25.3)
TRANSMISSION WHEELING FEES	7,485	6,428	6,309	6,322	(13)	6,110	(200)	(3.2)
DISTRIBUTION WHEELING FEES	2,762	2,479	2,328	2,328	0	2,900	572	24.6
TRANSMISSION - SPP	13,768	14,777	17,569	15,389	2,180	17,667	98	0.6
TOTAL OTHER ELECTRIC REVENUES	$36,858	$37,637	$40,984	$37,431	$3,553	$39,679	($1,305)	(3.2)
TOTAL ELECTRIC OPERATING REVENUES	$1,083,901	$1,496,920	$1,392,832	$1,248,228	$144,604	$1,401,221	$8,388	0.6

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

Energy Sales

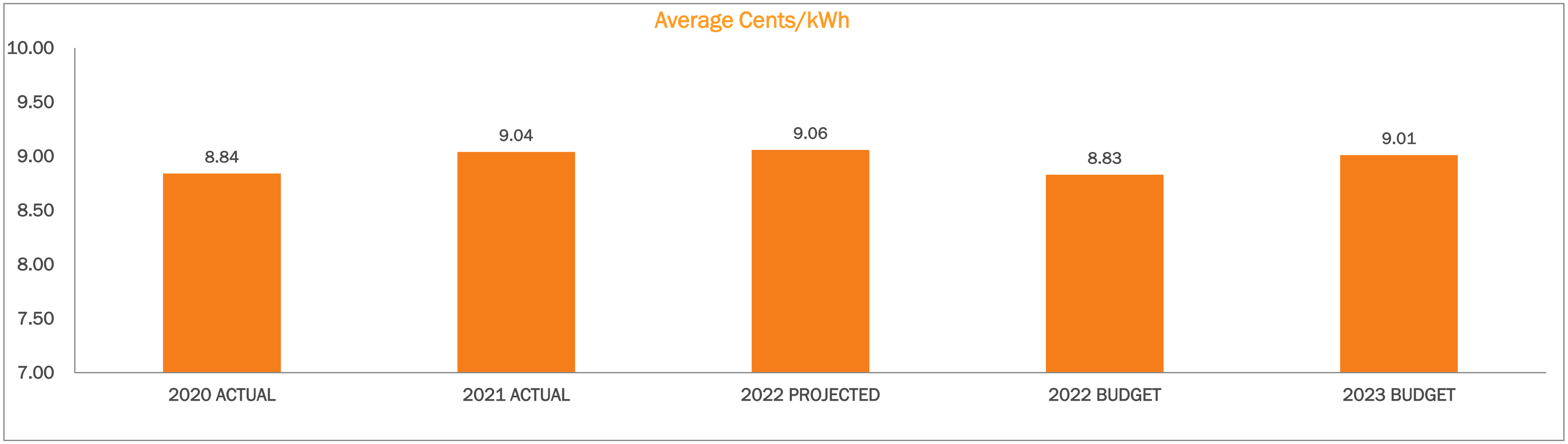
Average Cents/kWh

The 2022 average price per kWh for retail customers is projected to be 9.06 cents, which is 0.23 cents more than budget. The primary driver is due to the rate structure of 261M customers in the Industrial class, where customers pay market energy prices, which have been higher than budget. The price per kWh variance is the result of actual billings relative to energy sold as opposed to a rate change.

The average price per kWh for retail customers is budgeted to be 9.01 cents for 2023. This is 0.05 cents or a 0.5% decrease from 2022 projected amount. The Industrial class has offsetting changes. With market energy prices expected to move downward, 261M customers' average price per kWh is expected to decrease. However, the other Industrial class customers are subject to the FPPA factor, which will be increasing. The year-over-year budgeted increase for residential and commercial reflects the impact of the higher FPPA factor.

AVERAGE CENTS/kWh

Average Cents/kWh	ACTUAL 2020	ACTUAL 2021	PROJECTED 2022	BUDGET 2022	VARIANCE 2022	BUDGET 2023	23 BUDGET VS. 22 PROJ. $ CHANGE	23 BUDGET VS. 22 PROJ. % CHANGE
RESIDENTIAL	11.39	11.38	11.88	11.86	0.02	12.07	0.19	1.6
COMMERCIAL	8.95	8.86	8.92	9.00	(0.08)	9.21	0.29	3.2
INDUSTRIAL	6.11	6.97	6.70	6.33	0.37	6.64	(0.06)	(0.8)
RETAIL AVERAGE *	8.84	9.04	9.06	8.83	0.23	9.01	(0.05)	(0.5)



NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.
* Average rates are from the revenue recognized on the Income Statement and do not incorporate accrued unbilled. These rates differ from customer billed rates and are calculated for benchmarking and illustrative purposes only.

Net System Requirements

Net System Requirements

Net system requirements (Total Retail Sales as shown on the next page) for 2023 are budgeted to be 13,712,613 MWh, an increase of 5.9% from the 2022 projected amount. The major components of net system requirements are below by sales and supply components.

Total sales are budgeted to increase 282,916 MWh or 1.7% from the 2022 projected amount. Retail sales are budgeted to increase 822,887 MWh from the 2022 projected amount. Wholesale revenues, excluding NC2 participation sales, are budgeted to decrease by 149,511 MWh or 8.4% from the 2022 projected amount.

Net generation is budgeted to increase 3.5% in 2023 to 10,031,682 MWh and firm/participation purchases are budgeted to decrease 9.9% from the 2022 projected amount. Wholesale purchases are budgeted to increase 320,145 MWh from the 2022 projected amount primarily due to load growth outpacing owned generation.

Net System Requirements
Sales and Supply Components (MWh)

	PROJECTED 2022	BUDGET 2023	INCREASE / (DECREASE)	% CHANGE
Sales Components				
Retail Sales	12,150,969	12,973,856	822,887	6.8
NC2 Participation Sales	2,415,381	2,024,921	(390,460)	(16.2)
Wholesale Revenues	1,779,201	1,629,690	(149,511)	(8.4)
Total	16,345,550	16,628,467	282,916	1.7
Supply Components				
Net Generation	9,694,284	10,031,682	337,398	3.5
Firm/Participation Purchases	4,398,781	3,962,377	(436,404)	(9.9)
Wholesale Purchases	3,053,020	3,373,165	320,145	10.5
Lost or Unaccounted For	(800,535)	(738,757)	61,778	(7.7)
Total	16,345,550	16,628,467	282,916	1.7

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

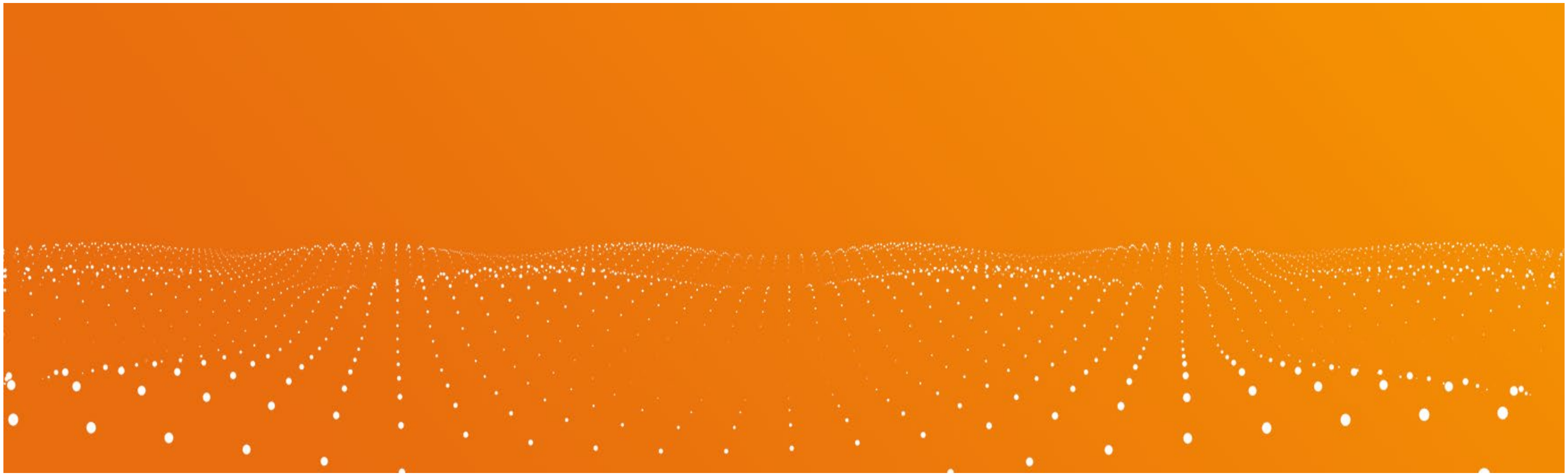
NET SYSTEM REQUIREMENTS

Net System Requirements	ACTUAL 2020	ACTUAL 2021	PROJECTED 2022	BUDGET 2022	VARIANCE 2022	BUDGET 2023	23 BUDGET VS. 22 PROJ. MWh CHANGE	% CHANGE
NET GENERATION (MWh)								
TOTAL NET GENERATION	9,737,662	9,008,256	9,694,284	10,865,661	(1,171,377)	10,031,682	337,398	3.5
FIRM/PARTICIPATION PURCHASES	4,272,471	4,070,852	4,398,781	4,070,247	328,535	3,962,377	(436,404)	(9.9)
WHOLESALE PURCHASES	2,476,198	3,139,174	3,053,020	2,990,113	62,907	3,373,165	320,145	10.5
TOTAL PURCHASES	6,748,670	7,210,026	7,451,801	7,060,360	391,441	7,335,542	(116,259)	(1.6)
TOTAL INPUT	16,486,332	16,218,282	17,146,085	17,926,020	(779,935)	17,367,224	221,139	1.3
WHOLESALE REVENUES								
NC2 PARTICIPANT	1,861,619	1,937,894	2,415,381	2,316,838	98,542	2,024,921	(390,460)	(16.2)
OTHER	3,088,859	2,284,818	1,779,201	2,831,109	(1,051,908)	1,629,690	(149,511)	(8.4)
TOTAL WHOLESALE REVENUES	4,950,477	4,222,712	4,194,582	5,147,948	(953,366)	3,654,611	(539,971)	(12.9)
NET SYSTEM REQUIREMENTS	11,535,854	11,995,569	12,951,504	12,778,073	173,431	13,712,613	761,109	5.9
TOTAL RETAIL SALES	11,088,938	11,507,790	12,150,969	12,150,291	678	12,973,856	822,887	6.8
ENERGY LOST OR UNACCOUNTED FOR	446,916	487,780	800,535	627,782	172,753	738,757	(61,778)	(7.7)
TOTAL RETAIL SALES	11,535,854	11,995,569	12,951,504	12,778,073	173,431	13,712,613	761,109	5.9
PEAK LOAD (MW)								
PEAK LOAD EXCLUDING DSM	2,554	2,509	2,592	2,786	(194)	2,686	94	3.6
DSM	162	170	185	185	0	195	10	5.4
PEAK LOAD INCLUDING DSM	2,392	2,339	2,407	2,601	(194)	2,491	84	3.5
LOAD FACTOR (%) - REFLECTS DSM	55.6	55.2	60.9	56.9	4.0	56.8	(4.1)	(6.7)

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding. DSM stands for Demand Side Management and includes Demand Response and Energy Efficiency components.

OPPD
Omaha Public Power District

Operation, Maintenance, and Decommissioning Expenses



Operation, Maintenance, and Decommissioning Expenses

The District's 2023 total budgeted operations and maintenance (O&M) expense is $944.7 million, which is $15.7 million or 1.6% less than the 2022 projected amount. The 2023 budget is lower than 2022 projection largely due to increased market pricing in 2022 which increased both fuel and purchased power costs. Purchased power costs were also impacted by unplanned operating interruptions. 2023 is expected to have increased costs for planned outages, increased headcount as well as investments in strategic priorities, partially offsetting decreases in fuel and purchased power expenses.

Fuel expense represents 17.5% of total O&M expense. Fuel expense is budgeted at $165.3 million for 2023, a decrease of $22.4 million or 11.9% less than the 2022 projected amount primarily due to elevated prices in 2022, partially offset by unplanned outages consuming less fuel than expected.

Production expense represents 14.0% of the total and is budgeted to be $131.9 million in 2023, which is $25.4 million or 23.9% above the 2022 projected amount. The primary driver is scheduled outages.

Purchased power, including wind purchases, represents 31.5% of total O&M expense and is budgeted at $297.6 million for 2023. This represents a decrease of $45.9 million or 13.4% below the 2022 projected amount. The decrease from the 2022 projection is primarily due to greater energy purchases in 2022 due to unplanned outages.

Transmission and distribution expense represents 15.9% of total O&M expense and is budgeted at $150.4 million, which is $20.4 million or 15.7% more than the 2022 projected amount. The increase over the projected amount for 2022 is associated with increasing headcount as well as increased fees to the Southwest Power Pool.

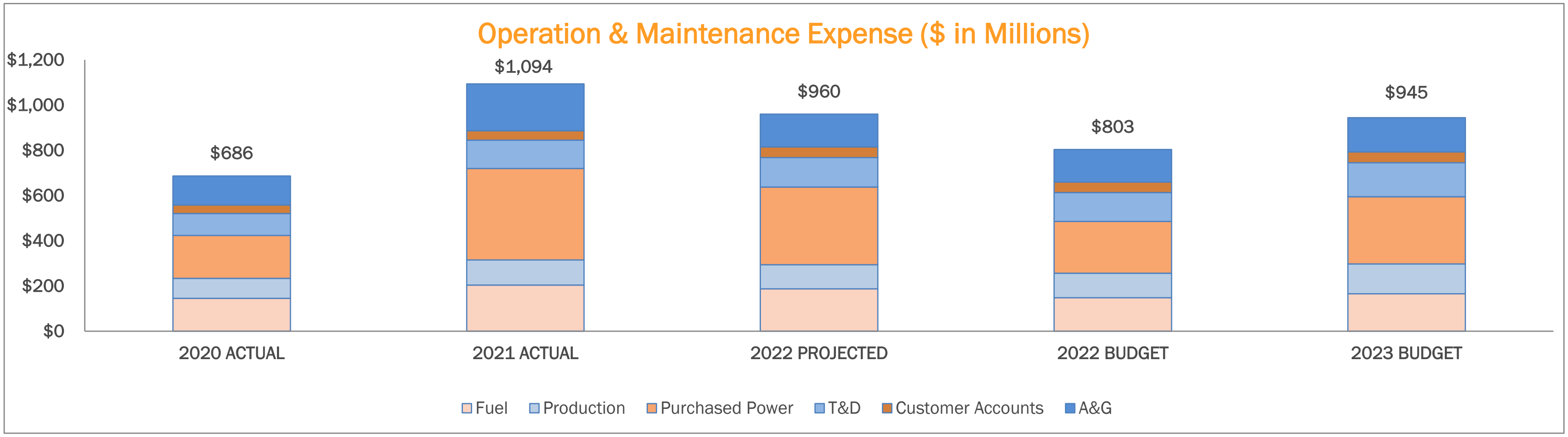
Customer accounting and services expense represents 5.1% of total O&M expense and is budgeted at $47.9 million for 2023. This represents an increase of $1.1 million or 2.4% more than the 2022 projected amount. The primary contributor to the increase is demand side management incentives borne from the Pathways to Decarbonization strategic initiative.

Administrative and general expense represents 16.0% of total O&M expense and is budgeted at $151.6 million for 2023. This category reflects a increase of $5.7 million or 3.9% more than the 2022 projected amount. The increase in 2023 is primarily related to the increased annual required contributions for the pension and other post-employment benefits, as well as, planned increases in medical expenditures.

Decommissioning expenses represent the annual funding of the decommissioning liability. The decommissioning funding for 2023 is budgeted to be $95.2 million, which is $48.8 million less than the 2022 projected amount.

OPERATION, MAINTENANCE, AND DECOMMISSIONING EXPENSES
(DOLLARS IN THOUSANDS)

Operation, Maintenance, and Decommissioning Expenses	ACTUAL 2020	ACTUAL 2021	PROJECTED 2022	BUDGET 2022	VARIANCE 2022	BUDGET 2023	23 BUDGET VS. 22 PROJ. $ CHANGE	23 BUDGET VS. 22 PROJ. % CHANGE
FUEL	$145,059	$203,944	$187,733	$148,243	$39,490	$165,301	($22,432)	(11.9)
PRODUCTION	88,602	111,332	106,486	108,540	(2,054)	131,925	25,439	23.9
PURCHASED POWER	189,880	404,426	343,456	228,491	114,965	297,566	(45,890)	(13.4)
TRANSMISSION AND DISTRIBUTION	97,051	125,305	130,025	128,033	1,992	150,401	20,376	15.7
CUSTOMER ACCOUNTING AND SERVICES	37,229	41,175	46,773	45,922	851	47,881	1,108	2.4
ADMINISTRATIVE AND GENERAL	128,265	207,410	145,844	144,165	1,679	151,593	5,749	3.9
TOTAL O&M EXPENSE	**$686,086**	**$1,093,592**	**$960,318**	**$803,394**	**$156,924**	**$944,666**	**($15,651)**	**(1.6)**
DECOMMISSIONING EXPENSES	**$130,035**	**$132,543**	**$143,922**	**$138,923**	**$4,999**	**$95,168**	**($48,754)**	**(33.9)**



NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

Omaha Public Power District

Capital Expenditure Plan

Capital Expenditure Plan

Capital Expenditures

Capital expenditures for 2023 are budgeted at $640.0 million, which is $55.0 million more than the 2022 projected capital expenditures.

Production Plant expenditures for 2023 are budgeted to be $256.3 million, which is $47.0 million or 15.5% less than the 2022 projected expenditures. The year over year change is primarily due to the Power with Purpose project.

Transmission and Distribution Plant expenditures for 2023 are budgeted to be $286.9 million, which is $88.3 million or 44.5% more than the 2022 projected expenditures primarily due to the expansion of our transmission and distribution infrastructure to provide reliable electric service to a growing community.

General Plant and Removal and Salvage for 2023 are budgeted to be $96.8 million, which is $13.6 million or 16.3% higher than the 2022 projected expenditures driven by business technology and facilities investments and upgrades.

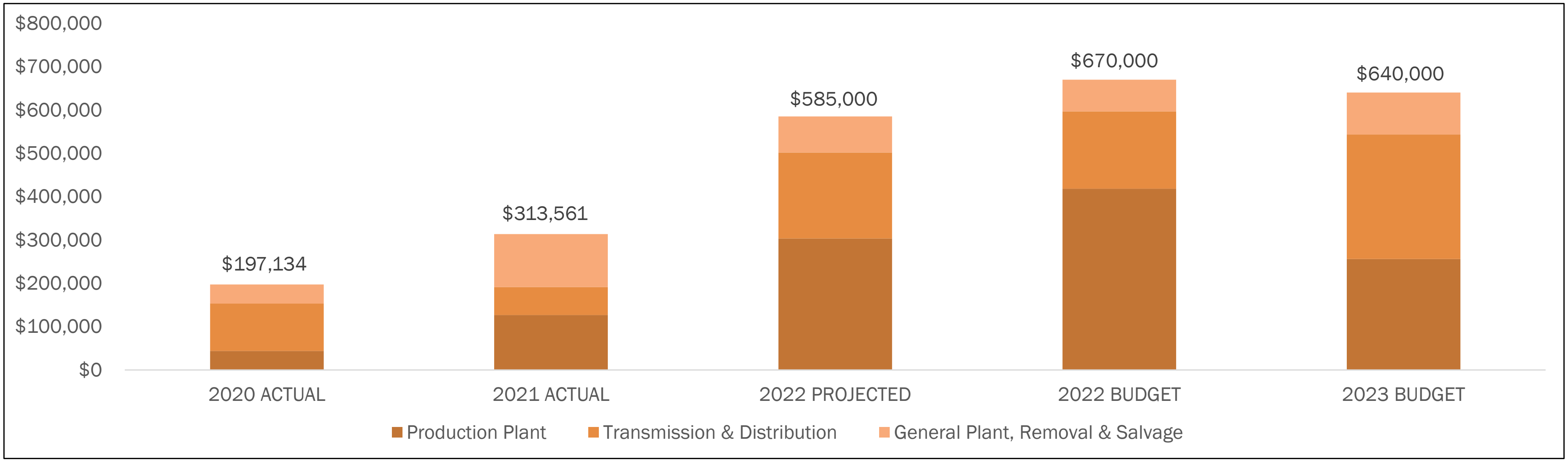
The 2023 Capital Budget total was derived by breaking investments into three categories, labeled sustain, strategic and expand. The sustain category includes routine capital projects that are aimed at maintaining and improving existing assets and is budgeted at a consistent level year over year. The strategic category includes capital projects that represent investments in the District's strategic priorities, such as Advanced Metering Infrastructure. The expand category is for new assets planned to be added to the District’s asset base, such as the Power with Purpose project. The sustain, strategic and expand categorization helps to ensure that existing assets are still being invested in at sufficent levels while new assets are being added. For 2023, the sustain category accounts for 29.2% or $187.2 million of the total capital budget, strategic accounts for 9.9% or $63.1 million and the expand category accounts for 60.9% or $389.7 million.

CAPITAL EXPENDITURES
(DOLLARS IN THOUSANDS)

Capital Expenditures

	ACTUAL 2020	ACTUAL 2021	PROJECTED 2022	BUDGET 2022	VARIANCE 2022	BUDGET 2023	23 BUDGET VS. 22 PROJ. $ CHANGE	23 BUDGET VS. 22 PROJ. % CHANGE
PRODUCTION PLANT	$43,806	$126,924	$303,300	$418,102	($114,802)	$256,347	(46,953)	(15.5)
TRANSMISSION AND DISTRIBUTION PLANT	109,630	64,212	198,533	178,527	20,006	286,871	88,338	44.5
GENERAL PLANT	43,549	121,239	80,935	70,836	10,099	94,032	13,097	16.2
REMOVAL AND SALVAGE	149	1,186	2,232	2,535	(303)	2,750	518	23.2
TOTAL	**$197,134**	**$313,561**	**$585,000**	**$670,000**	**($85,000)**	**$640,000**	**$55,000**	**9.4**

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.



2023 CAPITAL EXPENDITURES (DIRECT & INDIRECT)
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(Dollars in Thousands)

RECOMMENDED PROJECTS:	2014-2021 Expenditures	2022 Projection	2023 Budget	2014-2023 Project Expenditures
Power with Purpose Support generation and transmission & distribution for Board Resolution No. 6351 approved on November 14, 2019.	$123,587	$316,810	$305,123	$745,520
Master Facilities Plan Investment and upgrades to various OPPD facilities, which are all over 30 years old with only minor enhancements throughout their life.	$0	$16,733	$52,791	$69,524
Circuit and Substation Upgrades Upgrade and replace multiple circuits and substations due to the expansion of our transmission and distribution infrastructure to meet the needs of a growing community	$54,715	$16,053	$39,449	$110,217
Transformer Purchases and Replacements Procure transformers to replace aging equipment and support load growth.	$69,583	$16,463	$26,524	$112,570
Transmission and Distribution Street & Highway Project Relocation of OPPD transmission and distribution facilities that are located in public road right-of-way.	$66,333	$15,017	$13,582	$94,933
Technology and AMI Technology platform upgrades and technology to support AMI	$0	$0	$12,623	$12,623

2023 CAPITAL EXPENDITURES (DIRECT & INDIRECT)
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(Dollars in Thousands)

RECOMMENDED PROJECTS:	2014-2021 Expenditures	2022 Projection	2023 Budget	2014-2023 Project Expenditures
Transportation Fleet Replacement Routine replacement of OPPD-owned transportation equipment, including light, medium and heavy duty trucks and construction equipment.	$48,076	$7,446	$11,177	$66,699
Generation Station Intake Structure Environmental Upgrade Replace existing traveling screens (circulating water intake structure) at North Omaha and Nebraska City Fossil locations for renewal of the environmental permit.	$0	$499	$10,975	$11,474
Software Renewals Renew subscription based software used by the district to conduct business	$1,412	$3,182	$10,060	$14,654
Transmission Distribution Improvement Program-Cable Replacement Replace the worst performing underground distribution cable on a performance driven basis.	$41,288	$11,778	$9,386	$62,452
Customer Service Commercial and Industrial Project Purchase and installation of underground or overhead infrastructure for commercial and industrial customers.	$69,527	$11,311	$9,386	$90,224
Customer Service Residential Project Purchase and installation of underground or overhead infrastructure to new residential developments.	$91,308	$18,043	$12,504	$121,856

2023 CAPITAL EXPENDITURES (DIRECT & INDIRECT)
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(Dollars in Thousands)

RECOMMENDED PROJECTS:	2014-2021 Expenditures	2022 Projection	2023 Budget	2014-2023 Project Expenditures
Substations and Control Centers Security Upgrades Security modifications required to address identified threats and vulnerabilities at various substation and control centers.	$0	$2,157	$8,708	$10,865
Transmission Distribution Improvement Program-Conductors Replace junk conductors on a performance driven basis.	$8,573	$5,035	$5,119	$18,727
Upgrade Customer Information System Information Technology upgrade to the enterprise customer information software that is used to manage and store customer information.	$4,560	$6,065	$5,030	$15,655
Nebraska City Unit 2 Air Preheater Baskets Replacement Replace of baskets and seals in both NC2 air preheaters during a scheduled maintenance outage.	$0	$0	$4,909	$4,909
Transmission Distribution Improvement Program – Distribution Poles Replace degraded wood poles and structures used for distribution.	$22,367	$7,699	$4,687	$34,753
Nebraska City Common Levee Certification Determine what physical improvements, operational requirements and maintenance activities are needed for the levee to be accredited and accepted by FEMA as providing 100 year flood protection and regain active status with the USACE PL84-99 Rehabilitation Program.	$5,680	$3,263	$4,387	$13,331

2023 CAPITAL EXPENDITURES (DIRECT & INDIRECT)
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(Dollars in Thousands)

RECOMMENDED PROJECTS:	2014-2021 Expenditures	2022 Projection	2023 Budget	2014-2023 Project Expenditures
Nebraska City 2 Partial Economizer Replacement Replacement the upper bank of the Nebraska City Unit 2 economizer during a scheduled maintenance outage	$0	$692	$3,565	$4,257
Distribution Circuit Improvement Project Project responds to identified circuit wide issues resulting in multiple interruptions both momentary and sustained in order to provide improved reliability.	$13,064	$5,253	$3,548	$21,865
Transmission and Distribution Street Light Project Relocation of OPPD street lights facilities that are located in public road right-of-way.	$22,910	$4,198	$3,236	$30,344
Nebraska City Unit 2 Spray Dryer Absorber Vessel Coating Prepare and coat the vessel sidewalls and roof interior with an abrasion and acid resistant coating in order to protect the vessels carbon steel walls and roof.	$0	$0	$3,082	$3,082
Substation Equipment Replacement Replace substation equipment past useful life	$9,159	$754	$5,580	$15,493
Substation Fiber Connections Expand the fiber network to remaining substations not included in the fiber project communications services.	$0	$2,066	$2,794	$4,860

2023 CAPITAL EXPENDITURES (DIRECT & INDIRECT)
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(Dollars in Thousands)

RECOMMENDED PROJECTS:	2014-2021 Expenditures	2022 Projection	2023 Budget	2014-2023 Project Expenditures
Transmission Distribution Improvement Program-Transmission Poles Replace Transmission poles in conjunction with the ongoing Transmission and Distribution System Improvement Project.	$5,998	$3,535	$2,766	$12,299
North Omaha Unit 4 Air Preheater Baskets Replacement Replacement of baskets and seals in the air preheaters during a scheduled maintenance outage.	$0	$0	$2,352	$2,352
Light Emitting Diode (LED) Streetlight Conversion The conversion of streetlights to a LED standard.	$14,937	$3,668	$2,160	$20,766

Board of Directors
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102-2247

Ladies and Gentlemen:

As requested by the Board of Directors and Management of the Omaha Public Power District (the District), The Brattle Group has reviewed the 2023 Corporate Operating Plan (COP) prepared by the District and is providing this letter report to comply with this request. This review aimed to provide an independent, high-level assessment of the District's operating and financial projections for 2023.

In performing our review, we evaluated the 2023 COP for consistency with prudent utility practices and the reasonableness of the budget estimates established. In addition, we reviewed the 2023 Corporate Operating Plan and eleven associated presentations, which provided further detail into many of the Operating Plan's major components. The primary presentation topics ranged from load forecasting, fuel planning, and employee benefits to budgetary and financial matters, which we will first discuss individually, followed by a summary of the entire Operating Plan:

Energy Delivery – The Energy Delivery plan outlines the 2023 utility operations and maintenance (O&M) and capital budgets. The O&M budget is spread across the following divisions: Transmission & Distribution, Asset Management, Integrated Work Management, and Substation Protection. The capital budget is divided into Core, Mandatory, Critical, and Value-Added categories. In addition, the District provided further stratification of the Capital and O&M budget across multiple classification themes. O&M and capital expenses are forecasted through 2025.

The Energy Delivery plan 2023 budget is similar to the 2022 budget. However, we note that the annual percentage increase in O&M expenses (2%) is smaller than the annual increase in capital expenses (33%). This situation is reasonable as new natural gas and utility solar capacity will require new T&D investments, and aging T&D assets will need replacements.

Integrated Resources Plan – The integrated resource plan is prepared as part of the District's contractual commitment to the Western Area Power Administration (WAPA) every five years. It provides the optimum resource expansion plan to meet the District's forecasted demand and energy requirements. The information provided by the District included forecasted coal and natural gas generation through 2027 and 2022 system sales and purchases. It also forecasted Southwest Power Pool (SPP) north hub prices, the District's total purchased power, and the District's total off-system sales out to 2027. The District also outlined its Power with Purpose plan. This plan describes its commitment to retire its coal-fired North Omaha Station but preserve system reliability by adding utility-scale solar and reciprocal internal combustion engines (RICE) and natural gas-fired combustion turbines (CTs). As part of the Power with Purpose plan, the District will add 600 MW of utility-scale solar, plus 600 MW of natural gas-fired units - 150 MW of RICE units and 450 MW of CTs.

The District's assumptions in developing the integrated resources plan reflect a thoughtful and reasonable approach considering the transitioning electricity utility industry. Over the next five years, the District forecasts that coal generation will decrease, natural gas generation will increase, and renewable generation will remain flat. The Brattle team inquired whether battery storage was part of the renewable forecast and why the 600 MW of utility-scale solar was not factored into the future renewable generation figures. The Brattle team also inquired about the District's demand response program and the impact of the war in Ukraine on short-term power prices. The Brattle team finds the District's forecast of power prices in their 2023 Corporate Operating Plan reasonable and the District's demand response program robust.

Fuel Plan – The fuel plan provides projections of the District's coal, natural gas, and oil fuel costs from 2023 through 2027. These projections are based on system generation projections from 2023 through 2027 (including onboarding of solar to the system and retirements of thermal units), per-unit expenses, and fuel inventory targets.

The fuel plan budgeting process reflects acceptable methods currently used in the electric utility industry. The resulting expenditures for fossil fuels appear to be reasonable and necessary for the ongoing operation of the District's generating resources. The project inventories of fossil fuels are appropriate given the requirements of the District and general industry practices. The Brattle Group was not provided with historical fuel cost information. Still, the District's fuel costs are comparable with other regional utilities due to the District's purchase of low-cost wind and low fuel cost thermal resources.

Energy Production Capital Budget – The Energy Production Capital Budget outlines several proposed 2023 capital projects. With a budget of $259 million allocated to capital projects, the District has allocated 76% to novel gas generation projects and $10 million to install Fish Protection Screens. Additionally, replacing several Heater Baskets is one of the new capital projects. The Capital Budget has two components: a Sustain Budget and an Expansion Budget, the latter possessing most of the Budget. Projects under the former aim to maintain or improve existing assets, while Expansion Budget projects support increased capacity or further economic development.

The plans outlined in the Utility Operations and Production Capital Budget appear reasonable given the District's near- and long-term goals. The budget breakdown described in this slide deck acknowledges the need for maintenance while supporting anticipated projects and initiatives.

Energy Production O&M Budget – The District's energy production forecast projects O&M (excluding fuel) expenses and employee headcount from 2023 through 2025. 2023 expenses are grouped by location and separately by resource. Information on planned outage costs is also provided. Direct O&M expenses are forecasted to increase from $67 M in 2022 to over $80 M in 2023. In addition to the increase in direct O&M expenses, we note that the 2023 budget for Consumables is 10% higher than the 2022 budget. The full-time headcount of employees is anticipated to increase from 339 in 2022 to 367 in 2023.

The 2023 Energy Production (Production Operations) forecasted O&M expenses and employee headcount values mirror 2022 under similar operating conditions and are reasonable. However, the Brattle Group notes that the total planned outage costs for 2023 ($23.1 M) are more than double the planned outage costs for 2022 ($11.0 M). These increased planned outage costs are due to turbine inspections and tune-ups scheduled for multiple plants.

Load Forecast – The District's load forecast projects the District's residential, industrial and commercial energy consumption (load) and system peak demand from 2023 through 2030. Net system load is forecasted to increase from 13 TWh in 2022 to 16 TWh. The load forecast's uses include estimating revenues, dispatch modeling, energy trading/hedging, and future system planning. In addition, the future year's forecasted energy sales are compared against historical data to examine model accuracy, and historical energy consumption and system peak demand are compared to forecasted values.

The methods used to forecast future customer loads and system peak demand and energy requirements reflect current acceptable and defensible practices in the electric utility industry. As a result, the load forecast developed by the District's staff appears reasonable. In addition, the District's load forecast seems reasonable compared to national and regional load forecasts, given the anticipated growth in industrial loads (specifically from data centers).

Residential (Non-utility core) Products and Services – The District offers Electrical Line Protection as a means of In-Home Electrical Protection and Surge Guard for residential and commercial consumers. Introduced in 2009, Electrical Line Protection (ELP) provides customers with a means of protecting their homes' electrical systems. The Surge Guard Program was introduced in 1999 and aids in the prevention of damage to customers' electrical systems due to power surges. The District saw a 30% decline in ELP revenue from 2021 to 2022 and a 36% decline in Surge Guard revenue over the same period. Overall, Surge Guard maintains the higher return-on-investment of the two programs, as expenses are less and net revenue is 3-4 times higher than ELP.

Though it is both more costly and less lucrative than the Surge Guard Program, ELP provides an important service to the District's customers. These residential products and services are crucial to the District's customer relationships.

Commercial and Industrial Products and Services – The District's C&I Customer Solutions programs divide into three primary categories: Geothermal, Energy Efficiency, and Energy Solutions. Geothermal programs include Geothermal Conductivity Testing Services, Design Services, and Turnkey Geothermal Loop Heat Exchange Systems. Energy Efficiency programs consist of ECO 24/7 projects (*see next paragraph*). Energy Solutions projects include Energy Information Systems, Energy Monitoring, Demand Reduction, Lighting, Power Quality, Resiliency, Thermal Storage, Distributed Energy Resources, Utility Systems, and EV Infrastructure. Of these three programs, Geothermal has the highest profit margin, Energy Efficiency has the lowest profit margin in 2019 and 2020, and Energy Solutions maintains the highest revenue.

The District has several upcoming projects, including ECO 24/7, which stands for "Energy Efficiency, Commissioning and Optimization Projects." Seven of the ten upcoming projects are classified as ECO 24/7 and are due to receive the majority of novel project funding. Furthermore, the District has 24 active and high-probability projects estimated to surpass 2024. Two such programs include a behind-the-meter (BTM) microgrid and a BTM solar project. These ventures appear reasonable so long as the District remains aware of how its ability to enact said projects may be affected by economic conditions.

Fort Calhoun Decommissioning – The decommissioning deck outlines the timeline and path toward decommissioning, focusing on 2022 goals and accomplishments. The timeline forecasts substantial work to be completed by 2025. The 2023 goals are to complete the reactor vessel segmentation, survey, backfill deconstruction area structures and continue radiological surveys to support the final site release. The process can be monitored using performance metrics (deconstruction cost estimates, fiscal performance, waste pounds removed, percentage completion, and critical milestone success). The District and DOE are currently in the midst of a filing over reimbursements.

Based on the reported metrics, the decommissioning timeline and process appear practical and on target. The District met the majority of its 2022 goals. The filing between the District and DOE has yet to reach a resolution and will likely take additional time before being resolved. Brattle's review of the decommissioning was performed without a detailed analysis.

Safety & Facilities – The Master Facilities Plan, the most significant part of the District's Safety and Facilities budget, outlines plans for several multi-year projects which assume significant consumption of future capital investment, particularly strategic investments within the 2023 Capital Portfolio. By implementing this plan, the District aims to optimize its space utilization and facility location while pursuing net zero carbon production by 2050, increasing customer satisfaction and employee retention. The District plans to provide its Master Facilities Plan recommendations to the Executive Leadership Team (ELT) in Q4 of 2022 and Q1 of 2023.

The District needs to remain aware of how potential interest rate increases and inflation may impact its economic growth. Projected rate increases based on the District's assumed economic conditions may not be sufficient to fund future programs.

Technology & Security – The Technology and Security deck outlines the District's current initiatives and five-year Technology and Security goals. Some five-year targets included in the Business Capability 2021-2025 Roadmap are: Modernize customer communications, maximize asset value, increase real-time energy market awareness with advanced trading analytics, accelerate the flow of information, and maintain long-term assets. Furthermore, the District hopes to achieve these goals using four workstreams, each possessing its own technical roadmap: Core, Asset, Mobility, and Data.

Additionally, the District plans to deploy advanced metering infrastructure (AMI) meters to all its customers to understand better when customers experience outages and increase the speed of resources deployed to rectify such situations. The resulting influx of information has prompted District investment in a system-wide information technology modernization. The concerns and efforts about metering modernization are pertinent and well-advised. However, an influx of big data has the potential to overwhelm an outdated system.

Summary – The Brattle Group, in its review, finds the District's 2023 Corporate Operating Plan to be generally sound and recommends it be approved. The expenditures anticipated by the District are reasonable and of the type that a utility following prudent utility practices would expect. In addition, the projected financial results reflected in the 2023 Corporate Operating Plan provide for accomplishing the District's minimum performance objective for debt service coverage. The 2023 Corporate Plan represents a compilation of PowerPoint decks highlighting the various responsibility areas throughout the District. We understand that the 2023 Corporate Operating Plan has been reviewed and approved by the District's senior management. However, the Brattle Group has identified the following areas of potential concern: the ability of the District's software systems to handle the impending influx of big data, the District's retirement plan structure, the District's debt, and related economic assumptions.

As the District moves forward with its AMI rollout, it anticipates that the quantity of big data flowing into its systems will increase dramatically. This rapid increase calls into question the ability of the District's current billing software to handle the influx. Therefore, the Brattle Group recommends thoroughly assessing the District's existing software systems.

Currently, much of the District's two retirement funds, OPEB A and OPEB B, are tied to retiree medical expenses. Under these plans, retirees receive the same benefits as active employees. Additionally, the District projects a 10% loss in 2022. This situation may present an issue for two reasons: 1) Retirees tend to be of 'higher risk' than active employees 2) Given current and planned interest rate hikes, the District's assumption could understate the total loss to occur in 2022. Based on these concerns, The Brattle Group recommends that the District monitor financial markets to ensure its financial market performance does not significantly deviate from what is assumed in the 2023 Corporate Operating Plan.

During its "Safety and Facilities" presentation, the District disclosed its debt to facilities and technology and its belief that load growth in upcoming years will fund expenditures such as the Master Facilities Plan. Said assumed load growth is based on the assumed economic growth of the District. The Brattle Group's concern is that interest rate hikes and continuing inflation could undermine robust economic growth and future load growth. Thus, The Brattle Group recommends that the District be more cautious about economic growth assumptions.

In conclusion, The Brattle Group has utilized the information the District and others provided to us to generate specific assumptions about future conditions that may arise. While we believe these assumptions to be reasonable and accurate for this annual review, said assumptions remain dependent on future events. Thus, observed conditions may diverge from those predicted. Furthermore, though we believe the sources used to support our analysis to be reliable, The Brattle Group has not independently verified sources. Thus, we cannot offer any assurances concerning it. Moreover, it is not yet clear how the Covid-19 pandemic will affect the District's operations in 2023. Therefore, observed results may vary from those projected due to discrepancies between observed conditions and those which The Brattle Group has assumed from information provided by the District or others.

We appreciate the opportunity to serve the District. We are happy to discuss any questions concerning this review at your convenience.

Respectfully yours,

Philip Q Hanser
The Brattle Group
Principal Emeritus

Agustin J. Ros
The Brattle Group
Principal