

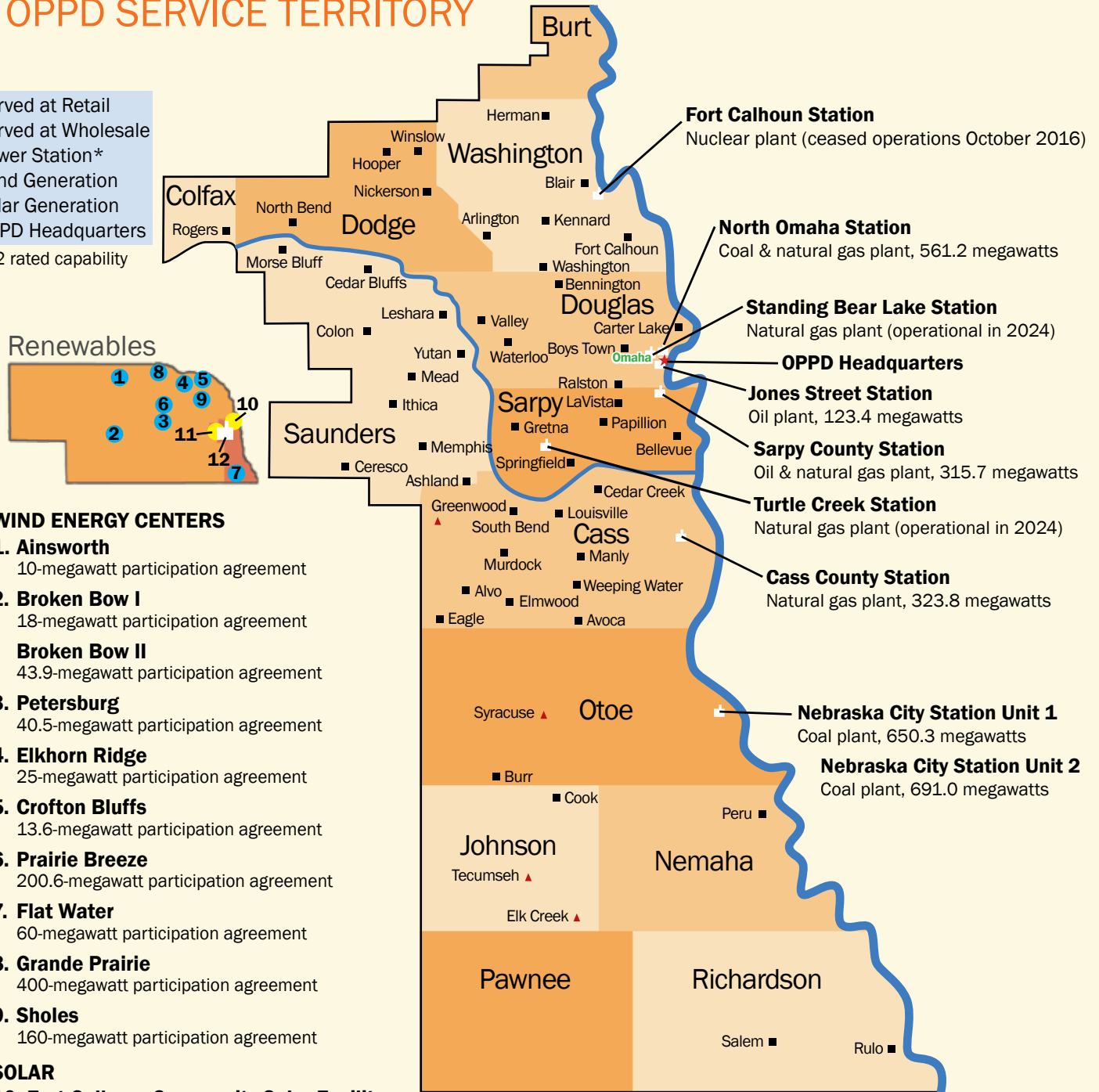
# POWERING THE FUTURE TO **2050**

2022 ANNUAL REPORT

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
- \* 2022 rated capability



## 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
- 11. Platteview Solar Facility**  
81-megawatts (operational in 2024)

## LANDFILL GAS

- 12. Elk City Station**  
6 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 878,000 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, Nebraska, 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, balancing stations fueled by natural gas and oil, and renewable energy, including wind, solar, landfill gas and hydro power.



Construction is progressing at OPPD’s Turtle Creek Station, one of two natural gas plants being built.

  
**TABLE**  
*OF*  
**CONTENTS**  


**Board Chair and CEO Message**..... 2

**Board of Directors** ..... 3

**Executive Leadership Team**..... 3

**Operations Review**..... 4

**Report of Management** .....12

**Independent Auditor’s Report** .....14

**Management’s Discussion and Analysis (Unaudited)**.....16

**Statements of Net Position**.....28

**Statements of Revenues, Expenses and Changes in Net Position**..30

**Statements of Cash Flows** .....31

**Statements of Fiduciary Net Position**.....34

**Statements of Changes in Fiduciary Net Position** .....35

**Notes to Financial Statements**.....36

**Required Supplementary Information (Unaudited)** .....76

**Notes to Required Supplementary Information (Unaudited)**.....86

**Statistics (Unaudited)** ..... 88

**Investor Relations and Corporate Information** ..... Inside back cover



OPPD has replaced more than 90,000 streetlights with LED lights across the service territory over the past four years.

ON THE COVER: Line Technician Ted Gyhra prepares to descend a pole after the journeyman hurtman rescue event at a lineworkers rodeo competition.

## BOARD CHAIR AND CEO MESSAGE



**President and CEO**  
**L. Javier Fernandez**



**Board Chair**  
**Eric H. Williams**

In 2021, Omaha Public Power District celebrated our 75th anniversary. It was a time for our organization to look back and honor the hard work and sacrifice of those who made OPPD what it is today. What stands out about 2022 is how we have been laying the groundwork and progressing down the path toward Powering the Future to 2050.

That strategic vision is shaping our work at OPPD, and it will for decades to come. We must proceed on this journey thoughtfully and boldly. OPPD has been an industry leader for decades, and while the work is changing, that strategic vision of Powering the Future has not.

We have developed three internal and three external areas of focus that will help us illuminate the future. The areas that are customer-focused – Perfect Power, Cleaner World and Customer Freedom – will allow us to serve customers in new and exciting ways. In each of those areas work has already begun, including enhancing our Geographic Information System to help manage our assets and updating our Outage Management System.

Within OPPD’s workforce, we have enhanced our technology road map and are working to cultivate leadership at every level. We know that fostering an environment of continual learning leads to better solutions for our customer-owners.

We are progressing on all of these fronts while experiencing unprecedented growth in our service territory.

Our employees have showcased ingenuity and dedication to serving our customers through a number of projects. Various departments collaborated to find a solution to a forced outage at our Nebraska City Station, avoiding a multi-month unplanned outage. And our splicers rotated teams over 72 consecutive hours to resolve an outage for one of our large customers.

The nuclear decommissioning work at our Fort Calhoun Station continues to go as planned. A significant focus over the past year was the removal of the internal components from the reactor vessel. We remain on track to return the site to greenfield status around 2026.

While we can look back on our accomplishments for our customer-owners with pride, our vision and focus are clear, and we will continue leading the way in powering the future, just as we have done for decades.

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

L. Javier Fernandez  
President and CEO

A handwritten signature in black ink, appearing to read 'E. Williams'.

Eric H. Williams  
Chair of the Board

## BOARD OF DIRECTORS



**Eric H. Williams**  
Chair of the Board  
Natural Resources  
Planner



**Janece M. Mollhoff**  
Vice Chair of the Board  
U.S. Army Nurse Corps  
Colonel (retired)



**Craig C. Moody**  
Secretary  
Business Owner



**Mary G. Spurgeon**  
Treasurer  
Educator  
(retired)



**Amanda E. Bogner, P.E.**  
Board Member  
Business Owner



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



**Matt R. Core**  
Board Member  
Lieutenant, Sarpy County  
Sheriff's office



**Sara E. Howard**  
Board Member  
Policy Advisor

## EXECUTIVE LEADERSHIP TEAM



**L. Javier Fernandez**  
President &  
Chief Executive  
Officer



**Jeff M. Bishop**  
Vice President &  
Chief Financial  
Officer  
Assistant Secretary



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



**Scott M. Focht**  
Vice President –  
Corporate Strategy  
& Governance  
Assistant Secretary



**Tim D. McAreavey**  
Vice President –  
Customer Service  
Assistant Secretary



**Kevin S. McCormick**  
Vice President –  
Safety & Facilities  
Assistant Secretary



**Lisa A. Olson**  
Vice President –  
Public Affairs  
Assistant Secretary



**McKell V. Purnell**  
Vice President –  
Human Capital  
Assistant Secretary



**Bradley R. Underwood**  
Vice President –  
Systems Transformation  
Assistant Secretary



**Troy R. Via**  
Vice President &  
Chief Operating Officer  
Assistant Secretary

## OPERATIONS REVIEW

At OPPD, we are working every day to illuminate the future, one that is powered with cleaner energy sources, using resources that are more sustainable and more innovative. This work is how we will meet the promise to our customer-owners that we will continue to power the future, just as we have for more than 75 years.

Our journey to 2050 is already underway. OPPD leaders have identified six areas of focus that will

form a road map of our vision for the utility.

OPPD is committed to being a utility that will serve customers for decades to come, in all the ways they may need. The industry is changing rapidly, and we will continue to engage with our customers in new and innovative ways – providing them with the services they've come to rely on today as well as the ones they will need in the years ahead.

Before OPPD Line Crew Leader Bruce Hamel retired, a few of his friends took part in a photo with him as part of his sendoff and as a visual reminder of his life on the lines. The group climbed a de-energized three-pole training structure at OPPD's Elkhorn Service Center.



# Perfect Power

What is Perfect Power? It does not mean there will never be outages. Instead, it means we're looking at ways to modernize and harden our system to provide a reliable, resilient and secure energy ecosystem that enables interactive services and intelligent solutions.

The steps we will take include:

- Implementing Advanced Metering Infrastructure (AMI), a two-way communication path between OPPD and our customer that will alert us when a customer's power is out.

- Pursuing a self-healing grid that uses sensors, controls and communication devices to anticipate or detect problems, relay messages and respond quickly. This will help our system to avoid outages, or at least contain them.

Today, OPPD is updating the Geographic Information System (GIS) to help the utility manage its assets more efficiently and prepare for AMI. Updates to our Outage Management System (OMS) are also underway. This system helps better manage customer outages and deploy crews in a more efficient manner to increase the speed of restoring power.



Chris Golden, left, and Tanner Lech are shown doing some maintenance work at North Omaha Station.



Josh Lemay, a first class machinist at OPPD, is shown checking the fit of turbine blades in front of the exhaust section at Cass County Station's unit 2. Cass County is one of OPPD's balancing stations, also known as peaking stations.



# Customer Freedom

Customer Freedom is unobstructed access to solutions as dynamic and as personal as the customers OPPD serves. It is about empowering the customer to package their specific energy needs in a way that is unique to them.

From a dedicated customer team working with customers to build their energy package, to proactive notifications letting customers know how they are using their energy, OPPD is working to better engage with our customers.

We are also looking at new ways customers can manage their energy use with the help of AMI meters, and we are providing services to help customers customize their energy sources based on their values and preferences.

The Customer Freedom journey is already underway. OPPD is working on its Contact Center Modernization project, updating the communication tools in the Contact Center and making it easier for OPPD to engage with our customers. We are also working in all areas across the utility to develop and refine the tools and processes involved in how we collect, store, analyze and use data. Being more data-driven will help OPPD make the best decisions for the utility and its customers.

Nate Thies, OPPD meter technician, installs new meters on residential utility poles that also house 5G cellular towers.







Automation Technicians Jon Willey, left, and Chad Boyce check a recloser on a pole.



Customer Care Representative Kim Melton fields customer calls in the Contact Center at Energy Plaza.



# Cleaner World

OPPD is committed to providing environmentally sensitive energy, and that commitment is a key factor in the decisions the utility makes. Given

the rapidly changing energy industry and OPPD's commitment to achieving net-zero carbon by 2050, the utility is working to expedite the pace of electric vehicle (EV) penetration, and to continue helping our customers meet their environmental goals.

OPPD is working to make its buildings LEED-certified (Leadership in Energy and Environmental Design) and environmentally sustainable. LEED certification involves making decisions and using materials that enhance human health, reduce carbon emissions, and promote the use of sustainable materials, among other things. And OPPD is partnering with Douglas County to make a former landfill the first site of its kind in the state to house a solar array.



OPPD's community solar array near Fort Calhoun, Nebraska, provides 5 megawatts of renewable generation.

Five new EV charging stations were added around OPPD's service territory, including this DC fast (Level 3) charger in La Vista, Nebraska.





OPPD Account Executive Laura Strode and Eric BenSalah, OPPD's energy consultant, are shown at an educational booth on electric vehicles and how to charge them at the International Auto Show at the CHI Health Center Arena in Omaha.



Nine reciprocating internal combustion engines were shipped to OPPD's Standing Bear Lake Station from Italy as part of the utility's Power with Purpose project.



# Future Focus

**Within OPPD** – Internally, OPPD has identified three areas of focus – **Digitally Driven, Purpose-Driven Culture** and **Future-Ready Posture**

- that involve our operations and workforce.
- Digitally Driven is a secure, resilient and digitized experience for customers, employees and partners. It means OPPD will strive to be a nimble organization that can respond quickly to market conditions. Our technology road map is in place to align technology to business needs and to make sure technological changes are not disruptive to the utility or customers.

- Purpose-Driven Culture refers to fostering an engaged, empowered workforce. Having a robust and active learning environment plays a role in retaining the best people. At OPPD, we are working to cultivate leadership at all levels.
- Future-Ready Posture is OPPD's declaration to adapt, forge new norms and pioneer the future. Our employees will create grand solutions solving for today's problems as well as tomorrow's. This nimble and resilient posture is the engine that enables OPPD to become a high-performing technology company that delivers energy services.



OPPD volunteers worked with Habitat for Humanity of Omaha's Rock the Block event in Blair, Nebraska.



OPPD's Veterans Network, one of its employee resource groups, worked to have an OPPD bucket truck specially designed and wrapped to honor the veterans in the utility and the OPPD service territory. The truck is used by an Omaha-based line crew and represents OPPD in area parades.



A helicopter was utilized to help put up new transmission lines as part of the Sarpy Southwest Transmission Project.

## Report of Management

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

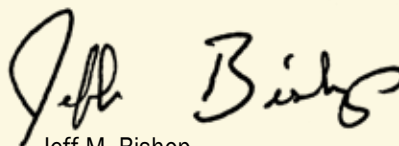
To fulfill its responsibility, management maintains strong internal controls, supported by formal policies and procedures that are communicated throughout the company. Management also maintains a staff of internal auditors who evaluate the adequacy of and investigate the adherence to these controls,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

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

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



L. Javier Fernandez  
President and Chief Executive Officer



Jeff M. Bishop  
Vice President and Chief Financial Officer

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# Independent Auditor's Report

Board of Directors  
Omaha Public Power District  
Omaha, Nebraska

## Opinions

We have audited the financial statements of the business-type activities and the fiduciary activities of Omaha Public Power District (OPPD), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise OPPD's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of OPPD, as of December 31, 2022 and 2021, 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.

## Basis for Opinions

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

## Responsibilities of Management for the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OPPD's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OPPD's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

### **Other Information**

Management is responsible for the other information included in the annual report.<sup>18F</sup> The other information comprises the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

## FORVIS, LLP

Omaha, Nebraska

March 16, 2023

## 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](mailto: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 pensions and other postemployment benefits (OPEB).

**Statement of Changes in Fiduciary Net Position** – This statement reflects the additions, deductions and changes in net position restricted for pensions 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 878,000 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	2022	2021	2020
Current Assets	\$ 1,212,506	\$ 1,274,531	\$ 828,170
Other Long-Term Assets and Special Purpose Funds	1,676,783	1,512,437	1,951,864
Electric Utility Plant	3,218,417	2,821,549	2,654,227
Total Assets	6,107,706	5,608,517	5,434,261
Deferred Outflows of Resources	226,902	282,026	216,438
Total Assets and Deferred Outflows	<u>\$ 6,334,608</u>	<u>\$ 5,890,543</u>	<u>\$ 5,650,699</u>
Current Liabilities	\$ 532,158	\$ 410,408	\$ 404,704
Long-Term Liabilities	4,072,890	3,859,296	3,623,490
Total Liabilities	4,605,048	4,269,704	4,028,194
Deferred Inflows of Resources	369,982	272,466	302,080
Net Position	1,359,578	1,348,373	1,320,425
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 6,334,608</u>	<u>\$ 5,890,543</u>	<u>\$ 5,650,699</u>

### 2022 Compared to 2021

#### Total Assets and Deferred Outflows

Total Assets in 2022 increased \$499.2 million or 8.9% over 2021, primarily due to an increase in Electric Utility Plant from additional capital spending. There was also an increase in Other Long-Term Assets primarily due to the reestablishment of an asset for future spent fuel recoveries related to Fort Calhoun Station (FCS) decommissioning. This was partially offset by a decrease in both Other Long-Term Assets and Current Assets for the transition of the FCS decommissioning regulatory asset into a regulatory liability.

Deferred Outflows of Resources in 2022 decreased \$55.1 million or 19.5% from 2021, primarily due to decreases in the pension and OPEB contributions, which was partially offset by an increase for the changes in actuarial assumptions.

#### Total Liabilities, Deferred Inflows and Net Position

Total Liabilities in 2022 increased \$335.3 million or 7.9% over 2021, primarily due to the issuance of new Electric System Revenue Bonds and an increase in Accounts Payable due to additional capital and other operating expenditures. This was partially offset by a decrease in the Decommissioning Liability as a result of work completed and decreases in the Pension and OPEB Liabilities based on the most recent actuarial results.

Deferred Inflows of Resources in 2022 increased \$97.5 million or 35.8% over 2021, primarily due to the transition of the FCS decommissioning regulatory asset into a regulatory liability, which was partially offset by decreases in the unrealized pension and OPEB gains due to lower investment returns as a result of unfavorable market conditions.

Net Position in 2022 increased \$11.2 million or 0.8% over 2021 based on results of operations.

### 2021 Compared to 2020

#### Total Assets and Deferred Outflows

Total Assets in 2021 increased \$174.3 million or 3.2% over 2020, primarily due to an increase in Current Assets from more Investments held as short-term, particularly from the proceeds of the 2021 bond issuance and an increase in Accounts Receivable primarily from a spent fuel cost reimbursement. There were also increases in Electric Utility Plant from additional capital spending. This was partially offset by a decrease in the Special Purpose Funds from fewer Investments held as long-term and a decrease in Other Long-Term Assets for the FCS decommissioning regulatory asset primarily as a result of additional funding and the pension and OPEB regulatory assets based on the most recent actuarial results.

Deferred Outflows of Resources in 2021 increased \$65.6 million or 30.3% over 2020, primarily due to increases in the unrealized pension contributions. This was partially offset by unrealized OPEB losses.

## Total Liabilities, Deferred Inflows and Net Position

Total Liabilities in 2021 increased \$241.5 million or 6.0% over 2020, primarily due to the issuance of new Electric System Revenue Bonds and an increase in Commercial Paper. This was partially offset by a decrease in the Decommissioning Liability as a result of work completed and decreases in the Pension and OPEB Liabilities based on the most recent actuarial results.

Deferred Inflows of Resources in 2021 decreased \$29.6 million or 9.8% from 2020, primarily due to a reduction in the Decommissioning and Benefits Reserve, which was partially offset by increases in the unrealized pension and OPEB gains.

Net Position in 2021 increased \$27.9 million or 2.1% over 2020 based on results of operations.

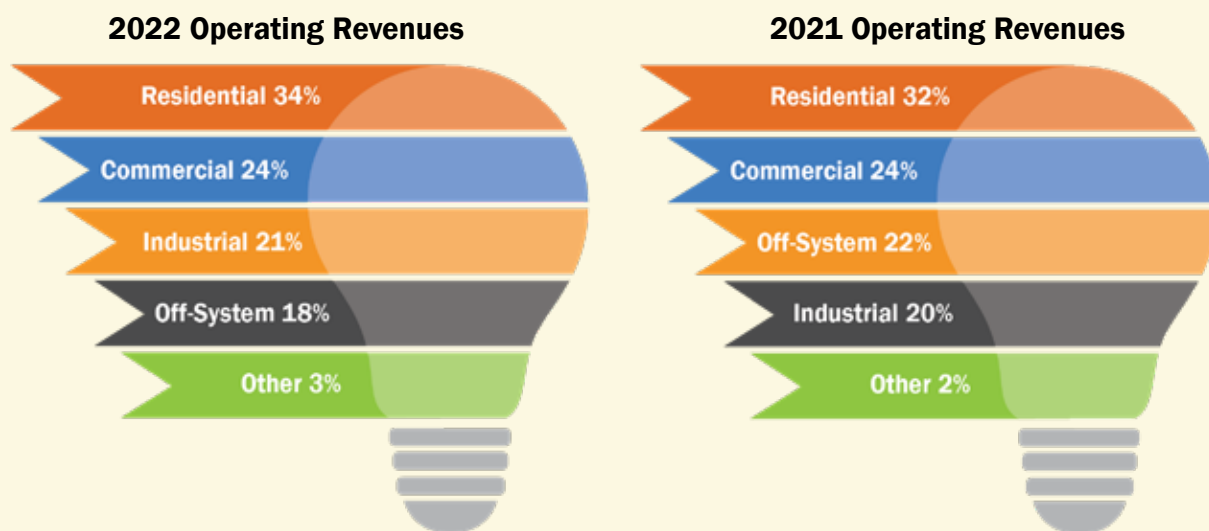
## RESULTS OF OPERATIONS

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

Condensed Statements of Revenues, Expenses and Changes in Net Position			
	2022	2021	2020
Operating Revenues	\$ 1,400,784	\$ 1,496,920	\$ 1,083,901
Operating Expenses	(1,309,747)	(1,421,682)	(1,002,569)
Operating Income	91,037	75,238	81,332
Other Income (Expenses)	(79,832)	(47,290)	(7,329)
Net Income	\$ <u>11,205</u>	\$ <u>27,948</u>	\$ <u>74,003</u>

## Operating Revenues

The following charts illustrate 2022 and 2021 operating revenues by category and percentage of the total.



**2022 Compared to 2021** – Total operating revenues were \$1,400.8 million for 2022, a decrease of \$96.1 million or 6.4% from 2021 operating revenues of \$1,496.9 million.

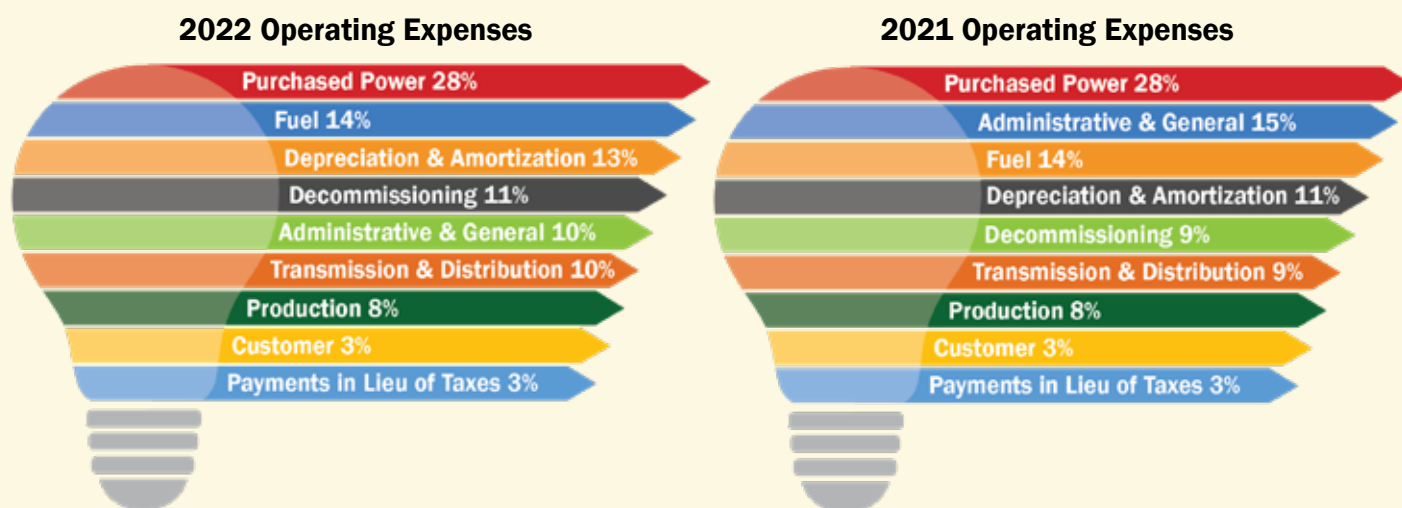
- Revenues from retail sales decreased \$30.4 million or 2.7% from 2021, primarily due to a decrease in the revenue from the utilization of the Decommissioning and Benefits Reserve in 2021, which was partially offset by increased revenue across all customer classes due to higher usage.
- Revenues from off-system sales decreased \$71.9 million or 21.9% from 2021, primarily due to higher revenue from the 2021 Polar Vortex weather event.
- Other Electric Revenues include connection charges, late payment charges, leases, wheeling fees and miscellaneous revenues. These revenues increased \$6.2 million or 16.4% over 2021, primarily due to increases in transmission revenues.

**2021 Compared to 2020** – Total operating revenues were \$1,496.9 million for 2021, an increase of \$413.0 million or 38.1% over 2020 operating revenues of \$1,083.9 million.

- Revenues from retail sales increased \$221.1 million or 24.3% over 2020, primarily due to an increase in the revenue related to Industrial customers, the Fuel and Purchased Power Adjustment (FPPA), and an increase from the utilization of \$95.0 million of the Decommissioning and Benefits Reserve, which was partially offset by a contribution of \$12.0 million to the Decommissioning and Benefits Reserve.
- Revenues from off-system sales increased \$191.1 million or 139.2% over 2020, primarily due to increased energy prices in the marketplace, particularly during the Polar Vortex weather event in February 2021.
- Other Electric Revenues increased \$0.8 million or 2.1% over 2020, primarily due to an increase in transmission revenues and late payment charges as these charges were temporarily suspended for part of 2020 to address customers' financial hardship resulting from the COVID-19 pandemic. This was partially offset by a decrease in revenue from rental income.

## Operating Expenses

The following charts illustrate 2022 and 2021 operating expenses by expense classification and percentage of the total.



**2022 Compared to 2021** – Total operating expenses were \$1,309.7 million for 2022, a decrease of \$112.0 million or 7.9% from 2021 operating expenses of \$1,421.7 million.

- Fuel expense decreased \$17.6 million or 8.6% from 2021, primarily due to higher fuel costs during the 2021 Polar Vortex weather event.
- Purchased Power expense decreased \$44.0 million or 10.9% from 2021, primarily due to higher purchased power costs during the 2021 Polar Vortex weather event.
- Production expense decreased \$5.8 million or 5.2% from 2021, primarily due to lower maintenance expenses as a result of fewer maintenance outages.
- Transmission and Distribution expense increased \$5.5 million or 4.4% over 2021, primarily due to increased fees to the Southwest Power Pool (SPP).
- Customer expense increased \$2.7 million or 6.6% over 2021, primarily due to increased professional service costs, customer rebates, and an increase to the uncollectible accounts accrual.
- Administrative and General expense decreased \$72.0 million or 34.7% from 2021, primarily due to decreased employee benefit costs compared to the 2021 utilization of the Decommissioning and Benefits Reserve for additional pension contributions.
- Depreciation and Amortization expense increased \$7.9 million or 5.0% over 2021, primarily due to an increase in electric utility plant assets.

- Decommissioning expense increased \$9.4 million or 7.1% over 2021, primarily due to increased funding of the Decommissioning Trust.
- Payments in Lieu of Taxes expense increased \$1.9 million or 4.9% over 2021, due to higher retail revenues in incorporated areas of the service territory.

**2021 Compared to 2020** – Total operating expenses were \$1,421.7 million for 2021, an increase of \$419.1 million or 41.8% over 2020 operating expenses of \$1,002.6 million.

- Fuel expense increased \$58.9 million, or 40.6% over 2020, primarily due to an increase in fuel costs, particularly during the Polar Vortex weather event in February 2021.
- Purchased Power expense increased \$214.6 million or 113.0% over 2020, primarily due to higher energy prices in the marketplace, particularly during the Polar Vortex weather event in February 2021.
- Production expense increased \$22.7 million or 25.7% over 2020, primarily due to higher maintenance expenses as a result of additional scheduled maintenance outages.
- Transmission and Distribution expense increased \$28.3 million or 29.1% over 2020, primarily due to increased outside services and payroll costs associated with storm events.
- Customer expense increased \$3.9 million or 10.6% over 2020, primarily due to increased outside services, customer rebates, and the installation of electric vehicle charging stations.
- Administrative and General expense increased \$79.1 million or 61.7% over 2020, primarily due to increased employee benefit costs from the utilization of the Decommissioning and Benefits Reserve for additional pension contributions of \$95.0 million. This resulted in an increase to Administrative and General expense of approximately \$72.5 million while the remaining additional pension contribution was allocated to capital and decommissioning costs.
- Depreciation and Amortization expense increased \$6.0 million or 4.0% over 2020, primarily due to an increase in electric utility plant assets.
- Decommissioning expense increased \$2.5 million or 1.9% over 2020, primarily due to increased funding of the Decommissioning Trust.
- Payments in Lieu of Taxes expense increased \$3.1 million or 8.8% over 2020, due to higher retail revenues in incorporated areas of the service territory.

### Other Income (Expenses)

**2022 Compared to 2021** – Other income (expenses) totaled (\$79.8) million in 2022, an increase of \$32.5 million over 2021 income (expenses) of (\$47.3) million.

- Interest Expense increased \$16.3 million or 23.8% over 2021, primarily due to higher interest rates and higher outstanding long-term debt.
- Investment Income, including Decommissioning Funds, decreased \$37.1 million or 807.9% from 2021, due to lower fair market value adjustments. OPPD typically holds investments to maturity and, therefore, will rarely realize fair market gains or losses.
- Allowances for Funds Used During Construction (AFUDC) increased \$6.7 million or 68.1% over 2021, due to higher construction balances subject to AFUDC.
- Products and Services – Net increased \$1.0 million or 56.7% over 2021, due to more completed projects.
- Other – Net increased \$13.2 million or 92.4% over 2021, primarily due to an increase in revenue from grants from the Federal Emergency Management Agency (FEMA) related to the 2021 storm events.

**2021 Compared to 2020** – Other income (expenses) totaled (\$47.3) million in 2021, an increase of \$40.0 million over 2020 income (expenses) of (\$7.3) million.

- Interest Expense decreased \$2.3 million or 3.2% from 2020, primarily due to lower interest rates.
- Investment Income, including Decommissioning Funds, decreased \$48.5 million or 110.5% from 2020,

due to lower fair market value adjustments. OPPD also realized less interest income during 2021 primarily due to the historically low short-term rates.

- AFUDC increased \$1.4 million or 16.8% over 2020, due to higher construction balances subject to AFUDC.
- Products and Services – Net decreased \$0.7 million or 27.1% from 2020, due to fewer completed projects.
- Other – Net increased \$5.5 million or 63.9% over 2020, primarily due to an increase in revenue from insurance proceeds and grants from FEMA related to the 2019 flood event.

## Net Income

Net income was \$11.2 million for 2022 compared to \$27.9 million in 2021, primarily due to results of operations and adjustments to the Decommissioning and Benefits Reserve.

Net income was \$27.9 million for 2021 compared to \$74.0 million in 2020, primarily due to results of operations and adjustments to the Decommissioning and Benefits Reserve.

## CAPITAL PROGRAM

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

	2022	2021
Electric utility plant	\$ 5,546,856	\$ 5,011,756
Accumulated depreciation and amortization	(2,328,439)	(2,190,207)
Total electric utility plant – net	<u>\$ 3,218,417</u>	<u>\$ 2,821,549</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 for the last two years and budgeted expenditures for 2023 (in thousands).

Capital Program	Budget	Actual	
	2023	2022	2021
Production	\$ 256,347	\$ 287,260	\$ 139,240
Transmission and distribution	286,871	197,344	139,475
General	<u>96,782</u>	<u>66,428</u>	<u>34,846</u>
Total	<u>\$ 640,000</u>	<u>\$ 551,032</u>	<u>\$ 313,561</u>

Actual and budgeted expenditures for 2021 through 2023 include the following:

- Production expenditures include equipment to maintain reliability, enhance efficiency, comply with environmental regulations and maintain a safe work environment. Actual and budgeted expenditures included costs for the Power with Purpose initiative that was approved by the Board of Directors in 2019 to add new generation that will be required to maintain energy generation and capacity requirements. Power with Purpose projects accounted for the increases in this category primarily for new natural gas generation facilities.
- Transmission and distribution expenditures include various substation and transmission projects to facilitate load growth and reliability and improve substation security, as well as the Transmission Distribution Improvement Program, which focuses on cable, conductor, and pole replacements. Budgeted expenditures have increased primarily due to the expansion of our transmission and distribution infrastructure to provide reliable electric service to a growing community.
- General plant expenditures include facilities, fleet vehicles, construction equipment, technology equipment and software applications. Budgeted expenditures include telecommunications equipment and facility and technology upgrades.

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

## CASH AND LIQUIDITY

### Financing

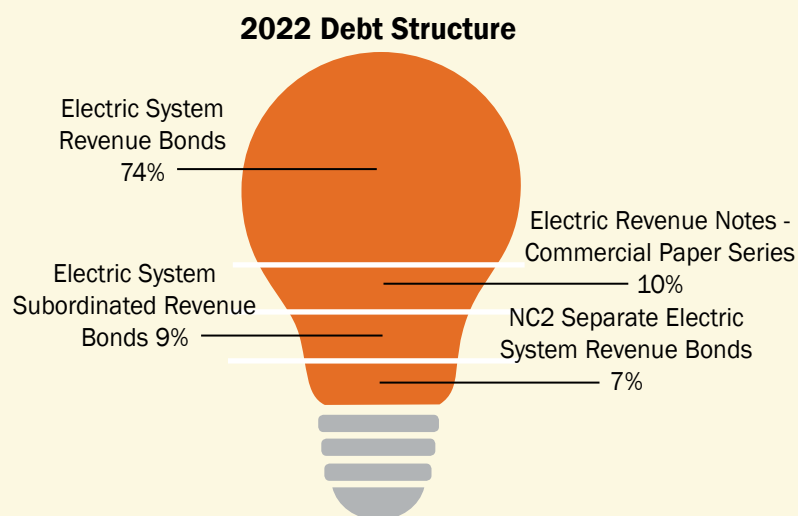
Sufficient liquidity is maintained to ensure working capital is available for normal operational needs and unexpected, but predictable, risk events. OPPD's liquidity includes cash, marketable securities and lines of credit. Debt offerings also provide a significant source of liquidity for capital investments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

The financing plan optimizes the debt structure to ensure capital needs are financed, liquidity needs are achieved and the Company's strong financial position is maintained. The 2023 financing plan anticipates the issuance of approximately \$504.0 million of new Electric System Revenue Bonds to support capital projects.

OPPD issued \$351.5 million of Electric System Revenue Bonds during 2022. The proceeds were used for future and reimbursable capital expenditures. OPPD also issued \$69.0 million of Electric System Revenue Bonds during 2022 to refund \$75.0 million of its Commercial Paper Notes, resulting in a decrease of its outstanding Commercial Paper from \$325.0 million to \$250.0 million in 2022. Repayments of \$9.9 million of Electric System Revenue Bonds, \$2.6 million of Electric System Subordinated Revenue Bonds, and \$3.8 million of Nebraska City Station Unit 2 (NC2) Separate Electric System Revenue Bonds were made in 2022.

The Company has two Credit Agreements in place. The first Credit Agreement for \$250.0 million was executed on July 22, 2019, with an expiration date of January 1, 2023. OPPD extended the Credit Agreement for \$250.0 million on October 31, 2022 with a new expiration date of January 1, 2026. The second Credit Agreement for \$200.0 million was executed on June 1, 2021, with an expiration date of May 31, 2024. Both Credit Agreements support the Commercial Paper Program, and both Credit Agreements provide additional sources of working capital, if needed. There were no amounts outstanding under either Credit Agreement as of December 31, 2022 or 2021.

The following chart illustrates the debt structure and percentage of the total as of December 31, 2022.



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

### Debt Service Coverage for Electric System Revenue Bonds

Debt service coverage for the Electric System Revenue Bonds was 3.09 times and 4.74 times in 2022 and 2021, 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 2022 and



2021 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 64.0% and 60.7% at December 31, 2022 and 2021, 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 S&P Global Ratings (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.

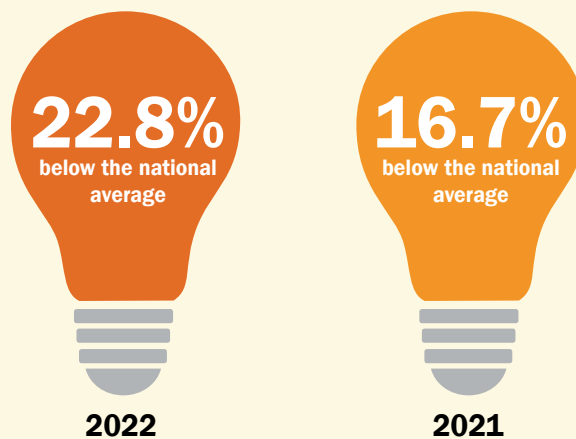
The following table summarizes credit ratings in effect on December 31, 2022.

	<b>S&amp;P</b>	<b>Moody’s</b>
Electric System Revenue Bonds	AA	Aa2
Electric System Subordinated Revenue Bonds	AA-	Aa3
Electric Revenue Notes – Commercial Paper Series	A-1+	P-1
NC2 Separate Electric System Revenue Bonds	A+	A1

## COMPETITIVE AND REGULATORY ENVIRONMENT

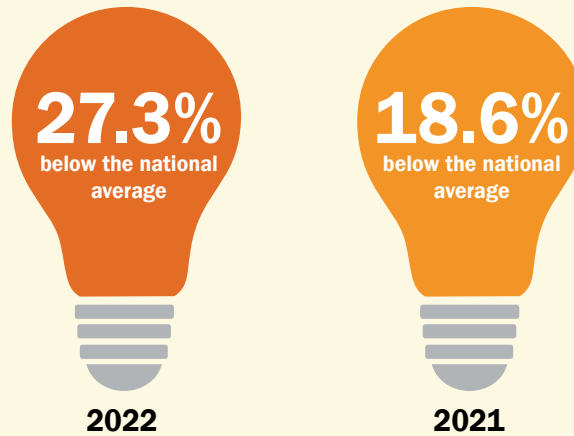
### Electric Rates

#### Electric rates – Residential



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 11.68 and 11.38 cents per kilowatt-hour (kWh) in 2022 and 2021, respectively. The national average residential cents per kWh according to the Energy Information Administration (EIA), U.S. Department of Energy, was 15.12 for 2022 (preliminary year-to-date December 2022) and 13.66 cents per kWh for 2021. Based on the EIA data, OPPD residential rates were 22.8% and 16.7% below the national average for 2022 and 2021, respectively.

## Electric rates – Retail



Retail customers paid an average of 9.08 and 9.04 cents per kWh in 2022 and 2021, respectively. The national average retail cents per kWh according to the EIA, was 12.49 for 2022 (preliminary year-to-date December 2022) and 11.10 cents per kWh for 2021. Based on the EIA data, OPPD retail rates were 27.3% and 18.6% below the national average for 2022 and 2021, respectively.

In 2022, OPPD implemented a 2.5% average general rate increase for retail customers while the FPPA factor remained unchanged. There were no general rate or FPPA factor adjustments in 2021. There was no general rate increase for 2023 but there was a 2.9% average increase due to a change in the FPPA factor that was implemented in January 2023 as a result of higher energy prices.

### Energy Risk Management

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

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

### Environmental Matters

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

**Coal Combustion Residuals (CCR)** – In April 2015, the Environmental Protection Agency (EPA) promulgated technical requirements for the CCR rule that impacted landfills and surface impoundments for the safe disposal of coal combustion residuals under Subtitle D of the Resource Conservation and Recovery Act. The regulations provide design criteria, operating criteria, groundwater monitoring requirements, closure requirements, and recordkeeping and notification requirements associated with CCR landfills and surface impoundments. The regulation became effective in October 2015, and OPPD is in compliance with the requirements. The cost of compliance with the requirements of the CCR rule is expected to be minimal at this time.

**Regional Haze Rule (RHR)** – The RHR requires the states, in coordination with the EPA, the National Park Service, U.S. Fish and Wildlife Service (USFWS), the U.S. Forest Service, and other interested parties, to develop and implement air quality protection plans to reduce the pollution that causes visibility impairment. The first state plans for regional haze were due in December 2007. Comprehensive periodic revisions to these initial plans were due in 2021, and then in 2028 and every 10 years thereafter. In November 2022, the Nebraska

Department of Environment and Energy (NDEE) distributed the Nebraska Regional Haze State Implementation Plan (SIP) to Federal Land Managers (FLM) for formal consultation. After addressing comments from the FLM review, the draft SIP will go on 30-day public notice with a possible public meeting included as part of the public notice process. NDEE continues the process of finalizing the Nebraska Regional Haze SIP for submittal to the EPA. The cost of compliance is not expected to be material at this time.

**316(b) Fish Protection Regulations (316(b))** - In May 2014, the EPA issued the final rule under Section 316(b) Rule of the Clean Water Act. The final rule went into effect in October 2014. Facilities are required to choose one of seven options to reduce fish impingement. Facilities were also required to study the effects of entrainment and develop compliance strategies. All required studies were submitted to the NDEE in June 2019 for review. In June 2020, the NDEE agreed that the risk to endangered and threatened species and cost to benefit of entrainment reduction do not outweigh the cost of implementing the proposed technologies, including fine-meshed screens. The NDEE further agreed that the existing Cooling Water Intake Structure technology is the Best Technology Available (BTA) for entrainment. In December 2020, OPPD submitted to the NDEE the BTA determination for impingement as required under the 316(b) rule. This submittal stated that OPPD intends to install and operate Coarse Mesh Modified Traveling Screens with a Fish Return at Nebraska City Station (NCS) and North Omaha Station (NOS) Units 4 and 5 intake structures. The BTA determination for entrainment and the implementation timeline for impingement is included in both the NCS and NOS renewed National Pollution Discharge Elimination System (NPDES) permits for those facilities. Following a public comment period, the renewed NPDES permit for NCS was issued with an effective date of July 1, 2022. The Company recently provided comments back to NDEE on the NOS draft NPDES permit prior to the public comment period held in December 2022. OPPD anticipates the renewed NPDES permit for NOS to be issued in the first quarter of 2023. The cost of compliance is expected to be \$18.8 million for NOS and NCS combined.

**Effluent Limitations Guidelines (ELG)** - ELGs are national standards developed under the Clean Water Act that apply to industrial wastewater discharges. On August 31, 2020, the EPA finalized a rule revising the regulations for the Steam Electric Power Generating category of the ELGs. The 2020 rule eliminates the ability of operators to discharge Bottom Ash Transport Water. The Company plans to eliminate these discharges by installing a high efficiency recycle system no later than December 31, 2025. Although the 2020 rule was initially not applicable to NOS due to the planned cessation of coal generation at that facility, the extension of coal operations at NOS approved by the Board of Directors in August 2022 requires the Company to develop a compliance plan to meet this regulation. A compliance schedule is included in the draft NOS NPDES permit described above. The cost of compliance at NOS is expected to be \$13.9 million. NCS already meets the requirements of the 2020 ELG rule.

**Northern Long-Eared Bat (NLEB)** - On November 30, 2022, the USFWS published a final rule to the Federal Register to change the listing status of the northern long-eared bat from threatened to an endangered species under the Endangered Species Act of 1973, as amended. Reclassification of the NLEB will have implications for development projects throughout the U.S., particularly in wind energy. The Company is evaluating the impact of this reclassification on vegetation management and forestry activities. The USFWS is currently developing guidance documents to help understand impacts. These guidance documents are expected to be finalized in early 2023.

### **Legislative Update**

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

H.R. 5376, the Inflation Reduction Act (IRA), was passed by Congress in August 2022. The IRA made significant updates to Federal Tax Code to allow tax exempt entities, including OPPD, to receive direct payments and

production tax credits from the Internal Revenue Service. Similar to the IJA passed in 2021, the IRA provides significant investment in key priority areas including clean energy manufacturing, electric transmission, rural development, and energy security. Additionally, the IRA bolsters funding for programs available to our customers such as residential efficiency and electrification rebates. Federal agencies have been tasked with creating new rules and guidance for the implementation of the IRA, which is expected to continue into early 2023. OPPD will continue to monitor for opportunities to utilize programs and incentives made available to public power from the IRA.

In late December 2022, the Senate and House passed H.R. 2617, the 2023 Consolidated Appropriations Act. Included in the package is \$7.8 million available from the Department of Energy (DOE) to OPPD for grid resiliency and modernization. The funding will be used to acquire reclosers, replace overhead conductors, and identify equipment that can be installed underground. OPPD will coordinate with the DOE on acquisition and implementation of this equipment early in 2023.

## **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 jurisdiction of the SPP Open Access Transmission Tariff. In addition to tariff administration services, SPP also provides reliability coordination services, generation reserve sharing, energy market services, balancing authority services and planning authority services.

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

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

In the fall of 2022, the SPP Board issued OPPD a notice to construct a new extra high-voltage transmission line that will run from OPPD's Cass County Power Station to an OPPD Substation in Sarpy County and will be integrated into OPPD's SSWTP expansion. This new line is intended to maintain grid reliability and enhance the grid for future load growth and generation expansion. It is anticipated that this line will be completed by the end of 2026.

OPPD will fund the upfront capital costs for all of these transmission projects, however, since significant portions of these transmission projects also provide benefit to the SPP region, those portions are cost allocated to SPP members for which OPPD will receive cost reimbursement over the life of these facilities.

### **Generation Update**

In 2019, OPPD announced the Power with Purpose initiative to add new generation that supports anticipated load growth, the retirement of NOS units 1, 2, and 3 and the conversion of NOS units 4 and 5 to natural gas. The new generation solution includes utility-scale solar of 400-600 megawatts (MW) with up to 600 MW of

modernized natural gas generation.

The sourcing for the utility scale solar generation began in November 2019. In 2021, OPPD executed its first utility-scale solar Power Purchase Agreement (PPA) for Platteview Solar, which is an 81-MW solar facility in Saunders County, Nebraska. The Platteview Solar project will begin construction in 2023 and is expected to be online by spring 2024. OPPD intends to utilize multiple solar sites in Eastern Nebraska for the remaining solar generation.

In September 2020, OPPD announced the locations and capacity of two natural gas generation facilities with onsite secondary fuel storage capability. The Standing Bear Lake Station in Douglas County is co-located with a Metropolitan Utilities District facility. This site will produce approximately 150 MW using reciprocating internal combustion engine assets. The Turtle Creek Station is located in Sarpy County. This second site will produce approximately 450 MW using two simple-cycle combustion turbine assets. The sourcing for these natural gas generation assets began in September 2020. In October 2020, the Nebraska Power Review Board unanimously approved the applications for these new natural gas generation facilities finding that they serve public convenience and necessity, are economical and feasible, and are without unnecessary duplication of facilities. Major equipment contracts were executed in May and June of 2021. In September 2021, OPPD selected Zachry Group as the engineer, procure, and construct vendor for both Standing Bear Lake and Turtle Creek Stations and their associated onsite substations. Preliminary grading commenced at both sites in the fall of 2021 and was completed in mid-2022. Zachry Group mobilized to both new generation sites mid-2022 and final grading and construction activities began. Construction is in progress with expected completion of both new natural gas generation sites, including the supporting substations, in 2024.

In August 2022, the Board of Directors approved a resolution to extend NOS operations thus delaying the retirement of NOS Units 1, 2, and 3 and the refueling of Units 4 and 5 from coal to natural gas until both Turtle Creek and Standing Bear Lake Stations are able to generate electricity, have executed the required generation interconnection and transmission service agreements along with fulfilling the conditions and obligations set forth in those agreements and are able to operate in an unconditional, fully accredited capability. This decision was made in order to maintain compliance with applicable federal reliability standards and regional transmission tariff requirements and assure the continued reliability and resiliency of the OPPD electric system.

### **Renewable Capability including Purchased Power Contracts**

Renewable portfolio standards are currently mandated in several states, but not in Nebraska. In 2019, the Company established a goal to conduct all of its operations in a manner that strives for net zero carbon production by 2050. OPPD completed its directional Pathways to Decarbonization Strategic Initiative in 2022, studying pathways to meet the 2050 goal and providing a foundation for resource planning into the future. OPPD's renewable generation resources includes a mix of wind, solar, hydro, and methane gas. As of December 31, 2022, the Company had 1,062.8 MW of renewable generation capacity primarily through purchase power agreements.

### **Fort Calhoun Station Decommissioning**

In 2016, the OPPD Board of Directors approved a recommendation by management to cease operations at FCS. The station ceased operations on October 24, 2016 and began the decommissioning process. FCS is being decommissioned using the DECON process, which provides for the immediate decontamination and dismantling of the nuclear systems and structures. OPPD contracted with EnergySolutions LLC (ES) to provide technical support during the completion of the DECON process. OPPD retains the license and management responsibility for the facility, while benefitting from the advisory services provided by ES.

Progress was made on the key activities underway in 2022, including the segmentation of the reactor vessel internals, the demolition of buildings containing radioactive systems, and the shipment of associated materials for disposal. The key focus for 2023 will shift to segmentation of the reactor vessel.

# Omaha Public Power District

## Statements of Net Position

as of December 31, 2022 and 2021

<b>ASSETS</b>	<b>2022</b>	2021
	<i>(thousands)</i>	
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 5,704	\$ 37,424
Investments	764,799	654,565
Investments – separate electric system	37,290	36,899
Accounts receivable – net	163,059	193,402
Fossil fuels – at average cost	31,680	33,735
Materials and supplies – at average cost	121,201	100,626
Regulatory asset – FCS decommissioning	-	138,923
Regulatory assets – other	21,757	15,428
Other	67,016	63,529
Total current assets	<u>1,212,506</u>	<u>1,274,531</u>
<b>SPECIAL PURPOSE FUNDS – at fair value</b>		
Investments – net of current	66,621	58,173
Segregated funds	166,523	127,092
Decommissioning funds	534,901	519,701
Total special purpose funds	<u>768,045</u>	<u>704,966</u>
<b>ELECTRIC UTILITY PLANT – at cost</b>		
Electric utility plant	5,546,856	5,011,756
Less accumulated depreciation and amortization	2,328,439	2,190,207
Total electric utility plant – net	<u>3,218,417</u>	<u>2,821,549</u>
<b>OTHER LONG-TERM ASSETS</b>		
Regulatory assets – pension	334,201	347,539
Regulatory assets – other postemployment benefits	192,908	211,600
Regulatory asset – FCS decommissioning – net of current	-	92,530
Regulatory assets – other	96,302	91,427
Other	285,327	64,375
Total other long-term assets	<u>908,738</u>	<u>807,471</u>
<b>TOTAL ASSETS</b>	<u>6,107,706</u>	<u>5,608,517</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unrealized pension contributions and losses	141,269	182,067
Unrealized OPEB contributions and losses	23,565	31,598
Unamortized loss on refunded debt	52,711	55,860
Other	9,357	12,501
Total deferred outflows of resources	<u>226,902</u>	<u>282,026</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$6,334,608</u>	<u>\$5,890,543</u>

See notes to financial statements

## Omaha Public Power District Statements of Net Position

as of December 31, 2022 and 2021

<b>LIABILITIES</b>	<b>2022</b>	<b>2021</b>
	(thousands)	
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ 47,860	\$ 12,425
Current maturities of long-term debt – separate electric system	4,000	3,815
Accounts payable and other current liabilities	323,055	235,263
Accrued interest payable	44,226	34,317
Decommissioning	113,017	124,588
Total current liabilities	<b>532,158</b>	<b>410,408</b>
 <b>LIABILITIES PAYABLE FROM SEGREGATED FUNDS</b>	<b>107,508</b>	70,960
 <b>LONG-TERM DEBT</b>		
Long-term debt – net of current	2,364,685	2,066,980
Long-term debt – net of current – separate electric system	193,680	197,680
Unamortized premiums	233,804	220,928
Total long-term debt – net	<b>2,792,169</b>	<b>2,485,588</b>
 <b>OTHER LIABILITIES</b>		
Decommissioning – net of current	534,515	629,574
Pension liability	431,123	451,145
Net OPEB liability	153,387	173,668
Other	54,188	48,361
Total other liabilities	<b>1,173,213</b>	<b>1,302,748</b>
<b>TOTAL LIABILITIES</b>	<b>4,605,048</b>	<b>4,269,704</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Regulatory liability – FCS decommissioning	131,004	-
Rate stabilization reserve	50,000	50,000
Decommissioning and benefits reserve	38,000	32,000
Unrealized pension gains	43,274	77,199
Unrealized OPEB gains	62,810	69,255
Leases	41,336	40,302
Other	3,558	3,710
Total deferred inflows of resources	<b>369,982</b>	<b>272,466</b>
 <b>NET POSITION</b>		
Net investment in capital assets	478,791	430,403
Restricted	162,283	206,890
Unrestricted	718,504	711,080
Total net position	<b>1,359,578</b>	<b>1,348,373</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$6,334,608</b>	<b>\$5,890,543</b>

See notes to financial statements

# Omaha Public Power District

## Statements of Revenues, Expenses and Changes in Net Position

for the Years Ended December 31, 2022 and 2021

	2022	2021
	<i>(thousands)</i>	
<b>OPERATING REVENUES</b>		
Retail	<b>\$ 1,100,507</b>	\$1,130,907
Off-system	<b>256,478</b>	328,376
Other electric	<b>43,799</b>	37,637
Total operating revenues	<b><u>1,400,784</u></b>	<u>1,496,920</u>
<b>OPERATING EXPENSES</b>		
Operations and maintenance		
Fuel	<b>186,359</b>	203,944
Purchased power	<b>360,420</b>	404,426
Production	<b>105,534</b>	111,332
Transmission and distribution	<b>130,856</b>	125,305
Customer	<b>43,887</b>	41,175
Administrative and general	<b>135,402</b>	207,410
Total operations and maintenance	<b><u>962,458</u></b>	<u>1,093,592</u>
Depreciation and amortization	<b>164,909</b>	156,992
Decommissioning	<b>141,918</b>	132,543
Payments in lieu of taxes	<b>40,462</b>	38,555
Total operating expenses	<b><u>1,309,747</u></b>	<u>1,421,682</u>
<b>OPERATING INCOME</b>	<b><u>91,037</u></b>	<u>75,238</u>
<b>OTHER INCOME (EXPENSES)</b>		
Interest expense	<b>(84,832)</b>	(68,537)
Contributions in aid of construction	<b>21,046</b>	19,056
Reduction of plant costs recovered through contributions in aid of construction	<b>(21,046)</b>	(19,056)
Decommissioning funds – investment loss	<b>(44,607)</b>	(4,629)
Investment income	<b>2,925</b>	38
Allowances for funds used during construction	<b>16,427</b>	9,772
Products and services – net	<b>2,868</b>	1,830
Other – net	<b>27,387</b>	14,236
Total other income (expenses) – net	<b><u>(79,832)</u></b>	<u>(47,290)</u>
<b>NET INCOME</b>	<b><u>11,205</u></b>	<u>27,948</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b><u>1,348,373</u></b>	<u>1,320,425</u>
<b>NET POSITION, END OF YEAR</b>	<b><u><u>\$ 1,359,578</u></u></b>	<u><u>\$1,348,373</u></u>

See notes to financial statements



# Omaha Public Power District

## Statements of Cash Flows

for the Years Ended December 31, 2022 and 2021

	2022	2021
	<i>(thousands)</i>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from retail customers	<b>\$1,118,907</b>	\$1,064,313
Receipts from collection of sales tax	<b>55,541</b>	52,721
Receipts from off-system counterparties	<b>126,341</b>	179,769
Receipts from other sources	<b>82,954</b>	4,759
Payments for sales tax	<b>(55,190)</b>	(52,536)
Payments to operations and maintenance suppliers	<b>(595,806)</b>	(710,654)
Payments to off-system counterparties	<b>(208,868)</b>	(244,353)
Payments to employees	<b>(146,994)</b>	(146,280)
Payments for in lieu of taxes and other taxes	<b>(38,605)</b>	(35,507)
Net cash provided from operating activities	<b><u>338,280</u></b>	<u>112,232</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Proceeds from federal and state agencies	<b>15,012</b>	487
Net cash provided from noncapital financing activities	<b><u>15,012</u></b>	<u>487</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from debt issuances	<b>375,334</b>	514,349
Principal reduction of debt	<b>(16,240)</b>	(83,968)
Interest paid on debt	<b>(89,237)</b>	(90,225)
Acquisition and construction of capital assets	<b>(489,705)</b>	(326,354)
Contributions in aid of construction and other reimbursements	<b>28,348</b>	16,159
Net cash provided from (used for) capital and related financing activities	<b><u>(191,500)</u></b>	<u>29,961</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	<b>(3,665,265)</b>	(2,033,494)
Maturities and sales of investments	<b>3,526,167</b>	1,876,026
Purchases of investments for decommissioning funds	<b>(557,167)</b>	(451,721)
Maturities and sales of investments in decommissioning funds	<b>486,211</b>	457,896
Investment income	<b>16,542</b>	19,880
Net cash used for investing activities	<b><u>(193,512)</u></b>	<u>(131,413)</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(31,720)</b>	11,267
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>37,424</u></b>	<u>26,157</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 5,704</u></b>	<u>\$ 37,424</u>

See notes to financial statements

## Omaha Public Power District Statements of Cash Flows

for the Years Ended December 31, 2022 and 2021

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

	<b>2022</b>	2021
	<i>(thousands)</i>	
Operating income	<b>\$ 91,037</b>	\$ 75,238
Adjustments to reconcile operating income to net cash provided from operating activities:		
Depreciation and amortization	<b>150,074</b>	142,057
Changes in assets and liabilities:		
Accounts receivable	<b>35,203</b>	(64,879)
Fossil fuels	<b>2,055</b>	942
Materials and supplies	<b>(20,575)</b>	(11,840)
Accounts payable	<b>23,431</b>	8,429
Accrued payments in lieu of taxes and other taxes	<b>1,857</b>	3,048
Accrued payroll	<b>2,983</b>	2,984
Special deposits (SPP and others)	<b>(1,185)</b>	(4,854)
Regulatory assets	<b>143,793</b>	2,142
Regulatory liabilities	<b>137,004</b>	(83,000)
Other	<b>(227,397)</b>	41,965
<b>Net cash provided from operating activities</b>	<b><u>\$ 338,280</u></b>	<b><u>\$ 112,232</u></b>

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

	<b>2022</b>	2021
	<i>(thousands)</i>	
<b>NONCASH CAPITAL, FINANCING AND INVESTING ACTIVITIES</b>		
Bond proceeds transferred directly to		
irrevocable trust to defease outstanding debt	<b>\$ 75,000</b>	\$ 65,079
Electric utility plant additions from outstanding liabilities	<b>77,525</b>	39,348
Net amortization of debt-related expenses and premiums	<b>14,696</b>	12,210
Allowances for funds used during construction	<b>16,427</b>	9,772
Changes in fair value of investments	<b>(60,693)</b>	(22,725)

See notes to financial statements

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# Omaha Public Power District

## Statements of Fiduciary Net Position

as of December 31, 2022 and 2021

	<b>2022</b>	2021
	<i>(thousands)</i>	
<b>ASSETS</b>		
Investments, at fair value	<b>\$ 1,259,912</b>	\$ 1,505,566
Receivables		
Accrued interest and dividend receivables	<b>1,049</b>	564
Receivable from broker	<b>336</b>	521
Other receivables	<b>783</b>	668
Total receivables	<u><b>2,168</b></u>	<u>1,753</u>
<b>TOTAL ASSETS</b>	<u><b>1,262,080</b></u>	<u>1,507,319</u>
<b>LIABILITIES</b>		
Payables		
Accrued management fees and administrative expenses	<b>510</b>	637
Payable to broker	<b>20,633</b>	12,287
Other liabilities	<u><b>339</b></u>	<u>230</u>
<b>TOTAL LIABILITIES</b>	<u><b>21,482</b></u>	<u>13,154</u>
<b>NET POSITION RESTRICTED FOR PENSIONS AND OPEB</b>	<u><b>\$ 1,240,598</b></u>	<u>\$ 1,494,165</u>

See notes to financial statements

# Omaha Public Power District

## Statements of Changes in Fiduciary Net Position

for the Years Ended December 31, 2022 and 2021

	2022	2021
	<i>(thousands)</i>	
<b>ADDITIONS</b>		
Contributions		
Employer	\$ 69,351	\$ 165,900
Employee	17,573	15,645
Total contributions	<u>86,924</u>	<u>181,545</u>
Investment income		
Interest and dividend income	17,230	15,457
Net appreciation/(depreciation) in fair value of investments	(220,085)	82,207
Total investment income/(loss)	<u>(202,855)</u>	<u>97,664</u>
Less: Investment expenses	(6,736)	(8,000)
Net investment income/(loss)	<u>(209,591)</u>	<u>89,664</u>
Total additions/(deductions)	<u>(122,667)</u>	<u>271,209</u>
<b>DEDUCTIONS</b>		
Benefits paid to participants	110,604	105,821
Healthcare and life insurance benefits (net of member premiums)	19,970	19,231
Administrative and other expenses	<u>326</u>	<u>279</u>
Total deductions	<u>130,900</u>	<u>125,331</u>
<b>NET CHANGE</b>	<u>(253,567)</u>	<u>145,878</u>
<b>NET POSITION RESTRICTED FOR PENSIONS AND OPEB</b>		
Beginning of year	<u>1,494,165</u>	<u>1,348,287</u>
End of year	<u>\$1,240,598</u>	<u>\$ 1,494,165</u>

See notes to financial statements

# Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

## 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 its component units. The following component units are presented as fiduciary funds of OPPD: the Retirement Plan and the Other Postemployment Benefit Plans. OPPD's Board of Directors performs the duties of a governing board for each of these defined benefit 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](mailto:info@oppd.com) or by visiting [oppd.com](http://oppd.com). Additional information on these plans can also be found in Note 8.

OPPD has one component unit that is wholly-owned, funded and governed by OPPD. The component unit is used to purchase land for future use, which will eventually be transferred to OPPD. Although the component unit is legally separate from OPPD, it is blended into and reported as part of OPPD because of the nature and extent of its operational and financial relationship with OPPD. The only asset of the component unit is land of \$5.0 million as of December 31, 2022 and 2021, which is reported on OPPD's financial statements with Electric Utility Plant. The land was transferred to OPPD in early 2023.

**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. The Board of Directors approved the write-off of the Fuel and Purchased Power Adjustment (FPPA) under-recoveries of \$27.7 million and \$188.7 million for the years ended December 31, 2022 and 2021, respectively (Note 9). There were no other write-downs of regulatory assets for the years ended December 31, 2022 and 2021.

**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.

**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 2). 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 are included in Investment Income on the Statements of Revenues, Expenses and Changes in Net Position.

**Hedging and Other 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* (GASB 53) and GASB Statement No. 99, *Omnibus 2022* (GASB 99), outstanding derivatives are evaluated and classified as either hedging derivative instruments (effective) or other 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 other income/expense on the Statements of Revenues, Expenses and Changes in Net Position, respectively (Note 4).

**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 \$63.3 million and \$52.7 million in unbilled revenues as of December 31, 2022 and 2021, respectively. Accounts Receivable was reported net of the Reserve for Uncollectible Accounts of \$2.4 million and \$2.2 million as of December 31, 2022 and 2021, 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.

**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 (Note 5).

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. There were no impairments to utility plant for the years ended December 31, 2022 and 2021.

**Leases** – Leases are contracts that convey control of the right to use another entity's nonfinancial asset as specified for a period of time in an exchange or exchange-like transaction without the transfer of ownership of the asset. The lease term is the period of time where there is a noncancellable right to use the underlying asset (Note 5).

For lessor contracts, lease receivables and deferred inflows of resources are reported at present value using

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

OPPD's incremental borrowing rate unless otherwise noted in the contract terms. Lease receivables are reported in Accounts Receivable – Net for the current portion and Other Long-term Assets – Other for the long-term portion on the Statements of Net Position. The amortization of the discount for lessor contracts is recorded as interest receivable in Current Assets - Other on the Statements of Net Position with the offset to interest income in Other – Net on the Statements of Revenues, Expenses and Changes in Net Position.

For lessee contracts, lease assets and liabilities are reported at present value using OPPD's incremental borrowing rate unless otherwise noted in the contract terms. Lease assets are reported in Electric Utility Plant and lease liabilities are reported in Accounts Payable and Other Current Liabilities for the current portion and Other Liabilities – Other for the long-term portion on the Statements of Net Position. The amortization of the discount for lessee contracts is reported as Accrued Interest Payable on the Statements of Net Position with the offset to Interest Expense on the Statements of Revenues, Expenses and Changes in Net Position.

**Subscription Based Information Technology Arrangements (SBITA)** – SBITAs are contracts that convey the control of the right to use software, alone or in combination with tangible assets, as specified in a contract for the subscription term in an exchange or exchange-like transaction. The subscription term is the period of time that OPPD has a noncancellable right to use the underlying asset (Note 5). SBITA assets and liabilities are reported at present value using OPPD's incremental borrowing rate unless otherwise noted in the contract terms. SBITA assets are reported in Electric Utility Plant, and SBITA liabilities are reported in Accounts Payable and Other Current Liabilities for the current portion and Other Liabilities – Other for the long-term portion on the Statements of Net Position. The amortization of the discount is recorded as Accrued Interest Payable on the Statements of Net Position with the offset to Interest Expense on the Statements of Revenues, Expenses and Changes in Net Position.

**Contributions in Aid of Construction (CIAC)** – Payments are received from customers for construction costs, primarily relating to the expansion of the electric system. CIAC primarily includes payments for transmission, distribution and generating station assets. 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. This allows for compliance with GASB Codification Section N50, *Nonexchange Transactions*, while continuing to follow FERC guidelines.

**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 tangible property. Intangible assets are amortized over their expected useful life. Leased assets are amortized over the term of the contract. SBITA assets are amortized over the subscription term of the related contract. Depreciation expense for depreciable property averaged approximately 4.3% and 4.2% for the years ended December 31, 2022 and 2021, 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 continue to be amortized (and collected through retail rates) through 2023 as these costs benefit current and future ratepayers. This amortization was \$14.8 million for both of the years ended December 31, 2022 and 2021.

**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 is amortized over the asset's useful life, reducing the deferred outflow and increasing the depreciation and amortization expense. AROs are reported in current year dollars as Deferred Outflows – Other and Other Liabilities – Other on the Statements of Net Position (Note 6).



**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. 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. Decommissioning trust funds are reported at fair value.

The decommissioning liability is the estimated current cost to decommission the plant for the NRC-required obligations, which is 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.

The Board of Directors authorized the use of regulatory accounting to match decommissioning expense to the amount funded from both retail rates and realized decommissioning trust fund investment income.

**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. Spent fuel management costs are recorded as Other Long-Term Assets – Other on the Statements of Net Position, as incurred (Note 11).

**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 changes to 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 8).

**Other Postemployment Benefits (OPEB)** – Information about the fiduciary net position of the OPPD OPEB Plans and changes to 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 8).

**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 (Note 9).

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

**Ash Landfills** – There is no current or proposed GASB statement providing accounting treatment for closure and postclosure care costs of ash 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, 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 remaining amount to be amortized over the remaining capacity of the landfills is reported as a Deferred Outflow - Other. The landfill closure and postclosure care liability represents the estimated liability to perform the required closure and postclosure care at the related landfills based on the regulatory requirements. The ash landfill liability is reported in current year dollars in Current Liabilities – Accounts Payable and Other Current Liabilities and Other Liabilities – Other on the Statements of Net Position. 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 6).

**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.

**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.

**Recent Accounting Pronouncements, adopted** – GASB issued Statement No. 99, *Omnibus 2022*, in April 2022. The objective of this statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics, but only a few pertain to OPPD. First, this statement clarifies that derivative instruments that do not meet the definition of an investment derivative instrument or the definition of a hedging derivative instrument are considered other derivative instruments. This guidance is effective for years beginning after June 15, 2023 (Note 4). Secondly, this statement clarifies the components of lease or SBITA contracts, including the term, recognition and measurement issues, and incentives. This guidance is effective for years beginning after June 15, 2022 (Note 5). The remaining topics do not impact OPPD at this time. OPPD elected to early adopt the applicable topics of this statement in 2022. This statement had no impact on OPPD's financial position, results of operations or cash flows.

GASB issued Statement No. 100, *Accounting Changes and Error Corrections*, in June 2022. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement is effective for years beginning after June 15, 2023. OPPD elected to early adopt this statement in 2022. This statement had no impact on OPPD's financial position, results of operations or cash flows.

**Recent Accounting Pronouncements, not yet adopted** – GASB issued Statement No. 101, *Compensated Absences*, in June 2022, effective for reporting periods beginning after December 15, 2023. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The impact to OPPD's financial statements is being evaluated.

## 2. FUNDS AND INVESTMENTS

Funds and investments of OPPD were as follows:

	2022	2021
	<i>(thousands)</i>	
<b>CURRENT ASSETS</b>		
Investments		
Electric system revenue fund	\$ 112,084	\$ 65,384
Electric system revenue bond fund	100,106	63,730
Electric system subordinated revenue bond fund	6,325	6,399
Electric system construction fund	546,284	519,052
Total investments	<u>764,799</u>	<u>654,565</u>
Investments – separate electric system		
NC2 separate electric system revenue fund	17,136	16,741
NC2 separate electric system revenue bond fund	17,442	17,473
NC2 separate electric system capital costs fund	2,712	2,685
Total investments – separate electric system	<u>37,290</u>	<u>36,899</u>
<b>SPECIAL PURPOSE FUNDS</b>		
Investments		
Electric system revenue fund – net of current	3,864	14,890
Electric system revenue bond fund – net of current	62,757	43,283
Total investments	<u>66,621</u>	<u>58,173</u>
Segregated funds		
Segregated fund – rate stabilization	50,000	50,000
Segregated fund – other	116,523	77,092
Total segregated funds	<u>166,523</u>	<u>127,092</u>
Decommissioning funds		
Decommissioning trust – 1990 plan	154,387	265,007
Decommissioning trust – 1992 plan	380,514	254,694
Total decommissioning funds	<u>534,901</u>	<u>519,701</u>
Total funds and investments	<u>\$1,570,134</u>	<u>\$1,396,430</u>

The above table includes interest receivables for the Decommissioning Trusts of \$1.2 million and \$1.0 million for December 31, 2022 and 2021, respectively.

**Electric System Revenue Fund and Nebraska City Station Unit 2 (NC2) Separate Electric System Revenue Fund** – These funds are 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 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 used for capital improvements, additions and betterments to and extensions of their respective electric system.

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

**Segregated Fund – Rate Stabilization** – This fund is 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.

**Segregated Fund – Other** – This fund represents assets held for payment of customer deposits, refundable advances, OPPD’s self-insured health insurance plans (Note 8), and certain other liabilities.

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

	<b>2022</b>	<b>2021</b>
Customer deposits and advances	\$ 104,461	\$ 66,136
Self-insurance	6,085	6,005
Other	5,977	4,951
Total	<u>\$ 116,523</u>	<u>\$ 77,092</u>

**Decommissioning Trust Funds** – These funds are 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.

**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 3). The fair value of investments was as follows as of December 31 (in thousands).

Investment Type	<b>2022</b>		<b>2021</b>	
	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)
Money market funds	\$ 74,376	-	\$ 251,842	-
U.S. government securities	990,003	1.1	650,446	0.8
Mutual funds	238,295	-	251,113	-
Commercial paper	40,866	0.7	44,945	0.5
Corporate bonds and other debentures	225,400	1.1	197,062	1.5
Total	<u>\$ 1,568,940</u>		<u>\$ 1,395,408</u>	
Portfolio weighted average maturity		0.8		0.6

The above table excludes interest receivables related to the Decommissioning Trusts of \$1.2 million and \$1.0 million for December 31, 2022 and 2021, respectively.

**Interest Rate Risk** – The investments in relatively short-term securities reduce interest rate risk, as evidenced by its portfolio weighted average maturity of 0.8 and 0.6 years as of December 31, 2022 and 2021, 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, 2022 and 2021.

At December 31, 2022 and 2021, the Company’s investments in money market funds were rated Aaa-mf and AAAM by Moody’s Investors Service (Moody’s) and S&P Global Ratings (S&P), respectively. At December 31, 2022 and 2021, 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 rated P-1 and A-1+ at December 31, 2022 and P-1 and A-1 at December 31, 2021 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 (in thousands).

Moody's			S&P		
2022	2021	Rating	2022	2021	Rating
Amount	Amount		Amount	Amount	
\$ 169,986	\$ 130,031	Aaa	\$ 165,542	\$ 118,298	AAA
14,541	2,507	Aa1	24,215	13,139	AA+
9,848	3,467	Aa2	2,458	2,507	AA
23,755	26,343	Aa3	25,915	27,156	AA-
4,998	25,110	A1	4,998	25,110	A+
2,272	9,604	A2	2,272	9,604	A
Total	<u>\$ 225,400</u>		Total	<u>\$ 197,062</u>	N/A

**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, 2022 and 2021. 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. OPPD did not have any investments greater than five percent from a single issuer as of December 31, 2022 and 2021.

### 3. 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;

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

- 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 (in thousands):

Investment Type	Total	2022		
		Level 1	Level 2	Level 3
Mutual funds	\$ 122,700	\$ 122,700	\$ -	\$ -
Money market funds	74,376	74,376	-	-
U.S. government securities	990,003	-	990,003	-
Corporate bonds and other debentures	225,400	-	225,400	-
Commercial paper	40,866	-	40,866	-
<b>Total fair value measurement by level</b>	<b>1,453,345</b>	<b>\$ 197,076</b>	<b>\$1,256,269</b>	<b>\$ -</b>
<b>Investments measured at net asset value (NAV)</b>				
Mutual funds	115,595			
<b>Total investments measured at fair value</b>	<b>\$ 1,568,940</b>			
<b>Derivative instruments</b>				
Hedging derivatives – futures contracts – liability	\$ 513	\$ -	\$ 513	\$ -
<b>Total derivative instruments measured at fair value</b>	<b>\$ 513</b>	<b>\$ -</b>	<b>\$ 513</b>	<b>\$ -</b>

Investment Type	Total	2021		
		Level 1	Level 2	Level 3
Mutual funds	\$ 133,162	\$ 133,162	\$ -	\$ -
Money market funds	251,842	251,842	-	-
U.S. government securities	650,446	-	650,446	-
Corporate bonds and other debentures	197,062	-	197,062	-
Commercial paper	44,945	-	44,945	-
<b>Total fair value measurement by level</b>	<b>1,277,457</b>	<b>\$ 385,004</b>	<b>\$ 892,453</b>	<b>\$ -</b>
<b>Investments measured at NAV</b>				
Mutual funds	117,951			
<b>Total investments measured at fair value</b>	<b>\$ 1,395,408</b>			

There were no outstanding derivative instruments as of December 31, 2021.

## 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.

**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 Other 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).

	<b>2022</b>			
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Mutual funds	\$ 114,996	none	daily	N/A
Mutual funds	<u>599</u>	none	daily	1 day
<b>Total investments measured at NAV</b>	<b><u>\$115,595</u></b>			

	<b>2021</b>			
	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Mutual funds	\$ 117,462	none	daily	N/A
Mutual funds	<u>489</u>	none	daily	1 day
<b>Total investments measured at NAV</b>	<b><u>\$117,951</u></b>			

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

**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.

### 4. 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 purchased 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 53 and GASB 99, outstanding derivatives are evaluated and classified as either hedging derivative instruments, or cash flow hedges (effective), or other 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 other 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 Revenues, Expenses and Changes in Net Position in the month the contract expires. Gains or losses from other derivative instruments are recognized immediately as other 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 volumes as of December 31, 2022.

	<b>Effective Date</b>	<b>Maturity Date</b>	<b>Notional Amount</b>
Energy futures contract	Aug. 2022	Jul. 2023	8,000 MWh
Energy futures contract	Aug. 2022	Aug. 2023	9,200 MWh
Energy futures contract	Oct. 2022	Jul. 2023	8,000 MWh
Energy futures contract	Oct. 2022	Aug. 2023	9,200 MWh
Energy futures contract	Nov. 2022	Jul. 2023	8,000 MWh
Energy futures contract	Nov. 2022	Aug. 2023	9,200 MWh
<b>Total MWh hedged</b>			<b><u>51,600</u> MWh</b>

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, 2022.

		<b>Changes in Fair Value</b>		<b>Fair Value at December 31, 2022</b>		
		<b>Classification</b>	<b>Amount</b>	<b>Classification</b>	<b>Amount</b>	<b>Notional</b>
<b>Hedging derivative instruments:</b>				Accounts payable and		
Commodity futures	Deferred outflow – other		\$513,000	other current liabilities	\$513,000	51,600 MWh

There were no outstanding derivative instruments as of December 31, 2021.



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)** – ARR are financial instruments that entitle the owner to a share of the revenues generated in the applicable Transmission Congestion Rights (TCR) auctions. ARR 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. ARR 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 ARR, reported in Current Liabilities – Accounts Payable and Other Current Liabilities, was \$18.5 million and \$8.3 million as of December 31, 2022, and 2021, respectively, on the Statements of Net Position.

**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, 2022 and 2021, was 5,739,745 MWh and 4,800,398 MWh, respectively. The balance of TCRs reported in Current Assets - Other was \$11.9 million and \$2.3 million as of December 31, 2022 and 2021, respectively.

## 5. ELECTRIC UTILITY PLANT

The following table summarizes electric utility plant balances as of December 31, 2021, activity for 2022 and balances as of December 31, 2022 (in thousands).

	2021	Increases	Decreases	2022
<b>Nondepreciable electric utility plant:</b>				
Land and improvements	\$ 42,466	\$ 1,034	\$ (356)	\$ 43,144
Construction work in progress	287,706	552,378	(140,622)	699,462
Electric utility plant held for future use	2,413	-	-	2,413
Total nondepreciable electric utility plant	<u>332,585</u>	<u>553,412</u>	<u>(140,978)</u>	<u>745,019</u>
<b>Depreciable electric utility plant:</b>				
Generation	2,020,506	19,341	(10,125)	2,029,722
Transmission and distribution	2,386,622	93,218	(6,073)	2,473,767
General plant	220,847	6,629	(13,168)	214,308
Intangible plant	40,795	12,520	(2,436)	50,879
Leases	154	10,923	-	11,077
SBITA	10,247	12,557	(720)	22,084
Total depreciable electric utility plant	<u>4,679,171</u>	<u>155,188</u>	<u>(32,522)</u>	<u>4,801,837</u>
Less accumulated depreciation and amortization	<u>(2,190,207)</u>	<u>(155,490)</u>	<u>17,258</u>	<u>(2,328,439)</u>
Depreciable electric utility plant, net	<u>2,488,964</u>	<u>(302)</u>	<u>(15,264)</u>	<u>2,473,398</u>
<b>Net electric utility plant</b>	<u>\$ 2,821,549</u>	<u>\$ 553,110</u>	<u>\$ (156,242)</u>	<u>\$ 3,218,417</u>

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

The following table summarizes electric utility plant balances as of December 31, 2020, activity for 2021 and balances as of December 31, 2021 (in thousands).

	2020	Increases	Decreases	2021
<b>Nondepreciable electric utility plant:</b>				
Land and improvements	\$ 42,032	\$ 450	\$ (16)	\$ 42,466
Construction work in progress	122,239	314,993	(149,526)	287,706
Electric utility plant held for future use	2,413	-	-	2,413
Total nondepreciable electric utility plant	166,684	315,443	(149,542)	332,585
<b>Depreciable electric utility plant:</b>				
Generation	1,981,565	40,088	(1,147)	2,020,506
Transmission and distribution	2,307,603	103,208	(24,189)	2,386,622
General plant	220,919	7,653	(7,725)	220,847
Intangible plant	42,213	6,097	(7,515)	40,795
Leases	154	-	-	154
SBITA	7,664	2,583	-	10,247
Total depreciable electric utility plant	4,560,118	159,629	(40,576)	4,679,171
Less accumulated depreciation and amortization	(2,072,575)	(148,516)	30,884	(2,190,207)
Depreciable electric utility plant, net	2,487,543	11,113	(9,692)	2,488,964
<b>Net electric utility plant</b>	<b>\$ 2,654,227</b>	<b>\$326,556</b>	<b>\$(159,234)</b>	<b>\$ 2,821,549</b>

OPPD engages in lease contracts, either as the lessor or the lessee, in the normal course of doing business.

**Lessor** – OPPD leases land, pole space and other assets to third parties. The leases have contract terms that expire between 2025 and 2053. Several leases have an option to extend the lease term after completion of the contracted term. The lease receivable balance as of December 31, 2022 was \$44.6 million, of which \$1.6 million is current and \$43.0 million is long-term on the Statements of Net Position. The lease receivable balance as of December 31, 2021 was \$42.4 million, of which \$1.4 million is current and \$41.0 million is long-term on the Statements of Net Position. OPPD recognized revenue of \$2.5 million and \$2.4 million for the years ended December 31, 2022 and 2021, respectively, which is reported as Other Electric Revenues on the Statements of Revenues, Expenses and Changes in Net Position. There were no variable lease payments received in 2022 or 2021.

**Lessee** – OPPD leases antenna tower space and office space from third parties. Those contracts terminate in 2027 and 2028, respectively. OPPD reported lease assets totaling \$11.1 million and \$0.2 million as of December 31, 2022 and 2021, respectively. The associated accumulated amortization was \$1.6 million and \$42.0 thousand as of December 31, 2022 and 2021, respectively, which was included in Electric Utility Plant and Accumulated Depreciation and Amortization on the Statements of Net Position. There were no payments recorded in the current period that were not included in the measurement of the lease liability and no lease impairments as of December 31, 2022 and 2021.

The following table summarizes the lease principal and interest payments as of December 31, 2022 (in thousands).

	Principal	Interest	Total
2023	\$ 1,702	\$ 299	\$ 2,001
2024	1,874	211	2,085
2025	1,988	158	2,146
2026	2,108	102	2,210
2027	2,216	42	2,258
2028	576	1	577
Total	<u>\$10,464</u>	<u>\$ 813</u>	<u>\$11,277</u>

**SBITA** – OPPD reported SBITA assets totaling \$22.1 million and \$10.2 million as of December 31, 2022 and 2021, respectively. The associated accumulated amortization was \$9.2 million and \$4.8 million as of December 31, 2022 and 2021, respectively, which is included in Electric Utility Plant and Accumulated Depreciation and Amortization on the Statements of Net Position. OPPD has SBITAs for software-related assets with contract terms that expire between 2023 and 2027, when including applicable extensions. There were no payments recorded in the current period that were not included in the measurement of the SBITA liability and no SBITA impairments as of December 31, 2022 and 2021.

The following table summarizes the SBITA principal and interest payments as of December 31, 2022 (in thousands).

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 2,191	\$ 123	\$ 2,314
2024	1,618	70	1,688
2025	566	29	595
2026	560	13	573
Total	<u>\$ 4,935</u>	<u>\$ 235</u>	<u>\$ 5,170</u>

## 6. ENVIRONMENTAL AND REGULATORY OBLIGATIONS

The following table summarizes the total balance as of December 31, 2021, activity for 2022, balances as of December 31, 2022, and the amounts due within one year (in thousands) for the Environmental and Regulatory Obligations included in Other Liabilities – Other and Current Liabilities – Accounts Payable and Other Current Liabilities:

	<b>2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>2022</b>	<b>Amounts due within one year</b>
Ash landfill	\$ 19,023	\$ 335	\$ (2,055)	\$ 17,303	\$ 3,330
Asset retirement obligation	4,331	38	-	4,369	-
Total	<u>\$ 23,354</u>	<u>\$ 373</u>	<u>\$ (2,055)</u>	<u>\$ 21,672</u>	<u>\$ 3,330</u>

The following table summarizes the total balance as of December 31, 2020, activity for 2021, balances as of December 31, 2021, and the amounts due within one year (in thousands) for the Environmental and Regulatory Obligations included in Other Liabilities – Other and Current Liabilities – Accounts Payable and Other Current Liabilities:

	<b>2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>2021</b>	<b>Amounts due within one year</b>
Ash landfill	\$ 19,026	\$ 467	\$ (470)	\$ 19,023	\$ 87
Asset retirement obligation	4,171	160	-	4,331	-
Total	<u>\$ 23,197</u>	<u>\$ 627</u>	<u>\$ (470)</u>	<u>\$ 23,354</u>	<u>\$ 87</u>

**Ash Landfills** – OPPD operates ash landfills at the North Omaha Station (NOS) and the Nebraska City Station (NCS) locations. State and federal laws and regulations require OPPD to place a final cover on its landfills at the NOS and NCS locations when they no longer receive ash 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 Nebraska Department of Environment and Energy (NDEE) on an annual basis as required by law. OPPD is not required to restrict any funds for closure and postclosure care costs. At December 31, 2022, the total ash landfill liability in current-year dollars was \$17.3 million and recorded as \$3.3 million in Current

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

Liabilities – Accounts Payable and Other Current Liabilities and \$14.0 million in Other Liabilities – Other on the Statements of Net Position. At December 31, 2021, the total ash landfill liability in current-year dollars was \$19.0 million and recorded as \$0.1 million in Current Liabilities – Accounts Payable and Other Current Liabilities and \$18.9 million in Other Liabilities – Other on the Statements of Net Position.

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, 2022	Estimated percentage of capacity as of December 31, 2021
NOS	2023	99%	62%
NCS unit 1	Closed	100%	100%
NCS unit 2 cell 1	Closed	100%	100%
NCS cells 2 & 3	2028	33%	27%

**Asset Retirement Obligations** – OPPD has 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 below.

Underground Fuel Storage Tanks – OPPD has underground fuel tanks housing fuel for vehicles at various locations. The Company is required by the NDEE to decommission the underground fuel storage tanks, consistent with its regulations. 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 \$1.0 million 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 Station Sanitary Lagoons (NCS Lagoons) – OPPD uses sanitary lagoons as an integral part of the sewer system at NCS, supporting NCS 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, 2022 is 47 years and is based on the estimated 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 for the site 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, 2022 is 8 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 recorded as Other Liabilities – Other on the Statements of Net Position as of December 31, 2022 and 2021 (in thousands):

	<b>2022</b>	<b>2021</b>
NCS lagoons	\$ 2,870	\$ 2,864
Underground fuel storage tanks	1,000	1,000
Elk City Station	499	467
Total	<u>\$ 4,369</u>	<u>\$ 4,331</u>

## 7. DEBT

The proceeds of debt issued are utilized primarily to finance the construction program. The following table summarizes the debt balances as of December 31, 2021, activity for 2022, balances as of December 31, 2022, and the amounts due within one year (in thousands).

	<b>2021</b>	<b>Additions</b>	<b>Retirements</b>	<b>2022</b>	<b>Amounts due within one year</b>
Electric system revenue bonds	\$ 1,524,630	\$ 420,565	\$ (9,875)	\$ 1,935,320	\$ 45,305
Electric system subordinated revenue bonds	229,775	-	(2,550)	227,225	2,555
Electric revenue notes – commercial paper series	325,000	-	(75,000)	250,000	-
NC2 separate electric system revenue bonds	201,495	-	(3,815)	197,680	4,000
<b>Total</b>	<u><b>\$ 2,280,900</b></u>	<u><b>\$ 420,565</b></u>	<u><b>\$ (91,240)</b></u>	<u><b>\$ 2,610,225</b></u>	<u><b>\$ 51,860</b></u>

The following table summarizes the debt balances as of December 31, 2020, activity for 2021, balances as of December 31, 2021, and the amounts due within one year (in thousands).

	<b>2020</b>	<b>Additions</b>	<b>Retirements</b>	<b>2021</b>	<b>Amounts due within one year</b>
Electric system revenue bonds	\$ 1,208,640	\$ 438,935	\$ (122,945)	\$ 1,524,630	\$ 9,875
Electric system subordinated revenue bonds	229,775	-	-	229,775	2,550
Electric revenue notes – commercial paper series	250,000	75,000	-	325,000	-
Minibonds	31,737	607	(32,344)	-	-
NC2 separate electric system revenue bonds	205,150	-	(3,655)	201,495	3,815
<b>Total</b>	<u><b>\$ 1,925,302</b></u>	<u><b>\$ 514,542</b></u>	<u><b>\$ (158,944)</b></u>	<u><b>\$ 2,280,900</b></u>	<u><b>\$ 16,240</b></u>

**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.

**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.

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

**Electric Revenue Notes - Commercial Paper Series** – The Commercial Paper Notes mature at various dates, but not more than 270 days after the date of issuance. The average borrowing rate was 1.23% and 0.12% for the years ended December 31, 2022 and 2021, respectively. An OPPD Board of Directors' Resolution includes a covenant to retain drawing capacity under its Credit Agreements at least equal to the issued and outstanding amount of Commercial Paper Notes. Commercial Paper is classified as long-term debt due to the existence of these Credit Agreements, and OPPD's intent and ability to refinance Commercial Paper on a long-term basis.

**Minibonds** – Minibonds consisted of current interest-bearing and capital appreciation Minibonds. All Minibonds matured and were paid in full on October 1, 2021.

**NC2 Separate Electric System Revenue Bonds** – These bonds are payable from and secured by a pledge of and lien upon the revenues of the NC2 Separate Electric System, subject to the prior payment therefrom of the operations and maintenance expenses of the NC2 Separate Electric System. The general revenues of OPPD's electric system are not pledged for the payment of these 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."

**Credit Agreements** – OPPD has two Credit Agreements. The first credit agreement is with the Bank of America, N.A. It originally was executed on July 22, 2019 for \$250.0 million and was scheduled to expire on January 1, 2023. OPPD extended the Credit Agreement with Bank of America, N.A. for \$250.0 million on October 31, 2022, with a new expiration date of January 1, 2026. The second Credit Agreement is with Well Fargo Bank, N.A., for \$200.0 million which was executed on June 1, 2021, and will expire on May 31, 2024. There were no amounts outstanding under either Credit Agreement as of December 31, 2022 and 2021 leaving an unused amount of \$450.0 million.

**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, and Electric Revenue Notes – Commercial Paper Series.

**Bond Restrictions** – OPPD's bond indenture for the Electric System Revenue Bonds, amended effective February 6, 2015, provides for certain restrictions. The most significant of these is that 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 Company is in compliance with all debt covenants.

The following tables summarize the outstanding Electric System Revenue Bonds, Electric System Subordinated Revenue Bonds, and NC2 Separate Electric System Revenue Bonds as of December 31, 2022 and 2021 (in thousands) and interest rates as of December 31, 2022.

#### Electric System Revenue Bonds

<b>Issue</b>	<b>Final Maturity Date</b>	<b>Interest Rates</b>	<b>2022</b>	<b>2021</b>
2010 Series A	2041	5.431%	\$ 119,390	\$ 120,000
2015 Series A	2045	2.85% - 5.0%	90,775	93,005
2015 Series B	2039	2.0% - 5.0%	84,890	91,925
2015 Series C	2043	3.5% - 5.0%	94,145	94,145
2016 Series A	2039	3.0% - 5.0%	183,340	183,340
2017 Series A	2042	4.0% - 5.0%	220,195	220,195
2018 Series A	2039	3.25% - 5.0%	145,330	145,330
2019 Series A	2034	3.0% - 5.0%	137,755	137,755
2021 Series A	2051	3.0% - 5.0%	381,580	381,580
2021 Series B	2046	4.0% - 5.0%	57,355	57,355
2022 Series A	2052	4.0% - 5.25%	351,540	-
2022 Series B	2035	5.0%	69,025	-
Total			<u>\$ 1,935,320</u>	<u>\$ 1,524,630</u>

#### Electric System Subordinated Revenue Bonds

<b>Issue</b>	<b>Final Maturity Date</b>	<b>Interest Rates</b>	<b>2022</b>	<b>2021</b>
2014 Series AA	2036	4.0% - 5.0%	\$ 118,830	\$ 121,380
2014 Series CC	2038	4.0%	108,395	108,395
Total			<u>\$ 227,225</u>	<u>\$ 229,775</u>

#### NC2 Separate Electric System Revenue Bonds

<b>Issue</b>	<b>Final Maturity Date</b>	<b>Interest Rates</b>	<b>2022</b>	<b>2021</b>
2015 Series A	2046	3.25% - 5.25%	\$ 99,755	\$ 102,305
2016 Series A	2049	3.25% - 5.0%	97,925	99,190
Total			<u>\$ 197,680</u>	<u>\$ 201,495</u>

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

The following table summarizes the bond payments as of December 31, 2022 for the Electric System Revenue Bonds, Electric System Subordinated Revenue Bonds, and NC2 Separate Electric System Revenue Bonds (in thousands).

	Electric System Revenue Bonds and Subordinated Revenue Bonds		NC2 Separate Electric System Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 47,860	\$ 95,046	\$ 4,000	\$ 9,674
2024	48,455	96,252	4,200	9,469
2025	52,150	93,718	4,415	9,253
2026	54,735	91,053	4,630	9,027
2027	57,470	88,353	4,860	8,790
2028 - 2032	340,645	394,717	28,200	40,005
2033 - 2037	429,020	305,189	35,310	32,769
2038 - 2042	440,870	203,306	40,670	23,321
2043 - 2047	420,775	106,663	49,595	12,050
2048 - 2052	270,565	33,102	21,800	1,045
Total	<u>\$2,162,545</u>	<u>\$1,507,399</u>	<u>\$ 197,680</u>	<u>\$155,403</u>

**Debt Issuances** – OPPD issued \$351.5 million of 2022 Series A Electric System Revenue Bonds during 2022 and \$381.6 million of 2021 Series A Electric System Revenue Bonds during 2021. The bond proceeds were used for future and reimbursable capital expenditures. OPPD increased its outstanding Commercial Paper from \$250.0 million to \$325.0 million in 2021. The proceeds of \$75.0 million were used to reimburse capital expenditures.

**Debt Payments** – Repayments of \$9.9 million of Electric System Revenue Bonds, \$2.6 million of Electric System Subordinated Revenue Bonds, and \$3.8 million of NC2 Separate Electric System Revenue Bonds were made in 2022. Repayments of \$50.4 million of Electric System Revenue Bonds, \$3.7 million of NC2 Separate Electric System Revenue Bonds, and \$32.3 million of Minibonds were made in 2021. All Minibonds matured and were paid in full on October 1, 2021. There were no repayments on Electric System Subordinated Revenue Bonds in 2021.

**Debt Refunding** – OPPD issued \$69.0 million of 2022 Series B Electric System Revenue Bonds during 2022 to refund \$75.0 million of its Commercial Paper Notes resulting in a decrease of its outstanding Commercial Paper from \$325.0 million to \$250.0 million.

OPPD issued \$57.4 million of 2021 Series B Electric System Revenue Bonds during 2021 for the purpose of fully refunding the remaining \$64.4 million of the 2012 Series B Electric System Revenue Bonds. The refunding reduced the total debt service payments over the life of the bonds by \$12.0 million and resulted in an economic gain (difference between the present value of the old and new debt service payments) of \$7.8 million.

**Debt Defeasances** – OPPD had no new defeasances during 2022. OPPD defeased all future maturities of the 2011 Series A and 2011 Series C Electric System Revenue Bonds totaling \$8.2 million on February 1, 2021 utilizing existing resources.

Electric System Revenue Bonds from the 2015 Series B issue, with the aggregate outstanding principal of \$46.0 million as of December 31, 2022, were legally defeased. Electric System Revenue Bonds from the following series, with the aggregate outstanding principal of \$513.1 million as of December 31, 2021, were legally defeased: 2012 Series A, 2012 Series B and 2015 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. As of December 31, 2022 and 2021, OPPD had no outstanding defeased Electric System Subordinated Revenue Bonds or NC2 Separate Electric System Revenue Bonds.



## 8. 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). Under the Cash Balance provision, members can receive the total vested value of their Cash Balance Account at separation from employment with OPPD. 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). Typically, 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).

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.

	<b>2022</b>	<b>2021</b>
Retirees and beneficiaries receiving benefits	2,316	2,296
Terminated Retirement Plan members entitled to, but not receiving, benefits	504	527
Active Retirement Plan members*	<u>1,808</u>	<u>1,788</u>
Total	<u><u>4,628</u></u>	<u><u>4,611</u></u>

\* There were 734 and 659 members with the Cash Balance provision at January 1, 2022 and 2021, respectively.

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

	<b>2022</b>	<b>2021</b>
Terminated Non-Qualified Plan members entitled to, but not receiving benefits	1	-
Active Non-Qualified Plan members	<u>5</u>	<u>6</u>
Total	<u><u>6</u></u>	<u><u>6</u></u>

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

**Contributions** – Employees contributed 9.0% and 8.3% of their covered payroll to the Retirement Plan for the years ended December 31, 2022 and 2021, respectively. The contribution rate for employees will remain at 9.0% going forward. 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 employer contribution was \$55.8 million and \$151.5 million for the years ended December 31, 2022 and 2021, respectively. The employer contribution for the year ended December 31, 2021 included \$95.0 million from the utilization of the Decommissioning and Benefits Reserve.

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 employer contribution was \$0.2 million and \$3.3 million for the years ended December 31, 2022 and 2021, 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, 2022 and 2021 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 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 PUB-2010 General table projected using Scale MP-2021 with generational projection for 2022 and the PUB-2010 General table projected using Scale MP-2019 with generational projection for 2021.

The other actuarial assumptions for the valuations of both plans as of January 1, 2022 and 2021, 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 for the Retirement Plan was 6.5% for 2022 and 7.0% for 2021, net of pension plan investment expenses, including inflation.

The other actuarial assumptions are based on a study of the experience of the covered group. The last actuarial experience study was performed during 2021.

**Discount Rate** – The discount rate used to measure the total pension liability for the Retirement Plan was 6.5% for 2022 and 7.0% for 2021. 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 2.06% and 2.12% for 2022 and 2021, 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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Domestic equity	28.0%	6.1%
Domestic fixed income	23.0	0.4
International developed equity	14.0	6.5
Emerging markets equity	10.0	8.1
Private credit	7.5	5.1
Private real estate	7.5	3.7
Emerging markets fixed income	5.0	2.7
High yield fixed income	3.0	2.5
Treasury inflation protected securities	2.0	0.3
Total	<u>100%</u>	

\* Based on 2022 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, 2022.

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, 2021, to January 1, 2022, and the changes for the year ended December 31, 2022 (in thousands).

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	(a)	(b)	(a-b)
<b>Balance at 12/31/2021</b>	<b>\$ 1,602,932</b>	<b>\$ 1,157,753</b>	<b>\$ 445,179</b>
(Based on 1/1/2021 measurement date)			
Changes recognized for the fiscal year:			
Service cost	22,973		22,973
Interest on total pension liability	110,172		110,172
Difference between expected and actual experience	2,737		2,737
Changes of assumptions	86,548		86,548
Contributions from employer		151,500	(151,500)
Contributions from employee		15,645	(15,645)
Net investment income		70,247	(70,247)
Benefit payments, including refunds of employee contributions	(105,821)	(105,821)	-
Administrative expense		(188)	188
Net changes	<u>116,609</u>	<u>131,383</u>	<u>(14,774)</u>
<b>Balance at 12/31/2022</b>	<b><u>\$ 1,719,541</u></b>	<b><u>\$ 1,289,136</u></b>	<b><u>\$ 430,405</u></b>
(Based on 1/1/2022 measurement date)			

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

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, 2020, to January 1, 2021, and the changes for the year ended December 31, 2021 (in thousands).

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a-b)
<b>Balance at 12/31/2020</b>	<b>\$ 1,572,753</b>	<b>\$ 1,055,344</b>	<b>\$ 517,409</b>
(Based on 1/1/2020 measurement date)			
Changes recognized for the fiscal year:			
Service cost	22,717		22,717
Interest on total pension liability	108,155		108,155
Difference between expected and actual experience	7,823		7,823
Changes of assumptions	(6,001)		(6,001)
Contributions from employer		59,093	(59,093)
Contributions from employee		13,971	(13,971)
Net investment income		132,006	(132,006)
Benefit payments, including refunds of employee contributions	(102,515)	(102,515)	-
Administrative expense		(146)	146
Net changes	<u>30,179</u>	<u>102,409</u>	<u>(72,230)</u>
<b>Balance at 12/31/2021</b>	<b>\$ 1,602,932</b>	<b>\$ 1,157,753</b>	<b>\$ 445,179</b>
(Based on 1/1/2021 measurement date)			

	2022	2021
Plan fiduciary net position as a percentage of the total pension liability	74.97%	72.23%
Actuarially determined contributions	\$55,798	\$56,547

The following table shows the Total Pension Liability for the Non-Qualified Plan for the Measurement Period from January 1, 2021, to January 1, 2022, and the changes for the year ended December 31, 2022 (in thousands).

	Increase (Decrease)
	Total Pension Liability
<b>Balance at 12/31/2021</b>	<b>\$ 5,966</b>
(Based on 1/1/2021 measurement date)	
Changes recognized for the fiscal year:	
Service cost	430
Interest on total pension liability	69
Difference between expected and actual experience	574
Changes of assumptions	35
Benefit Payments	(6,356)
Net changes	<u>(5,248)</u>
<b>Balance at 12/31/2022</b>	<b>\$ 718</b>
(Based on 1/1/2022 measurement date)	

The following table shows the Total Pension Liability for the Non-Qualified Plan for the Measurement Period from January 1, 2020, to January 1, 2021, and the changes for the year ended December 31, 2021 (in thousands).

	<b>Increase (Decrease) Total Pension Liability</b>
<b>Balance at 12/31/2020</b>	<b>\$ 5,333</b>
(Based on 1/1/2020 measurement date)	
Changes recognized for the fiscal year:	
Service cost	366
Interest on total pension liability	156
Difference between expected and actual experience	92
Changes of assumptions	19
Net changes	<u>633</u>
<b>Balance at 12/31/2021</b>	<b><u>\$ 5,966</u></b>
(Based on 1/1/2021 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 [finfo@oppd.com](mailto:finfo@oppd.com) or by visiting [oppd.com](http://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).

	<b>2022</b>	<b>2021</b>
<b>Retirement Plan</b>		
Total pension liability	\$ 1,719,541	\$ 1,602,932
Plan fiduciary net position	<u>1,289,136</u>	<u>1,157,753</u>
Net pension liability	430,405	445,179
<b>Non-Qualified Plan</b>		
Total pension liability	718	5,966
<b>Pension Liability</b>	<b><u>\$ 431,123</u></b>	<b><u>\$ 451,145</u></b>

**Sensitivity** – The following table illustrates the impact of interest rate sensitivity on the Total Pension Liability and Net Pension Liability as of December 31, 2022, (in thousands) if it were calculated using a 1% change in the discount rate as of the measurement date (1/1/2022). 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.

	<b>1% Decrease 5.5%</b>	<b>Discount Rate 6.5%</b>	<b>1% Increase 7.5%</b>
<b>Retirement Plan</b>			
Total pension liability	\$ 1,912,772	\$ 1,719,541	\$ 1,556,294
Plan fiduciary net position	<u>1,289,136</u>	<u>1,289,136</u>	<u>1,289,136</u>
Net pension liability	<u>\$ 623,636</u>	<u>\$ 430,405</u>	<u>\$ 267,158</u>
<b>Non-Qualified Plan</b>			
Total pension liability	<u>\$ 790</u>	<u>\$ 718</u>	<u>\$ 655</u>

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

The following table illustrates the impact of interest rate sensitivity on the Total Pension Liability and Net Pension Liability as of December 31, 2021 (in thousands) if it were calculated using a 1% change in the discount rate as of the measurement date (1/1/2021).

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
<b>Retirement Plan</b>	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
Total pension liability	\$1,779,596	\$1,602,932	\$1,453,683
Plan fiduciary net position	<u>1,157,753</u>	<u>1,157,753</u>	<u>1,157,753</u>
Net pension liability	<u>\$ 621,843</u>	<u>\$ 445,179</u>	<u>\$ 295,930</u>
<b>Non-Qualified Plan</b>	<b>1.12%</b>	<b>2.12%</b>	<b>3.12%</b>
Total pension liability	<u>\$ 6,786</u>	<u>\$ 5,966</u>	<u>\$ 5,281</u>

### Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related

**to Pensions** – For the year ended December 31, 2022, OPPD recognized pension expense of \$55.8 million and non-qualified pension expense of \$0.2 million. For the year ended December 31, 2021, OPPD recognized pension expense of \$151.5 million and non-qualified pension expense of \$3.3 million.

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, 2022 (in thousands).

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
<b>Retirement Plan</b>		
Difference between expected and actual experience	\$ 8,276	\$ -
Changes of assumptions	75,732	3,216
Net difference between expected and actual earnings on pension plan investments	-	39,973
Contribution made in fiscal year ending December 31, 2022	<u>55,798</u>	<u>-</u>
Total	<u>\$139,806</u>	<u>\$ 43,189</u>
<b>Non-Qualified Plan</b>		
Difference between expected and actual experience	\$ 930	\$ 42
Changes of assumptions	<u>533</u>	<u>43</u>
Total	<u>\$ 1,463</u>	<u>\$ 85</u>
<b>Total deferred outflows/inflows of resources</b>	<b><u>\$141,269</u></b>	<b><u>\$ 43,274</u></b>

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, 2021 (in thousands).

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
<b>Retirement Plan</b>		
Difference between expected and actual experience	\$ 11,044	\$ -
Changes of assumptions	18,168	8,240
Net difference between expected and actual earnings on pension plan investments	-	68,847
Contribution made in fiscal year ending December 31, 2021	<u>151,500</u>	<u>-</u>
Total	<u>\$180,712</u>	<u>\$ 77,087</u>
<b>Non-Qualified Plan</b>		
Difference between expected and actual experience	\$ 750	\$ 54
Changes of assumptions	605	58
Total	<u>\$ 1,355</u>	<u>\$ 112</u>
<b>Total deferred outflows/inflows of resources</b>	<b><u>\$182,067</u></b>	<b><u>\$ 77,199</u></b>

As of December 31, 2022, the Company reported \$55.8 million 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 the net Pension liability in the year ended December 31, 2023. 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):

<b>Year</b>	<b>Qualified Plan</b>	<b>Non-Qualified Plan</b>
2023	\$29,646	\$ 474
2024	(8,578)	177
2025	11,053	154
2026	8,698	167
2027	-	157
Thereafter	-	249

#### **DEFINED CONTRIBUTION RETIREMENT SAVINGS PLANS – 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 \$6.0 million and \$5.9 million for the years ended December 31, 2022 and 2021, respectively. The employer maximum annual match on employee contributions was \$4,000 per employee for the years ended December 31, 2022 and 2021.

#### **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.

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

### 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 Medicare Advantage plan, which includes a Part D drug plan.

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.

	<b>2022</b>	<b>2021</b>
Inactive plan members currently receiving benefits	2,033	2,029
Active Plan A members	1,808	1,788
Total	<u>3,841</u>	<u>3,817</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 employer contribution was \$12.6 million and \$13.4 million for the years ended December 31, 2022 and 2021, 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, 2022 and 2021 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 Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (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 five years. The mortality table used for healthy participants was the PUB-2010 General table projected using Scale MP-2021 with generational projection for 2022 and the PUB-2010 General table projected using Scale MP-2019 with generational projection for 2021.

The other actuarial assumptions for the valuations as of January 1, 2022 and 2021, 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 6.2% immediate to 4.5% in 2022, and 6.3% immediate to 4.5% in 2021.
- The post-Medicare healthcare trend rates ranged from 8.0% immediate to 4.5% ultimate for 2022 and 8.3% immediate to 4.5% ultimate for 2021.



- 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 2021.

**Discount Rate** – The discount rate used to measure the total Plan A liability was 7.0% for both 2022 and 2021. 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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Global equity	50.0%	6.1%
Domestic fixed income	20.0	0.4
Real return	20.0	4.6
Private real estate	10.0	3.7
Total	<u>100%</u>	

\*Based on 2022 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, 2022.

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, 2021, to January 1, 2022, and the changes for the year ended December 31, 2022 (in thousands).

	<b>Increase (Decrease)</b>		
	<b>Total OPEB A Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB A Liability</b>
	(a)	(b)	(a-b)
<b>Balance at 12/31/2021</b>	<b>\$ 357,794</b>	<b>\$ 184,336</b>	<b>\$ 173,458</b>
(Based on 1/1/2021 measurement date)			
Changes recognized for the fiscal year:			
Service cost	3,075		3,075
Interest on total OPEB liability	24,599		24,599
Difference between expected and actual experience	(1,066)		(1,066)
Changes of assumptions	(14,961)		(14,961)
Contributions from employer		13,400	(13,400)
Net investment income		19,105	(19,105)
Benefit payments	(19,219)	(19,219)	-
Administrative expense		(55)	55
Net changes	<u>(7,572)</u>	<u>13,231</u>	<u>(20,803)</u>
<b>Balance at 12/31/2022</b>	<b><u>\$ 350,222</u></b>	<b><u>\$ 197,567</u></b>	<b><u>\$ 152,655</u></b>
(Based on 1/1/2022 measurement date)			

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

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, 2020, to January 1, 2021, and the changes for the year ended December 31, 2021 (in thousands).

	<b>Increase (Decrease)</b>		
	<b>Total OPEB A Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB A Liability</b>
	(a)	(b)	(a-b)
<b>Balance at 12/31/2020</b>	<b>\$ 378,799</b>	<b>\$ 164,519</b>	<b>\$ 214,280</b>
(Based on 1/1/2020 measurement date)			
Changes recognized for the fiscal year:			
Service cost	3,417		3,417
Interest on total OPEB liability	26,112		26,112
Difference between expected and actual experience	(22,453)		(22,453)
Changes of assumptions	(9,396)		(9,396)
Contributions from employer		14,836	(14,836)
Net investment income		23,733	(23,733)
Benefit payments	(18,685)	(18,685)	-
Administrative expense		(67)	67
Net changes	<u>(21,005)</u>	<u>19,817</u>	<u>(40,822)</u>
<b>Balance at 12/31/2021</b>	<b><u>\$ 357,794</u></b>	<b><u>\$ 184,336</u></b>	<b><u>\$ 173,458</u></b>
(Based on 1/1/2021 measurement date)			

	<b>2022</b>	<b>2021</b>
Plan fiduciary net position as a percentage of the total		
OPEB Plan A liability	56.41%	51.52%
Actuarially determined contributions	\$ 12,553	\$ 13,417

**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](mailto:finfo@oppd.com) or by visiting [oppd.com](http://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, 2022 (in thousands) if it were calculated using a 1% change in the discount rate as of the measurement date (1/1/2022). 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.

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
<b>OPEB Plan A</b>	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
Total OPEB liability	\$ 392,760	\$ 350,222	\$ 314,740
Plan fiduciary net position	197,567	197,567	197,567
Net OPEB liability	<u>\$ 195,193</u>	<u>\$ 152,655</u>	<u>\$ 117,173</u>

The following table illustrates the impact of interest rate sensitivity on the Total OPEB Liability and Net OPEB Liability as of December 31, 2021 (in thousands) if it were calculated using a 1% change in the discount rate as of the measurement date (1/1/2021).

<b>OPEB Plan A</b>	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
Total OPEB liability	\$ 401,605	\$ 357,794	\$ 321,395
Plan fiduciary net position	184,336	184,336	184,336
Net OPEB liability	<u>\$ 217,269</u>	<u>\$ 173,458</u>	<u>\$ 137,059</u>

The following table illustrates the impact of healthcare cost trend rate sensitivity on the Total OPEB Liability and Net OPEB Liability as of December 31, 2022 (in thousands) if it were calculated using a 1% change in the healthcare cost trend rates as of the measurement date (1/1/2022).

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
<b>Pre-Medicare</b>	5.2%-3.5%	6.2%-4.5%	7.2%-5.5%
<b>Post-Medicare</b>	7.0%-3.5%	8.0%-4.5%	9.0%-5.5%
Total OPEB liability	\$ 315,539	\$ 350,222	\$ 391,842
Plan fiduciary net position	197,567	197,567	197,567
Net OPEB liability	<u>\$ 117,972</u>	<u>\$ 152,655</u>	<u>\$ 194,275</u>

The following table illustrates the impact of healthcare cost trend rate sensitivity on the Total OPEB Liability and Net OPEB Liability as of December 31, 2021 (in thousands) if it were calculated using a 1% change in the healthcare cost trend rates as of the measurement date (1/1/2021).

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
<b>Pre-Medicare</b>	5.3%-3.5%	6.3%-4.5%	7.3%-5.5%
<b>Post-Medicare</b>	7.3%-3.5%	8.3%-4.5%	9.3%-5.5%
Total OPEB liability	\$ 322,290	\$ 357,794	\$ 400,538
Plan fiduciary net position	184,336	184,336	184,336
Net OPEB liability	<u>\$ 137,954</u>	<u>\$ 173,458</u>	<u>\$ 216,202</u>

**OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Plan A** – For the years ended December 31, 2022 and 2021, OPPD recognized OPEB expense of \$12.6 million and \$13.4 million, respectively.

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, 2022 (in thousands).

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
<b>OPEB Plan A</b>		
Difference between expected and actual experience	\$ 4,279	\$30,248
Changes of assumptions	4,416	17,943
Net difference between expected and actual earnings on OPEB plan investments	-	13,961
Contribution made in fiscal year ending December 31, 2022	12,553	-
<b>Total deferred outflows/inflows of resources</b>	<u>\$21,248</u>	<u>\$62,152</u>

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

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, 2021 (in thousands).

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
<b>OPEB Plan A</b>		
Difference between expected and actual experience	\$ 9,434	\$48,650
Changes of assumptions	6,998	8,015
Net difference between expected and actual earnings on OPEB plan investments	-	11,787
Contribution made in fiscal year ending December 31, 2021	<u>13,400</u>	-
<b>Total deferred outflows/inflows of resources</b>	<u><u>\$29,832</u></u>	<u><u>\$68,452</u></u>

As of December 31, 2022, the Company reported \$12.6 million 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, 2023. 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):

<b>Year</b>	<b>Amount</b>
2023	\$(14,270)
2024	(20,867)
2025	(13,151)
2026	(4,763)
2027	(406)

### 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 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.

	<b>2022</b>	<b>2021</b>
Inactive plan members currently receiving benefits	12	8
Active Plan B members	<u>1,015</u>	<u>952</u>
Total	<u><u>1,027</u></u>	<u><u>960</u></u>

**Contributions** – Funds are contributed, as needed, on an actuarially determined basis. Members do not contribute to Plan B. The employer contribution was \$1.0 million for both the years ended December 31, 2022 and 2021.

**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, 2022 and 2021, 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 PUB-2010 General table projected using Scale MP-2021 with generational projection for 2022 and the PUB-2010 General table projected using Scale MP-2019 with generational projection for 2021.

The other actuarial assumptions for the valuations as of January 1, 2022 and 2021, 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 2021.

**Discount Rate** – The discount rate used to measure the total Plan B liability was 5.25% for both 2022 and 2021. 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.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
Domestic fixed income	70.0%	0.4%
Global equity	30.0	6.1
Total	<u>100%</u>	

\* Based on 2022 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, 2022.

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, 2021, to January 1, 2022, and the changes for the year ended December 31, 2022 (in thousands).

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

	Increase (Decrease)		
	Total OPEB B Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB B Liability (a-b)
<b>Balance at 12/31/2021</b>	<b>\$ 6,407</b>	<b>\$ 6,197</b>	<b>\$ 210</b>
(Based on 1/1/2021 measurement date)			
Changes recognized for the fiscal year:			
Service cost	780		780
Interest on total OPEB liability	377		377
Difference between expected and actual experience	10		10
Changes of assumptions	632		632
Contributions from employer		1,000	(1,000)
Net investment income		313	(313)
Benefit payments	(12)	(12)	-
Administrative expense		(36)	36
Net changes	<u>1,787</u>	<u>1,265</u>	<u>522</u>
<b>Balance at 12/31/2022</b>	<b>\$ 8,194</b>	<b>\$ 7,462</b>	<b>\$ 732</b>

(Based on 1/1/2022 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, 2020, to January 1, 2021, and the changes for the year ended December 31, 2021 (in thousands).

	Increase (Decrease)		
	Total OPEB B Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB B Liability (a-b)
<b>Balance at 12/31/2020</b>	<b>\$ 5,421</b>	<b>\$ 4,993</b>	<b>\$ 428</b>
(Based on 1/1/2020 measurement date)			
Changes recognized for the fiscal year:			
Service cost	706		706
Interest on total OPEB liability	321		321
Difference between expected and actual experience	115		115
Changes of assumptions	(112)		(112)
Contributions from employer		746	(746)
Net investment income		541	(541)
Benefit payments	(44)	(44)	-
Administrative expense		(39)	39
Net changes	<u>986</u>	<u>1,204</u>	<u>(218)</u>
<b>Balance at 12/31/2021</b>	<b>\$ 6,407</b>	<b>\$ 6,197</b>	<b>\$ 210</b>

(Based on 1/1/2021 measurement date)

	2022	2021
Plan fiduciary net position as a percentage of the total OPEB Plan B liability	91.08%	96.72%
Actuarially determined contributions	\$ 1,000	\$ 987

**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](mailto:info@oppd.com) or by visiting [oppd.com](http://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, 2022 (in thousands) if it were calculated using a 1% change in the discount rate as of the measurement date (1/1/2022). 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.

<b>OPEB Plan B</b>	<b>1% Decrease 4.25%</b>	<b>Discount Rate 5.25%</b>	<b>1% Increase 6.25%</b>
Total OPEB liability	\$ 8,903	\$ 8,194	\$ 7,531
Plan fiduciary net position	7,462	7,462	7,462
Net OPEB liability	<u>\$ 1,441</u>	<u>\$ 732</u>	<u>\$ 69</u>

The following table illustrates the impact of interest rate sensitivity on the Total OPEB Liability and Net OPEB Liability as of December 31, 2021 (in thousands) if it were calculated using a 1% change in the discount rate as of the measurement date (1/1/2021).

<b>OPEB Plan B</b>	<b>1% Decrease 4.25%</b>	<b>Discount Rate 5.25%</b>	<b>1% Increase 6.25%</b>
Total OPEB liability	\$ 6,984	\$ 6,407	\$ 5,873
Plan fiduciary net position	6,197	6,197	6,197
Net OPEB liability	<u>\$ 787</u>	<u>\$ 210</u>	<u>\$ (324)</u>

The Net OPEB Liability 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 years ended December 31, 2022 and 2021, OPPD recognized OPEB expense of \$1.0 million.

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, 2022 (in thousands).

<b>OPEB Plan B</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Difference between expected and actual experience	\$ 663	\$ -
Changes of assumptions	654	461
Net difference between expected and actual earnings on OPEB plan investments	-	197
Contribution made in fiscal year ending December 31, 2022	1,000	-
<b>Total deferred outflows/inflows of resources</b>	<u>\$ 2,317</u>	<u>\$ 658</u>

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

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, 2021 (in thousands).

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
<b>OPEB Plan B</b>		
Difference between expected and actual experience	\$ 694	\$ -
Changes of assumptions	72	489
Net difference between expected and actual earnings on OPEB plan investments	-	314
Contribution made in fiscal year ending December 31, 2021	1,000	-
<b>Total deferred outflows/inflows of resources</b>	<u>\$ 1,766</u>	<u>\$ 803</u>

As of December 31, 2022, the Company reported \$1.0 million 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, 2023. 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):

<b>Year</b>	<b>Amount</b>
2023	\$ 16
2024	(53)
2025	18
2026	70
2027	62
Thereafter	546

### SELF-INSURANCE HEALTH PROGRAM

Employee healthcare and life insurance benefits are provided to substantially all employees. There were 1,672 and 1,623 employees with medical coverage as of December 31, 2022 and 2021, 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 2). Additionally, private insurance has been purchased to cover claims in excess of 120% of expected aggregate levels and \$450,000 per member.

Healthcare expenses for employees were \$28.6 million and \$27.3 million for the years ended December 31, 2022 and 2021, respectively.

The total cost of life and long-term disability insurance for full-time employees was \$1.4 million for both the years ended December 31, 2022 and 2021.

The balance of the Incurred but Not Presented Reserve is reported in Liabilities Payable from Segregated Funds on the Statements of Net Position and was \$3.2 million and \$3.3 million as of December 31, 2022 and 2021, respectively.

### 9. 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.

## REGULATORY ASSETS

The following table summarizes the balances of regulatory assets as of December 31, 2022 and 2021 (in thousands).

	<b>2022</b>	<b>2021</b>
Pension	\$ 333,795	\$ 341,560
Other postemployment benefits	192,908	211,600
NC2	53,886	53,175
AFUDC	34,656	18,239
FCS recovery costs	13,599	28,435
Financing costs	8,518	7,006
FPPA	7,400	-
Supplemental pension	406	5,979
FCS decommissioning	-	231,453
Total	<u>\$ 645,168</u>	<u>\$ 897,447</u>

**Pension Plan** – 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 8).

**Other Postemployment Benefits** – 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 8).

**NC2** – The station 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.

**Allowances for Funds Used During Construction** – In 2020, the Company adopted the GASB accounting standard that eliminated capitalized interest for governmental entities, except for those entities with regulated operations. As an entity with regulated operations, OPPD continues to record AFUDC as a regulatory asset, as allowed by GASB. Prior to January 1, 2020, AFUDC was capitalized as a component of the cost of electric utility plant. AFUDC approximates OPPD’s current weighted average cost of debt and was computed at 2.8% for both the years ended December 31, 2022 and 2021.

**FCS Recovery Costs** – The Board of Directors authorized the use of regulatory accounting in 2012 for significant,

## Notes to Financial Statements

as of and for the Years Ended December 31, 2022 and 2021

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 and are being collected through retail rates.

**Financing Costs** – 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.

**FPPA** – The 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 a partial write-off of the FPPA under-recoveries of \$27.7 million, for the year ended December 31, 2022. The Board of Directors approved the write-off of all FPPA under-recoveries of \$188.7 million, for the year ended December 31, 2021, resulting in no FPPA regulatory asset.

**Supplemental Pension Plan** – 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 8).

**FCS Decommissioning** – The Board of Directors authorized the use of regulatory accounting to match decommissioning expense to the amounts funded from retail rates and realized decommissioning trust fund investment income. This regulatory asset represents costs that will be collected in the future through retail rates and realized decommissioning trust fund investment income (Note 11).

### REGULATORY LIABILITIES

The following table summarizes the balances of the regulatory liabilities reported as deferred inflows as of December 31, 2022 and 2021, (in thousands).

	<b>2022</b>	<b>2021</b>
FCS decommissioning	\$ 131,004	\$ -
Rate stabilization reserve	50,000	50,000
Decommissioning and benefits reserve	38,000	32,000
Total	<u>\$ 219,004</u>	<u>\$ 82,000</u>

**FCS Decommissioning** – The Board of Directors authorized the use of regulatory accounting to match decommissioning expense to the amounts funded from retail rates and realized decommissioning trust fund investment income. This regulatory liability represents the advanced funding of decommissioning costs through retail rates and realized decommissioning trust fund investment income (Note 11).

**Rate Stabilization Reserve** – This reserve was established to help maintain stability in OPPD’s long-term rate structure. There were no transfers to the reserve in 2022 or 2021.

**Decommissioning and Benefits Reserve** – This 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 \$6.0 million and \$12.0 million to the reserve in 2022 and 2021, respectively. The Company also decreased the reserve by \$95.0 million in 2021 to increase employer funding in the pension plan.

## 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.

The following table summarizes the total claims liability, comprising claims received and medical claims incurred but not presented, at December 31, 2022 and 2021 (in thousands).

	2022	2021
IBNP reserve	\$ 3,218	\$ 3,259
Workers' compensation reserve	4,854	5,595
Public liability reserve	684	1,001
Total	<u>\$ 8,756</u>	<u>\$ 9,855</u>

The following table summarizes the changes in the total claims liability during 2022 and 2021 (in thousands).

	2022	2021
Claims liability, beginning of year	\$ 9,855	\$ 9,538
Payments on claims	(38,032)	(35,268)
Claims and adjustments	36,933	35,585
Claims liability, end of year	<u>\$ 8,756</u>	<u>\$ 9,855</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 2021 (July and December storms), 2020 (COVID-19 Pandemic), and 2019 (flood). The receivable for these events was \$15.2 million and \$10.0 million at December 31, 2022 and 2021, respectively.

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 notification from the insurance carrier of a final settlement for the 2019 flood event in December 2021. A payment in the amount of \$1.1 million was received in early 2022 which eliminated the remaining receivable.

## 11. FORT CALHOUN STATION DECOMMISSIONING

In 2016, the OPPD Board of Directors approved a recommendation by management to cease operations at FCS. As a result of the Board decision to cease operations, the FCS assets were impaired in 2016. The station ceased operations on October 24, 2016, and began the decommissioning process. FCS is being decommissioned using the DECON process, which provides for the immediate decontamination and dismantling of the nuclear systems and structures. OPPD contracted with EnergySolutions LLC (ES) to provide technical support during the completion of the DECON process. OPPD retains the license and management responsibility for the facility, while benefitting from the advisory services provided by ES.

The total estimated cost in current-year dollars to decommission FCS using the DECON methodology was \$670.2 million and \$789.7 million as of December 31, 2022 and 2021, respectively. The estimated cost to decommission the station in current-year dollars for the NRC-required obligations using the DECON methodology was \$647.5 million and \$754.2 million as of December 31, 2022 and 2021, respectively. This included \$113.0 million in Current Liabilities and \$534.5 million in Other Liabilities as of December 31, 2022 and \$124.6 million in Current Liabilities and \$629.6 million in Other Liabilities as of December 31, 2021, 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, 2022 and 2021 were as follows:

## Notes to Financial Statements

as of and for the Years Ended December 31, 2021 and 2020

- Costs are provided in current-year dollars.
- Costs based on Prompt DECON Decommissioning model.
- 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.
- Personnel costs for 2022 based on a single average salary for plant staff, plant security, spent fuel staff, and spent fuel security, adjusted for headcount reductions.
- Personnel costs for 2021 based on a single average salary for security and non-security staff, adjusted for headcount reductions.

The Board of Directors authorized the use of regulatory accounting for decommissioning expense to match the expense to the amounts funded from both retail rates and realized decommissioning trust fund investment income (Note 9). The balance of the regulatory asset was \$0 and \$231.4 million as of December 31, 2022 and 2021, respectively. This included \$138.9 million in Current Assets and \$92.5 million in Other Long-Term Assets as of December 31, 2021, on the Statements of Net Position. In 2022, the regulatory asset was removed and a new regulatory liability was established as a result of the DOE reimbursements for spent fuel costs, as noted below. The balance of the regulatory liability was \$131.0 million and \$0 as of December 31, 2022 and 2021, respectively.

OPPD continues to pursue reimbursement of spent fuel costs from the DOE after decommissioning and has submitted claims for 2017 through 2021. During 2022, OPPD received reimbursements from the DOE of \$45.4 million for the 2017 through 2019 claims and \$31.8 million for the 2020 claim, which were added to the decommissioning trust fund. OPPD was also notified in 2022 that the DOE would provide reimbursement of \$5.5 million for the 2021 claim, which was received in early 2023. The balance of the receivable for the reimbursement from the DOE for spent fuel costs incurred by OPPD was \$5.5 million and \$45.4 million for the years ended December 31, 2022 and 2021, respectively. A long-term asset of \$212.3 million and \$0 as of December 31, 2022 and 2021, respectively, was recorded for the future estimated recovery from the DOE for costs related to spent fuel management activities. The DOE recovery amount was based on conservative estimates of the potential reimbursement based on recent claim settlements with the DOE and in accordance with accounting standards. OPPD incurred \$8.0 million in spent fuel management costs in 2022 that are included in Other Long-Term Assets and will be submitted to the DOE for reimbursement.

The balance of the decommissioning trust assets was \$534.9 million and \$519.7 million as of December 31, 2022 and 2021, respectively, and includes interest receivables of \$1.2 million and \$1.0 million as of December 31, 2022 and 2021, respectively. Investment income was \$11.3 million and \$11.4 million for the years ended December 31, 2022 and 2021, respectively. The fair value of the Decommissioning Trust Funds decreased \$55.9 million and \$16.0 million for the years ended December 31, 2022 and 2021, respectively.

The annual funding amount was \$130.6 million and \$121.1 million for the years ended December 31, 2022 and 2021, respectively. The Decommissioning Trust Funds were reduced by \$147.7 million and \$138.9 million for the years ended December 31, 2022 and 2021, respectively, for expenditures incurred during the decommissioning process at FCS.

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. There were 15 employees that received severance payments totaling \$1.3 million in 2022. Employees did not receive severance payments in 2021.

Severance costs are accrued as the benefits are earned and recognized ratably over the future service period. Future severance costs beyond December 31, 2022, are estimated to be paid to approximately 68 employees in various waves of reductions through 2026. Severance costs were \$0.3 million and \$0.9 million as of December 31, 2022 and 2021.

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 are eligible for a performance incentive. Performance incentives are paid to employees based on attainment of certain milestone dates. In 2022, 15 employees received performance incentive payments totaling \$0.5 million. There were no KEPP performance incentives paid in 2021. Future performance incentive costs beyond December 31, 2022, are estimated to be paid to approximately 15 employees. Performance incentive costs were \$1.1 million and \$0.2 million as of December 31, 2022 and 2021, respectively.

## 12. COMMITMENTS AND CONTINGENCIES

Commitments for the uncompleted portion of construction contracts were approximately \$375.6 million at December 31, 2022.

Power sales commitments that extend through 2027 were \$7.9 million as of December 31, 2022. Power purchase commitments, including capacity contracts were \$284.0 million as of December 31, 2022. 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, 2022.

	<b>Total Capacity (in MW)</b>	<b>OPPD Share (in MW)</b>	<b>Commitment Through</b>	<b>Amount (in thousands)</b>
Ainsworth*	59.4	10.0	2025	\$ 7,104
Elkhorn Ridge**	80.0	25.0	2029	7,500
Total	<u>139.4</u>	<u>35.0</u>		<u>\$ 14,604</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 with minimum future payments of \$134.9 million at December 31, 2022. The Company also has coal-transportation contracts with minimum future payments of \$202.6 million as of December 31, 2022. 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.

## 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*).

<b>Retirement Plan</b>	<b>2022</b>	<b>2021</b>
<b>Total Pension Liability</b>		
Service cost	\$ 22,973	\$ 22,717
Interest on total pension liability	110,172	108,155
Changes of benefit terms	-	-
Difference between expected and actual experience	2,737	7,823
Changes of assumptions	86,548	(6,001)
Benefit payments, including refunds of employee contributions	(105,821)	(102,515)
<b>Net change in total pension liability</b>	<b>116,609</b>	<b>30,179</b>
<b>Total pension liability (beginning)</b>	<b>1,602,932</b>	<b>1,572,753</b>
<b>Total pension liability (ending) (a)</b>	<b><u>\$ 1,719,541</u></b>	<b><u>\$ 1,602,932</u></b>
<b>Plan Fiduciary Net Position</b>		
Contributions from employer	\$ 151,500	\$ 59,093
Contributions from employee	15,645	13,971
Net investment income	70,247	132,006
Benefit payments, including refunds of employee contributions	(105,821)	(102,515)
Administrative expense	(188)	(146)
<b>Net change in plan fiduciary net position</b>	<b>131,383</b>	<b>102,409</b>
<b>Plan fiduciary net position (beginning)</b>	<b>1,157,753</b>	<b>1,055,344</b>
<b>Plan fiduciary net position (ending) (b)</b>	<b><u>\$ 1,289,136</u></b>	<b><u>\$ 1,157,753</u></b>
<b>Net pension liability (ending) (a)-(b)</b>	<b><u>\$ 430,405</u></b>	<b><u>\$ 445,179</u></b>
Plan fiduciary net position as a percentage of total pension liability	74.97%	72.23%
Covered payroll	\$ 199,012	\$ 192,252
Net pension liability as a percentage of covered payroll	216.27%	231.56%
<b>Non-Qualified Plan</b>		
<b>Total Pension Liability</b>		
Service cost	\$ 430	\$ 366
Interest on total pension liability	69	156
Changes of benefit terms	-	-
Difference between expected and actual experience	574	92
Changes of assumptions	35	19
Benefit payments	(6,356)	-
<b>Net change in total pension liability</b>	<b>(5,248)</b>	<b>633</b>
<b>Total pension liability (beginning)</b>	<b>5,966</b>	<b>5,333</b>
<b>Total pension liability (ending)</b>	<b><u>\$ 718</u></b>	<b><u>\$ 5,966</u></b>
Covered payroll	\$ 2,398	\$ 2,908
Total pension liability as a percentage of covered payroll	29.55%	205.20%

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

See notes to required supplementary information

2020	2019	2018	2017	2016	2015
\$ 21,502	\$ 21,156	\$ 21,135	\$ 23,406	\$ 23,224	\$ 22,492
103,374	102,466	99,501	103,695	100,285	93,643
-	-	909	-	1,268	-
7,747	2,867	16,421	4,667	2,593	(5,328)
36,067	(14,834)	(1,306)	42,537	-	54,712
(100,724)	(97,375)	(91,372)	(85,752)	(81,441)	(79,681)
<b>67,966</b>	<b>14,280</b>	<b>45,288</b>	<b>88,553</b>	<b>45,929</b>	<b>85,838</b>
<b>1,504,787</b>	<b>1,490,507</b>	<b>1,445,219</b>	<b>1,356,666</b>	<b>1,310,737</b>	<b>1,224,899</b>
<b><u>\$ 1,572,753</u></b>	<b><u>\$ 1,504,787</u></b>	<b><u>\$ 1,490,507</u></b>	<b><u>\$ 1,445,219</u></b>	<b><u>\$ 1,356,666</u></b>	<b><u>\$ 1,310,737</u></b>

\$ 59,201	\$ 53,563	\$ 53,073	\$ 50,711	\$ 46,568	\$ 53,008
12,506	11,417	10,890	11,957	12,375	11,720
164,636	(68,088)	143,070	58,549	(11,465)	32,020
(100,724)	(97,375)	(91,372)	(85,752)	(81,441)	(79,681)
(80)	(98)	(95)	(134)	(111)	(193)
<b>135,539</b>	<b>(100,581)</b>	<b>115,566</b>	<b>35,331</b>	<b>(34,074)</b>	<b>16,874</b>
<b>919,805</b>	<b>1,020,386</b>	<b>904,820</b>	<b>869,489</b>	<b>903,563</b>	<b>886,689</b>
<b><u>\$ 1,055,344</u></b>	<b><u>\$ 919,805</u></b>	<b><u>\$ 1,020,386</u></b>	<b><u>\$ 904,820</u></b>	<b><u>\$ 869,489</u></b>	<b><u>\$ 903,563</u></b>
<b><u>\$ 517,409</u></b>	<b><u>\$ 584,982</u></b>	<b><u>\$ 470,121</u></b>	<b><u>\$ 540,399</u></b>	<b><u>\$ 487,177</u></b>	<b><u>\$ 407,174</u></b>

67.10%	61.13%	68.46%	62.61%	64.09%	68.94%
\$ 187,099	\$ 179,364	\$ 179,607	\$ 187,605	\$ 200,905	\$ 196,344
276.54%	326.14%	261.75%	288.05%	242.49%	207.38%

2020	2019	2018	2017
\$ 239	\$ 237	\$ 275	\$ 252
179	183	223	211
-	-	144	-
(3)	(87)	1,966	765
792	(82)	(28)	461
-	(2,399)	(3,852)	-
<b>1,207</b>	<b>(2,148)</b>	<b>(1,272)</b>	<b>1,689</b>
<b>4,126</b>	<b>6,274</b>	<b>7,546</b>	<b>5,857</b>
<b><u>\$ 5,333</u></b>	<b><u>\$ 4,126</u></b>	<b><u>\$ 6,274</u></b>	<b><u>\$ 7,546</u></b>
\$ 2,726	\$ 2,292	\$ 2,561	\$ 1,305
195.63%	180.02%	244.99%	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*).

	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as Percentage of Covered Payroll</b>
<b>2022</b>	\$ 55,798	\$ 55,798	\$ -	\$ 199,012	28.04%
<b>2021</b>	56,547	151,500	(94,953)	192,252	78.80%
<b>2020</b>	59,093	59,093	-	187,099	31.58%
<b>2019</b>	59,201	59,201	-	179,364	33.01%
<b>2018</b>	53,563	53,563	-	179,607	29.82%
<b>2017</b>	53,073	53,073	-	187,605	28.29%
<b>2016</b>	50,711	50,711	-	200,905	25.24%
<b>2015</b>	46,568	46,568	-	196,344	23.72%
<b>2014</b>	53,008	53,008	-	194,100	27.31%

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



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## 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*).

<b>Plan A</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 3,075	\$ 3,417	\$ 4,064
Interest on total OPEB liability	24,599	26,112	27,514
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,066)	(22,453)	(43,551)
Changes of assumptions	(14,961)	(9,396)	12,163
Benefit payments	(19,219)	(18,685)	(20,409)
<b>Net change in total OPEB liability</b>	<b>(7,572)</b>	<b>(21,005)</b>	<b>(20,219)</b>
<b>Total OPEB liability (beginning)</b>	<b>357,794</b>	<b>378,799</b>	<b>399,018</b>
<b>Total OPEB liability (ending) (a)</b>	<b>\$ 350,222</b>	<b>\$ 357,794</b>	<b>\$ 378,799</b>
<b>Plan Fiduciary Net Position</b>			
Contributions from employer	\$ 13,400	\$ 14,836	\$ 20,621
Net investment income	19,105	23,733	24,706
Benefit payments	(19,219)	(18,685)	(20,409)
Administrative expense	(55)	(67)	(49)
<b>Net change in plan fiduciary net position</b>	<b>13,231</b>	<b>19,817</b>	<b>24,869</b>
<b>Plan fiduciary net position (beginning)</b>	<b>184,336</b>	<b>164,519</b>	<b>139,650</b>
<b>Plan fiduciary net position (ending) (b)</b>	<b>\$ 197,567</b>	<b>\$ 184,336</b>	<b>\$ 164,519</b>
<b>Net OPEB liability (ending) (a)-(b)</b>	<b>\$ 152,655</b>	<b>\$ 173,458</b>	<b>\$ 214,280</b>
Plan fiduciary net position as a percentage of total OPEB liability	56.41%	51.52%	43.43%
Covered payroll	\$ 199,012	\$ 192,252	\$ 187,099
Net OPEB liability as a percentage of covered payroll	76.71%	90.22%	114.53%

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

2019	2018
\$ 4,171	\$ 4,459
27,717	29,015
(37,614)	-
24,899	(31,210)
(1,255)	-
(21,028)	(20,017)
<b>(3,110)</b>	<b>(17,753)</b>
<b>402,128</b>	<b>419,881</b>
<b><u>\$ 399,018</u></b>	<b><u>\$ 402,128</u></b>

\$ 19,973	\$ 22,568
(11,695)	18,705
(21,028)	(20,017)
(168)	(121)
<b>(12,918)</b>	<b>21,135</b>
<b>152,568</b>	<b>131,433</b>
<b><u>\$ 139,650</u></b>	<b><u>\$ 152,568</u></b>
<b><u>\$ 259,368</u></b>	<b><u>\$ 249,560</u></b>

35.00%	37.94%
\$ 179,364	\$ 179,607
144.60%	138.95%

## 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*).

<b>Plan B</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total OPEB Liability</b>			
Service cost	\$ 780	\$ 706	\$ 565
Interest on total OPEB liability	377	321	243
Difference between expected and actual experience	10	115	462
Changes of assumptions	632	(112)	81
Benefit payments	(12)	(44)	(9)
<b>Net change in total OPEB liability</b>	<b>1,787</b>	<b>986</b>	<b>1,342</b>
<b>Total OPEB liability (beginning)</b>	<b>6,407</b>	<b>5,421</b>	<b>4,079</b>
<b>Total OPEB liability (ending) (a)</b>	<b>\$ 8,194</b>	<b>\$ 6,407</b>	<b>\$ 5,421</b>
<b>Plan Fiduciary Net Position</b>			
Contributions from employer	\$ 1,000	\$ 746	\$ 625
Net investment income	313	541	568
Benefit payments	(12)	(44)	(9)
Administrative expense	(36)	(39)	(48)
<b>Net change in plan fiduciary net position</b>	<b>1,265</b>	<b>1,204</b>	<b>1,136</b>
<b>Plan fiduciary net position (beginning)</b>	<b>6,197</b>	<b>4,993</b>	<b>3,857</b>
<b>Plan fiduciary net position (ending) (b)</b>	<b>\$ 7,462</b>	<b>\$ 6,197</b>	<b>\$ 4,993</b>
<b>Net OPEB liability/(asset) (ending) (a)-(b)</b>	<b>\$ 732</b>	<b>\$ 210</b>	<b>\$ 428</b>
Plan fiduciary net position as a percentage of total OPEB liability	91.08%	96.72%	92.10%
Covered-employee payroll	\$ 106,312	\$ 108,669	\$ 85,679
Net OPEB liability/(asset) as a percentage of covered-employee payroll	0.69%	0.19%	0.50%

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

	<b>2019</b>	<b>2018</b>
\$	492	\$ 459
	219	182
	145	57
	(451)	-
	(17)	(13)
	<b>388</b>	<b>685</b>
	<b>3,691</b>	<b>3,006</b>
<b>\$</b>	<b>4,079</b>	<b>\$ 3,691</b>
<hr/>		
\$	-	\$ -
	(133)	356
	(17)	(13)
	(35)	(36)
	<b>(185)</b>	<b>307</b>
	<b>4,042</b>	<b>3,735</b>
<b>\$</b>	<b>3,857</b>	<b>\$ 4,042</b>
<b>\$</b>	<b>222</b>	<b>\$ (351)</b>
<hr/>		
	94.57%	109.52%
\$	73,931	\$ 55,747
	0.30%	(0.63%)

## 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*).

<b>Plan A</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contribution as Percentage of Covered Payroll</b>
<b>2022</b>	\$12,553	\$12,553	\$ -	\$ 199,012	6.31%
<b>2021</b>	13,417	13,400	17	192,252	6.97%
<b>2020</b>	14,836	14,836	-	187,099	7.93%
<b>2019</b>	20,621	20,621	-	179,364	11.50%
<b>2018</b>	19,973	19,973	-	179,607	11.12%

<b>Plan B</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered-Employee Payroll</b>	<b>Contribution as Percentage of Covered-Employee Payroll</b>
<b>2022</b>	\$ 1,000	\$ 1,000	\$ -	\$106,312	0.94%
<b>2021</b>	987	1,000	(13)	108,669	0.92%
<b>2020</b>	746	746	-	85,679	0.87%
<b>2019</b>	625	625	-	73,931	0.85%
<b>2018*</b>	323	-	-	55,747	0.00%

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

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

See notes to required supplementary information

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## 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:* 6.5% for 2022, 7.00% for 2021 through 2016, 7.75% for 2015 and 2014

*Retirement Rates:* Varies by age and service

*Mortality Rates:* PUB-2010 General table projected using the most recent mortality improvement scale available for 2022 through 2020, RP-2014 Aggregate mortality table with generational projection using Scale MP-2014, and was updated annually as new actuarial tables were published for 2019 through 2014.

### 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:* Aggregate

*Salary Increases:* Varies by age

*Retirement Rates:* Varies by age and service

*Mortality Rates:* PUB-2010 General table projected using the most recent mortality improvement scale available for 2022 through 2020, RP-2014 Aggregate mortality table with generational projection using Scale MP-2014, and was updated annually as new actuarial tables were published for 2019 through 2017.



## 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 Determined 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:* 7.0% for 2022 through 2017

*Retirement Rates:* Varies by age and service

*Mortality Rates:* PUB-2010 General table with generational projection using the most recent mortality improvement scale available for 2022 through 2020. RP-2014 Aggregate mortality table with generational projection using Scale MP-2014, and was updated annually as new actuarial tables were published for years 2019 through 2017.

*Healthcare Cost Trend Rates:* The following table shows the pre-Medicare and post-Medicare healthcare trend rates (immediate to ultimate).

	<b>Pre-Medicare</b>	<b>Post-Medicare</b>
<b>2022</b>	6.2% to 4.5%	8.0% to 4.5%
<b>2021</b>	6.3% to 4.5%	8.3% to 4.5%
<b>2020</b>	6.8% to 4.5%	11.6% to 4.5%
<b>2019</b>	7.1% to 4.5%	11.6% to 4.5%
<b>2018</b>	7.1% to 4.5%	8.0% to 4.5%
<b>2017</b>	7.4% to 4.5%	8.6% to 4.5%

### 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 Determined 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 2022 through 2017

*Mortality Rates:* PUB-2010 General table with generational projection using the most recent mortality improvement scale available for 2022 through 2020. RP-2014 Aggregate mortality table with generational projection using Scale MP-2014, and is updated annually as new actuarial tables are published for years 2019 through 2017.

## Statistics (Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Total Electric Utility Plant</b> (at year end) (in thousands of dollars)	<b>5,546,856</b>	5,011,756	4,726,802	4,586,990	4,429,791	4,350,603	4,305,055	5,574,941	5,395,489	5,288,168
<b>Total Indebtedness</b> (at year end) (in thousands of dollars)	<b>2,610,225</b>	2,280,900	1,925,302	1,980,651	2,049,020	2,132,253	2,193,921	2,256,348	2,224,843	2,267,277
<b>Operating Revenues</b> (in thousands of dollars)										
Residential	<b>460,848</b>	439,609	431,965	423,574	431,199	409,272	410,957	383,051	379,986	385,171
Commercial	<b>336,360</b>	324,790	315,788	329,616	331,773	324,723	324,545	315,079	311,917	306,719
Industrial	<b>291,343</b>	276,264	225,078	215,765	213,606	214,580	210,912	201,805	207,649	213,742
Off-System Sales	<b>256,478</b>	328,376	137,282	147,509	183,714	163,761	175,506	195,512	223,055	118,268
FPPA Revenue	<b>7,400</b>	7,616	(45,917)	20,896	8,579	6,708	(6,115)	(19,166)	(20,147)	15,169
Unbilled Revenues	<b>10,556</b>	(372)	3,847	2,956	(2,532)	(1,049)	6,753	(976)	(1,800)	4,490
Provision for Rate Stabilization	—	—	—	—	(8,000)	(26,000)	25,000	(4,000)	—	—
Provision for Debt Retirement	—	—	—	—	—	—	—	—	—	17,000
Provision for Decommissioning & Benefits Reserve	<b>(6,000)</b>	83,000	(21,000)	(17,000)	(42,500)	(34,500)	—	—	—	—
Other Electric Revenues	<b>43,799</b>	37,637	36,858	37,403	33,094	28,806	29,918	30,930	29,798	29,654
Total	<b>1,400,784</b>	1,496,920	1,083,901	1,160,719	1,156,933	1,104,301	1,126,476	1,131,235	1,126,458	1,090,213
<b>Operations &amp; Maintenance Expenses</b> (in thousands of dollars)	<b>962,458</b>	1,093,592	686,086	724,890	699,944	653,293	823,857	841,939	832,519	796,104
<b>Payments in Lieu of Taxes</b> (in thousands of dollars)	<b>40,462</b>	38,555	35,437	35,030	34,915	33,989	34,138	32,241	31,651	31,827
<b>Net Operating Revenues before Depreciation, Amortization and Decommissioning</b> (in thousands of dollars)	<b>397,864</b>	364,773	362,378	400,799	422,074	417,019	268,481	257,055	262,288	262,282
<b>Net Income Before Special Item</b> (in thousands of dollars)	<b>11,205</b>	27,948	74,003	86,949	68,734	79,168	25,750	32,322	51,925	55,276
<b>Special Item</b> (in thousands of dollars)	—	—	—	—	—	(1,972)	(959,575)	—	—	—
<b>Net Income (Loss)</b> (in thousands of dollars)	<b>11,205</b>	27,948	74,003	86,949	68,734	77,196	(933,825)	32,322	51,925	55,276
<b>Energy Sales</b> (in megawatt-hours)										
Residential	<b>3,937,046</b>	3,868,322	3,792,482	3,751,130	3,841,043	3,568,164	3,588,933	3,470,523	3,559,978	3,607,439
Commercial	<b>3,763,330</b>	3,668,742	3,529,531	3,735,317	3,765,727	3,675,829	3,683,821	3,630,557	3,638,193	3,561,707
Industrial	<b>4,293,784</b>	4,014,243	3,683,609	3,389,005	3,371,856	3,394,003	3,328,290	3,301,175	3,500,977	3,606,611
Off-System Sales	<b>4,410,693</b>	4,222,712	4,950,477	4,427,468	5,658,707	5,701,008	7,238,266	7,840,683	7,694,203	3,925,574
Unbilled Sales	<b>111,815</b>	(43,517)	83,316	44,351	(28,596)	(19,868)	63,638	(26,640)	(39,493)	26,221
Total	<b>16,516,668</b>	15,730,502	16,039,415	15,347,271	16,608,737	16,319,136	17,902,948	18,216,298	18,353,858	14,727,552
<b>Number of Customers</b> (average per year)										
Residential	<b>351,712</b>	346,503	342,716	337,517	333,567	328,576	323,784	319,501	315,705	311,921
Commercial	<b>49,550</b>	48,780	47,461	46,837	46,589	46,084	45,537	45,104	44,785	44,221
Industrial	<b>135</b>	141	144	147	151	157	164	174	177	193
Off-System	<b>13</b>	13	13	14	15	14	15	11	15	33
Total	<b>401,410</b>	395,437	390,334	384,515	380,322	374,831	369,500	364,790	360,682	356,368
<b>Cents Per kWh (average)</b>										
Residential	<b>11.68</b>	11.38	11.40	11.30	11.21	11.49	11.47	11.07	10.68	10.68
Commercial	<b>8.93</b>	8.86	8.95	8.82	8.81	8.83	8.81	8.69	8.57	8.61
Industrial	<b>6.81</b>	6.97	6.02	6.37	6.33	6.32	6.35	6.12	5.94	5.96
Retail	<b>9.08</b>	9.04	8.84	8.90	8.90	8.92	8.94	8.66	8.42	8.43
<b>Generating Capability</b> (at year end) (in megawatts)	<b>2,671.4</b>	2,692.1	2,691.5	2,690.8	2,691.4	2,645.7	2,490.1	3,080.3	3,232.1	3,237.0
<b>System Peak Load</b> (in megawatts)	<b>2,545.8</b>	2,509.0	2,384.0	2,436.1	2,363.7	2,426.9	2,354.4	2,315.1	2,291.1	2,339.4
<b>Net System Requirements</b> (in megawatt-hours)										
Generated	<b>9,335,876</b>	8,977,573	9,703,434	9,022,252	11,116,129	10,760,108	14,689,524	15,399,002	16,212,801	13,209,542
Purchased and Net Interchanged	<b>3,376,444</b>	3,130,597	1,950,971	2,414,090	367,609	395,288	(3,502,796)	(4,488,016)	(5,026,318)	(1,819,871)
Net	<b>12,712,320</b>	12,108,170	11,654,405	11,436,342	11,483,738	11,155,396	11,186,728	10,910,986	11,186,483	11,389,671

## 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

Brattle Group Inc.  
Boston, Massachusetts

### Independent Auditors

FORVIS 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](mailto:finfo@oppd.com)  
800-428-5584

The Trustee and Paying Agent on  
OPPD's Senior Lien Debt, Subordi-  
nated 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](mailto:corporate.bond.research@bnymellon.com)

Bondholder Communications:  
800-254-2826

### Available Financial Information

In compliance with Securities and  
Exchange Commission Rule 15c2-12,  
information regarding OPPD is avail-  
able 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](mailto: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](http://oppd.com)



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