Monitoring Report
SD-3: Access to Credit Markets
Finance Committee
May 2021

Javier Fernandez, CFO
SD-3: Access to Credit Markets

In order to achieve a low cost and flexible cost structure, OPPD shall maintain financial ratios and targets to ensure efficient and cost effective access to the credit markets.

Therefore:

• For OPPD’s annual budgets the Board establishes a minimum total debt service coverage* ratio of 2.0 times.
• When making resource decisions, OPPD shall take into consideration long-term revenue requirements, debt to equity ratios, minimum risk adjusted liquidity* levels, competitive position, financial risk and financial flexibility.
• OPPD’s goal is to maintain an AA credit rating with the credit rating agencies consistent with the above expectations.

*TERMS AND DEFINITIONS

Total Debt Service Coverage: Revenues less expenses divided by total annual senior and subordinate lien debt interest and principal payments.

Liquidity: Total cash (operating and supplemental cash accounts) and unrestricted lines of credit available to meet ongoing daily cash requirements.
Total Debt Service Coverage

For OPPD's annual budgets, the Board established a minimum total debt service coverage ratio of 2.0 times.
Resource Decisions are made through the Corporate Operating Plan (COP)

When making resource decisions, OPPD shall take into consideration long-term revenue requirements, debt to equity ratios, minimum risk adjusted liquidity levels, competitive position, financial risk and financial flexibility.

• Board of Director’s Strategic Directives
  – Competitive position in establishing rates (SD-2)

• Long-term revenue requirements
  – Operational requirements (SD-4)
  – Enterprise and financial risks (SD-15)

• Flexibility of plan to adjust with operational execution

*As measured by Debt Service Coverage, Liquidity and Debt to Equity Ratio
Debt Ratio*

* Share of debt to total capitalization (debt plus net position)
Days Liquidity

* Line of credit increased by $75 million

** Projected as of March 2021. Assumptions include line of credit increase from $75 to $200 million in May 2021 and normalized expenses.
## Competitive Position – Retail Rates

### Regional Average (Cents/kWh)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020**</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPPD (Cents/kWh)</td>
<td>8.94</td>
<td>8.92</td>
<td>8.90</td>
<td>8.90</td>
<td>8.81</td>
<td>No general rate increase</td>
</tr>
<tr>
<td>Below Reg. Avg. (%)</td>
<td>6.8%</td>
<td>8.7%</td>
<td>9.3%</td>
<td>8.2%</td>
<td>9.8%</td>
<td></td>
</tr>
</tbody>
</table>

* Source: 2016-2019 EIA Form 861
** 2020 to be updated as EIA information is available
OPPD’s goal is to maintain an AA credit rating with the credit rating agencies consistent with the above expectations.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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<tbody>
<tr>
<td>Moody’s</td>
<td>Aa2</td>
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<tr>
<td>Standard &amp; Poor’s</td>
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<td>AA</td>
<td>AA</td>
<td>AA</td>
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</tbody>
</table>
Polar Vortex Considerations

OPPD is well-positioned financially to manage polar vortex impacts

• Cash on hand is sufficient to operate for almost six months
• Requested increase in bank line of credit offers additional financial flexibility
• AA rating allows lower cost access to credit markets
• Preliminary discussions with credit rating agencies indicate no change to OPPD’s credit ratings
Recommendation

• The Finance Committee has reviewed and accepted this Monitoring Report for SD-3 and recommends that the Board find OPPD to be sufficiently in compliance with Board Policy SD-3.