Reporting Item

BOARD OF DIRECTORS

November 10, 2020

ITEM

Preliminary 2021 Corporate Operating Plan

PURPOSE

The Preliminary 2021 Corporate Operating Plan, incorporating elements of the District's projected operations, capital expenditures, and fuel needs for the year, has been completed and is ready for discussion with the Board of Directors.

FACTS

a. No General Rate increase, or increase in the Fuel and Purchased Power Adjustment (FPPA) is required for 2021. This Preliminary Corporate Operating Plan includes Management's desire to rebalance the amount of retail fuel and purchased power collected through general rates and the fuel & purchased power factor.
   - The current Fuel and Purchased Power base rate is 2.412 cents per kWh.
   - In order to reflect a truer variable cost of energy, management will propose to change the base rate to 2.095 cents per kWh and leave the current FPPA factor unchanged.
   - The net result of the action is that retail customers will see no overall rate change due to the base rate change and the retention of the current FPPA factor of 0.186 cents per kWh.

b. Total energy sales are budgeted to be 16,740 GWh which represents a 2.8% increase from the projected 2020 sales amount.
   - Retail sales are budgeted to be 11,533 GWh which represents a 4.2% increase from the projected 2020 amount.
   - Wholesale sales, excluding Nebraska City Station Unit 2 (NC2) participation sales, are budgeted to be 3,055 GWh which represents a 13.1% increase from the projected 2020 amount.
     - NC2 participation sales for 2021 are budgeted be 2,152 GWh, a 14.4% decrease from the projected 2020 amount.

c. Total operating revenues are budgeted to be $1,181.6 million. Total budgeted operating revenues are 9.0% higher than 2020 projections.
   - Retail revenues, including FPPA, are budgeted to be $1,007.5 million, which is an increase of $97.4 million above the 2020 projection.
   - Wholesale revenues, excluding NC2 participation revenues, are budgeted to be $77.9 million which is 10.4% higher than 2020 projected revenues.
     - NC2 participation revenues for 2021 are budgeted to be $60.4 million, a 10.3% decrease from the projected 2020 amount.

d. Total operations and maintenance expenditures are budgeted to be $768.0 million. Total operations and maintenance expenditures are $72.8 million or 10.5% higher than the 2020 projected amount.
   - Operations and maintenance expenditures (excluding fuel and purchased power) are estimated to be $402.9 million, which is $48.0 million or 13.5% higher than the amount projected for 2020.
   - Fuel expenses are budgeted to be $142.7 million which is slightly lower than the amount projected for 2020.
   - Purchased power expenses are budgeted to be $222.4 million which is $24.9 million or 12.6% higher than the amount projected for 2020. The purchased power expenses include 972 megawatts of wind capability, as well as 5 megawatts of Fort Calhoun Community Solar capability, to support the District's renewable energy goal.

e. Capital expenditures are budgeted at $370 million compared to $221 million projected for 2020.

   The 2021 capital expenditure plan provides for expansion and improvements to the existing production, transmission and distribution systems. Expenditures by classification include both approved and pending capital projects. Actual expenditures by classification will vary based on final project designs, corporate priorities, and pending project approvals.

Production Plant	$ 193 million
Transmission and Distribution	144 million
General Plant, Removal & Salvage	33 million
TOTAL	$370 million

f. In 2021, additional funding for Nuclear Decommissioning is projected at $129.4 million.

g. Net income for 2021 is budgeted to be $42.3 million compared to $66.7 million projected for 2020.

h. The 2021 Corporate Operating Plan total expenditure amount equals $1,442.6 million.

i. Total debt service coverage is anticipated to be 2.0 times for 2021 and 2.0 times for 2020.

ACTION

The Preliminary 2021 Corporate Operating Plan is scheduled for review during the November 2020 Board of Directors' Committee meeting prior to being submitted for Board approval during the December 2020 Regular Board Meeting.

RECOMMENDED:

DocuSigned by:
L. Javier Fernandez
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L. Javier Fernandez
Vice President & Chief Financial Officer

APPROVED FOR REPORTING TO THE BOARD

DocuSigned by:
Timothy J. Burke
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Timothy J. Burke
President and Chief Executive Officer

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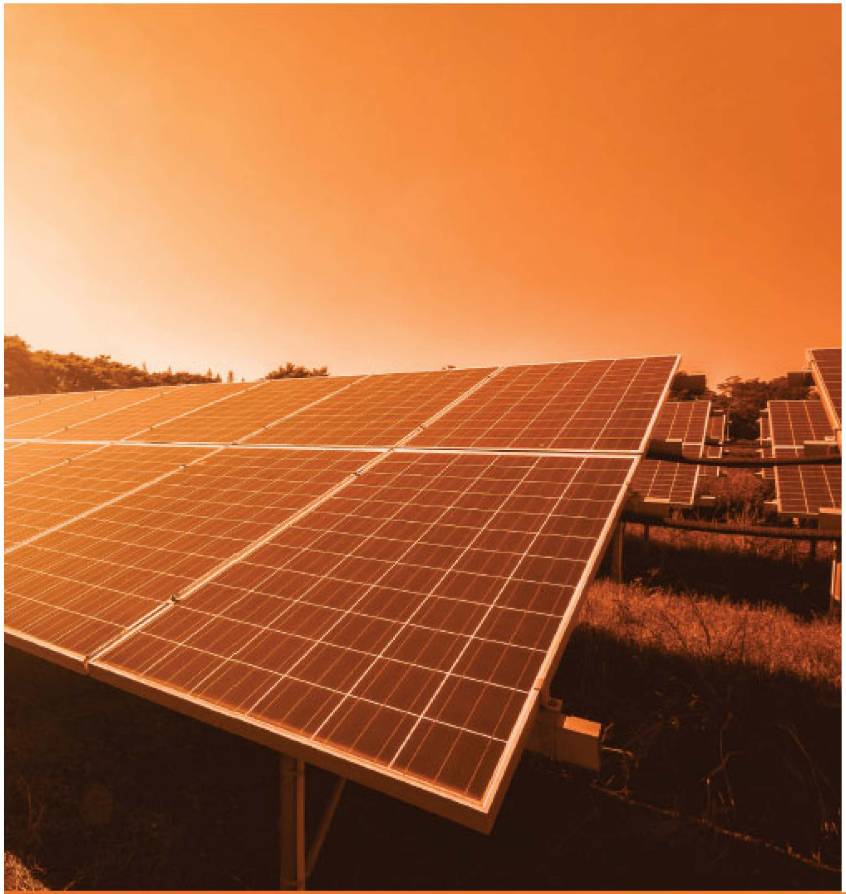
Attachments: 2021 Preliminary Corporate Operating Plan
Letter from NewGen Strategies and Solutions
Letter from The Brattle Group

Preliminary 2021 Corporate Operating Plan



Your Energy Partner
OPPD
Omaha Public Power District

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Management Letter

Management Letter

2020 has been a year unlike any other, and the employees of Omaha Public Power District have risen to the challenge of serving their communities amid the coronavirus pandemic. At the same time, the utility continued its work on innovative projects and initiatives that will position OPPD well to continue to lead the way we power the future.

Our 2021 Corporate Operating Plan maintains our commitment to no general rate increase, as well as no increase to the Fuel and Purchased Power Adjustment.

The plan shows OPPD's commitment to its mission of serving our customers with affordable, reliable and environmentally sensitive energy services. In 2020, OPPD continued to pursue five key strategic initiatives that will shape the utility for decades to come while maintaining a strong focus on its mission.

These initiatives include:

- Pathways to Decarbonization, which will examine the long-term balance of load generation along with decarbonization efforts to help OPPD meet its goal of being a net-zero carbon emitter by 2050;
- Customer Engagement initiative aimed at helping the utility meet customers' needs and expectations now and into the future;
- Electric System Evaluation and Modernization, which will study a number of grid-related areas including maintenance, inspections, smart technology and worker mobility, among other areas;
- Technology Platform, an initiative that will develop a scalable and secure digital ecosystem to enable OPPD to extend technology to customers and employees in new ways;
- The Transforming the Workplace initiative will allow OPPD to determine how its workplace will evolve amid a rapidly changing utility industry, including new skill sets and support for employees to ensure meaningful work.

In addition to these initiatives, a cross-functional team continues to move forward with the utility's Power with Purpose project, approved by the Board of Directors in November 2019. This project will add utility-scale solar and back-up natural gas generation to support load growth in the area and capacity requirements, while maintaining reliability and resiliency of the system. Throughout the end of 2020, OPPD determined future sites for the two, back-up natural gas facilities and held virtual meetings with the public to gather feedback and answer questions around the project.

Lastly, OPPD has joined other business leaders in the Omaha area in standing up for diversity and inclusion. This commitment recognizes the changing workforce in the city and state and acknowledges the social responsibility the utility has to represent the communities we serve.

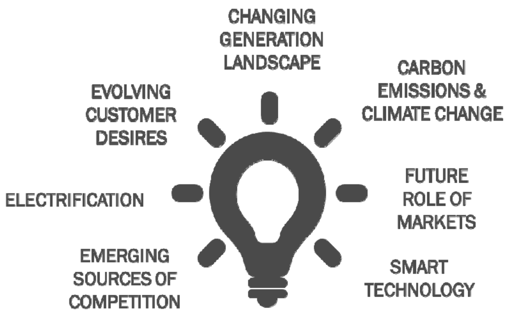
President & Chief Executive Officer

OPPD
Omaha Public Power District

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 strategic and operational planning efforts to address current and future trends, mitigate risks, pursue strategic opportunities, and prioritize resources to efficiently and effectively provide energy services to the District. 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 SDs, and transformational changes within and outside the industry, the Senior Management Team (SMT) is in the process of developing a comprehensive 30-year vision known as Powering the Future to 2050 (PFT 2050). The SDs in concert with PFT 2050 will align the organization to clear performance expectations to serve OPPD's 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 & 2021 Performance Targets				
Policy	Measure	Definition	2021 Target	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. No general rate increase for a 5-year period starting January 1, 2017 and ending December 31, 2021.	No general rate increase	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	2.0
Reliability (SD-4)	SAIDI	System Average Interruption Duration Index	< 90	< 90
	Equivalent Availability	% of actual generation potential to a unit's maximum rated output over a period of time (12 months)	86%*	90%
Customer Satisfaction (SD-5)	Absolute Satisfaction Score	JD Power's annual Electric Utility Residential Customer Satisfaction Study	Top quartile	Top quartile
Safety (SD-6)	DART	Days Away, Restricted or Transferred	< 0.50	< 0.50
	PVIR	Preventable Vehicle Incident Rate	< 4.00	< 4.00
Environmental Stewardship (SD-7)	Net Zero Carbon	Definition and goals to be determined upon review of the Pathways to Decarbonization study (scheduled for December 2021)	TBD	TBD
Employee Relations (SD-8)	Employee Engagement	Composite score of employee engagement	Top quartile	Top quartile
For a full listing of the 15 Strategic Directives, which includes Resource 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				

**This goal is an initial estimate, the goal will be updated with October through December 2020 operations data.*

Strategic Guiding Principles

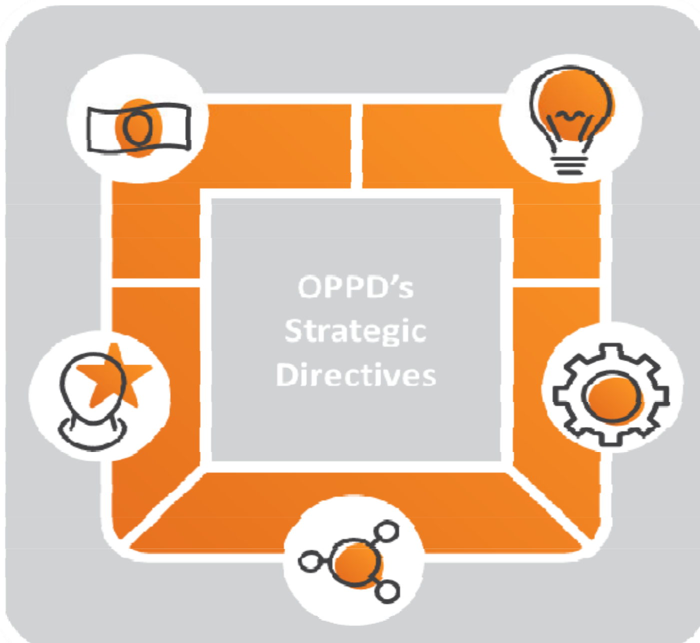
Five principles – trusted energy partner, operational excellence, technology solutions, powered through people and financial stewardship – help guide our actions to achieve the direction provided by OPPD's SDs, lead the way we power the future and fulfill our mission of providing affordable, reliable and environmentally sensitive energy services to our customers.

FINANCIAL STEWARDSHIP

We are stewards of financial resources, creating strength and flexibility benefitting our customers and communities.

TRUSTED ENERGY PARTNER

We are a trusted energy partner committed to giving our customers and communities value, caring, and excellence.



POWERED THROUGH PEOPLE

We know our workforce drives our success. We provide a safe, healthy environment where our diverse and highly-skilled employees can do their best work

OPERATIONAL EXCELLENCE

We drive operational excellence by focusing on safety, reliability, cost, environmental stewardship and innovation.

TECHNOLOGY SOLUTIONS

*Through partnerships, we provide innovative and value-added **TECHNOLOGY SOLUTIONS** in a secure and reliable manner to achieve strategic initiatives and operational goals.*

Strategic Initiatives

The 2020 Strategic Planning efforts resulted in five strategic initiatives critical to help achieve OPPD's strategic direction policies, address changing industry dynamics, and support mitigation of enterprise risks. The 10-year horizon of these five strategic initiatives will become the foundation to OPPD's 30-year vision.

Pathways to De-carbonization: To establish actionable 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: 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 build a sustainable foundation with a focus on mobility, asset management, and business intelligence; improve the way customers and employees interact with OPPD; and ensure that needed data is reliable and available.

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.

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 2021 corporate planning efforts, OPPD leveraged risk assessments and mitigation plans to help prioritize resource allocation. Within the next year, the SMT will explore expanding this effort by incorporating those critical trends identified and associated with PFT 2050.

Theme	OPPD's Risk Management Focus
Retail revenues & off-system sales	Persistently pursue customer and economic development to achieve economies of scale and strengthen the affordability of our rates. Optimize off-system sales and purchases to further benefit our customer-owners.
Generation reliability	Maintain a highly available and diverse portfolio of generation sources to provide power whenever our customer-owners need it.
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 while maintaining affordability, reliability and resiliency.
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, 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

2021 Proposed Rate Action

OPPD's 2021 budget requires no General Rate increase, as well as, no increase in the Fuel and Purchased Power Adjustment (FPPA) effective January 1, 2021.

General

2020 Projected

Revenues, operations and maintenance, capital and deferred expenditures reflect the 2020 actual values and forecast submitted through September 30, 2020.

Financing/Investing

Financing

Revenue bonds with net proceeds of $160 million are included in the 2021 budget. The proceeds of these bonds are expected to be used for reimbursement and construction projects.

Average Earnings Rates on Funds

The average earnings rate used for all funds (including special purpose) for 2021 is 1.4% compared to the 1.9% rate from the prior year.

Energy Sales/Revenues

Load Forecast

The plan assumes a 4.2% increase in general business energy sales (MWh) and a 0.9% decrease in the number of customers in 2021, as compared to the 2020 projections.

Assumptions

Generation, Purchased Power, and Fuel Budget

Outages have been scheduled for the following base-load units in 2021:

1. Nebraska City Station Unit Number 1
2. Nebraska City Station Unit Number 2
3. North Omaha Station Unit Number 5

Additionally there are several shorter outages scheduled for other units. The purchased power budget includes generation supplied from 972 megawatts of wind capability, as well as 5 megawatts of Fort Calhoun Community Solar capability.

Department Operation and Maintenance Budget

Department and division level budgets were proposed in August 2020 during the Resource Optimization Sessions. These plans were reviewed with Senior Management for alignment with the strategic and operational objectives before submitting them for 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.

Total 2021 Budget

The total 2021 Budget is $1.4 billion.

BUDGET SUMMARY
2021 BUDGET COMPARED TO 2020 BUDGET
(Dollars in Thousands)

Total Budget

	BUDGET 2020	BUDGET 2021	INCREASE / (DECREASE)	% CHANGE
Fuel Costs and Purchased Power	$379,645	$365,021	($14,624)	(3.9)
Non-Fuel Operations & Maintenance	370,741	402,931	32,190	8.7
Total Debt Service and Other Expenses	124,931	130,864	5,933	4.7
Payments in Lieu of Taxes	35,674	36,139	465	1.3
Capital Expenditures*	230,000	370,000	140,000	60.9
Regulatory Amortization	14,838	14,838	0	0.0
Decommissioning Expenditures**	143,996	122,784	(21,212)	(14.7)
TOTAL BUDGET	$1,299,825	$1,442,577	$142,752	11.0

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

**Decommissioning Expenditures represent expenditures related to Decommissioning activity, which differs from Decommissioning Funding.

Budget Component Comparison

	BUDGET 2020	BUDGET 2021	INCREASE / (DECREASE)
Fuel Costs and Purchased Power	29%	25%	(3.9)
Non-Fuel Operations & Maintenance	29%	28%	(0.6)
Total Debt Service and Other Expenses	10%	9%	(0.5)
Payments in Lieu of Taxes	3%	3%	(0.2)
Capital Expenditures*	18%	26%	8.0
Regulatory Amortization	1%	1%	(0.1)
Decommissioning Expenditures**	11%	9%	(2.6)
TOTAL BUDGET	100%	100%	(0.0)

2021 Fuel and Purchased Power Budget Compared to 2020 Budget

	BUDGET 2020	BUDGET 2021	INCREASE / (DECREASE)	% CHANGE
Fuel Cost	$179,752	$142,650	($37,102)	(20.6)
Purchased Power	199,893	222,371	22,478	11.2
TOTAL BUDGET	**$379,645**	**$365,021**	**($14,624)**	**(3.9)**

2021 Non-Fuel O&M Budget Compared to 2020 Budget

	BUDGET 2020	BUDGET 2021	INCREASE / (DECREASE)	% CHANGE
Production	$91,071	$103,251	$12,180	13.4
Transmission and Distribution	102,954	111,548	8,594	8.3
Customer Accounting and Services	40,280	44,237	3,957	9.8
Administrative and General	136,435	143,894	7,459	5.5
TOTAL BUDGET	**$370,741**	**$402,931**	**$32,190**	**8.7**

2021 Debt Service/Other Expenses Compared to 2020 Budget

	BUDGET 2020	BUDGET 2021	INCREASE / (DECREASE)	% CHANGE
Bonds (excludes Minibonds)	$153,400	$103,301	($50,100)	(32.7)
Commercial Paper	3,228	1,805	(1,423)	(44.1)
Other (includes Minibonds)	(31,697)	25,758	57,456	(181.3)
TOTAL BUDGET	**$124,931**	**$130,864**	**$5,933**	**4.7**

Financial Statements

Financial Statements

Income Statement

Projected net income for 2020 is $66.7 million, which is $1.6 million over budget. Operating income is projected to be $27.1 million under budget.

Net income for 2021 is budgeted to be $42.3 million, which is $24.4 million or 36.6% lower than the 2020 projected net income. When compared to the 2020 budget, net income for 2021 is $22.8 million or 35.0% lower.

Major factors contributing to the change in 2021 operating and net income are:

1. Operating revenue is budgeted to be $97.8 million higher than 2020 projections and $20.3 million higher than the 2020 budget. The budget increase is primarily due to higher retail revenue, specifically related to industrial customer load growth. Retail revenues less adjustments (Fuel and Purchased Power Adjustment (FPPA), Decommissioning and Benefit Reserve (DABR), and Unbilled Revenues) are projected to increase $24.2 million from 2020 projections and increase $12.9 million when compared to the 2020 budget.

2. Operations and maintenance expense is budgeted to be $72.8 million higher than the 2020 projected amount and $17.6 million higher than the 2020 budget amount. These increases reflect savings in fuel costs and are primarily due to higher purchased power, outage costs, and a focus on strategic initiatives.

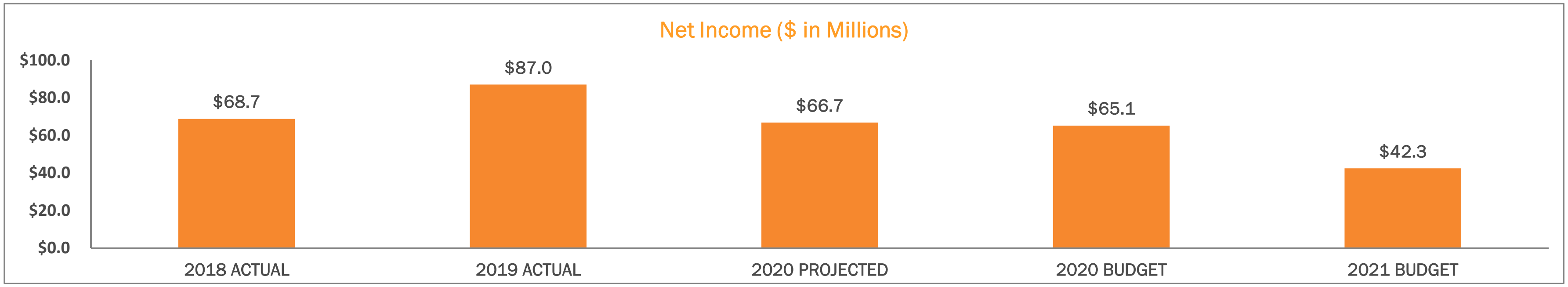
3. Other income for 2021 is $29.5 million lower than the 2020 projected amount primarily due to the change in the fair value of the investments in 2020. Other income budgeted for 2021 is $2.4 million lower than the 2020 budget amount primarily due to lower investment earnings as a result of lower interest rates.

4. Total decommissioning funding, which is recognized as an expense of $129.4 million in 2021, is $4.7 million higher than 2020 projected.

(DOLLARS IN THOUSANDS)

Income Statement

Income Statement	ACTUAL 2018	ACTUAL 2019	PROJECTED 2020	BUDGET 2020	VARIANCE 2020	BUDGET 2021	21 BUDGET VS. 20 PROJ. $ CHANGE	21 BUDGET VS. 20 PROJ. % CHANGE
OPERATING REVENUES	$1,156,933	$1,160,719	$1,083,818	$1,161,360	($77,542)	$1,181,624	$97,806	9.0
OPERATING EXPENSES								
O&M EXPENSE	$699,944	$724,891	$695,164	$750,386	($55,221)	$767,952	$72,787	10.5
PAYMENTS IN LIEU OF TAXES	34,916	35,030	35,514	35,674	(160)	36,139	625	1.8
DECOMMISSIONING EXPENSE	156,000	143,004	124,723	123,601	1,122	129,442	4,719	3.8
REGULATORY AMORTIZATION	14,836	14,836	14,835	14,838	(3)	14,838	3	0.0
DEPRECIATION EXPENSE	128,138	129,514	134,942	131,074	3,868	137,981	3,040	2.3
TOTAL OPERATING EXPENSE	$1,033,833	$1,047,274	$1,005,178	$1,055,573	($50,395)	$1,086,352	$81,174	8.1
OPERATING INCOME	$123,100	$113,445	$78,640	$105,787	($27,147)	$95,273	$16,633	21.2
INTEREST INCOME	$14,801	$51,871	$43,433	$21,245	$22,188	$15,930	($27,503)	(63.3)
ALLOWANCE FOR FUNDS USED	2,888	4,706	7,530	5,258	2,272	6,575	(955)	(12.7)
PRODUCTS AND SERVICES - NET	3,529	2,862	1,503	3,040	(1,536)	4,622	3,119	207.5
MISC. NON OPERATING INCOME	7,351	3,505	7,152	3,000	4,152	3,000	(4,152)	(58.1)
TOTAL OTHER INCOME	$28,569	$62,943	$59,618	$32,543	$27,076	$30,127	($29,491)	(49.5)
TOTAL INCOME LESS OPERATING EXPENSE	$151,669	$176,388	$138,258	$138,329	($71)	$125,400	($12,858)	(9.3)
INCOME DEDUCT. & INT. CHARGES								
INTEREST EXPENSE ON BONDS	$85,482	$82,509	$77,627	$77,625	$2	$77,968	$341	0.4
INTEREST EXPENSE ON NOTES	1,533	1,544	1,428	847	581	10,528	9,100	0.0
INTEREST EXPENSE ON COMMERCIAL PAPER	2,313	2,917	1,636	3,228	(1,592)	1,805	169	10.3
AMORTIZATION	(7,353)	(257)	(10,601)	(9,108)	(1,493)	(7,842)	2,759	(26.0)
OTHER INCOME DEDUCTIONS	961	2,724	1,473	600	873	625	(848)	(57.6)
TOTAL INCOME DEDUCT. & INT. CHARGES	$82,935	$89,438	$71,563	$73,192	($1,629)	$83,084	$11,521	16.1
NET INCOME	$68,734	$86,951	$66,696	$65,137	$1,558	$42,316	($24,379)	(36.6)



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Financial Statements

Coverage Ratios

The total debt service coverage ratio, which is the main metric viewed by credit rating agencies, is budgeted to be 2.00 times in 2021.

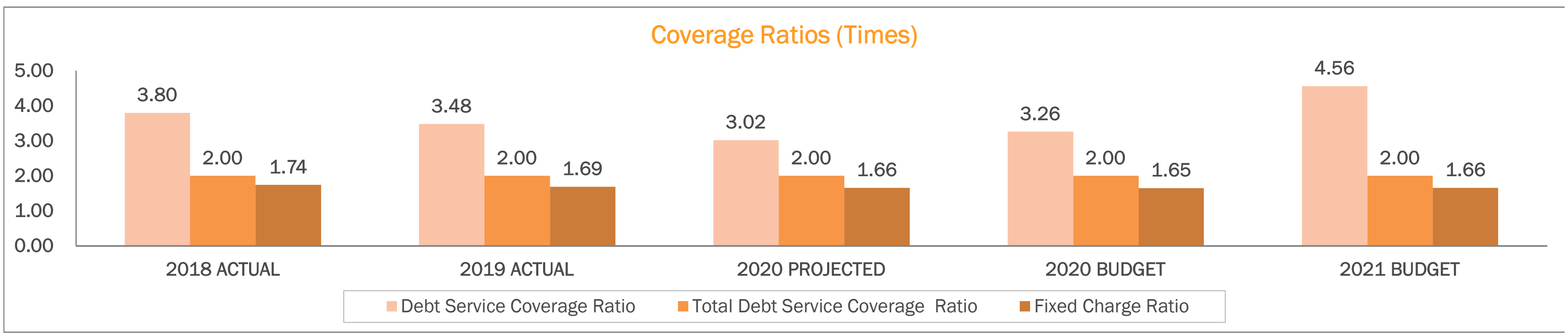
The fixed charge ratio is budgeted to be 1.66 times in 2021.

The Senior Lien debt service coverage ratio is projected to be 3.02 times in 2020 and 4.56 times in 2021. The significant increase is driven both by an increase in net receipts and a decrease in Senior Lien debt service requirements. Net receipts for 2021 are expected to increase by $27.0 million or 8.3% from 2020 projected levels primarily due to increasing industrial revenue. Senior Lien debt service requirements for 2021 are scheduled to decrease by approximately $30.3 million over 2020 projections as a result of lowering Senior Lien principal payments in order to cover the payoff of the Minibonds.

COVERAGE RATIOS
(Dollars in Thousands)

Coverage Ratios

	ACTUAL 2018	ACTUAL 2019	PROJECTED 2020	BUDGET 2020	VARIANCE 2020	BUDGET 2021	21 BUDGET VS. 20 PROJ. $ CHANGE	21 BUDGET VS. 20 PROJ. % CHANGE
OPERATING REVENUES (EXCL. NC2)	$1,082,138	$1,090,473	$1,016,428	$1,095,071	($78,642)	$1,121,180	$104,752	10.3
INTEREST INCOME - BONDS RESERVE ACCOUNT	803	1,124	1,041	1,070	(29)	835	(206)	(19.8)
O&M EXPENSE (EXCL. NC2 PARTICIPANT SHARE)	(629,786)	(683,466)	(655,521)	(709,193)	53,672	(732,418)	(76,897)	11.7
PAYMENTS IN LIEU OF TAXES	(34,916)	(35,030)	(35,514)	(35,674)	160	(36,139)	(625)	1.8
NET RECEIPTS	$418,239	$373,102	$326,434	$351,274	($24,839)	$353,459	$27,024	8.3
DEBT SERVICE REQUIREMENTS (SENIOR LIEN)	$109,980	$107,186	$107,795	$107,795	$0	$77,452	($30,343)	(28.1)
DEBT SERVICE (SENIOR LIEN) COVERAGE RATIO	3.80	3.48	3.02	3.26		4.56		
MEMO: OTHER COVERAGE RATIOS:								
TOTAL DEBT SERVICE COVERAGE RATIO (DSC)	2.00	2.00	2.00	2.00		2.00		
FIXED CHARGE RATIO	1.74	1.69	1.66	1.65		1.66		



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.

Financial Statements

Debt and Financing Data

Total Senior Lien revenue bonds outstanding at year-end 2021 are budgeted to equal $1,283.0 million. The 2021 budget anticipates the issuance of approximately $125 million of new Senior Lien revenue bonds and also includes Senior Lien revenue bond maturities and retirements of $50.4 million.

Total subordinated bonds outstanding at year-end 2021 are budgeted to equal $229.8 million. The 2021 budget does not anticipate the issuance of new subordinated bonds nor bond maturities or retirements.

All minibonds will be redeemed in 2021 with an outstanding year-end balance of $0.0.

The District issued an additional $19.9 million of commercial paper during February 2020 bringing its total commercial paper outstanding to $250.0 million. The District does not anticipate issuance of additional commercial paper in 2021.

Total Separate System (NC2) revenue bonds outstanding at year-end 2021 are budgeted to equal $201.5 million. The 2021 budget does not anticipate the issuance of new NC2 revenue bonds but does have NC2 revenue bond maturities and retirements of $3.7 million.

The total average interest rate and weighted average maturity on existing debt will be 4.24% and 13.58 years at the end of 2020 and 4.60% and 13.45 years at the end of 2021. The debt to capitalization ratio is budgeted to be 56% for 2021.

(Dollars in Thousands)

Debt and Financing Data

	ACTUAL 2018	ACTUAL 2019	PROJECTED 2020	BUDGET 2020	VARIANCE 2020	BUDGET 2021	21 BUDGET VS. 20 PROJ. $ CHANGE	21 BUDGET VS. 20 PROJ. % CHANGE
SENIOR LIEN REVENUE BONDS								
BALANCE - BEGINNING OF YEAR	$1,399,645	$1,320,330	$1,256,030	$1,256,030	$0	$1,208,640	($47,390)	(3.8)
MATURITIES / RETIREMENTS	(224,645)	(202,055)	(47,390)	(47,390)	0	(50,360)	(2,970)	6.3
NEW ISSUES	145,330	137,755	0	0	0	124,705	124,705	-
BALANCE - END OF YEAR	$1,320,330	$1,256,030	$1,208,640	$1,208,640	$0	$1,282,985	$74,345	6.2
AVERAGE INTEREST RATE (END OF YEAR)	4.67%	4.78%	4.77%	4.77%		4.54%		
SUBORDINATED								
BALANCE - BEGINNING OF YEAR	$337,120	$335,940	$254,665	$254,665	$0	$229,775	($24,890)	(9.8)
MATURITIES / RETIREMENTS	(1,180)	(81,275)	(24,890)	(24,890)	0	0	24,890	(100.0)
NEW ISSUES	0	0	0	0	0	0	0	-
BALANCE - END OF YEAR	$335,940	$254,665	$229,775	$229,775	$0	$229,775	$0	0.0
AVERAGE INTEREST RATE (END OF YEAR)	3.97%	4.79%	4.27%	4.27%		4.24%		
MINIBONDS								
BALANCE - BEGINNING OF YEAR	$30,273	$30,755	$31,211	$31,313	($102)	$31,720	$509	1.6
MATURITIES / RETIREMENTS	(158)	(176)	(150)	0	(150)	(32,567)	(32,417)	21,611.3
ACCRETED INTEREST	640	632	659	847	(188)	847	188	28.5
BALANCE - END OF YEAR	$30,755	$31,211	$31,720	$32,160	($440)	$0	($31,720)	(100.0)
AVERAGE INTEREST RATE (END OF YEAR)	4.98%	4.95%	2.67%	2.63%		...		
COMMERCIAL PAPER								
BALANCE - BEGINNING OF YEAR	$150,000	$150,000	$230,100	$230,100	$0	$250,000	$19,900	8.6
MATURITIES / RETIREMENTS	0	0	0	0	0	0	0	-
NEW ISSUES	0	80,100	19,900	19,900	0	0	(19,900)	(100.0)
BALANCE - END OF YEAR	$150,000	$230,100	$250,000	$250,000	$0	$250,000	$0	0.0
AVERAGE INTEREST RATE (END OF YEAR)	1.54%	1.27%	1.29%	1.29%		0.72%		
SEPARATE SYSTEM REVENUE BONDS (NC2)								
BALANCE - BEGINNING OF YEAR	$215,215	$211,995	$208,645	$208,645	$0	$205,150	($3,495)	(1.7)
MATURITIES / RETIREMENTS	(3,220)	(3,350)	(3,495)	(3,495)	0	(3,655)	(160)	4.6
NEW ISSUES	0	0	0	0	0	0	0	-
BALANCE - END OF YEAR	$211,995	$208,645	$205,150	$205,150	$0	$201,495	($3,655)	(1.8)
AVERAGE INTEREST RATE (END OF YEAR)	4.93%	4.93%	4.94%	4.94%		4.95%		
TOTAL AVERAGE INTEREST RATE (END OF YEAR)	4.36%	4.39%	4.24%	4.24%		4.60%		
TOTAL INTEREST EXPENSE (ON DEBT)	$82,935	$89,438	$71,563	$73,192	($1,629)	$83,084	$11,521	16.1
DEBT TO CAPITALIZATION RATIO	61%	59%	56%	56%		56%		

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 2020 are $1,180.9 million, which is $41.2 million under budget. Cash disbursements are projected to be $1,196.0 million in 2020 or $80.8 million under the budget amount.

In 2021, cash receipts are budgeted to increase by $20.4 million to $1,201.4 million as compared to the 2020 projection. This increase is commensurate with the budgeted increase of operating revenues.

Cash disbursements in 2021 are budgeted to increase by $260.1 million to $1,456.1 million as compared to the 2020 projection. Increases in cash disbursements for 2021 include capital investments of $148.9 million related to Power with Purpose infrastructure upgrade, operation and maintenance expense of $53.3 million and purchased power of $41.6 million.

The budget values of cash receipts and disbursements result in a projected year-end cash balance of $267.2 million in 2021.

CASH FLOW ANALYSIS
(Dollars in Thousands)

Cash Flow Analysis

	ACTUAL 2018	ACTUAL 2019	PROJECTED 2020	BUDGET 2020	VARIANCE 2020	BUDGET 2021	21 BUDGET VS. 20 PROJ. $ CHANGE	21 BUDGET VS. 20 PROJ. % CHANGE
CASH BEGINNING OF PERIOD	$449,066	$457,593	$356,508	$385,782	($29,274)	$361,312	$4,804	1.3
RECEIPTS								
GENERAL BUSINESS REVENUES	$976,578	$967,717	$964,051	$993,657	($29,606)	$999,861	$35,810	3.7
WHOLESALE REVENUES (INCL. NC2)	197,498	146,718	141,953	167,292	(25,339)	142,124	171	0.1
OTHER ELECTRIC REVENUES	$33,094	37,402	35,836	35,187	649	35,848	12	0.0
INTEREST INCOME	$27,630	29,534	37,488	22,991	14,497	18,930	(18,558)	(49.5)
PRODUCTS & SERVICES	$3,529	2,862	1,620	3,039	(1,419)	4,622	3,003	185.4
USE OF RESERVE ACCOUNTS	$0	0	0	0	0	0	0	0.0
TOTAL RECEIPTS	$1,238,329	$1,184,233	$1,180,947	$1,222,166	($41,219)	$1,201,385	$20,438	1.7
DISBURSEMENTS								
O&M EXPENSE (W/O FUEL & PURCHASED POWER)	$326,559	$348,621	$338,088	$378,079	($39,991)	$391,412	$53,324	15.8
DECOMMISSIONING EXPENSE	$156,000	143,004	126,470	112,552	13,918	129,442	2,972	2.3
PAYMENTS IN LIEU OF TAXES	$34,017	35,030	34,846	34,975	(129)	35,102	255	0.7
DEBT SERVICE	$150,851	138,102	157,018	136,040	20,978	139,058	(17,959)	(11.4)
CAPITAL EXPENDITURES	$138,178	194,547	221,111	225,000	(3,889)	370,000	148,889	67.3
FUEL	$169,946	161,737	131,473	179,603	(48,130)	138,201	6,728	5.1
PURCHASED POWER	$196,276	212,666	183,471	200,182	(16,711)	225,110	41,640	22.7
CHANGES IN OTHER NET ASSETS	$14,230	9,111	(13,433)	10,398	(23,831)	0	13,433	(100.0)
CONTRIBUTIONS TO RESERVE ACCOUNTS	$43,745	42,500	17,000	0	17,000	27,800	10,800	63.5
TOTAL DISBURSEMENTS	$1,229,802	$1,285,318	$1,196,042	$1,276,829	($80,787)	$1,456,125	$260,083	21.7
NET OPERATING CASH FLOW	$8,527	($101,085)	($15,095)	($54,663)	$39,568	($254,740)	($239,644)	1,587.6
FINANCING	$0	$0	$0	$0	$0	$160,627	$160,627	0.0
FINANCING COST / RESERVE AMOUNT	$0	0	0	0	0	0	0	0.0
COMMERCIAL PAPER - NET	$0	0	19,900	19,900	0	0	(19,900)	(100.0)
OTHER	$0	0	0	0	0	0	0	0.0
NC2 PARTICIPANT CONTRIBUTION	$0	0	0	0	0	0	0	0.0
TOTAL FINANCING	$0	$0	$19,900	$19,900	$0	$160,627	$140,727	707.2
TOTAL CHANGE IN CASH	$8,527	($101,085)	$4,805	($34,763)	$39,568	($94,113)	($98,917)	(2,058.7)
CASH END OF PERIOD	$457,593	$356,508	$557,000	$351,019	$205,981	$267,199	($289,802)	(52.0)
DECOMMISSIONING FUND	$466,000	$549,000	$552,000	$559,000	($7,000)	$567,000	$15,000	2.7

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

Energy Sales

Energy Sales

Electric Energy Sales & Electric Customers

Electric energy sales for 2021 are budgeted to be 16,740,432 MWh or 2.8% higher than the 2020 projected energy sales, which is driven by increasing general business sales (retail sales) and is partially offset by lower wholesale sales (off-system sales). General business sales are budgeted to increase 468,939 MWh in 2021 compared to the 2020 projection, which is mainly a result of industrial sales. Wholesale sales (including NC2 participation sales) are budgeted to decrease 8,644 MWh or 0.2% from 2020 projected levels. The decrease in wholesale sales is primarily due to NC2 Participant Wholesale sales decreasing as a result of a 30 day planned outage for NC2.

In 2021, the average number of general business customers is budgeted to decrease by 3,536 or 1.0% below 2020 projections.

Energy Sales and Customers

	ACTUAL 2018	ACTUAL 2019	PROJECTED 2020	BUDGET 2020	VARIANCE 2020	BUDGET 2021	21 BUDGET VS. 20 PROJ. MWh CHANGE	21 BUDGET VS. 20 PROJ. % CHANGE
ELECTRIC ENERGY SALES (MWh)								
RESIDENTIAL	3,841,044	3,751,130	3,774,808	3,655,916	118,892	3,707,661	(67,147)	(1.8)
COMMERCIAL	3,765,726	3,735,317	3,594,900	3,794,799	(199,898)	3,543,602	(51,298)	(1.4)
INDUSTRIAL	3,371,856	3,389,005	3,708,416	3,690,462	17,954	4,235,059	526,643	14.2
SUBTOTAL	10,978,626	10,875,452	11,078,124	11,141,177	(63,052)	11,486,322	408,198	3.7
UNBILLED SALES	(28,596)	44,351	(13,584)	22,054	(35,638)	47,158	60,741	(447.2)
GENERAL BUSINESS SALES	10,950,030	10,919,803	11,064,541	11,163,231	(98,690)	11,533,480	468,939	4.2
NC2 PARTICIPANT	2,447,542	1,880,606	2,514,369	2,324,248	190,121	2,151,600	(362,769)	(14.4)
OTHER	3,211,166	2,546,862	2,701,228	3,842,272	(1,141,044)	3,055,352	354,125	13.1
WHOLESALE SALES	5,658,707	4,427,468	5,215,597	6,166,520	(950,923)	5,206,952	(8,644)	(0.2)
TOTAL MWh SALES	16,608,737	15,347,271	16,280,137	17,329,750	(1,049,613)	16,740,432	460,295	2.8
ELECTRIC CUSTOMERS (12 MONTH AVG.)								
RESIDENTIAL	333,567	337,517	341,683	339,069	2,613	338,103	(3,580)	(1.0)
COMMERCIAL	46,589	46,837	47,410	47,448	(38)	47,450	40	0.1
INDUSTRIAL	151	147	145	147	(2)	148	3	2.0
TOTAL GEN. BUS. CUSTOMERS	380,308	384,502	389,237	386,664	2,574	385,701	(3,536)	(0.9)
kWh / CUSTOMER								
RESIDENTIAL	11,515	11,114	11,048	10,782	265	10,966	(82)	(0.7)
COMMERCIAL	80,828	79,751	75,826	79,979	(4,152)	74,681	(1,146)	(1.5)
INDUSTRIAL	22,268,726	23,015,311	25,545,920	25,105,184	440,736	28,615,261	3,069,341	12.0
AVERAGE kWh / CUSTOMER	28,868	28,285	28,461	28,814	(352)	29,780	1,319	4.6

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 2020 are projected to be $1,083.8 million, which is $77.5 million or 6.7% below budget. The variance is primarily due to retail revenues of $24.7 million, Decommissioning and Benefits Reserve contribution of $27.8 million, and wholesale revenues that are $25.7 million below budget for 2020. The variance also includes the decrease in Late Payment Charges of $1.5 million and Miscellaneous Service Revenues of $0.5 million (which includes field collection/reconnect fees), as a part of OPPD's Customer First COVID-19 response.

Total electric operating revenues for 2021 are budgeted to be $1,181.6 million, which is $97.8 million or 9.0% over the 2020 projected operating revenues. The increase is primarily due to higher 2021 retail revenue, which is related to increased load growth from industrial customers.

OPERATING REVENUES
(Dollars in Thousands)

Operating Revenues

	ACTUAL 2018	ACTUAL 2019	PROJECTED 2020	BUDGET 2020	VARIANCE 2020	BUDGET 2021	21 BUDGET VS. 20 PROJ. $ CHANGE	% CHANGE
ELECTRIC OPERATING REVENUES								
RESIDENTIAL	$431,199	$423,574	$429,228	$418,834	$10,394	$423,209	($6,019)	(1.4)
COMMERCIAL	331,773	329,616	317,179	332,213	(15,034)	312,864	(4,315)	(1.4)
INDUSTRIAL	213,606	215,766	233,196	239,885	(6,689)	267,779	34,583	14.8
SUBTOTAL	$976,578	$968,955	$979,604	$990,933	($11,329)	$1,003,852	$24,248	2.5
FPPA RECEIVABLE AMORTIZATION	$8,579	$20,896	($40,822)	($29,081)	($11,741)	$2,520	$43,342	(106.2)
PROVISION FOR DABR	(42,500)	(17,000)	(27,800)	0	(27,800)	0	27,800	(100.0)
PROVISION FOR RATE STABILIZATION	0	0	0	0	0	0	0	0.0
UNBILLED REVENUES/ADJUSTMENTS	(2,532)	2,956	(969)	674	(1,643)	1,082	2,051	(211.6)
SUBTOTAL	($36,453)	$6,852	($69,591)	($28,407)	($41,185)	$3,602	$73,193	(105.2)
NC2 PARTICIPANTS	$74,795	$70,246	$67,390	$66,294	$1,096	$60,444	($6,946)	(10.3)
OTHER	108,918	77,264	70,559	97,354	(26,796)	77,879	7,320	10.4
TOTAL WHOLESALE REVENUES	$183,714	$147,509	$137,948	$163,648	($25,700)	$138,323	$374	0.3
TOTAL SALES OF ELECTRIC ENERGY	$1,123,839	$1,123,317	$1,047,961	$1,126,174	($78,214)	$1,145,777	$97,816	9.3
OTHER ELECTRIC REVENUES								
LATE PAYMENT CHARGES	$4,640	$4,440	$3,205	$4,751	($1,546)	$4,846	$1,641	51.2
RENT FROM ELECTRIC PROPERTY	4,111	4,190	5,453	4,315	1,137	4,481	(972)	(17.8)
MISC. SERVICE REVENUE	4,888	4,972	4,273	4,783	(510)	4,808	535	12.5
TRANSMISSION WHEELING FEES	8,003	7,837	7,523	7,163	360	6,384	(1,138)	(15.1)
DISTRIBUTION WHEELING FEES	2,337	2,893	2,778	2,773	5	2,500	(278)	(10.0)
TRANSMISSION - SPP	9,115	13,070	12,625	11,400	1,225	12,829	204	1.6
TOTAL OTHER ELECTRIC REVENUES	$33,094	$37,402	$35,857	$35,185	$672	$35,848	($9)	(0.0)
TOTAL ELECTRIC OPERATING REVENUES	$1,156,933	$1,160,719	$1,083,818	$1,161,360	($77,542)	$1,181,624	$97,806	9.0

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

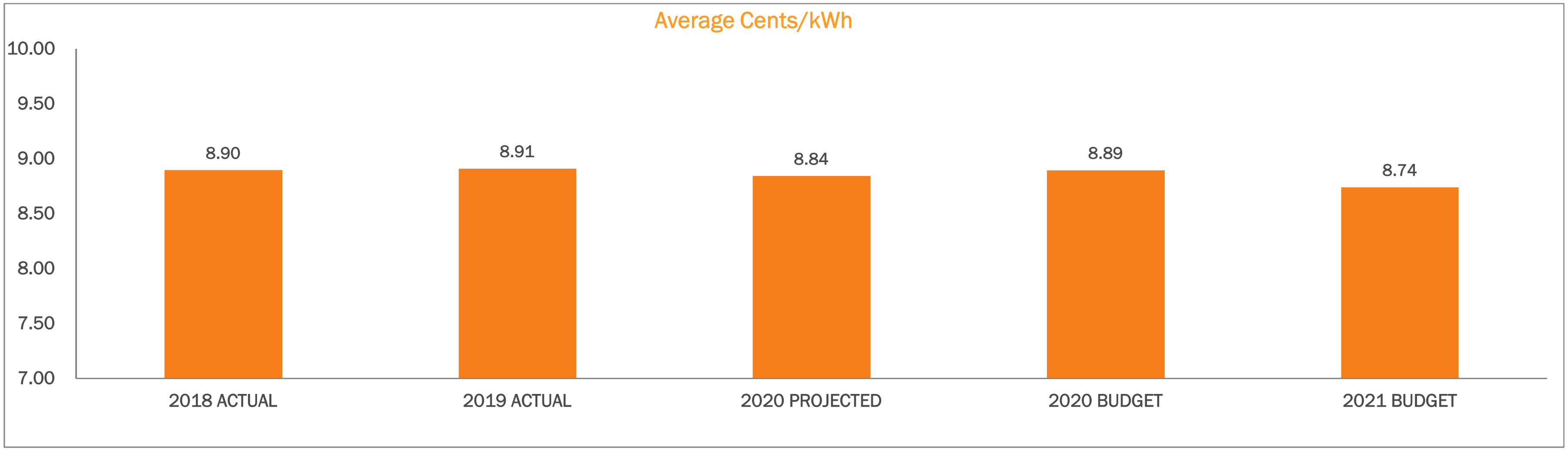
Energy Sales

Average Cents/kWh

The average price per kWh for retail customers is budgeted to be 8.74 cents for 2021. This is 0.10 cents or a 1.2% decrease from the 8.84 cents that was projected for 2020. This price per kWh variance is the result of actual billings relative to energy sold as opposed to a rate change.

Average Cents/kWh

	ACTUAL 2018	ACTUAL 2019	PROJECTED 2020	BUDGET 2020	VARIANCE 2020	BUDGET 2021	21 BUDGET VS. 20 PROJ. $ CHANGE	% CHANGE
RESIDENTIAL	11.23	11.29	11.37	11.46	(0.09)	11.41	0.04	0.4
COMMERCIAL	8.81	8.82	8.82	8.75	0.07	8.83	0.01	0.1
INDUSTRIAL	6.33	6.37	6.29	6.50	(0.21)	6.32	0.03	0.6
RETAIL AVERAGE	8.90	8.91	8.84	8.89	(0.05)	8.74	(0.10)	(1.2)
	*	*	*	*		*	*	



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 General Business Sales as shown on the next page) for 2021 are budgeted to be 12,111,094 MWh, an increase of 4.8% from the 2020 projected amount. The major components of net system requirements are below by sales and supply components.

Total sales are budgeted to increase 460,295 MWh or 2.8% from the 2020 projected amount. Retail general business sales are budgeted to increase 468,939 MWh from the 2020 projected amount. Wholesale sales, excluding NC2 participation sales, are budgeted to increase by 354,125 MWh or 13.1% from the 2020 projected amount.

Net generation is budgeted to increase 4.8% in 2021 to 10,463,343 MWh and firm/participation purchases are budgeted to decrease 6.3% from the 2020 projected amount. Wholesale purchases are budgeted to increase 336,768 MWh in 2021 from the 2020 projected amount.

Net System Requirements
Sales and Supply Components (MWh)

	PROJECTED 2020	BUDGET 2021	INCREASE / (DECREASE)	% CHANGE
Sales Components				
Retail General Business Sales	11,064,541	11,533,480	468,939	4.2
NC2 Participation Sales	2,514,369	2,151,600	(362,769)	(14.4)
Wholesale Sales	2,701,228	3,055,352	354,125	13.1
Total	16,280,137	16,740,432	460,295	2.8
Supply Components				
Net Generation	9,981,578	10,463,343	481,765	4.8
Firm/Participation Purchases	4,276,825	4,006,528	(270,297)	(6.3)
Wholesale Purchases	2,511,408	2,848,176	336,768	13.4
Lost or Unaccounted For	(489,673)	(577,614)	(87,941)	18.0
Total	16,280,137	16,740,432	460,295	2.8

Net System Requirements

	ACTUAL 2018	ACTUAL 2019	PROJECTED 2020	BUDGET 2020	VARIANCE 2020	BUDGET 2021	21 BUDGET VS. 20 PROJ. MWh CHANGE	21 BUDGET VS. 20 PROJ. % CHANGE
NET GENERATION (MWh)								
TOTAL NET GENERATION	11,153,086	9,053,629	9,981,578	11,331,344	(1,349,767)	10,463,343	481,765	4.8
FIRM/PARTICIPATION PURCHASES	3,496,562	3,400,907	4,276,825	4,170,270	106,554	4,006,528	(270,297)	(6.3)
WHOLESALE PURCHASES	2,388,884	3,289,773	2,511,408	2,377,509	133,899	2,848,176	336,768	13.4
TOTAL PURCHASES	5,885,446	6,690,680	6,788,232	6,547,779	240,453	6,854,704	66,471	1.0
TOTAL INPUT	17,038,532	15,744,309	16,769,810	17,879,123	(1,109,313)	17,318,047	548,236	3.3
WHOLESALE SALES								
NC2 PARTICIPANT	2,447,542	1,880,606	2,514,369	2,324,248	190,121	2,151,600	(362,769)	(14.4)
OTHER	3,211,166	2,546,862	2,701,228	3,842,272	(1,141,044)	3,055,352	354,125	13.1
TOTAL WHOLESALE SALES	5,658,707	4,427,468	5,215,597	6,166,520	(950,923)	5,206,952	(8,644)	(0.2)
NET SYSTEM REQUIREMENTS	11,379,824	11,316,841	11,554,214	11,712,604	(158,390)	12,111,094	556,881	4.8
TOTAL GENERAL BUSINESS SALES	10,950,030	10,919,803	11,064,541	11,163,231	(98,690)	11,533,480	468,939	4.2
ENERGY LOST OR UNACCOUNTED FOR	429,794	397,038	489,673	549,373	(59,700)	577,614	87,941	18.0
TOTAL GEN. BUS. SALES	11,379,824	11,316,841	11,554,214	11,712,604	(158,390)	12,111,094	556,881	4.8
PEAK LOAD (MW)								
EXCLUDES DSM	2,579	2,604	2,552	2,594	(42)	2,640	88	3.4
INCLUDES DSM	2,429	2,447	2,392	2,439	(47)	2,470	78	3.3
LOAD FACTOR (%) - REFLECTS DSM	50.4	49.6	51.7	51.5	0.1	52.4	0.7	1.3

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.

Operation, Maintenance, and Decommissioning Expenses

Operation, Maintenance, and Decommissioning Expenses

The District's 2021 total budgeted operations and maintenance (O&M) expense is $768.0 million, which is $72.8 million or 10.5% more than the 2020 projected amount.

Fuel expense represents 18.6% of total O&M expense. Fuel expense is budgeted at $142.7 million for 2021, a decrease of $0.2 million or 0.1% less than the 2020 projected amount.

Production expense represents 13.4% of the total and is budgeted to be $103.3 million in 2021, which is $12.6 million or 13.9% greater than the 2020 projected amount. The primary driver is more scheduled outages.

Purchased power, including wind purchases, represents 29.0% of total O&M expense and is budgeted at $222.4 million for 2021. This represents an increase of $24.9 million or 12.6% above the 2020 projected amount. The increase from the 2020 projection is primarily due to more scheduled outages in 2021.

Transmission and distribution expense represents 14.5% of total O&M expense and is budgeted at $111.5 million, which is $14.0 million or 14.4% more than the 2020 projected amount. The increase over the projected amount for 2020 is associated with asset health maintenance and inspection activities, improved cable locates, and the grid modernization strategic initiative.

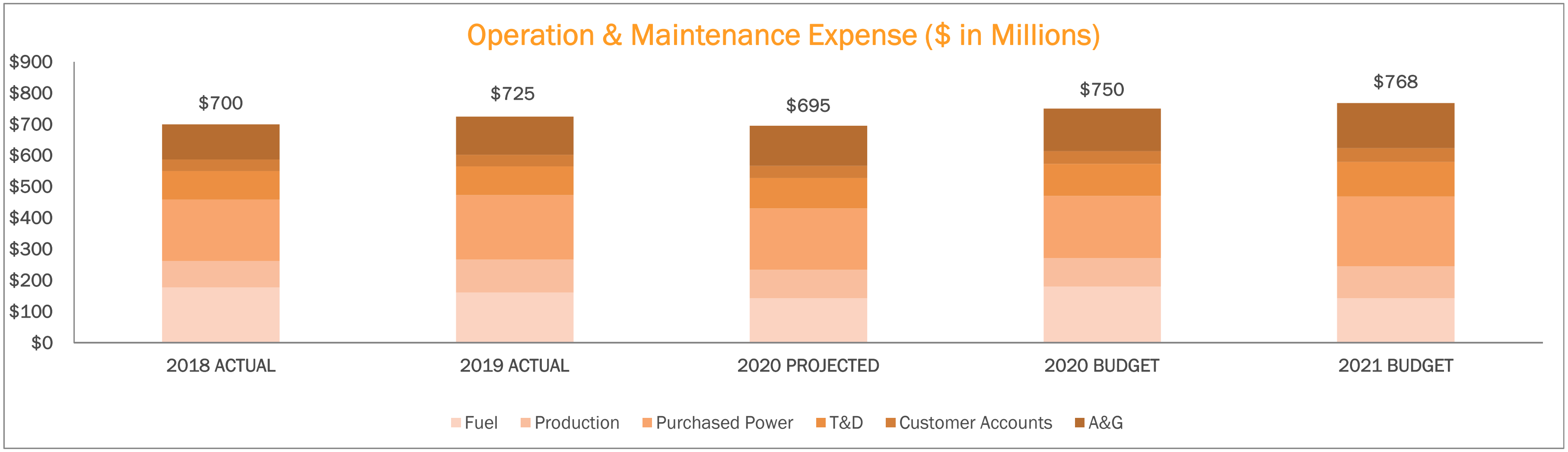
Customer accounting and services expense represents 5.8% of total O&M expense and is budgeted at $44.2 million for 2021. This represents an increase of $6.0 million or 15.8% more than the 2020 projected amount. Contributors to the increase over the 2020 projection include customer engagement strategic initiative, anticipated customer write offs, and business technology expenses.

Administrative and general expense represents 18.7% of total O&M expense and is budgeted at $143.9 million for 2021. This category reflects an increase of $15.4 million or 12.0% more than the 2020 projected amount. This year over year change is primarily related to business technology expenses and overall growth in staffing plans.

Decommissioning expenses represent the annual funding of the decommissioning liability. The decommissioning funding for 2021 is budgeted to be $129.4 million, which is $4.7 million more than the 2020 projected amount.

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

Operation, Maintenance, and Decommissioning Expenses	ACTUAL 2018	ACTUAL 2019	PROJECTED 2020	BUDGET 2020	VARIANCE 2020	BUDGET 2021	21 BUDGET VS. 20 PROJ. $ CHANGE	21 BUDGET VS. 20 PROJ. % CHANGE
FUEL	$177,109	$161,737	$142,829	$179,753	($36,923)	$142,650	($179)	(0.1)
PRODUCTION	85,373	104,771	90,685	91,071	(386)	103,250	12,566	13.9
PURCHASED POWER	196,276	206,742	197,441	199,892	(2,452)	222,371	24,930	12.6
TRANSMISSION AND DISTRIBUTION	91,838	91,926	97,503	102,954	(5,451)	111,548	14,045	14.4
CUSTOMER ACCOUNTING AND SERVICES	36,826	37,358	38,190	40,281	(2,091)	44,237	6,048	15.8
ADMINISTRATIVE AND GENERAL	112,522	122,357	128,517	136,435	(7,919)	143,895	15,378	12.0
TOTAL O&M EXPENSE	$699,944	$724,891	$695,164	$750,386	($55,221)	$767,952	$72,787	10.5
DECOMMISSIONING EXPENSES	$156,000	$143,004	$124,723	$123,601	$1,122	$129,442	$4,719	3.8



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 2021 are budgeted at $370.0 million, which is $148.9 million more than the 2020 projected capital expenditures.

Production Plant expenditures for 2021 are budgeted to be $192.5 million, which is $110.8 million or 135.5% more than the 2020 projected expenditures. The year over year increase is primarily related to Power with Purpose projects.

Transmission and Distribution Plant expenditures for 2021 are budgeted to be $144.0 million, which is $28.3 million or 24.4% more than the 2020 projected expenditures primarily due to the electric system expansion.

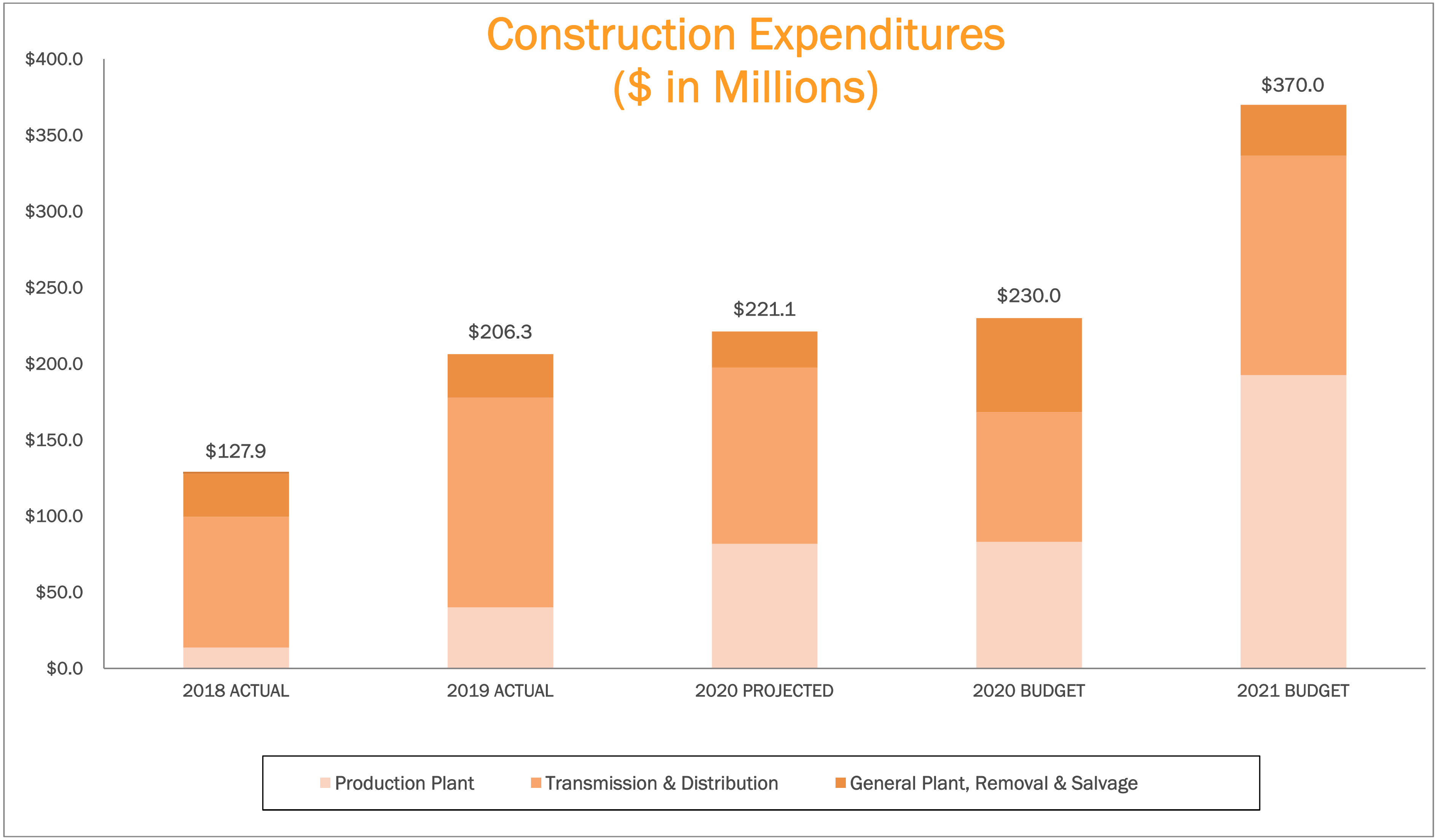
General Plant and Removal and Salvage for 2021 are budgeted to be $33.5 million, which is $9.8 million or 42.7% higher than the 2020 projected expenditures.

The 2021 capital expenditure plan was derived by breaking investments into two categories, labeled sustain 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 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 and expand categorization helps ensure that existing assets are still being invested in at sufficient levels while new assets are being added. For 2021, the sustain category accounts for 43% or $160.8 million of the total capital budget and the expand category accounts for 57% or $209.2 million.

CAPITAL EXPENDITURES
(DOLLARS IN THOUSANDS)

Capital Expenditures

	ACTUAL 2018	ACTUAL 2019	PROJECTED 2020	BUDGET 2020	VARIANCE 2020	BUDGET 2021	21 BUDGET VS. 20 PROJ. $ CHANGE	21 BUDGET VS. 20 PROJ. % CHANGE
PRODUCTION PLANT	$13,747	$39,995	$81,762	$83,085	($1,323)	$192,539	$110,777	135.5
TRANSMISSION AND DISTRIBUTION PLANT	$85,804	$137,774	$115,720	$85,174	$30,546	$143,990	$28,270	24.4
GENERAL PLANT	$28,093	$26,424	$22,429	$61,165	($38,736)	$32,012	$9,583	42.7
REMOVAL AND SALVAGE	$235	$2,108	$1,200	$575	$625	$1,458	$258	0.0
TOTAL	$127,879	$206,301	$221,111	$230,000	($8,889)	$370,000	$148,889	67.3


Construction Expenditures
($ in Millions)
$400.0
$350.0
$300.0
$250.0
$200.0
$150.0
$100.0
$50.0
$0.0
$127.9
$206.3
$221.1
$230.0
$370.0
2018 ACTUAL
2019 ACTUAL
2020 PROJECTED
2020 BUDGET
2021 BUDGET
Production Plant
Transmission & Distribution
General Plant, Removal & Salvage

2021 CAPITAL EXPENDITURES
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(Dollars in Thousands)

RECOMMENDED PROJECTS:	2014-2019 Expenditures	2020 Projection	2021 Budget	2014-2021 Project Expenditures
Power with Purpose Infrastructure expansion for Board Resolution No. 6351 approved on November 14, 2019.	$0	$54,460	$172,539	$226,999
Circuit and Substation Upgrades Upgrade and replace multiple circuits and substations to meet customer needs.	$0	$77	$17,483	$17,560
Fiber Network Expansion Project Expand OPPD Fiber optics connectivity to replace the current analog communications services.	$18,834	$17,531	$10,519	$46,884
Transmission Distribution Improvement Program-Cable Replacement Replace the worst performing underground distribution cable on a performance driven basis.	$13,682	$10,019	$8,172	$31,873
Installation of an Autotransformer at a Substation Expansion to accommodate residential growth by installing a new auto transformer at a substation.	$0	$565	$7,530	$8,095
Customer Service Commercial and Industrial Project Purchase and install underground or overhead infrastructure for new commercial and industrial customers.	$48,046	$9,212	$7,004	$64,262
Customer Service Residential Project Purchase and install underground or overhead infrastructure for new residential developments.	$40,324	$7,622	$6,950	$54,896
13kv Line and Substation Transformers Overhead and surface mount transformers on the distribution system required due to failure or system expansion.	$36,129	$7,216	$6,086	$49,431

2021 CAPITAL EXPENDITURES
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(Dollars in Thousands)

RECOMMENDED PROJECTS:	2014-2019 Expenditures	2020 Projection	2021 Budget	2014-2021 Project Expenditures
Nebraska City Station Unit 1 Low Pressure Rotor Replacement Replace the low pressure rotors with materials not susceptible to stress corrosion cracking.	$1,952	$2,558	$5,699	$10,209
Transmission and Distribution Street & Highway Project Relocation of OPPD transmission and distribution facilities that are located in public road right-of-way.	$41,801	$11,016	$5,464	$58,281
Cass County Turbine Hot Gas Path Refurbishment Required maintenance for turbine reliability.	$0	$0	$5,269	$5,269
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.	$0	$2,265	$4,392	$6,657
Upgrade Customer Information System Information Technology upgrade to the enterprise customer information software that is used for customer service billing and account management.	$0	$2,186	$4,386	$6,572

2021 CAPITAL EXPENDITURES
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(Dollars in Thousands)

RECOMMENDED PROJECTS:	2014-2019 Expenditures	2020 Projection	2021 Budget	2014-2021 Project Expenditures
Substation Circuit Upgrade Upgrade of two circuits required to maintain reliability due to increased load.	$66	$13	$4,244	$4,323
Backup Autotransformer Purchase Project Procure a backup autotransformer, which will be available to serve if one of the three autotransformers in service fail.	$558	$1,397	$4,107	$6,062
New Distribution Transformer and Circuit Install Procure and install a distribution transformer and circuit to meet load requirements of new customer.	$0	$1,063	$3,850	$4,913
Medium/Heavy Truck Replacement Routine replacement of medium and heavy duty trucks.	$16,012	$2,050	$3,757	$21,819
Transmission Distribution Improvement Program-Distribution Poles Replace distribution poles in conjunction with the ongoing Transmission and Distribution System Improvement Projects.	$10,388	$4,600	$3,700	$18,688
Ground Line Inspection and Treatment Pole Replacement Replace degraded wood poles and structures used for transmission and distribution.	$1,487	$2,230	$3,379	$7,096

2021 CAPITAL EXPENDITURES
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(Dollars in Thousands)

RECOMMENDED PROJECTS:	2014-2019 Expenditures	2020 Projection	2021 Budget	2014-2021 Project Expenditures
Light Emitting Diode (LED) Streetlight Conversion The conversion of streetlights to a LED standard.	$6,244	$5,865	$3,250	$15,359
Modernize the Contact Center and Customer Interaction Technologies Modernize the customer service contact systems.	$0	$439	$2,966	$3,405
Battery Energy Storage System Obtain and test utility-grade battery storage to determine how it will integrate with the District's power grid.	$0	$144	$2,843	$2,987
Nebraska City Station Unit 1 Waterbox Retube Replace aging turbine condensation tubes with materials not susceptible to corrosion.	$0	$1,083	$2,643	$3,726
Transmission Distribution Improvement Program-Conductors Replace junk conductors on a performance driven basis.	$2,376	$3,356	$2,419	$8,151

NewGen Strategies & Solutions

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Fax: (720) 633-9535

November 10, 2020

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

Subject: **Review of OPPD Preliminary 2021 Corporate Operating Plan**

Dear Members of the Board:

As requested by the Board of Directors and Management of the Omaha Public Power District (the District), **NewGen Strategies and Solutions, LLC (NewGen)** to review the Preliminary 2021 Corporate Operating Plan prepared by the District for the following year. We have made a preliminary review of limited information available to us on the Preliminary 2021 Corporate Operating Plan (2021 Corporate Operating Plan) being prepared by the District, and are providing this preliminary letter to update the Members of the Board of our status of our review. We have not completed our review of the 2021 Corporate Operating Plan as of the date of this letter, but the data and information we have reviewed seems reasonable and we have not come across any issues or areas of concern.

When NewGen has completed its review of the 2021 Corporate Operating Plan we will forward our completed letter report to the Members of the Board.

We appreciate the opportunity to serve the District. If you should have any questions concerning this preliminary review, we would be glad to discuss them with you at your convenience.

Sincerely,

NewGen Strategies and Solutions, LLC

Gordon L Vanek

Gordon L Vanek
Senior Consultant

November 6th, 2020

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

Ladies and Gentlemen:

I. Background

The Omaha Public Power District collects the annual revenues required to cover the variable costs associated with power production and acquisition through its Fuel and Purchase Power Adjustment (FPPA) Base Rate ("Base Rate") and the FPPA Factor. The Base Rate aims to recover the actual fuel and purchased power costs associated with serving retail customers. The FPPA Factor adjusts the Base Rate to include the under (or over) recovered balance from prior years so that ultimately, customers pay the actual cost of fuel and purchased power. OPPD is proposing a resetting of its Base Rate to a historical value but leaving its FPPA Factor unchanged.

Consistent with its policy of aligning rates with costs, the Base Rate's proposed decrease varies among customer classes.

II. Discussion

1. Base Rate and FFPA Factor Changes

As the District continues to change its resource mix by reducing the proportion of baseload generation assets and increasing intermittent resource assets, it is experiencing higher price volatility, especially related to the real-time versus day-ahead purchase volumes in the SPP Integrated Marketplace. While price volatility has increased, the District expects lower 2021 fuel and purchased power expenses than in prior years.

The proposed rate change to the District's primary customer classes is summarized below. As in past years, the differences among customer classes reflect the District's cost of service allocations to each class for their portion of the Base Rate. The table below presents the proposed changes.

Implied Fuel and Purchase Power Impacts by Rate Class

Customer Class	Base Rate	FPPA Factor	Base Rate + Factor	Reset Base Rate	New FPPA Factor	Reset Base Rate + New Factor	Change in Revenue Do To Base Rate Reset
Rate/Factor, $/kWh	0.02412	(0.00131)	0.02281	0.02095	0.00186	0.02281	$ -
Residential	$ 89,428,783.97	$ (4,857,035.95)	$ 84,571,748.03	$ 77,675,498.52	$ 6,896,249.51	$ 84,571,748.03	$ -
Commercial	$ 83,942,063.24	$ (4,559,042.41)	$ 79,383,020.83	$ 72,909,876.65	$ 6,473,144.18	$ 79,383,020.83	$ -
Industrial	$ 74,371,656.52	$ (4,039,256.64)	$ 70,332,399.89	$ 64,597,272.15	$ 5,735,127.74	$ 70,332,399.89	$ -
Lighting	$ 1,529,627.72	$ (83,076.80)	$ 1,446,550.92	$ 1,328,594.55	$ 117,956.37	$ 1,446,550.92	$ -
Wholesale Towns	$ 1,166,470.53	$ (63,353.08)	$ 1,103,117.44	$ 1,013,165.74	$ 89,951.71	$ 1,103,117.44	$ -
Total	$ 250,438,601.98	$ (13,601,764.87)	$ 236,836,837.11	$ 217,524,407.61	$ 19,312,429.51	$ 236,836,837.11	$ -

Note: The District's cost of service study supports the proposed rates.

For 2021, the District has made considerable adjustments to its forecasting methodology to better project both the budgeted fuel and purchased power costs as well as off-system sales. These adjustments have kept costs variances lower, leading to a more accurate 2020 projection. The 2020 projection accuracy allows the District to feel confident in resetting its Base Rate to a historical value.

2. Retaining the Current Fuel and Purchase Power Adjustment (FPPA) Factor by Resetting the Base Rate

It is reasonable and in conformance with general industry practice to reset the base energy charge (Base Rate) and leave the FPPA Factor unchanged as has been proposed. The Board's decision to freeze rates specifically exempted variations in energy costs through the FPPA Factor mechanism. The resetting merely relabels revenues that the rate freeze permits collecting. The reset Base Rate produces no difference in the revenues collected from customers for variable costs than if the Base Rate were not reset. The Board explicitly excluded the FPPA Factor from accounting for unanticipated cost increases when it committed to not increasing general rates.

The costs included in the FPPA Factor mirror those in the Base Rate. No cost categories that would not be included in the Base Rate arises in the FPPA Factor calculation. If the costs were not so reflected, it would violate a general principle of consistency required for formula rates.

III. Findings

We have reviewed the District's proposed rate changes. We find the proposed rate changes to be fair, reasonable, and non-discriminatory.

IV. Recommendation

We recommend Board adoption of the District's proposed rate revisions.

Respectfully yours,

Philip Q Hanser
The Brattle Group
Principal Emeritus

Agustin Ros
The Brattle Group
Principal