

Preliminary 2019 Corporate Operating Plan

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Assumptions

Alignment with Board Strategic Directives

Revenue Adjustments

- No General rate increase
- No change in the fuel and purchase power factor
- Resetting the fuel and purchase power base rate

Retail Energy Sales (MWh)

- 3.10% increase from 2018 budget
- 0.02% decrease from 2018 projected

Wholesale Revenue

- 23.09% decrease from 2018 budget
- 38.13% decrease from 2018 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 Trust

Financing

- Outstanding Revenue Bond balance not planned to be impacted by new money financing plan
- Financing plan provides flexibility to capitalize on market conditions

Rate Stabilization Reserve

- Maintain \$50 million balance

Assumptions

Decommissioning and Benefit Reserve

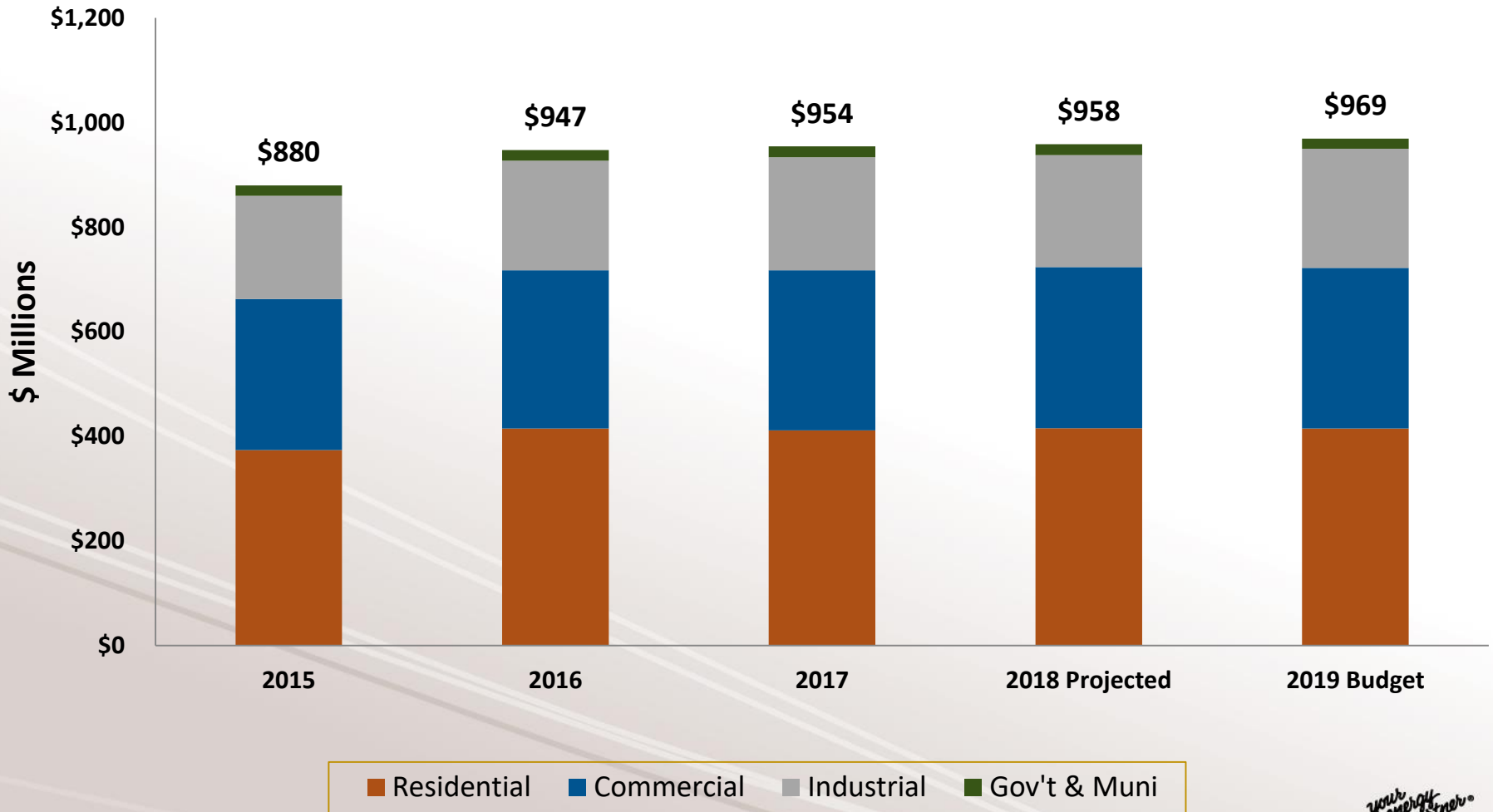
- New Fund – Started with \$35 million in 2017
- Fund additional \$35 million in 2018 for a total of \$70 million
- Fund additional \$12 million in 2019 for a total \$82 million

Fort Calhoun Station – Decommissioning funding supports both Safstor or Decon implementations

2019 Planned Outages

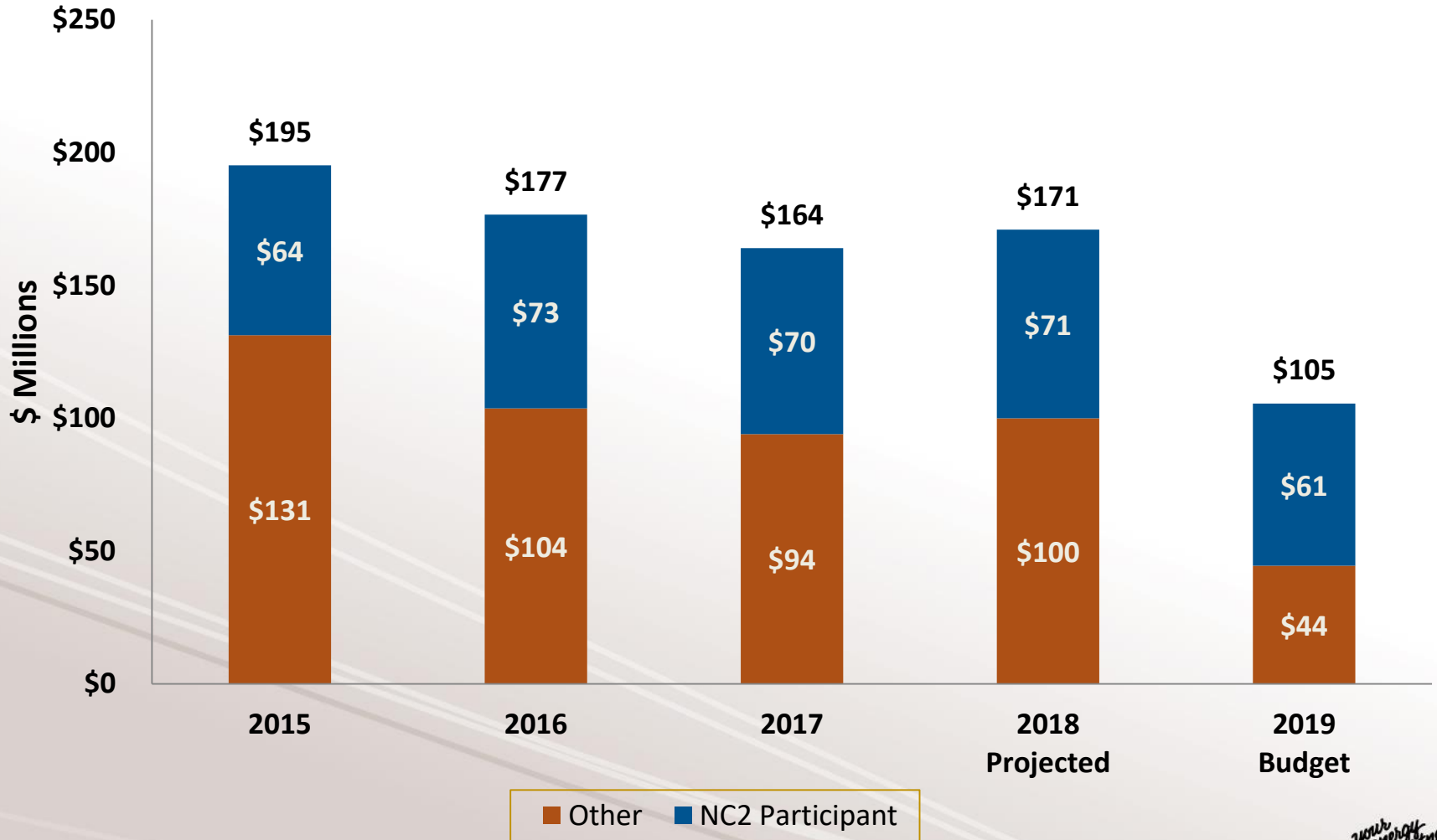
- Nebraska City Station Unit No. 1 Turbine
- Nebraska City Station Unit No. 2 Catalyst
- Sarpy County Station Units No. 4 and No. 5 Inspections
- Several shorter unit outages

Retail Revenue*

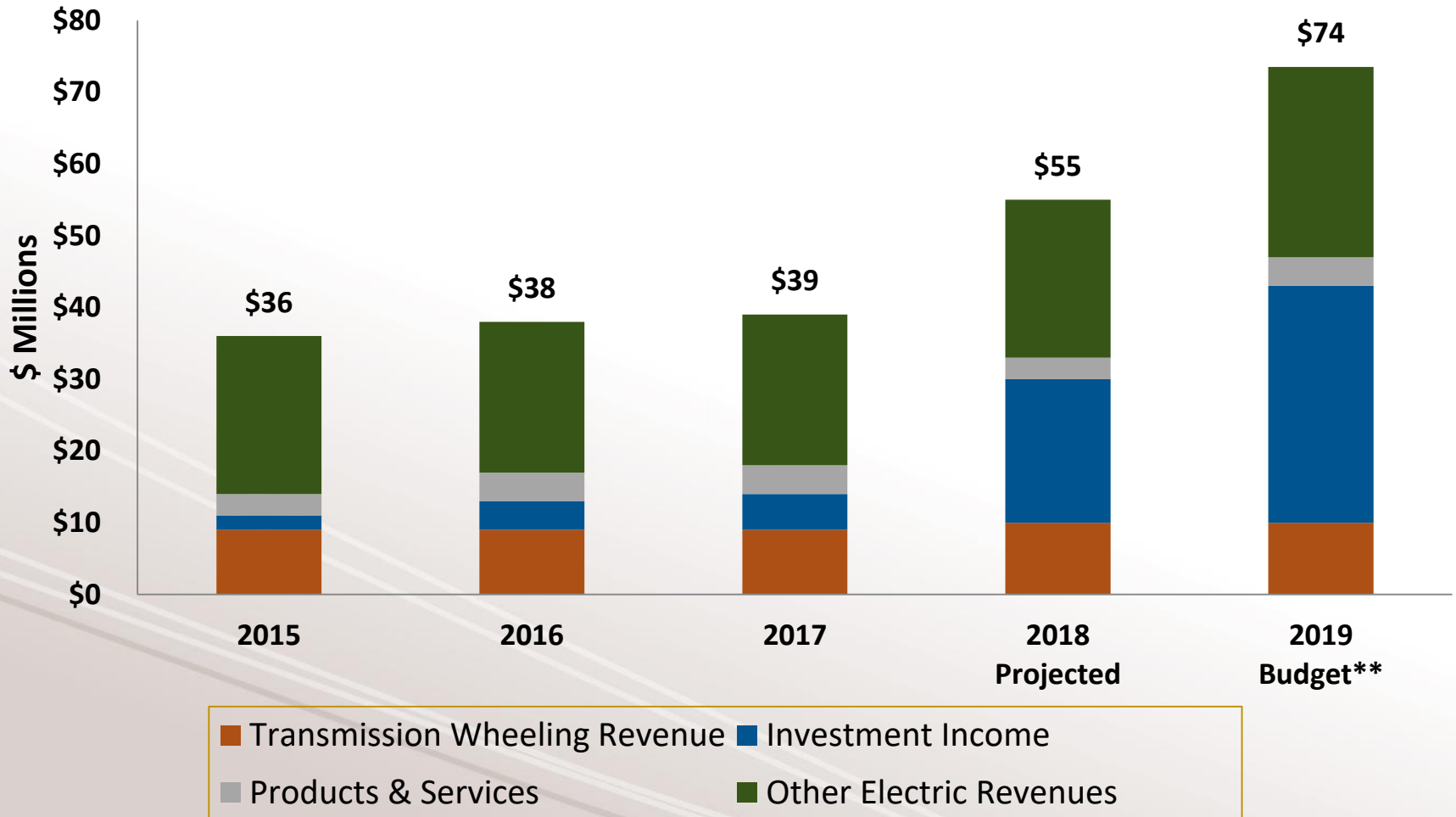


* Excludes activity for Rate Stabilization and the Decommissioning and Benefit Reserves

Wholesale Revenue



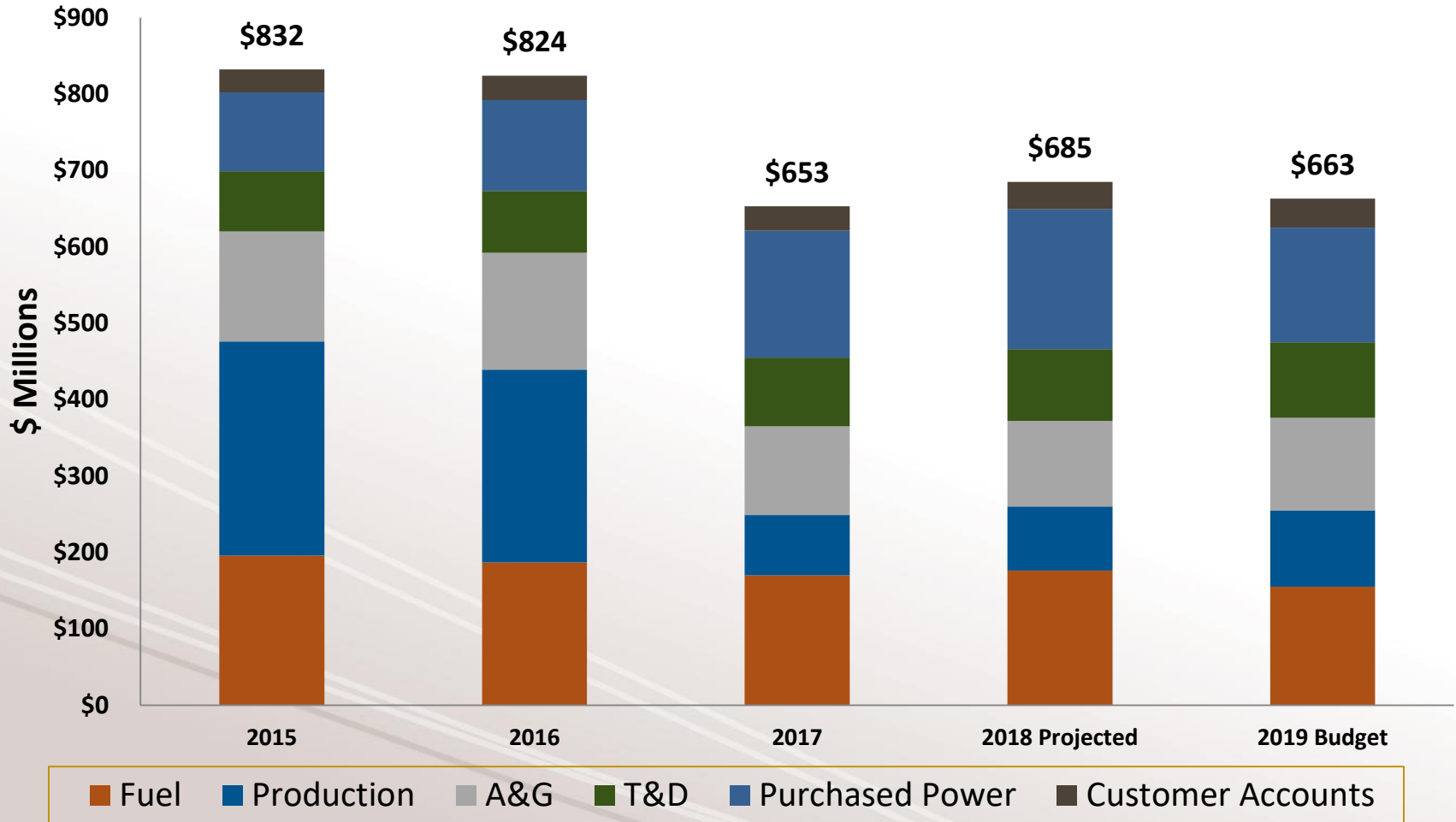
Other Operating Revenue & Non-Operating Income*



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

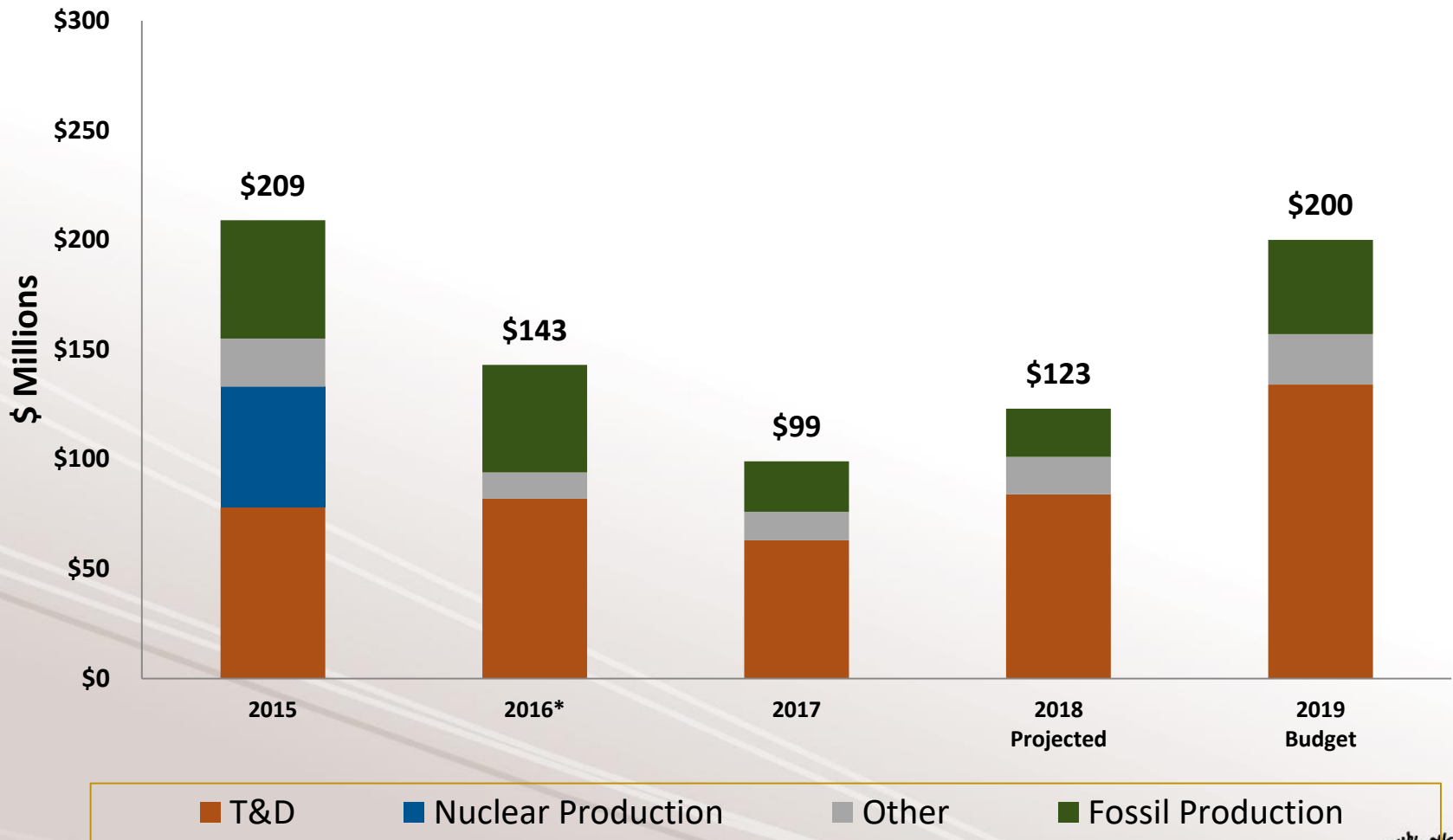
**Average investment earnings rates used for 2019 are 2.6%, compared to 1.2% in 2018

Operation and Maintenance Expense*



* Excludes Fort Calhoun Station decommissioning funding and expenditures

Capital Expenditures



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

2019 Large Capital Programs/Projects

Transmission & Distribution

- | | Millions |
|---|----------|
| • Installation of new substation | \$18 |
| • Substation communications fiber and equipment | \$13 |
| • New transmission line | \$11 |

Production

- | | |
|--|-----|
| • Nebraska City Station Unit 1 Finishing Super
Heater Replacement | \$8 |
| • Nebraska City Station Unit 2 Lime Optimization | \$6 |
| • Nebraska City Station Furnace Front Lower Slope | \$4 |

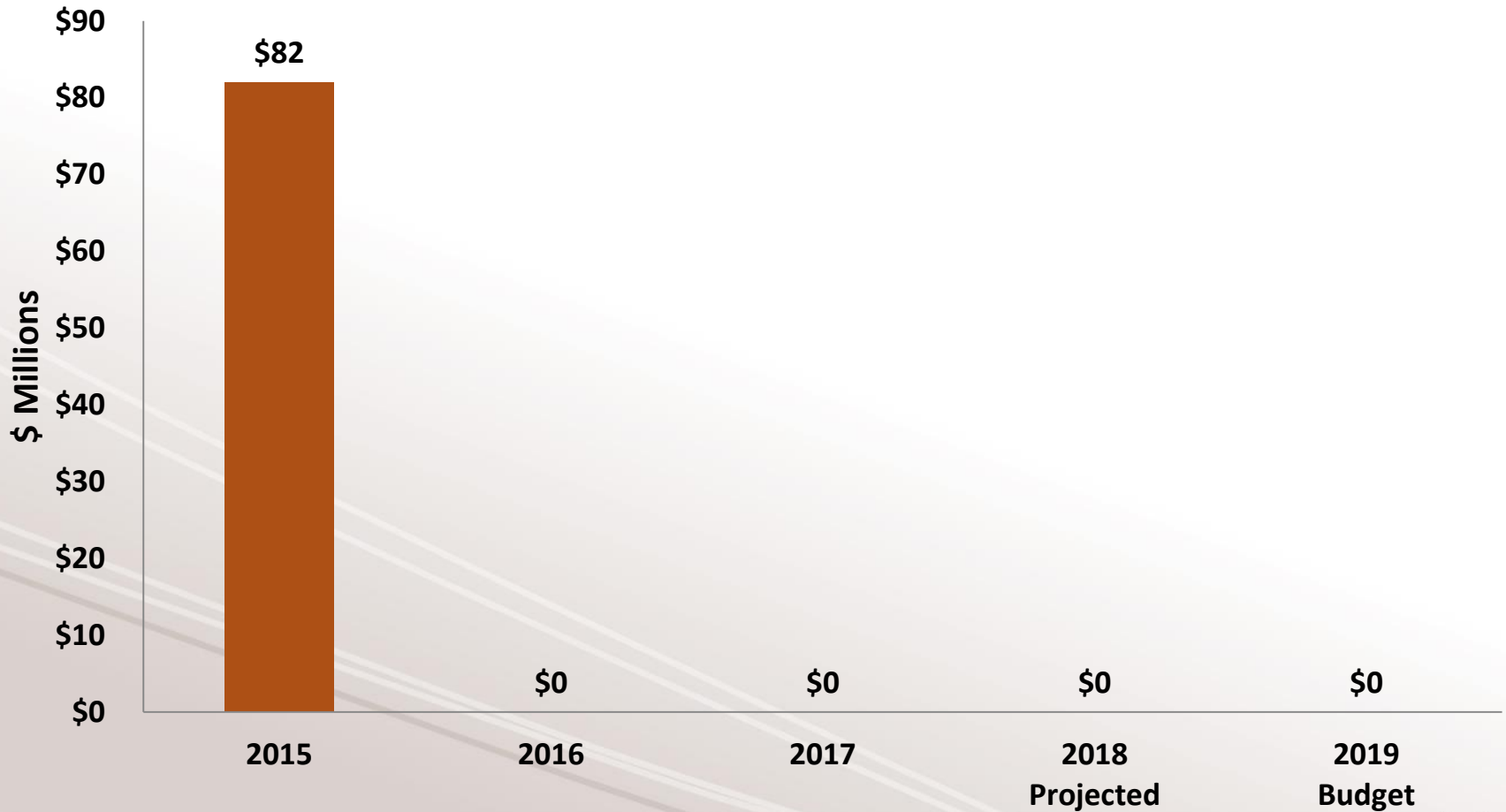
Business Technology

- | | |
|--|-----|
| • Upgrade Intranet Customer Information System | \$3 |
| • Asset Suite Upgrade | \$2 |

Other Projects

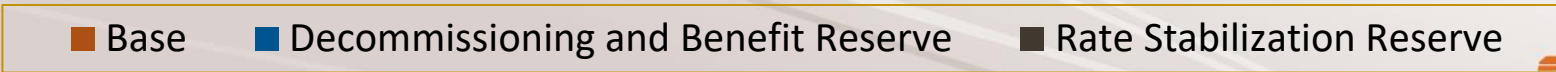
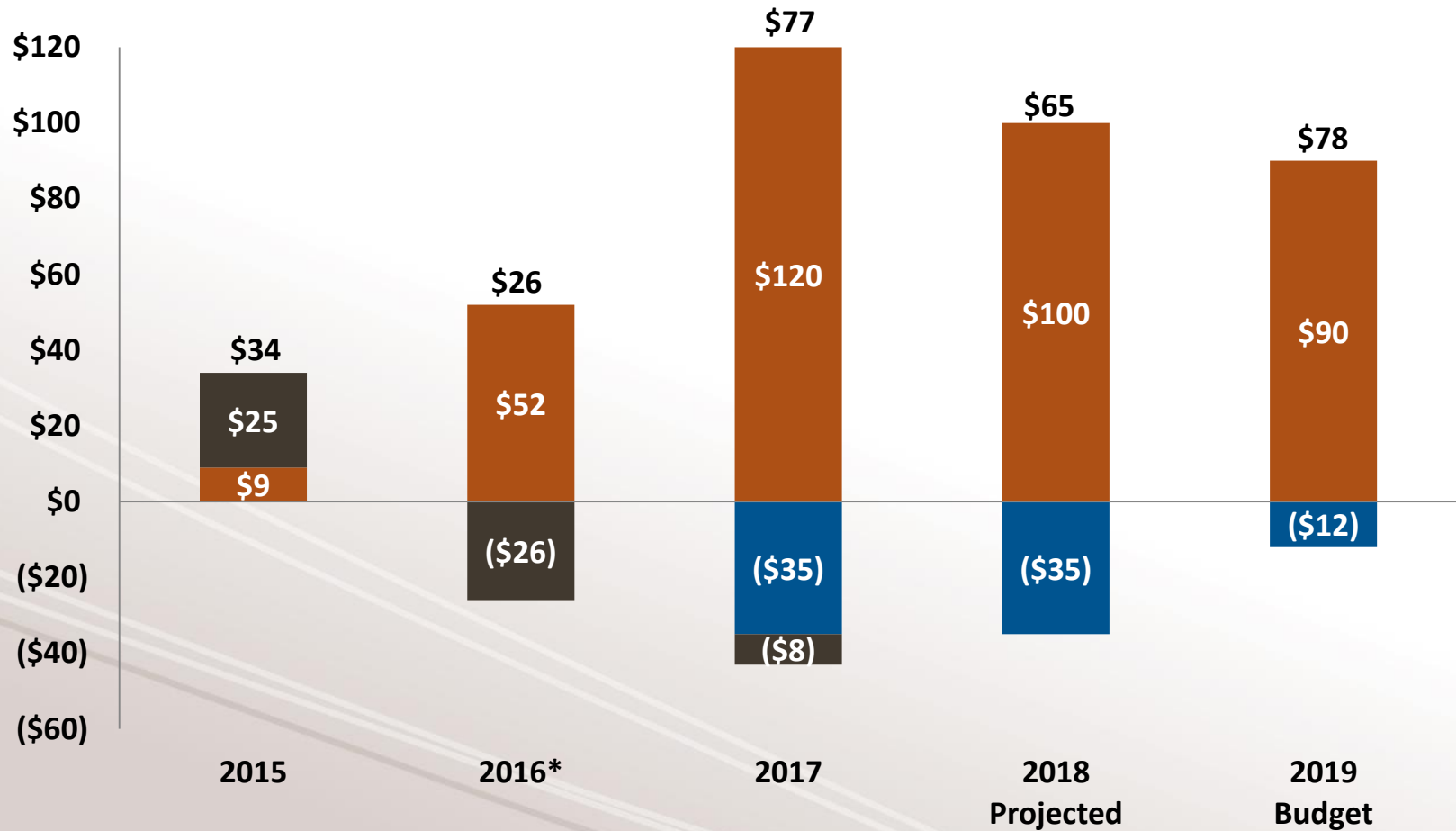
- | | |
|----------------------------------|-----|
| • Medium/Heavy Truck Replacement | \$2 |
|----------------------------------|-----|

Long-Term New Money Debt Financings*



* Outstanding Revenue Bond balance is not expected to be impacted by Financing Plan and the graph excludes the 2018 issuance as it did not increase the net revenue bond balance.

Net Income



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

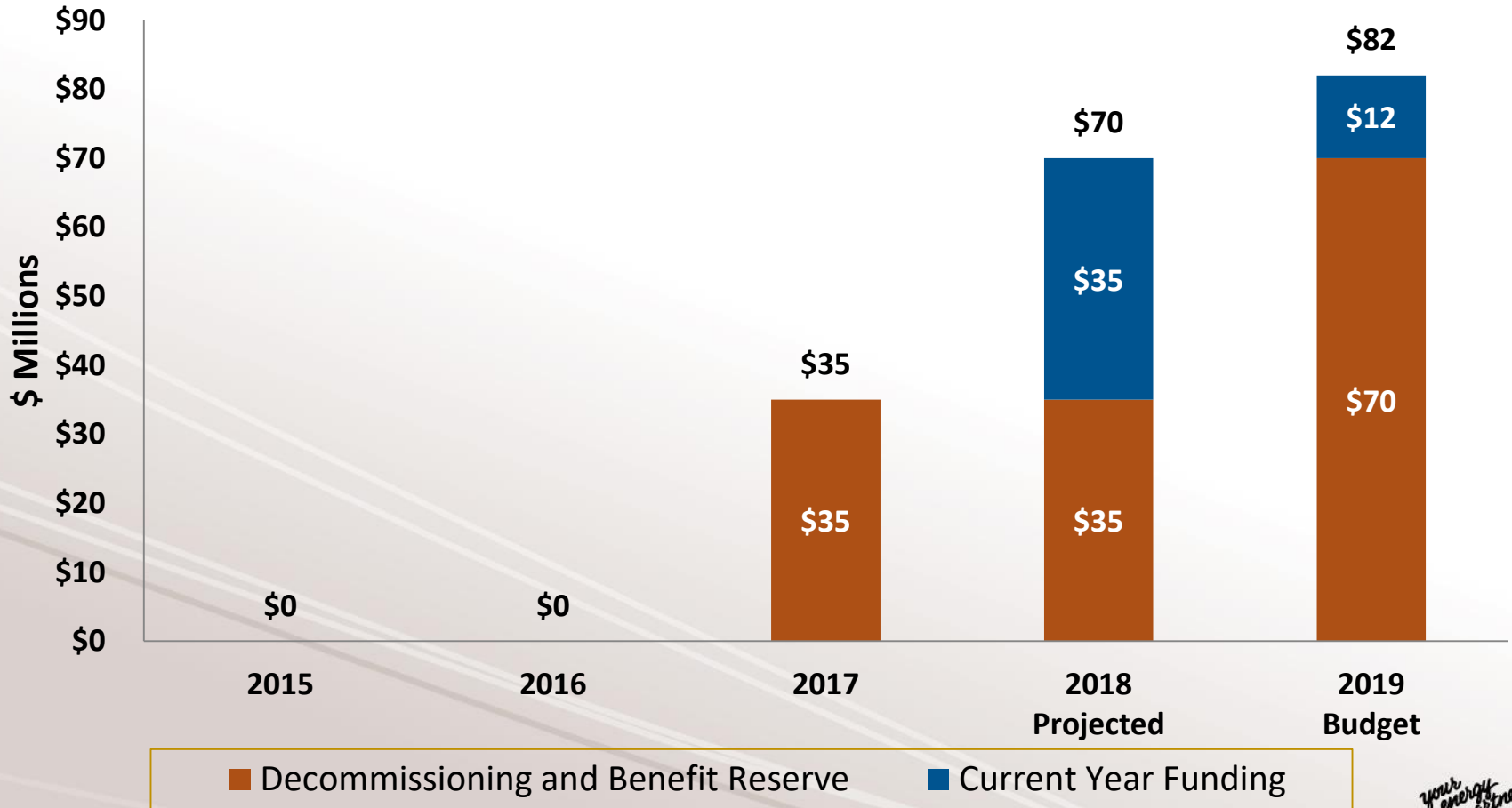


Rate Stabilization Account Balances*



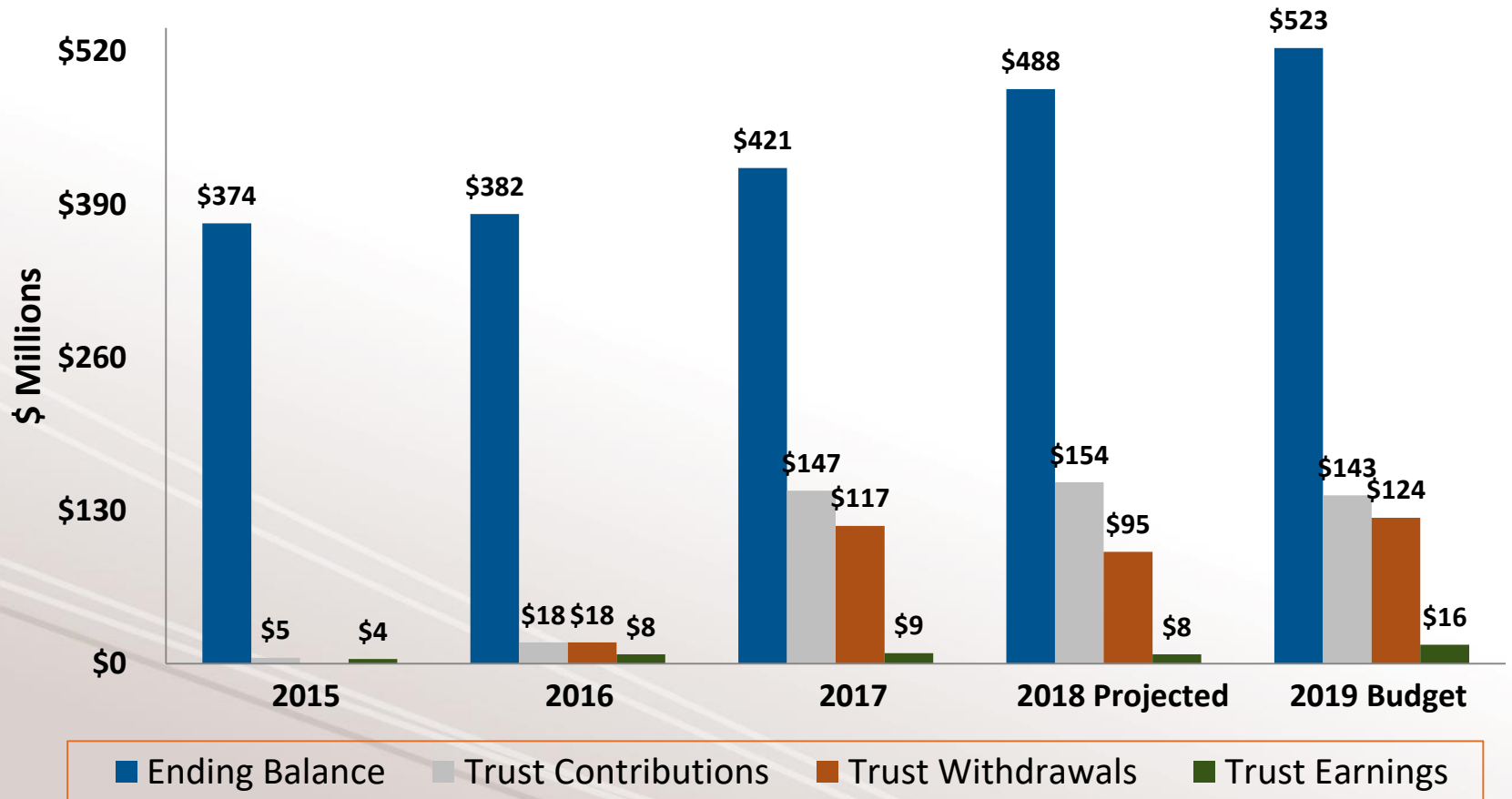
* At year end

Decommissioning and Benefit Reserve Account Balances*



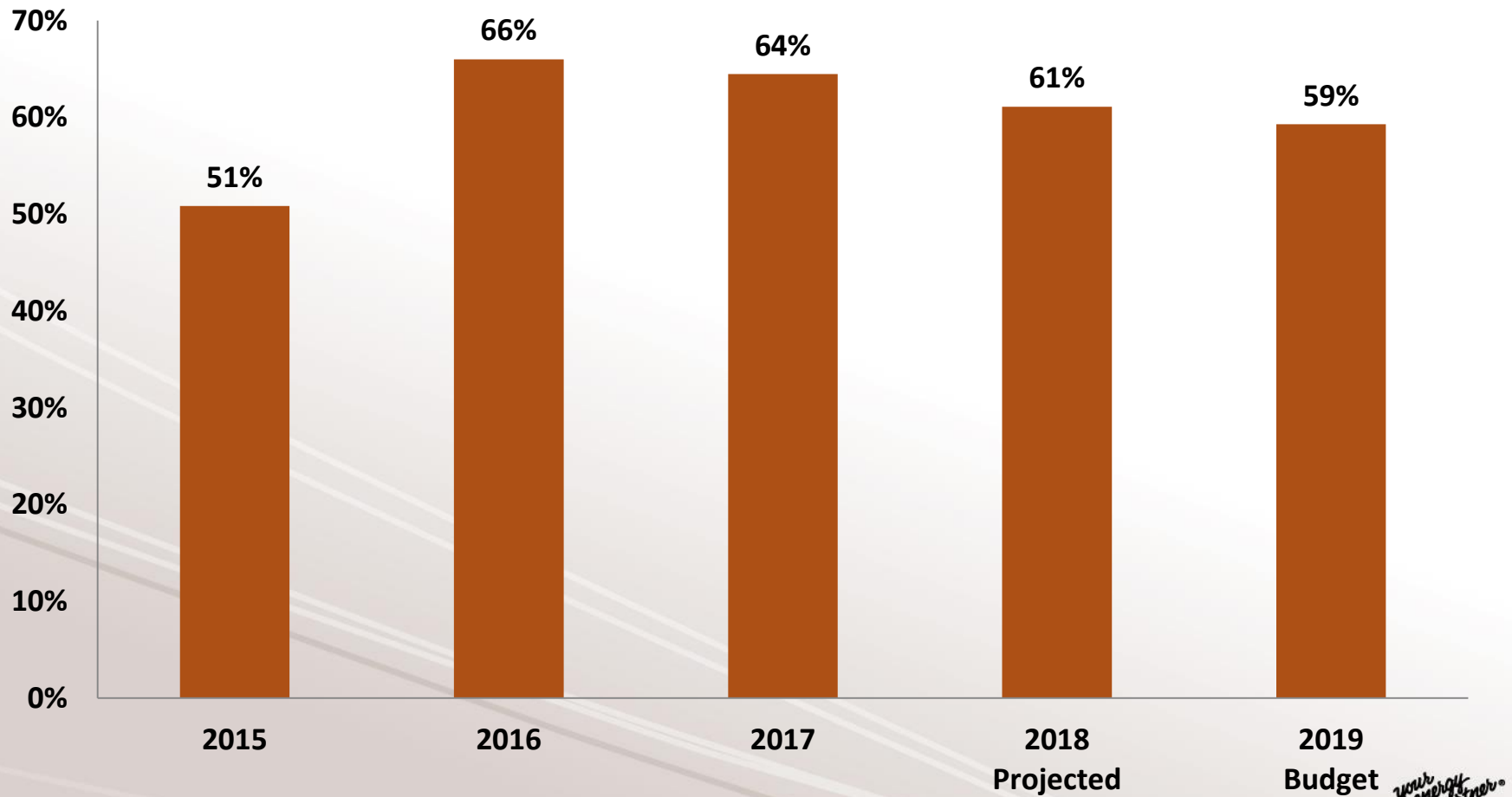
* At year end

Decommissioning Fund Balances*



* At year end

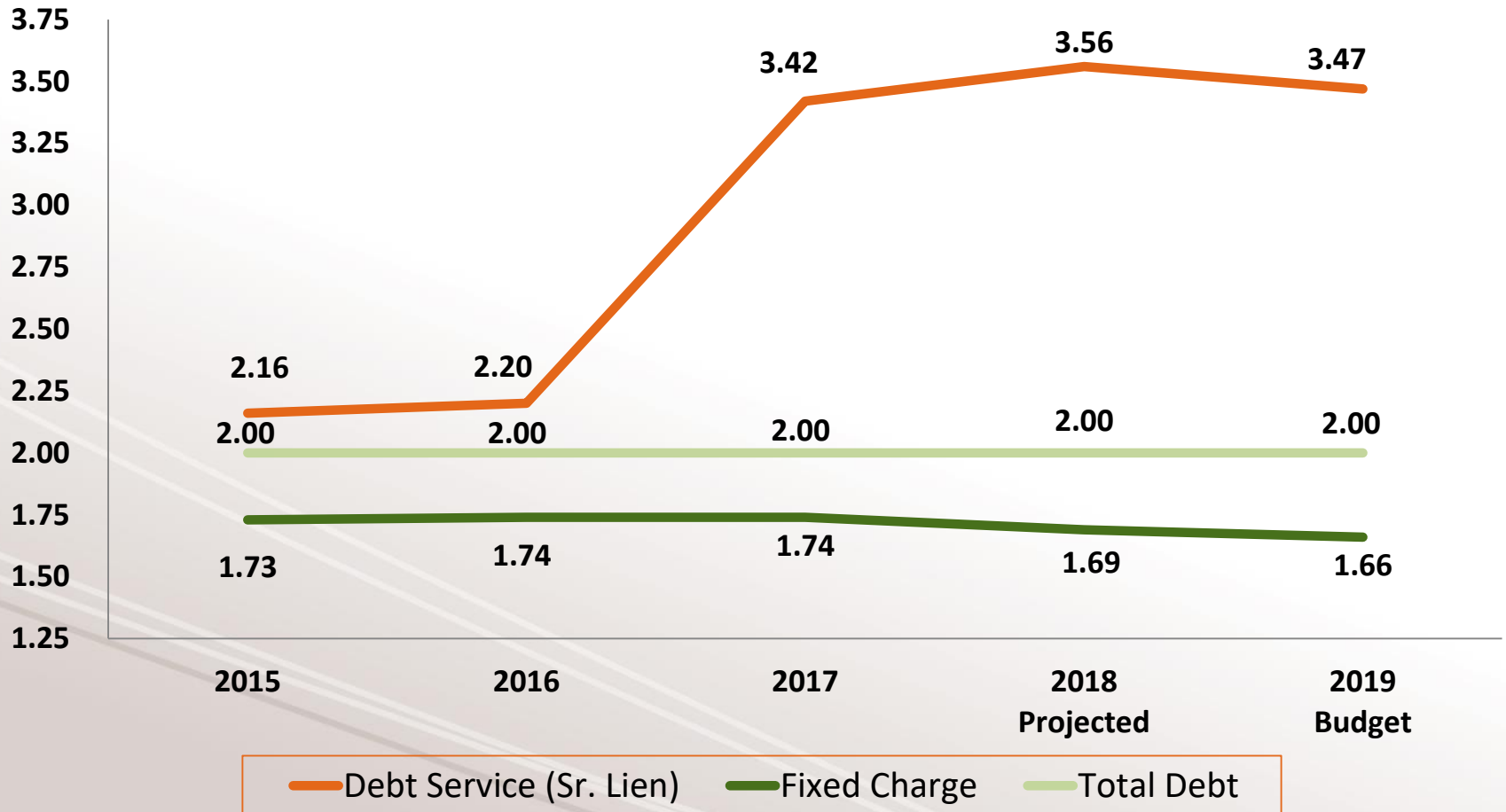
Debt Ratio*



* Total Debt Outstanding as a percentage of Total Capitalization at year end

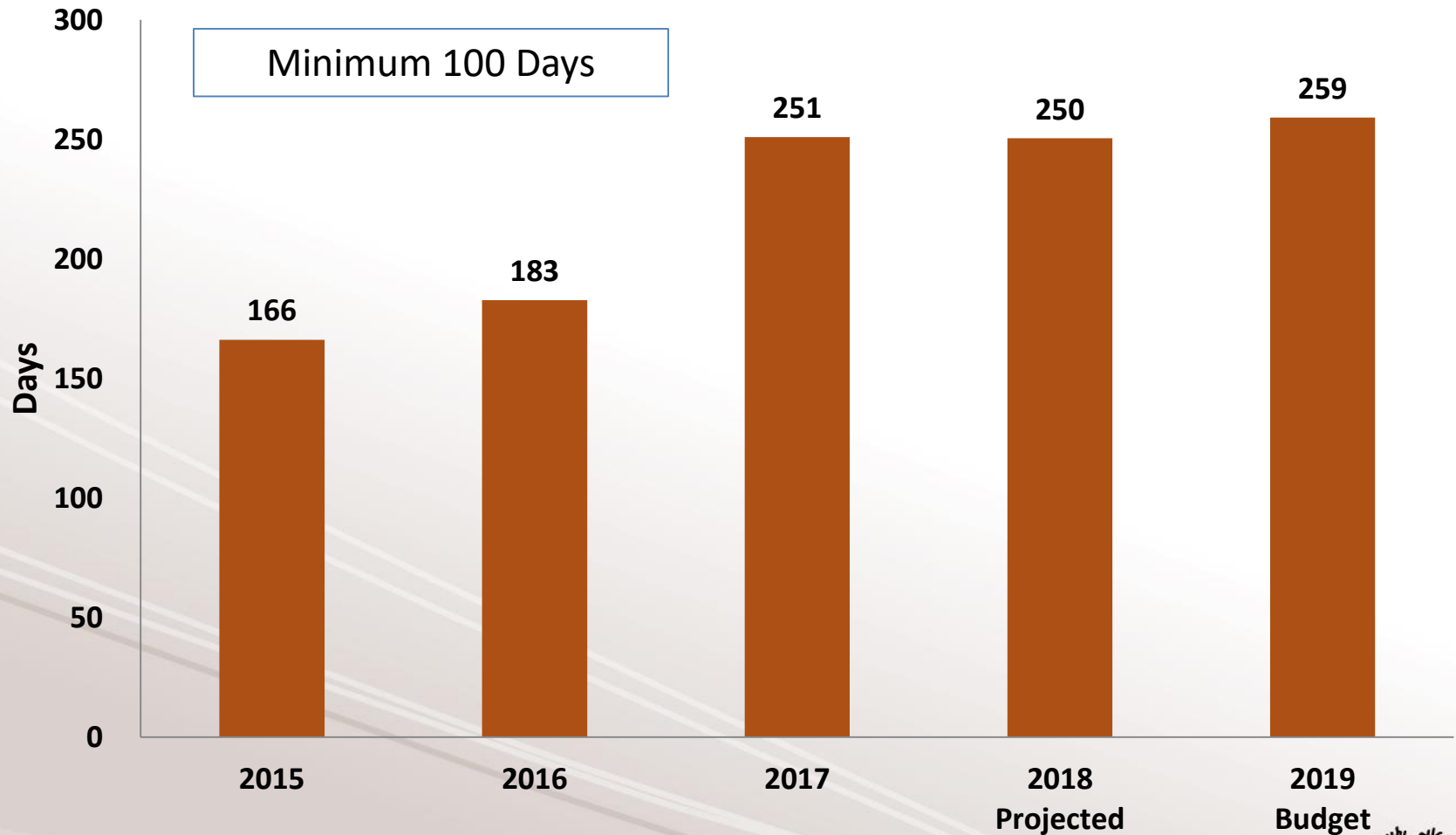
Coverage Ratios

Total Debt Coverage Target $\geq 2.00x$



- 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 which directly supports Board Strategic Directive Policy SD-3: Access to Credit Markets

Fuel & Purchase Power Recovery

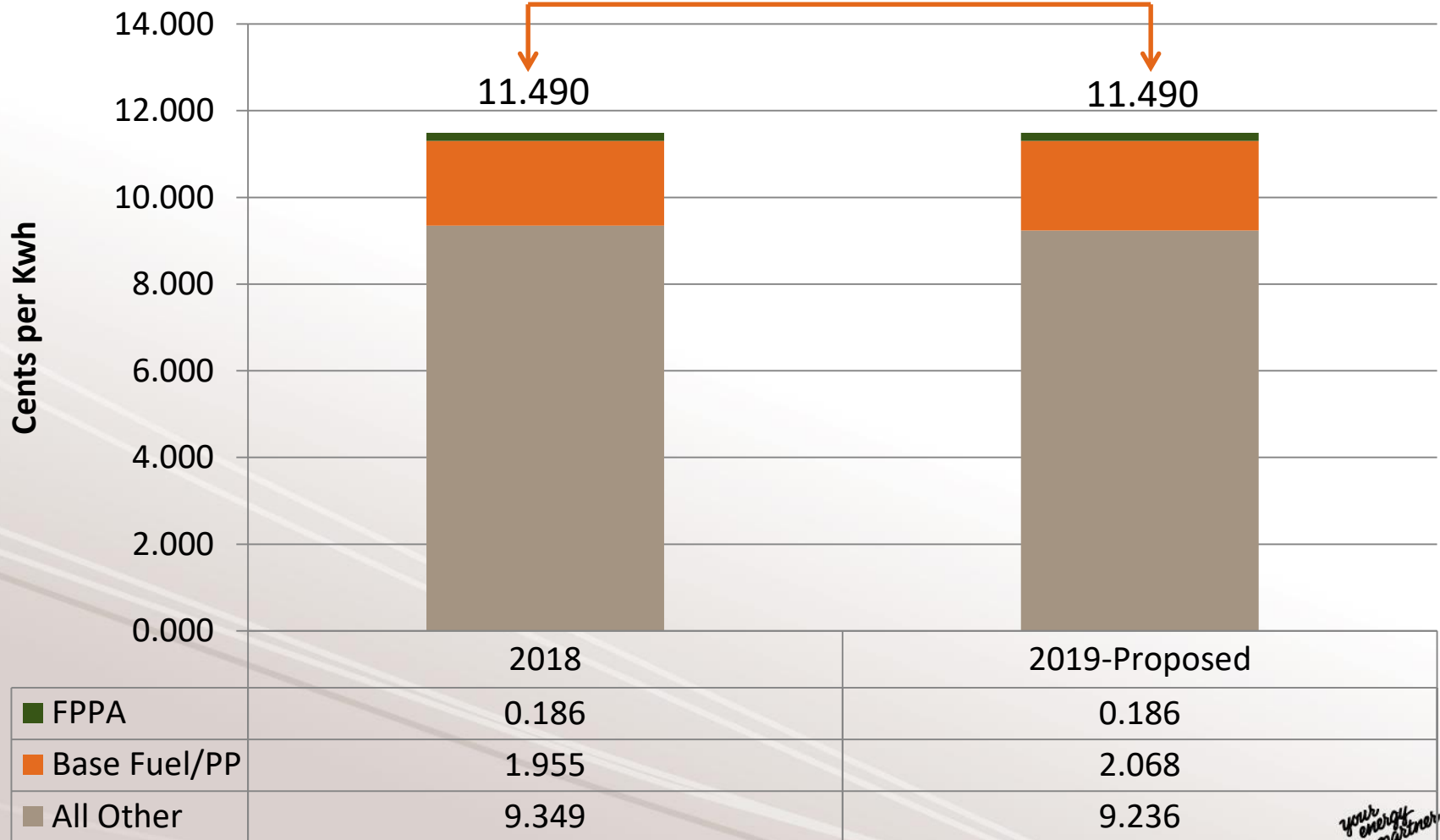
- Fuel & purchase power is collected through two mechanisms
 - General rates (base rate)
 - Fuel & Purchase Power Factor
- General Rates
 - Collects base fuel & purchased power costs
- Fuel & Purchase Power Factor
 - Collects the changes in fuel, purchased power, and consumables costs
 - Formula rate that is automatically adjusted annually

2018 and 2019 FPPA

- The FPPA is projected to have an under collected amount of \$30.2 million through the end of 2018.
 - This under collection was materially affected by unplanned and sustained high voltage transmission outages dating back to 2017.
 - Specifically, approximately \$22 million of under collection occurred from December 2017 to May 2018.
 - The balance of the under collected occurred outside of that period.
- The District also received compensation from effective transmission hedges that has offset a majority of the financial under collection from December 2017 to May 2018.
- Resetting the fuel and purchase power base rate more accurately reflects the District's ongoing variable cost of energy will not result in an increase in the general rates or the fuel and purchase power factor.

Illustrative Example - Residential

No change in average all in rate



NewGen Strategies and Solutions, LLC Review

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

Next Steps

December 13

- Board action to approve the 2019 Corporate Operating Plan