



MAY 1 9:43 AM

2 0 1 9 A N N U A L R E P O R T

Every day, everywhere

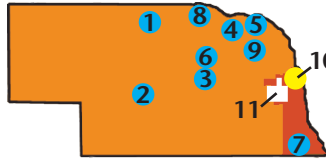
your energy partner[®]
OPPD
Omaha Public Power District

OPPD Service Territory

- Served at Retail
- ▲ Served at Wholesale
- ⊞ Power Station*
- Wind Generation
- Solar Generation
- ★ OPPD Headquarters

* 2019 rated capability

Renewables



WIND ENERGY CENTERS

1. **Ainsworth**
10-megawatt participation agreement
2. **Broken Bow I**
18-megawatt participation agreement
- Broken Bow II**
43.9-megawatt participation agreement
3. **Petersburg**
40.5-megawatt participation agreement
4. **Elkhorn Ridge**
25-megawatt participation agreement
5. **Crofton Bluffs**
13.6-megawatt participation agreement
6. **Prairie Breeze**
200.6-megawatt participation agreement
7. **Flat Water**
60-megawatt participation agreement
8. **Grande Prairie**
400-megawatt participation agreement
9. **Sholes**
160-megawatt participation agreement

SOLAR

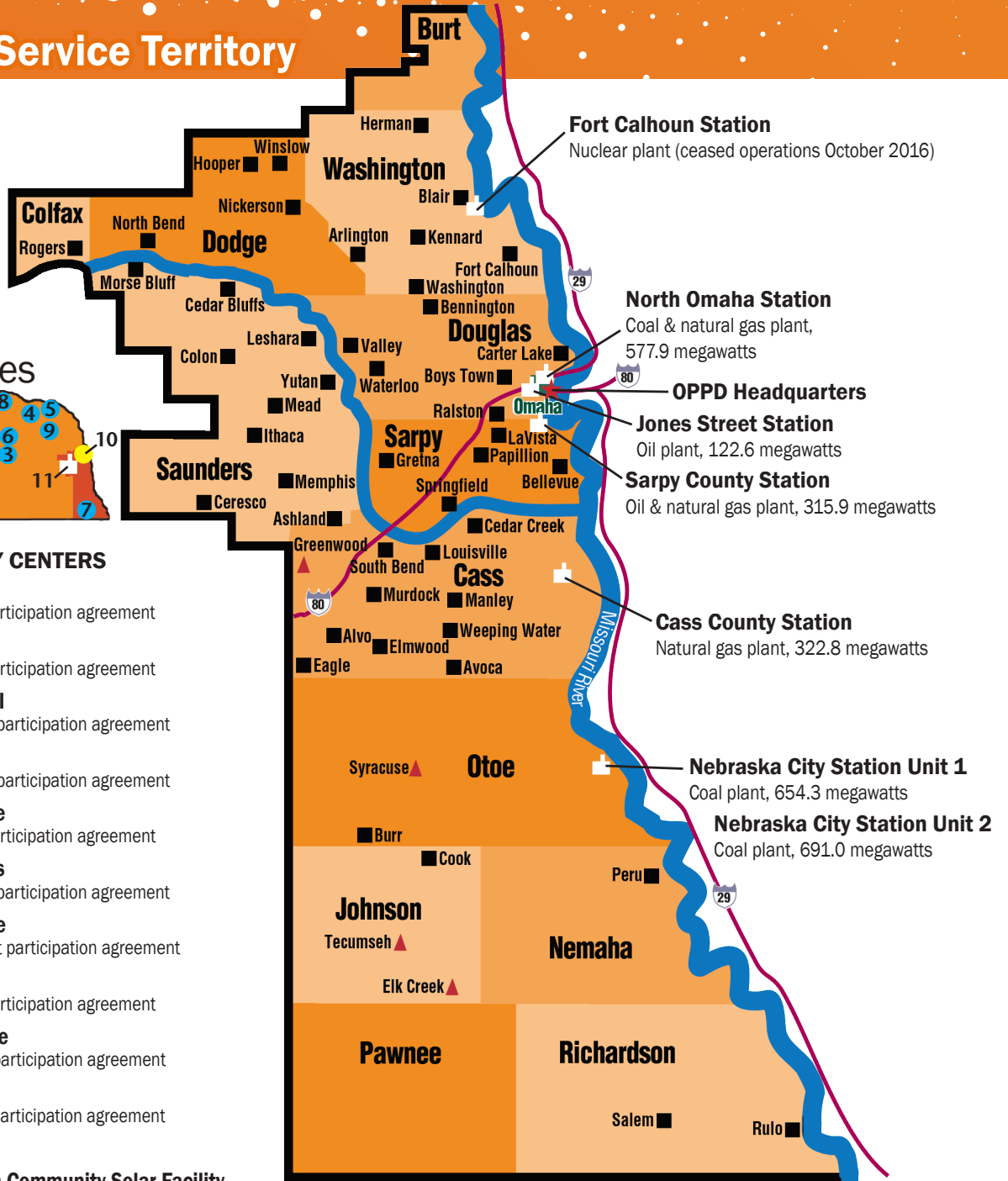
10. **Fort Calhoun Community Solar Facility**
5 megawatts

LANDFILL GAS

11. **Elk City Station**
6.3 megawatts

HYDRO

- From Western Area Power Administration**
81.3 megawatts



About OPPD

Omaha Public Power District is a publicly owned electric utility that serves an estimated population of 855,000 people, more than any other electric utility in the state.

Operating since 1946, the public utility is governed by an elected board of eight directors. While its headquarters is located in Omaha, Neb., OPPD has several other locations in its 13-county, 5,000-square-mile service area in southeast Nebraska.

OPPD uses baseload power facilities fueled by coal and natural gas, peaking units fueled by natural gas and oil, and renewable energy, including wind, landfill gas and hydropower. OPPD's first community solar facility was operational at the end of 2019.

Every day, everywhere

Serving our customers and communities involves small moments few people ever see.

The mechanic tuning up a truck in a garage. An energy marketer monitoring prices to ensure affordable energy. A lineman double-checking the safety of his rig before heading out for the day. A meter technician meeting with a customer affected by flooding.

These moments, often unseen, allow OPPD to provide affordable, reliable and environmentally sensitive energy to our customers. They are at the core of what we do every day. Last year, we chronicled this work in near-real time.

These small moments allow bigger moments to shine.

And 2019 saw some big moments: the announcement that OPPD would add hundreds of megawatts of solar energy to our portfolio, welcoming a new Google data center to our service territory, and heroic efforts to keep the lights on despite historic flooding in eastern Nebraska.

It all starts with that one, small moment. Like a knock on a customer's door or braving floodwaters to keep a substation dry. But OPPD is there, every day and everywhere.



Transportation mechanic Dane Drahota from the Transportation Department in Papillion services an OPPD fleet vehicle.

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Sam Adams, infrastructure engineer, discusses STEM careers with a high school student at a Connect the Dots event in Syracuse, Neb.

On the cover: Jeremy Leech, a line technician working out of Humboldt, worked with a crew installing new electrical service out near Tecumseh, Neb.

Board Chair and CEO Message



President and CEO Timothy J. Burke, left, and Board Chair Craig C. Moody

At Omaha Public Power District, we pride ourselves on being here for our customers and our community each and every day.

Our customers enjoy some of the nation's most affordable, reliable and environmentally sensitive energy services, thanks to the hard and innovative work of our employees.

Across 13 counties in Nebraska, our employees do their part to help our customers thrive. Whether it's local business owners, new homeowners or community leaders, our reliable and affordable services help others achieve big things.

This past year, our employees did work that made us all proud to be part of this utility. In March, historic flooding caused two-thirds of Nebraska's 93 counties to declare emergencies. The OPPD service territory, much of which sits along the Missouri River, was one of the hardest hit. Employees rallied to fill sandbags that protected our generating stations and other infrastructure from rising floodwaters, made emergency repairs in local communities and staffed our operations around the clock for two weeks as our business continuity team monitored those efforts.

Employees were able to protect our infrastructure and keep power on to customers and help those hardest hit return to normalcy.

OPPD's Board of Directors agreed with the recommendation to move Fort Calhoun Station decommissioning from the SAFSTOR method to Deconstruction in 2018, and hired EnergySolutions as our partner on the project in 2019.

The year also saw the completion of our community solar facility, which sits on five acres in Washington County. Shares for this sold out in just 49 days. Later in the year, we announced plans to pursue what will be the state's largest utility-scale solar project at between 400 and 600 megawatts (MW) of solar with natural gas backup.

OPPD also announced plans to reduce carbon emissions to net zero by the year 2050, furthering our role as leaders in the industry. The utility provided more than 30% of retail sales from renewable energy last year and commissioned 165 MW of additional renewables as the Sholes Wind Energy Center (160 MW) and the community solar facility (5 MW) came online at the end of 2019.

OPPD has also maintained its commitment to customers to have no general rate increase for five years. The area received another big economic boost when Google announced plans to build a new data center in Papillion, Neb. OPPD's work was cited in both preparing the area for development and the utility's Rate 261M, which enables large-load, high-voltage-transmission-level customers to meet their renewable energy needs.

In 2019, OPPD also won a number of awards, including Habitat for Humanity's Corporate Partner of the Year and the Urban League of Nebraska's Diversity and Inclusion Champion Award, as well as being named one of Nebraska's Safest Companies by the National Safety Council.

As this report shows, OPPD remains in a strong financial position. At OPPD, we continue to do our part as the valued and dependable energy partner to our customer-owners, making sure our communities continue to thrive, both today and tomorrow.

Timothy J. Burke
President and CEO

Craig C. Moody
Chair of the Board

Board of Directors



Craig C. Moody
Chair of the Board
Business Owner



Rick M. Yoder, P.E.
Vice Chair of the Board
Consultant



Eric H. Williams
Secretary
Natural Resources
Planner



Amanda E. Bogner, P.E.
Treasurer
Business Owner



Michael J. Cavanaugh
Board Member
Omaha Police Lieutenant
(retired)
Security Contractor



Tim W. Gay
Board Member
Governmental Advisor



Anne L. McGuire
Board Member
Nurse Educator
(retired)



Janece M. Mollhoff
Board Member
U.S. Army Nurse
Corps Colonel
(retired)

Senior Management



Timothy J. Burke
President &
Chief Executive Officer



Kate W. Brown
Vice President &
Chief Information
Officer
Assistant Secretary



Juli A. Comstock
Vice President -
Customer Service
Assistant Secretary



L. Javier Fernandez
Vice President &
Chief Financial Officer
Assistant Secretary



Mary J. Fisher
Vice President -
Energy Production
& Nuclear
Decommissioning
Assistant Secretary



Lisa A. Olson
Vice President -
Public Affairs
Assistant Secretary



Martha L. Sedky
Vice President -
Human Capital
Assistant Secretary



Troy R. Via
Vice President -
Energy Delivery
Assistant Secretary



Scott M. Focht
Senior Director -
Corporate Strategy &
Governance



Kevin S. McCormick
Senior Director - Safety
& Technical Training

OPERATIONS REVIEW

In the community

The towns and cities OPPD serves come in all shapes and sizes, spread across 13 counties. But we work every day to ensure they thrive and grow. That includes working to bring jobs and economic development to the area, as well as volunteering our time and talents to groups that serve those in need.

In 2019, OPPD's economic development team was recognized for its efforts to bring a new Google data center to Sarpy County. At an announcement event in October, Google said their partnership with OPPD was one of the key reasons they chose to invest in the area. The relationships the economic development team built with the company will result in hundreds of jobs in the area and growth of the Highway 50 corridor.

Also in 2019, OPPD lent a helping hand in different ways to the communities we serve. Last year, we partnered with Habitat for Humanity Omaha for their Rock the Block event, a partnership that earned OPPD the organization's Corporate Partner of the Year award. OPPD employees participated in many other community events as well. Walking in local parades, rebuilding a ballfield scoreboard and retrofitting motorized cars for children with special needs are just a few of the ways employees honored their community.



MAY 4 10:24 AM

OPPD employees like Justin Gallegos, a Legacy 13 student, participated in the Cinco de Mayo parade in South Omaha.



MAY 7 10:47 AM

An Omaha Henry Doorly Zoo and Aquarium employee is shown feeding a giraffe some of the tree trimmings OPPD supplies the zoo to feed the animals.



MAY 18 8:22 AM

OPPD employees are shown gathering for Rock the Block before heading out and working on some neighborhood homes.

Google announced plans to build a \$600 million data center in Papillion, Neb. The tech giant cited OPPD's rate designed to help meet the needs of large-power, high-voltage transmission-level customers as one of the main reasons for choosing the area.



OCT 4 10:31 AM

On the lines

Power lines and poles are the most recognizable symbols of an electric utility, and they are vital to the reliability and service customers expect. Keeping that equipment in top shape requires small moments like replacing streetlights with more efficient LED fixtures, and large projects like replacing a transmission line as bitter November winds howl.

At every level, maintaining and improving our system allows OPPD to be both reliable and resilient, and ensures stability of the system for decades to come.

The past year presented some unique challenges for the utility, including reinforcing transmission line towers in the middle of a river channel. The historic flooding in March moved the Platte River channel 900 feet west. This meant a tower that used to sit on a river bank was now sitting in the middle of a river current. The thorough planning and evaluation by OPPD engineers ensured the structure would be reinforced prior to potential flooding in 2020.

OPPD also committed to a reliability initiative in 2019 that included a focus on gathering data and monitoring the system to make sure programs put in place are making a difference. Wet weather in recent years resulted in increased tree growth, which also means OPPD must diligently trim trees to prevent outages. Vegetation or trees cause approximately 30% of all outages. By balancing vegetation guidelines with the satisfaction of our customers, we can all work together to keep the power on.



Wyatt Story, an apprentice cable splicer, works in a downtown Omaha vault.



Danielle Cram, senior project manager at Fort Calhoun Station, speaks with a reporter during the March flooding.



APR 1 7:15 AM

A line of trucks roll out for the morning from the Elkhorn Service Center.



MAY 3 7:44 AM

An employee loads supplies, including this power pole, for a day's work at the North Bend office.



APR 17 9:51 AM

Each year, OPPD trims hundreds of miles of trees to help reduce outages from wind, storms and contact with power lines.

Behind the scenes

Every day and everywhere, OPPD employees understand how vital electricity is to our customers' daily lives. That's why we work hard behind the scenes to ensure it arrives to our customers' homes and businesses.

Much of the work we do is never seen by customers: performing maintenance on a power plant generation unit, selling and buying energy for the best price, testing instruments at North Omaha Station, helping a customer on the telephone. These projects may be out of sight, but they are a vital link to serving our customers.

Great examples of this are the complex pieces of machinery and instruments within a power plant. The equipment requires constant monitoring and maintenance. That's why tradespeople such as electricians, welders and steamfitters are so important. Without them and their expertise, OPPD plants would not perform as efficiently as they do. And maintaining efficient power plants means maintaining reliable power for our customers.



Troubleshooter Jessie Robinson, foreground, and several other employees participate in rescue training during OPPD's Annual Safety Training Day.



Wade Hatzenbuehler, combustion turbine technician, is among the many trades people, such as electricians, welders and steamfitters, who constantly monitor power equipment.



APR 10 11:51 AM

Maintenance worker Tyler Christensen tests all the gloves and other safety equipment used by OPPD's frontline workers.



APR 12 1:37 PM



APR 7 2:34 PM

OPPD's energy traders buy and sell energy on the marketplace. Pictured above is Jeremy Benson. At left, steamfitter mechanic, Dave Rakes performs maintenance during a planned outage at Nebraska City Station.

With our customers

Hearing their concerns on their front porch, answering their phone call or talking with them at a rural office, OPPD is available to customers, no matter the situation, every day.

In 2019, historic flooding struck eastern Nebraska and affected many OPPD customers. The road to cleanup and normalcy was a long one. We understood. That's why OPPD worked closely with emergency management agencies and county governments. Together, we ensured the process of reconnecting power to these homes went smoothly. Our community outreach teams set up stations in affected areas where OPPD and county representatives could answer questions and hear concerns about the next steps for these homeowners.

We also joined with Metropolitan Utilities District (MUD) in 2019 to combine our customer service centers at OPPD's downtown Omaha headquarters. Now, customers can pay both bills in the same location, and MUD and OPPD personnel are available to answer questions.

But our contact with customers extends beyond the metro area. For example, our rural office in Louisville is a regular stop for some customers who choose to pay their bills in person. At the office, they find a friendly and familiar face to help with any questions they may have regarding their bill. Those who work at the office are also members of the communities they serve.

That commitment to customers and their needs is something that will never change. It will remain the same today and tomorrow, and every day after. Everywhere.



An OPPD customer and his daughter participate in the 2019 City Nature Challenge at the OPPD Arboretum in Omaha. During the event, cities compete against each other to see who can make the most nature observations.



Matt Patrick, meter apprentice, talks with a customer affected by flooding along the Missouri River. Several teams from the utility fanned out across the hardest-hit areas to help customers and answer questions.



OPPD joined with Metropolitan Utilities District to combine customer service centers at our downtown Omaha headquarters. Customers can pay both bills in the same location and get other assistance.

OPPD's Community Solar array came online in late 2019, allowing customers an opportunity to purchase shares of the renewable energy.



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 net increase/ (decrease) 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 855,000 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).

Condensed Statements of Net Position	2019	2018	2017
Current Assets	\$ 745,334	\$ 826,594	\$ 995,921
Other Long-Term Assets and Special Purpose Funds	2,020,172	2,045,828	1,674,979
Electric Utility Plant	<u>2,597,532</u>	<u>2,525,344</u>	<u>2,531,348</u>
Total Assets	<u>5,363,038</u>	<u>5,397,766</u>	<u>5,202,248</u>
Deferred Outflows of Resources	307,043	224,275	294,319
Total Assets and Deferred Outflows	<u>\$5,670,081</u>	<u>\$ 5,622,041</u>	<u>\$ 5,496,567</u>
Current Liabilities	\$ 386,296	\$ 503,327	\$ 482,657
Long-Term Liabilities	3,860,436	3,775,836	3,835,962
Total Liabilities	<u>4,246,732</u>	<u>4,279,163</u>	<u>4,318,619</u>
Deferred Inflows of Resources	176,927	183,405	87,423
Net Position	<u>1,246,422</u>	<u>1,159,473</u>	<u>1,090,525</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$5,670,081</u>	<u>\$ 5,622,041</u>	<u>\$ 5,496,567</u>

Total Assets and Deferred Outflows

Total Assets in 2019 decreased \$34,728,000 or 0.6% from 2018, primarily due to decreases in Current Assets from holding more Special Purpose Fund investments and Other Long-Term Assets in the Decommissioning Regulatory Asset from additional decommissioning funding. This was partially offset by increases in Special Purpose Funds, as mentioned above, and Electric Utility Plant from increased capital spending.

Deferred Outflows of Resources in 2019 increased \$82,768,000 or 36.9% over 2018, primarily due to increases in the unrealized pension and OPEB losses.

Total Liabilities, Deferred Inflows and Net Position

Total Liabilities in 2019 decreased \$32,431,000 or 0.8% from 2018, primarily due to a reduction of the Decommissioning Liability and the defeasance of Electric System Revenue bonds, which was partially offset by the increase in Commercial Paper and the Pension Liability.

Deferred Inflows of Resources in 2019 decreased \$6,478,000 or 3.5% from 2018, primarily due to decreases in the unrealized pension and OPEB gains, which was partially offset by an increase in the Decommissioning and Benefits Reserve.

Net Position in 2019 increased \$86,949,000 or 7.5% over 2018 based on results of operations.

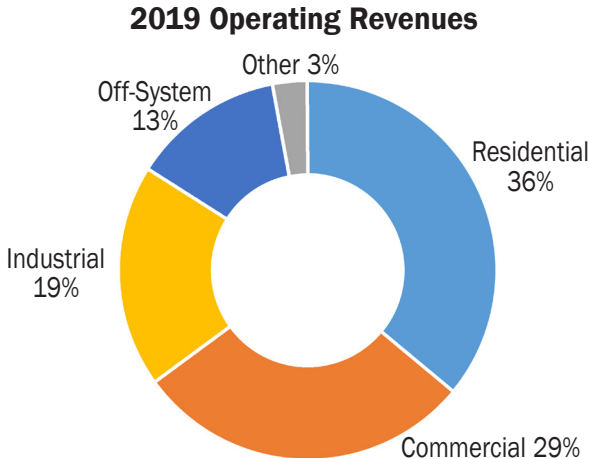
RESULTS OF OPERATIONS

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

Operating Results	2019	2018	2017
Operating Revenues	\$ 1,160,719	\$ 1,156,933	\$ 1,104,301
Operating Expenses	<u>(1,047,274)</u>	<u>(1,033,833)</u>	<u>(975,386)</u>
Operating Income	113,445	123,100	128,915
Other Income (Expenses)	<u>(26,496)</u>	<u>(54,366)</u>	<u>(49,747)</u>
Net Income Before Special Item	86,949	68,734	79,168
Special Item	-	-	(1,972)
Net Income	<u>\$ 86,949</u>	<u>\$ 68,734</u>	<u>\$ 77,196</u>

Operating Revenues

The following chart illustrates 2019 operating revenues by category and percentage of the total.

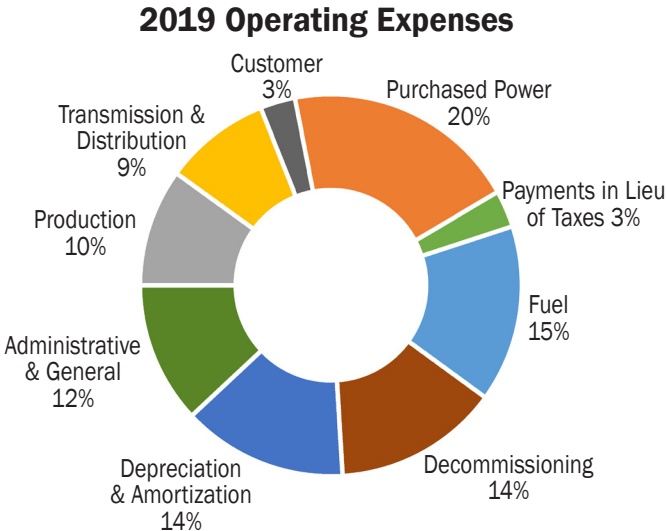


2019 Compared to 2018 – Total operating revenues were \$1,160,719,000 for 2019, an increase of \$3,786,000 or 0.3% over 2018 operating revenues of \$1,156,933,000.

- Revenues from retail sales increased \$35,682,000 or 3.8% over 2018, primarily due to lower contributions to the Decommissioning and Benefits Reserve and an increase in the revenue related to the Fuel and Purchased Power Adjustment, which will be reflected in the 2020 base rate.
- Revenues from off-system sales decreased \$36,205,000 or 19.7% from 2018, primarily due to decreased energy sales volumes in the off-system marketplace.
- Other Electric Revenues include connection charges, late payment charges, rent from electric property, wheeling fees and miscellaneous revenues. These revenues increased \$4,309,000 or 13.0% over 2018, primarily due to higher transmission revenue from Southwest Power Pool (SPP)-related transmission projects.

Operating Expenses

The following chart illustrates 2019 operating expenses by expense classification and percentage of the total.



2019 Compared to 2018 – Total operating expenses were \$1,047,274,000 for 2019, an increase of \$13,441,000 or 1.3% over 2018 operating expenses of \$1,033,833,000.

- Fuel expense decreased \$15,372,000 or 8.7% from 2018, primarily due to planned outages and reduced generation at Nebraska City Station Unit 1 (NC1) and Unit 2 (NC2).
- Purchased Power expense increased \$10,466,000 or 5.3% over 2018, primarily due to higher energy purchase volumes in the SPP marketplace.
- Production expense increased \$19,398,000 or 22.7% over 2018, primarily due to increased maintenance expenses at NC1 due to a significant planned turbine outage.

- Transmission expense decreased \$3,848,000 or 8.9% from 2018, primarily due to decreased transmission fees.
- Distribution expense increased \$3,936,000 or 8.1% over 2018, primarily due to increased reliability and resiliency work, including tree trimming.
- Customer expense increased \$532,000 or 1.4% over 2018, primarily due to increased outside and supporting service costs.
- Administrative and General expense increased \$9,834,000 or 8.7% over 2018, primarily due to increased employee benefit costs.
- Depreciation and Amortization expense increased \$1,376,000 or 1.0% over 2018, primarily due to an increase in electric utility plant assets.
- Decommissioning expense decreased \$12,996,000 or 8.3% from 2018, due to decreased funding of the Decommissioning Trust.
- Payments in Lieu of Taxes expense increased \$115,000 or 0.3% over 2018, due to higher retail revenues.

Other Income (Expenses)

2019 Compared to 2018 – Other income (expenses) totaled (\$26,496,000) in 2019, a decrease of \$27,870,000 from 2018 income (expenses) of (\$54,366,000).

- Interest Expense increased \$64,000 or 0.1% over 2018, primarily due to an increase in interest expense on customer deposits.
- Loss on Reacquired Debt Using Existing Resources increased \$6,439,000 or 202.0% over 2018, due to higher previous losses on reacquired debt.
- Investment Income including Decommissioning Funds increased \$37,092,000 or 250.6% over 2018, due to higher fund balances and unrealized investment earnings in a declining interest rate environment.
- Allowances for Funds Used During Construction (AFUDC) increased \$1,795,000 or 62.2% over 2018, due to higher construction balances subject to AFUDC.
- Products and Services – Net decreased \$667,000 or 18.9% from 2018, due to decreased completed projects. Products and services include energy information systems, Geothermal Loop Heat Exchanger thermal conductivity testing, ECO 24/7 services and Residential Surge Protection.
- Other – Net decreased \$3,846,000 or 52.3% from 2018, primarily due to a decrease in revenue from grants from the Federal Emergency Management Agency (FEMA) to be received in future years. FEMA declared a disaster in OPPD's service territory for the 2019 flood event but the grant cannot yet be recognized as revenue in accordance with Governmental Accounting Standards Board (GASB) guidance.

Net Income

Net income was \$86,949,000 for 2019 compared to \$68,734,000 in 2018. Discretionary changes to the Decommissioning and Benefits Reserve resulted in operating revenues and net income decreasing \$17,000,000 and \$42,500,000 in 2019 and 2018, respectively.

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).

	2019	2018
Electric utility plant	\$4,586,990	\$ 4,429,791
Accumulated depreciation and amortization	(1,989,458)	(1,904,447)
Total electric utility plant – net	<u>\$2,597,532</u>	<u>\$2,525,344</u>

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, including allowances for funds used during construction, for the last two years and budgeted expenditures for 2020 (in thousands).

Capital Program	Budget		Actual
	2020	2019	2018
Transmission and distribution	\$ 85,174	\$ 137,774	\$ 85,804
Production	83,085	39,995	13,747
General	61,741	28,532	28,328
Total	<u>\$230,000</u>	<u>\$206,301</u>	<u>\$127,879</u>

Actual and budgeted expenditures for 2018 through 2020 include the following:

- 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, the Light Emitting Diode (LED) Street Light Conversion Project, and the Transmission and Distribution Improvement Program, which focuses on cable, conductor, and pole replacements.
- Production expenditures include equipment to maintain reliability, enhance efficiency and comply with environmental regulations. Budgeted expenditures include 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.
- General plant expenditures include fleet vehicles, construction equipment, information technology equipment and software upgrades. Budgeted expenditures include telecommunications equipment and information technology upgrades.

Details of the Company's electric utility plant asset balances and activity are included in Note 1 in the Notes to Financial Statements.

CASH AND LIQUIDITY

Cash Flows

There was a decrease in cash and cash equivalents of \$4,047,000 during 2019 and a decrease of \$4,656,000 during 2018.

The following table illustrates the cash flows by activities for the years ended December 31 (in thousands).

Cash Flows	2019	2018	2017
Cash Flows from Operating Activities	\$291,485	\$347,322	\$367,874
Cash Flows from Noncapital Financing Activities	267	650	-
Cash Flows from Capital and Related Financing Activities	(314,830)	(260,612)	(247,306)
Cash Flows from Investing Activities	19,031	(92,016)	(124,163)
Change in Cash and Cash Equivalents	<u>\$ (4,047)</u>	<u>\$ (4,656)</u>	<u>\$ (3,595)</u>

Cash flows from operating activities consist of transactions involving changes in current assets, current liabilities and other transactions that affect operating income.

- Cash flows provided from operating activities for 2019 decreased \$55,837,000 from 2018, primarily due to a decrease in cash received from off-system counterparties and an increase in cash paid to off-system counterparties.

Cash flows from noncapital financing activities consist of transactions involving proceeds from federal and state agencies, such as grants.

- Cash flows provided from noncapital financing activities for 2019 decreased \$383,000 from 2018, due to a decrease in cash received from federal and state agencies.

Cash flows from capital and related financing activities consist of transactions involving long-term debt and the acquisition and construction of capital assets.

- Cash flows used for capital and related financing activities for 2019 increased \$54,218,000 over 2018, primarily due to an increase in cash paid for the principal reduction of debt and the acquisition and construction of capital assets, partially offset by an increase in the proceeds from debt issuances.

Cash flows from investing activities consist of transactions involving purchases and maturities of investment securities and investment income.

- Cash flows provided from investing activities for 2019 increased \$111,047,000 over 2018, primarily due to increased maturities and sales of investments, partially offset by an increase in purchases of investments.

Financing

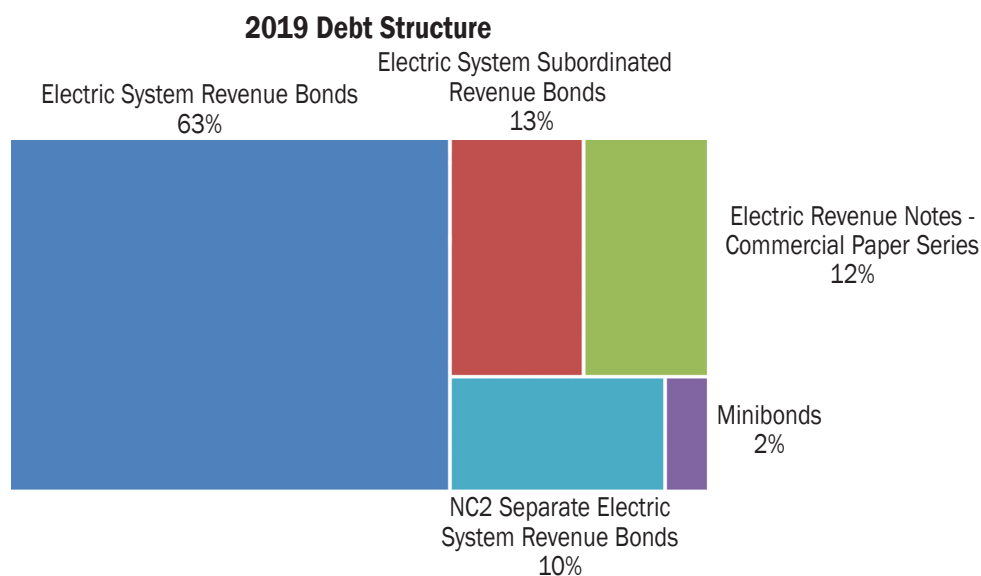
Sufficient liquidity is maintained to ensure working capital is available for normal operational needs and unexpected, but predictable, risk events. OPPD's liquidity includes cash, marketable securities and a line of credit. Debt offerings also provide a significant source of liquidity for capital investments 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 2020 financing plan does not anticipate any new debt issuances.

OPPD utilized \$172,045,000 of existing resources to legally defease senior debt principal totaling \$157,420,000 in 2019. This fully defeased the 2011 Series B and 2012 Series A Electric System Revenue Bonds and partially defeased the 2012 Series B and the 2015 Series B Electric System Revenue Bonds. One Electric System Revenue Bond issue totaling \$137,755,000 was also completed in 2019. The proceeds were used to reimburse capital expenditures. OPPD increased its outstanding Commercial Paper from \$150,000,000 to \$230,100,000 in 2019. The proceeds were used to partially refund the 2014 Series AA Electric System Subordinated Revenue Bonds and fully refund the 2014 Series BB Electric System Subordinated Revenue Bonds. Repayments of \$44,635,000 of Electric System Revenue Bonds, \$1,175,000 of Electric System Subordinated Revenue Bonds including put payments, \$3,350,000 of NC2 Separate Electric System Revenue Bonds, and \$175,600 of the Minibonds were made in 2019.

The Company has in place a Credit Agreement for \$250,000,000 that was renewed in 2019 and expires on January 1, 2023. The Credit Agreement supports the Commercial Paper Program, in addition to providing another source of working capital, if needed. There were no amounts outstanding under this Credit Agreement as of December 31, 2019 or 2018. There was \$230,100,000 and \$150,000,000 of Commercial Paper outstanding as of December 31, 2019 and 2018, respectively.

The following chart illustrates the debt structure and percentage of the total as of December 31, 2019.



Details of the Company's debt balances and activity are included in Note 5 in the Notes to Financial Statements.

Debt Service Coverage for Electric System Revenue Bonds

Debt service coverage for the Electric System Revenue Bonds was 3.50 and 3.58 in 2019 and 2018, 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 2019 and 2018 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 58.7% and 61.3% at December 31, 2019 and 2018, 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, 2019.

	S&P	Moody's
Electric System Revenue Bonds	AA	Aa2
Electric System Subordinated Revenue Bonds	AA-	Aa3
Electric System Revenue Notes - Commercial Paper Series	A-1+	P-1
Minibonds*	AA-	Aa3
NC2 Separate Electric System Revenue Bonds (2015A, 2016A)	A+	A1

* Payment of the principal and interest on the Minibonds, when due, is insured by a financial guaranty bond insurance policy.

ELECTRIC RATES

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 11.30 and 11.21 cents per kilowatt-hour (kWh) in 2019 and 2018, respectively. The national average residential cents per kWh according to the Energy Information Administration (EIA), U.S. Department of Energy, was 13.04 for 2019 (preliminary year-to-date December 2019) and 12.87 cents per kWh for 2018. Based on the EIA data, OPPD residential rates were 13.3% and 12.9% below the national average for 2019 and 2018, respectively.

Retail customers paid an average of 8.90 cents per kWh in 2019 and 2018. The national average retail cents per kWh according to the EIA, was 10.60 for 2019 (preliminary year-to-date December 2019) and 10.53 cents per kWh for 2018. Based on the EIA data, OPPD retail rates were 16.0% and 15.5% below the national average for 2019 and 2018, respectively.

There were no general rate adjustments in 2019 and 2018. There was no FPPA rate adjustment in 2019. There was an FPPA rate adjustment of 17.0% in January 2018 that increased the average customer bill by 0.3%. In addition, there were no general rate or FPPA adjustments implemented in January 2020. The Company has committed to no general rate adjustments through December 2021.

RISK MANAGEMENT

Risk-Management Practices

The Company maintains an Enterprise Risk Management (ERM) program to help ensure strategic objectives are achieved. The 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 periodically reviewed to provide focused and consistent efforts to mitigate various risk exposures.

Several cross-functional risk committees and an Executive ERM Committee, which includes the senior management team and legal counsel, are utilized to discuss and analyze the potential risks that could hinder the achievement of the Company's objectives. Additionally, the Company has established criteria for risk escalation and oversight. The risks are evaluated periodically and will be escalated to the appropriate oversight levels, up to and including the Board of Directors, when

applicable. An overview of the ERM program is provided to the Board of Directors annually.

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 guidelines for transacting in the marketplace with the intent to mitigate 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.

A Rate Stabilization Reserve was established in 1999 to assist in stabilizing retail electric rates. The balance of the reserve was \$50,000,000 as of December 31, 2019 and 2018. The balance of the fund was \$50,000,000 as of December 31, 2019 and 2018.

A Decommissioning and Benefits Reserve was established in 2016 to assist in funding future decommissioning expenses beyond what was established in the current funding plan in any given year and future pension liabilities above the actuarially determined contribution. The Company added \$17,000,000 and \$42,500,000 to the reserve in December 2019 and 2018, respectively. The balance of the reserve was \$94,000,000 and \$77,000,000 as of December 31, 2019 and 2018, respectively. The balance of the fund was \$77,000,000 and \$34,500,000 as of December 31, 2019 and 2018, respectively. The Company added \$17,000,000 to the fund in 2020.

The Company promotes ethical business practices and the highest standards in the reporting and disclosure of financial information. The Sarbanes-Oxley Act (Act) is intended to strengthen corporate governance of publicly traded companies. As a public utility, the Company is not required to comply with the Act, but the application of these requirements, where appropriate, ensures continued public trust in OPPD, protects the interest of its stakeholders and is a sound business practice. One of the most significant requirements of the Act pertains to management's documentation and assessment of internal controls. The Company's management assesses internal controls for significant business processes that impact financial reporting. This assessment includes documenting procedures, risks and controls for these processes, and assessing the effectiveness and operation of the internal controls. In addition, the Company contracts with an independent third-party to administer the receipt, communication and retention of employee concerns regarding business and financial practices.

Other Reserves

Other reserves are maintained to recognize potential events that arise in the normal course of business. Additional information about other reserves follows.

- The Electric System Revenue Bond Fund contains a reserve in accordance with OPPD's bond indenture to maintain an amount in reserve equal to the maximum amount required to be paid in interest in any calendar year.
- The Workers' Compensation and Public Liability Reserves are established for the estimated liability for current workers' compensation and public liability claims.
- The Incurred But Not Presented Reserve is an insurance reserve that is required by state law because the Company is self-insured for healthcare costs. The reserve is based on health insurance claims that have been incurred but not yet presented for payment.
- The Uncollectible Accounts Reserve was established for estimated uncollectible accounts from retail sales and property damage claims.

RESOURCE PLANNING AND GENERATION UPDATE

Southwest Power Pool Integrated Marketplace and Transmission Planning

OPPD is a transmission-owning member of SPP, and all of OPPD's transmission facilities are under the SPP Open Access Transmission Tariff (OATT). 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. One of SPP's regional transmission projects is the Elkhorn River Valley Transmission Project, which is a joint effort between OPPD and the City of Fremont to connect an OPPD substation in Blair, NE with a substation in Fremont, NE. The 23-mile line, consisting of a 161-kilovolt (kV) segment and a 69-kV segment, was completed and energized in 2019. This project will support the growing demand for electricity and improve reliability. OPPD and the City of Fremont shared the costs of the project, with OPPD paying 40 percent of the total costs and owning the line. Additionally, a portion of the project will receive regional funding under the SPP OATT.

In addition, OPPD is expanding its system in the Sarpy County, NE area as well. As part of a development plan to support significant growth in this area, OPPD is expanding existing and constructing new high-voltage substation and transmission facilities. This expansion is led by a new 6.5-mile transmission line known as the Sarpy Transmission Project (STP), consisting of both 345-kV and 161-kV facilities co-located on common tower structures. The STP line is scheduled to be energized in early 2020.

Generation Update

In October 2019, OPPD announced the Power with Purpose initiative to add new generation that supports anticipated load growth, the retirement of North Omaha Station (NOS) units 1, 2 and 3 and the conversion of NOS units 4 and 5 to natural gas. The new generation options include utility-scale solar of 400-600 megawatts (MW) and up to 600 MW of modernized natural gas assets. In November 2019, the Board of Directors granted approval to negotiate and enter into a contract(s) for utility-scale solar and natural gas generation. As a result, a request for proposal was issued in November 2019 for utility-scale solar generation. A request for proposal for new natural gas generation is planned to be issued in 2020.

Renewable Capability including Purchased Power Contracts

Renewable portfolio standards are currently mandated in several states but not in Nebraska. In November 2019, the Company established a goal of conducting all of its operations in a manner that strives for net zero carbon production by 2050. The addition of the Sholes Wind Energy Center and the Fort Calhoun Community Solar Facility in 2019 added 160.0 MW and 5.0 MW, respectively, of renewable generation. With these additions, OPPD had a total of 1,064.2 MW of renewable capability as of December 31, 2019, which includes wind, hydro, solar, and landfill gas generation. The planned addition of utility-scale solar generation as a future generating source included in the Power with Purpose initiative will increase OPPD's renewable generation.

Fort Calhoun Station Update

In June 2016, the OPPD Board of Directors approved a recommendation by management to cease operations at the Fort Calhoun Station (FCS) by December 31, 2016, and begin the decommissioning process using the safe storage (SAFSTOR) methodology. The decision was made after a review of the Company's generation resource portfolio, and the station ceased operations on October 24, 2016. Upon completion of a third-party, site-specific cost study in 2016, OPPD recorded an increase to the decommissioning liability. The Board of Directors also approved a regulatory asset to match the decommissioning expense with the decommissioning funding amounts collected through retail rates. In December 2019, the Board of Directors approved a revision to the regulatory accounting for decommissioning expense to match the expense to the amounts funded from both retail rates and realized decommissioning fund investment income starting in 2020.

OPPD entered into an agreement with EnergySolutions LLC (ES) in February 2017 for decommissioning support services. In October 2018, the Board of Directors approved a recommendation by management to transition the decommissioning process from SAFSTOR to the immediate dismantling (DECON) methodology. DECON provides for the immediate decontamination and dismantling of the nuclear systems and structures. In November 2018, the Board of Directors approved a recommendation by management to complete the DECON process using an OPPD-led, with contractor support, approach to the project. The Board of Directors also authorized and directed management to complete negotiations and enter into a contract with a qualified contractor to assist OPPD with completing the DECON process. Effective May 1, 2019, OPPD contracted with 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.

ENVIRONMENTAL AND REGULATORY UPDATES

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.

On June 19, 2019, the Environmental Protection Agency (EPA) issued the final Affordable Clean Energy (ACE) rule, which replaces the previously issued Clean Power Plan. The ACE rule establishes emission guidelines for states to develop plans to address greenhouse gas emissions from existing coal-fired power plants. The final rule shifted more responsibility to states to develop plans regulating greenhouse gas emissions from coal-fired power plants. On August 13, 2019, numerous states and cities petitioned the U.S. Court of Appeals for the District of Columbia Circuit to review the EPA's final rule repealing the Clean Power Plan and finalizing the ACE rule. During August and September 2019, representatives from industry and other states also filed motions to intervene, and the court granted these motions on September 11, 2019. OPPD will continue to monitor the regulation and evaluate compliance options as new information develops. The state plan must be submitted to the EPA by July 8, 2022. The EPA then has 18 months to approve the state plan, with compliance required no later than July 8, 2024.

The EPA published the Cross-State Air Pollution Rule (CSAPR) requiring designated states, including Nebraska, to significantly improve air quality by reducing generating station emissions contributing to ozone and fine particle pollution in other states. Specifically, the rule requires significant reductions in sulfur dioxide (SO₂) and nitrous oxide (NO_x) emissions crossing state lines. The final CSAPR rule established a cap-and-trade system with state- and unit-specific allowance allocations to achieve the desired emission reductions for SO₂ and NO_x. Implementation of Phase I of the final rule began in 2015, and implementation of Phase II began in 2017. As a result of NOS Units 1, 2 and 3 (NO1, NO2, and NO3) ceasing coal-fired generation, the Company will likely not need to purchase additional allowances in the future to comply with CSAPR.

The EPA issued regulations under Section 316(b) Rule of the Clean Water Act (316(b) Rule). The 316(b) Rule is designed to reduce fish mortality associated with the use of once-through cooling by power generating stations. Facilities are required to choose one of seven options to reduce fish impingement. OPPD completed Entrainment Characterization Studies at NOS, and Nebraska City Station (NCS) in August 2018. OPPD completed the Comprehensive Technical Feasibility and Cost Evaluation Studies and Non-Water Quality Environmental Impacts Studies in September 2018. These studies were forwarded, as required by regulation, to a third-party for peer review in early 2019. All required studies were submitted to the Nebraska Department of Environment and Energy (NDEE) in June 2019 for review. Once the NDEE completes the review, OPPD will coordinate with the NDEE to incorporate any requirements into the stations' National Pollutant Discharge Elimination System permits. The effective date for the renewed permits is expected to be January 1, 2021. The cost for compliance is not expected to be material at this time.

On April 17, 2015, the EPA promulgated technical requirements for the Coal Combustion Residuals (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 on October 19, 2015, and the Company is in compliance with the requirements. The Company continues to assess and implement compliance strategies associated with this regulation by required dates. On September 14, 2017, the EPA granted two petitions for the reconsideration of the CCR rule stating that it will review the existing rule and consider improvements that may help states tailor their CCR permitting programs. On March 15, 2018, the EPA proposed to amend the regulations for the disposal of CCR from electric utilities. The proposed rule establishes risk-based alternatives for implementing the CCR requirements, flexibility in meeting key prescriptive CCR requirements, and relief on uppermost aquifer location restrictions. Comments were collected by the EPA through April 30, 2018, and the final rule was effective August 29, 2018. On August 14, 2019, the EPA proposed to further amend the CCR rule by revising annual groundwater monitoring and corrective action report requirements, establishing an alternate risk-based groundwater protection standard for boron, and preparing revisions to the EPA's CCR website. Furthermore, the EPA proposed amendments to the closure regulations in response to recent court decisions and collected comments through January 31, 2020. The changes outlined in the latest proposal would not be applicable to OPPD's operations. OPPD will continue to monitor changes in the regulation and evaluate compliance options as new information is available. In accordance with 40 CFR 257.95(g), OPPD published notification on February 14, 2019, that constituents detected in groundwater monitoring wells at

the NOS ash landfill resulted in statistically significant increases above Groundwater Protection Standards. On May 1, 2019, OPPD initiated corrective measures at the NOS ash landfill and is following the applicable protocols. OPPD is currently in the process of evaluating all viable remedial options.

The EPA issued the Mercury and Air Toxics Standard (MATS), which places strict limitations on emissions of mercury, non-mercury metallic hazardous air pollutants and acid gases. Compliance with the new rule was necessary by April 16, 2015, for NC2 and April 16, 2016, for NOS Units 4 and 5 (NO4 and NO5) and NC1. NO1, NO2, and NO3 were refueled from coal to natural gas prior to April 16, 2016, which results in this standard no longer applying to these units. No new emissions-control equipment was required to comply with the new requirements for NC2, although a new mercury-monitoring system was installed. OPPD retrofitted NO4, NO5 and NC1 with basic emission controls. Dry Sorbent Injection and Activated Carbon Injection are being used, as necessary, on all of these units to comply with the MATS rule.

Federal Energy Legislation

The 116th United States Congress started in January 2019, and no major legislative packages were passed in 2019 that affect OPPD operations. Congress began to set the groundwork for future legislation such as energy packages on energy efficiency and energy storage; energy tax extenders with new energy tax incentives; and cyber security focused on supply chain, data privacy, and enhanced information sharing. A package of appropriations bills was enacted that included funding for the Low Income Home Energy Assistance Program, which is important to OPPD and Nebraska as it supports our customers.

Several pieces of legislation were introduced regarding carbon taxes, net zero carbon emissions by 2050, energy storage, energy efficiency, energy workforce, hydropower, electric vehicles, and various other areas. OPPD continues to monitor the status of energy and environmental legislation in Congress and provides input through public power industry groups and the Nebraska Congressional Delegation.

State of Nebraska Energy Legislation

The 106th Nebraska Legislature started in January 2019. Two energy-related bills were passed and signed into law by the Governor. Legislative Bill (LB) 218 reclassified utility poles as real property to ensure sales tax would not be imposed on attachments and contracted labor to work on utility infrastructure. The other energy-related bill was LB 16, which allows utilities to withhold certain records relating to critical infrastructure. These two legislative bills were important for public power.

Other bills of interest were an expansion of net metering, a state climate change study, electric vehicle issues such as additional fees and how to allocate the Volkswagen settlement funds, and legislation on the decommissioning of wind turbines. None of these bills were enacted. OPPD continues to monitor the status of energy and environmental legislation in the Legislature and provides input, as needed.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions could affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources as of the date of the financial statements, the reported amounts of revenues and expenses during the reporting period, and the disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates.

These estimates could materially impact the financial statements and disclosures based on varying assumptions that could be used. The financial and operating environment may have a significant effect on the operation of the business and on the results reported through the application of accounting measures used in preparing the financial statements and related disclosures, even if the nature of the accounting estimates and assumptions has not changed.

The following is a list of accounting estimates and assumptions that are significant to OPPD's financial condition and results of operation and require management's most significant, subjective or complex judgments. Each of these has a higher likelihood of resulting in materially different reported amounts under different conditions or using different assumptions.

Significant Accounting Estimates and Assumptions

Judgments/Uncertainties Affecting Application

Asset Retirement Obligations	<ul style="list-style-type: none"> • Estimates for remaining useful life of the associated asset • Cost estimates for future asset retirement activities • Governmental laws and regulations
Depreciation and Amortization Rates of Assets	<ul style="list-style-type: none"> • Estimates for approximate useful lives
Environmental Matters	<ul style="list-style-type: none"> • Approved methods for cleanup • Governmental regulations and standards • Cost estimates for future remediation options
Nuclear Decommissioning	<ul style="list-style-type: none"> • Cost estimates for future decommissioning • Availability of facilities for waste disposal • Approved methods for waste disposal
Regulatory Mechanisms and Cost Recovery	<ul style="list-style-type: none"> • External regulatory requirements • Anticipated future regulatory decisions and their impact
Retirement Plan and Other Postemployment Benefits	<ul style="list-style-type: none"> • Assumptions used in computing the Net Pension Liability and Net OPEB Liability, including discount rate, healthcare trend rates and expected rate of return on Plan assets • Plan design
Self-Insurance Reserves for Claims for Employee-related Healthcare Benefits, Workers' Compensation and Public Liability	<ul style="list-style-type: none"> • Cost estimates for claims • Assumptions used in computing the liabilities
Unbilled Revenue	<ul style="list-style-type: none"> • Estimates for customer energy use and prices
Uncollectible Accounts Reserve	<ul style="list-style-type: none"> • Economic conditions affecting customers • Assumptions used in computing the reserve

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 Senior Executive and Financial Officers and the Controller, 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 conformity 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.



Timothy J. Burke
President and Chief Executive Officer



L. Javier Fernandez
Vice President and Chief Financial Officer

Independent Auditor's Report

Board of Directors
Omaha Public Power District
Omaha, Nebraska



We have audited the accompanying 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, 2019 and 2018, and the related notes to the financial statements, which collectively comprise OPPD's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019 OPPD adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

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, 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

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise OPPD's basic financial statements. The statistics as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statistics have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

BKD, LLP

Omaha, Nebraska
March 12, 2020

Omaha Public Power District

Statements of Net Position

as of December 31, 2019 and 2018

ASSETS	2019	2018
	<i>(thousands)</i>	
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,351	\$ 5,398
Electric system revenue fund	25,000	101,942
Electric system revenue bond fund	71,691	72,100
Electric system subordinated revenue bond fund	5,255	6,564
Electric system construction fund	164,022	168,801
NC2 separate electric system revenue fund	15,811	14,925
NC2 separate electric system revenue bond fund	17,851	17,803
NC2 separate electric system capital costs fund	5,660	6,563
Accounts receivable – net	131,109	132,631
Fossil fuels – at average cost	30,475	27,876
Materials and supplies – at average cost	80,509	80,910
Regulatory asset – FCS decommissioning	123,600	143,000
Derivative instruments (Note 8)	107	575
Other (Note 2)	72,893	47,506
Total current assets	<u>745,334</u>	<u>826,594</u>
SPECIAL PURPOSE FUNDS – at fair value		
Electric system revenue bond fund – net of current	57,625	56,381
Segregated fund – rate stabilization (Note 3)	50,000	50,000
Segregated fund – decommissioning and benefits (Note 3)	77,000	34,500
Segregated fund – other (Note 3)	65,402	59,989
Electric system construction fund – net of current	166,135	181,657
Decommissioning funds (Note 3)	549,035	465,956
Total special purpose funds	<u>965,197</u>	<u>848,483</u>
ELECTRIC UTILITY PLANT – at cost		
Electric utility plant	4,586,990	4,429,791
Less accumulated depreciation and amortization	1,989,458	1,904,447
Total electric utility plant – net	<u>2,597,532</u>	<u>2,525,344</u>
OTHER LONG-TERM ASSETS		
Regulatory asset – FCS decommissioning – net of current	181,344	325,720
Regulatory assets (Note 2)	752,096	762,578
Other (Note 2)	121,535	109,047
Total other long-term assets	<u>1,054,975</u>	<u>1,197,345</u>
TOTAL ASSETS	<u>5,363,038</u>	<u>5,397,766</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unrealized pension contributions and losses (Note 6)	176,084	114,498
Unrealized OPEB contributions and losses (Note 6)	53,572	20,028
Unamortized loss on refunded debt	63,277	79,690
Ash landfill	10,188	9,873
Asset retirement obligations	3,851	-
Accumulated decrease in fair value of hedging derivatives (Note 8)	71	186
Total deferred outflows of resources	<u>307,043</u>	<u>224,275</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 5,670,081</u>	<u>\$ 5,622,041</u>

See notes to financial statements

Omaha Public Power District

Statements of Net Position

as of December 31, 2019 and 2018

LIABILITIES	2019	2018
	(thousands)	
CURRENT LIABILITIES		
Electric system revenue bonds (Note 5)	\$ 47,390	\$ 44,635
Electric system subordinated revenue bonds (Note 5)	825	1,120
Electric revenue notes – commercial paper series (Note 5)	-	150,000
NC2 separate electric system revenue bonds (Note 5)	3,495	3,350
Accounts payable	90,302	79,477
Accrued payments in lieu of taxes	33,944	33,832
Accrued interest	33,855	35,747
Accrued payroll	26,979	25,946
Decommissioning (Note 11)	126,851	114,080
Hedging derivative instruments (Note 8)	71	186
Other (Note 2)	22,584	14,954
Total current liabilities	386,296	503,327
LIABILITIES PAYABLE FROM SEGREGATED FUNDS (Note 2)	57,723	53,294
LONG-TERM DEBT (Note 5)		
Electric system revenue bonds – net of current	1,208,640	1,275,695
Electric system subordinated revenue bonds – net of current	253,840	334,820
Electric revenue notes – commercial paper series (Note 5)	230,100	-
Minibonds	31,211	30,755
NC2 separate electric system revenue bonds – net of current	205,150	208,645
Total long-term debt	1,928,941	1,849,915
Unamortized discounts and premiums	191,718	189,748
Total long-term debt – net	2,120,659	2,039,663
OTHER LIABILITIES		
Decommissioning – net of current (Note 11)	779,105	911,649
Pension liability (Note 6)	589,108	476,395
Net OPEB liability (Note 6)	259,590	249,560
Other (Note 2)	54,251	45,275
Total other liabilities	1,682,054	1,682,879
TOTAL LIABILITIES	4,246,732	4,279,163
DEFERRED INFLOWS OF RESOURCES		
Rate stabilization reserve (Note 7)	50,000	50,000
Decommissioning and benefits reserve (Note 7)	94,000	77,000
Unrealized pension gains (Note 6)	13,057	23,278
Unrealized OPEB gains (Note 6)	19,817	32,467
Accumulated increase in fair value of hedging derivatives (Note 8)	53	575
Unamortized gain on refunded debt	-	85
Total deferred inflows of resources	176,927	183,405
NET POSITION		
Net investment in capital assets	536,952	427,266
Restricted	140,275	139,577
Unrestricted	569,195	592,630
Total net position	1,246,422	1,159,473
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$5,670,081	\$5,622,041

Omaha Public Power District

Statements of Revenues, Expenses and Changes in Net Position

for the Years Ended December 31, 2019 and 2018

	2019	2018
	<i>(thousands)</i>	
OPERATING REVENUES		
Retail sales	\$ 975,807	\$940,125
Off-system sales	147,509	183,714
Other electric revenues	37,403	33,094
Total operating revenues	<u>1,160,719</u>	<u>1,156,933</u>
OPERATING EXPENSES		
Operations and maintenance		
Fuel	161,737	177,109
Purchased power	206,742	196,276
Production	104,771	85,373
Transmission	39,293	43,141
Distribution	52,633	48,697
Customer	37,358	36,826
Administrative and general	122,356	112,522
Total operations and maintenance	<u>724,890</u>	<u>699,944</u>
Depreciation and amortization	144,350	142,974
Decommissioning	143,004	156,000
Payments in lieu of taxes	35,030	34,915
Total operating expenses	<u>1,047,274</u>	<u>1,033,833</u>
OPERATING INCOME	<u>113,445</u>	<u>123,100</u>
OTHER INCOME (EXPENSES)		
Interest expense	(79,812)	(79,748)
Loss on reacquired debt using existing resources	(9,626)	(3,187)
Contributions in aid of construction	17,208	20,565
Reduction of plant costs recovered through contributions in aid of construction	(17,208)	(20,565)
Decommissioning funds - investment income	29,988	2,952
Investment income	21,904	11,849
Allowances for funds used during construction	4,683	2,888
Products and services - net	2,862	3,529
Other - net (Note 9)	3,505	7,351
Total other income (expenses) - net	<u>(26,496)</u>	<u>(54,366)</u>
NET INCOME	<u>86,949</u>	<u>68,734</u>
NET POSITION, BEGINNING OF YEAR	<u>1,159,473</u>	<u>1,090,739</u>
NET POSITION, END OF YEAR	<u>\$1,246,422</u>	<u>\$1,159,473</u>

See notes to financial statements

Omaha Public Power District Statements of Cash Flows

for the Years Ended December 31, 2019 and 2018

	2019	2018
	<i>(thousands)</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from retail customers	\$ 999,276	\$ 1,000,788
Cash received from sales tax	47,389	47,290
Cash received from off-system counterparties	157,201	197,498
Cash received from other sources	6,049	6,485
Cash paid for sales tax	(47,310)	(47,064)
Cash paid to operations and maintenance suppliers	(408,384)	(409,811)
Cash paid to off-system counterparties	(207,016)	(200,803)
Cash paid to employees	(139,661)	(135,776)
Cash paid to pension and OPEB obligations	(81,142)	(77,268)
Cash paid for in lieu of taxes and other taxes	(34,917)	(34,017)
Net cash provided from operating activities	<u>291,485</u>	<u>347,322</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from federal and state agencies	<u>267</u>	650
Net cash provided from noncapital financing activities	<u>267</u>	<u>650</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from debt issuances	251,423	168,118
Principal reduction of debt	(286,856)	(229,203)
Interest paid on debt	(102,669)	(99,011)
Acquisition and construction of capital assets	(201,510)	(138,178)
Contributions in aid of construction and other reimbursements	24,782	37,662
Net cash used for capital and related financing activities	<u>(314,830)</u>	<u>(260,612)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,906,944)	(2,016,618)
Maturities and sales of investments	1,965,944	1,960,104
Purchases of investments for decommissioning funds	(513,889)	(251,966)
Maturities and sales of investments in decommissioning funds	446,933	199,090
Investment income	26,987	17,374
Net cash provided from (used for) investing activities	<u>19,031</u>	<u>(92,016)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(4,047)	(4,656)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,398	10,054
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,351	\$ 5,398

See notes to financial statements

Omaha Public Power District Statements of Cash Flows

for the Years Ended December 31, 2019 and 2018

The following table provides a reconciliation of the statements of cash flows from operating activities to operating income as of December 31.

	2019	2018
	<i>(thousands)</i>	
Operating income	\$ 113,445	\$ 123,100
Adjustments to reconcile operating income to net cash provided from operating activities:		
Depreciation and amortization	129,430	128,138
Changes in assets and liabilities:		
Accounts receivable	(834)	1,512
Fossil fuels	(2,599)	7,163
Materials and supplies	401	(1,902)
Accounts payable	(1,703)	(4,562)
Accrued payments in lieu of taxes and other taxes	113	899
Accrued payroll	1,033	884
SPP and other special deposits	(3,103)	(4,821)
Decommissioning and benefits reserve	17,000	42,500
Regulatory assets	24,804	51,443
Other	13,498	2,968
Net cash provided from operating activities	<u>\$ 291,485</u>	<u>\$ 347,322</u>

The following table summarizes the supplemental disclosure of noncash capital, financing and investing activities as of December 31.

	2019	2018
	<i>(thousands)</i>	
NONCASH CAPITAL, FINANCING AND INVESTING ACTIVITIES		
Electric utility plant additions from outstanding liabilities	\$ 24,690	\$ 13,365
Net amortization of debt-related expenses, premiums and discounts	257	7,353
Allowances for funds used during construction	5,029	2,888
Changes in fair value on investments	24,159	(4,706)

See notes to financial statements

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Omaha Public Power District

Statements of Fiduciary Net Position

as of December 31, 2019 and 2018

ASSETS	2019	2018
	<i>(thousands)</i>	
Investments		
Investments, at fair value	\$1,755,275	\$1,509,788
Investments, at contract value	10,210	11,836
Total investments	<u>1,765,485</u>	<u>1,521,624</u>
Receivables		
Accrued interest and dividend receivables	612	582
Notes receivable from participants	7,535	7,593
Receivable from broker	3,325	-
Other receivables	631	21
Total receivables	<u>12,103</u>	<u>8,196</u>
TOTAL ASSETS	<u>1,777,588</u>	<u>1,529,820</u>
LIABILITIES		
Payables		
Accrued management fees and administrative expenses	654	645
Payable to broker	9,832	5,197
Other liabilities	190	414
TOTAL LIABILITIES	<u>10,676</u>	<u>6,256</u>
NET POSITION RESTRICTED FOR PENSIONS AND OPEB	<u>\$1,766,912</u>	<u>\$1,523,564</u>

See notes to financial statements

Omaha Public Power District Statements of Changes in Fiduciary Net Position

for the Years Ended December 31, 2019 and 2018

	2019	2018
	<i>(thousands)</i>	
ADDITIONS		
Contributions		
Employer	\$ 86,218	\$ 79,383
Employee	<u>27,327</u>	<u>26,574</u>
Total contributions	<u>113,545</u>	<u>105,957</u>
Investment income		
Interest and dividend income	30,052	33,511
Net appreciation/(depreciation) in fair value of investments	<u>275,122</u>	<u>(127,746)</u>
Total investment income/(loss)	<u>305,174</u>	<u>(94,235)</u>
Less: Investment expenses	<u>(5,523)</u>	<u>(4,944)</u>
Net investment income/(loss)	<u>299,651</u>	<u>(99,179)</u>
Interest income on notes receivable from participants	<u>401</u>	<u>369</u>
Total additions	<u>413,597</u>	<u>7,147</u>
DEDUCTIONS		
Benefits paid to participants	149,354	143,101
Healthcare and life insurance premiums	20,418	21,046
Administrative and other expenses	<u>477</u>	<u>556</u>
Total deductions	<u>170,249</u>	<u>164,703</u>
NET CHANGE	<u>243,348</u>	<u>(157,556)</u>
NET POSITION RESTRICTED FOR PENSIONS AND OPEB		
Beginning of year	<u>1,523,564</u>	<u>1,681,120</u>
End of year	<u>\$ 1,766,912</u>	<u>\$ 1,523,564</u>

See notes to financial statements

Notes to Financial Statements

as of and for the Years Ended December 31, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business – The Omaha Public Power District (OPPD or Company), a political subdivision of the state of Nebraska, is a public utility engaged in the generation, transmission and distribution of electric power and energy and other related activities. The Board of Directors is authorized to establish rates. OPPD is generally not liable for federal and state income or ad valorem taxes on property; however, payments in lieu of taxes are made to various local governments.

Reporting Entity – These financial statements present OPPD and the following component units presented as fiduciary funds of OPPD: the Retirement Plan, the Defined Contribution Retirement Savings Plan – 457(b), the Defined Contribution Retirement Savings Plan – 401(k), and the Other Postemployment Benefit Plans. OPPD’s Board of Directors performs the duties of a governing board for each of the plans, and OPPD has a financial burden to make contributions to each plan.

Detailed financial statements and note disclosures for these fiduciary funds can be found in separately issued financial reports. These financial reports can be obtained by contacting Investor Relations at info@oppd.com or by visiting oppd.com. Additional information on these plans can also be found in Note 6.

Basis of Accounting – The financial statements are presented in accordance with generally accepted accounting principles (GAAP) for proprietary funds of governmental entities. Accounting records are maintained generally in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) and all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

OPPD applies the accounting policies established in the GASB Codification Section Re10, *Regulated Operations*. This guidance permits an entity with cost-based rates to include costs in a period other than the period in which the costs would be charged to expense by an unregulated entity if it is probable that these costs will be recovered through rates charged to customers. This guidance also permits an entity to defer revenues by recognizing liabilities to cover future expenditures. The guidance applies to OPPD because the rates of the Company’s regulated operations are established and approved by the governing board.

If, as a result of changes in regulation or competition, the ability to recover these assets and to satisfy these liabilities would not be assured, OPPD would be required to write off or write down such regulatory assets and liabilities unless some form of transition cost recovery continues through established rates. In addition, any impairment to the carrying costs of deregulated plant and inventory assets would be determined. A portion of the Fuel and Purchased Power Adjustment regulatory asset was written off as of December 31, 2019 and 2018, as a result of a Board of Directors decision. See Regulatory Assets and Liabilities section of Note 1. There were no other write-downs of regulatory assets for the years ended December 31, 2019 and 2018.

Classification of Revenues and Expenses – Revenues and expenses related to providing energy services in connection with the Company’s principal ongoing operations are classified as operating. All other revenues and expenses are classified as non-operating and reported as other income (expenses) on the Statements of Revenues, Expenses and Changes in Net Position.

Revenue Recognition – Electric operating revenues are recognized as earned. Meters are read and bills are rendered on a cycle basis. Revenues earned after meters are read are estimated and accrued as unbilled revenues at the end of each accounting period.

Cash and Cash Equivalents – The operating fund account is called the Electric System Revenue Fund (Note 3). Highly liquid investments for the Electric System Revenue Fund with an original maturity of three months or less are considered cash equivalents.

Investments – Investments are reported at fair value. Realized and unrealized gains and losses for all investments except hedging derivative instruments are included in Investment Income on the Statements of Revenues, Expenses, and Changes in Net Position.

Hedging and Investment Derivative Instruments – OPPD is exposed to market price fluctuations on its sales and purchases of energy. The Company may enter into energy financial futures contracts to buy or sell energy in order to manage the risk of volatility in the market price of anticipated energy transactions. The Company does not enter into derivative instruments for speculative purposes. Fair value is estimated by comparing contract prices to forward market prices quoted by independent

third-party pricing services. In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, outstanding derivatives are evaluated and classified as either hedging derivative instruments (effective) or investment derivative instruments (ineffective), with the accumulated change in fair market value recognized as deferred inflows/outflows of resources on the Statements of Net Position or investment income/expense on the Statements of Revenues, Expenses and Changes in Net Position, respectively (Note 8).

Accounts Receivable – Accounts Receivable includes outstanding amounts from customers and an estimate for unbilled revenues. An estimate is made for the Reserve for Uncollectible Accounts for retail customers based on an analysis of Accounts Receivable, economic conditions affecting customers and historical write-offs net of recoveries. Additional amounts may be included based on the credit risks of significant parties. Accounts Receivable includes \$49,256,000 and \$46,300,000 in unbilled revenues as of December 31, 2019 and 2018, respectively. Accounts Receivable was reported net of the Reserve for Uncollectible Accounts of \$1,900,000 and \$1,500,000 as of December 31, 2019 and 2018, respectively.

Materials and Supplies – The Company maintains inventories that are valued at average cost. Fort Calhoun Station (FCS) materials and supplies are valued at the lower of cost or fair value (Note 11).

Electric Utility Plant – Electric utility plant is stated at cost, which includes property additions, replacements of property units and betterments. Maintenance and replacement of minor items are charged to operating expenses. Costs of depreciable units of electric utility plant retirements are eliminated from electric utility plant accounts by charges, less salvage plus removal expenses, to the accumulated depreciation account. Electric utility plant includes both tangible and intangible assets. Intangible assets include costs related to regulatory licenses, software licenses and other rights to use property. Electric utility plant includes construction work in progress of \$140,526,000 and \$47,410,000 as of December 31, 2019 and 2018, respectively.

The following table summarizes electric utility plant balances as of December 31, 2018, activity for 2019 and balances as of December 31, 2019 (*in thousands*).

	2018	Increases	Decreases	2019
Nondepreciable electric utility plant:				
Land and improvements	\$ 38,026	\$ 4,251	\$ (478)	\$ 41,799
Construction work in progress	47,410	205,566	(112,450)	140,526
Electric utility plant held for future use	2,413	-	-	2,413
Total nondepreciable electric utility plant	87,849	209,817	(112,928)	184,738
Depreciable electric utility plant:				
Generation	1,943,421	52,084	(32,232)	1,963,273
Transmission	551,482	22,862	(37,282)	537,062
Distribution	1,573,565	69,369	(8,160)	1,634,774
General plant	220,546	20,873	(17,952)	223,467
Intangible plant	52,928	2,578	(11,830)	43,676
Total depreciable electric utility plant	4,341,942	167,766	(107,456)	4,402,252
Less accumulated depreciation and amortization	(1,904,447)	(133,373)	48,362	(1,989,458)
Depreciable electric utility plant, net	2,437,495	34,393	(59,094)	2,412,794
Net electric utility plant	\$2,525,344	\$ 244,210	\$ (172,022)	\$ 2,597,532

Long-lived assets, such as property, plant and equipment, are periodically reviewed for impairment or whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When the magnitude of the decline in service utility is significant and not part of the asset's normal life cycle, the asset is considered impaired.

Allowances for funds used during construction (AFUDC) approximates OPPD's current weighted average cost of debt. AFUDC

Notes to Financial Statements

as of and for the Years Ended December 31, 2019 and 2018

was capitalized as a component of the cost of electric utility plant. The allowance for construction work in progress was computed at 3.3% and 3.2% for years ended December 31, 2019 and 2018, respectively.

Contributions in Aid of Construction (CIAC) – Payments are received from customers for construction costs, primarily relating to the expansion of the electric system. FERC guidelines are followed in recording CIAC. These guidelines direct the reduction of electric utility plant assets by the amount of contributions received toward the construction of electric utility plant. CIAC is recorded as other income and offset by an expense in the same amount representing the recovery of plant costs. CIAC primarily includes payments for transmission, distribution and generating station assets. This allows for compliance with GASB Codification Section N50, *Nonexchange Transactions*, while continuing to follow FERC guidelines.

The following table summarizes the sources of CIAC as of December 31 (*in thousands*).

	2019	2018
Transmission and distribution	\$ 11,308	\$18,628
Nebraska City Station Unit 2 (NC2) participants	5,900	1,937
Total	<u>\$ 17,208</u>	<u>\$20,565</u>

Depreciation and Amortization – Depreciation for assets is computed on the straight-line basis at rates based on the estimated useful lives of the various classes of property. Depreciation expense for depreciable property averaged approximately 3.3% and 3.4% for the years ended December 31, 2019 and 2018, respectively. Depreciation is generally calculated using the following estimated lives:

- Generation 40 to 70 years
- Transmission and Distribution 15 to 75 years
- General 6 to 25 years

The FCS recovery costs incurred in 2012 and 2013 were deferred as a regulatory asset based on Board of Directors approval. These recovery costs were not included in the 2016 FCS impairment, but will continue to be amortized (and collected through retail rates) through 2023 as these costs benefit current and future ratepayers. The amortization was \$14,836,000 for both of the years ended December 31, 2019 and 2018.

Intangible assets are amortized over their expected useful life. Amortization of intangible assets is included with depreciation and amortization expense in these financial statements. The amortization was \$3,124,000 and \$4,153,000 for the years ended December 31, 2019 and 2018, respectively.

NC2 was placed in commercial operation in 2009. Half of the unit's output is sold under 40-year Participation Power Agreements (PPAs). Certain participants funded their share of construction costs with NC2 Separate Electric System Revenue Bonds. These participants are billed for the debt service related to these bonds. The amounts recovered for debt service for the electric utility plant construction and other costs are included in off-system sales revenues. The revenues related to principal repayment will equal related depreciation and other deferred NC2 expenses over the 40-year term of the PPAs. A regulatory asset was established to equate expenses and the amount included in off-system sales revenues for principal repayment in order to maintain revenue neutrality in the interim years. This regulatory asset will increase annually until 2026 when principal repayments begin exceeding depreciation and other deferred expenses. After 2026, the regulatory asset will be reduced annually by recognizing deferred depreciation and other deferred expenses until its elimination in 2049, which is the end of the initial term of the PPAs.

Asset Retirement Obligations (AROs) – AROs represent the best estimate of the current value of cash outlays expected to be incurred for legally enforceable retirement obligations of tangible capital assets, which is offset with a deferred outflow of resources. The cost should be amortized over the asset's useful life, reducing the deferred outflow and increasing the depreciation and amortization expense in these financial statements. AROs are reported on the Statements of Net Position as an Other Liability – Other.

OPPD has identified several AROs related to certain generation, transmission, distribution and general building facilities. There are no legally required funding provisions, assurance provisions or restricted assets related to these items unless otherwise stated on the following page.

Underground Fuel Storage Tanks – OPPD has underground fuel tanks housing fuel for vehicles at various locations. The Company is required by the Nebraska Department of Environment and Energy (NDEE) to decommission the underground fuel storage tanks, consistent with its regulations. Based on discussions with Company representatives, there is not adequate information to be able to estimate the costs to decommission the storage tanks; however, OPPD has provided guarantees and financial assurance to the NDEE in the amount of \$1,000,000 associated with the storage tanks. The remaining lives of the storage tanks cannot be reasonably estimated and therefore the deferred outflow will not be amortized.

Nebraska City Sanitary Lagoons (NCS Lagoons) – OPPD uses sanitary lagoons as an integral part of the sewer system at the Nebraska City Station, supporting Nebraska City Station Unit 1 (NC1) and NC2. When the use of the sanitary lagoons is discontinued, the Company is required by the NDEE to close the system, consistent with its regulations. The estimated remaining useful life as of December 31, 2019 is 50 years and is based on the remaining useful life of NC2, as this unit is expected to have a longer life than NC1. The estimated initial liability was determined by environmental subject matter experts. The liability is evaluated annually for the effects of general inflation and potential changes in relevant factors used in the initial calculation.

Elk City Station – OPPD owns equipment at this landfill site. The contract states that OPPD is responsible for the costs to remove, dispose or restore the property to a similar condition in which the property was in prior to the contract commencing. The contract was initiated in 2005 and is a 20-year agreement with an automatic five-year extension unless either party opts to not pursue the extension. OPPD personnel do not expect to opt out of the automatic extension and have no reason to believe the other party will opt out. Based on these contract terms, the estimated remaining useful life as of December 31, 2019 is 11 years. The estimated initial liability was determined by engineering subject matter experts. The liability is evaluated annually for the effects of general inflation and potential changes in relevant factors used in the initial calculation.

Easements – OPPD has identified potential retirement obligations related to certain generation, transmission and distribution facilities. OPPD’s non-perpetual land rights are renewed continuously because OPPD intends to utilize these facilities indefinitely. Since the timing and extent of any potential asset retirements are unknown, the value of any obligations associated with these facilities cannot be reasonably estimated. Accordingly, a liability has not been recorded.

The following table summarizes the ARO Liability as of December 31, 2019 (*in thousands*):

	2019
NCS lagoons	\$ 2,512
Underground fuel storage tanks	1,000
Elk City station	<u>423</u>
Total	<u>\$ 3,935</u>

Nuclear Fuel Disposal Costs – Permanent disposal of spent nuclear fuel is the responsibility of the federal government under an agreement entered into with the Department of Energy (DOE). The agreement required the federal government to begin accepting high-level nuclear waste by January 1998; however, the DOE does not have a storage facility. In May 1998, the United States Court of Appeals confirmed the DOE’s statutory obligation to accept spent fuel by 1998, but rejected the request that a move-fuel order be issued. In March 2001, OPPD, along with a number of other utilities, filed suit against the DOE in the United States Court of Federal Claims, alleging breach of contract.

In 2006, the DOE agreed to reimburse OPPD for allowable costs for managing and storing spent nuclear fuel and high-level waste incurred due to the DOE’s delay in accepting waste. Applications are submitted periodically to the DOE for reimbursement of costs incurred for the storage of high-level nuclear waste. The balance for the DOE costs incurred by OPPD for the dry-cask storage facility was \$50,790,000 and \$30,274,000 as of December 31, 2019 and 2018, respectively, and is recorded as an Other Long-Term Asset on the Statements of Net Position.

Nuclear Decommissioning – Based on the decommissioning plan established in 1983, the Board of Directors approved the collection of nuclear decommissioning costs using an independent engineering study of the costs to decommission FCS. The Company established a Decommissioning Funding Plan for FCS in 1990 in compliance with Nuclear Regulatory Commission (NRC) regulations. Its purpose is to accumulate funds to decommission the radiated portions of FCS as defined by the NRC.

Notes to Financial Statements

as of and for the Years Ended December 31, 2019 and 2018

OPPD is no longer required to calculate a minimum funding amount. OPPD's annual financial submittal to the NRC must show that the Company has adequate funds to meet its decommissioning cost estimate. The Company established a Supplemental Decommissioning Funding Plan for FCS in 1992 to accumulate funds to fully decommission FCS. This includes funds for additional costs beyond the previously calculated NRC minimum that are needed to decommission the radiated plant, the fuel facility and the non-radiated plant.

The Board of Directors authorized the use of regulatory accounting to match decommissioning expense to the amount funded from retail rates. In December 2019, the Board of Directors approved a revision to the regulatory accounting for decommissioning expense to match the expense to the amounts funded from both retail rates and realized decommissioning fund investment income starting in 2020. The annual funding amount was \$143,004,000 and \$156,000,000 for the years ended December 31, 2019 and 2018, respectively (Note 11). The Supplemental Decommissioning Trust Fund was reduced by \$89,874,000 and \$114,253,000 for the years ended December 31, 2019 and 2018, for expenditures incurred during the decommissioning process at FCS.

The estimated current cost to decommission the plant for the NRC-required obligations is \$905,956,000 and \$1,025,729,000 as of December 31, 2019 and 2018, respectively. These estimated costs are based upon a third-party, site-specific cost study (Note 11). The decommissioning cost liability, which includes a current and long-term portion on the Statements of Net Position, is adjusted annually for inflation and any significant changes in the cost estimate.

Decommissioning Trust Funds are reported at fair value. The balance of the decommissioning trust assets was \$549,035,000 and \$465,956,000 as of December 31, 2019 and 2018, respectively, and includes interest receivables of \$1,558,000 and \$1,102,000 as of December 31, 2019 and 2018, respectively. Investment income was \$14,322,000 and \$11,356,000 for the years ended December 31, 2019 and 2018, respectively. The fair value of the Decommissioning Trust Funds increased \$15,666,000 and decreased \$8,404,000 for the years ended December 31, 2019 and 2018, respectively.

Compensated Absences – OPPD accrues vacation leave when employees earn the benefit. OPPD does not accrue a liability for sick leave since there is no cash payment made for sick leave when an employee terminates or retires.

Pension – Information about the fiduciary net position of the OPPD Retirement Plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported for purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. Benefit payments are recognized when distributed in accordance with the benefit terms. Investments are reported at fair value (Note 6).

Other Postemployment Benefits (OPEB) – Information about the fiduciary net position of the OPPD OPEB Plans and additions to/deductions from the fiduciary net positions have been determined on the same basis as they are reported for purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense. Benefit payments are recognized when distributed in accordance with the benefit terms. Investments are reported at fair value (Note 6).

Regulatory Assets and Liabilities – Rates for regulated operations are established and approved by the Board of Directors. The provisions of GASB Codification Section Re10, *Regulated Operations*, are applied. This guidance provides that regulatory assets are rights to additional revenues or deferred expenses, which are expected to be recovered through customer rates over some future period. Regulatory liabilities are reductions in earnings (or costs recovered) to cover future expenditures.

The Company adopted the GASB accounting standards for the financial accounting and reporting of pension plans in 2015. These standards required the Company to recognize a liability for the net pension liability on the Statements of Net Position. In 2014, the Board of Directors authorized the use of regulatory accounting for pension costs to establish a regulatory asset to match the pension expense to the amounts funded and the cost recovery through rates (Note 6).

The Board of Directors authorized the use of regulatory accounting in 2015 to match decommissioning expense to the amounts funded. The unfunded portion of the decommissioning liability based on NRC-required obligations was recorded as a regulatory asset from retail rates. In 2019, the Board of Directors authorized a revision to the regulatory accounting for decommissioning expense to match the expense to the amounts funded from both retail rates and realized decommissioning fund investment income starting in 2020 (Note 11).

The Company adopted the GASB accounting standards for the financial accounting and reporting of other postemployment benefit plans in 2018. These standards required the Company to recognize a liability for the net other postemployment benefit liability on the Statements of Net Position. In 2017, the Board of Directors authorized the use of regulatory accounting for other postemployment costs to establish a regulatory asset to match the other postemployment benefit expense to the amounts funded and the cost recovery through rates (Note 6).

The Board of Directors authorized the use of regulatory accounting in 2012 for significant, unplanned operations and maintenance costs at FCS incurred to address concerns from the NRC and enhance operations. These recovery costs are being amortized over a 10-year period that commenced in 2013, as they continue to benefit future ratepayers (Note 11).

As previously noted, an NC2 regulatory asset was established to maintain revenue neutrality for transactions with participants who funded their share of construction costs with NC2 Separate Electric System Revenue Bonds. NC2 depreciation and other deferred expenses will equal the amount included in off-system sales revenue for principal repayments.

A Fuel and Purchased Power Adjustment (FPPA) was implemented in the retail rate structure in 2010. The Board of Directors authorized the use of regulatory accounting to maintain revenue neutrality by matching retail revenues attributed to fuel and purchased power costs with the actual costs incurred. This regulatory asset represents the rights to additional revenues based on incurred expenses due to under-recoveries of fuel and purchased power costs. The Board of Directors approved the write-offs of FPPA under-recoveries of \$10,213,000 and \$21,406,000, for the years ended December 31, 2019 and 2018, respectively, which offsets other current year under-recoveries.

The Board of Directors authorized the use of regulatory accounting for debt issuance costs in 2012 because of new accounting standards that would have required these costs to be expensed in the period incurred. These costs are amortized over the life of the associated bond issues consistent with the rate methodology.

The Company adopted the GASB accounting standards for the financial accounting and reporting of supplemental pension plans in 2017. These standards required the Company to recognize a liability for the total supplemental pension obligation on the Statements of Net Position. In 2017, the Board of Directors authorized the use of regulatory accounting for supplemental pension costs to establish a regulatory asset to match the supplemental pension expense to the amounts funded and the cost recovery through rates (Note 6).

The following table summarizes the balances of regulatory assets as of December 31, 2019 and 2018 (*in thousands*).

	2019	2018
Pension	\$ 423,114	\$ 382,919
FCS decommissioning	304,944	468,720
Other postemployment benefits	226,112	261,925
FCS recovery costs	58,107	72,942
NC2	51,325	50,207
FPPA	38,301	17,405
Financing costs	6,990	8,216
Supplemental pension	1,847	1,800
Total	<u>\$ 1,110,740</u>	<u>\$ 1,264,134</u>

Regulatory liabilities are deferred inflows of resources and include the Rate Stabilization Reserve and the Decommissioning and Benefits Reserve. The Rate Stabilization Reserve was established to help maintain stability in OPPD's long-term rate structure (Note 7). There were no transfers to the reserve in 2019 or 2018. The balance of the Rate Stabilization Reserve was \$50,000,000 as of December 31, 2019 and 2018.

The Decommissioning and Benefits Reserve was established in 2016 to assist in funding future decommissioning expenses beyond what was established in the current funding plan in any given year and future pension liabilities above the actuarially determined contribution (Note 7). The Company added \$17,000,000 and \$42,500,000 to the reserve in 2019 and 2018, respectively. The balance of the Decommissioning and Benefits Reserve was \$94,000,000 and \$77,000,000 as of December 31, 2019 and 2018, respectively.

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The following table summarizes the balances of the regulatory liabilities as of December 31, 2019 and 2018 (*in thousands*).

	2019	2018
Rate stabilization reserve	\$ 50,000	\$ 50,000
Decommissioning and benefits reserve	94,000	77,000
Total	<u>\$144,000</u>	<u>\$127,000</u>

Environmental Matters – OPPD operates ash landfills at the North Omaha Station (NOS) and the Nebraska City Station (NCS) locations and previously operated an industrial waste landfill at FCS. State and federal laws and regulations require OPPD to place a final cover on its landfills at the NOS, NCS and FCS locations when they no longer receive ash/waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Closure and postclosure care financial assurance information is provided to the NDEE on an annual basis as required by law. OPPD is not required to restrict any funds for closure and postclosure care costs.

The following table summarizes the current estimated landfill closure date and the percentage of capacity used for each landfill as of December 31. Actual closure dates may be earlier or later than estimated.

Location	Estimated landfill closure date	Estimated percentage of capacity as of December 31, 2019	Estimated percentage of capacity as of December 31, 2018
NOS	2024	49%	46%
NCS unit 1	2020	96	95
NCS unit 2 cell 1	Closed	100	100
NCS cells 2 & 3	2027	13	6
FCS	Closed	*	100

*In July 2019, OPPD was notified by the NDEE that it is no longer required to perform postclosure monitoring for the FCS landfill.

There is no current or proposed GASB statement providing accounting treatment for closure and postclosure care costs of these landfills. The Company applies GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs* (GASB 18), as analogous authoritative literature since the accounting treatment for this situation is not specified in authoritative GAAP.

Although closure and postclosure care costs will be paid only near or after the date the landfills stop accepting ash/waste, OPPD reports a portion of these closure and postclosure care costs as an operating expense in each reporting period based on landfill capacity used as of each period end. The landfill closure and postclosure care liability represents the estimated liability to perform the required closure and postclosure care at the related landfills. The remaining amount to be amortized over the remaining capacity of the NOS and NCS locations is reported as a Deferred Outflow. These amounts on the Statements of Net Position are presented in current year dollars. Actual closure and postclosure care costs may be higher or lower than the estimated amounts due to inflation, changes in technology, or changes in regulations (Note 2).

Pollution Remediation – GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49), requires that a liability be recognized for expected outlays for remediating existing pollution when triggering events occur. The Coal Combustion Residuals (CCR) rule defines the requirements for the disposal and handling of coal combustion residuals for landfills or surface impoundments. The CCR states that an owner of the landfill must prepare an annual groundwater monitoring and corrective action report to summarize key actions completed, problems encountered and planned activities relating to the groundwater monitoring system.

OPPD published a notification on February 14, 2019, that concentrations of certain pollutants detected in groundwater monitoring wells at the NOS landfill resulted in statistically significant increases above Groundwater Protection Standards. The facility officially entered Assessment of Corrective Measures on May 1, 2019, and on May 30, 2019, notified the NDEE of OPPD's intent to initiate corrective measures at the NOS landfill. OPPD does not anticipate any recoveries from any other

parties and will be responsible for the entire remediation cost. OPPD recorded a pollution remediation obligation relating to its NOS landfill. At December 31, 2019, the total pollution remediation liability in current year dollars was \$10,629,000 and recorded as \$2,879,000 in Current Liabilities – Other and \$7,750,000 in Other Liabilities – Other on the Statements of Net Position. Costs were estimated using the expected cash flow technique prescribed under GASB 49, and includes only amounts reasonably estimable. Actual pollution remediation costs may be higher or lower than the estimated amounts due to changes in the remediation plan or operating conditions (Note 2).

Net Position – Net position is reported in three separate components on the Statements of Net Position. Net Investment in Capital Assets is the net position share attributable to net electric utility plant assets reduced by outstanding related debt. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in this component of net position. Restricted is the share of net position that has usage restraints imposed by law or by debt covenants, such as certain revenue bond funds and segregated funds, net of related liabilities and deferred inflows of resources related to those assets. Unrestricted is the share of net position that is neither restricted nor invested in capital assets.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Data – Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year presentation. These reclassifications had no effect on net income or net position.

During 2019, OPPD revised the presentation of net position reported at December 31, 2018 as follows:

	As previously Reported	Revision	As Revised
Net investment in capital assets	\$ 784,287	\$ (357,021)	\$ 427,266
Restricted	58,181	81,396	139,577
Unrestricted	317,005	275,625	592,630
Total net pension	<u>\$ 1,159,473</u>	<u>\$ -</u>	<u>\$ 1,159,473</u>

These revisions had no effect on net income.

Recent Accounting Pronouncements, adopted – GASB issued Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83), in November 2016, effective for reporting periods beginning after June 15, 2018. The objective of this statement is to provide guidance on the recognition and measurement of certain Asset Retirement Obligations (AROs), including obligations that may not have been previously reported. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. GASB 83 excludes landfills from this guidance. This statement requires that recognition occur when the liability is both incurred and can be reasonably estimated. The Company adopted GASB 83 in 2019. The implementation of this statement resulted in the recognition of a liability and deferred outflow of resources of \$3,929,000 as of January 1, 2019 on the Statements of Net Position. The guidance also requires restatement of the prior year’s information unless it is not practical. OPPD determined that it was not practical to restate the 2018 information as the information was not readily available.

GASB issued Statement No. 84, *Fiduciary Activities* (GASB 84), in January 2017, effective for reporting periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The company adopted GASB 84 in 2019 and began reporting the fiduciary component units in the financial statements.

GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88), in March 2018, effective for reporting periods beginning after June 15, 2018. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and

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direct placements. The Company adopted GASB 88 in 2019 and will continue disclosing the unused portion of the credit agreement in the notes to financial statements (Note 5).

Recent Accounting Pronouncements, not yet adopted - GASB issued Statement No. 87, *Leases*, in June 2017, effective for reporting periods beginning after December 15, 2019. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments by creating a single model for leases. This statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The impact to OPPD's financial statements is being evaluated.

GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, in June 2018, effective for reporting periods beginning after December 15, 2019. The objective of this statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The statement will also simplify accounting for interest costs incurred before the end of a construction period. The impact to OPPD's financial statements is being evaluated.

2. OTHER ASSETS AND OTHER LIABILITIES DETAIL BALANCES

Current Assets – Other

The composition as of December 31 was as follows (*in thousands*):

	2019	2018
Regulatory asset – FPPA	\$ 38,301	\$ 17,405
Regulatory asset – FCS recovery costs	14,836	14,836
Prepayments	7,868	6,065
SPP and other special deposits	6,568	3,465
Interest receivable	3,408	3,172
Transmission congestion rights (Note 8)	1,349	1,968
Regulatory asset – financing costs	563	595
Total	<u>\$ 72,893</u>	<u>\$ 47,506</u>

Other Long-Term Assets – Regulatory Assets

The composition as of December 31 was as follows (*in thousands*):

	2019	2018
Pension and supplemental pension	\$ 424,961	\$ 384,719
Other postemployment benefits	226,112	261,925
NC2	51,325	50,207
FCS recovery costs (net of current)	43,271	58,106
Financing costs (net of current)	6,427	7,621
Total	<u>\$ 752,096</u>	<u>\$ 762,578</u>

Other Long-Term Assets – Other

The composition as of December 31 was as follows (*in thousands*):

	2019	2018
Job and production orders	\$ 116,734	\$ 104,167
SPP deposits (net of current)	4,385	4,385
Other	416	495
Total	<u>\$ 121,535</u>	<u>\$ 109,047</u>

Current Liabilities – Other

The composition as of December 31 was as follows (*in thousands*):

	2019	2018
Unearned revenues	\$ 7,539	\$ 7,916
Ash landfill	6,270	-
Auction revenue rights (Note 8)	3,637	5,419
Pollution remediation obligation	2,879	-
Deposits – other	663	84
Payroll taxes and other employee liabilities	394	360
Other	1,202	1,175
Total	<u>\$ 22,584</u>	<u>\$ 14,954</u>

Liabilities Payable from Segregated Funds

The composition as of December 31 was as follows (*in thousands*):

	2019	2018
Customer advances for construction	\$ 30,862	\$ 26,895
Customer deposits	23,187	23,023
Incurred but not presented (IBNP) reserve	3,502	3,055
Other	172	321
Total	<u>\$ 57,723</u>	<u>\$ 53,294</u>

Other Liabilities – Other

The composition as of December 31 was as follows (*in thousands*):

	2019	2018
Ash landfill (net of current)	\$ 17,936	\$ 23,072
NC2 participant deposits	9,453	7,445
Pollution remediation obligation (net of current)	7,750	-
Unearned revenues (net of current)	6,721	7,028
Workers' compensation reserve (Note 10)	5,761	5,280
Asset retirement obligation	3,935	-
Public liability reserve (Note 10)	825	1,243
Other	1,870	1,207
Total	<u>\$ 54,251</u>	<u>\$ 45,275</u>

The following table summarizes the total balance as of December 31, 2018, activity for 2019, balances as of December 31, 2019, and the amounts due within one year (*in thousands*) for the significant items included in Other Liabilities - Other that do not have information included in other Notes:

	2018	Increases	Decreases	2019	Amounts due within one year
Ash landfill	\$ 23,072	\$ 8,047	\$ (6,913)	\$ 24,206	\$ 6,270
Unearned revenues	14,944	8,772	(9,456)	14,260	7,539
Pollution remediation obligation	-	10,629	-	10,629	2,879
NC2 participant deposits	7,445	2,060	(52)	9,453	-
Asset retirement obligation	-	3,935	-	3,935	-
Total	<u>\$ 45,461</u>	<u>\$ 33,443</u>	<u>\$ (16,421)</u>	<u>\$ 62,483</u>	<u>\$ 16,688</u>

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The following table summarizes the total balance as of December 31, 2017, activity for 2018, balances as of December 31, 2018, and the amounts due within one year (*in thousands*) for the significant items included in Other Liabilities - Other that do not have information included in other Notes:

	2017	Increases	Decreases	2018	Amounts due within one year
Ash landfill	\$ 24,198	\$ -	\$ (1,126)	\$ 23,072	\$ -
Unearned revenues	15,549	4,924	(5,529)	14,944	7,916
NC2 participant deposits	6,777	672	(4)	7,445	-
Total	<u>\$ 46,524</u>	<u>\$ 5,596</u>	<u>\$ (6,659)</u>	<u>\$ 45,461</u>	<u>\$ 7,916</u>

3. FUNDS AND INVESTMENTS

Funds of OPPD were as follows:

Electric System Revenue Fund and NC2 Separate Electric System Revenue Fund – These funds are to be used for operating activities for their respective electric system. Cash and cash equivalents in the Electric System Revenue Fund are shown separately from investments on the Statements of Net Position.

Electric System Revenue Bond Fund, Electric System Subordinated Revenue Bond Fund and NC2 Separate Electric System Revenue Bond Fund – These funds are to be used for the retirement of their respective revenue bonds and the payment of the related interest and reserves as required. Investments with maturity dates within the next year are designated as current.

Electric System Construction Fund and NC2 Separate Electric System Capital Costs Fund – These funds are to be used for capital improvements, additions and betterments to and extensions of their respective electric system.

Segregated Fund – Rate Stabilization – This fund is to be used to help stabilize rates through the transfer of funds to operations as necessary. Since there is no funding requirement for the Rate Stabilization Reserve, this fund also may be used to provide additional liquidity for operations as necessary (Note 7).

Segregated Fund – Decommissioning and Benefits Reserve – This fund is to be used to help fund future decommissioning expenses beyond what was established in the current funding plan in any given year and future pension liabilities above the annual required contribution (Note 7).

Segregated Fund – Other – This fund represents assets held for payment of customer deposits, refundable advances, OPPD's self-insured health insurance plans (Note 6), and certain other liabilities.

The following table summarizes the balances of the Segregated Fund - Other as of December 31 (in thousands).

	2019	2018
Customer deposits and advances	\$ 54,041	\$ 50,395
Self-insurance	6,310	6,239
Other	5,051	3,355
Total	<u>\$ 65,402</u>	<u>\$ 59,989</u>

Decommissioning Trust Funds – These funds are to be used for the costs to decommission FCS. The Decommissioning Trust Funds are held by an outside trustee in compliance with the decommissioning funding plans approved by the Board of Directors. The 1990 Plan was established in accordance with NRC regulations for the purpose of discharging the obligation to decommission FCS. The 1992 Plan was established to retain funds in excess of NRC minimum funding requirements based on an independent engineering study, which indicated that decommissioning costs would exceed the NRC-minimum requirements.

The following table summarizes the balances of the Decommissioning Trust Funds as of December 31 (*in thousands*).

	2019	2018
Decommissioning Trust – 1990 Plan	\$ 317,041	\$295,783
Decommissioning Trust – 1992 Plan	<u>231,994</u>	<u>170,173</u>
Total	<u>\$549,035</u>	<u>\$465,956</u>

The above table includes interest receivables for the Decommissioning Trust Funds of \$1,558,000 and \$1,102,000 for December 31, 2019 and 2018, respectively.

Fair Value of Investments – Fair values in most cases are externally provided by the trustees that manage the funds. The trustees frequently utilize third-party pricing services to assist in their valuations (Note 4). The fair value of investments was as follows as of December 31 (*in thousands*).

Investment Type	2019		2018	
	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)
Money market funds	\$ 68,284	-	\$ 95,829	-
U.S. government securities	644,111	1.6	551,387	2.0
Mutual funds	235,665	-	214,033	-
Commercial paper	10,982	0.1	31,765	0.2
Corporate bonds and other debentures	309,887	2.0	343,065	2.0
Total	<u>\$1,268,929</u>		<u>\$1,236,079</u>	
Portfolio weighted average maturity		1.3		1.4

The above table excludes interest receivables related to the Decommissioning Trusts of \$1,558,000 and \$1,102,000 for December 31, 2019 and 2018, respectively.

Interest Rate Risk – The investments in relatively short-term securities reduces interest rate risk, as evidenced by its portfolio weighted average maturity of 1.3 and 1.4 years as of December 31, 2019 and 2018, respectively. In addition, OPPD is generally a buy-and-hold investor, which further reduces interest rate risk.

Credit Risk – OPPD’s investment policy complies with bond covenants and state statutes for governmental entities, which limit investments to investment-grade fixed income obligations. The Company was in full compliance with bond covenants and state statutes as of December 31, 2019 and 2018.

The Company’s investments in money market funds were rated Aaa-mf by Moody’s Investors Service (Moody’s), and AAAm by Standard & Poor’s Rating Services (S&P). The U.S. government securities were rated Aaa and AA+ by Moody’s and S&P, respectively. The mutual fund investments are not rated. The commercial paper investments were all rated P-1 and A-1+ by Moody’s and S&P, respectively.

The following tables summarize the ratings on the Company’s investments in corporate bonds and other debentures as of December 31, 2019.

	Moody’s		S&P	
	Amount	Rating	Amount	Rating
	\$ 124,982	Aaa	\$ 124,983	AAA
	9,045	Aa1	15,880	AA+
	58,450	Aa2	21,825	AA
	92,238	Aa3	110,575	AA-
	25,172	A1	36,624	A+
Total	<u>\$ 309,887</u>		<u>\$ 309,887</u>	

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The following tables summarize the ratings on the Company's investments in corporate bonds and other debentures as of December 31, 2018.

Moody's		S&P	
Amount	Rating	Amount	Rating
\$ 183,382	Aaa	\$ 183,382	AAA
2,264	Aa1	11,480	AA+
69,871	Aa2	7,208	AA
60,907	Aa3	70,691	AA-
13,989	A1	57,652	A+
508	A3	12,652	BBB+
12,144	Baa1		
Total		Total	
<u>\$ 343,065</u>		<u>\$ 343,065</u>	

Custodial Credit Risk – Bank deposits were entirely insured or collateralized with securities held by OPPD or by its agent in OPPD's name at December 31, 2019 and 2018. All investment securities are delivered under contractual trust agreements.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Company's investment with a single issuer. The concentration of credit risk greater than five percent from a single issuer was the investment in International Bank of Reconstruction and Development corporate bonds at 7.6% and 14.0% as of December 31, 2019 and 2018, respectively.

4. FAIR VALUE MEASUREMENTS

OPPD accounts for fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72), which defines fair value, establishes methods for measuring fair value by applying one of three observable valuation approaches (market approach, income approach and cost approach) and establishes required disclosures about fair measurements.

Fair value is the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

GASB 72 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities and the lowest priority to unobservable inputs. Financial assets and liabilities are classified in their entirety based on the lowest level input that is significant to the fair value measurement. The three levels of fair value hierarchy defined in GASB 72 are as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs are other than quoted market prices in the active markets included in Level 1, which are either directly or indirectly observable for the asset or liability as of the reporting date. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Pricing inputs include significant inputs that are unobservable and cannot be corroborated by market data. Level 3 assets and liabilities are valued based on internally developed models and assumptions or methodologies using significant unobservable inputs.

The fair value of investments in most cases is externally provided by the trustees that manage the funds. The trustees frequently utilize third-party pricing services to assist in their valuations.

The following tables summarize, in accordance with the fair value hierarchy, the Company's assets and liabilities that are accounted for and reported at fair value on a recurring basis by level as of December 31, 2019 and 2018 (*in thousands*):

Investment Type	Total	2019		
		Level 1	Level 2	Level 3
Mutual funds	\$ 124,249	\$ 124,249	\$ -	\$ -
Money market funds	68,284	68,284	-	-
U.S. government securities	644,111	-	644,111	-
Corporate bonds and other debentures	309,887	-	309,887	-
Commercial paper	10,982	-	10,982	-
Total fair value measurement by level	1,157,513	\$ 192,533	\$ 964,980	\$ -

Investments measured at net asset value (NAV)

Mutual funds	111,416
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Total investments measured at fair value	\$ 1,268,929
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Derivative instruments

Hedging derivatives – futures contracts – asset	\$ 53	\$ -	\$ 53	\$ -
Hedging derivatives – futures contracts – liability	71	-	71	-
Investment derivatives – futures contracts – asset	54	-	54	-
Total derivative instruments measured at fair value	\$ 178	\$ -	\$ 178	\$ -

Investment Type	Total	2018		
		Level 1	Level 2	Level 3
Mutual funds	\$ 112,394	\$ 112,394	\$ -	\$ -
Money market funds*	95,829	95,829	-	-
U.S. government securities	551,387	-	551,387	-
Corporate bonds and other debentures	343,065	-	343,065	-
Commercial paper	31,765	-	31,765	-
Total fair value measurement by level	1,134,440	\$ 208,223	\$ 926,217	\$ -

Investments measured at NAV

Mutual funds	101,639
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Total investments measured at fair value	\$ 1,236,079
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Derivative instruments

Hedging derivatives – futures contracts – asset	\$ 575	\$ -	\$ 575	\$ -
Hedging derivatives – futures contracts – liability	186	-	186	-
Total derivative instruments measured at fair value	\$ 761	\$ -	\$ 761	\$ -

*Investments in Money Market Funds have been revised from being reported at NAV in 2018 to Level 1 in 2019.

VALUATION METHODOLOGIES

Mutual Funds Measured at Fair Value: Mutual funds are priced using active market exchanges, and sources include Interactive Data Pricing and Reference Data LLC. The fair values of shares in mutual funds are based on inputs that are quoted prices in active markets for identical assets and; therefore, have been categorized as Level 1 assets.

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Money Market Funds: The fair value of shares in money market funds is valued with a NAV of \$1, which approximates fair value. They are priced on inputs obtained from Bloomberg, a pricing service whose prices are obtained from direct feeds from exchanges that are either directly or indirectly observable. Money Market Funds are included as Level 1 assets.

U.S. Government Securities: The fair value of U.S. government securities is derived from quoted prices on similar assets in active or non-active markets, from other observable inputs such as interest rates, yield curves, or credit spreads, and inputs that are derived from or corroborated by observable market data. U.S. treasury and other federal agency securities are included as Level 2 assets.

Corporate Bonds and Other Debentures: For fixed-income securities, multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validation in addition to checks for unusual daily movements. The fair values of fixed-income securities are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences. Corporate bonds are included as Level 2 assets.

Commercial Paper: The fair value of commercial paper is priced according to recent transactions, as the carrying value of the commercial paper approximated its fair value due to the short maturity. Commercial Paper is included as a Level 2 asset.

Hedging and Investment Derivative Instruments: Energy financial futures contracts uses the market approach based on monthly quoted prices from an independent external pricing service using market quotes. The market is not active to the point where identical contracts are available on a regular basis. These derivative instruments are included as Level 2 assets.

Investments Measured at NAV – The following tables summarize the fair value measurement of investments calculated at NAV per share (or its equivalent) as of December 31 (*in thousands*).

	2019			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Mutual funds	\$ 109,253	none	daily	N/A
Mutual funds	2,163	none	daily	1 day
Total investments measured at NAV	<u>\$ 111,416</u>			

	2018			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Mutual funds	\$ 100,484	none	daily	N/A
Mutual funds	1,155	none	daily	1 day
Total investments measured at NAV	<u>\$ 101,639</u>			

Mutual Funds Measured at NAV: These mutual funds invest in fixed income securities including treasuries, agencies, corporate debt, mortgage-backed securities and some non-U.S. debt. The fair value of these investments has been determined using the NAV per share (or its equivalent) of the investment.

5. DEBT

The proceeds of debt issued are utilized primarily to finance the construction program. Favorable market conditions in 2019 and 2018 resulted in several debt financing and refunding activities. The Company is in compliance with all debt covenants.

The following table summarizes the debt balances as of December 31, 2018, activity for 2019, balances as of December 31, 2019, and the amounts due within one year (*in thousands*).

	2018	Additions	Retirements	2019	Amounts due within one year
Electric system revenue bonds	\$ 1,320,330	\$ 137,755	\$ (202,055)	\$ 1,256,030	\$ 47,390
Electric system subordinated revenue bonds	335,940	-	(81,275)	254,665	825
Electric revenue notes – commercial paper series	150,000	230,100	(150,000)	230,100	-
Minibonds	30,755	632	(176)	31,211	-
NC2 separate electric system revenue bonds	211,995	-	(3,350)	208,645	3,495
Total	<u>\$ 2,049,020</u>	<u>\$ 368,487</u>	<u>\$ (436,856)</u>	<u>\$ 1,980,651</u>	<u>\$ 51,710</u>

The following table summarizes the debt balances as of December 31, 2017, activity for 2018, balances as of December 31, 2018, and the amounts due within one year (*in thousands*).

	2017	Additions	Retirements	2018	Amounts due within one year
Electric system revenue bonds	\$ 1,399,645	\$ 145,330	\$ (224,645)	\$ 1,320,330	\$ 44,635
Electric system subordinated revenue bonds	337,120	-	(1,180)	335,940	1,120
Electric revenue notes – commercial paper series	150,000	150,000	(150,000)	150,000	150,000
Minibonds	30,273	640	(158)	30,755	-
NC2 separate electric system revenue bonds	215,215	-	(3,220)	211,995	3,350
Total	<u>\$ 2,132,253</u>	<u>\$ 295,970</u>	<u>\$ (379,203)</u>	<u>\$ 2,049,020</u>	<u>\$ 199,105</u>

Lien Structure – In the event of a default, subject to the terms and conditions of debt covenants, OPPD is required to satisfy all Electric System Revenue Bond obligations before paying second-tier bonds and notes, which are Electric System Subordinated Revenue Bonds, Electric Revenue Notes – Commercial Paper Series and Minibonds.

Electric System Revenue Bonds – These bonds are payable from and secured by a pledge of and lien upon the revenues of the Electric System, subject to the prior payment therefrom of the operations and maintenance expenses of the Electric System. The Electric System Revenue Bonds are Senior Bonds.

Moody's and S&P rated the Electric System Revenue Bonds as Aa2 and AA, respectively, in both 2019 and 2018.

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The following table summarizes outstanding Electric System Revenue Bonds as of December 31, 2019, (*in thousands*).

Issue	Maturity Dates	Interest Rates	Amount
2010 Series A	2022 - 2041	5.431%	\$ 120,000
2011 Series A	2020 - 2024	3.125% - 5.0%	10,555
2011 Series C	2020 - 2022	5.0%	26,430
2012 Series B	2020 - 2046	3.75% - 5.0%	69,510
2015 Series A	2022 - 2045	2.85% - 5.0%	93,005
2015 Series B	2020 - 2039	2.0% - 5.0%	155,765
2015 Series C	2032 - 2043	3.5% - 5.0%	94,145
2016 Series A	2023 - 2039	3.0% - 5.0%	183,340
2017 Series A	2030 - 2042	4.0% - 5.0%	220,195
2018 Series A	2023 - 2039	3.25% - 5.0%	145,330
2019 Series A	2024 - 2034	3.0% - 5.0%	137,755
Total			<u>\$ 1,256,030</u>

The following table summarizes outstanding Electric System Revenue Bonds as of December 31, 2018 (*in thousands*).

Issue	Maturity Dates	Interest Rates	Amount
2010 Series A	2022 - 2041	5.431%	\$ 120,000
2011 Series A	2019 - 2024	3.125% - 5.0%	16,925
2011 Series B	2029 - 2036	3.625% - 4.0%	3,565
2011 Series C	2019 - 2022	2.5% - 5.0%	36,215
2012 Series A	2030 - 2034	4.0%	63,065
2012 Series B	2020 - 2046	3.0% - 5.0%	114,265
2015 Series A	2022 - 2045	2.85% - 5.0%	93,005
2015 Series B	2019 - 2039	2.0% - 5.0%	230,280
2015 Series C	2032 - 2043	3.5% - 5.0%	94,145
2016 Series A	2023 - 2039	3.0% - 5.0%	183,340
2017 Series A	2030 - 2042	4.0% - 5.0%	220,195
2018 Series A	2023 - 2039	3.25% - 5.0%	145,330
Total			<u>\$ 1,320,330</u>

OPPD utilized \$172,045,000 of existing resources to legally defease debt with a principal amount totaling \$157,420,000 on October 9, 2019. This fully defeased the 2011 Series B and 2012 Series A Electric System Revenue Bonds and partially defeased the 2012 Series B and 2015 Series B Electric System Revenue Bonds. This resulted in a net loss on reacquired debt of \$9,626,000 that is included in Loss on Reacquired Debt Using Existing Resources on the Statements of Revenues, Expenses and Changes in Net Position.

OPPD issued \$137,755,000 of Electric System Revenue Bonds, 2019 Series A on November 7, 2019. The 2019 Series A Bonds were used to reimburse capital expenditures. A principal payment of \$44,635,000 was made on February 1, 2019, for the Electric System Revenue Bonds.

OPPD utilized \$188,161,000 of existing resources to legally defease debt with a principal amount totaling \$177,150,000 on August 24, 2018, which partially defeased the 2011 Series A, 2011 Series C, and 2012 Series B Electric System Revenue Bonds. This resulted in a net loss on reacquired debt of \$3,187,000 that is included in Loss on Reacquired Debt Using Existing Resources on the Statements of Revenues, Expenses and Changes in Net Position.

OPPD issued \$145,330,000 of Electric System Revenue Bonds, 2018 Series A on September 26, 2018. The 2018 Series A Bonds were used to reimburse capital expenditures. A principal payment of \$47,495,000 was made on February 1, 2018, for the Electric System Revenue Bonds.

Electric System Revenue Bonds from the following series, with the aggregate outstanding principal of \$673,440,000 as of December 31, 2019, were legally defeased: 2011 Series A, 2011 Series B, 2011 Series C, 2012 Series A, 2012 Series B and 2015 Series B. Electric System Revenue Bonds from the following series, with the aggregate outstanding principal of \$606,105,000 as of December 31, 2018, were legally defeased: 2009 Series A, 2011 Series A, 2011 Series B, 2011 Series C, 2012 Series A and 2012 Series B. Defeased bonds are funded by government securities in irrevocable escrow accounts. Accordingly, the bonds and the related government securities escrow accounts are not included on the Statements of Net Position.

OPPD's bond indenture, amended effective February 6, 2015, provides for certain restrictions, the most significant of which are:

- Additional bonds may not be issued unless estimated net receipts (as defined) for each future year equal or exceed 1.4 times the debt service on all Electric System Revenue Bonds outstanding, including the additional bonds being issued or to be issued in the case of a power plant (as defined) being financed in increments.
- The Electric System is required to be maintained by the Company in good condition.

The following table summarizes Electric System Revenue Bond payments as of December 31, 2019 (*in thousands*).

	Principal	Interest
2020	\$ 47,390	\$ 56,856
2021	50,360	56,248
2022	16,360	54,646
2023	46,935	53,120
2024	46,690	50,783
2025 - 2029	247,095	219,286
2030 - 2034	261,825	154,773
2035 - 2039	314,775	94,716
2040 - 2044	178,685	27,076
2045 - 2046	45,915	1,742
Total	<u>\$ 1,256,030</u>	<u>\$ 769,246</u>

Electric System Subordinated Revenue Bonds – These bonds are payable from and secured by a pledge of revenues of the Electric System, subject to the prior payment of the operations and maintenance expenses of the Electric System and the prior payment of the Electric System Revenue Bonds.

Moody's and S&P rated the Electric System Subordinated Revenue Bonds as Aa3 and AA-, respectively, in both 2019 and 2018.

The following table summarizes outstanding Electric System Subordinated Revenue Bonds as of December 31, 2019 (*in thousands*).

Issue	Maturity Dates	Interest Rates	Amount
2014 Series AA	2020 - 2036	4.0% - 5.0%	\$ 122,205
2014 Series CC	2031 - 2038	4.0%	108,395
2014 Series DD	2040	3.625%	24,065
Total			<u>\$ 254,665</u>

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The following table summarizes outstanding Electric System Subordinated Revenue Bonds as of December 31, 2018 (*in thousands*).

Issue	Maturity Dates	Interest Rates	Amount
2014 Series AA	2019 - 2036	2.25% - 5.25%	\$ 154,260
2014 Series BB	2041 - 2042	4.0%	49,180
2014 Series CC	2031 - 2038	4.0%	108,395
2014 Series DD	2040	3.625%	24,105
Total			<u>\$ 335,940</u>

On February 1, 2019, a principal payment of \$1,120,000 was made for the Electric System Subordinated Revenue Bonds, which included a \$30,000 put option payment on the 2014 Series DD Bonds. On August 1, 2019, put option payments of \$45,000 and \$10,000, were made on the 2014 Series BB and 2014 Series DD Electric System Subordinated Revenue Bonds, respectively. OPPD issued an additional \$80,100,000 of Commercial Paper in 2019. The \$80,100,000 of additional proceeds were used to partially refund the 2014 Series AA Electric System Subordinated Revenue Bonds and to fully refund the 2014 Series BB Electric System Subordinated Revenue Bonds. Both series were callable on August 1, 2019. The refunding reduced the total debt service payments over the life of the bonds by \$35,458,000 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$30,708,000 based on the OPPD Commercial Paper rate on August 1, 2019. As a result of Commercial Paper being regularly re-marketed, the economic gain resulting in this refunding is not fixed and is exposed to future interest rate fluctuations. An increase or decrease in Commercial Paper rates will affect the actual realized economic gain.

On February 1, 2018, a principal payment of \$1,180,000 was made for the Electric System Subordinated Revenue Bonds, which included a \$85,000 put option payment on the 2014 Series DD Bonds.

At December 31, 2019 and 2018, OPPD had no outstanding defeased Electric System Subordinated Revenue Bonds.

The following table summarizes Electric System Subordinated Revenue Bonds payments as of December 31, 2019 (*in thousands*).

	Principal	Interest
2020	\$ 825	\$ 10,621
2021	-	10,604
2022	2,550	10,540
2023	2,555	10,413
2024	2,560	10,285
2025 - 2029	26,620	46,590
2030 - 2034	63,305	39,770
2035 - 2039	132,185	13,564
2040	24,065	435
Total	<u>\$ 254,665</u>	<u>\$ 152,822</u>

Electric Revenue Notes - Commercial Paper Series – The outstanding balance of Commercial Paper was \$230,100,000 and \$150,000,000 as of December 31, 2019 and 2018, respectively. OPPD issued an additional \$80,100,000 of Commercial Paper in 2019 bringing its total Commercial Paper outstanding to \$230,100,000. The Commercial Paper Notes mature at various dates, but not more than 270 days after the date of issuance. The average borrowing rate was 1.5% for the years ended December 31, 2019 and 2018, respectively. A Credit Agreement with Bank of America, N.A., includes a covenant to retain drawing capacity at least equal to the issued and outstanding amount of Commercial Paper Notes. The Credit Agreement was previously set to expire on October 1, 2019, but was renewed in 2019 and will now expire on January 1, 2023. In 2019, Commercial Paper was classified as long-term debt due to the existence of this credit agreement, and OPPD's intent and ability to refinance Commercial Paper on a long-term basis.

Minibonds – Minibonds consist of current interest-bearing and capital appreciation Minibonds. The Minibonds may be redeemed prior to their maturity dates at the request of a holder, subject to certain conditions as outlined in the Minibond Official Statement. There were no Minibond maturities in 2019 or 2018 other than redemptions for the annual put option. The principal and interest on these bonds is insured by a municipal bond insurance policy.

The following table summarizes outstanding Minibond balances at December 31 (*in thousands*).

Issue	2019	2018
2001 Minibonds, due 2021	\$ 22,597	\$ 22,772
Accreted interest on capital appreciation Minibonds	8,614	7,983
Total	<u>\$ 31,211</u>	<u>\$ 30,755</u>

Credit Agreement – OPPD has a Credit Agreement with the Bank of America, N.A., for \$250,000,000 which was renewed in 2019 and will expire on January 1, 2023. The Credit Agreement includes a financial covenant to retain drawing capacity at least equal to the issued and outstanding amount of Commercial Paper Notes. There were no amounts outstanding under this Credit Agreement as of December 31, 2019 and 2018, leaving an unused amount of \$250,000,000.

NC2 Separate Electric System Revenue Bonds – Participation Power Agreements were executed with seven public power and municipal utilities for half of the output of NC2. The participants’ rights to receive, and obligations to pay costs related to, half of the output is the “Separate System.”

Moody’s and S&P rated the NC2 Separate Electric System Revenue Bonds as A1 and A+, respectively, in both 2019 and 2018.

The following table summarizes outstanding NC2 Separate Electric System Revenue Bonds as of December 31, 2019 (*in thousands*).

Issue	Maturity Dates	Interest Rates	Amount
2015 Series A	2020 - 2046	3.0% - 5.25%	\$ 107,120
2016 Series A	2020 - 2049	3.25% - 5.0%	101,525
Total			<u>\$ 208,645</u>

The following table summarizes outstanding NC2 Separate Electric System Revenue Bonds as of December 31, 2018, (*in thousands*).

Issue	Maturity Dates	Interest Rates	Amount
2015 Series A	2019 - 2046	3.0% - 5.25%	\$ 109,370
2016 Series A	2019 - 2049	3.25% - 5.0%	102,625
Total			<u>\$ 211,995</u>

On February 1, 2019, a principal payment of \$3,350,000 was made for the NC2 Separate Electric System Revenue Bonds. On February 1, 2018, a principal payment of \$3,220,000 was made for the NC2 Separate Electric System Revenue Bonds.

There were no outstanding defeased NC2 Separate Electric System Revenue Bonds as of December 31, 2019 or 2018.

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The following table summarizes NC2 Separate Electric System Revenue Bond payments as of December 31, 2019 (*in thousands*).

	Principal	Interest
2020	\$ 3,495	\$ 10,199
2021	3,655	10,044
2022	3,815	9,869
2023	4,000	9,674
2024	4,200	9,469
2025 - 2029	24,380	43,890
2030 - 2034	30,960	37,208
2035 - 2039	38,640	29,312
2040 - 2044	42,295	19,077
2045 - 2049	53,205	6,773
Total	<u>\$208,645</u>	<u>\$185,515</u>

6. BENEFIT PLANS FOR EMPLOYEES AND RETIREES

RETIREMENT PLAN AND SUPPLEMENTAL RETIREMENT PLAN

Plan Descriptions and Benefits Provided – The Omaha Public Power District Retirement Plan (Retirement Plan) is a single-employer, defined benefit plan, which provides retirement and death benefits to Plan members and their beneficiaries. The Retirement Plan covers all full-time employees as they are not covered by Social Security. The Retirement Plan was established and may be amended at the direction of OPPD’s Board of Directors and is administered by the Company. Ad-hoc cost-of-living adjustments may be provided to retirees and beneficiaries at the discretion of the Board of Directors.

Generally, employees at the normal retirement age of 65 are entitled to annual pension benefits equal to 2.25% of their average compensation (as defined by the Plan document) times years of credited service (as defined by the Plan document) under the Traditional provision (as defined by the Plan document). Employees have the option to retire before the age of 65 if they meet eligibility requirements based on age and years of service. The Retirement Plan was amended as of January 1, 2008 to add a Cash Balance provision (as defined by the Plan document) to allow members the choice between the Traditional and Cash Balance provision for calculating benefits. Under the Cash Balance provision, members can receive the total vested value of their Cash Balance Account at separation from employment with OPPD. Employees were initially allowed to make a one-time irrevocable election to have benefits determined based on the Cash Balance provision instead of the Traditional provision. Effective January 1, 2013, all new employees are only eligible for the Cash Balance provision.

The Non-Qualified Plan is a single-employer, non-qualified defined benefit pension plan. The purpose of this plan is to allow certain current and former employees to retain the benefits to which they would have been entitled under the Retirement Plan, except for federally mandated limits. The benefits are derived from the Retirement Plan formula noted herein less amounts paid from the qualified Retirement Plan. The assets of this plan are held in an irrevocable trust but are not legally protected from creditors. Accordingly, the trust does not meet the criteria for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68). Annuities are purchased in the participant’s name at the time of retirement. The Non-Qualified Plan was established and may be amended at the direction of OPPD’s Board of Directors and is administered by the Company. The Non-Qualified Plan was amended as of January 1, 2018 to address the compensation limits in Internal Revenue Code 401(a)(17), which will increase membership in the plan going forward.

The following table summarizes the employees covered by the benefit terms of the Retirement Plan as of January 1, the actuarial valuation date and measurement date.

	2019	2018
Retirees and beneficiaries receiving benefits	2,219	2,154
Terminated Retirement Plan members entitled to, but not receiving, benefits	516	494
Active Retirement Plan members*	<u>1,762</u>	<u>1,828</u>
Total	<u>4,497</u>	<u>4,476</u>

*There were 455 and 374 members with the Cash Balance provision at January 1, 2019 and 2018, respectively.

The following table summarizes the employees covered by the benefit terms of the Non-Qualified Plan as of January 1.

	2019	2018
Terminated Non-Qualified Plan members entitled to, but not receiving, benefits	-	1
Active Non-Qualified Plan members	<u>6</u>	<u>3</u>
Total	<u>6</u>	<u>4</u>

Contributions – Employees contributed 7.2% and 6.7% of their covered payroll to the Retirement Plan for the years ended December 31, 2019 and 2018, respectively. The contribution rate for employees increased to 7.7% on January 1, 2020, and will gradually increase to 9.0% on January 1, 2022. Employee contributions are immediately 100% vested. An employee’s deferred retirement allowance is 100% vested after five years of continuous service (as defined by the Plan document). The Company is obligated to contribute the balance of the funds needed on an actuarially determined basis and has met this funding requirement. The actuarially determined contribution (ADC) was fully funded in the amount of \$59,201,000 and \$53,563,000 for the years ended December 31, 2019 and 2018, respectively.

Employees do not contribute to the Non-Qualified Plan. The Company contributes the funds needed on an actuarially determined basis and has met this funding requirement. The ADC was fully funded in the amount of \$680,000 and \$840,000 for the years ended December 31, 2019 and 2018, respectively. According to GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (GASB 73)*, assets accumulated for non-qualified pension plan benefit payments are reported in OPPD’s financial statements.

Actuarial Assumptions – Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The total pension liabilities in the January 1, 2019 and 2018 actuarial valuation were determined using the following actuarial assumptions applied to all periods included in the measurement.

The total pension liabilities must be determined using the Entry Age Normal (Level Percent of Pay) cost method per GASB 68 and 73. Under this actuarial method, an allocation to past service and future service is made by spreading the costs over an employee’s career as a level percentage of pay. The actuarial value of the Retirement Plan assets was determined using a method which smooths the effect of short-term volatility in the market value of investments over approximately five years. Ad-hoc cost-of-living adjustments are provided to retirees and beneficiaries of both plans at the discretion of the Board of Directors and are amortized in the year for which the increase is authorized. Except for the liability associated with cost-of-living adjustments, if any, the unfunded actuarial accrued liability was amortized on a level basis (closed group) over 20 years. The mortality table used for healthy participants was the RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2017 with generational projection.

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The other actuarial assumptions for the valuations of both plans as of January 1, 2019 and 2018, were as follows:

- The average rate of compensation increase varies by age.
- There were no ad-hoc cost-of-living adjustments.
- The average rate of inflation was 2.5%.
- The investment rate of return of the Retirement Plan was 7.0%, net of pension plan investment expenses, including inflation.

The actuarial assumptions are based on a study of the experience of the covered group. The last actuarial experience study was performed during 2016.

Discount Rate - The discount rate used to measure the total pension liability for the Retirement Plan was 7.0% for both 2019 and 2018. The discount rate is determined using the expected long-term rate of return of each asset class, including inflation and additional yields due to active investment management. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that OPPD contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with the provisions of GASB 73, OPPD elected to use the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the discount rate used to measure the total pension liability of the Non-Qualified Plan. The discount rate was 4.10% and 3.44% for 2019 and 2018, respectively.

The following table summarizes the Target Allocation and Long-term Expected Real Rate of Return, presented in geometric means, for each major Asset Class in the Retirement Plan.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity	28.0%	5.0%
Domestic fixed income	23.0	1.8
International developed equity	14.0	5.3
Emerging markets equity	10.0	7.4
Global fixed income	7.5	1.5
Private real estate	7.5	4.1
Emerging markets fixed income	5.0	4.1
High yield fixed income	3.0	3.7
Treasury inflation protected securities	2.0	1.8
Total	<u>100%</u>	

*Based on 2019 forward-looking capital market assumptions.

Total Pension Liability, Plan Fiduciary Net Position and Net Pension Liability - The total pension liabilities, plan fiduciary net position and net pension liability are determined in accordance with GASB 68 and 73, accordingly. The amounts are based on the results of an actuarial valuation measurement date of January 1, 2019.

The following table shows the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the Retirement Plan for the Measurement Period from January 1, 2018, to January 1, 2019, and the changes for the year ended December 31, 2019 (in thousands).

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a-b)
Balance at 12/31/2018	\$1,490,507	\$ 1,020,386	\$470,121
(Based on 1/1/2018 measurement date)			
Changes recognized for the fiscal year:			
Service cost	21,156		21,156
Interest on total pension liability	102,466		102,466
Changes in benefit terms	-		-
Difference between expected and actual experience	2,867		2,867
Changes of assumptions	(14,834)		(14,834)
Contributions from employer		53,563	(53,563)
Contributions from employee		11,417	(11,417)
Net investment income		(68,088)	68,088
Benefit payments, including refunds of employee contributions	(97,375)	(97,375)	-
Administrative expense		(98)	98
Net changes	<u>14,280</u>	<u>(100,581)</u>	<u>114,861</u>
Balance at 12/31/2019	<u>\$1,504,787</u>	<u>\$ 919,805</u>	<u>\$584,982</u>
(Based on 1/1/2019 measurement date)			

The following table shows the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the Retirement Plan for the Measurement Period from January 1, 2017, to January 1, 2018, and the changes for the year ended December 31, 2018 (in thousands).

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a-b)
Balance at 12/31/2017	\$ 1,445,219	\$ 904,820	\$ 540,399
(Based on 1/1/2017 measurement date)			
Changes recognized for the fiscal year:			
Service cost	21,135		21,135
Interest on total pension liability	99,501		99,501
Changes in benefit terms	909		909
Difference between expected and actual experience	16,421		16,421
Changes of assumptions	(1,306)		(1,306)
Contributions from employer		53,073	(53,073)
Contributions from employee		10,890	(10,890)
Net investment income		143,070	(143,070)
Benefit payments, including refunds of employee contributions	(91,372)	(91,372)	-
Administrative expense		(95)	95
Net changes	<u>45,288</u>	<u>115,566</u>	<u>(70,278)</u>
Balance at 12/31/2018	<u>\$ 1,490,507</u>	<u>\$ 1,020,386</u>	<u>\$ 470,121</u>
(Based on 1/1/2018 measurement date)			

	2019	2018
Plan fiduciary net position as a percentage of the total pension liability	61.13%	68.46%
Actuarially determined contributions	\$59,201	\$53,563

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The following table shows the Total Pension Liability for the Non-Qualified Plan for the Measurement Period from January 1, 2018, to January 1, 2019, and the changes for the year ended December 31, 2019 (*in thousands*).

	Increase (Decrease)
	Total Pension Liability
Balance at 12/31/2018	\$ 6,274
(Based on 1/1/2018 measurement date)	
Changes recognized for the fiscal year:	
Service cost	237
Interest on total pension liability	183
Changes in benefit terms	-
Difference between expected and actual experience	(87)
Changes of assumptions	(82)
Benefit payments	(2,399)
Administrative expense	-
Net changes	<u>(2,148)</u>
Balance at 12/31/2019	<u>\$ 4,126</u>
(Based on 1/1/2019 measurement date)	

The following table shows the Total Pension Liability for the Non-Qualified Plan for the Measurement Period from January 1, 2017, to January 1, 2018, and the changes for the year ended December 31, 2018 (*in thousands*).

	Increase (Decrease)
	Total Pension Liability
Balance at 12/31/2017	\$ 7,546
(Based on 1/1/2017 measurement date)	
Changes recognized for the fiscal year:	
Service cost	275
Interest on total pension liability	223
Changes in benefit terms	144
Difference between expected and actual experience	1,966
Changes of assumptions	(28)
Benefit payments	(3,852)
Administrative expense	-
Net changes	<u>(1,272)</u>
Balance at 12/31/2018	<u>\$ 6,274</u>
(Based on 1/1/2018 measurement date)	

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued Retirement Plan financial report and can be reviewed by contacting Investor Relations at info@oppd.com or by visiting oppd.com.

Pension Liability – The following table shows the Pension Liability as reported on the Statements of Net Position as of December 31 (*in thousands*).

	2019	2018
Retirement Plan		
Total pension liability	\$ 1,504,787	\$ 1,490,507
Plan fiduciary net position	<u>919,805</u>	<u>1,020,386</u>
Net pension liability	584,982	470,121
Non-Qualified Plan		
Total pension liability	<u>4,126</u>	<u>6,274</u>
Pension Liability	<u>\$ 589,108</u>	<u>\$ 476,395</u>

Sensitivity – The following table illustrates the impact of interest rate sensitivity on the Total Pension Liability and Net Pension Liability as of December 31, 2019 (*in thousands*). The information provided below is calculated based on the applicable governmental accounting standards, which require the presentation of the discount rate at the rate in effect as of the measurement date (1/1/2019).

	1% Decrease	Discount Rate	1% Increase
Retirement Plan			
	6.0%	7.0%	8.0%
Total pension liability	\$ 1,671,006	\$ 1,504,787	\$ 1,364,515
Plan fiduciary net position	<u>919,805</u>	<u>919,805</u>	<u>919,805</u>
Net pension liability	<u>\$ 751,201</u>	<u>\$ 584,982</u>	<u>\$ 444,710</u>
Non-Qualified Plan			
	3.1%	4.1%	5.1%
Total pension liability	<u>\$ 4,708</u>	<u>\$ 4,126</u>	<u>\$ 3,638</u>

The following table illustrates the impact of interest rate sensitivity on the Total Pension Liability and Net Pension Liability as of December 31, 2018 (*in thousands*).

	1% Decrease	Discount Rate	1% Increase
Retirement Plan			
	6.0%	7.0%	8.0%
Total pension liability	\$ 1,660,078	\$ 1,490,507	\$ 1,347,918
Plan fiduciary net position	<u>1,020,386</u>	<u>1,020,386</u>	<u>1,020,386</u>
Net pension liability	<u>\$ 639,692</u>	<u>\$ 470,121</u>	<u>\$ 327,532</u>
Non-Qualified Plan			
	2.44%	3.44%	4.44%
Total pension liability	<u>\$ 6,882</u>	<u>\$ 6,274</u>	<u>\$ 5,767</u>

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2019, OPPD recognized pension expense of \$59,201,000 and non-qualified pension expense of \$680,000. For the year ended December 31, 2018, OPPD recognized pension expense of \$53,563,000 and non-qualified pension expense of \$1,134,000. Pension expense for the non-qualified plan was \$294,000 over the ADC as contributions were initially made based on the original projection of the ADC, which was later decreased.

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The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources as of December 31, 2019 (*in thousands*).

	Deferred Outflows	Deferred Inflows
Retirement Plan		
Difference between expected and actual experience	\$ 11,840	\$ 1,133
Changes of assumptions	22,106	11,759
Net difference between expected and actual earnings on pension plan investments	81,619	-
Contribution made in fiscal year ending December 31, 2019	59,201	-
Total	<u>\$ 174,766</u>	<u>\$ 12,892</u>
Non-Qualified Plan		
Difference between expected and actual experience	\$ 1,318	\$ 75
Changes of assumptions	-	90
Benefits paid in fiscal year ending December 31, 2019	-	-
Total	<u>\$ 1,318</u>	<u>\$ 165</u>
Total deferred outflows/inflows of resources	<u>\$ 176,084</u>	<u>\$ 13,057</u>

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources as of December 31, 2018 (*in thousands*).

	Deferred Outflows	Deferred Inflows
Retirement Plan		
Difference between expected and actual experience	\$ 15,484	\$ 1,972
Changes of assumptions	41,410	988
Net difference between expected and actual earnings on pension plan investments	-	20,294
Contribution made in fiscal year ending December 31, 2018	53,563	-
Total	<u>\$ 110,457</u>	<u>\$ 23,254</u>
Non-Qualified Plan		
Difference between expected and actual experience	\$ 1,642	\$ -
Changes of assumptions	-	24
Benefits paid in fiscal year ending December 31, 2018	2,399	-
Total	<u>\$ 4,041</u>	<u>\$ 24</u>
Total deferred outflows/inflows of resources	<u>\$ 114,498</u>	<u>\$ 23,278</u>

As of December 31, 2019, the Company reported \$59,201,000 as deferred outflows of resources related to pensions resulting from the contributions made to the Retirement Plan subsequent to the measurement date. This amount will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (*in thousands*):

Year	Qualified Plan	Non-Qualified Plan
2020	\$ 49,434	\$ 296
2021	16,512	296
2022	9,047	296
2023	27,680	296
2024	-	-
Thereafter	-	(31)

DEFINED CONTRIBUTION RETIREMENT SAVINGS PLAN – 401(k)/457(b)

OPPD sponsors a Defined Contribution Retirement Savings Plan – 401(k) (401k Plan) and a Defined Contribution Retirement Savings Plan – 457(b) (457b Plan). Both the 401k Plan and 457b Plan cover all full-time employees and certain part-time employees and allow contributions by employees that are partially matched by the Company. The Defined Contribution plans were established and may be amended at the direction of OPPD's Board of Directors and are administered by the Company. The 401k Plan's and 457b Plan's assets and income are held in an external trust account in each employee's name. The matching share of contributions was \$5,771,000 and \$5,847,000 for the years ended December 31, 2019 and 2018, respectively. The employer maximum annual match on employee contributions was \$4,000 per employee for the years ended December 31, 2019 and 2018.

Detailed information about the fiduciary net position of the 401(k) and 457(b) plans is available in the separately issued 401(k) and 457(b) Plan financial reports and can be reviewed by contacting Investor Relations at info@oppd.com or by visiting oppd.com.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

There are two separate plans for OPEB. OPEB Plan A provides postemployment healthcare and life insurance benefits to qualifying members. OPEB Plan B provides postemployment healthcare premium coverage for the Company's share to qualifying members who were hired after December 31, 2007. The OPEB Plans were established and may be amended at the direction of OPPD's Board of Directors and are administered by the Company. The Company adopted and implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), in 2018, related to the OPPD OPEB plans.

OPEB Plan A

Plan Description and Benefits Provided – OPEB Plan A (Plan A) is a single-employer defined benefit OPEB plan administered by the Company. Plan A provides postemployment healthcare benefits to retirees, surviving spouses, and employees on long-term disability and their dependents and life insurance benefits to retirees and employees on long-term disability. The requirements for retirement eligibility under OPPD's Retirement Plan determines when Plan A members are eligible for medical benefits. OPPD is self-insured for healthcare benefits. Healthcare benefits are based on the coverage elected by Plan A members. Plan members are required to pay a premium based on the elected coverage and their respective premium cost share. When members are retired and eligible for Medicare benefits, coverage moves from OPPD's Medical Plans to OPPD's Group Medicare Supplement and Part D Plans.

Life insurance coverage is purchased from a third-party and benefits are based on one and one-half times the participant's salary at the time of retirement until age 65. At age 65, the benefits are reduced to \$20,000 if retired on or after June 1, 1996 or \$15,000 if retired prior to June 1, 1996.

The following table summarizes the employees covered by the benefit terms of Plan A as of January 1.

	2019	2018
Inactive plan members currently receiving benefits	1,995	1,933
Active Plan A members	<u>1,762</u>	<u>1,828</u>
Total	<u>3,757</u>	<u>3,761</u>

Contributions – Plan A members are required to pay a monthly premium based on the elected coverage and the respective premium cost share. The Company contributes the balance of the funds needed on an actuarially determined basis. The ADC was fully funded in the amount of \$20,621,000 and \$19,973,000 for the years ended December 31, 2019 and 2018, respectively.

Actuarial Assumptions – Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The total Plan A liability in the January 1, 2019

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and 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

The total Plan A liability must be determined using the Entry Age Normal (Level Percent of Pay) cost method per GASB 75. Under this actuarial method, an allocation to past service and future service is made by spreading the costs over an employee's career as a level percentage of pay. The actuarial value of the Plan A assets was determined using a method which smooths the effect of short-term volatility in the market value of investments over approximately five years. The mortality table used for healthy participants was the RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2017 with generational projection.

The other actuarial assumptions for the valuations as of January 1, 2019 and 2018, were as follows:

- The average rate of compensation increase varies by age.
- The average rate of inflation was 2.5%.
- The investment rate of return was 7.0%, net of OPEB plan investment expenses, including inflation.
- The pre-Medicare healthcare trend rates ranged from 7.1% immediate to 4.5% for both years.
- The post-Medicare healthcare trend rates ranged from 11.6% immediate to 4.5% ultimate in 2019, and 8.0% immediate to 4.5% ultimate in 2018.
- Amortization for the initial unfunded actuarial accrued liability and OPEB Plan changes was determined using a period of 30 years and the increasing method at a rate of 3.0% per year.
- Amortization for all changes (including gains/losses, assumption and plan provisions) after the initial year were determined using a closed period of 15 years and the level-dollar method.

The actuarial assumptions are based on a study of the experience of the covered group. The last actuarial experience study was performed during 2016.

Discount Rate - The discount rate used to measure the total Plan A liability was 7.0% for both 2019 and 2018. The discount rate is determined using the expected long-term rate of return of each asset class, including inflation and additional yields due to active investment management. The projection of cash flows used to determine the discount rate assumed that OPPD contributions will be equal to the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan A investments was applied to all periods of projected benefit payments to determine the total OPEB Plan A liability.

The following table summarizes the Target Allocation and Long-term Expected Real Rate of Return, presented in geometric means, for each major Asset Class in the OPEB Plan A.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Global equity	50.0%	5.3%
Domestic fixed income	20.0	1.8
Real return	20.0	4.3
Private real estate	10.0	4.1
Total	<u>100%</u>	

*Based on 2019 forward-looking capital market assumptions.

Total OPEB Plan A Liability, Plan Fiduciary Net Position and Net OPEB Plan A Liability - The total OPEB Plan A liability, plan fiduciary net position and net OPEB Plan A liability are determined in accordance with GASB 75. The amounts are based on the results of an actuarial valuation measurement date of January 1, 2019.

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for Plan A for the Measurement Period from January 1, 2018, to January 1, 2019, and the changes for the year ended December 31, 2019 (in thousands).

	Increase (Decrease)		
	Total OPEB A Liability	Plan Fiduciary Net Position	Net OPEB A Liability
	(a)	(b)	(a-b)
Balance at 12/31/2018	\$ 402,128	\$ 152,568	\$ 249,560
(Based on 1/1/2018 measurement date)			
Changes recognized for the fiscal year:			
Service cost	4,171		4,171
Interest on total OPEB liability	27,717		27,717
Changes in benefit terms	(37,614)		(37,614)
Difference between expected and actual experience	24,899		24,899
Changes of assumptions	(1,255)		(1,255)
Contributions from employer		19,973	(19,973)
Net investment income		(11,695)	11,695
Benefit payments	(21,028)	(21,028)	-
Administrative expense		(168)	168
Net changes	<u>(3,110)</u>	<u>(12,918)</u>	<u>9,808</u>
Balance at 12/31/2019	<u>\$ 399,018</u>	<u>\$ 139,650</u>	<u>\$ 259,368</u>
(Based on 1/1/2019 measurement date)			

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for Plan A for the Measurement Period from January 1, 2017, to January 1, 2018, and the changes for the year ended December 31, 2018 (in thousands).

	Increase (Decrease)		
	Total OPEB A Liability	Plan Fiduciary Net Position	Net OPEB A Liability
	(a)	(b)	(a-b)
Balance at 1/1/2018	\$ 419,881	\$ 131,433	\$ 288,448
(Based on 1/1/2017 measurement date)			
Changes recognized for the fiscal year:			
Service cost	4,459		4,459
Interest on total OPEB liability	29,015		29,015
Changes in benefit terms	-		-
Difference between expected and actual experience	(31,210)		(31,210)
Changes of assumptions	-		-
Contributions from employer		22,568	(22,568)
Net investment income		18,705	(18,705)
Benefit payments	(20,017)	(20,017)	-
Administrative expense		(121)	121
Net changes	<u>(17,753)</u>	<u>21,135</u>	<u>(38,888)</u>
Balance at 12/31/2018	<u>\$ 402,128</u>	<u>\$ 152,568</u>	<u>\$ 249,560</u>
(Based on 1/1/2018 measurement date)			

	2019	2018
Plan fiduciary net position as a percentage of the total OPEB Plan A liability	35.00%	37.94%
Actuarially determined contributions	\$20,621	\$19,973

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OPEB Plan A Fiduciary Net Position – Detailed information about OPEB Plan A's fiduciary net position is available in the separately issued Plan A financial report and can be reviewed by contacting Investor Relations at finfo@oppd.com or by visiting oppd.com.

Sensitivity – The following table illustrates the impact of interest rate sensitivity on the Total OPEB Liability and Net OPEB Liability as of December 31, 2019 (in thousands). The information provided below is calculated based on the applicable governmental accounting standards, which require the presentation of the discount rate at the rate in effect as of the measurement date (1/1/2019).

	1% Decrease	Discount Rate	1% Increase
OPEB Plan A	6.0%	7.0%	8.0%
Total OPEB liability	\$ 447,085	\$ 399,018	\$ 358,997
Plan fiduciary net position	139,650	139,650	139,650
Net OPEB liability	<u>\$ 307,435</u>	<u>\$ 259,368</u>	<u>\$ 219,347</u>

The following table illustrates the impact of interest rate sensitivity on the Total OPEB Liability and Net OPEB Liability as of December 31, 2018 (in thousands). The information provided below is calculated based on the applicable governmental accounting standards, which require the presentation of the discount rate at the rate in effect as of the measurement date (1/1/2018).

	1% Decrease	Discount Rate	1% Increase
OPEB Plan A	6.0%	7.0%	8.0%
Total OPEB liability	\$ 452,834	\$ 402,128	\$ 360,193
Plan fiduciary net position	152,568	152,568	152,568
Net OPEB liability	<u>\$ 300,266</u>	<u>\$ 249,560</u>	<u>\$ 207,625</u>

The following table illustrates the impact of healthcare cost trend rate sensitivity on the Net OPEB Plan A Liability as of December 31, 2019 (in thousands) if it were calculated using a 1% change in the healthcare cost trend rates as of the measurement date (1/1/2019).

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Pre-Medicare	6.1%-3.5%	7.1%-4.5%	8.1%-5.5%
Post-Medicare	10.6%-3.5%	11.6%-4.5%	12.6%-5.5%
Total OPEB liability	\$ 359,707	\$ 399,018	\$ 446,328
Plan fiduciary net position	139,650	139,650	139,650
Net OPEB liability	<u>\$ 220,057</u>	<u>\$ 259,368</u>	<u>\$ 306,678</u>

The following table illustrates the impact of healthcare cost trend rate sensitivity on the Net OPEB Plan A Liability as of December 31, 2018 (in thousands) if it were calculated using a 1% change in the healthcare cost trend rates as of the measurement date (1/1/2018).

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Pre-Medicare	6.1%-3.5%	7.1%-4.5%	8.1%-5.5%
Post-Medicare	7.0%-3.5%	8.0%-4.5%	9.0%-5.5%
Total OPEB liability	\$ 360,496	\$ 402,128	\$ 452,651
Plan fiduciary net position	152,568	152,568	152,568
Net OPEB liability	<u>\$ 207,928</u>	<u>\$ 249,560</u>	<u>\$ 300,083</u>

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Plan A – For the year ended December 31, 2019, OPPD recognized OPEB expense of \$20,621,000. For the year ended December 31, 2018, OPPD recognized OPEB expense of \$19,973,000.

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to Plan A from the following sources as of December 31, 2019 (*in thousands*).

	Deferred Outflows	Deferred Inflows
OPEB Plan A		
Difference between expected and actual experience	\$ 19,744	\$ 18,393
Changes of assumptions	-	995
Net difference between expected and actual earnings on OPEB plan investments	12,214	-
Contribution made in fiscal year ending December 31, 2019	<u>20,621</u>	<u>-</u>
Total deferred outflows/inflows of resources	<u>\$ 52,579</u>	<u>\$ 19,388</u>

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to Plan A from the following sources as of December 31, 2018 (*in thousands*).

	Deferred Outflows	Deferred Inflows
OPEB Plan A		
Difference between expected and actual experience	\$ -	\$ 24,801
Changes of assumptions	-	-
Net difference between expected and actual earnings on OPEB plan investments	-	7,537
Contribution made in fiscal year ending December 31, 2018	<u>19,973</u>	<u>-</u>
Total deferred outflows/inflows of resources	<u>\$ 19,973</u>	<u>\$ 32,338</u>

As of December 31, 2019, the Company reported \$20,621,000 as deferred outflows of resources related to Plan A resulting from the contributions made to the OPEB Plan subsequent to the measurement date. This amount will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB Plan A will be recognized in OPEB expense as follows (*in thousands*):

Year	Amount
2020	\$ 1,069
2021	1,069
2022	1,902
2023	8,530
2024	-
Thereafter	-

OPEB Plan B

Plan Description and Benefits Provided – OPEB Plan B (Plan B) is a single-employer defined benefit OPEB plan administered by the Company. Plan B provides postemployment healthcare premium coverage for the Company's share for retirees and surviving spouses and their dependents to qualifying members who were hired after December 31, 2007. Benefits are based on the coverage elected by the Plan B members and the balance in the member's hypothetical account, which is a bookkeeping account. The hypothetical accounts are credited with \$10,000 upon commencement of full-time employment, \$1,000 annually on the member's anniversary date and interest income at 5.0% annually. Plan B benefits are for the payment of OPPD's share of the members' healthcare premiums. Plan benefits will continue until the member and eligible spouse cease to be covered under the Company's medical plan, the member's hypothetical account is depleted or Plan B terminates, whichever occurs first. Benefits are forfeited for any member

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who fails to retire or who retires but does not immediately commence payments.

The following table summarizes the employees covered by the benefit terms of Plan B as of January 1.

Inactive plan members currently receiving benefits	2019 7	2018 5
Active Plan B members	765	704
Total	<u>772</u>	<u>709</u>

Contributions – Funds are contributed, as needed, on an actuarially determined basis. Members do not contribute to Plan B. The ADC was fully funded in the amount of \$625,000 for the year ended December 31, 2019. No employer contribution was required for the year ending December 31, 2018 as the Plan was overfunded.

Actuarial Assumptions – Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The total Plan B liability in the January 1, 2019 and 2018, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

The total Plan B liability must be determined using the Entry Age Normal (Level Percent of Pay) cost method per GASB 75. Under this actuarial method, an allocation to past service and future service is made by spreading the costs over an employee's career as a level percentage of pay. The actuarial value of the Plan B assets was determined using market value. The mortality table used for healthy participants was the RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2017 with generational projection.

The other actuarial assumptions for the valuations as of January 1, 2019 and 2018, were as follows:

- The average rate of inflation was 2.5%.
- The investment rate of return was 5.25%, net of OPEB plan investment expenses, including inflation.
- Amortization for all changes (including gains/losses, assumption and plan provisions) after the initial year were determined using a closed period of 15 years and the level-dollar method.

The actuarial assumptions are based on a study of the experience of the covered group. The last actuarial experience study was performed during 2016.

Discount Rate – The discount rate used to measure the total Plan B liability was 5.25% for both 2019 and 2018. The discount rate is determined using the expected long-term rate of return of each asset class, including inflation. The projection of cash flows used to determine the discount rate assumed that OPPD contributions will be made equal to the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan B investments was applied to all periods of projected benefit payments to determine the total OPEB Plan B liability.

The following table summarizes the Target Allocation and Long-term Expected Real Rate of Return, presented in geometric means, for each major Asset Class in Plan B.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic fixed income	70.0%	1.8%
Global equity	30.0	5.3
Total	<u>100%</u>	

*Based on 2019 forward-looking capital market assumptions.

Total OPEB Plan B Liability, Plan Fiduciary Net Position and Net OPEB Plan B Liability – The total OPEB Plan B liability, plan fiduciary net position and net OPEB Plan B liability are determined in accordance with GASB 75. The amounts are based on the results of an actuarial valuation measurement date of January 1, 2019.

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for Plan B for the Measurement Period from January 1, 2018, to January 1, 2019, and the changes for the year ended December 31, 2019 (*in thousands*).

	Increase (Decrease)		
	Total OPEB B Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB B Liability/(Asset) (a-b)
Balance at 12/31/2018	\$ 3,691	\$ 4,042	\$ (351)
(Based on 1/1/2018 measurement date)			
Changes recognized for the fiscal year:			
Service cost	492		492
Interest on total OPEB liability	219		219
Changes in benefit terms	-		-
Difference between expected and actual experience	145		145
Changes of assumptions	(451)		(451)
Net investment income		(133)	133
Benefit payments	(17)	(17)	-
Administrative expense		(35)	35
Net changes	<u>388</u>	<u>(185)</u>	<u>573</u>
Balance at 12/31/2019	<u>\$ 4,079</u>	<u>\$ 3,857</u>	<u>\$ 222</u>
(Based on 1/1/2019 measurement date)			

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for Plan B for the Measurement Period from January 1, 2017, to January 1, 2018, and the changes for the year ended December 31, 2018 (*in thousands*).

	Increase (Decrease)		
	Total OPEB B Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB B Liability/(Asset) (a-b)
Balance at 1/1/2018	\$ 3,006	\$ 3,735	\$ (729)
(Based on 1/1/2017 measurement date)			
Changes recognized for the fiscal year:			
Service cost	459		459
Interest on total OPEB liability	182		182
Changes in benefit terms	-		-
Difference between expected and actual experience	57		57
Changes of assumptions	-		-
Net investment income		356	(356)
Benefit payments	(13)	(13)	-
Administrative expense		(36)	36
Net changes	<u>685</u>	<u>307</u>	<u>378</u>
Balance at 12/31/2018	<u>\$ 3,691</u>	<u>\$ 4,042</u>	<u>\$ (351)</u>
(Based on 1/1/2018 measurement date)			

	2019	2018
Plan fiduciary net position as a percentage of the total OPEB Plan B liability	94.57%	109.52%
Actuarially determined contributions	\$625	\$323

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OPEB Plan B Fiduciary Net Position – Detailed information about OPEB Plan B’s fiduciary net position is available in the separately issued Plan B financial report and can be reviewed by contacting Investor Relations at info@oppd.com or by visiting oppd.com.

Sensitivity – The following table illustrates the impact of interest rate sensitivity on the Total OPEB Liability and Net OPEB Liability/(Asset) as of December 31, 2019 (in thousands). The information provided below is calculated based on the applicable governmental accounting standards, which require the presentation of the discount rate at the rate in effect as of the measurement date (1/1/2019).

OPEB Plan B	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Total OPEB liability	\$ 4,494	\$ 4,079	\$ 3,697
Plan fiduciary net position	3,857	3,857	3,857
Net OPEB liability/(asset)	<u>\$ 637</u>	<u>\$ 222</u>	<u>\$ (160)</u>

The following table illustrates the impact of interest rate sensitivity on the Total OPEB Liability and Net OPEB Liability/(Asset) as of December 31, 2018 (in thousands). The information provided below is calculated based on the applicable governmental accounting standards, which require the presentation of the discount rate at the rate in effect as of the measurement date (1/1/2018).

OPEB Plan B	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Total OPEB liability	\$ 4,108	\$ 3,691	\$ 3,314
Plan fiduciary net position	4,042	4,042	4,042
Net OPEB liability/(asset)	<u>\$ 66</u>	<u>\$ (351)</u>	<u>\$ (728)</u>

The Net OPEB Liability/(Asset) is not affected by the healthcare cost trend rates as the Plan only covers the monthly cost of OPPD’s share of the premium. Increases or decreases in the healthcare trend rates do not impact the member’s hypothetical account.

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plan B – For the year ended December 31, 2019, OPPD recognized OPEB expense of \$625,000. For the year ended December 31, 2018, OPPD recognized OPEB expense of \$452,000.

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to Plan B from the following sources as of December 31, 2019 (in thousands).

OPEB Plan B	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 190	\$ -
Changes of assumptions	-	429
Net difference between expected and actual earnings on OPEB plan investments	178	-
Contribution made in fiscal year ending December 31, 2019	625	-
Total deferred outflows/inflows of resources	<u>\$ 993</u>	<u>\$ 429</u>

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to Plan B from the following sources as of December 31, 2018 (in thousands).

	Deferred Outflows	Deferred Inflows
OPEB Plan B		
Difference between expected and actual experience	\$ 55	\$ -
Changes of assumptions	-	-
Net difference between expected and actual earnings on OPEB plan investments	-	<u>129</u>
Total deferred outflows/inflows of resources	<u>\$ 55</u>	<u>\$129</u>

As of December 31, 2019, the Company reported \$625,000 as deferred outflows of resources related to Plan B resulting from the contributions made to the OPEB Plan subsequent to the measurement date. This amount will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2020. Plan B was overfunded as of December 31, 2018, so there were no deferred outflows of resources related to contributions since there were no contributions made to the OPEB Plan subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB Plan B will be recognized in OPEB expense as follows (in thousands):

Year	Amount
2020	\$ 24
2021	24
2022	24
2023	56
2024	(13)
Thereafter	(176)

SELF-INSURANCE HEALTH PROGRAM

Employee healthcare and life insurance benefits are provided to substantially all employees. There were 1,623 and 1,595 employees with medical coverage as of December 31, 2019 and 2018, respectively. An Administrative Services Only (ASO) Health Insurance Program is used to account for the health insurance claims. With respect to the ASO program, reserves sufficient to satisfy both statutory and OPPD-directed requirements have been established to provide risk protection in the Segregated Fund – Other (Note 3). Additionally, private insurance has been purchased to cover claims in excess of 125% of expected aggregate levels and \$450,000 per member.

Healthcare expenses for employees were \$27,407,000 and \$28,063,000 for the years ended December 31, 2019 and 2018, respectively.

The total cost of life and long-term disability insurance for full-time employees was \$1,218,000 and \$1,192,000 for the years ended December 31, 2019 and 2018, respectively.

The balance of the Incurred but Not Presented Reserve was \$3,502,000 and \$3,055,000 as of December 31, 2019 and 2018, respectively (Note 2).

7. ADDITIONS TO AND UTILIZATIONS OF RESERVES

The Rate Stabilization Reserve had no changes for the years ended December 31, 2019 and 2018. The balance of the reserve was \$50,000,000 as of December 31, 2019 and 2018.

The Decommissioning and Benefits Reserve was increased by \$17,000,000 and \$42,500,000 for the years ended December 31, 2019 and 2018, respectively. The balance of the reserve was \$94,000,000 and \$77,000,000 as of December 31, 2019 and 2018, respectively.

Notes to Financial Statements

as of and for the Years Ended December 31, 2019 and 2018

8. DERIVATIVES AND FINANCIAL INSTRUMENTS

Energy Futures Contracts – OPPD enters into financial futures contracts to hedge the volatility of the market price risk of electricity for anticipated off-system sales revenue or purchase power expense transactions. These transactions must comply with the risk management policy in place to control the volume of energy that can be hedged and the length of the contracts. The Company does not enter into derivative instruments for speculative purposes.

OPPD entered into energy financial future contracts with the Intercontinental Exchange (ICE) to hedge the expected cash flows associated with purchases and sales of energy due to market price volatility. By entering into these arrangements, OPPD will receive and make payments based on market prices without actually entering into the related commodity transactions. In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, outstanding derivatives are evaluated and classified as either hedging derivative instruments, or cash flow hedges (effective), or investment derivative instruments (ineffective), with the accumulated change in fair market value recognized as deferred inflows/outflows of resources on the Statements of Net Position or investment income/expense on the Statements of Revenues, Expenses and Changes in Net Position, respectively. The fair value and deferred cash flows, if any, for these contracts are determined by comparing the contract price to the forward market prices quoted by an independent external pricing service.

Realized gains or losses from hedging derivative instruments are recognized as either off-system sales revenue or purchased power expense on the Statements of Revenue, Expenses and Changes in Net Position in the month the contract expires. Gains or losses from investment derivative instruments are recognized immediately as investment income/expense. All derivative contracts are cash settled in the month subsequent to the period in which the contract expires.

The following table summarizes the outstanding contracts and related megawatt-hours (MWh) as of December 31, 2019.

	Effective Date	Maturity Date	Notional Amount	Volume
Energy Futures Contract	Dec. 2019	Jan. 2020	20,360	MWh
Energy Futures Contract	Dec. 2019	Feb. 2020	17,400	MWh
Energy Futures Contract	Dec. 2019	Jul. 2020	18,400	MWh
Energy Futures Contract	Dec. 2019	Aug. 2020	16,800	MWh
Total MWh hedged			<u>72,960</u>	

The following table summarizes the outstanding contracts and related MWh as of December 31, 2018.

	Effective Date	Maturity Date	Notional Amount	Volume
Energy Futures Contract	Nov. 2018	Jan. 2019	12,720	MWh
Energy Futures Contract	Nov. 2018	Feb. 2019	3,520	MWh
Energy Futures Contract	Dec. 2018	Jan. 2019	19,600	MWh
Energy Futures Contract	Dec. 2018	Feb. 2019	17,600	MWh
Energy Futures Contract	Dec. 2018	Mar. 2019	16,800	MWh
Energy Futures Contract	Dec. 2018	Apr. 2019	17,600	MWh
Total MWh hedged			<u>87,840</u>	

The following table summarizes the fair value, changes in fair value and notional amounts of energy financial future contracts, classified by type, outstanding as of December 31, 2019.

Changes in Fair Value			Fair Value at December 31, 2019		
	Classification	Amount	Classification	Amount	Notional
Hedging derivative instruments:					
Commodity futures	Deferred inflow	\$ 53,000	Derivative instruments - asset	\$ 53,000	16,800 MWh
Commodity futures	Deferred outflow	\$ 71,000	Derivative instruments - liability	\$ 71,000	35,200 MWh
Investment derivative instruments:					
Commodity futures	Investment income	\$ 54,000	Derivative instruments - asset	\$ 54,000	20,960 MWh

The following table summarizes the fair value, changes in fair value and notional amounts of energy financial future contracts, classified by type, outstanding as of December 31, 2018.

Changes in Fair Value			Fair Value at December 31, 2018		
	Classification	Amount	Classification	Amount	Notional
Hedging derivative instruments:					
Commodity futures	Deferred inflow	\$ 575,000	Derivative instruments - asset	\$ 575,000	53,440 MWh
Commodity futures	Deferred outflow	\$ 186,000	Derivative instruments - liability	\$ 186,000	34,400 MWh

As a result of engaging in hedging activities, OPPD is subject to the following key risks:

- **Basis Risk** – Basis risk is the risk that arises when variable rates or prices of a hedging derivative instrument and a hedged item are based on different reference rates. OPPD is exposed to this risk due to a difference in commodity value between different generating sites and delivery points or between cash market prices and the pricing points used in the SPP financial market.
- **Credit Risk** – Credit risk is the risk that results when counterparties or the clearing agent are unable or unwilling to fulfill their obligations. OPPD addresses this risk with the counterparties by executing these contracts using an independent clearing agent, which requires collateral and will spread any unfilled obligations across all participants utilizing their services. The risk of default by the clearing agent is mitigated by their membership in the commodities clearing house, which requires collateral and guaranty funds by each clearing agent to be used to offset any socialized unfilled obligations between member clearing agents.

Auction Revenue Rights (ARRs) – ARRAs are financial instruments that entitle the owner to a share of the revenues generated in the applicable Transmission Congestion Rights (TCR) auctions. ARRAs are allocated during annual and/or incremental monthly auctions and have the option of being converted into a TCR. OPPD is entitled to these financial payments as a substitute for firm (physical) transmission service. ARRAs are accounted for at cost as they are not readily convertible to cash and therefore do not meet the definition of a derivative. The balance of ARRAs, reported in Current Liabilities - Other, was \$3,637,000 and \$5,419,000 as of December 31, 2019, and 2018, respectively (Note 2).

Transmission Congestion Rights – TCRs are financial instruments that entitle the holder to an offset to congestion charges on the transmission grid that take place in the day-ahead market. The Company utilizes TCRs to hedge against congestion differentials between OPPD generators and OPPD load in the SPP Integrated Marketplace.

TCRs qualify for the normal purchases and sales exception under GASB guidance and are reported on a cost basis on the Statements of Net Position. The total notional amount of TCRs outstanding as of December 31, 2019 and 2018, was 4,576,616 MWh and 4,846,348 MWh, respectively. The balance of TCRs reported in Other Current Assets was \$1,349,000 and \$1,968,000 as of December 31, 2019 and 2018, respectively (Note 2).

9. OTHER – NET

The following table summarizes the composition of Other – Net for the years ended December 31 (*in thousands*).

	2019	2018
Interest subsidies from the federal government	\$ 2,223	\$ 2,138
Insurance recoveries	289	160
Grants from FEMA	-	4,646
Other	993	407
Total	<u>\$ 3,505</u>	<u>\$ 7,351</u>

10. RISK MITIGATION AND RECOVERIES

OPPD is exposed to various risks of loss related to general liability and property damage. The Company procures property and liability insurance, subject to certain limits and deductibles, to reduce the adverse effect on its financial position or operational capabilities from claims caused by such matters. There have been no significant changes to the Company's insurance portfolio. Claims have not exceeded the limits of property or liability insurance in any of the three preceding years.

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The following table summarizes the total claims liability, comprising claims received and medical claims incurred but not presented, at December 31, 2019 and 2018 (*in thousands*).

	2019	2018
IBNP reserve	\$ 3,502	\$ 3,055
Workers' compensation reserve	5,761	5,280
Public liability reserve	825	1,243
Total	<u>\$ 10,088</u>	<u>\$ 9,578</u>

The following table summarizes the changes in the total claims liability during 2019 and 2018 (*in thousands*).

	2019	2018
Claims liability, beginning of year	\$ 9,578	\$ 8,861
Payments on claims	(29,142)	(30,258)
Claims and adjustments	29,652	30,975
Claims liability, end of year	<u>\$ 10,088</u>	<u>\$ 9,578</u>

OPPD is eligible for disaster assistance from the Federal Emergency Management Agency (FEMA) when a disaster is declared for damage in the Company's service area. FEMA declared disasters for events during 2019 (flood) and 2017 (storm). The receivable for the 2017 disaster was \$10,033,000 and \$11,199,000 at December 31, 2019 and 2018, respectively. There is no receivable from FEMA for the 2019 flood event as of December 31, 2019, as the grant agreements were not executed in 2019 and cannot be recognized in accordance with GASB guidance.

The 2019 flood event included flood prevention and repair activities that are also covered by OPPD's property insurance. OPPD filed a claim and received preliminary notification from the insurance carrier of advance payment settlement for the 2019 flood event in the amount of \$764,000 (net of the \$2,500,000 deductible) as of December 31, 2019. This receivable was outstanding as of December 31, 2019 and resulted in a reduction of Production expense of \$585,000 and CIAC of \$179,000.

11. FORT CALHOUN STATION

In June 2016, the OPPD Board of Directors approved a recommendation by management to cease operations at FCS by December 31, 2016, and begin the decommissioning process using the safe storage (SAFSTOR) methodology. The decision was made after a review of the Company's generation resource portfolio, and the station ceased operations on October 24, 2016. As a result of the Board decision to cease operations, the FCS assets were impaired in 2016. The write-off was recorded to a Special Item on the Statements of Revenues, Expenses and Changes in Net Position.

A portion of the materials and supplies inventory was not included in the impairment as this inventory is being used or sold, or is expected to be used or sold. As a result, it was reported at fair value in Current Assets on the Statements of Net Position. In 2019, a significant portion of the inventory was sold, disposed of or scrapped. The balance was \$807,000 and \$3,748,000 as of December 31, 2019 and 2018, respectively.

FCS recovery costs incurred in 2012 and 2013 were deferred as a regulatory asset based on Board approval. The deferral of the costs related to recovery was not included in the impairment, but will continue to be amortized (and collected through retail rates) through 2023, as these costs benefit current and future ratepayers.

OPPD entered into an agreement with EnergySolutions LLC (ES) in February 2017 for decommissioning support services. In October 2018, the Board of Directors approved a recommendation by management to transition the decommissioning process from SAFSTOR to the immediate dismantling (DECON) methodology. DECON provides for the immediate decontamination and dismantling of the nuclear systems and structures. In November 2018, the Board of Directors approved a recommendation by management to complete the DECON process using an OPPD-led, with contractor support, approach to the project. The Board also authorized and directed management to complete negotiations and enter into a contract with a qualified contractor to assist OPPD with completing the DECON process. Effective May 1, 2019, OPPD contracted with 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.

The total estimated cost in current-year dollars to decommission FCS using the DECON methodology was \$954,341,000 and \$1,080,995,000 as of December 31, 2019 and 2018, respectively. The estimated cost to decommission the station in current-year dollars for the NRC-required obligations using the DECON methodology was \$905,956,000 and \$1,025,729,000 as of December 31, 2019 and 2018, respectively. This included \$126,851,000 in Current Liabilities and \$779,105,000 in Other Liabilities as of December 31, 2019, and \$114,080,000 in Current Liabilities and \$911,649,000 in Other Liabilities as of December 31, 2018 on the Statements of Net Position. The estimated costs were based on a third-party, site-specific cost study.

The major assumptions used in the cost estimate as the basis for the decommissioning liability for December 31, 2019 and 2018 were as follows:

- Costs are provided in current-year dollars.
- Costs based on Prompt DECON Decommissioning model.
- Personnel costs based on a single-average salary for security and non-security staff, adjusted for headcount reductions.
- Overhead costs are for site and corporate support.
- Site facilities and systems data are based on current existing site drawings and data provided by OPPD, combined with experience from ES, to establish station systems and buildings inventories. These were used to generate labor hours, cost, and waste volumes and classifications.

In 2015, a regulatory asset was approved to match the recovery of decommissioning expenses with the decommissioning funding amounts collected through retail rates. In 2019, the Board of Directors authorized a revision to the regulatory accounting for decommissioning expense to match the expense to the amounts funded from both retail rates and realized decommissioning fund investment income starting in 2020. The balance of the regulatory asset was \$304,944,000 and \$468,720,000 as of December 31, 2019 and 2018, respectively. This included \$123,600,000 in Current Assets and \$181,344,000 in Other Long-Term Assets as of December 31, 2019, and \$143,000,000 in Current Assets and \$325,720,000 in Other Long-Term Assets as of December 31, 2018 on the Statements of Net Position. A long-term asset of \$53,595,000 and \$65,236,000 as of December 31, 2019 and 2018, respectively, was recorded for the estimated recovery from the DOE for costs related to spent fuel management activities. The DOE recovery amount was based on the low-end range of the potential reimbursement in accordance with accounting standards. The balance of the decommissioning trust assets was \$549,035,000 and \$465,956,000 as of December 31, 2019 and 2018, respectively, and includes interest receivables of \$1,558,000 and \$1,102,000 as of December 31, 2019 and 2018, respectively.

Employees located at FCS or other locations, and terminated as a result of the decision to cease operations, are eligible for an employee severance package. The package includes a lump-sum payment to eligible employees with a base of 12 weeks of pay based on current salary, plus an additional week of pay for each year of service up to a maximum of 52 weeks. Employees enrolled in the Company's medical benefit plans are also eligible for a lump-sum payment of medical, dental and vision insurance coverage costs based on the number of weeks used in the severance calculation (as noted above). Retiring employees are only eligible for payment related to dental coverage. Employees did not receive severance payments in 2019. There were 15 employees that received severance payments totaling \$1,682,000 in 2018.

Severance costs are accrued as the benefits are earned and recognized ratably over the future service period. Future severance costs beyond December 31, 2019 are estimated to be paid to approximately 237 employees in various waves of reductions through 2025. Severance costs of \$1,578,000 and \$1,650,000 were recorded as of December 31, 2019 and 2018, respectively.

In 2016, OPPD established a Key Employee Performance Plan (KEPP) to help ensure that key positions remained staffed for continued safe operations. As part of the KEPP, certain key positions at FCS are eligible for a performance incentive. Performance incentives are paid to employees based on attainment of certain milestone dates which extend to 2020. In 2019, 10 employees received performance incentive payments totaling \$611,000. In 2018, 83 employees received performance incentive payments totaling \$2,912,000. Future performance incentive costs beyond December 31, 2019 are estimated to be paid to approximately 104 employees. Performance incentive costs of \$784,000 and \$1,495,000 were recorded as of December 31, 2019 and 2018, respectively.

Notes to Financial Statements

as of and for the Years Ended December 31, 2019 and 2018

12. COMMITMENTS AND CONTINGENCIES

Commitments for the uncompleted portion of construction contracts were approximately \$45,819,000 at December 31, 2019.

Power sales commitments that extend through 2027 were \$13,817,000 as of December 31, 2019. Power purchase commitments, including capacity contracts were \$275,585,000 as of December 31, 2019. These commitments extend through 2050 and do not include the PPAs for OPPD's commitments for wind energy purchases or NC2, which are separately disclosed below.

The following table summarizes OPPD's commitments for wind purchase agreements as of December 31, 2019.

	Total Capacity (in MW)	OPPD Share (in MW)	Commitment Through	Amount (in thousands)
Ainsworth*	59.4	10.0	2025	\$ 10,806
Elkhorn Ridge**	80.0	25.0	2029	11,460
Total	<u>139.4</u>	<u>35.0</u>		<u>\$22,266</u>

* This PPA is on a "take-or-pay" basis and the Company is obligated to make payments for purchased power even if the power is not available, delivered or taken by OPPD. In addition, the Company is obligated, through a step-up provision, to pay a share of any deficit in funds resulting from a default at the Ainsworth facility. Included in this amount is OPPD's expected share of decommissioning costs.

**This PPA is on a "take-and-pay" basis and requires payments when the power is made available to OPPD. The commitment amount includes monthly fixed demand charges.

There were no commitments for the solar or other wind PPAs.

There are 40-year PPAs with seven public power and municipal utilities (the Participants) for the sale of half of the net capacity of NC2. The Participants have agreed to purchase their respective shares of the output on a "take-or-pay" basis even if the power is not available, delivered to or taken by the Participants. The Participants are subject to a step-up provision, whereby in the event of a Participant default, the remaining Participants are obligated to pay a share of any deficit in funds resulting from the default. There is an NC2 Transmission Facilities Cost Agreement with the Participants that addresses the cost allocation, payment and cost recovery for delivery of their respective power.

OPPD has coal supply contracts that extend through 2022 with minimum future payments of \$125,739,000 at December 31, 2019. The Company also has coal-transportation contracts that extend through 2020 with minimum future payments of \$77,951,000 as of December 31, 2019. These contracts are subject to price adjustments.

The Company is engaged in routine litigation incidental to the conduct of its business and, in the opinion of Management, based upon the advice of General Counsel, the aggregate amounts recoverable or payable, taking into account amounts provided in the financial statements, are not significant.

13. SUBSEQUENT EVENT

Management evaluated subsequent events through the date the financial statements were available to be issued to identify subsequent events that would require recognition or disclosure as of and for the year ended December 31, 2019.

OPPD issued an additional \$19,900,000 of Commercial Paper on January 29, 2020. The \$19,900,000 of additional proceeds was supplemented with cash from operations of \$4,165,000 and were used to fully refund the 2014 Series DD Electric System Subordinated Revenue Bonds balance of \$24,065,000 on February 3, 2020.



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Required Supplementary Information (Unaudited)

Schedule of Changes in Total Pension Liability, Net Pension Liability and Related Ratios

The following schedules show the history of changes in Total Pension Liability and Net Pension Liability as of December 31 using a January 1 measurement date (*in thousands*).

Retirement Plan	2019	2018
Total Pension Liability		
Service cost	\$ 21,156	\$ 21,135
Interest on total pension liability	102,466	99,501
Changes of benefit terms	-	909
Difference between expected and actual experience	2,867	16,421
Changes of assumptions	(14,834)	(1,306)
Benefit payments, including refunds of employee contributions	(97,375)	(91,372)
Net change in total pension liability	14,280	45,288
Total pension liability (beginning)	1,490,507	1,445,219
Total pension liability (ending) (a)	\$ 1,504,787	\$ 1,490,507
Plan Fiduciary Net Position		
Contributions from employer	\$ 53,563	\$ 53,073
Contributions from employee	11,417	10,890
Net investment income	(68,088)	143,070
Benefit payments, including refunds of employee contributions	(97,375)	(91,372)
Administrative expense	(98)	(95)
Net change in plan fiduciary net position	(100,581)	115,566
Plan fiduciary net position (beginning)	1,020,386	904,820
Plan fiduciary net position (ending) (b)	\$ 919,805	\$ 1,020,386
Net pension liability (ending) (a)-(b)	\$ 584,982	\$ 470,121
Plan fiduciary net position as a percentage of total pension liability	61.13%	68.46%
Covered payroll	\$ 179,364	\$ 179,607
Net pension liability as a percentage of covered payroll	326.14%	261.75%
Non-Qualified Plan		
Total Pension Liability	2019	2018
Service cost	\$ 237	\$ 275
Interest on total pension liability	183	223
Changes of benefit terms	-	144
Difference between expected and actual experience	(87)	1,966
Changes of assumptions	(82)	(28)
Benefit payments	(2,399)	(3,852)
Net change in total pension liability	(2,148)	(1,272)
Total pension liability (beginning)	6,274	7,546
Total pension liability (ending)	\$ 4,126	\$ 6,274
Covered payroll	\$ 2,292	\$ 2,561
Total pension liability as a percentage of covered payroll	180.02%	244.99%

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

See notes to required supplementary information

2017	2016	2015
\$ 23,406	\$ 23,224	\$ 22,492
103,695	100,285	93,643
-	1,268	-
4,667	2,593	(5,328)
42,537	-	54,712
(85,752)	(81,441)	(79,681)
88,553	45,929	85,838
1,356,666	1,310,737	1,224,899
\$ 1,445,219	\$ 1,356,666	\$ 1,310,737

\$ 50,711	\$ 46,568	\$ 53,008
11,957	12,375	11,720
58,549	(11,465)	32,020
(85,752)	(81,441)	(79,681)
(134)	(111)	(193)
35,331	(34,074)	16,874
869,489	903,563	886,689
\$ 904,820	\$ 869,489	\$ 903,563
\$ 540,399	\$ 487,177	\$ 407,174

62.61%	64.09%	68.94%
\$ 187,605	\$ 200,905	\$ 196,344
288.05%	242.49%	207.38%

2017
\$ 252
211
-
765
461
-
1,689
5,857
\$ 7,546
\$ 1,305
578.24%

Required Supplementary Information (Unaudited)

Schedule of Retirement Plan Contributions

The following table shows the history of Contributions for the Retirement Plan as of December 31, using a January 1 measurement date (*in thousands*).

	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution Percentage of Covered Payroll
2019	\$ 59,201	\$ 59,201	\$ -	\$ 179,364	33.01%
2018	53,563	53,563	-	179,607	29.82%
2017	53,073	53,073	-	187,605	28.29%
2016	50,711	50,711	-	200,905	25.24%
2015	46,568	46,568	-	196,344	23.72%
2014	53,008	53,008	-	194,100	27.31%

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

Required Supplementary Information (Unaudited)

Schedule of Changes in Total OPEB Liability, Net OPEB Liability and Related Ratios

The following schedules show the history of changes in Total OPEB Liability and Net OPEB Liability as of December 31 using a January 1 measurement date (*in thousands*).

Plan A	2019	2018
Total OPEB Liability		
Service cost	\$ 4,171	\$ 4,459
Interest on total OPEB liability	27,717	29,015
Changes of benefit terms	(37,614)	-
Difference between expected and actual experience	24,899	(31,210)
Changes of assumptions	(1,255)	-
Benefit payments	(21,028)	(20,017)
Net change in total OPEB liability	(3,110)	(17,753)
Total OPEB liability (beginning)	402,128	419,881
Total OPEB liability (ending) (a)	<u>\$ 399,018</u>	<u>\$ 402,128</u>
Plan Fiduciary Net Position		
Contributions from employer	\$ 19,973	\$ 22,568
Net investment income	(11,695)	18,705
Benefit payments	(21,028)	(20,017)
Administrative expense	(168)	(121)
Net change in plan fiduciary net position	(12,918)	21,135
Plan fiduciary net position (beginning)	152,568	131,433
Plan fiduciary net position (ending) (b)	<u>\$ 139,650</u>	<u>\$ 152,568</u>
Net OPEB liability (ending) (a)-(b)	<u>\$ 259,368</u>	<u>\$ 249,560</u>
Plan fiduciary net position as a percentage of total OPEB liability	35.00%	37.94%
Covered payroll	\$ 179,364	\$ 179,607
Net OPEB liability as a percentage of covered payroll	144.60%	138.95%

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

Required Supplementary Information (Unaudited)

Schedule of Changes in Total OPEB Liability, Net OPEB Liability and Related Ratios

The following schedules show the history of changes in Total OPEB Liability and Net OPEB Liability as of December 31 using a January 1 measurement date (*in thousands*).

Plan B	2019	2018
Total OPEB Liability		
Service cost	\$ 492	\$ 459
Interest on total OPEB liability	219	182
Changes of benefit terms	-	-
Difference between expected and actual experience	145	57
Changes of assumptions	(451)	-
Benefit payments	(17)	(13)
Net change in total OPEB liability	388	685
Total OPEB liability (beginning)	3,691	3,006
Total OPEB liability (ending) (a)	\$ 4,079	\$ 3,691
Plan Fiduciary Net Position		
Contributions from employer	\$ -	\$ -
Net investment income	(133)	356
Benefit payments	(17)	(13)
Administrative expense	(35)	(36)
Net change in plan fiduciary net position	(185)	307
Plan fiduciary net position (beginning)	4,042	3,735
Plan fiduciary net position (ending) (b)	\$ 3,857	\$ 4,042
Net OPEB liability/(asset) (ending) (a)-(b)	\$ 222	\$ (351)
Plan fiduciary net position as a percentage of total OPEB liability	94.57%	109.52%
Covered-employee payroll	\$ 73,931	\$ 55,747
Net OPEB liability/(asset) as a percentage of covered-employee payroll	0.30%	(0.63%)

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

Required Supplementary Information (Unaudited)

Schedule of OPEB Contributions

The following table shows the history of Contributions for the OPEB Plans as of December 31 using a January 1 measurement date (in thousands).

Plan A	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution Percentage of Covered Payroll
2019	\$ 20,621	\$ 20,621	\$ -	\$ 179,364	11.50%
2018	\$ 19,973	\$ 19,973	\$ -	\$ 179,607	11.12%

Plan B	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contribution Percentage of Covered-Employee Payroll
2019	\$ 625	\$ 625	\$ -	\$ 73,931	0.85%
2018*	\$ 323	\$ -	\$ -	\$ 55,747	0.00%

*Plan B was overfunded as of December 31, 2018, so no employer contribution is required, despite the actuarially determined contribution.

Schedules are intended to show information for 10 years. Additional years will be displayed when available.

Notes to Required Supplementary Information (Unaudited)

Retirement Plan

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, one-year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal with 20-year closed amortization period for unfunded liability

Asset Valuation Method: 5-year smoothing

Salary Increases: Varies by age

Investment Rate of Return: 7.00% for 2019 through 2016, 7.75% for 2015 and earlier

Retirement Rates: Varies by age and service

Mortality Rates: RP-2014 Aggregate mortality table with generational projection using Scale MP-2014, and is updated annually as new actuarial tables are published.

Non-Qualified Plan

OPPD contributes to a fund for the Non-Qualified Plan on an actuarially determined basis. The fund will be used to pay related benefits; however, it does not meet the criteria for GASB 68 as the assets are not legally protected from creditors. As such, assets were reported in the Company's financial statements and were not netted against the total pension liability.

Valuation Date: Actuarially determined calculations are as of January 1, one-year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal

Salary Increases: Varies by age

Retirement Rates: Varies by age and service

Mortality Rates: RP-2014 Aggregate mortality table with generational projection using Scale MP-2014, and is updated annually as new actuarial tables are published.

Notes to Required Supplementary Information (Unaudited)

OPEB Plan A

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal with 15-year closed amortization period for unfunded liability

Asset Valuation Method: 5-year smoothing

Salary Increases: Varies by age

Investment Rate of Return: 7.00% for 2019, 2018 and 2017

Retirement Rates: Varies by age and service

Mortality Rates: RP-2014 Aggregate mortality table with generational projection using Scale MP-2014, and is updated annually as new actuarial tables are published.

Healthcare Cost Trend Rates: The pre-Medicare healthcare trend rates ranged from 7.1% immediate to 4.5% ultimate in 2019, 7.1% immediate to 4.5% ultimate in 2018, and from 7.4% immediate to 4.5% ultimate in 2017. The post-Medicare healthcare trend rates ranged from 11.6% immediate to 4.5% ultimate in 2019, 8.0% immediate to 4.5% ultimate in 2018, and 8.6% immediate to 4.5% ultimate in 2017.

OPEB Plan B

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determine Contribution Rates

Actuarial Cost Method: Entry Age Normal with 15-year closed amortization period for unfunded liability

Asset Valuation Method: Market Value

Investment Rate of Return: 5.25% for 2019, 2018 and 2017

Statistics (Unaudited)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Electric Utility Plant (at year end) (in thousands of dollars).....	4,586,990	4,429,791	4,350,603	4,305,055	5,574,941	5,395,489	5,288,168	5,187,395	5,027,093	4,865,417
Total Indebtedness (at year end) (in thousands of dollars).....	1,980,651	2,049,020	2,132,253	2,193,921	2,256,348	2,224,843	2,267,277	2,296,305	2,085,540	2,011,969
Operating Revenues (in thousands of dollars)										
Residential.....	423,574	431,199	409,272	410,957	383,051	379,986	385,171	362,105	337,053	335,294
Commercial.....	329,616	331,773	324,723	324,545	315,079	311,917	306,719	292,296	274,102	284,400
Industrial.....	215,765	213,606	214,580	210,912	201,805	207,649	213,742	197,225	186,417	164,621
Off-System Sales.....	147,509	183,714	163,761	175,506	195,512	223,055	118,268	123,191	159,732	184,374
FPPA Revenue.....	20,896	8,579	6,708	(6,115)	(19,166)	(20,147)	15,169	(3,237)	35,345	269
Unbilled Revenues.....	2,956	(2,532)	(1,049)	6,753	(976)	(1,800)	4,490	4,517	(4,239)	1,232
Provision for Rate Stabilization.....	—	—	(8,000)	(26,000)	25,000	(4,000)	—	—	—	—
Provision for Debt Retirement.....	—	—	—	—	—	—	17,000	17,000	24,000	(13,000)
Provision for Decommissioning & Benefits Reserve.....	(17,000)	(42,500)	(34,500)	—	—	—	—	—	—	—
Other Electric Revenues.....	37,403	33,094	28,806	29,918	30,930	29,798	29,654	54,900	29,352	29,160
Total.....	1,160,719	1,156,933	1,104,301	1,126,476	1,131,235	1,126,458	1,090,213	1,047,997	1,041,762	986,350
Operations & Maintenance Expenses (in thousands of dollars).....	724,890	699,944	653,293	823,857	841,939	832,519	796,104	770,073	789,516	720,957
Payments in Lieu of Taxes (in thousands of dollars).....	35,030	34,915	33,989	34,138	32,241	31,651	31,827	30,094	28,217	27,851
Net Operating Revenues before Depreciation, Amortization and Decommissioning (in thousands of dollars).....	400,799	422,074	417,019	268,481	257,055	262,288	262,282	247,830	224,029	237,542
Net Income Before Special Item (in thousands of dollars).....	86,949	68,734	79,168	25,750	32,322	51,925	55,276	54,829	54,440	40,047
Special Item (in thousands of dollars).....	—	—	(1,972)	(959,575)	—	—	—	—	—	—
Net Income (Loss) (in thousands of dollars).....	86,949	68,734	77,196	(933,825)	32,322	51,925	55,276	54,829	54,440	40,047
Energy Sales (in megawatt-hours)										
Residential.....	3,751,130	3,841,043	3,568,164	3,588,933	3,470,523	3,559,978	3,607,439	3,595,316	3,602,973	3,644,400
Commercial.....	3,735,317	3,765,727	3,675,829	3,683,821	3,630,557	3,638,193	3,561,707	3,492,745	3,481,459	3,777,092
Industrial.....	3,389,005	3,371,856	3,394,003	3,328,290	3,301,175	3,500,977	3,606,611	3,670,346	3,698,719	3,427,710
Off-System Sales.....	4,427,468	5,658,707	5,701,008	7,238,266	7,840,683	7,694,203	3,925,574	3,671,978	4,631,175	5,552,645
Unbilled Sales.....	44,351	(28,596)	(19,868)	63,638	(26,640)	(39,493)	26,221	28,558	(85,917)	(24,109)
Total.....	15,347,271	16,608,737	16,319,136	17,902,948	18,216,298	18,353,858	14,727,552	14,458,943	15,328,409	16,377,738
Number of Customers (average per year)										
Residential.....	337,517	333,567	328,576	323,784	319,501	315,705	311,921	308,516	308,412	303,374
Commercial.....	46,837	46,589	46,084	45,537	45,104	44,785	44,221	43,589	43,564	43,225
Industrial.....	147	151	157	164	174	177	193	210	206	154
Off-System.....	14	15	14	15	11	15	33	35	41	38
Total.....	384,515	380,322	374,831	369,500	364,790	360,682	356,368	352,350	352,223	346,791
Cents Per kWh (average)										
Residential.....	11.30	11.21	11.49	11.47	11.07	10.68	10.68	10.12	9.37	9.22
Commercial.....	8.82	8.81	8.83	8.81	8.69	8.57	8.61	8.40	7.89	7.54
Industrial.....	6.37	6.33	6.32	6.35	6.12	5.94	5.96	5.38	5.05	4.83
Retail.....	8.90	8.90	8.92	8.94	8.66	8.42	8.43	7.94	7.42	7.26
Generating Capability (at year end) (in megawatts).....	2,690.8	2,691.4	2,645.7	2,490.1	3,080.3	3,232.1	3,237.0	3,208.8	3,222.7	3,224.7
System Peak Load (in megawatts).....	2,436.1	2,363.7	2,426.9	2,354.4	2,315.1	2,291.1	2,339.4	2,451.6	2,468.3	2,402.8
Net System Requirements (in megawatt-hours)										
Generated.....	9,022,252	11,116,129	10,760,108	14,689,524	15,399,002	16,212,801	13,209,542	12,855,389	13,807,712	15,870,513
Purchased and Net Interchanged.....	2,414,090	367,609	395,288	(3,502,796)	(4,488,016)	(5,026,318)	(1,819,871)	(1,529,643)	(2,576,167)	(4,428,059)
Net.....	11,436,342	11,483,738	11,155,396	11,186,728	10,910,986	11,186,483	11,389,671	11,325,746	11,231,545	11,442,454

Investor Relations and Corporate Information

Corporate Headquarters

Energy Plaza
444 South 16th Street Mall
Omaha, Nebraska 68102-2247
oppd.com

General Counsel

Fraser Stryker PC LLO
Omaha, Nebraska

Financial Advisor

Barclays Capital Inc.
New York, New York

Consulting Engineer

NewGen Strategies &
Solutions, LLC
Lakewood, Colorado

Independent Auditors

BKD LLP
Omaha, Nebraska

Bond Counsel

Kutak Rock LLP
Omaha, Nebraska

Commercial Paper Holders

Issuing and Paying Agent
The Bank of New York Mellon Trust
Company, N.A.
New York, New York

Senior, Subordinate and Separate System Bondholders

You may contact OPPD with questions
about OPPD debt at:

Treasury & Financial Operations
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102-2247
Email: finfo@oppd.com
800-428-5584

The Trustee and Paying Agent on OPPD's
Senior Lien Debt, Subordinated Revenue
Bonds and Separate System Revenue
Bonds is The Bank of New York Mellon
Trust Company, N.A. You may contact The
Bank of New York Mellon Trust Company,
N.A. directly at:

*The Bank of New York Mellon
Trust Company, N.A.
Global Corporate Trust
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602*
Email:
corporate.bond.research@bnymellon.com
Bondholder Communications:
800-254-2826

OPPD Minibond Holders

OPPD is the Paying Agent, Transfer Agent
and Registrar on OPPD's Minibonds. OPPD
Minibond Administration provides information
and assistance to Minibond holders regarding:

- *Interest Payments*
Interest on Current Interest-Bearing
Minibonds is paid on April 1 and October 1
each year.
- *Ownership Transfer*
Minibond Transfer Information Forms can be
obtained via oppd.com or by contacting the
Minibond Administrator. (See below.)
- *Annual Optional Early Redemption*

Minibond Administrator

You may contact the Minibond Administrator at:
Minibond Administrator
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102-2247
Email: minibonds@oppd.com
800-428-5584

Available Financial Information

In compliance with Securities and Exchange
Commission Rule 15c2-12, information
regarding OPPD is available through the
Municipal Securities Rulemaking Board's
Electronic Municipal Market Access System.
Copies of its most recent annual reports and
official statements also are available upon
request at finfo@oppd.com or at the
following address:

Treasury & Financial Operations Division
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102-2247

Financial information in the annual report
also is available at oppd.com

