

Preliminary 2018 Corporate Operating Plan

Mr. L. Javier Fernandez, Vice President and
Chief Financial Officer



Assumptions

Alignment with Board Strategic Directives

Revenue Adjustments

- No General rate increase

Retail Energy Sales

- 0.5% decrease from 2017 budget
- 0.1% increase from 2017 projected

Wholesale Revenue

- Reduced energy due to change in the generating portfolio
- 32.7% increase from 2017 budget
- 24.4% decrease from 2017 projected

Assumptions

Expenditures

- Capital and operating and maintenance expenditures are planned to maintain system reliability and future load growth
- Funding for Fort Calhoun Station Decommissioning

Financing

- Outstanding Revenue Bond balance will not be impacted by Financing Plan
- Financing plan provides flexibility to capitalize on market conditions

Rate Stabilization Reserve

- Maintain \$50 million balance

Decommissioning and Benefit Reserve

- New Fund – Started with \$24 million in 2017
- Increase funding to \$33 million balance in 2018

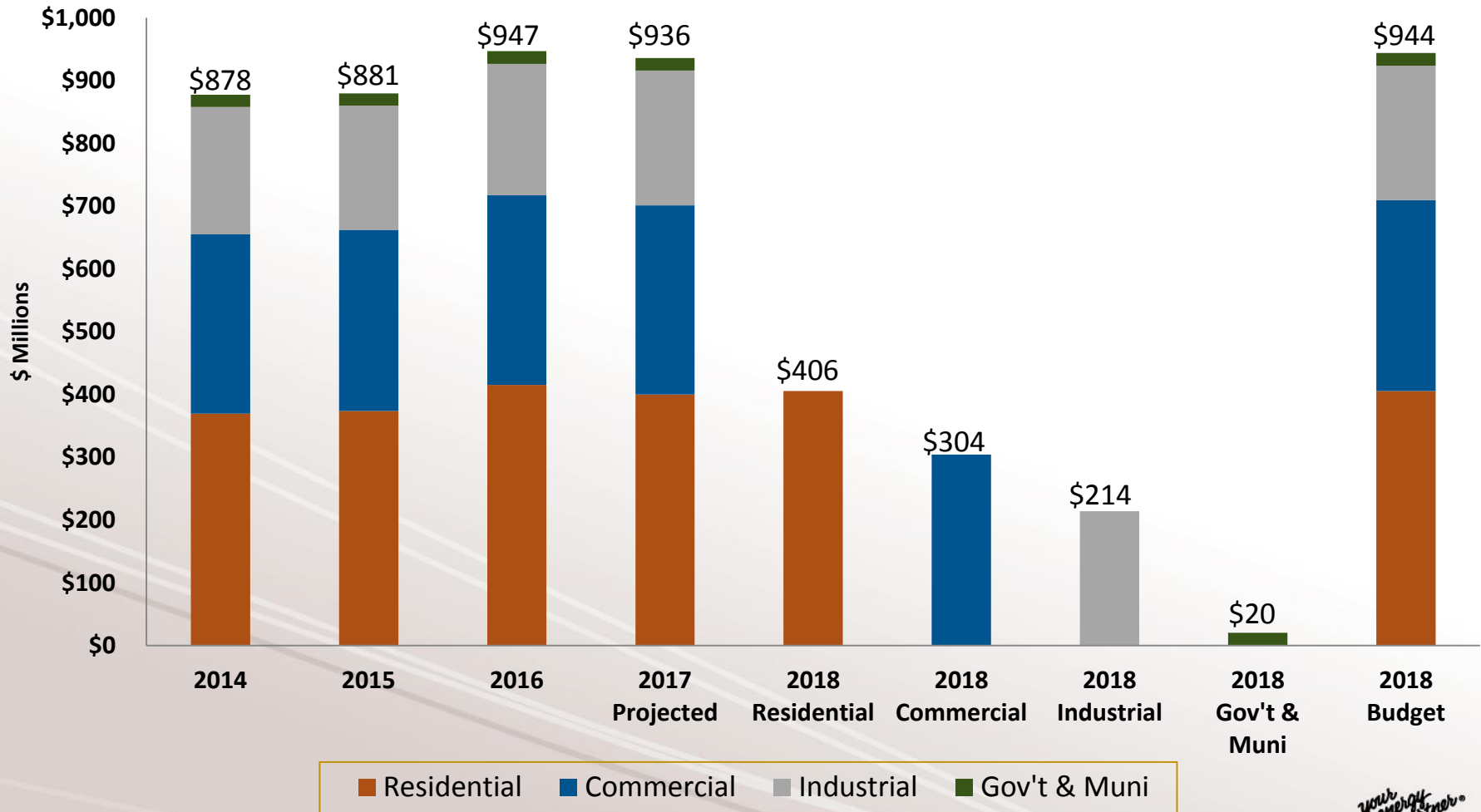
Assumptions

Fort Calhoun Station – Safstor implementation

2018 Planned Outages

- North Omaha Station Unit No. 5 Boiler – 23 days
- Cass County Station Units No. 1 and No. 2 Controls – 12 days each
- Sarpy County Station Units No. 4 and No. 5 Inspection Controls – 12 days each
- Several shorter outages units

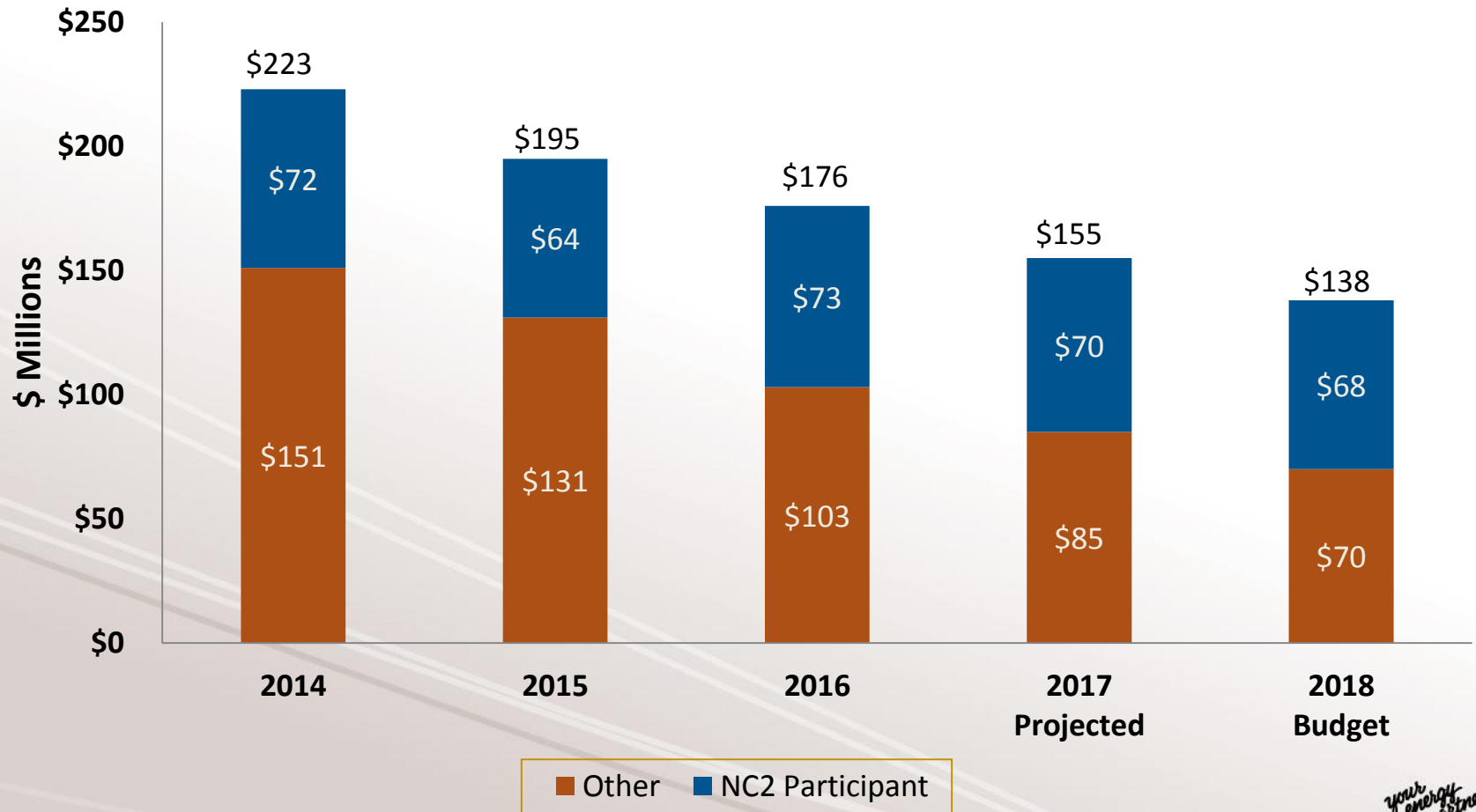
Retail Revenue*



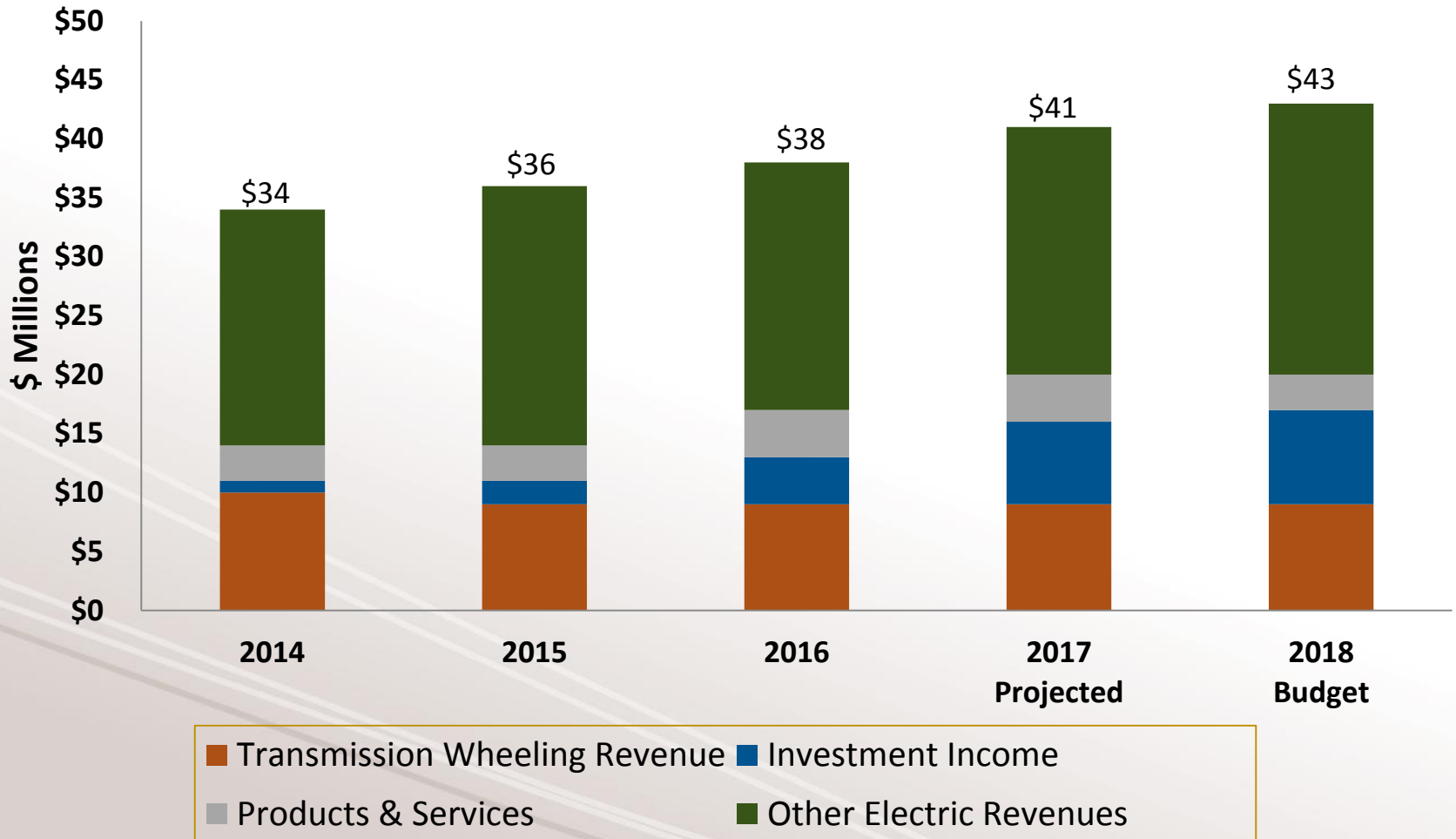
* Excludes activity for Rate Stabilization and the Decommissioning and Benefit Reserves



Wholesale Revenue

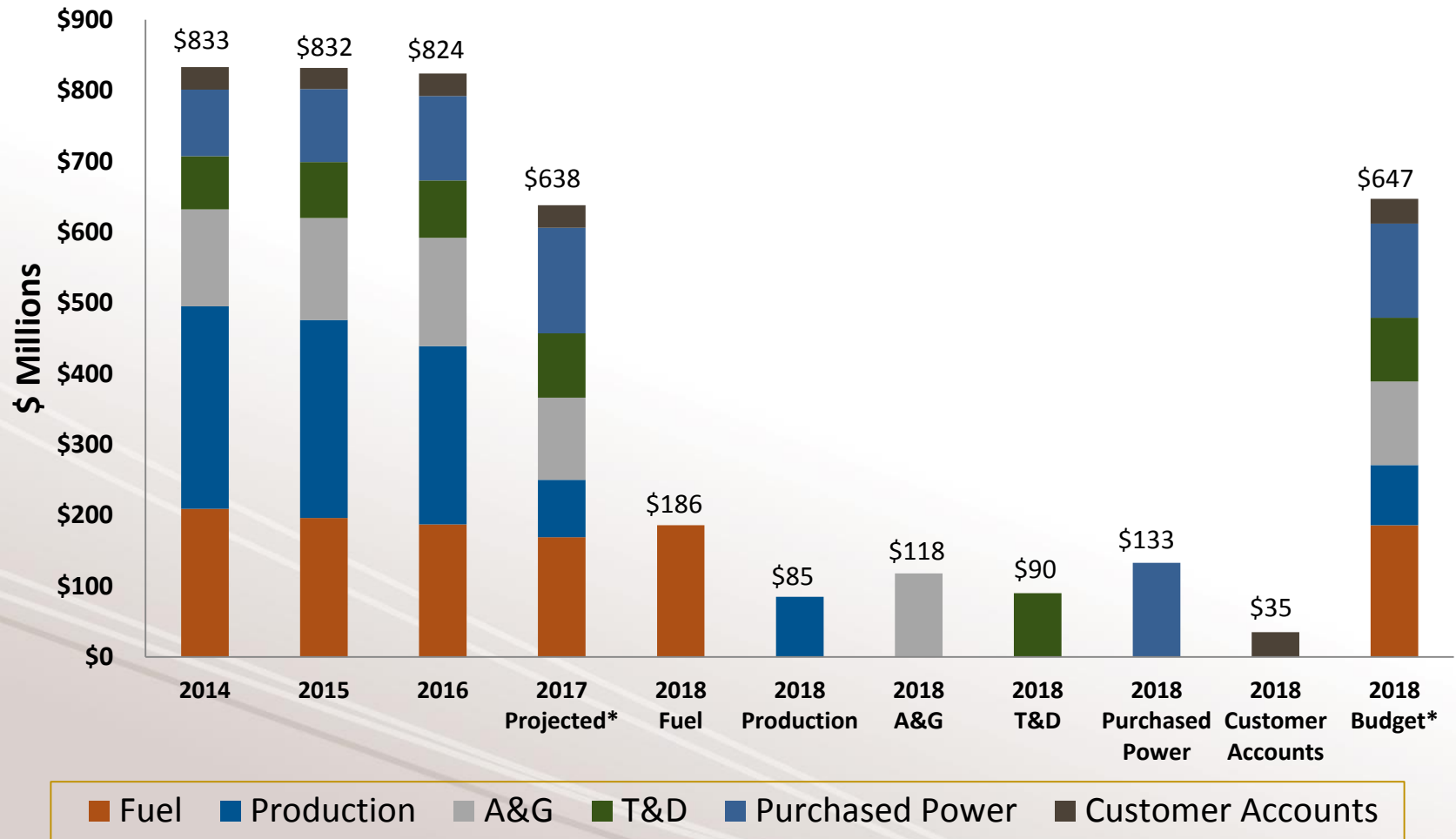


Other Operating Revenue & Non-Operating Income*



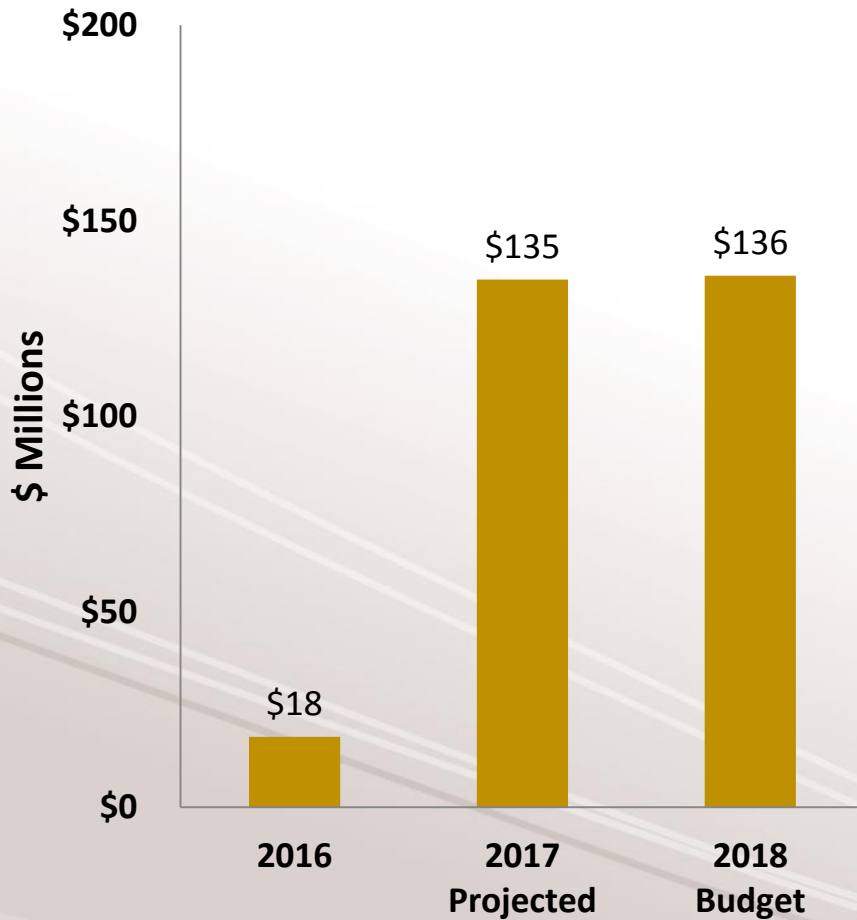
* Excludes transfers from Debt Retirement Account, Allowance for Funds Used During Construction (AFUDC), and Misc. Non-Operating Income

Operation and Maintenance Expense



* Excludes Fort Calhoun Station decommissioning expenditures

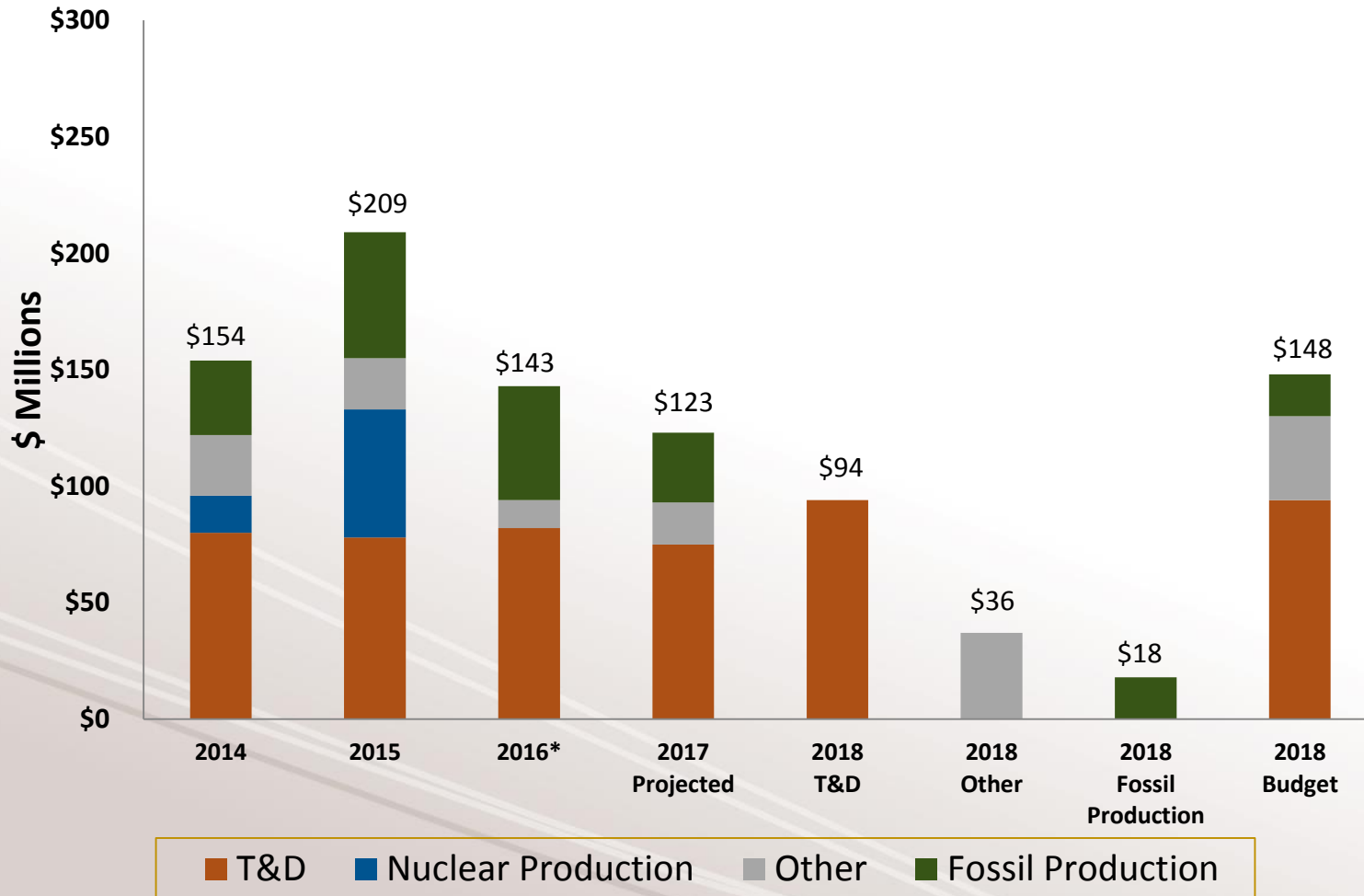
FCS Decommissioning Expenditures



Safstor Projects:

- NRC License Termination
- Site Restoration
- Spent Fuel Management

Capital Expenditures



- 2016 Excludes activity related to the Fort Calhoun Station Decommission decision

2018 Large Capital Programs/Projects

Transmission & Distribution

Millions

- Elkhorn River Valley Transmission Line \$12
- Transmission & Distribution Improvement Program \$7
- Circuit 3480 Rebuild – Storm Damage \$7

Business Technology

- Enterprise Communication \$3
- Upgrade Radio System \$3
- End User Device Refresh \$2

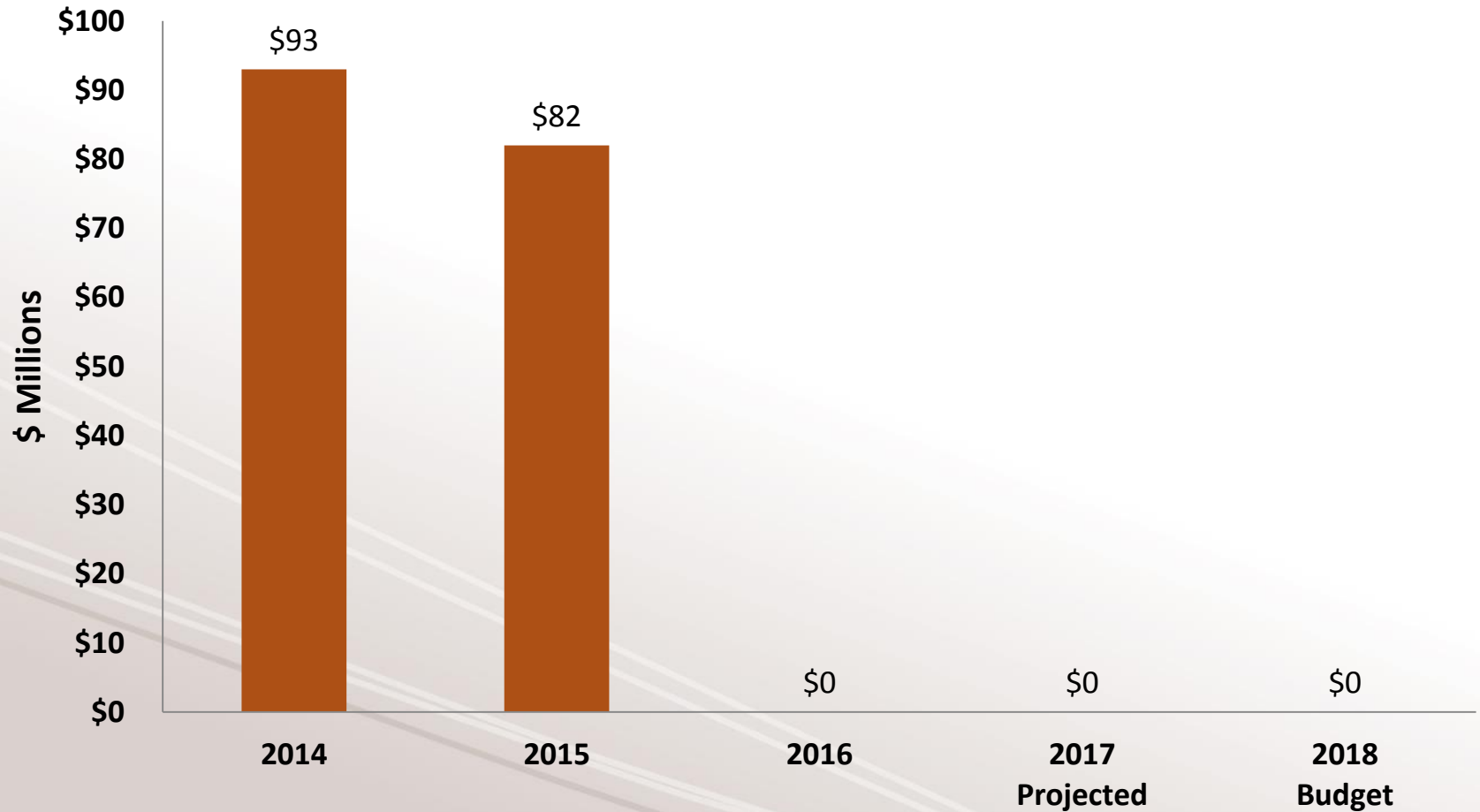
Other General Plant Projects

- Trucks and Construction Equipment \$8

Production

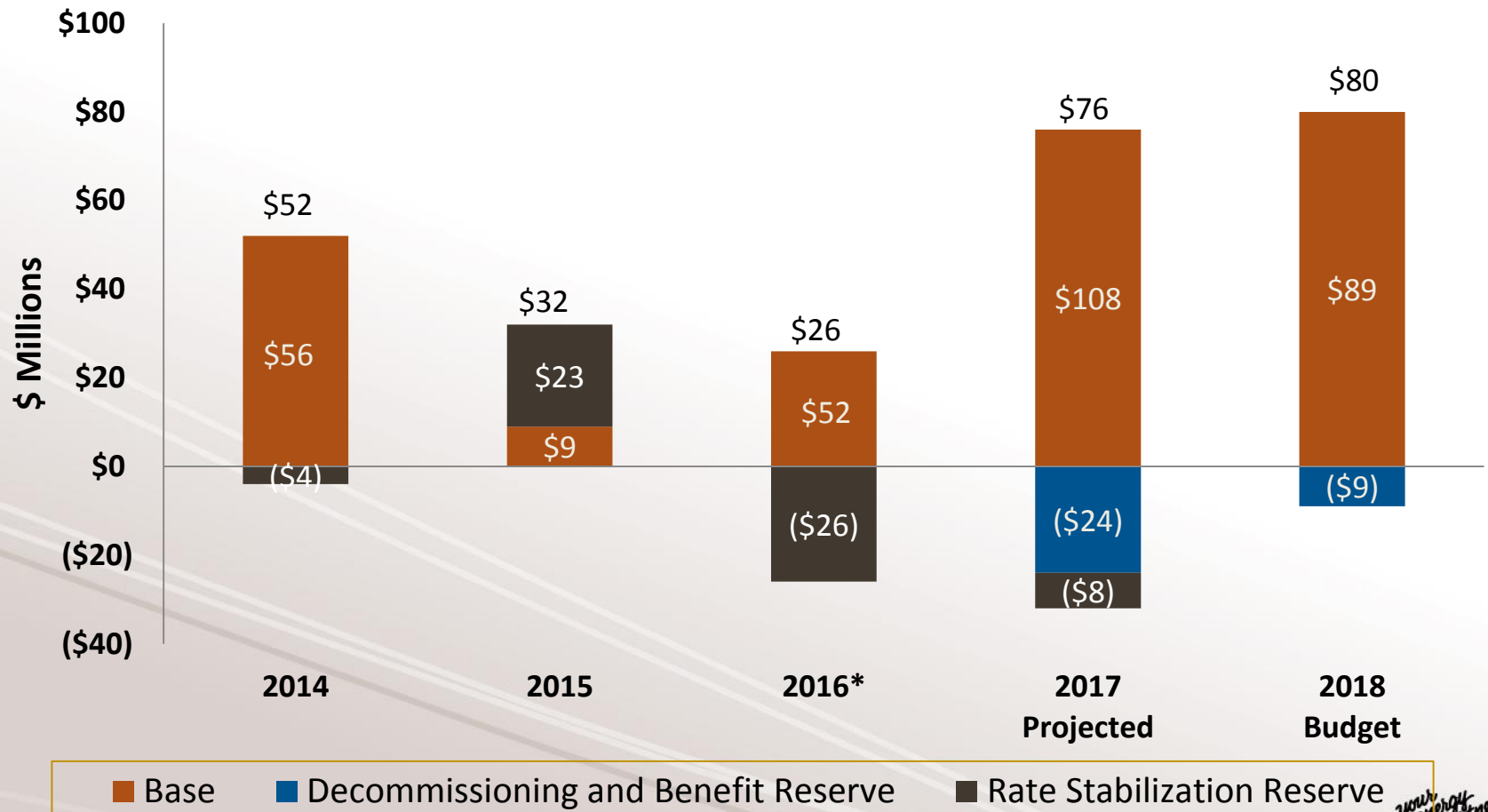
- NC2 Lime Optimizer \$4

Long-Term Debt Financings*



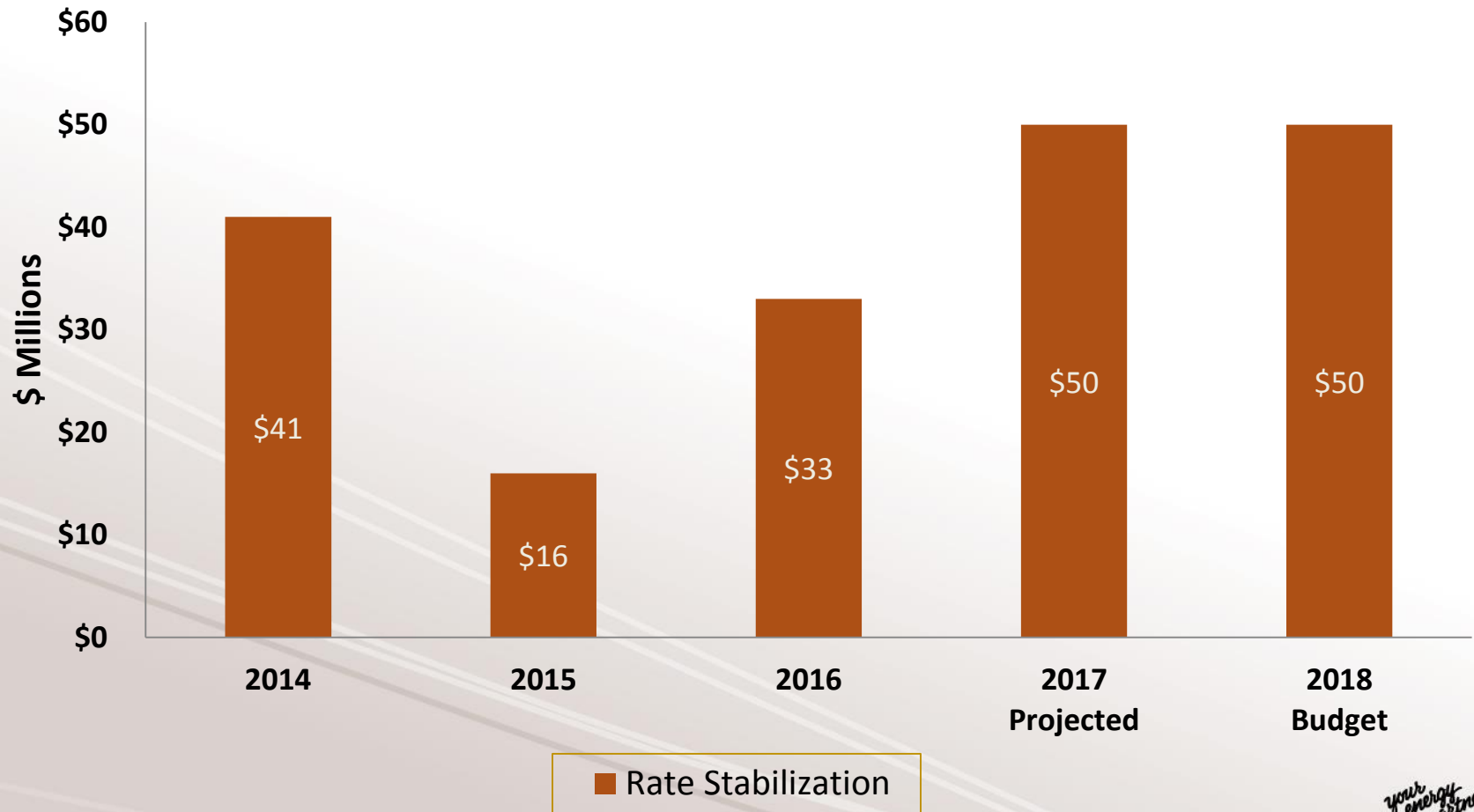
* Outstanding Revenue Bond balance will not be impacted by Financing Plan
Financing plan provides flexibility to capitalize on market conditions

Net Income



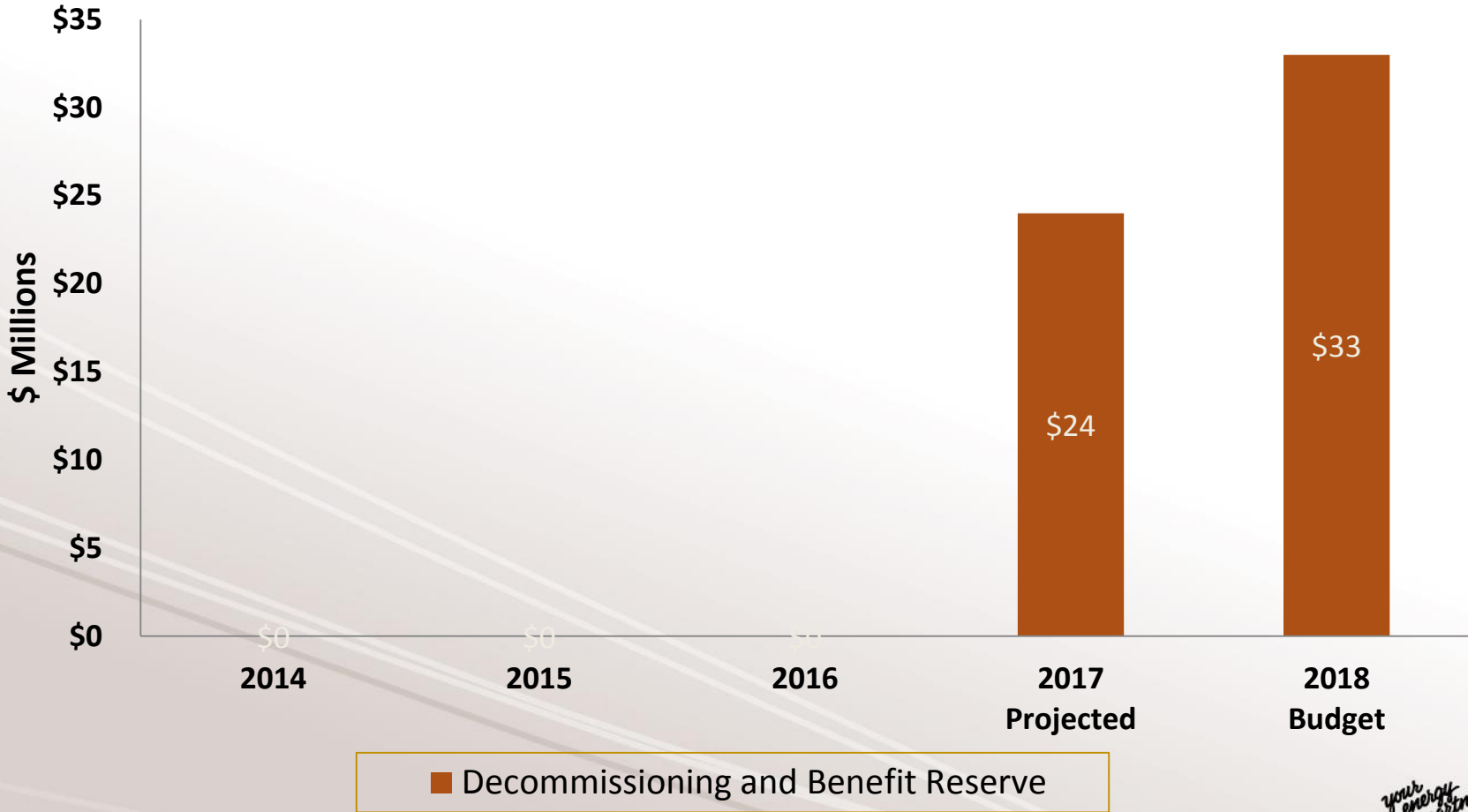
* Excludes the \$959.6 million write-off from the Fort Calhoun Station decision

Rate Stabilization Account Balances*



* At year end

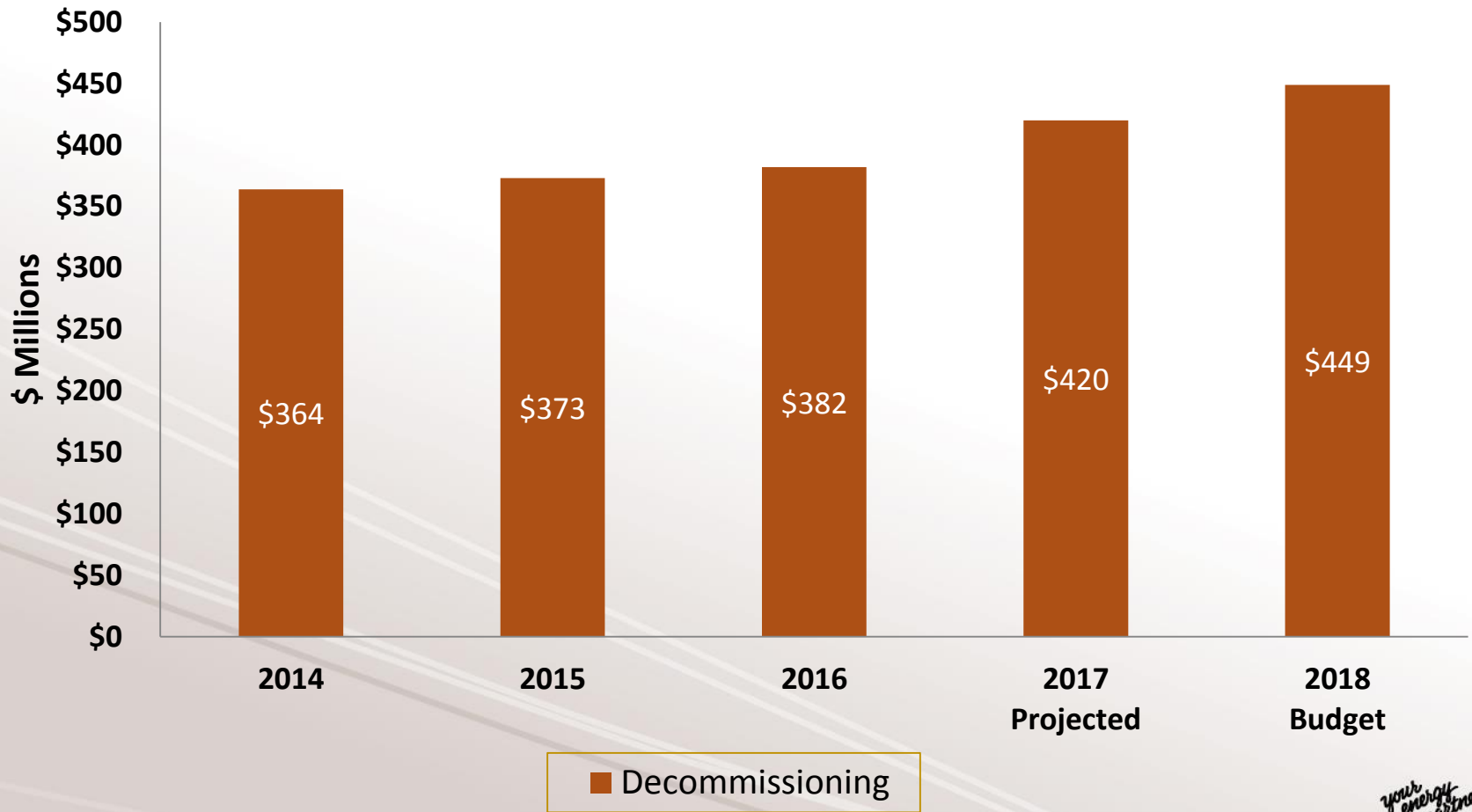
Decommissioning and Benefit Reserve Account Balances*



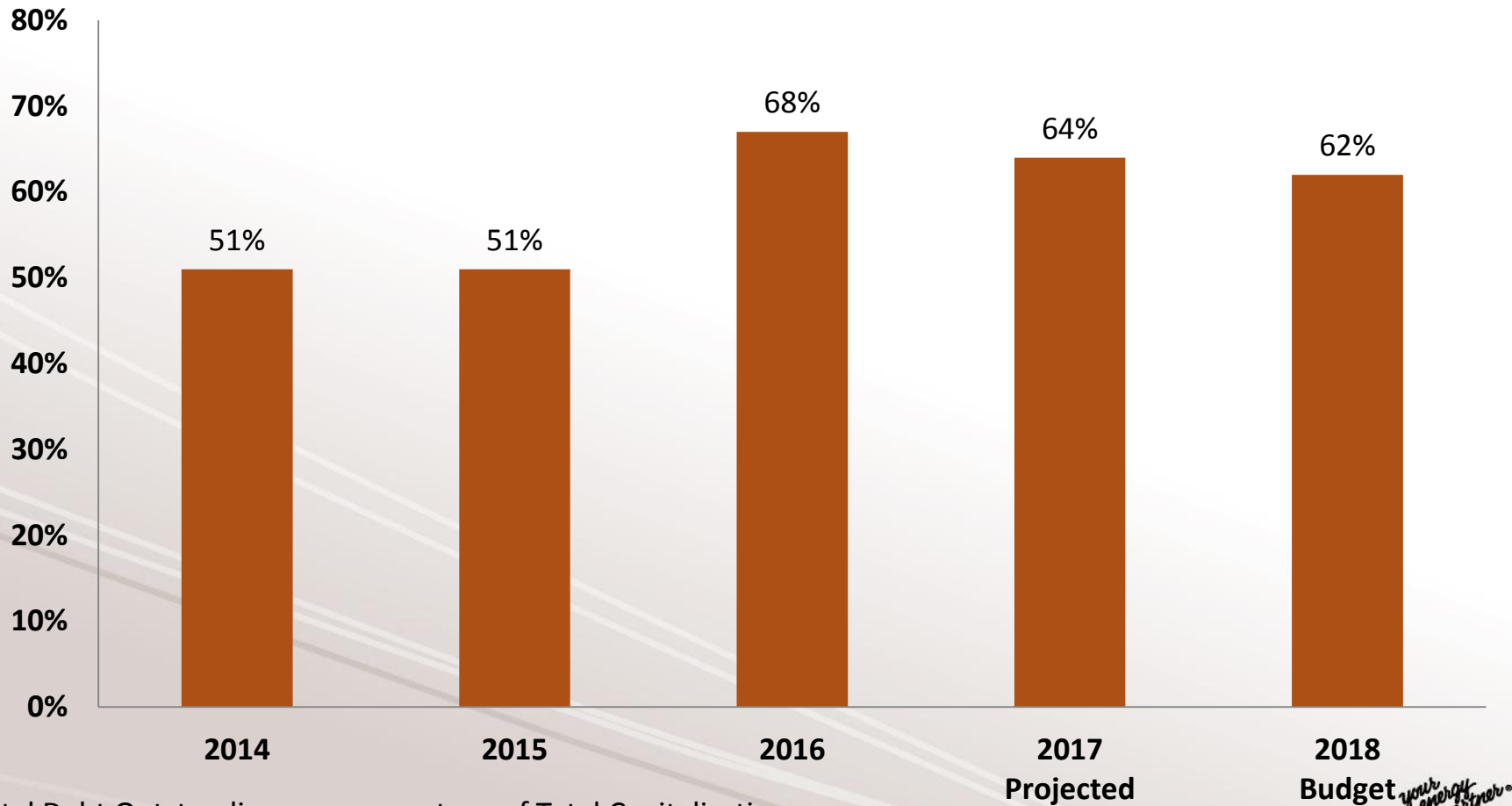
* At year end



Decommissioning Fund Balances

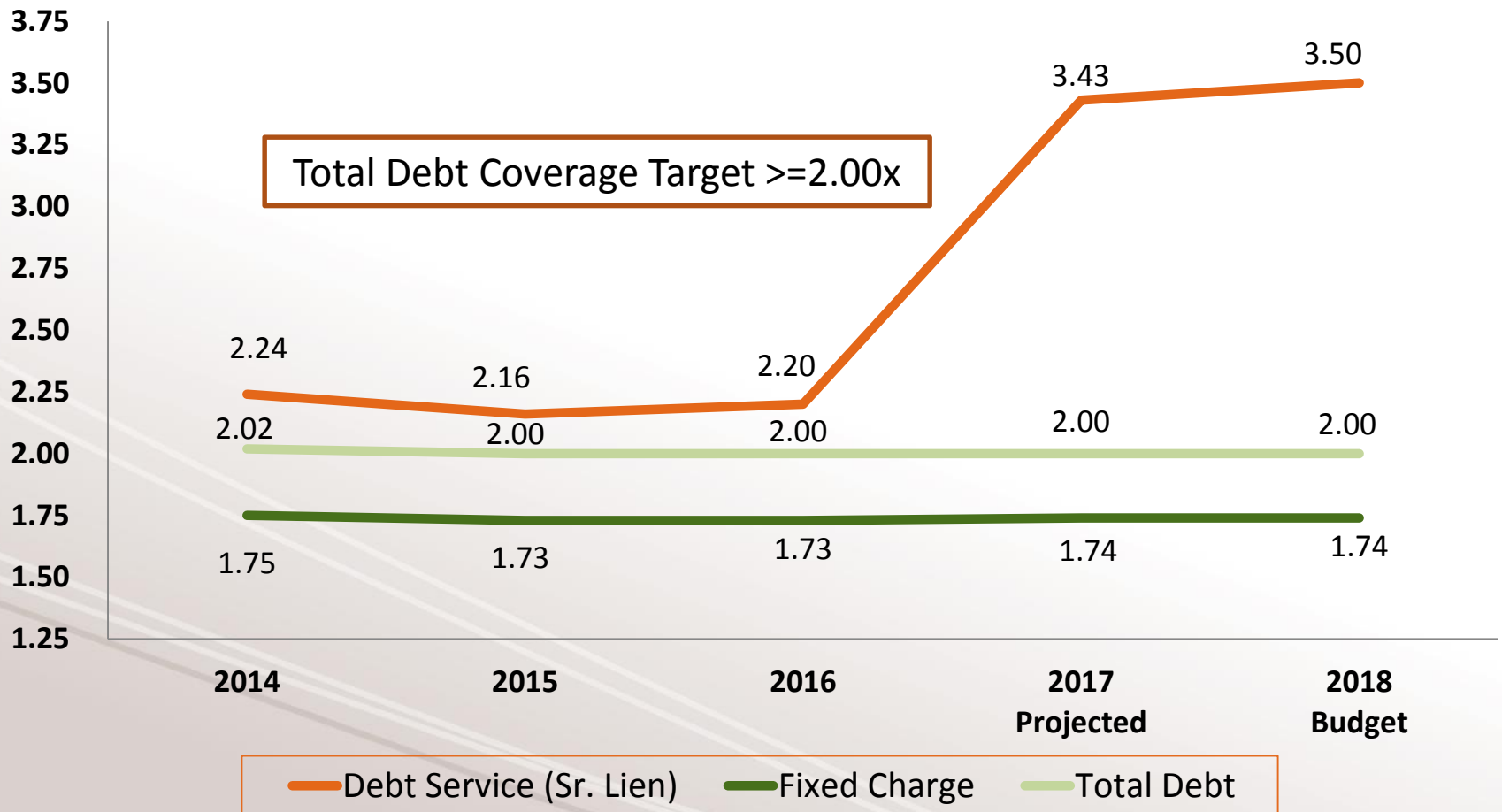


Debt Ratio



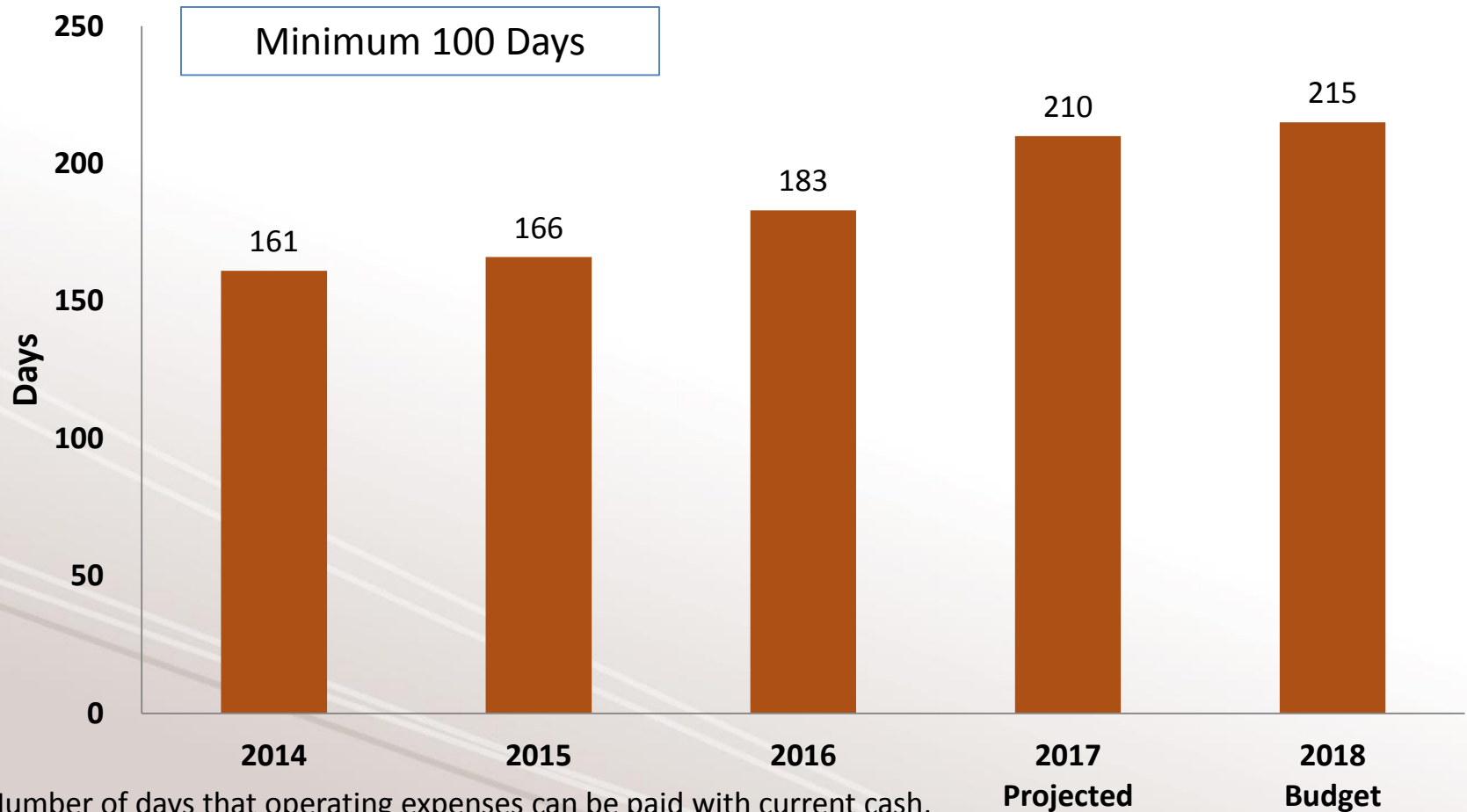
Total Debt Outstanding as a percentage of Total Capitalization

Coverage Ratios



- Number of times that Net Revenue covers Debt Payments
- Supports Board Strategic Directive Policy SD-3: Access to Credit Markets

Days Cash on Hand*



- Number of days that operating expenses can be paid with current cash, excluding liquidity facilities
- Supports Board Strategic Directive Policy SD-3: Access to Credit Markets

NewGen Strategies and Solutions, LLC Review

- Customer Usage Forecasts / Methodology
- Revenue Forecasts
- Integrated Resource Plan
- Generation Plan / Scheduling
- Fuel Budget
- Operation & Maintenance Expense Budget
- Fort Calhoun Station Decommissioning
- Capital Expenditure Plan
- Preliminary review complete, final report expected in December

Summary

- **OPPD's Mission**
 - “Provide affordable, reliable and environmentally sensitive energy services to our customers” (SD-1)
- **The 2018 COP is aligned with the corporate mission**
 - Rates remain below regional and national averages (SD-2)
 - Expenditures sufficient to maintain system reliability (SD-4)
 - Renewable resources generate 30% of retail energy (SD-7)
- **Continuous improvement opportunities**
 - Manage O&M expenditures
 - Manage Fort Calhoun Station decommissioning expenditures
 - Prioritize and manage capital investments
 - Identify and manage risk

Supports Board Strategic Directive Policies: SD-1A: Mission Statement; SD-2: Competitive Rates; SD-4: Reliability; SD-7: Environmental Stewardship

Public Notice and Comment Process

November 16, 2017

- Presentation to the Board of Directors

December 14, 2017

- Request Board of Directors Approval