

2022 Corporate Operating Plan



Your Energy Partner
OPPD
Omaha Public Power District

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Management Letter



Management Letter

Omaha Public Power District management and employees continue to progress on multiple measures in fulfilling our vision of leading the way we power the future. 2021 was the beginning of a period of transformation for the utility. OPPD personnel continue to work on innovative projects and initiatives that will position the utility well to continue our mission.



During the past five years, OPPD has conducted thoughtful research and analysis around how the utility can meet customers' demands for modern solutions and options as part of how they engage with their electrical utility.

Our 2022 Corporate Operating Plan recommends an average 2.5% rate increase in retail electricity rates, after a five year period of no general rate increase. The rate increase is tied to expanding operations, especially in customer care and transmission and distribution and reflects a relatively flat year over year change in administrative and general expenses. This increase in revenue will partially fund these initiatives and drive these solutions forward. Other impacts on OPPD operations have arisen in recent years, including rising material and labor costs. While we are asking for an increase in revenue from customers, as a public power utility OPPD's budget remains revenue-neutral.

The plan will outline how this transformational work will be pursued via five key strategic initiatives that will shape the utility for decades to come while maintaining a strong focus on our mission to provide affordable, reliable and environmentally sensitive energy to our customers.

These initiatives include work toward becoming a net-zero carbon producer by 2050 as well as modernizing our electrical grid, including AMI meter technology that will open up options and services to better serve the needs of our customers. Within OPPD, our Technology Platform and Workplace Transformation initiatives also have a future focus and will position OPPD well to adapt to changing needs of our operations, customers and employees.

OPPD continues to invest in clean energy and has several capital fund expenditures underway to help the utility realize its stated goal of net-zero carbon emissions by 2050. Efforts toward that goal include the utility's Power with Purpose and Pathways to Decarbonization initiatives. The Power with Purpose project will add 600 megawatts (MW) of utility-scale solar with natural gas. Work has begun at our Turtle Creek Station and Standing Bear Lake Station gas plants that will serve as peaking stations, used only as needed per market conditions and estimated at less than 15% of the time.

A handwritten signature in black ink, appearing to read 'L. Javier Fernandez'.

L. Javier Fernandez
President & Chief Executive Officer



Strategic Planning and Enterprise Risk Management

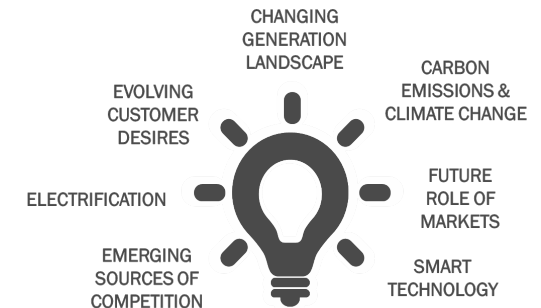


Strategic Planning

Industry trends are accelerating transformational change, creating significant pressures on the traditional strategies and business models of electric utilities. Dynamic trends compel us to navigate through significant ambiguity and make courageous decisions for our future. While leveraging the legacy of traditional energy services, we must also embrace innovation, and continuously explore new and better ways to deliver affordable, reliable and environmentally sensitive energy services to our customers.

Strategic Direction

To provide clear and transparent direction on behalf of OPPD's customer owners OPPD's publicly elected Board of Directors established fifteen strategic direction (SD) policies to which OPPD is accountable. The policies guide OPPD's strategic and operational planning efforts to address current and future trends, mitigate risks, pursue strategic opportunities, and prioritize resources to efficiently and effectively provide energy services to the District. In November of 2019, the Board of Directors revised SD-7 (Environmental Stewardship) and established the goal to conduct all of its operations in a manner that strives for the goal of net zero carbon production by 2050. In consideration of this revision, other SDs, and transformational changes within and outside the industry, the Executive Leadership Team shifted its strategic planning horizon from a 10-year to a 30-year vision. The development of this vision, known as Powering the Future to 2050 (PF 2050), will be a cooperative effort with our communities and local/regional initiatives.



Mission: To provide affordable, reliable and environmentally sensitive energy services to our customers.

Vision: “Leading the Way We Power the Future”

In implementing this vision, OPPD shall adhere to these principles:

- Strengthen the public power advantage of affordable and reliable electricity;
- Exemplify fiscal, social and environmental responsibility to optimize value to our customer-owners;
- Proactively engage and communicate with our stakeholders;
- Act transparently and with accountability for the best interest of our customer-owners;
- Collaborate, when appropriate, with partners; and
- Leverage OPPD’s leadership to achieve these goals.

Core Values

- We have a PASSION to serve
- We HONOR our community
- We CARE about each other

STRATEGIC PLANNING

The SD policies leverage industry benchmarks to drive performance as a top utility, and provide the basis for a scorecard to which the organization manages its performance.

Board Strategic Direction Policies & Strategic Goals			
Policy	Measure	Definition	Strategic Goal
Rates (SD-2)	% Below Regional Retail Average	Retail rate target of West North Central Regional average published rates on a system average basis. No general rate increase for a 5-year period starting January 1, 2017 and ending December 31, 2021.	20% *
Access to Credit Markets (SD-3)	Debt Coverage Ratio	Revenues less expenses divided by total annual senior and subordinate lien debt interest and principal payments.	2.0
Reliability (SD-4)	SAIDI	System Average Interruption Duration Index	< 90
	Equivalent Availability	% of actual generation potential to a unit's maximum rated output over a period of time (12 months)	90%
Customer Satisfaction (SD-5)	Absolute Satisfaction Score	JD Power's annual Electric Utility Residential Customer Satisfaction Study	Top quartile
Safety (SD-6)	DART	Days Away, Restricted or Transferred	< 0.50
	PVIR	Preventable Vehicle Incident Rate	< 4.00
Environmental Stewardship (SD-7)	Net Zero Carbon	Definition and goals to be determined upon review of the Pathways to Decarbonization study (scheduled for December 2021)	TBD
Employee Relations (SD-8)	Employee Engagement	Composite score of employee engagement	Top quartile
<p><i>For a full listing of the 15 Strategic Directives, which includes Resource Planning (SD-9), Ethics (SD-10), Economic Development (SD-11), Information Management & Security (SD-12), Stakeholder Outreach & Engagement (SD-13), Retirement Plan Funding (SD-14), Enterprise Risk Management (SD-15), please access the following link to the OPPD Board Policy document https://www.oppd.com/media/317205/oppd-board-policy-binder.pdf</i></p>			

**Board Strategic Direction Policies and Strategic Goals are initial estimates and are under review by the OPPD Board of Directors.*

STRATEGIC PLANNING

Strategic Guiding Principles

Five principles – trusted energy partner, operational excellence, technology solutions, powered through people and financial stewardship – help guide our actions to achieve the direction provided by OPPD’s SDs, lead the way we power the future and fulfill our mission of providing affordable, reliable and environmentally sensitive energy services to our customers.

FINANCIAL STEWARDSHIP

We are stewards of financial resources, creating strength and flexibility benefitting our customers and communities.

POWERED THROUGH PEOPLE

We know our workforce drives our success. We provide a safe, healthy environment where our diverse and highly-skilled employees can do their best work



TRUSTED ENERGY PARTNER

We are a trusted energy partner committed to giving our customers and communities value, caring, and excellence.



OPERATIONAL EXCELLENCE

We drive operational excellence by focusing on safety, reliability, cost, environmental stewardship and innovation.

TECHNOLOGY SOLUTIONS

*Through partnerships, we provide innovative and value-added **TECHNOLOGY SOLUTIONS** in a secure and reliable manner to achieve strategic initiatives and operational goals.*

Strategic Initiatives

The 2020 Strategic Planning efforts resulted in five strategic initiatives critical to help achieve OPPD's strategic direction policies, address changing industry dynamics, and support mitigation of enterprise risks. The 10-year horizon of these five strategic initiatives will become the foundation to OPPD's 30-year vision.



Pathways to De-carbonization: To establish actionable pathways in generation, internal operations, customer, and community that strive to meet SD-7's goal of net zero carbon production by 2050.

Customer Engagement: To better connect and engage with current and prospective customers in order to truly learn and understand what is important to and desired by them, and use that information to define, plan, and prioritize initiatives that help meet customers' changing expectations from their energy services provider.

Electric System Evaluation & Modernization: To leverage technology, systems and data to enhance customer experience, modernize our grid, manage asset lifecycles, and optimize operational processes.

Technology Platform: To create a sustainable and secure technology base that cultivates industry, customer, and employee confidence and directly aligns with the holistic goals of OPPD.

Workplace Transformation: To develop a framework ensuring workforce readiness for changes related to the developing operations model, supports OPPD's evolution as a utility of the future, and promotes OPPD's position as an employer of choice in the region.

Enterprise Risk Management

Fundamental to effective planning is an understanding of the District’s enterprise level risks and the development and implementation of initiatives and mitigation plans to respond to those risks. The District’s Enterprise Risk Management (“ERM”) 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 reviewed periodically to provide focused and consistent efforts to mitigate various risk exposures. In support of its 2021 corporate planning efforts, OPPD leveraged risk assessments and mitigation plans to help prioritize resource allocation. Within the next year, the ELT will explore expanding this effort by incorporating those critical trends identified and associated with PF 2050.

Theme	OPPD’s Risk Management Focus
Retail revenues & off-system sales	Persistently pursue customer and economic development to achieve economies of scale and strengthen the affordability of our rates. Optimize off-system sales and purchases to further benefit our customer-owners.
Generation reliability	Maintain a highly available and diverse portfolio of generation sources to provide power whenever our customer-owners need it.
Environmental sensitivity	Ensure the District is compliant with all environmental regulations, well-positioned to respond to new regulations, and able to minimize our environmental impact while maintaining affordability, reliability and resiliency.
Fuel costs	Effectively manage the District’s fuel portfolio through numerous mitigation strategies to continue to ensure low cost and resilient generation
Fort Calhoun Station Decommissioning	Realize the economic savings potential from ceasing operations at Fort Calhoun Station and effectively executing the decommissioning project. Ensure decommissioning funds are wholly adequate to return the facility to green field status.
Cyber & physical security	Vigorously defend customer information and District assets from all potential cyber and physical security threats inherent with national critical infrastructure.
Infrastructure investment	Optimally invest in transmission, distribution, substation, facility, and technology assets to ensure reliable and resilient energy services and supporting functions will meet the demands of our customer-owners.
Workplace safety	Continue promoting safety as a top priority to ensure every employee and contractor goes home as healthy as they came into work.
Community partnership	Honor and support the communities in which we operate and fulfill the promise of public power.



Assumptions



Assumptions

2022 Proposed Rate Action

OPPD's 2022 Corporate Operating Plan assumes an average retail rate increase across customer classes of 2.5% and no change in the Fuel and Purchased Power Adjustment (FPPA) factor effective January 1, 2022.

General

2021 Projected

Revenues, operations and maintenance, capital and deferred expenditures reflect the 2021 actual values and forecast submitted through October 31, 2021.

Financing/Investing

Financing

Revenue bonds with net proceeds of \$363.7 million are included in the 2022 budget. The proceeds of these bonds are expected to be used for paying or reimbursing capital expenditures and refunding a portion of the outstanding commercial paper.

Average Earnings Rates on Funds

The average earnings rate used for all funds (including special purpose) for 2022 is 1.4% which is consistent with the 1.4% rate from the prior year.

Energy Sales/Revenues

Load Forecast

The plan assumes a 6.0% increase in general business energy sales (MWh) and a 0.3% decrease in the number of customers in 2022, as compared to the 2021 projections.

Assumptions

Generation, Purchased Power, and Fuel Budget

Outages have been scheduled for the following base-load units in 2022:

1. Nebraska City Station Unit Number 1
2. North Omaha Station Units Number 4 and 5

Additionally there are several shorter outages scheduled for other units. The purchased power budget includes generation supplied from 972 megawatts of wind capability, as well as 5 megawatts of Fort Calhoun Community Solar capability. In addition to OPPD's existing wind and solar portfolio, a future 81-megawatt utility-scale solar generation facility, Platteview Solar, is being planned for 2023.

After the completion of the 2022 COP modeling, coal and natural gas commodity price volatility was identified for 2022 and future years. The financial impacts of this price volatility are still being analyzed and are not reflected in the 2022 COP.

Department Operation and Maintenance Budget

Department and division level budgets were proposed in August 2021 during the Resource Optimization Sessions. These plans were reviewed with the Executive Leadership Team for alignment with the strategic and operational objectives before submitting them to the Board in the 2022 Corporate Operating Plan for Board final approval.

Capital Budget Expenditures

The capital portfolio prioritization and allocation process continues to improve capital planning. The process enables better alignment with the strategic directives and provides more transparency of capital spending through improved project review and approval processes. The capital budget for 2022 is abnormally large due to the system expansion to provide reliable electric service to a growing community.

Total 2022 Budget

The total 2022 Budget is \$1.8 billion.

BUDGET SUMMARY
(DOLLARS IN THOUSANDS)

Total Budget

	BUDGET 2021	BUDGET 2022	INCREASE / (DECREASE)	% CHANGE
Fuel Costs and Purchased Power	\$365,021	\$376,734	\$11,713	3.2
Non-Fuel Operations & Maintenance	403,293	426,660	23,367	5.8
Total Debt Service and Other Expenses	131,145	144,429	13,284	10.1
Payments in Lieu of Taxes	36,139	38,709	2,570	7.1
Capital Expenditures*	370,000	670,000	300,000	81.1
Regulatory Amortization	14,838	14,838	0	0.0
Decommissioning Expenditures**	122,688	150,870	28,182	23.0
TOTAL BUDGET	\$1,443,124	\$1,822,240	\$379,116	26.3

*Capital Expenditures are shown net of Contributions in Aid of Construction.

**Decommissioning Expenditures represent expenditures related to Decommissioning activity, which differs from Decommissioning Funding (\$138.9 million) which is an expense and is reflected on the income statement.

Budget Component Comparison

	BUDGET 2021	BUDGET 2022	INCREASE / (DECREASE)
Fuel Costs and Purchased Power	25.3%	20.7%	(4.6)
Non-Fuel Operations & Maintenance	27.9%	23.4%	(4.5)
Total Debt Service and Other Expenses	9.1%	7.9%	(1.2)
Payments in Lieu of Taxes	2.5%	2.1%	(0.4)
Capital Expenditures*	25.6%	36.8%	11.1
Regulatory Amortization	1.0%	0.8%	(0.2)
Decommissioning Expenditures**	8.5%	8.3%	(0.2)
TOTAL BUDGET	100%	100%	0.0

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

Fuel and Purchased Power Budget

	BUDGET 2021	BUDGET 2022	INCREASE / (DECREASE)	% CHANGE
Fuel Cost	\$142,650	\$148,243	\$5,592	3.9
Purchased Power	222,371	228,491	6,120	2.8
TOTAL BUDGET	\$365,021	\$376,734	\$11,712	3.2

Non-Fuel O&M Budget

	BUDGET 2021	BUDGET 2022	INCREASE / (DECREASE)	% CHANGE
Production	\$102,481	\$108,540	\$6,059	5.9
Transmission and Distribution	112,122	128,033	15,911	14.2
Customer Accounting and Services	44,271	45,922	1,651	3.7
Administrative and General	144,419	144,165	(254)	(0.2)
TOTAL BUDGET	\$403,293	\$426,660	\$23,367	5.8

Debt Service/Other Expenses

	BUDGET 2021	BUDGET 2022	INCREASE / (DECREASE)	% CHANGE
Bonds (excludes Minibonds)	\$103,372	\$152,212	\$48,840	47.2
Commercial Paper	625	719	94	15.0
Other (includes Minibonds)**	27,148	(8,502)	(35,650)	(131.3)
TOTAL BUDGET	\$131,145	\$144,429	\$13,284	10.1

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

**Minibonds matured in 2021 and are not reflected in the 2022 total.



Financial Statements



Financial Statements

Income Statement

Projected net income for 2021 is \$43.4 million, which is \$0.9 million over budget. Operating income is projected to be \$0.7 million under budget. It should be noted that OPPD does not set budgets and other forward looking plans on the basis of net income. The District uses a 2.0 Debt Service coverage ratio as the basis of annual budgets, which is based on SD-3 Access to Credit Markets.

Net income for 2022 is budgeted to be \$62.7 million, which is \$19.3 million or 44.5% higher than the 2021 projected net income. When compared to the 2021 budget, net income for 2022 is \$20.2 million or 47.4% higher.

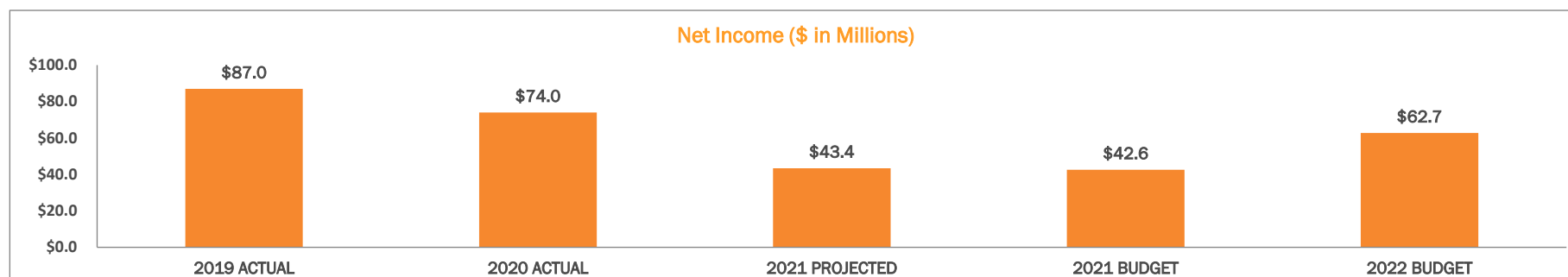
Major factors contributing to the change in 2022 operating and net income are:

1. Operating revenues are budgeted to be \$247.3 million lower than 2021 projections and \$65.8 million higher than the 2021 budget. The budget decrease is primarily due to lower Off-System Sales revenue, specifically related to the 2021 Polar Vortex weather event. Retail revenues less adjustments (Fuel and Purchased Power Adjustment (FPPA), Decommissioning and Benefit Reserve (DABR), and Unbilled Revenues) are projected to increase \$39.1 million from 2021 projections and increase \$71.4 million when compared to the 2021 budget, which is related to year over year growth in the industrial and commercial customer classes, as well as the planned 2.5% average rate increase in 2022.
2. Operations and maintenance expense is budgeted to be \$271.9 million lower than the 2021 projected amount and \$35.1 million higher than the 2021 budget amount. The 2022 budget is lower than the 2021 projected amount due to the increased Purchased Power and Fuel expenses during the 2021 Polar Vortex weather event. The 2022 budget increase is higher than the 2021 budget due to higher transmission and distribution, fuel expense, purchased power, outage costs, and a focus on strategic initiatives.
3. Other income for 2022 is \$26.0 million higher than the 2021 projected amount primarily due to the change in the fair value of the investments in 2021. Other income budgeted for 2022 is \$13.7 million higher than the 2021 budget amount primarily due to anticipated collections from FEMA for the July 2021 storm damage.
4. Total decommissioning funding, which is recognized as an expense of \$138.9 million in 2022, is \$7.5 million higher than 2021 projected.

**INCOME STATEMENT
(DOLLARS IN THOUSANDS)**

Income Statement

	ACTUAL 2019	ACTUAL 2020	PROJECTED 2021	BUDGET 2021	VARIANCE 2021	BUDGET 2022	22 BUDGET VS. 21 PROJ. \$ CHANGE	% CHANGE
OPERATING REVENUES	\$1,160,719	\$1,083,901	\$1,495,534	\$1,182,466	\$313,067	\$1,248,228	(\$247,306)	(16.5)
OPERATING EXPENSES								
O&M EXPENSE	\$724,891	\$686,086	\$1,075,308	\$768,314	\$306,993	\$803,394	(\$271,913)	(25.3)
PAYMENTS IN LIEU OF TAXES	35,030	35,438	38,684	36,139	2,546	38,709	25	0.1
DECOMMISSIONING EXPENSE	143,004	130,035	131,431	129,442	1,989	138,923	7,492	5.7
REGULATORY AMORTIZATION	14,836	14,836	14,835	14,838	(3)	14,838	3	0.0
DEPRECIATION EXPENSE	129,514	136,175	140,228	137,981	2,247	143,459	3,231	2.3
TOTAL OPERATING EXPENSE	\$1,047,274	\$1,002,569	\$1,400,486	\$1,086,714	\$313,772	\$1,139,323	(\$261,163)	(18.6)
OPERATING INCOME	\$113,445	\$81,331	\$95,048	\$95,752	(\$704)	\$108,905	\$13,857	14.6
INTEREST INCOME	\$51,871	\$45,034	(\$5,311)	\$15,790	(\$21,101)	\$19,363	\$24,674	(464.6)
ALLOWANCE FOR FUNDS USED	4,706	8,404	8,926	6,760	2,166	8,095	(831)	(9.3)
PRODUCTS AND SERVICES - NET	2,862	2,511	1,910	4,622	(2,712)	3,365	1,454	76.1
MISC. NON OPERATING INCOME	3,505	7,542	12,345	3,000	9,345	13,000	655	5.3
TOTAL OTHER INCOME	\$62,943	\$63,492	\$17,870	\$30,172	(\$12,302)	\$43,822	\$25,953	145.2
TOTAL INCOME LESS OPERATING EXPENSE	\$176,388	\$144,823	\$112,918	\$125,924	(\$13,007)	\$152,727	\$39,809	35.3
INCOME DEDUCT. & INT. CHARGES								
INTEREST EXPENSE ON BONDS	\$82,509	\$77,625	\$76,950	\$78,039	(\$1,089)	\$97,768	\$20,818	27.1
INTEREST EXPENSE ON NOTES	1,544	1,580	1,237	10,738	(9,501)	0	(1,237)	(100.0)
INTEREST EXPENSE ON COMMERCIAL PAPER	2,917	1,678	517	625	(108)	719	202	39.0
AMORTIZATION	(257)	(11,816)	(11,262)	(7,842)	(3,420)	(10,206)	1,056	(9.4)
OTHER INCOME DEDUCTIONS	2,724	1,754	2,065	1,805	260	1,705	(360)	(17.4)
TOTAL INCOME DEDUCT. & INT. CHARGES	\$89,438	\$70,821	\$69,507	\$83,365	(\$13,858)	\$89,986	\$20,479	29.5
NET INCOME	\$86,951	\$74,002	\$43,411	\$42,559	\$852	\$62,741	\$19,330	44.5



NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

Financial Statements

Coverage Ratios

The total debt service coverage ratio, which is the key metric viewed by credit rating agencies, is budgeted to be 2.00 times in 2022, as directed by SD-3 Access to Credit Markets.

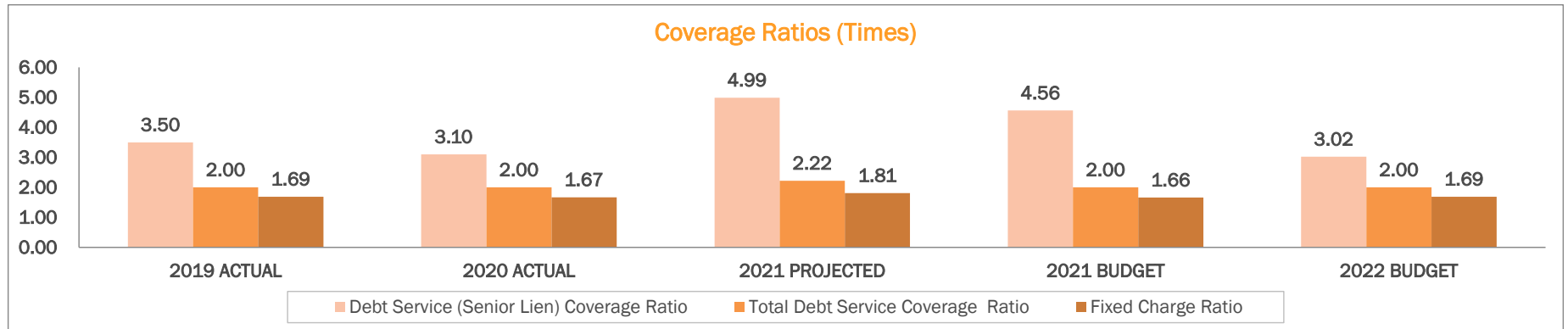
The fixed charge ratio is budgeted to be 1.69 times in 2022 as compared to the projected 2021 of 1.81 times.

The Senior Lien debt service coverage ratio is projected to be 4.99 times in 2021 and 3.02 times in 2022. The significant decrease is driven both by an increase in net receipts and an increase in Senior Lien debt service requirements. Net receipts for 2022 are expected to increase by \$29.5 million or 8.3% from 2021 projected levels primarily due to increasing retail revenue. Senior Lien debt service requirements for 2022 are scheduled to increase by approximately \$55.7 million over 2021 projections as a result of the 2021 and 2022 bond issues and an intentional decrease in 2021 Senior Lien principal accruals to offset principal and capitalized interest due on the minibonds in 2021.

**COVERAGE RATIOS
(DOLLARS IN THOUSANDS)**

Coverage Ratios

	ACTUAL 2019	ACTUAL 2020	PROJECTED 2021	BUDGET 2021	VARIANCE 2021	BUDGET 2022	22 BUDGET VS. 21 PROJ.	
							\$ CHANGE	% CHANGE
OPERATING REVENUES (EXCL. NC2)	\$1,090,473	\$1,018,067	\$1,425,831	\$1,122,260	\$303,571	\$1,188,647	(\$237,184)	(16.6)
INTEREST INCOME - BONDS RESERVE ACCOUNT	1,124	1,116	1,002	849	153	792	(210)	(21.0)
O&M EXPENSE (EXCL. NC2 PARTICIPANT SHARE)	(683,466)	(649,580)	(1,035,264)	(732,978)	(302,286)	(768,392)	266,872	(25.8)
PAYMENTS IN LIEU OF TAXES	(35,030)	(35,438)	(38,684)	(36,139)	(2,546)	(38,709)	(25)	0.1
NET RECEIPTS	\$373,102	\$334,165	\$352,885	\$353,993	(\$1,108)	\$382,338	\$29,453	8.3
DEBT SERVICE REQUIREMENTS (SENIOR LIEN)	\$107,186	\$107,795	\$70,586	\$77,523	(\$6,937)	\$126,267	\$55,681	78.9
DEBT SERVICE (SENIOR LIEN) COVERAGE RATIO	3.50	3.10	4.99	4.56		3.02		
<u>MEMO: OTHER COVERAGE RATIOS:</u>								
TOTAL DEBT SERVICE COVERAGE RATIO (DSC)	2.00	2.00	2.22	2.00		2.00		
FIXED CHARGE RATIO	1.69	1.67	1.81	1.66		1.69		



NOTES: Some columns may not foot exactly due to the method used for individual line item rounding. Total DSC as defined in OPPD's published Strategic Directive-3: Access to Credit Markets.

Financial Statements

Debt and Financing Data

Total Senior Lien revenue bonds outstanding at year-end 2022 are budgeted to equal \$1,893.4 million. The 2022 budget anticipates the issuance of approximately \$394.4 million of new Senior Lien revenue bonds and also includes Senior Lien revenue bond maturities and retirements of \$9.9 million.

Total subordinated bonds outstanding at year-end 2022 are budgeted to equal \$227.2 million and also includes subordinated bond maturities and retirements of \$2.6 million. The 2022 budget does not anticipate the issuance of new subordinated bonds.

All minibonds were redeemed in 2021.

Total commercial paper outstanding at year-end 2022 is budgeted to equal \$250.0 million and also includes commercial paper maturities and retirements of \$75.0 million. The 2022 budget does not anticipate the issuance of new commercial paper.

Total Separate System (NC2) revenue bonds outstanding at year-end 2022 are budgeted to equal \$197.7 million. The 2022 budget does not anticipate the issuance of new NC2 revenue bonds but does have NC2 revenue bond maturities and retirements of \$3.8 million.

The total average interest rate on existing debt will be 4.47% at the end of 2021 and 3.83% at the end of 2022. The debt to capitalization ratio is budgeted to be 63% for 2022.

**DEBT AND FINANCING DATA
(DOLLARS IN THOUSANDS)**

Debt and Financing Data

	ACTUAL 2019	ACTUAL 2020	PROJECTED 2021	BUDGET 2021	VARIANCE 2021	BUDGET 2022	22 BUDGET VS. 21 PROJ. \$ CHANGE	% CHANGE
SENIOR LIEN REVENUE BONDS								
BALANCE - BEGINNING OF YEAR	\$1,320,330	\$1,256,030	\$1,208,640	\$1,208,640	\$0	\$1,508,855	\$300,215	24.8
MATURITIES / RETIREMENTS	(202,055)	(47,390)	(58,520)	(50,380)	(8,140)	(9,875)	48,645	(83.1)
NEW ISSUES	137,755	0	358,735	124,705	234,030	394,419	35,684	9.9
BALANCE - END OF YEAR	\$1,256,030	\$1,208,640	\$1,508,855	\$1,282,965	\$225,890	\$1,893,399	\$384,544	25.5
AVERAGE INTEREST RATE (END OF YEAR)	4.78%	4.77%	4.65%	4.55%		4.14%		
SUBORDINATED								
BALANCE - BEGINNING OF YEAR	\$335,940	\$254,665	\$229,775	\$229,775	\$0	\$229,775	\$0	0.0
MATURITIES / RETIREMENTS	(81,275)	(24,890)	0	0	0	(2,550)	(2,550)	0.0
NEW ISSUES	0	0	0	0	0	0	0	0.0
BALANCE - END OF YEAR	\$254,665	\$229,775	\$229,775	\$229,775	\$0	\$227,225	(\$2,550)	(1.1)
AVERAGE INTEREST RATE (END OF YEAR)	4.79%	4.27%	4.24%	4.24%		4.23%		
MINIBONDS								
BALANCE - BEGINNING OF YEAR	\$30,755	\$31,211	\$31,737	\$31,720	\$17	\$0	(\$31,737)	(100.0)
MATURITIES / RETIREMENTS	(176)	(150)	(32,343)	(32,567)	224	0	32,343	(100.0)
ACCREDITED INTEREST	632	676	607	847	(240)	0	(607)	(100.0)
BALANCE - END OF YEAR	\$31,211	\$31,737	\$0	\$0	\$0	\$0	\$0	0.0
AVERAGE INTEREST RATE (END OF YEAR)	4.95%	4.98%						
COMMERCIAL PAPER								
BALANCE - BEGINNING OF YEAR	\$150,000	\$230,100	\$250,000	\$250,000	\$0	\$325,000	\$75,000	30.0
MATURITIES / RETIREMENTS	0	0	0	0	0	(75,000)	(75,000)	0.0
NEW ISSUES	80,100	19,900	75,000	0	75,000	0	(75,000)	(100.0)
BALANCE - END OF YEAR	\$230,100	\$250,000	\$325,000	\$250,000	\$75,000	\$250,000	(\$75,000)	(23.1)
AVERAGE INTEREST RATE (END OF YEAR)	1.27%	0.67%	0.19%	0.25%		0.29%		
SEPARATE SYSTEM REVENUE BONDS (NC2)								
BALANCE - BEGINNING OF YEAR	\$211,995	\$208,645	\$205,150	\$205,150	\$0	\$201,495	(\$3,655)	(1.8)
MATURITIES / RETIREMENTS	(3,350)	(3,495)	(3,655)	(3,655)	0	(3,815)	(160)	4.4
NEW ISSUES	0	0	0	0	0	0	0	0.0
BALANCE - END OF YEAR	\$208,645	\$205,150	\$201,495	\$201,495	\$0	\$197,680	(\$3,815)	(1.9)
AVERAGE INTEREST RATE (END OF YEAR)	4.93%	4.94%	4.95%	4.95%		4.95%		
TOTAL AVERAGE INTEREST RATE (END OF YEAR)	4.39%	4.20%	4.47%	4.55%		3.83%		
TOTAL INTEREST EXPENSE (ON DEBT)	\$89,438	\$70,821	\$69,507	\$83,365	(\$13,858)	\$89,986	\$20,479	29.5
DEBT TO CAPITALIZATION RATIO	59%	57%	60%	56%		63%		

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

Financial Statements

Cash Flow Analysis

Projected cash receipts for 2021 are \$1,507.7 million, which is \$310.7 million over budget. Cash disbursements are projected to be \$1,761.4 million in 2021 or \$298.5 million over the 2021 budget amount.

In 2022, cash receipts are budgeted to decrease by \$230.7 million to \$1,277.0 million as compared to the 2021 projection. This decrease is primarily due to the Polar Vortex weather event Off-System Sales transactions reflected in 2021.

Cash disbursements in 2022 are budgeted to increase by \$35.4 million to \$1,796.8 million as compared to the 2021 projection. Increases in cash disbursements for 2022 include capital investments of \$307.6 million related to the Power with Purpose infrastructure upgrade offset by decreases in operation and maintenance expense, which is primarily related to the use of Decommissioning and Benefit Reserve for pension expense in 2021 (net impact of \$57.3 million), purchased power of \$162.3 million and fuel of \$64.5 million primarily related to the Polar Vortex weather event in 2021.

The budget values of cash receipts and disbursements result in a projected year-end cash balance of \$446.5 million in 2022.

CASH FLOW ANALYSIS
(DOLLARS IN THOUSANDS)

Cash Flow Analysis

	ACTUAL 2019	ACTUAL 2020	PROJECTED 2021	BUDGET 2021	VARIANCE 2021	BUDGET 2022	22 BUDGET VS. 21 PROJ.	
							\$ CHANGE	% CHANGE
CASH BEGINNING OF PERIOD	\$457,593	\$356,508	\$366,157	\$363,348	\$2,809	\$602,644	\$236,487	64.6
RECEIPTS								
GENERAL BUSINESS REVENUES	\$967,717	\$977,771	\$1,024,529	\$995,861	\$28,668	\$1,067,540	\$43,011	4.2
WHOLESALE REVENUES (INCL. NC2)	146,718	142,663	311,798	141,886	169,912	136,340	(175,458)	(56.3)
OTHER ELECTRIC REVENUES	37,402	36,858	37,237	35,848	1,389	37,431	194	0.5
INTEREST INCOME	29,534	34,200	36,207	18,790	17,417	32,321	(3,886)	(10.7)
PRODUCTS & SERVICES	2,862	2,511	2,937	4,622	(1,685)	3,365	428	14.6
USE OF RESERVE ACCOUNTS	0	0	95,000	0	95,000	0	(95,000)	(100.0)
TOTAL RECEIPTS	\$1,184,233	\$1,194,003	\$1,507,708	\$1,197,007	\$310,701	\$1,276,997	(\$230,711)	(15.3)
DISBURSEMENTS								
O&M EXPENSE (W/O FUEL & PURCHASED POWER)	\$348,621	\$340,630	\$479,885	\$402,283	\$77,602	\$422,630	(\$57,255)	(11.9)
DECOMMISSIONING EXPENSE	143,004	130,035	158,218	129,442	28,776	138,923	(19,295)	(12.2)
PAYMENTS IN LIEU OF TAXES	35,030	35,438	35,323	34,958	365	35,847	524	1.5
DEBT SERVICE	138,102	134,004	116,972	139,055	(22,083)	154,544	37,572	32.1
CAPITAL EXPENDITURES	194,547	205,976	362,366	370,000	(7,634)	670,000	307,634	84.9
FUEL	161,737	145,059	211,894	139,595	72,299	147,365	(64,529)	(30.5)
PURCHASED POWER	212,666	192,588	389,808	225,110	164,698	227,493	(162,315)	(41.6)
CHANGES IN OTHER NET ASSETS	9,111	3,524	6,940	0	6,940	0	(6,940)	(100.0)
CONTRIBUTIONS TO RESERVE ACCOUNTS	42,500	17,000	0	22,500	(22,500)	0	0	0.0
TOTAL DISBURSEMENTS	\$1,285,318	\$1,204,254	\$1,761,406	\$1,462,943	\$298,463	\$1,796,802	\$35,396	2.0
NET OPERATING CASH FLOW	(\$101,085)	(\$10,251)	(\$253,698)	(\$265,936)	\$12,238	(\$519,805)	(\$266,107)	104.9
FINANCING	\$0	\$0	\$438,186	\$160,627	\$277,559	\$454,556	\$16,370	3.7
FINANCING COST / RESERVE AMOUNT	0	0	(14,841)	0	(14,841)	(15,867)	(1,026)	6.9
COMMERCIAL PAPER - NET	0	19,900	75,000	0	75,000	(75,000)	(150,000)	(200.0)
OTHER	0	0	(8,160)	0	(8,160)	0	8,160	(100.0)
TOTAL FINANCING	\$0	\$19,900	\$490,185	\$160,627	\$329,558	\$363,689	(\$126,496)	(25.8)
TOTAL CHANGE IN CASH	(\$101,085)	\$9,649	\$236,487	(\$105,309)	\$341,796	(\$156,116)	(\$392,603)	(166.0)
CASH END OF PERIOD	\$356,508	\$366,157	\$602,644	\$258,039	\$344,605	\$446,528	(\$156,117)	(25.9)
DECOMMISSIONING FUND	\$549,035	\$542,090	\$535,513	\$567,000	(\$31,487)	\$546,221	\$10,708	2.0

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.



Energy Sales



Energy Sales

Electric Energy Sales & Electric Customers

Electric energy sales for 2022 are budgeted to be 17,298,238 MWh or 7.7% higher than the 2021 projected energy sales, which is driven by increasing general business sales (retail sales) and wholesale sales (off-system sales). General business sales are budgeted to increase 682,609 MWh in 2022 compared to the 2021 projection, which is mainly a result of industrial sales. Wholesale sales (including NC2 participation sales) are budgeted to increase 557,909 MWh or 12.2% from 2021 projected levels, which is more in line with 2020 actuals and 2021 budget.

In 2022, the average number of general business customers is budgeted to decrease by 1,259 or 0.3% below 2021 projections.

ELECTRIC ENERGY SALES AND CUSTOMERS

Energy Sales and Customers

	ACTUAL 2019	ACTUAL 2020	PROJECTED 2021	BUDGET 2021	VARIANCE 2021	BUDGET 2022	22 BUDGET VS. 21 PROJ. MWh CHANGE	% CHANGE
<u>ELECTRIC ENERGY SALES (MWh)</u>								
RESIDENTIAL	3,751,130	3,792,482	3,879,012	3,707,661	171,351	3,676,059	(202,952)	(5.2)
COMMERCIAL	3,735,317	3,529,531	3,686,767	3,543,602	143,164	3,783,785	97,018	2.6
INDUSTRIAL	3,389,005	3,683,609	4,053,024	4,235,059	(182,034)	4,719,585	666,561	16.4
SUBTOTAL	10,875,452	11,005,622	11,618,803	11,486,322	132,481	12,179,430	560,627	4.8
UNBILLED SALES	44,351	83,316	(151,121)	47,158	(198,279)	(29,139)	121,982	(80.7)
GENERAL BUSINESS SALES	10,919,803	11,088,938	11,467,682	11,533,480	(65,798)	12,150,291	682,609	6.0
NC2 PARTICIPANT	1,880,606	1,861,619	2,448,108	2,151,600	296,508	2,316,838	(131,270)	(5.4)
OTHER	2,546,862	3,088,859	2,141,930	3,055,352	(913,422)	2,831,109	689,179	32.2
WHOLESALE SALES	4,427,468	4,950,477	4,590,039	5,206,952	(616,914)	5,147,948	557,909	12.2
TOTAL MWh SALES	15,347,271	16,039,416	16,057,720	16,740,432	(682,712)	17,298,238	1,240,518	7.7
<u>ELECTRIC CUSTOMERS (12 MONTH AVG.)</u>								
RESIDENTIAL	337,517	342,716	346,094	338,103	7,990	345,506	(588)	(0.2)
COMMERCIAL	46,837	47,461	48,771	47,450	1,321	48,095	(676)	(1.4)
INDUSTRIAL	147	144	142	148	(6)	146	4	3.1
TOTAL GEN. BUS. CUSTOMERS	384,502	390,321	395,006	385,701	9,305	393,747	(1,259)	(0.3)
<u>kWh / CUSTOMER</u>								
RESIDENTIAL	11,114	11,066	11,208	10,966	242	10,640	(568)	(5.1)
COMMERCIAL	79,751	74,367	75,593	74,681	912	78,673	3,080	4.1
INDUSTRIAL	23,015,311	25,521,542	28,609,583	28,615,261	(5,678)	32,325,925	3,716,343	13.0
AVERAGE kWh / CUSTOMER	28,285	28,196	29,414	29,780	(366)	30,932	1,518	5.2

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

Energy Sales

Operating Revenues

Total electric operating revenues for 2021 are projected to be \$1,495.5 million, which is \$313.1 million or 26.5% over 2021 budget. The variance is primarily due to retail revenues of \$37.5 million, driven by weather and a partial return to pre-pandemic conditions, Decommissioning and Benefits Reserve contribution of \$95.0 million, which is offset by an equal contribution to the pension liability and wholesale revenues that are \$179.4 million over budget for 2021 due to Polar Vortex weather event market conditions.

Total electric operating revenues for 2022 are budgeted to be \$1,248.2 million, which is \$247.3 million or 16.5% below the 2021 projected operating revenues. The decrease from the 2021 is related to high 2021 off-system sales related to the Polar Vortex weather event and the recognition of \$95.0 million of Decommissioning and Benefits Reserve funds.

Included in the 2022 operating revenues is a proposed average retail rate increase across all customer classes of 2.5% or \$26.0 million.

OPERATING REVENUES
(DOLLARS IN THOUSANDS)

Operating Revenues

	ACTUAL 2019	ACTUAL 2020	PROJECTED 2021	BUDGET 2021	VARIANCE 2021	BUDGET 2022	22 BUDGET VS. 21 PROJ. \$ CHANGE	% CHANGE
ELECTRIC OPERATING REVENUES								
RESIDENTIAL	\$423,574	\$431,965	\$436,398	\$423,209	\$13,188	\$435,829	(\$569)	(0.1)
COMMERCIAL	329,616	315,787	324,289	312,864	11,425	340,470	16,181	5.0
INDUSTRIAL	215,766	225,078	275,479	267,779	7,700	298,957	23,478	8.5
SUBTOTAL	\$968,955	\$972,830	\$1,036,166	\$1,003,852	\$32,314	\$1,075,256	\$39,090	3.8
FPPA RECEIVABLE AMORTIZATION	\$20,896	(\$45,917)	\$7,614	\$3,600	\$4,014	\$0	(\$7,614)	(100.0)
PROVISION FOR DABR	(17,000)	(21,000)	95,000	0	95,000	0	(95,000)	(100.0)
UNBILLED REVENUES/ADJUSTMENTS	2,956	3,847	2,222	1,082	1,140	3,186	964	43.4
SUBTOTAL	\$6,852	(\$63,070)	\$104,836	\$4,682	\$100,154	\$3,186	(\$101,650)	(97.0)
NC2 PARTICIPANTS	\$70,246	\$65,834	\$69,703	\$60,206	\$9,496	\$59,581	(\$10,122)	(14.5)
OTHER	77,264	71,448	247,795	77,879	169,917	72,774	(175,021)	(70.6)
TOTAL WHOLESALE REVENUES	\$147,509	\$137,282	\$317,498	\$138,085	\$179,413	\$132,355	(\$185,143)	(58.3)
TOTAL SALES OF ELECTRIC ENERGY	\$1,123,317	\$1,047,043	\$1,458,500	\$1,146,619	\$311,881	\$1,210,797	(\$247,703)	(17.0)
OTHER ELECTRIC REVENUES								
LATE PAYMENT CHARGES	\$4,440	\$3,179	\$4,546	\$4,846	(\$300)	\$4,529	(\$17)	(0.4)
RENT FROM ELECTRIC PROPERTY	4,190	5,272	4,413	4,481	(67)	4,291	(122)	(2.8)
MISC. SERVICE REVENUE	4,972	4,391	4,438	4,808	(370)	4,571	133	3.0
TRANSMISSION WHEELING FEES	7,837	7,485	6,601	6,384	217	6,322	(279)	(4.2)
DISTRIBUTION WHEELING FEES	2,893	2,762	2,508	2,500	8	2,328	(180)	(7.2)
TRANSMISSION - SPP	13,070	13,768	14,529	12,829	1,699	15,389	861	5.9
TOTAL OTHER ELECTRIC REVENUES	\$37,402	\$36,858	\$37,034	\$35,848	\$1,186	\$37,431	\$397	1.1
TOTAL ELECTRIC OPERATING REVENUES	\$1,160,719	\$1,083,901	\$1,495,534	\$1,182,466	\$313,067	\$1,248,228	(\$247,306)	(16.5)

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

Energy Sales

Average Cents/kWh

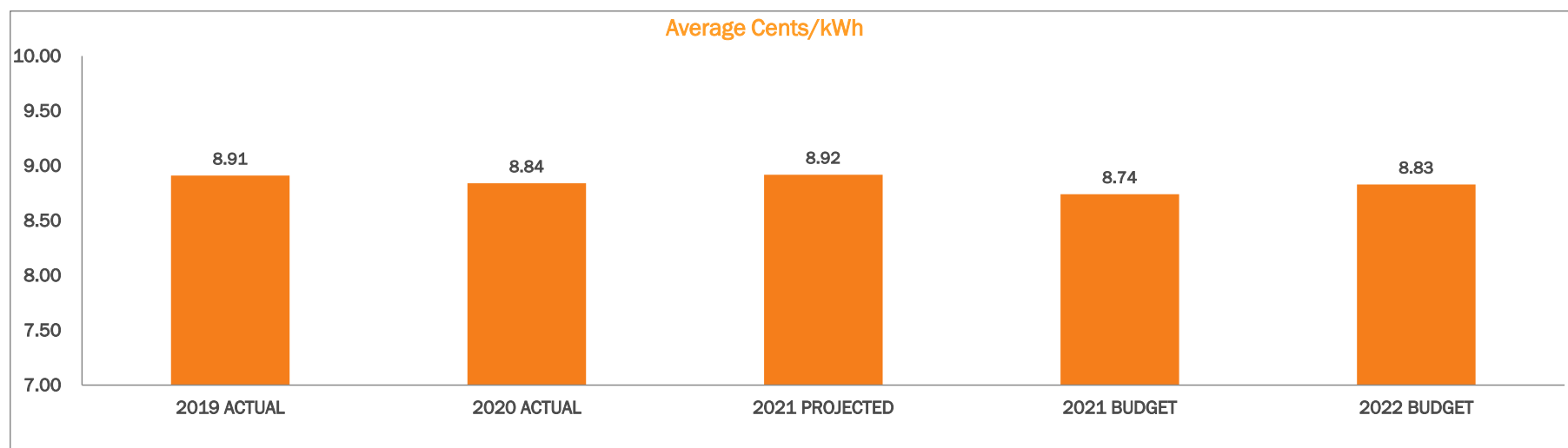
The average price per kWh for retail customers is budgeted to be 8.83 cents for 2022. This is 0.09 cents or a 1.0% decrease from the 8.92 cents that is projected for 2021. The year over year decrease is primarily in the industrial customer class and is due to the impact on 261M customers during market price increases during the February 2021 Polar Vortex weather event.

This price per kWh variance is the result of actual billings relative to energy sold as opposed to a rate change.

AVERAGE CENTS/kWh

Average Cents/kWh

	ACTUAL 2019	ACTUAL 2020	PROJECTED 2021	BUDGET 2021	VARIANCE 2021	BUDGET 2022	22 BUDGET VS. 21 PROJ.	
							\$ CHANGE	% CHANGE
RESIDENTIAL	11.29	11.39	11.25	11.41	(0.16)	11.86	0.61	5.4
COMMERCIAL	8.82	8.95	8.80	8.83	(0.03)	9.00	0.20	2.3
INDUSTRIAL	6.37	6.11	6.80	6.32	0.47	6.33	(0.46)	(6.8)
RETAIL AVERAGE *	8.91	8.84	8.92	8.74	0.18	8.83	(0.09)	(1.0)



NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

* Average rates are from the revenue recognized on the Income Statement and do not incorporate accrued unbilled. These rates differ from customer billed rates and are calculated for benchmarking and illustrative purposes only.



Net System Requirements



Net System Requirements

Net system requirements (Total General Business Sales as shown on the next page) for 2022 are budgeted to be 12,778,073 MWh, an increase of 6.3% from the 2021 projected amount. The major components of net system requirements are below by sales and supply components.

Total sales are budgeted to increase 1,240,518 MWh or 7.7% from the 2021 projected amount. Retail general business sales are budgeted to increase 682,609 MWh from the 2021 projected amount. Wholesale sales, excluding NC2 participation sales, are budgeted to increase by 689,179 MWh or 32.2% from the 2021 projected amount.

Net generation is budgeted to increase 14.3% in 2022 to 10,865,661 MWh and firm/participation purchases are budgeted to increase 1.9% from the 2021 projected amount. Wholesale purchases are budgeted to decrease 126,900 MWh in 2022 from the 2021 projected amount primarily due to more planned generation.

**Net System Requirements
Sales and Supply Components (MWh)**

	PROJECTED 2021	BUDGET 2022	INCREASE / (DECREASE)	% CHANGE
Sales Components				
Retail General Business Sales	11,467,682	12,150,291	682,609	6.0
NC2 Participation Sales	2,448,108	2,316,838	(131,270)	(5.4)
Wholesale Sales	2,141,930	2,831,109	689,179	32.2
Total	16,057,720	17,298,238	1,240,518	7.7
Supply Components				
Net Generation	9,503,019	10,865,661	1,362,642	14.3
Firm/Participation Purchases	3,994,040	4,070,247	76,207	1.9
Wholesale Purchases	3,117,013	2,990,113	(126,900)	(4.1)
Lost or Unaccounted For	(556,351)	(627,782)	(71,431)	12.8
Total	16,057,720	17,298,238	1,240,518	7.7

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

NET SYSTEM REQUIREMENTS

Net System Requirements

	ACTUAL 2019	ACTUAL 2020	PROJECTED 2021	BUDGET 2021	VARIANCE 2021	BUDGET 2022	22 BUDGET VS. 21 PROJ. MWh CHANGE	% CHANGE
NET GENERATION (MWh)								
TOTAL NET GENERATION	9,053,629	9,737,662	9,503,019	10,463,343	(960,325)	10,865,661	1,362,642	14.3
FIRM/PARTICIPATION PURCHASES	3,400,907	4,272,471	3,994,040	4,006,528	(12,488)	4,070,247	76,207	1.9
WHOLESALE PURCHASES	3,289,773	2,476,198	3,117,013	2,848,176	268,838	2,990,113	(126,900)	(4.1)
TOTAL PURCHASES	6,690,680	6,748,670	7,111,053	6,854,704	256,350	7,060,360	(50,693)	(0.7)
TOTAL INPUT	15,744,309	16,486,332	16,614,072	17,318,047	(703,975)	17,926,020	1,311,949	7.9
WHOLESALE SALES								
NC2 PARTICIPANT	1,880,606	1,861,619	2,448,108	2,151,600	296,508	2,316,838	(131,270)	(5.4)
OTHER	2,546,862	3,088,859	2,141,930	3,055,352	(913,422)	2,831,109	689,179	32.2
TOTAL WHOLESALE SALES	4,427,468	4,950,477	4,590,039	5,206,952	(616,914)	5,147,948	557,909	12.2
NET SYSTEM REQUIREMENTS	11,316,841	11,535,854	12,024,033	12,111,094	(87,061)	12,778,073	754,040	6.3
TOTAL GENERAL BUSINESS SALES	10,919,803	11,088,938	11,467,682	11,533,480	(65,798)	12,150,291	682,609	6.0
ENERGY LOST OR UNACCOUNTED FOR	397,038	446,916	556,351	577,614	(21,263)	627,782	71,431	12.8
TOTAL GEN. BUS. SALES	11,316,841	11,535,854	12,024,033	12,111,094	(87,061)	12,778,073	754,040	6.3

PEAK LOAD (MW)								
EXCLUDES DSM	2,604	2,554	2,696	2,640	56	2,786	90	3.3
INCLUDES DSM	2,447	2,392	2,526	2,470	56	2,601	75	3.0
LOAD FACTOR (%) - REFLECTS DSM	53.5	55.6	55.8	56.0	(0.2)	56.9	1.1	2.0

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding. DSM stands for Demand Side Management and includes Demand Response and Energy Efficiency components.



Operation, Maintenance, and Decommissioning Expenses



Operation, Maintenance, and Decommissioning Expenses

The District's 2022 total budgeted operations and maintenance (O&M) expense is \$803.4 million, which is \$271.9 million or 25.3% less than the 2021 projected amount. In general, 2022 budget is lower than the 2021 projection due to higher fuel and purchased power in 2021 related to the Polar Vortex weather event as well as the 2021 contribution to the pension liability made from the Decommissioning and Benefits Reserve fund.

Fuel expense represents 18.5% of total O&M expense. Fuel expense is budgeted at \$148.2 million for 2022, a decrease of \$58.2 million or 28.2% less than the 2021 projected amount primarily due to the Polar Vortex weather event of 2021.

Production expense represents 13.5% of the total and is budgeted to be \$108.5 million in 2022, which is \$2.1 million or 1.9% below the 2021 projected amount. The primary driver is scheduled outages.

Purchased power, including wind purchases, represents 28.5% of total O&M expense and is budgeted at \$228.5 million for 2022. This represents a decrease of \$160.1 million or 41.2% below the 2021 projected amount. The decrease from the 2021 projection is primarily due to the Polar Vortex weather event in 2021.

Transmission and distribution expense represents 15.9% of total O&M expense and is budgeted at \$128.0 million, which is \$4.7 million or 3.8% more than the 2021 projected amount. The increase over the projected amount for 2021 is associated with asset health maintenance and inspection activities and the grid modernization strategic initiative.

Customer accounting and services expense represents 5.7% of total O&M expense and is budgeted at \$45.9 million for 2022. This represents an increase of \$5.0 million or 12.1% more than the 2021 projected amount. Contributors to the increase over the 2021 projection include customer engagement strategic initiative, as well as investments in the technology strategic initiative and the push to reduce technical debt.

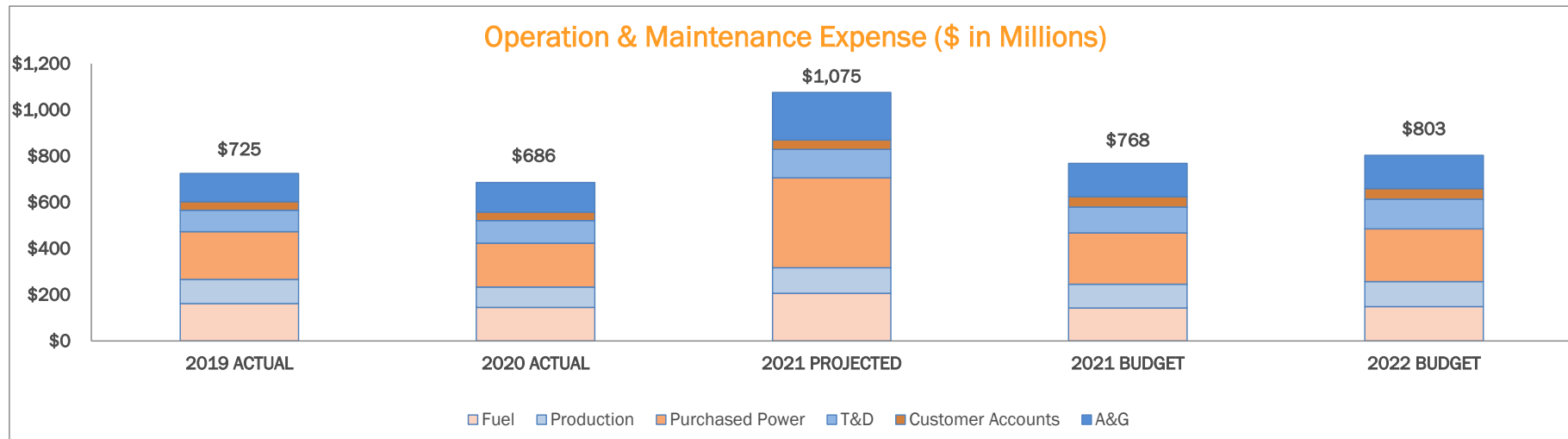
Administrative and general expense represents 17.9% of total O&M expense and is budgeted at \$144.2 million for 2022. This category reflects a decrease of \$61.3 million or 29.8% less than the 2021 projected amount. The primary reduction in 2022 is related to the recognition of the use of the Decommissioning and Benefit Reserve in 2021. This is partly offset by investments in the technology initiatives, facilities improvements, and overall growth in staffing plans.

Decommissioning expenses represent the annual funding of the decommissioning liability. The decommissioning funding for 2022 is budgeted to be \$138.9 million, which is \$7.5 million more than the 2021 projected amount.

OPERATION, MAINTENANCE, AND DECOMMISSIONING EXPENSES
(DOLLARS IN THOUSANDS)

Operation, Maintenance, and Decommissioning Expenses

	ACTUAL 2019	ACTUAL 2020	PROJECTED 2021	BUDGET 2021	VARIANCE 2021	BUDGET 2022	22 BUDGET VS. 21 PROJ. \$ CHANGE	% CHANGE
FUEL	\$161,737	\$145,059	\$206,488	\$142,650	\$63,838	\$148,243	(\$58,245)	(28.2)
PRODUCTION	104,771	88,602	110,596	102,481	8,115	108,540	(2,056)	(1.9)
PURCHASED POWER	206,742	189,880	388,544	222,371	166,173	228,491	(160,052)	(41.2)
TRANSMISSION AND DISTRIBUTION	91,926	97,051	123,300	112,122	11,178	128,033	4,733	3.8
CUSTOMER ACCOUNTING AND SERVICES	37,358	37,229	40,961	44,271	(3,311)	45,922	4,961	12.1
ADMINISTRATIVE AND GENERAL	122,357	128,265	205,419	144,419	61,001	144,165	(61,254)	(29.8)
TOTAL O&M EXPENSE	\$724,891	\$686,086	\$1,075,308	\$768,314	\$306,993	\$803,394	(\$271,913)	(25.3)
DECOMMISSIONING EXPENSES	\$143,004	\$130,035	\$131,431	\$129,442	\$1,989	\$138,923	\$7,492	5.7



NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.



Capital Expenditure Plan



Capital Expenditure Plan

Capital Expenditures

Capital expenditures for 2022 are budgeted at \$670.0 million, which is \$307.6 million more than the 2021 projected capital expenditures.

Production Plant expenditures for 2022 are budgeted to be \$418.1 million, which is \$247.9 million or 145.6% more than the 2021 projected expenditures. The year over year increase is primarily related to the Power with Purpose project.

Transmission and Distribution Plant expenditures for 2022 are budgeted to be \$178.5 million, which is \$22.6 million or 14.5% more than the 2021 projected expenditures primarily due to the expansion of our transmission and distribution infrastructure to provide reliable electric service to a growing community.

General Plant and Removal and Salvage for 2022 are budgeted to be \$73.4 million, which is \$37.1 million or 102.5% higher than the 2021 projected expenditures driven by business technology investments and facilities investments and upgrades.

The 2022 Capital Budget total was derived by breaking investments into two categories, labeled sustain and expand. The sustain category includes routine capital projects that are aimed at maintaining and improving existing assets and is budgeted at a consistent level year over year. The expand category is for new assets planned to be added to the District's asset base, such as the Power with Purpose project. The sustain and expand categorization helps to ensure that existing assets are still being invested in at sufficient levels while new assets are being added. For 2022, the sustain category accounts for 26% or \$174.2 million of the total capital budget and the expand category accounts for 74% or \$495.8 million.

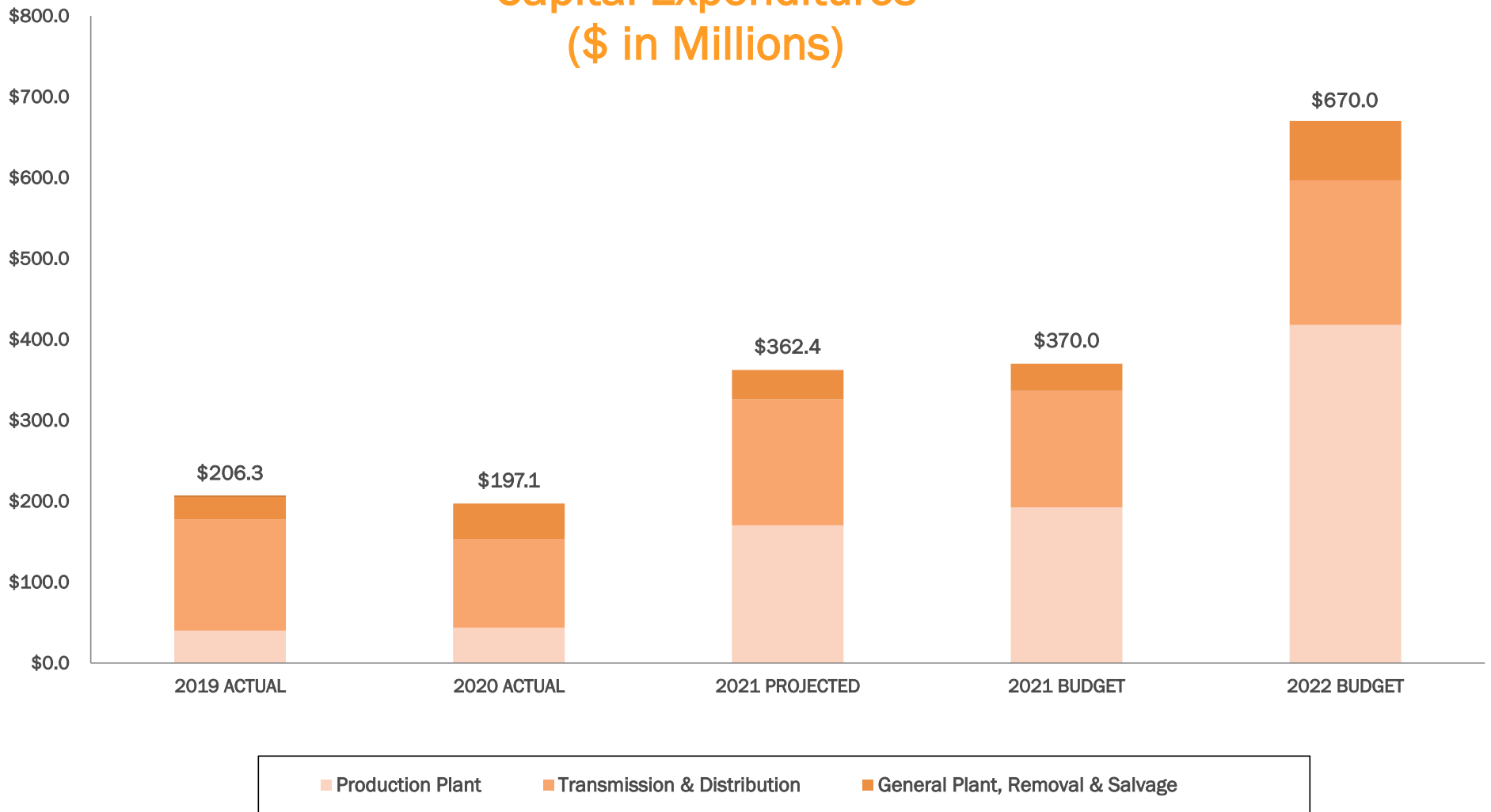
**CAPITAL EXPENDITURES
(DOLLARS IN THOUSANDS)**

Capital Expenditures

	ACTUAL 2019	ACTUAL 2020	PROJECTED 2021	BUDGET 2021	VARIANCE 2021	BUDGET 2022	22 BUDGET VS. 21 PROJ.	
							\$ CHANGE	% CHANGE
PRODUCTION PLANT	\$39,995	\$43,806	\$170,221	\$192,539	(\$22,318)	\$418,102	\$247,881	145.6
TRANSMISSION AND DISTRIBUTION PLANT	137,774	109,630	155,905	143,990	11,915	178,527	22,622	14.5
GENERAL PLANT	26,424	43,549	34,661	32,012	2,649	70,836	36,175	104.4
REMOVAL AND SALVAGE	2,108	149	1,579	1,458	121	2,535	956	60.5
TOTAL	\$206,301	\$197,134	\$362,367	\$370,000	(\$7,633)	\$670,000	\$307,633	84.9

NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

Capital Expenditures (\$ in Millions)



**CAPITAL EXPENDITURES
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(DOLLARS IN THOUSANDS)**

RECOMMENDED PROJECTS:	2014-2020 Expenditures	2021 Projection	2022 Budget	2014-2022 Project Expenditures
Power with Purpose Support generation and transmission & distribution for Board Resolution No. 6351 approved on November 14, 2019 to reduce the District's carbon footprint and serve a growing load.	\$11,311	\$144,158	\$440,775	\$596,244
Cass County Turbine Hot Gas Path Refurbishment Required maintenance for turbine reliability.	\$0	\$3,178	\$22,829	\$26,007
Circuit and Substation Upgrades Upgrade and replace multiple circuits and substations to meet customer needs.	\$8,789	\$9,705	\$16,767	\$35,261
Facilities Investments and Upgrades Investment and upgrades to various OPPD facilities, which are all over 30 years old with only minor enhancements throughout their life.	\$0	\$0	\$11,718	\$11,718
Transportation Fleet Replacement Routine replacement of OPPD-owned transportation equipment, including light, medium and heavy duty trucks and construction equipment.	\$43,390	\$6,026	\$11,385	\$60,800
Generation Station Intake Structure Environmental Upgrade Replace existing traveling screens (circulating water intake structure) at North Omaha and Nebraska City Fossil locations for renewal of the environmental permit.	\$0	\$0	\$11,718	\$11,718
Transformer Purchases and Replacements Procure transformers to replace aging equipment and support load growth.	\$13,094	\$6,015	\$10,564	\$29,673

**CAPITAL EXPENDITURES
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(DOLLARS IN THOUSANDS)**

RECOMMENDED PROJECTS:	2014-2020 Expenditures	2021 Projection	2022 Budget	2014-2022 Project Expenditures
<p>Transmission Distribution Improvement Program-Cable Replacement Replace the worst performing underground distribution cable on a performance driven basis.</p>	\$23,961	\$10,637	\$9,409	\$44,007
<p>Customer Service Residential Project Purchase and installation of underground or overhead infrastructure to new residential developments.</p>	\$49,515	\$10,767	\$9,285	\$69,567
<p>Transmission and Distribution Street & Highway Project Relocation of OPPD transmission and distribution facilities that are located in public road right-of-way.</p>	\$52,799	\$11,994	\$9,261	\$74,055
<p>Customer Service Commercial and Industrial Project Purchase and installation of underground or overhead infrastructure for commercial and industrial customers.</p>	\$56,984	\$10,447	\$8,647	\$76,078
<p>Upgrade Customer Information System Information Technology upgrade to the enterprise customer information software that is used to manage and store customer information.</p>	\$2,076	\$3,454	\$6,942	\$12,473
<p>13kv Line and Substation Transformers Overhead and surface mount transformers on the distribution system required due to failure or system expansion.</p>	\$43,956	\$5,245	\$6,909	\$56,110
<p>Transmission Distribution Improvement Program-Distribution Poles Replace distribution poles in conjunction with the ongoing Transmission and Distribution System Improvement Projects.</p>	\$15,294	\$6,718	\$4,167	\$26,179

**CAPITAL EXPENDITURES
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(DOLLARS IN THOUSANDS)**

RECOMMENDED PROJECTS:	2014-2020 Expenditures	2021 Projection	2022 Budget	2014-2022 Project Expenditures
Fiber Network Expansion Project Expand OPPD Fiber optics connectivity to replace the current analog communications services.	\$34,499	\$7,660	\$3,900	\$46,059
Substations and Control Centers Security Upgrades Security modifications required to address identified threats and vulnerabilities at various substation and control centers.	\$0	\$0	\$3,456	\$3,456
Nebraska City Landfill New ash disposal landfill to meet operating needs.	\$0	\$95	\$3,415	\$3,510
Transmission and Distribution Street Light Project Relocation of OPPD street lights facilities that are located in public road right-of-way.	\$18,624	\$3,912	\$3,184	\$25,721
Battery Energy Storage System Obtain and test utility-grade battery storage to determine how it will integrate with the District's power grid.	\$0	\$589	\$2,783	\$3,372
Ground Line Inspection and Treatment Pole Replacement Replace degraded wood poles and structures used for transmission and distribution.	\$3,291	\$2,779	\$2,773	\$8,842
Transmission Distribution Improvement Program-Conductors Replace junk conductors on a performance driven basis.	\$5,950	\$1,782	\$2,769	\$10,501

**CAPITAL EXPENDITURES
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(DOLLARS IN THOUSANDS)**

RECOMMENDED PROJECTS:	2014-2020 Expenditures	2021 Projection	2022 Budget	2014-2022 Project Expenditures
<p>North Omaha Cofferdam Replacement Replace aging and damaged North Omaha cofferdam to address safety and operational concerns.</p>	\$0	\$114	\$2,577	\$2,691
<p>Light Emitting Diode (LED) Streetlight Conversion The conversion of streetlights to a LED standard.</p>	\$11,246	\$3,573	\$2,166	\$16,984
<p>Customer Service Phone System Replacement Modernize the customer service contact systems.</p>	\$23	\$1,675	\$1,531	\$3,229
<p>Installation of an Autotransformer at a Substation Expansion to accommodate residential growth by installing a new auto transformer at a substation.</p>	\$911	\$4,330	\$800	\$6,042
<p>Nebraska City Common Levee Certification Determine what physical improvements, operational requirements and maintenance activities are needed for the levee to be accredited and accepted by FEMA as providing 100 year flood protection and regain active status with the USACE PL84-99 Rehabilitation Program.</p>	\$2,205	\$3,632	\$732	\$6,569