Report of Management

The management of Omaha Public Power District (OPPD) is responsible for the preparation of the following financial statements and for their integrity and objectivity. These financial statements conform to generally accepted accounting principles and, where required, include amounts which represent management’s best judgments and estimates. OPPD’s management also prepared the other information in this Annual Report and is responsible for its accuracy and consistency with the financial statements.

To fulfill its responsibility, management maintains strong internal controls, supported by formal policies and procedures that are communicated throughout the company. Management also maintains a staff of internal auditors who evaluate the adequacy of and investigate the adherence to these controls, policies and procedures. OPPD is committed to conducting business with integrity, in accordance with the highest ethical standards, and in compliance with all applicable laws, rules and regulations. A Code of Ethics has been adopted for the Executive Leadership Team and certain financial managers, stating their responsibilities and standards for professional and ethical conduct.

Our independent auditors have audited the financial statements and have rendered an unmodified opinion as to the financial statements’ fairness of presentation, in all material respects, in accordance with accounting principles generally accepted in the United States of America. During the audit, they considered internal controls over financial reporting as required by generally accepted auditing standards.

The Board of Directors pursues its oversight with respect to OPPD’s financial statements through the Finance Committee, which is comprised solely of non-management directors. The committee meets periodically with the independent auditors, internal auditors and management to ensure that all are properly discharging their responsibilities. The committee reviews the annual audit plan and any recommendations the independent auditors have related to the internal control structure. The Board of Directors, on the recommendation of the Finance Committee, engages the independent auditors, who have unrestricted access to the Finance Committee.

L. Javier Fernandez  Jeff M. Bishop
President and Chief Executive Officer  Vice President and Chief Financial Officer
Independent Auditor’s Report

Board of Directors
Omaha Public Power District
Omaha, Nebraska

Opinions
We have audited the financial statements of the business-type activities and the fiduciary activities of Omaha Public Power District (OPPD), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise OPPD’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of OPPD, as of December 31, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are required to be independent of OPPD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OPPD’s ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

• Exercise professional judgment and maintain professional skepticism throughout the audit.

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OPPD’s internal control. Accordingly, no such opinion is expressed.

• Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OPPD’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, pension and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the statistical section but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**BKP, LLP**

Omaha, Nebraska
March 17, 2022
**Management’s Discussion and Analysis (Unaudited)**

**USING THIS FINANCIAL REPORT**
The Financial Report for the Omaha Public Power District (OPPD or Company) includes the Management’s Discussion and Analysis, Financial Statements, Notes to Financial Statements, Required Supplementary Information and Notes to Required Supplementary Information. The Financial Statements consist of the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; the Statement of Cash Flows; the Statement of Fiduciary Net Position; and the Statement of Changes in Fiduciary Net Position. The Financial Statements have been prepared in accordance with generally accepted accounting principles (GAAP) for governmental entities. Questions concerning any of the information provided in this report should be directed to Investor Relations at finfo@oppd.com.

**Management’s Discussion and Analysis (MD&A)** – This unaudited information provides an objective and easily readable analysis of OPPD’s financial activities based on currently known facts, decisions or conditions. In the MD&A, financial managers present both short-term and long-term analyses of the Company’s activities. The MD&A should be read in conjunction with the Financial Statements, Required Supplementary Information and related Notes. This document contains forward-looking statements based on current plans.

**Statement of Net Position** – This statement reports resources with service capacity (assets) and obligations to sacrifice resources (liabilities). Deferrals result from outflows and inflows of resources that have already taken place but are not recognized in the financial statements as expenses and revenues because they relate to future periods. Net Position is the residual interest in the Company. On the Statement of Net Position, the sum of assets and deferred outflows equals the sum of liabilities, deferred inflows and net position. This statement facilitates the assessment and evaluation of liquidity, financial flexibility and capital structure.

**Statement of Revenues, Expenses and Changes in Net Position** – All revenues and expenses are accounted for in this statement. This statement measures the activities for the year and can be used to determine whether the revenues, rates, fees and other charges are adequate to recover expenses.

**Statement of Cash Flows** – This statement reports all cash receipts and payments summarized by net changes in cash from operating, noncapital financing, capital and related financing, and investing activities.

**Statement of Fiduciary Net Position** – This statement reports the financial resources available for pension and other postemployment benefits (OPEB).

**Statement of Changes in Fiduciary Net Position** – This statement reflects the additions, deductions and changes in net position restricted for pension and OPEB.

**Notes to Financial Statements (Notes)** – These Notes provide additional detailed information to support the financial statements.

**Required Supplementary Information and Notes to Required Supplementary Information** – This information provides additional detailed disclosures as required by the Governmental Accounting Standards Board.

**ORGANIZATION**
OPPD is a fully integrated, publicly owned electric utility governed by an elected board of eight directors. The Company serves an estimated population of 853,000 in a 13-county, 5,000-square-mile service area in southeast Nebraska.
FINANCIAL POSITION
The following table summarizes the financial position as of December 31 (in thousands).

<table>
<thead>
<tr>
<th>Condensed Statements of Net Position</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets</td>
<td>$1,274,531</td>
<td>$828,170</td>
<td>$745,334</td>
</tr>
<tr>
<td>Other Long-Term Assets and Special Purpose Funds</td>
<td>1,512,437</td>
<td>1,951,864</td>
<td>2,020,172</td>
</tr>
<tr>
<td>Electric Utility Plant</td>
<td>2,821,549</td>
<td>2,654,227</td>
<td>2,597,532</td>
</tr>
<tr>
<td>Total Assets</td>
<td>5,608,517</td>
<td>5,434,261</td>
<td>5,363,038</td>
</tr>
<tr>
<td>Deferred Outflows of Resources</td>
<td>282,026</td>
<td>216,438</td>
<td>307,043</td>
</tr>
<tr>
<td>Total Assets and Deferred Outflows</td>
<td>$5,890,543</td>
<td>$5,650,699</td>
<td>$5,670,081</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$410,408</td>
<td>$404,704</td>
<td>$386,296</td>
</tr>
<tr>
<td>Long-Term Liabilities</td>
<td>3,859,296</td>
<td>3,623,490</td>
<td>3,860,436</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>4,269,704</td>
<td>4,028,194</td>
<td>4,246,732</td>
</tr>
<tr>
<td>Deferred Inflows of Resources</td>
<td>272,466</td>
<td>302,080</td>
<td>176,927</td>
</tr>
<tr>
<td>Net Position</td>
<td>1,348,373</td>
<td>1,320,425</td>
<td>1,246,422</td>
</tr>
<tr>
<td>Total Liabilities, Deferred Inflows and Net Position</td>
<td>$5,890,543</td>
<td>$5,650,699</td>
<td>$5,670,081</td>
</tr>
</tbody>
</table>

Total Assets and Deferred Outflows
Total Assets in 2021 increased $174,256,000 or 3.2% over 2020, primarily due to an increase in Current Assets from more Investments held as short-term, particularly from the proceeds of the 2021 bond issuance and an increase in Accounts Receivable primarily from a spent fuel cost reimbursement. There were also increases in Electric Utility Plant from additional capital spending. This was partially offset by a decrease in the Special Purpose Funds from fewer Investments held as long-term and a decrease in Other Long-Term Assets for the Fort Calhoun Station (FCS) decommissioning regulatory asset primarily as a result of additional funding and the pension and OPEB regulatory assets based on the most recent actuarial results.

Deferred Outflows of Resources in 2021 increased $65,588,000 or 30.3% over 2020, primarily due to increases in the unrealized pension contributions. This was partially offset by unrealized OPEB losses.

Total Liabilities, Deferred Inflows and Net Position
Total Liabilities in 2021 increased $241,510,000 or 6.0% over 2020, primarily due to the issuance of new Electric System Revenue Bonds and an increase in Commercial Paper. This was partially offset by a decrease in the Decommissioning Liability as a result of work completed and decreases in the Pension and OPEB Liabilities based on the most recent actuarial results.

Deferred Inflows of Resources in 2021 decreased $29,614,000 or 9.8% from 2020, primarily due to a reduction in the Decommissioning and Benefits Reserve, which was partially offset by increases in the unrealized pension and OPEB gains.

Net Position in 2021 increased $27,948,000 or 2.1% over 2020 based on results of operations.

RESULTS OF OPERATIONS
The following table summarizes the operating results for the years ended December 31 (in thousands).

<table>
<thead>
<tr>
<th>Condensed Statements of Revenues, Expenses and Changes in Net Position</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>$1,496,920</td>
<td>$1,083,901</td>
<td>$1,160,719</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(1,421,682)</td>
<td>(1,002,569)</td>
<td>(1,047,274)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>75,238</td>
<td>81,332</td>
<td>113,445</td>
</tr>
<tr>
<td>Other Income (Expenses)</td>
<td>(47,290)</td>
<td>(7,329)</td>
<td>(26,496)</td>
</tr>
<tr>
<td>Net Income</td>
<td>$ 27,948</td>
<td>$ 74,003</td>
<td>$ 86,949</td>
</tr>
</tbody>
</table>
Operating Revenues
The following chart illustrates 2021 operating revenues by category and percentage of the total.

2021 Operating Revenues

2021 Compared to 2020 – Total operating revenues were $1,496,920,000 for 2021, an increase of $413,019,000 or 38.1% over 2020 operating revenues of $1,083,901,000.

• Revenues from retail sales increased $221,146,000 or 24.3% over 2020, primarily due to an increase in the revenue related to Industrial customers, the Fuel and Purchased Power Adjustment (FPPA), and an increase from the utilization of $95,000,000 of the Decommissioning and Benefits Reserve, which was partially offset by a contribution of $12,000,000 to the Decommissioning and Benefits Reserve.
• Revenues from off-system sales increased $191,094,000 or 139.2% over 2020, primarily due to increased energy prices in the marketplace, particularly during the Polar Vortex weather event in February 2021.
• Other Electric Revenues include connection charges, late payment charges, leases, wheeling fees and miscellaneous revenues. These revenues increased $779,000 or 2.1% over 2020, primarily due to an increase in transmission revenues and late payment charges as these charges were temporarily suspended for part of 2020 to address customers’ financial hardship resulting from the COVID-19 pandemic. This was partially offset by a decrease in revenue from rental income.

Operating Expenses
The following chart illustrates 2021 operating expenses by expense classification and percentage of the total.

2021 Operating Expenses

2021 Compared to 2020 – Total operating expenses were $1,421,682,000 for 2021, an increase of $419,113,000 or 41.8% over 2020 operating expenses of $1,002,569,000.

• Fuel expense increased $58,885,000 or 40.6% over 2020, primarily due to an increase in fuel costs, particularly during the Polar Vortex weather event in February 2021.
• Purchased Power expense increased $214,546,000 or 113.0% over 2020, primarily due to higher energy prices in the marketplace, particularly during the Polar Vortex weather event in February 2021.

• Production expense increased $22,730,000 or 25.7% over 2020, primarily due to higher maintenance expenses as a result of additional scheduled maintenance outages.

• Transmission and Distribution expense increased $28,254,000 or 29.1% over 2020, primarily due to increased outside services and payroll costs associated with storm events.

• Customer expense increased $3,946,000 or 10.6% over 2020, primarily due to increased outside services, customer rebates, and the installation of electric vehicle charging stations.

• Administrative and General expense increased $79,145,000 or 61.7% over 2020, primarily due to increased employee benefit costs from the utilization of the Decommissioning and Benefits Reserve for additional pension contributions of $95,000,000. This resulted in an increase to Administrative and General expense of approximately $72,522,000 while the remaining additional pension contribution was allocated to capital and decommissioning costs.

• Depreciation and Amortization expense increased $5,981,000 or 4.0% over 2020, primarily due to an increase in electric utility plant assets.

• Decommissioning expense increased $2,508,000 or 1.9% over 2020, primarily due to increased funding of the Decommissioning Trust.

• Payments in Lieu of Taxes expense increased $3,118,000 or 8.8% over 2020, due to higher retail revenues in incorporated areas of the service territory.

Other Income (Expenses)

2021 Compared to 2020 – Other income (expenses) totaled ($47,290,000) in 2021, an increase of $39,961,000 over 2020 income (expenses) of ($7,329,000).

• Interest Expense decreased $2,283,000 or 3.2% from 2020, primarily due to lower interest rates.

• Investment Income, including Decommissioning Funds, decreased $48,522,000 or 110.5% from 2020, due to lower fair market value adjustments. OPPD typically holds investments to maturity and, therefore, will rarely realize fair market gains or losses. OPPD also realized less interest income during 2021 primarily due to the historically low short-term rates.

• Allowances for Funds Used During Construction (AFUDC) increased $1,408,000 or 16.8% over 2020, due to higher construction balances subject to AFUDC.

• Products and Services – Net decreased $681,000 or 27.1% from 2020, due to fewer completed projects.

• Other – Net increased $5,551,000 or 63.9% over 2020, primarily due to an increase in revenue from insurance proceeds and grants from the Federal Emergency Management Agency (FEMA) related to the 2019 flood event.

Net Income

Net income was $27,948,000 for 2021 compared to $74,003,000 in 2020, primarily due to results of operations and adjustments to the Decommissioning and Benefits Reserve.

CAPITAL PROGRAM

The Company’s electric utility plant includes production, transmission and distribution, and general plant facilities. The following table summarizes the balance of electric utility plant as of December 31 (in thousands).

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric utility plant</td>
<td>$5,011,756</td>
<td>$4,726,802</td>
</tr>
<tr>
<td>Accumulated depreciation and amortization</td>
<td>(2,190,207)</td>
<td>(2,072,575)</td>
</tr>
<tr>
<td>Total electric utility plant – net</td>
<td>$2,821,549</td>
<td>$2,654,227</td>
</tr>
</tbody>
</table>
Electric system requirements, including the identification of future capital investments, are reviewed annually to ensure current and future load requirements are serviced by a reliable and diverse power supply. Capital investments are financed with revenues from operations, bond proceeds, investment income and cash on hand.

The following table shows actual capital program expenditures for the last two years and budgeted expenditures for 2022 (in thousands).

<table>
<thead>
<tr>
<th>Capital Program</th>
<th>Budget 2022</th>
<th>Actual 2021</th>
<th>Actual 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td>$418,102</td>
<td>$139,240</td>
<td>$49,100</td>
</tr>
<tr>
<td>Transmission and distribution</td>
<td>178,527</td>
<td>139,475</td>
<td>106,861</td>
</tr>
<tr>
<td>General</td>
<td>73,371</td>
<td>34,846</td>
<td>41,172</td>
</tr>
<tr>
<td>Total</td>
<td><strong>$670,000</strong></td>
<td><strong>$313,561</strong></td>
<td><strong>$197,133</strong></td>
</tr>
</tbody>
</table>

Actual and budgeted expenditures for 2020 through 2022 include the following:

- **Production** expenditures include equipment to maintain reliability, enhance efficiency and comply with environmental regulations. Actual and budgeted expenditures included costs for the Power with Purpose initiative that was approved by the Board of Directors in 2019 to add new generation that will be required to maintain energy generation and capacity requirements. Power with Purpose projects accounted for the increases in this category.
- **Transmission and distribution** expenditures include various substation and transmission projects to facilitate load growth and reliability, such as the Fiber Network Expansion Project to upgrade the fiber optic networks for substation communications, Light Emitting Diode (LED) Street Light Conversion project, and the Transmission Distribution Improvement Program, which focuses on cable, conductor, and pole replacements.
- **General plant** expenditures include fleet vehicles, construction equipment, technology equipment and software applications. Budgeted expenditures include telecommunications equipment and technology upgrades.

Details of the Company’s electric utility plant asset balances and activity are included in Note 5 in the Notes to Financial Statements.

**CASH AND LIQUIDITY**

**Financing**

Sufficient liquidity is maintained to ensure working capital is available for normal operational needs and unexpected, but predictable, risk events. OPPD’s liquidity includes cash, marketable securities and lines of credit. Debt offerings also provide a significant source of liquidity for capital investments not funded by revenues from operations.

The financing plan optimizes the debt structure to ensure capital needs are financed, liquidity needs are achieved and the Company’s strong financial position is maintained. The 2022 financing plan anticipates the issuance of approximately $394,400,000 of new Electric System Revenue Bonds to support capital projects and to refund a portion of the outstanding commercial paper.

OPPD issued $381,580,000 of Electric System Revenue Bonds during 2021. The proceeds were used for future and reimbursable capital expenditures. OPPD also issued $57,355,000 of Electric System Revenue Bonds during 2021 to fully refund its 2012 Series B Bonds. The Company also called and defeased all future maturities of the 2011 Series A and Series C Bonds totaling $8,160,000 using existing resources during 2021. OPPD increased its outstanding Commercial Paper from $250,000,000 to $325,000,000 in 2021. The proceeds of $75,000,000 were used to reimburse capital expenditures. Repayments of $50,360,000 of Electric System Revenue Bonds, $3,655,000 of Nebraska City Station Unit 2 (NC2) Separate Electric System Revenue Bonds and $32,344,000 of Minibonds were made in 2021. All Minibonds matured and were paid in full in 2021. There were no repayments on Electric System Subordinated Revenue Bonds in 2021.
The Company has two Credit Agreements in place. The first Credit Agreement for $250,000,000 was executed on July 22, 2019, with an expiration date of January 1, 2023. The second Credit Agreement for $200,000,000 was executed on June 1, 2021, with an expiration date of May 31, 2024. Both Credit Agreements support the Commercial Paper Program, and both Credit Agreements provide additional sources of working capital, if needed. There were no amounts outstanding under either Credit Agreement as of December 31, 2021 or 2020. The following chart illustrates the debt structure and percentage of the total as of December 31, 2021.

Details of the Company’s debt balances and activity are included in Note 7 in the Notes to Financial Statements.

**Debt Service Coverage for Electric System Revenue Bonds**
Debt service coverage for the Electric System Revenue Bonds was 4.74 times and 3.09 times in 2021 and 2020, respectively. OPPD’s senior lien bond indenture provides that additional bonds may not be issued unless estimated net receipts for each future year shall equal or exceed 1.4 times the debt service on all Electric System Revenue Bonds outstanding, including the additional bonds being issued. Transactions in 2021 and 2020 for the NC2 Separate Electric System were not included in the calculation because the Electric System Revenue Bonds are not secured by the revenues from the NC2 Separate Electric System. The Company is in compliance with all debt covenants.

**Debt Ratio**
The debt ratio is a measure of financial solvency and represents the share of debt to total capitalization (debt and net position). This ratio does not include the NC2 Separate Electric System Revenue Bonds since this debt is secured by revenues of the NC2 Separate Electric System. The debt ratio was 60.7% and 56.6% at December 31, 2021 and 2020, respectively.

**Credit Ratings**
High credit ratings allow the Company to borrow funds at more favorable interest rates. Both quantitative (financial strength) and qualitative (business and operating characteristics) factors are considered by the credit rating agencies in establishing a company’s credit rating. The credit ratings received from Standard & Poor’s Ratings Services (S&P) and Moody’s Investors Service (Moody’s), independent bond rating agencies for the latest bond issues, were among the highest ratings granted to electric utilities and confirm the agencies’ assessment of the Company’s strong ability to meet its debt service requirements. S&P and Moody’s affirmed OPPD’s senior lien debt and subordinated ratings, and both have stable outlooks for OPPD’s credit ratings.

The following table summarizes credit ratings in effect on December 31, 2021.

<table>
<thead>
<tr>
<th></th>
<th>S&amp;P</th>
<th>Moody’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric System Revenue Bonds</td>
<td>AA</td>
<td>Aa2</td>
</tr>
<tr>
<td>Electric System Subordinated Revenue Bonds</td>
<td>AA−</td>
<td>Aa3</td>
</tr>
<tr>
<td>Electric Revenue Notes – Commercial Paper Series</td>
<td>A−1+</td>
<td>P−1</td>
</tr>
<tr>
<td>NC2 Separate Electric System Revenue Bonds</td>
<td>A+</td>
<td>A1</td>
</tr>
</tbody>
</table>
The Company strives to manage costs to align with the mission of providing affordable, reliable and environmentally sensitive energy services to our customers. Residential customers paid an average of 11.38 and 11.40 cents per kilowatt-hour (kWh) in 2021 and 2020, respectively. The national average residential cents per kWh according to the Energy Information Administration (EIA), U.S. Department of Energy, was 13.72 for 2021 (preliminary year-to-date December 2021) and 13.15 cents per kWh for 2020. Based on the EIA data, OPPD residential rates were 17.1% and 13.3% below the national average for 2021 and 2020, respectively.

Retail customers paid an average of 9.04 and 8.84 cents per kWh in 2021 and 2020, respectively. The national average retail cents per kWh according to the EIA, was 11.18 for 2021 (preliminary year-to-date December 2021) and 10.59 cents per kWh for 2020. Based on the EIA data, OPPD retail rates were 19.1% and 16.5% below the national average for 2021 and 2020, respectively.

OPPD completed its five-year commitment to no general rate increases from 2017 through 2021. There were no general rate or FPPA rate adjustments in 2021 and 2020. There was a 2.5% average rate increase implemented in January 2022 for retail customers while the FPPA adjustment remained unchanged. The calculation for the FPPA adjustment was updated to include off-system sales beginning in January 2022.

**Energy Risk Management**

OPPD participates in the wholesale marketplace with other electric utilities and power marketers. The Company must be able to offer energy at competitive prices and maintain reliability to successfully compete in this market. Energy market prices may fluctuate substantially in a short period of time due to changes in the supply and demand of electricity, fuel and environmental-related commodities. Policies provide requirements...
for transacting in the marketplace with the intent to mitigate and monitor market risk. A cross-functional risk committee is responsible for identifying, measuring and mitigating various risk exposures related to power marketing and fuel purchase activities.

Fuel expense represents a significant cost and affects the ability to generate and market competitively priced power. To maintain a diverse portfolio of power supply, OPPD uses various fuel types for generation. Fuel policies were established to mitigate volumetric and price risk associated with the forecasted use of fuel for OPPD’s generation.

**Environmental Matters**

Environmental matters can have a significant impact on operations and financial results. OPPD complies with all applicable local, state and federal environmental rules and regulations. The items mentioned below include proposed, enacted or enforceable laws, rules and regulations.

**Coal Combustion Residuals (CCR)** – In April 2015, the Environmental Protection Agency (EPA) promulgated technical requirements for the CCR rule that impacted landfills and surface impoundments for the safe disposal of coal combustion residuals under Subtitle D of the Resource Conservation and Recovery Act. The regulations provide design criteria, operating criteria, groundwater monitoring requirements, closure requirements, and recordkeeping and notification requirements associated with CCR landfills and surface impoundments. The regulation became effective in October 2015, and OPPD is in compliance with the requirements. OPPD continues to assess and implement compliance strategies associated with this regulation by required dates, and will continue to monitor changes in the regulation and evaluate compliance options as new information is available. In May 2019, OPPD notified the Nebraska Department of Environment and Energy (NDEE) that it had initiated Assessment of Corrective Measures (ACM) for the North Omaha Station (NOS) landfill. Following hydrogeological modeling, groundwater monitoring, and engineering evaluations, OPPD proposed long-term groundwater monitoring and post-closure capping as a final remedy. After a public meeting and comment period, OPPD published a final Selection of Remedy report on December 13, 2021 and is in the process of seeking associated permitting for the selected final remedy. In December 2020, OPPD also entered ACM for the Nebraska City Station (NCS) landfill. Following hydrogeological modeling, groundwater monitoring, and engineering evaluations, OPPD has proposed source control through the application of a surface binder on the ash in the landfill, as well as operational changes in landfill construction (reduce the active area of the landfill to minimize dust) as a final remedy. After a public meeting and comment period, OPPD published a final Selection of Remedy report on November 15, 2021 and is in the process of seeking associated permitting for the selected final remedy. The cost of compliance with the requirements of the CCR rule is expected to be minimal at this time.

**Regional Haze Rule (RHR)** – The RHR requires the states, in coordination with the EPA, the National Park Service, U.S. Fish and Wildlife Service, the U.S. Forest Service, and other interested parties, to develop and implement air quality protection plans to reduce the pollution that causes visibility impairment. The first state plans for regional haze were due in December 2007. Comprehensive periodic revisions to these initial plans are currently due in 2021, 2028, and every 10 years thereafter. OPPD received a Regional Haze information request from the NDEE in spring 2020 for use in their preparation of a State Implementation Plan (SIP) submittal. The information request asked OPPD to assess potential emission control technologies against four statutory factors for Nebraska City Station Unit 1. OPPD provided an initial response to the information request in November 2020 and a second response in February 2021. In response to a subsequent request for modeling information, OPPD provided a joint response with Nebraska Public Power District to the request in March 2021. OPPD continues engagement with NDEE as the agency works to prepare the Nebraska Regional Haze SIP for submittal to the EPA, now expected in mid-2022. The cost of compliance is not expected to be material at this time.

**316(b) Fish Protection Regulations (316(b))** – In May 2014, the EPA issued the final rule under Section 316(b) Rule of the Clean Water Act. The final rule went into effect in October 2014. Facilities are required to choose one of seven options to reduce fish impingement. Facilities were also required to study the effects of
entrainment and develop compliance strategies. All required studies were submitted to the NDEE in June 2019 for review. In June 2020, the NDEE agreed that the risk to endangered and threatened species and cost to benefit of entrainment reduction do not outweigh the cost of implementing the proposed technologies, including fine-meshed screens. The NDEE further agreed that the existing Cooling Water Intake Structure technology is the Best Technology Available (BTA) for entrainment. In December 2020, OPPD submitted to the NDEE the BTA determination for impingement as required under the 316(b) rule. This submittal stated that OPPD intends to install and operate Coarse Mesh Modified Traveling Screens with a Fish Return at NCS and NOS Units 4 and 5 intake structures. The BTA determination for entrainment and the compliance strategy and implementation timeline for impingement will be included in the renewed National Pollution Discharge Elimination System permits, now expected to be issued in 2022. The cost of compliance is expected to be $19,400,000 for NOS and NCS combined.

**Legislative Update**

H.R. 3684, the Infrastructure Investment and Jobs Act (IIJA), was passed by Congress late in 2021. The IIJA includes provisions for significant investments in energy infrastructure, including investments in electric vehicle supply equipment, transmission and distribution systems, cybersecurity, and new energy technology. The IIJA also contains provisions to fund programs to prevent outages and increase grid resiliency, deploy innovative smart grid technology, and increase appropriations for both the Weatherization Assistance Program and the Low Income Home Energy Assistance program to assist low-income families with their energy needs. OPPD will monitor for opportunities to utilize funds made available to Nebraska from the IIJA.

**RESOURCE PLANNING AND GENERATION UPDATE**

**Southwest Power Pool Integrated Marketplace and Transmission Planning**

OPPD is a transmission-owning member of Southwest Power Pool (SPP), and all of OPPD’s transmission facilities are under the SPP Open Access Transmission Tariff. In addition to tariff administration services, SPP also provides reliability coordination services, generation reserve sharing, energy market services, balancing authority services and planning authority services.

OPPD actively participates in the SPP energy markets. The market mechanism rewards low-cost, flexible and reliable providers of electricity. OPPD is in competition with other generation owners to serve load across the SPP footprint.

As the regional transmission expansion planning authority, SPP works with its members and stakeholders to develop transmission projects needed in the footprint to meet the reliability, economic, and public policy needs. In the OPPD service territory, transmission expansion has recently been focused in the Sarpy County area and will continue to occur in Sarpy County for the next few years. This is part of a comprehensive expansion plan to reliably serve increasing electricity demand for the growing customer base in that area, along with accommodating the interconnection for part of OPPD’s Power with Purpose generation expansion project, which is further described in the Generation Update section below. A new 6.5-mile, high-voltage transmission line, known as the Sarpy Transmission Project (STP), and associated new interconnection high-voltage substation facilities were flagship components of the initial phase of the expansion plan and were energized in 2020. The next phases of the expansion plan began in 2021 and involve three new high-voltage transmission lines totaling approximately 12 miles to be built in Sarpy County along with two new high-voltage substations and other area substation expansions to interconnect the three new transmission lines. This transmission expansion plan, known as the Sarpy Southwest Transmission Project (SSWTP), is an extension of the initial STP plan. It is anticipated the SSWTP will be completed in 2023 with remaining ancillary expansion being completed in 2024.

**Generation Update**

In 2019, OPPD announced the Power with Purpose initiative to add new generation that supports anticipated load growth, the retirement of NOS units 1, 2, and 3 and the conversion of NOS units 4 and 5 to natural gas. The new generation solution includes utility-scale solar of 400-600 megawatts (MW) with up to 600 MW of backup modernized natural gas generation.
The sourcing for the utility scale solar generation began in November 2019. In the spring of 2021, OPPD executed its first utility-scale solar Power Purchase Agreement (PPA) for Platteview Solar, which is an 81-MW solar facility in Saunders County, Nebraska. In order to meet the remaining 400-600 MW of solar generation, OPPD intends to enter into multiple contracts for multiple solar sites in Eastern Nebraska.

In September 2020, OPPD announced the locations and capacity of two backup natural gas generation facilities with onsite secondary fuel storage capability. The Standing Bear Lake Station in Douglas County is co-located with a Metropolitan Utilities District facility. This site will produce approximately 150 MW using reciprocating internal combustion engine assets. The Turtle Creek Station is located in Sarpy County. This second site will produce approximately 450 MW using two simple-cycle combustion turbine assets. The sourcing for these natural gas generation assets began in September 2020. In October 2020, the Nebraska Power Review Board unanimously approved the applications for these new natural gas generation facilities finding that they serve public convenience and necessity, are economical and feasible, and are without unnecessary duplication of facilities. Major equipment contracts were executed in May and June of 2021. In September 2021, OPPD selected Zachry Group as the engineer, procure, and construct vendor for both Standing Bear Lake and Turtle Creek stations. Preliminary grading commenced at both sites in the fall of 2021 and continues into 2022.

**Renewable Capability including Purchased Power Contracts**

Renewable portfolio standards are currently mandated in several states but not in Nebraska. In 2019, the Company established a goal to conduct all of its operations in a manner that strives for net zero carbon production by 2050. OPPD is currently studying pathways to meet this goal as part of the Pathways to Decarbonization Strategic Initiative. OPPD’s renewable generation resources includes a mix of wind, solar, hydro, and methane gas. As of December 31, 2021, the Company had 1,060.3 MW of renewable generation capacity primarily through purchase power agreements.

**Fort Calhoun Station Decommissioning**

In 2016, the OPPD Board of Directors approved a recommendation by management to cease operations at FCS. The station ceased operations on October 24, 2016 and began the decommissioning process. FCS is being decommissioned using the DECON process, which provides for the immediate decontamination and dismantling of the nuclear systems and structures. OPPD contracted with EnergySolutions LLC (ES) to provide technical support during the completion of the DECON process. OPPD retains the license and management responsibility for the facility, while benefitting from the advisory services provided by ES. Key activities in progress include demolition of plant support structures, preparing to begin demolition of buildings containing radioactive plant systems, shipment of waste materials for disposal, and segmentation of the reactor vessel internals.