

2020 Corporate Operating Plan



2020 CORPORATE OPERATING PLAN

**2020
CORPORATE OPERATING PLAN
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MANAGEMENT LETTER

2020 CORPORATE OPERATING PLAN MANAGEMENT LETTER

Omaha Public Power District management and employees continue to take the utility down new paths as they fulfill our mission of leading the way we power the future. Through 15 strategic directives, we continue to tackle well-laid plans to address issues shaping the industry's future: carbon emissions, changing generation landscape, future role of markets, smart technology, evolving customer desires and more. As a public power utility, we serve our customers and communities with reliable, affordable and environmentally sensitive energy services. Improved customer relations and increased outreach has given us better insight on what action to take. We're seeing transformative results.

Our 2020 Corporate Operating Plan maintains our commitment to no general rate increase, as well as, no increase to the Fuel and Purchased Power Adjustment.

The plan also shows the utility's continuing efforts to reduce carbon emissions. By the end of 2019, nearly 40 percent of OPPD's electrical generation will come from renewable energy sources, surpassing the utility's goal of 30 percent. OPPD's total renewables portfolio will be 972 megawatts (MW) with the addition of Sholes Wind Energy Center and the Fort Calhoun Community Solar Facility, both set to go online by the end of the year. Sholes will provide 160 MW of renewable energy. In November, OPPD's Board of Directors granted approval for the utility to seek bids to construct what would be the state's largest utility-grade solar presence at between 400 and 600 MW in new generation to answer the area's growing load. OPPD sold 8,400 shares of 5 MW solar facility to 872 households. Each share represents 100 kilowatt-hours of electricity. Enrollees will be assessed a monthly solar charge based on their shares. OPPD entered separate 20-year power purchase agreements with NextEra Energy Resources, who will own and manage both sites.

Historic flooding in Nebraska in the spring also showed commitment to the community. As floodwaters rose in rivers, personnel from across the utility went into action to ensure customers didn't lose power. In addition, years of work by hundreds of employees paid off when Google announced in October that it was constructing a new data center near Papillion, Neb. Google cited its partnership with OPPD as a key reason they chose to invest \$600 million in the area. OPPD's innovative 261M rate will provide a unique way for the tech giant to meet its 100 percent renewable goal. These illustrate a few of the many ways OPPD finds solutions for and maintains strong relationships with customers.

OPPD continues to decommission its Fort Calhoun Station nuclear plant. The site recently transitioned from a long-term SAFSTOR decommissioning strategy to an accelerated DECON method, a change that will save the utility around \$200 million in reduced maintenance and security costs. The spent nuclear fuel is being moved into secure dry cask storage as the facility and its equipment are being decontaminated and deconstructed. Schedules call for the site to be substantially dismantled by 2025. Non-fuel radiological materials are being safely transported to Clive, Utah, for disposal. OPPD leads the overall decommissioning effort, with technical support from EnergySolutions.

Finally, our workplace is transforming along with our customers and industry. We've partnered with other businesses in the community on a diversity and inclusion effort. OPPD also has a thriving network of employee resource groups, including the Veteran's Network, African American Network, Latino Society, OPPD Women's Network (OWN), Society of Engineers, Young Professional's Group and the now-forming LGBTQ+ and Allies. We must mirror our communities to better understand customers.

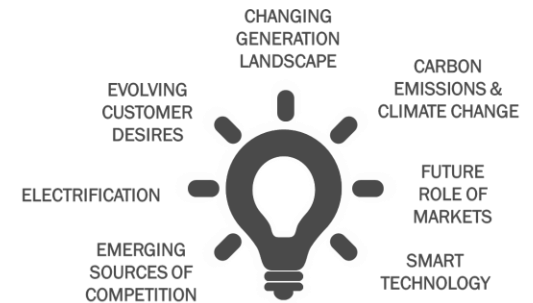


Timothy J. Burke
President and Chief Executive Officer

CORPORATE STRATEGIC PLANNING

2020 CORPORATE OPERATING PLAN CORPORATE STRATEGIC PLANNING

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



Strategic Direction

To provide clear and transparent direction on behalf of OPPD customer owners, OPPD’s publicly elected Board of Directors established fifteen strategic direction (SD) policies to which OPPD is accountable. The policies guide OPPD’s strategic and operational planning efforts to address current and future trends, mitigate risks, pursue strategic opportunities, and prioritize resources to efficiently and effectively provide energy services to the District. They align the organization to clear performance expectations to serve OPPD’s customer-owners.

Our Strategic Foundation (SD-1)	<p>Mission: To provide affordable, reliable and environmentally sensitive energy services to our customers.</p> <p>Vision: “Leading the Way We Power the Future”</p> <p>In implementing this vision, OPPD shall adhere to these principles:</p> <ul style="list-style-type: none"> • Strengthen the public power advantage of affordable and reliable electricity; • Exemplify fiscal, social and environmental responsibility to optimize value to our customer-owners; • Proactively engage and communicate with our stakeholders; • Act transparently and with accountability for the best interest of our customer-owners; • Collaborate, when appropriate, with partners; and • Leverage OPPD’s leadership to achieve these goals. <p>Core Values</p> <ul style="list-style-type: none"> • We have a PASSION to serve • We HONOR our community • We CARE about each other
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**2020 CORPORATE OPERATING PLAN
CORPORATE STRATEGIC PLANNING**

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

Board Strategic Direction Policies & 2020 Performance Targets				
Policy	Measure	Definition	2020 Target	Strategic Goal
Rates (SD-2)	% Below Regional Retail Average	Retail rate target of West North Central Regional average published rates on a system average basis	No general rate increase	20%*
Access to Credit Markets (SD-3)	Debt Coverage Ratio	Revenues less expenses divided by total annual senior and subordinate lien debt interest and principal payments.	2.0	2.0
Reliability (SD-4)	SAIDI	System Average Interruption Duration Index	< 90	< 90
	Equivalent Availability	% of actual generation potential to a unit's maximum rated output over a period of time	87.8%	90%
Customer Satisfaction (SD-5)	Absolute Satisfaction Score	JD Power's annual Electric Utility Residential Customer Satisfaction Study	Top quartile	Top quartile
Safety (SD-6)	DART	Days Away, Restricted or Transferred	< 0.50	< 0.50
Environmental Stewardship (SD-7)	% Renewables	% of retail energy sales shall be supplied from renewable energy sources**	40%	> 50%
Employee Relations (SD-8)	Employee Engagement	Composite score of employee engagement	Top quartile	Top quartile
Resource Planning (SD-9), Ethics (SD-10), Economic Development (SD-11), Information Management & Security (SD-12), Stakeholder Outreach & Engagement (SD-13), Retirement Plan Funding (SD-14), Enterprise Risk Management (SD-15)				

*In addition to the rate target, SD-2: Rates specifies there will be "no general rate increase for a 5-year period starting January 1, 2017, and ending December 31, 2021."

**Reflects the goal of the prior version of SD-7, which also includes a long-term goal of 20% reduction in carbon intensity from 2010 through 2030 as measured by the Climate Registry Electric Power Sector Protocol. The current version of SD-7 includes a goal of net-zero carbon production by 2050.

2020 CORPORATE OPERATING PLAN CORPORATE STRATEGIC PLANNING

Strategic Guiding Principles

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

FINANCIAL STEWARDSHIP

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

POWERED THROUGH PEOPLE

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



TRUSTED ENERGY PARTNER

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

OPERATIONAL EXCELLENCE

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

TECHNOLOGY SOLUTIONS

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

**2020 CORPORATE OPERATING PLAN
CORPORATE STRATEGIC PLANNING**

Enterprise Risk Management

Fundamental to effective planning is an understanding of the District’s enterprise level risks and the development and implementation of initiatives and mitigation plans to respond to those risks. The District’s Enterprise Risk Management (“ERM”) program specifies risk management standards, management responsibilities, and controls to help ensure risk exposures are properly identified and managed within agreed upon risk tolerance levels. Specific risk mitigation plans and procedures are maintained and reviewed periodically to provide focused and consistent efforts to mitigate various risk exposures. In support of its 2020 corporate planning efforts, OPPD leveraged risk assessments and mitigation plans to help prioritize resource allocation.

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

2020 CORPORATE OPERATING PLAN CORPORATE STRATEGIC PLANNING

Strategic Initiatives

The 2020 Strategic Planning efforts resulted in five strategic initiatives critical to help achieve OPPD's strategic direction policies, address changing industry dynamics, and support mitigation of enterprise risks.



Pathways to De-carbonization: Establish actionable pathways to significantly reduce greenhouse gas emissions (generation & grid, customer, community, and corporate services).

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

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

Technology Platform: Build a sustainable foundation with a focus on mobility, asset management, and business intelligence; improve the way customers and employees interact with OPPD; and ensure that needed data is reliable and available.

Workplace Transformation: Enable employees to transform OPPD by ensuring skills readiness and technological dexterity and by creating an environment to support that process.

ASSUMPTIONS

2020 CORPORATE OPERATING PLAN ASSUMPTIONS

General

2019 Projected

Operations and maintenance, capital and deferred expenditures reflect the 2019 budget adjusted for revisions submitted through October 31, 2019. Other values reflect actual charges through October plus forecast revisions for the remainder of the year.

Financing / Investing

Financing

The outstanding Revenue Bond balance will not be impacted by new money in the 2020 Financing Plan.

Investment Yield on the Revenue and Construction Funds

Average investment earnings rates used for 2020 are 1.9% compared to the 2.6% rate from the prior year.

Energy Sales / Revenues

Load Forecast

The plan assumes a 2.1% increase in general business energy sales (MWh) and a 0.7% increase in the number of customers in 2020, as compared to the 2019 projections.

2020 Proposed Rate Action

OPPD's 2020 budget requires no General Rate increase, as well as, no increase in the Fuel and Purchased Power Adjustment (FPPA) effective January 1, 2020.

2020 CORPORATE OPERATING PLAN ASSUMPTIONS

Generation, Purchased Power, and Fuel Budget

Outages have been scheduled for the following base-load units in 2020:

1. North Omaha Station Unit Number 4
2. North Omaha Station Unit Number 5

Additionally there are several shorter outages scheduled for other units. The purchased power budget includes generation supplied from 972 megawatts of wind capability.

Department Operation and Maintenance Budget

Department and division level budgets were proposed in August 2019 during the Resource Optimization Sessions. These plans were reviewed with Senior Management for alignment with the strategic and operational objectives before submitting them for final approval.

Capital Budget Expenditures

The capital portfolio prioritization and allocation process continues to improve capital planning. The process enables better alignment with the strategic directives and provides more transparency of capital spending through improved project review and approval processes.

Total 2020 Budget

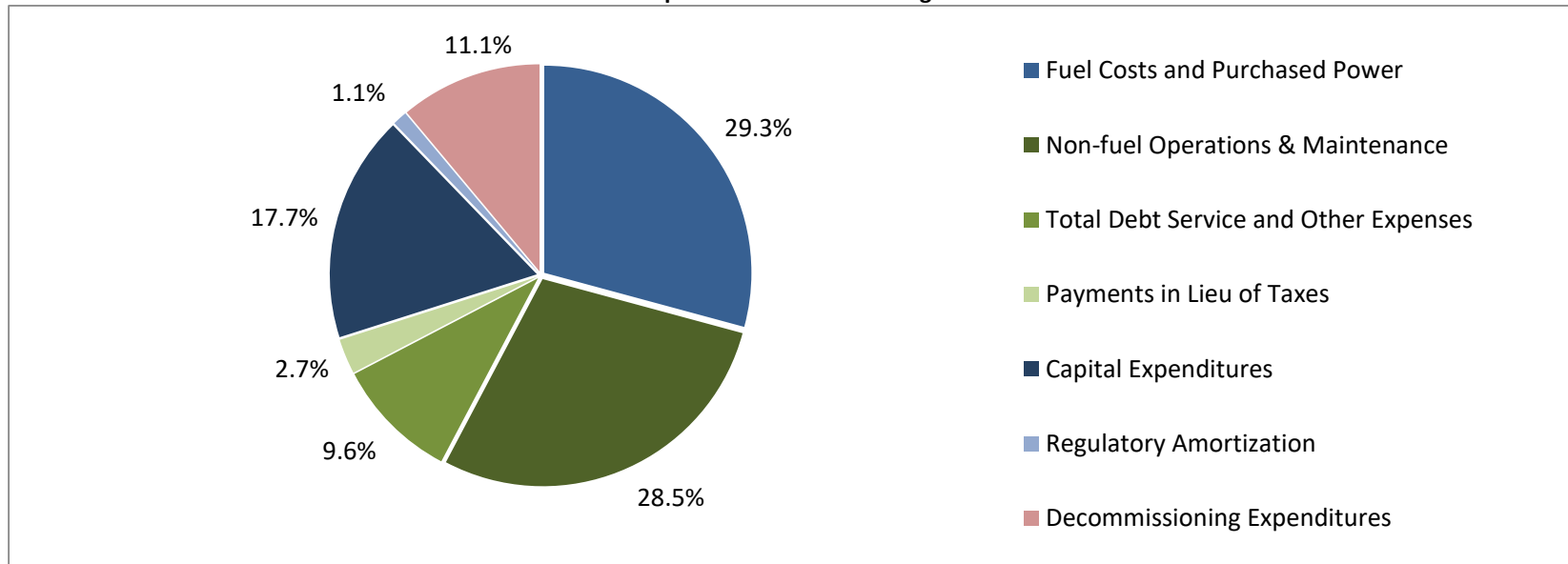
The total 2020 Budget is \$1.3 billion.

**CORPORATE OPERATING PLAN
2020 BUDGET SUMMARY
2019 BUDGET COMPARED TO 2020 BUDGET
(DOLLARS IN THOUSANDS)**

	BUDGET 2019	BUDGET 2020	INCREASE / (DECREASE)	% CHANGE
Fuel Costs and Purchased Power	\$305,005	\$379,645	\$74,640	24.5
Non-fuel Operations & Maintenance	358,831	370,741	11,910	3.3
Total Debt Service and Other Expenses	129,779	124,932	(4,847)	(3.7)
Payments in Lieu of Taxes	34,861	35,674	813	2.3
Capital Projects*	200,000	230,000	30,000	15.0
Contributions to Decommissioning & Benefit Reserve	11,057	0	(11,057)	(100.0)
Regulatory Amortization	14,838	14,838	0	0.0
Decommissioning Expenditures**	123,532	143,996	20,464	16.6
TOTAL BUDGET	\$1,177,903	\$1,299,826	\$121,923	10.4

*Capital Projects are shown net of Contributions in Aid of Construction.
**Decommissioning Expenditures represent expenditures related to Decommissioning activity, which differs from Decommissioning Funding.

Components of the 2020 Budget



2019 Fuel and Purchased Power Budget Compared to 2020 Budget

	BUDGET 2019	BUDGET 2020	INCREASE / (DECREASE)	% CHANGE
Fuel Costs				
Fossil	\$149,105	\$170,321	\$21,216	14.2
Peaking Units	6,240	9,431	3,191	51.1
Total Fuel Cost	\$155,345	\$179,752	\$24,407	15.7
Purchased Power	\$149,660	\$199,893	\$50,233	33.6
TOTAL BUDGET	\$305,005	\$379,645	\$74,640	24.5

2019 non-fuel O&M Budget Compared to 2020 Budget

	BUDGET 2019	BUDGET 2020	INCREASE / (DECREASE)	% CHANGE
Production	\$100,363	\$91,071	(\$9,292)	(9.3)
Transmission and Distribution	99,938	102,954	3,016	3.0
Customer Accounting and Services	37,789	40,280	2,491	6.6
Administrative and General	120,741	136,435	15,694	13.0
TOTAL BUDGET	\$358,831	\$370,741	\$11,910	3.3

2019 Debt Service/Other Expenses Compared to 2020 Budget

	BUDGET 2019	BUDGET 2020	INCREASE / (DECREASE)	% CHANGE
Bonds	\$137,723	\$153,400	\$15,676	11.4
Commercial Paper	3,000	3,228	228	7.6
Other	(10,944)	(31,696)	(20,751)	189.6
TOTAL BUDGET	\$129,779	\$124,932	(\$4,847)	(3.7)

2020 CORPORATE OPERATING PLAN

FINANCIAL STATEMENTS

2020 CORPORATE OPERATING PLAN INCOME STATEMENT

Projected net income for 2019 is \$98.6 million, which is \$21.0 million over budget. Operating income is projected to be \$12.8 million over budget.

Net income for 2020 is projected to be \$65.1 million, which is \$33.5 million or 33.9% lower than the 2019 projected net income. When compared to the 2019 budget, net income for 2020 is \$12.5 million or 16.1% lower.

Major factors contributing to the change in 2020 operating and net income are:

- 1) Operating revenue is budgeted to be \$10.1 million lower than 2019 projections and \$67.7 million higher than the 2019 budget. The budget increase is primarily due to higher wholesale revenues.

Wholesale revenues are projected to increase \$13.4 million from 2019 projections and increase \$58.1 million when compared to the 2019 budget.

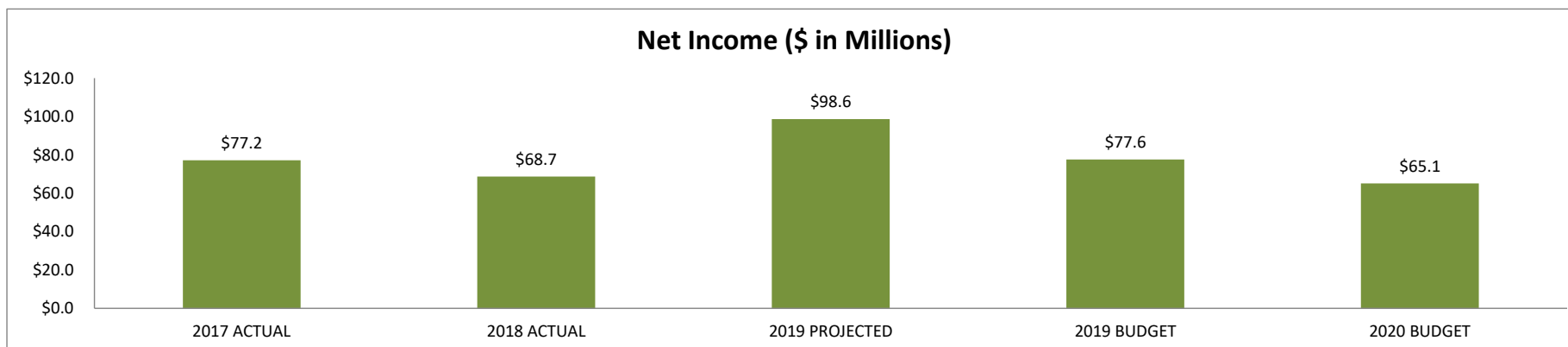
- 2) Operation and maintenance expense is budgeted to be \$20.7 million higher than the 2019 projected amount and \$86.5 million higher than the 2019 budget amount. The budget increase is primarily due to higher purchased power expenses.
- 3) Other income for 2020 is \$42.5 million lower than the 2019 projected amount primarily due to the change in the fair value of the investments in 2019. Other income budgeted for 2020 is \$24.1 million lower than the 2019 budget amount primarily due to lower investment earnings and a change in the accounting method for investment earnings on the Decommissioning Investment Income Transfer.
- 4) Interest expense on bonds is projected to be \$4.8 million lower than the 2019 projected amount and \$6.1 million lower than the 2019 budget amount.
- 5) Total decommissioning funding of \$123.6 million in 2020 is the decommissioning expense of \$112.6 million plus the decommissioning investment income transfer of \$11.0 million.

2020 CORPORATE OPERATING PLAN

INCOME STATEMENT

(DOLLARS IN THOUSANDS)

	ACTUAL	ACTUAL	PROJECTED	BUDGET	VARIANCE	BUDGET	20 BUDGET VS. 19 PROJ.	
	2017	2018	2019	2019	2019	2020	\$ CHANGE	% CHANGE
OPERATING REVENUES	\$1,104,300	\$1,156,933	\$1,171,474	\$1,093,642	\$77,832	\$1,161,360	(\$10,114)	(0.9)
OPERATING EXPENSES								
O&M EXPENSE	\$653,293	\$699,944	\$729,670	\$663,837	\$65,833	\$750,386	\$20,716	2.8
PAYMENTS IN LIEU OF TAXES	33,989	34,916	34,946	34,861	85	35,674	728	2.1
DECOMMISSIONING EXPENSE	147,469	156,000	143,001	143,000	1	112,552	(30,449)	(21.3)
REGULATORY AMORTIZATION	14,836	14,836	14,834	14,838	(4)	14,838	4	0.0
DEPRECIATION EXPENSE	125,799	128,138	126,142	126,998	(856)	131,074	4,932	3.9
TOTAL OPERATING EXPENSE	\$975,386	\$1,033,833	\$1,048,593	\$983,534	\$65,059	\$1,044,524	(\$4,069)	(0.4)
OPERATING INCOME	\$128,915	\$123,100	\$122,881	\$110,108	\$12,773	\$116,836	(\$6,045)	(4.9)
INTEREST INCOME	\$16,801	\$14,801	\$22,105	\$33,559	(\$11,454)	\$21,245	(\$860)	(3.9)
DECOMMISSIONING INVESTMENT INCOME TRANSFER	0	0	0	0	0	(11,049)	(11,049)	0.0
ALLOWANCE FOR FUNDS USED	2,988	2,888	5,089	5,177	(88)	5,258	169	3.3
PRODUCTS AND SERVICES - NET	3,903	3,529	3,060	3,835	(775)	3,040	(20)	(0.7)
MISC. NON OPERATING INCOME	10,813	7,351	33,771	3,000	30,771	3,000	(30,771)	(91.1)
TOTAL OTHER INCOME	\$34,506	\$28,569	\$64,025	\$45,571	\$18,454	\$21,494	(\$42,531)	(66.4)
TOTAL INCOME LESS OPERATING EXPENSE	\$163,421	\$151,669	\$186,906	\$155,679	\$31,227	\$138,329	(\$48,577)	(26.0)
INCOME DEDUCT. & INT. CHARGES								
INTEREST EXPENSE ON BONDS	\$90,343	\$85,482	\$82,470	\$83,751	(\$1,281)	\$77,625	(\$4,845)	(5.9)
INTEREST EXPENSE ON NOTES	1,487	1,533	1,451	1,574	(123)	847	(604)	0.0
INTEREST EXPENSE ON COMM. PAPER	1,405	2,313	3,142	3,000	142	3,228	86	2.7
AMORTIZATION	(9,818)	(7,353)	294	(10,884)	11,178	(9,108)	(9,402)	(3,198.0)
OTHER INCOME DEDUCTIONS	2,806	961	937	600	337	600	(337)	(36.0)
TOTAL INCOME & DEDUCTIONS	\$86,224	\$82,935	\$88,294	\$78,042	\$10,252	\$73,193	(\$15,102)	(17.1)
NET INCOME	\$77,196	\$68,734	\$98,612	\$77,637	\$20,975	\$65,136	(\$33,476)	(33.9)



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

*Included in the O&M Expense for the 2020 budget is a total of \$5.0 million in Demand Side Management including approximately \$1.8 million of Demand Response and \$3.2 million for Energy Efficiency. These numbers exclude payroll and marketing expenses, as well as, curtailment customers.

**2020 CORPORATE OPERATING PLAN
COVERAGE RATIOS**

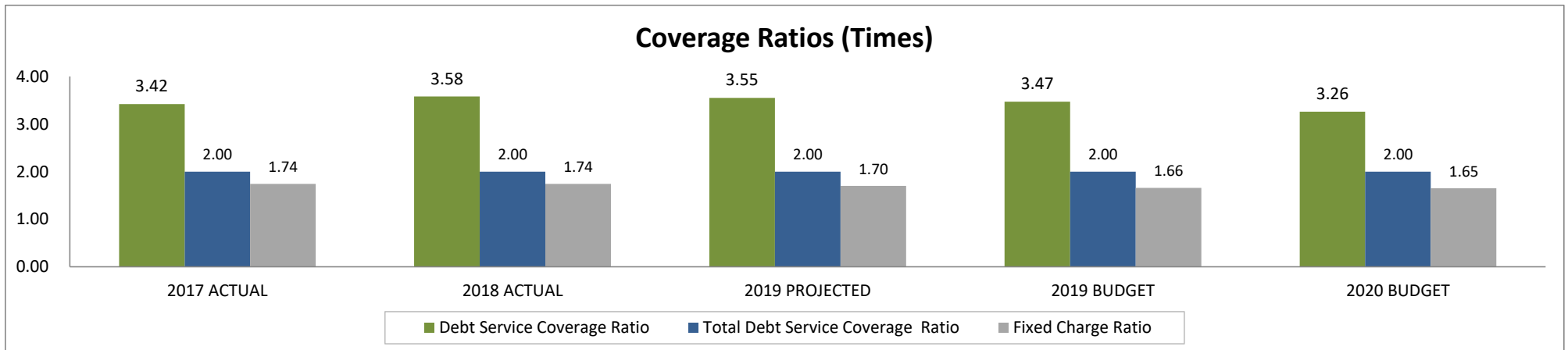
The debt service (Senior Lien) coverage ratio is projected to be 3.55 times in 2019 and 3.26 times in 2020. Net receipts for 2020 are expected to decrease by \$28.5 million or 7.5% from 2019 projected levels. Debt service requirements for 2020 are expected to increase \$0.7 million over 2019 projections.

The total debt service coverage ratio is projected to be 2.00 times in 2020.

The fixed charge ratio is projected to be 1.65 times in 2020.

**2020 CORPORATE OPERATING PLAN
COVERAGE RATIOS
(DOLLARS IN THOUSANDS)**

	ACTUAL	ACTUAL	PROJECTED	BUDGET	VARIANCE	BUDGET	20 BUDGET VS. 19 PROJ.	
	2017	2018					2019	2019
OPERATING REVENUES (EXCL. NC2)	\$1,034,553	\$1,082,138	\$1,103,098	\$1,032,368	\$70,730	\$1,095,071	(\$8,027)	(0.7)
INTEREST INCOME - BONDS RESERVE ACCOUNT	1,254	803	1,129	1,243	(114)	1,070	(59)	(5.2)
O&M EXPENSE (EXCL. NC2 PARTICIPANT SHARE)	(612,649)	(629,786)	(689,504)	(626,789)	(62,715)	(709,193)	(19,689)	2.9
PAYMENTS IN LIEU OF TAXES	(33,989)	(34,916)	(34,946)	(34,863)	(83)	(35,674)	(728)	2.1
NET RECEIPTS	\$389,168	\$418,239	\$379,777	\$371,959	\$7,818	\$351,274	(\$28,503)	(7.5)
DEBT SERVICE REQUIREMENTS (SENIOR LIEN)	\$113,731	\$109,980	\$107,145	\$107,090	\$55	\$107,795	\$650	0.6
DEBT SERVICE (SENIOR LIEN) COVERAGE RATIO	3.42	3.58	3.55	3.47		3.26		
<u>MEMO: OTHER COVERAGE RATIOS:</u>								
TOTAL DEBT SERVICE COVERAGE RATIO	2.00	2.00	2.00	2.00		2.00		
FIXED CHARGE RATIO	1.74	1.74	1.70	1.66		1.65		



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

**2020 CORPORATE OPERATING PLAN
DEBT AND FINANCING DATA**

Total Senior Lien revenue bonds outstanding at year-end 2020 are projected to equal \$1,208.6 million. The 2020 budget does not anticipate the issuance of new Senior Lien revenue bonds but does have Senior Lien revenue bond maturities of \$47.4 million. The outstanding Senior Lien revenue bond balance will not be impacted by the 2020 Financing Plan, which provides flexibility to capitalize on market conditions.

Total subordinated bonds outstanding at year-end 2020 are projected to equal \$229.8 million. The 2020 budget does not anticipate the issuance of new subordinated bonds but does have subordinated bond maturities of \$24.9 million.

Total minibond notes outstanding at year-end 2020 are budgeted to be \$32.2 million.

During 2019, the Board of Directors authorized an increase in the borrowing level of the District's commercial paper program from \$150.0 million to \$250.0 million. The District issued an additional \$80.1 million of the authorized commercial paper during July 2019 bringing its total commercial paper outstanding to \$230.1 million. The additional commercial paper was used to call and redeem \$80.1 million of the District's long-term subordinated revenue bonds. The District anticipates issuing an additional \$19.9 million of the authorized commercial paper during January 2020 to call and redeem long-term subordinated revenue bonds bringing its total commercial paper outstanding to \$250.0 million.

Total Separate System (NC2) revenue bonds outstanding at year-end 2020 are projected to equal \$205.2 million. The 2020 budget does not anticipate the issuance of new NC2 revenue bonds but does have NC2 revenue bond maturities of \$3.5 million.

The total interest rate on existing debt will average 4.46% at the end of 2019 and 4.24% at the end of 2020. The debt to capitalization ratio is projected to be 56% for 2020.

2020 CORPORATE OPERATING PLAN
DEBT & FINANCING DATA
(DOLLARS IN THOUSANDS)

	ACTUAL	ACTUAL	PROJECTED	BUDGET	VARIANCE	BUDGET	20 BUDGET VS. 19 PROJ.	
	2017	2018	2019	2019	2019	2020	\$ CHANGE	% CHANGE
SENIOR LIEN REVENUE BONDS								
BALANCE - BEGINNING OF YEAR	\$1,458,365	\$1,399,645	\$1,320,330	\$1,320,330	\$0	\$1,256,030	(\$64,300)	(4.9)
MATURITIES / RETIREMENTS	(278,915)	(224,645)	(202,055)	(47,160)	(154,895)	(47,390)	154,665	(76.5)
NEW ISSUES	220,195	145,330	137,755	0	137,755	0	(137,755)	(100.0)
BALANCE - END OF YEAR	\$1,399,645	\$1,320,330	\$1,256,030	\$1,273,170	(\$17,140)	\$1,208,640	(\$47,390)	(3.8)
AVERAGE INTEREST RATE (END OF YEAR)	4.74%	4.67%	4.77%	4.71%		4.77%		
SUBORDINATED								
BALANCE - BEGINNING OF YEAR	\$337,280	\$337,120	\$335,940	\$335,940	\$0	\$254,665	(\$81,275)	(24.2)
MATURITIES / RETIREMENTS	(160)	(1,180)	(81,275)	(1,175)	(80,100)	(24,890)	56,385	(69.4)
NEW ISSUES	0	0	0	0	0	0	0	-
BALANCE - END OF YEAR	\$337,120	\$335,940	\$254,665	\$334,765	(\$80,100)	\$229,775	(\$24,890)	(9.8)
AVERAGE INTEREST RATE (END OF YEAR)	3.97%	3.97%	5.31%	4.04%		4.27%		
MINIBONDS								
BALANCE - BEGINNING OF YEAR	\$29,816	\$30,273	\$30,755	\$30,734	\$21	\$31,313	\$558	1.8
MATURITIES / RETIREMENTS	(125)	(158)	(176)	0	(176)	0	176	(100.0)
ACCREDITED INTEREST	582	640	734	729	5	847	113	15.4
BALANCE - END OF YEAR	\$30,273	\$30,755	\$31,313	\$31,463	(\$150)	\$32,160	\$847	2.7
AVERAGE INTEREST RATE (END OF YEAR)	4.91%	4.98%	5.03%	5.00%		2.63%		
COMMERCIAL PAPER								
BALANCE - BEGINNING OF YEAR	\$150,000	\$150,000	\$150,000	\$150,000	\$0	\$230,100	\$80,100	53.4
MATURITIES / RETIREMENTS	0	0	0	0	0	0	0	-
NEW ISSUES	0	0	80,100	0	80,100	19,900	(60,200)	(75.2)
BALANCE - END OF YEAR	\$150,000	\$150,000	\$230,100	\$150,000	\$80,100	\$250,000	\$19,900	8.6
AVERAGE INTEREST RATE (END OF YEAR)	0.94%	1.54%	1.30%	2.00%		1.29%		
SEPARATE SYSTEM REVENUE BONDS (NC2)								
BALANCE - BEGINNING OF YEAR	\$218,460	\$215,215	\$211,995	\$211,995	\$0	\$208,645	(\$3,350)	(1.6)
MATURITIES / RETIREMENTS	(3,245)	(3,220)	(3,350)	(3,350)	0	(3,495)	(145)	4.3
NEW ISSUES	0	0	0	0	0	0	0	-
BALANCE - END OF YEAR	\$215,215	\$211,995	\$208,645	\$208,645	\$0	\$205,150	(\$3,495)	(1.7)
AVERAGE INTEREST RATE (END OF YEAR)	4.91%	4.93%	4.93%	4.93%		4.94%		
TOTAL AVERAGE INTEREST RATE (END OF YEAR)	4.37%	4.36%	4.46%	4.42%		4.24%		
TOTAL INTEREST EXPENSE (ON DEBT)	\$86,224	\$82,935	\$88,294	\$78,042	\$10,252	\$73,193	(\$15,101)	(17.1)
DEBT TO CAPITALIZATION RATIO	64%	61%	59%	59%		56%		

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

**2020 CORPORATE OPERATING PLAN
CASH FLOW ANALYSIS**

Projected cash receipts for 2019 are \$1,182.5 million, which is \$23.6 million over budget. Cash disbursements are projected to be \$1,237.2 million in 2019 or \$58.4 million over the budget amount primarily due to higher purchased power expense of \$63.5 million.

In 2020, cash receipts are expected to increase by \$39.6 million to \$1,222.2 million as compared to the 2019 projection. This increase is primarily related to general business revenues.

Cash disbursements in 2020 are anticipated to increase by \$39.6 million to \$1,276.8 million as compared to the 2019 projection. Increases in cash disbursements for 2020 include capital of \$40.0 million, fossil fuel of \$26.9 million, operation and maintenance expense of \$6.2 million, and changes in other net assets of \$9.3 million. Increases are partially offset by decreases in decommissioning funding of \$30.4 million, and purchased power of \$13.0 million.

The budget values of cash receipts and disbursements result in a projected year-end cash balance of \$351.0 million in 2020. Net operating cash flow for 2020 is projected to be a negative \$54.7 million.

2020 CORPORATE OPERATING PLAN
CASH FLOW ANALYSIS
(DOLLARS IN THOUSANDS)

	ACTUAL	ACTUAL	PROJECTED	BUDGET	VARIANCE	BUDGET	20 BUDGET VS. 19 PROJ.	
	2017	2018	2019	2019	2019	2020	\$ CHANGE	% CHANGE
CASH BEGINNING OF PERIOD	\$369,493	\$449,066	\$457,593	\$476,222	(\$18,629)	\$385,782	(\$71,811)	(15.7)
RECEIPTS								
GENERAL BUSINESS REVENUES	\$939,314	\$976,578	\$965,034	\$977,131	(\$12,097)	\$993,657	\$28,623	3.0
WHOLESALE REVENUES (INCL. NC2)	155,525	197,498	150,788	109,074	41,714	167,292	16,504	10.9
OTHER ELECTRIC REVENUES	\$30,310	33,094	37,575	35,295	2,280	35,187	(2,388)	(6.4)
INTEREST INCOME	\$19,900	27,630	26,074	33,559	(7,485)	22,991	(3,083)	(11.8)
PRODUCTS & SERVICES	\$3,515	3,529	3,060	3,835	(775)	3,039	(21)	(0.7)
USE OF RESERVE ACCOUNTS	\$0	0	0	0	0	0	0	0.0
TOTAL RECEIPTS	\$1,148,564	\$1,238,329	\$1,182,531	\$1,158,894	\$23,637	\$1,222,166	\$39,635	3.4
DISBURSEMENTS								
O&M EXPENSE (W/O FUEL & PURCHASED POWER)	\$303,276	\$326,559	\$371,906	\$352,212	\$19,694	\$378,079	\$6,173	1.7
DECOMMISSIONING EXPENSE	\$147,469	156,000	143,000	143,000	0	112,552	(30,448)	(21.3)
PAYMENTS IN LIEU OF TAXES	\$33,749	34,017	34,738	34,216	522	34,975	237	0.7
DEBT SERVICE	\$143,300	150,851	135,490	139,634	(4,144)	136,040	550	0.4
CAPITAL EXPENDITURES	\$123,000	138,178	185,000	195,000	(10,000)	225,000	40,000	21.6
FOSSIL FUEL	\$169,075	169,946	152,746	155,994	(3,248)	179,603	26,857	17.6
PURCHASED POWER	\$166,168	196,276	213,207	149,660	63,547	200,182	(13,025)	(6.1)
CHANGES IN OTHER NET ASSETS	(\$17,046)	14,230	1,115	(2,998)	4,113	10,398	9,283	832.6
CONTRIBUTIONS TO RESERVE ACCOUNTS	\$0	43,745	0	12,057	(12,057)	0	0	0.0
TOTAL DISBURSEMENTS	\$1,068,991	\$1,229,802	\$1,237,202	\$1,178,775	\$58,427	\$1,276,829	\$39,627	3.2
NET OPERATING CASH FLOW	\$79,573	\$8,527	(\$54,671)	(\$19,881)	(\$34,790)	(\$54,663)	\$8	(0.0)
FINANCING	\$0	\$0	(\$17,140)	\$0	(\$17,140)	\$0	\$17,140	(100.0)
FINANCING COST / RESERVE AMOUNT	\$0	0	0	0	0	0	0	0.0
COMMERCIAL PAPER - NET	\$0	0	0	0	0	19,900	19,900	0.0
OTHER	\$0	0	0	0	0	0	0	0.0
NC2 PARTICIPANT CONTRIBUTION	\$0	0	0	0	0	0	0	0.0
TOTAL FINANCING	\$0	\$0	(\$17,140)	\$0	(\$17,140)	\$19,900	\$37,040	(216.1)
TOTAL CHANGE IN CASH	\$79,573	\$8,527	(\$71,811)	(\$19,881)	(\$51,930)	(\$34,763)	\$37,048	(51.6)
CASH END OF PERIOD	\$449,066	\$457,593	\$385,782	\$456,341	(\$70,559)	\$351,019	(\$34,764)	(9.0)
DECOMMISSIONING FUND	\$421,000	\$499,000	\$552,000	\$523,000	\$29,000	\$559,000	\$7,000	1.3

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

ENERGY SALES AND REVENUES

**2020 CORPORATE OPERATING PLAN
ELECTRIC ENERGY SALES AND ELECTRIC CUSTOMERS**

Electric energy sales for 2020 are projected to be 17,329,750 MWh or 12.1% higher than the 2019 projected energy sales. General business sales are expected to increase 225,377 MWh in 2020. Wholesale sales (including NC2 participation sales) are budgeted to increase 1,644,979 MWh or 36.4% from 2019 projected levels.

In 2020, the average number of general business customers is expected to increase by 2,599 above 2019 projections. Average kWh usage per customer is expected to increase by 1.5% in 2020.

**2020 CORPORATE OPERATING PLAN
ELECTRIC ENERGY SALES AND CUSTOMERS**

	ACTUAL	ACTUAL	PROJECTED	BUDGET	VARIANCE	BUDGET	20 BUDGET VS. 19 PROJ.	
	2017	2018					2019	2019
<u>ELECTRIC ENERGY SALES (MWh)</u>								
RESIDENTIAL	3,568,164	3,841,044	3,734,871	3,610,826	124,045	3,655,916	(78,955)	(2.1)
COMMERCIAL	3,675,829	3,765,726	3,739,045	3,711,108	27,937	3,794,799	55,754	1.5
INDUSTRIAL	3,394,003	3,371,856	3,428,105	3,558,350	(130,245)	3,690,462	262,357	7.7
SUBTOTAL	10,637,996	10,978,626	10,902,021	10,880,284	21,737	11,141,177	239,156	2.2
UNBILLED SALES	(19,868)	(28,596)	35,833	35,833	0	22,054	(13,779)	(38.5)
GENERAL BUSINESS SALES	10,618,128	10,950,030	10,937,854	10,916,117	21,737	11,163,231	225,377	2.1
NC2 PARTICIPANT	2,139,235	2,447,542	1,864,980	2,101,000	(236,021)	2,324,248	459,268	24.6
OTHER	3,561,773	3,211,166	2,656,562	1,679,983	976,579	3,842,272	1,185,710	44.6
WHOLESALE SALES	5,701,008	5,658,707	4,521,541	3,780,983	740,558	6,166,520	1,644,979	36.4
TOTAL MWh SALES	16,319,137	16,608,737	15,459,395	14,697,100	762,295	17,329,750	1,870,355	12.1
<u>ELECTRIC CUSTOMERS (12 MONTH AVG.)</u>								
RESIDENTIAL	328,576	333,567	337,407	337,037	370	339,069	1,662	0.5
COMMERCIAL	46,084	46,589	46,509	46,883	(374)	47,448	939	2.0
INDUSTRIAL	157	151	149	153	(4)	147	(2)	(1.3)
TOTAL GEN. BUS. CUSTOMERS	374,817	380,308	384,065	384,073	(8)	386,664	2,599	0.7
<u>kWh / CUSTOMER</u>								
RESIDENTIAL	10,859	11,515	11,069	10,713	356	10,782	(287)	(2.6)
COMMERCIAL	79,763	80,828	80,394	79,157	1,237	79,978	(416)	(0.5)
INDUSTRIAL	21,640,828	22,268,726	23,007,416	23,257,190	(249,773)	25,105,184	2,097,768	9.1
AVERAGE kWh / CUSTOMER	28,382	28,868	28,386	28,329	57	28,814	428	1.5

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

2020 CORPORATE OPERATING PLAN OPERATING REVENUES

Total electric operating revenues for 2019 are projected to be \$1,171.5 million, which is \$77.8 million or 7.1% over budget. Increases are primarily due to wholesale revenues that are projected to be \$44.6 million over budget.

Total electric operating revenues for 2020 are expected to be \$1,161.4 million, which is \$10.1 million or 0.9% under the 2019 projected operating revenues. The decrease is primarily due to lower 2020 retail revenues that were affected by higher 2019 fuel and purchased power expenses that are amortized in 2020.

2020 CORPORATE OPERATING PLAN
OPERATING REVENUES
(DOLLARS IN THOUSANDS)

	ACTUAL	ACTUAL	PROJECTED	BUDGET	VARIANCE	BUDGET	20 BUDGET VS. 19 PROJ.	
	2017	2018					2019	2019
ELECTRIC OPERATING REVENUES								
RESIDENTIAL	\$409,272	\$431,199	\$419,793	\$414,991	\$4,802	\$418,834	(\$959)	(0.2)
COMMERCIAL	324,723	331,773	327,812	325,609	2,203	332,213	4,401	1.3
INDUSTRIAL	214,580	213,606	217,430	227,747	(10,317)	239,885	22,455	10.3
SUBTOTAL	\$948,574	\$976,578	\$965,035	\$968,347	(\$3,312)	\$990,933	\$25,898	2.7
FPPA RECEIVABLE AMORTIZATION	\$6,708	\$8,579	\$14,558	(\$8,634)	\$23,192	(\$29,081)	(\$43,639)	(299.8)
PROVISION FOR DABR	(34,500)	(42,500)	0	(11,057)	11,057	0	0	0.0
PROVISION FOR RATE STABILIZATION	(8,000)	0	0	0	0	0	0	0.0
UNBILLED REVENUES/ADJUSTMENTS	(1,049)	(2,532)	4,100	4,100	(0)	674	(3,426)	(83.5)
SUBTOTAL	(\$36,841)	(\$36,453)	\$18,658	(\$15,591)	\$34,249	(\$28,407)	(\$47,065)	(252.2)
NC2 PARTICIPANTS	\$69,748	\$74,795	\$68,375	\$61,276	\$7,099	\$66,294	(\$2,081)	(3.0)
OTHER	94,014	108,918	81,830	44,315	37,515	97,354	15,524	19.0
TOTAL WHOLESALE REVENUES	\$163,762	\$183,714	\$150,205	\$105,591	\$44,614	\$163,648	\$13,443	8.9
TOTAL SALES OF ELECTRIC ENERGY	\$1,075,495	\$1,123,839	\$1,133,898	\$1,058,347	\$75,551	\$1,126,174	(\$7,724)	(0.7)
OTHER ELECTRIC REVENUES								
CUSTOMER FORFEITED DISCOUNTS	\$4,566	\$4,640	\$4,987	\$4,658	\$329	\$4,751	(\$236)	(4.7)
RENT FROM ELECTRIC PROPERTY	3,668	4,111	4,265	2,777	1,488	4,315	50	1.2
MISC. SERVICE REVENUE	5,453	4,888	4,997	4,587	410	4,783	(214)	(4.3)
TRANSMISSION WHEELING FEES	8,688	8,003	7,366	7,438	(72)	7,163	(203)	(2.8)
DISTRIBUTION WHEELING FEES	1,988	2,337	2,777	2,083	694	2,773	(4)	(0.1)
TRANSMISSION - SPP	4,443	9,115	13,183	13,752	(569)	11,400	(1,783)	(13.5)
TOTAL OTHER ELECTRIC REVENUES	\$28,806	\$33,094	\$37,575	\$35,295	\$2,280	\$35,185	(\$2,390)	(6.4)
TOTAL ELECTRIC OPERATING REVENUES	\$1,104,300	\$1,156,933	\$1,171,473	\$1,093,642	\$77,831	\$1,161,360	(\$10,113)	(0.9)

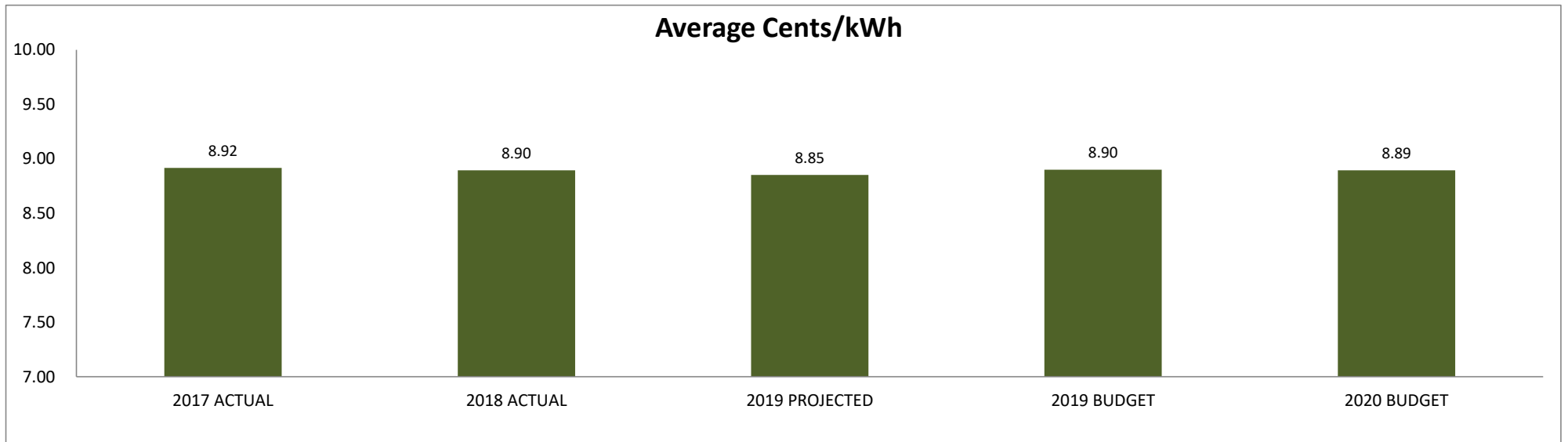
NOTES: Some columns may not foot exactly due to the method used for individual line item rounding.

2020 CORPORATE OPERATING PLAN
AVERAGE CENTS/kWh

The average price per kWh for retail customers is projected to be 8.89 cents for 2020. This is 0.01 cents or a 0.1% decrease from the 8.90 cents that was budgeted for 2019.

**2020 CORPORATE OPERATING PLAN
AVERAGE CENTS/kWh**

	ACTUAL	ACTUAL	PROJECTED	BUDGET	VARIANCE	BUDGET	20 BUDGET VS. 19 PROJ.	
	2017	2018		2019	2019		2019	2020
RESIDENTIAL	11.47	11.23	11.24	11.49	(0.25)	11.46	0.22	1.9
COMMERCIAL	8.83	8.81	8.77	8.77	(0.01)	8.75	(0.01)	(0.1)
INDUSTRIAL	6.32	6.33	6.34	6.40	(0.06)	6.50	0.16	2.5
RETAIL AVERAGE	8.92	8.90	8.85	8.90	(0.05)	8.89	0.04	0.5
	*	*	*	*		*	*	*



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

* Average rates are from the revenue recognized on the Income Statement and do not incorporate accrued unbilled. These rates differ from customer billed rates due to timing differences.

GENERATION

2020 CORPORATE OPERATING PLAN
NET SYSTEM REQUIREMENTS

Net system requirements for 2020 are anticipated to be 11,712,604 MWh, an increase of 2.1% from the 2019 projected amount. The major components of net system requirements are detailed below by sales and supply components.

Total sales is expected to increase 1,870,355 MWh or 12.1% from the 2019 projected amount. Retail general business sales are budgeted to increase 225,377 MWh from the 2019 projected amount. Wholesale sales, excluding NC2 participation sales, are expected to increase by 1,185,710 MWh or 44.6% from the 2019 projected amount.

Net generation is budgeted to increase 23.7% in 2020 to 11,331,344 MWh and firm/participation purchases are budgeted to increase 17.3% from the 2019 projected amount. Wholesale purchases are budgeted to decrease 903,988 MWh in 2020 from the 2019 projected amount.

Net System Requirements
Sales and Supply Components (MWh)

	PROJECTED 2019	BUDGET 2020	INCREASE / (DECREASE)	% CHANGE
Sales Components				
Retail General Business Sales	10,937,854	11,163,231	225,377	2.1%
NC2 Participation Sales	1,864,980	2,324,248	459,268	24.6%
Wholesale Sales	2,656,562	3,842,272	1,185,710	44.6%
Total	15,459,395	17,329,750	1,870,355	12.1%
Supply Components				
Net Generation	9,160,001	11,331,344	2,171,343	23.7%
Firm/Participation Purchases	3,554,909	4,170,270	615,361	17.3%
Wholesale Purchases	3,281,497	2,377,509	(903,988)	-27.5%
Lost or Unaccounted For	(537,012)	(549,373)	(12,361)	2.3%
Total	15,459,395	17,329,750	1,870,355	12.1%

**2020 CORPORATE OPERATING PLAN
NET SYSTEM REQUIREMENTS**

	ACTUAL	ACTUAL	PROJECTED	BUDGET	VARIANCE	BUDGET	20 BUDGET VS. 19 PROJ.	
	2017	2018					2019	2019
NET GENERATION (MWh)								
TOTAL NET GENERATION	10,795,116	11,153,086	9,160,001	10,083,200	(923,199)	11,331,344	2,171,343	23.7
FIRM/PARTICIPATION PURCHASES	3,541,931	3,496,562	3,554,909	4,075,090	(520,181)	4,170,270	615,361	17.3
WHOLESALE PURCHASES	2,369,125	2,388,884	3,281,497	1,024,200	2,257,297	2,377,509	(903,988)	(27.5)
TOTAL PURCHASES	5,911,056	5,885,446	6,836,406	5,099,290	1,737,116	6,547,779	(288,627)	(4.2)
TOTAL INPUT	16,706,173	17,038,532	15,996,407	15,182,490	813,917	17,879,123	1,882,716	11.8
WHOLESALE SALES								
NC2 PARTICIPANT	2,139,235	2,447,542	1,864,980	2,101,000	(236,021)	2,324,248	459,268	24.6
OTHER	3,561,773	3,211,166	2,656,562	1,679,983	976,579	3,842,272	1,185,710	44.6
TOTAL WHOLESALE SALES	5,701,008	5,658,707	4,521,541	3,780,983	740,558	6,166,520	1,644,979	36.4
NET SYSTEM REQUIREMENTS	11,005,165	11,379,824	11,474,866	11,401,507	73,359	11,712,604	237,738	2.1
TOTAL GENERAL BUSINESS SALES	10,618,128	10,950,030	10,937,854	10,916,117	21,737	11,163,231	225,377	2.1
ENERGY LOST OR UNACCOUNTED FOR	387,036	429,794	537,012	485,390	51,622	549,373	12,361	2.3
TOTAL GEN. BUS. SALES	11,005,165	11,379,824	11,474,866	11,401,507	73,359	11,712,604	237,738	2.1
PEAK LOAD (MW)								
EXCLUDES DSM	2,646	2,579	2,554	2,554	0	2,594	40	1.6
INCLUDES DSM	2,646	2,429	2,400	2,400	0	2,439	39	1.6
LOAD FACTOR (%) - REFLECTS DSM	47.5	50.4	51.3	51.0	0.3	51.5	0.3	0.5

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

**OPERATION AND MAINTENANCE EXPENSE
AND
DECOMMISSIONING EXPENDITURES**

2020 CORPORATE OPERATING PLAN
OPERATION AND MAINTENANCE EXPENSE AND DECOMMISSIONING EXPENDITURES

The District's 2020 total budgeted operation and maintenance (O&M) expense is \$750.4 million, which is \$20.7 million or 2.8% more than the 2019 projected amount.

Fuel expense is the largest category of O&M expense, representing 24.0% of total O&M expense. Fuel expense is budgeted at \$179.8 million for 2020, an increase of \$26.7 million or 17.4% more than the 2019 projected amount. This increase in fuel expense is expected and in line with the increased energy generation budgeted for in 2020.

Production expense represents 12.1% of the total and is budgeted to be \$91.1 million in 2020, which is \$14.4 million or 13.7% less than the 2019 projected amount. The primary driver is fewer scheduled outages.

Purchased power, including wind purchases, represents 26.6% of total O&M expense and is budgeted at \$199.9 million for 2020. This represents a decrease of \$7.2 million or 3.5% below the 2019 projected amount. The decrease from the 2019 projection is primarily due to fewer scheduled outages in 2020 and the impact of the extended spring outage in 2019.

Transmission and distribution expense represents 13.7% of total O&M expense and is budgeted at \$103.0 million, which is \$7.8 million or 8.1% more than the 2019 projected amount. The increase over 2019 is associated with asset health maintenance and inspection activities.

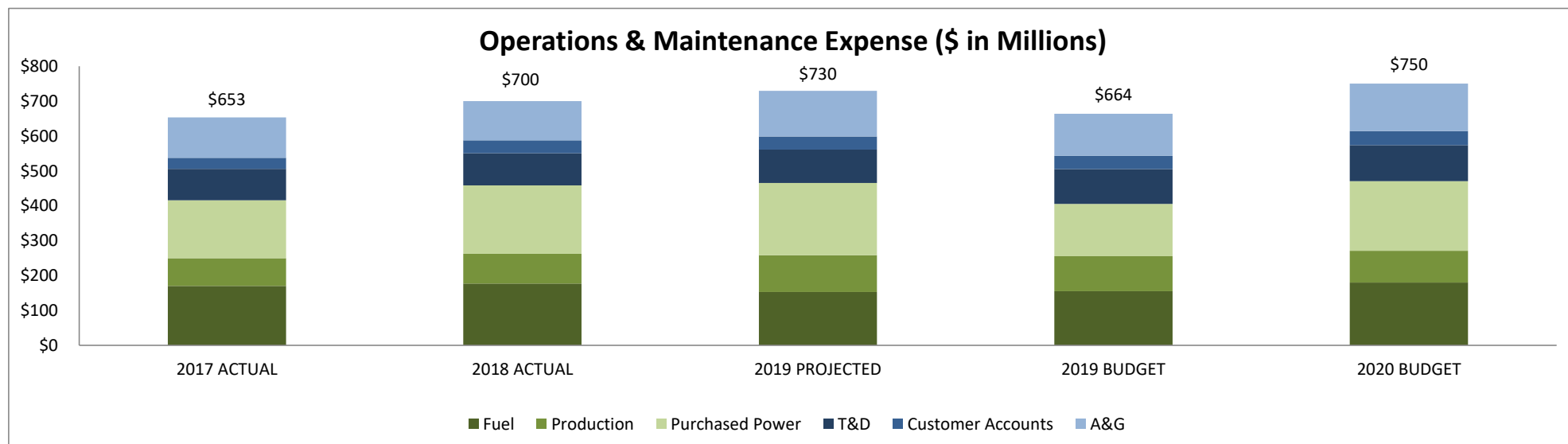
Customer accounting and services expense represents 5.4% of total O&M expense and is budgeted at \$40.3 million for 2020. This represents an increase of \$2.3 million or 6.1% more than the 2019 projected amount. Contributors to the increase over the 2019 projection include customer engagement, product development and business technology expenses.

Administrative and general expense represents 18.2% of total O&M expense and is budgeted at \$136.4 million for 2020. This category reflects an increase of \$5.6 million or 4.3% more than the 2019 projected amount. This year over year change is a result of higher pension and group health costs.

Decommissioning expenditures represents anticipated expenditures for decommissioning and is budgeted to be \$144.0 million in 2020, which is \$22.5 million or 18.5% more than the 2019 projected amount. This year over year change is in line with decommissioning plans.

2020 CORPORATE OPERATING PLAN
OPERATION AND MAINTENANCE EXPENSE AND DECOMMISSIONING EXPENDITURES
(DOLLARS IN THOUSANDS)

	ACTUAL	ACTUAL	PROJECTED	BUDGET	VARIANCE	BUDGET	20 BUDGET VS. 19 PROJ.	
	2017	2018					2019	2019
FUEL	\$170,372	\$177,109	\$153,056	\$155,345	(\$2,289)	\$179,753	\$26,697	17.4
PRODUCTION	79,103	85,373	105,491	100,363	5,128	91,071	(14,420)	(13.7)
PURCHASED POWER	166,168	196,276	207,124	149,660	57,464	199,892	(7,232)	(3.5)
TRANSMISSION AND DISTRIBUTION	90,032	91,838	95,200	99,939	(4,739)	102,954	7,754	8.1
CUSTOMER ACCOUNTING AND SERVICES	32,008	36,826	37,950	37,789	161	40,281	2,331	6.1
ADMINISTRATIVE AND GENERAL	115,609	112,522	130,849	120,742	10,107	136,435	5,586	4.3
TOTAL	\$653,293	\$699,944	\$729,670	\$663,837	\$65,833	\$750,386	\$20,716	2.8
DECOMMISSIONING EXPENDITURES	\$118,882	\$111,701	\$121,502	\$123,533	(\$2,031)	\$143,996	\$22,494	18.5



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

2020 CAPITAL EXPENDITURE PLAN

CAPITAL EXPENDITURES

**2020 CORPORATE OPERATING PLAN
CAPITAL EXPENDITURES**

Capital expenditures for 2020 are budgeted at \$230.0 million, which is \$40.0 million more than the 2019 projected capital expenditures.

Production Plant expenditures for 2020 are budgeted at \$83.1 million, which is \$23.8 million or 40.1% more than the 2019 projected expenditures.

Transmission and Distribution Plant expenditures for 2020 are budgeted at \$85.2 million, which is \$14.1 million or 14.2% less than the 2019 projected expenditures.

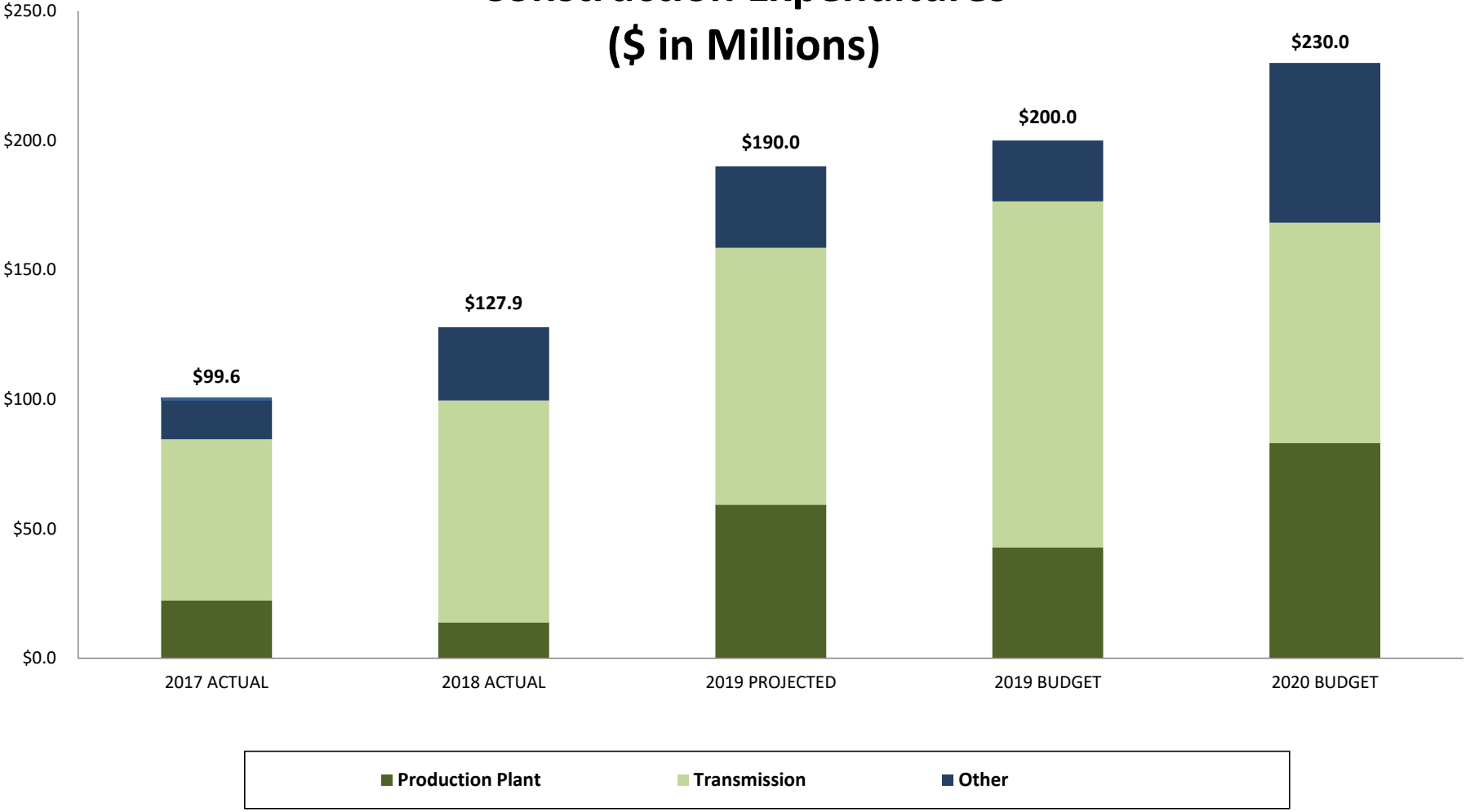
General Plant and other expenditures for 2020 are budgeted at \$61.7 million, which is \$30.3 million or 96.3% higher than the 2019 projected expenditures.

2020 CORPORATE OPERATING PLAN
CAPITAL EXPENDITURES
(DOLLARS IN THOUSANDS)

	ACTUAL	ACTUAL	PROJECTED	BUDGET	VARIANCE	BUDGET	20 BUDGET VS. 19 PROJ.	
	2017	2018		2019	2019		2019	2020
PRODUCTION PLANT								
FOSSIL PRODUCTION	\$18,721	\$11,743	\$29,739	\$41,860	(\$12,121)	\$31,287	\$1,548	5.2
OTHER PRODUCTION	3,603	2,004	29,580	930	28,650	51,798	22,218	75.1
PRODUCTION PLANT	\$22,324	\$13,747	\$59,319	\$42,790	\$16,529	\$83,085	\$23,766	40.1
TRANSMISSION AND DISTRIBUTION PLANT	\$62,280	\$85,804	\$99,244	\$133,721	(\$34,477)	\$85,174	(\$14,070)	(14.2)
GENERAL PLANT	\$12,966	\$26,220	\$31,224	\$23,489	\$7,735	\$61,165	\$29,941	95.9
REMOVAL AND SALVAGE	\$2,048	\$2,108	\$234	\$0	\$234	\$575	\$341	0.0
TOTAL	\$99,618	\$127,879	\$190,021	\$200,000	(\$9,979)	\$230,000	\$39,979	21.0

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

Construction Expenditures (\$ in Millions)



2020 CAPITAL EXPENDITURES
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(Dollars in Thousands)

RECOMMENDED PROJECTS:	2014-2018 Expenditures	2019 Projection	2020 Budget	2014-2020 Project Expenditures
<p>Power with Purpose 2020 capital to support Board Resolution No. 6351 approved on November 14, 2019.</p>	\$0	\$0	\$50,000	\$50,000
<p>Fiber Network Expansion Project Expand OPPD Fiber optics connectivity to replace the current analog communications services.</p>	\$5,590	\$12,208	\$15,564	\$33,361
<p>Transmission Distribution Improvement Program-Cable Replacement Replace the worst performing underground distribution cable on a performance driven basis.</p>	\$8,946	\$5,512	\$9,291	\$23,750
<p>Customer Service Commercial and Industrial Project Purchase and installation of underground or overhead infrastructure for commercial and industrial customers.</p>	\$38,152	\$6,631	\$6,589	\$51,372
<p>Repairs to Arbor Railroad Line Required maintenance for the Arbor Railroad line owned by OPPD.</p>	\$0	\$0	\$6,440	\$6,440
<p>Transmission and Distribution Street & Highway Project Relocation of OPPD transmission and distribution facilities that are located in public road right-of-way.</p>	\$35,308	\$4,993	\$6,041	\$46,342
<p>Customer Service Residential Project Purchase and installation of underground or overhead infrastructure to new residential developments.</p>	\$32,900	\$5,446	\$6,036	\$44,382
<p>Light Emitting Diode (LED) Streetlight Conversion The conversion of streetlights to a LED standard.</p>	\$0	\$6,091	\$5,620	\$11,712

2020 CAPITAL EXPENDITURES
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(Dollars in Thousands)

RECOMMENDED PROJECTS:	2014-2018 Expenditures	2019 Projection	2020 Budget	2014-2020 Project Expenditures
<p>13kv Line and Substation Transformers Overhead and surface mount transformers on the distribution system required due to failure or system expansion.</p>	\$27,743	\$6,342	\$5,224	\$39,310
<p>Nebraska City Common Levee Certification Determine what physical improvements, operational requirements and maintenance activities are needed for the levee to be accredited and accepted by FEMA as providing 100 year flood protection and regain active status with the USACE PL84-99 Rehabilitation Program.</p>	\$0	\$0	\$4,721	\$4,721
<p>Add Power Transformer to Substation in Sarpy County Addition of a power transformer to a Substation in Sarpy County.</p>	\$0	\$215	\$4,510	\$4,725
<p>Energy Plaza Atrium Renovation Update the fixtures, technology, and security measures of the Energy Plaza Atrium.</p>	\$0	\$0	\$4,200	\$4,200
<p>Transmission Distribution Improvement Program-Distribution Poles Replace distribution poles in conjunction with the ongoing Transmission and Distribution System Improvement Projects.</p>	\$7,368	\$2,575	\$3,836	\$13,779

2020 CAPITAL EXPENDITURES
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(Dollars in Thousands)

RECOMMENDED PROJECTS:	2014-2018 Expenditures	2019 Projection	2020 Budget	2014-2020 Project Expenditures
<p>Upgrade Customer Information System Information Technology upgrade to the enterprise customer information software that is used to manage and store customer information.</p>	\$0	\$0	\$3,810	\$3,810
<p>Transmission Distribution Improvement Program-Conductors Replace junk conductors on a performance driven basis.</p>	\$2,365	\$0	\$3,777	\$6,142
<p>Upgrade Energy Management Hardware and Operating System Upgrade the Energy Management System (EMS) that provides situational awareness for Operations and Generation to monitor and support OPPD's electrical grid.</p>	\$0	\$1,620	\$3,738	\$5,358
<p>Nebraska City Station Unit 1 Low Pressure Rotor Replacement Replace the low pressure rotors with materials not susceptible to stress corrosion cracking.</p>	\$0	\$1,250	\$3,689	\$4,939
<p>Nebraska City Station Unit 2 Fabric Filter Cartridge Replacement Replacement of 16,800 individual fabric filter cartridges necessary for emissions control.</p>	\$0	\$882	\$3,381	\$4,263
<p>Ground Line Inspection and Treatment Pole Replacement Replace degraded wood poles and structures used for transmission and distribution.</p>	\$1,022	\$336	\$2,670	\$4,027

2020 CAPITAL EXPENDITURES
SIGNIFICANT PROJECT DESCRIPTIONS AND HIGHLIGHTS
(Dollars in Thousands)

RECOMMENDED PROJECTS:	2014-2018 Expenditures	2019 Projection	2020 Budget	2014-2020 Project Expenditures
<p>Papillion Center Remodel Remodel the Papillion Center with new furniture and fixtures.</p>	\$0	\$0	\$2,542	\$2,542
<p>Enhance Physical Security Enhance physical security controls and monitoring at various locations and facilities.</p>	\$1	\$2,243	\$2,326	\$4,570
<p>Add Power Transformer to Substation in Northwest Omaha Addition of a power transformer to Substation in Northwest Omaha.</p>	\$0	\$176	\$2,247	\$2,423
<p>Energy Plaza Call Center Remodel Renovate the Energy Plaza Call Center with new furniture and fixtures.</p>	\$0	\$0	\$2,191	\$2,191
<p>Backup Autotransformer Purchase Project Procure a backup autotransformer, which will be available to serve if one of the three autotransformers in service fail.</p>	\$534	\$223	\$2,070	\$2,826

NewGen Strategies and Solutions, LLC

REVIEW



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December 12, 2019

Board of Directors
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102

Subject: **Review of Omaha Public Power District, 2020 Corporate Operating Plan**

Dear Members of the Board:

As requested by the Board of Directors and Management of the Omaha Public Power District (the District), **NewGen Strategies and Solutions, LLC (NewGen)** has reviewed the 2020 Corporate Operating Plan prepared by the District, and is providing this letter report to comply with this request. The purpose of this review was to provide an independent, high-level assessment of the District's operating and financial projections for 2020.

In performing our review, we evaluated the 2020 Corporate Operating Plan for consistency with prudent utility practices, and the reasonableness of the budget estimates established. Our review was based on input received from the District's staff, and comparisons to actual data for the period 2006 through 2018 and the ten months actual/two months projected data for the year 2019. We also reviewed the major assumptions used in developing the 2020 Corporate Operating Plan.

The District's planning process includes various components, the results of which were incorporated into the development of the 2020 Corporate Operating Plan. NewGen reviewed each of the following forecasts, plans, and budgets at a summary level, in support of our overall review of the 2020 Corporate Operating Plan:

Load Forecast – The District's load forecast provides a projection of the District's customer loads, system peak demand and energy requirements, which serves as a basis for establishing the estimated revenues the District will receive from the sale of such customer loads and the associated power supply expense the District will incur in supplying such load, system peak demand and energy requirements. The load forecast also serves as a basis for the planning of future power supply resources needed by the District. The forecast of general energy sales and peak demand for 2020 was compared to the actual trend of the last several years.

Revenue Forecast – The revenue forecast provides a projection of the estimated revenues to be received by the District for 2020. The estimated revenues are developed by applying anticipated base retail service rates, to forecasted energy sales by rate classification with no assumed increase in electric rates and including the Fuel and Purchase Power Adjustment. In our review of the estimated general business revenues we compared the estimated revenues for 2020 with the actual/projected revenue for 2019.

Projected average retail revenues, on per kilowatt-hour basis, for residential sales and for total projected general business sales were compared to prior year averages and to national industry projections.

Integrated Resource Plan – The integrated resource plan is prepared as part of the District’s contractual commitment to the Western Area Power Administration and provides the optimum resource expansion plan to meet the District’s forecasted demand and energy requirements. The integrated resource plan incorporates least-cost planning methodology that utilizes the operating costs of the existing system in combination with projected cost for new supply-side and demand-side resource options. The resulting balance of loads and resources schedule from the current integrated resource plan was compared with the corresponding schedule from the prior year’s integrated resource plan.

Generation Plan – The generation plan provides the basis for projecting fuel and other production expenses. The generation plan is based on a comparison of the forecasted net system energy requirements and the expected capability of the District’s electric generating facilities to produce those requirements. This is accomplished by using PROMOD which is an economically dispatched program that determines the estimated generation of each of the District’s resources used to meet the system energy requirements. The generation plan was reviewed against the balance of loads and resources projections from the integrated resource plan. The generation plan was also compared to actual/projected generation levels for 2019 and prior years and planned maintenance outages scheduled for the District’s generating units for 2020.

Fuel Plan – The fuel plan provides the projections of the costs of acquiring, coal fuel, natural gas, and oil. The amount and the estimated fuel expenses related to all fuels used for generation by type are based on the generation plan, and fuel contracts. The projected fossil fuel inventory levels, per-unit fuel acquisition costs, and per-unit expenses associated with the fuel projected to be consumed for 2020 were compared to actual/projected levels for 2019 and prior years.

Operation and Maintenance Expense Budget – The operation and maintenance expense budget provides estimates of non-fuel operation and maintenance expenses related to the power supply, transmission and distribution, customer service, and administration functions. The operation and maintenance expense budget is compiled based on the District’s staffing plan and responsibility area budget. The estimates for operation and maintenance expenses for 2020, by functional areas and in total, were compared on an average cost per kilowatt-hour basis to the actual/projected levels for 2019 and prior years.

2020 Capital Expenditure Plan – The Capital Expenditure Plan provides for estimates of planned expenditures, including related overheads, for replacements, improvements and additions to production plant, additional power supply, transmission and distribution plant, and general plant facilities and equipment, as required to keep providing reliable and economical power supply and delivery to the District’s customers. The capital expenditures planned for 2020 were compared by major category, as well as in total, to corresponding capital expenditures for 2019 and prior years. NewGen’s review of the 2020 Capital Expenditure Plan was made without a detailed analysis of the design criteria used in preparing the budget cost estimate for each individual project.

Fort Calhoun Decommissioning – The District’s Board of Directors approved Management’s recommendation that the District cease generation of electricity at the Fort Calhoun Station (FCS) by the end of 2016. On October 24th FCS ceased operations and decommissioning began in November. The District’s management concluded that continuing to operate FCS would result in costs in excess of obtaining power from other sources and is expecting to avoid the need for future general rate increases

through 2021. The FCS site has transitioned from a long-term SAFSTOR decommissioning strategy to an accelerated DECON method. The Schedules call for the site to be substantially dismantled by 2025.

NewGen, in its review, found that the process followed by the District in developing the 2020 Corporate Operating Plan appears to be well organized. The 2020 Corporate Plan represents a compilation of the individual operating and capital expenditures budgets of the various responsibility areas throughout the District. It is our understanding that the 2020 Corporate Operating Plan has been reviewed and approved by the District's senior management.

It is NewGen's opinion that the major assumptions upon which the 2020 Corporate Operating Plan is based are reasonable and provide an indication of the District's requirements for 2020. The expenditures anticipated by the District are reasonable and are the type that would be expected by a utility following prudent utility practices.

It is also NewGen's opinion that:

The methods used to forecast future customer loads and system peak demand and energy requirements reflect acceptable and defensible methods currently being used in the electric utility industry and the resulting load forecast developed by the District's staff appears reasonable. The District's load forecast appears reasonable when compared with national and regional load forecasts, given the anticipated growth in residential and commercial loads.

The revenue forecast prepared by the District fairly represents the revenue that can be expected in 2020 given the load forecast and current rate levels without any assumed electric rate increase and the Fuel and Purchase Power Adjustment. The District's average retail rates are expected to remain below the national averages during 2020.

The methods utilized by the District in developing the integrated resource plan is based on sound planning practices and strategies, and reflect reasonable assumptions considering the changing electric utility industry.

The generation plan prepared by the District is consistent with other assumptions made in the 2020 Corporate Operating Plan. The effective management and scheduling of maintenance outages by the District provides for efficient utilization of its generating resources, and allows the District to facilitate its off-system sales when other utilities have their units down for scheduled maintenance.

The fuel plan budgeting process reflects acceptable methods currently being used in the electric utility industry and the resulting expenditures for fossil fuels appear to be reasonable and necessary for the ongoing operation of the District's generating resources. The projected inventories of fossil fuels are reasonable given the requirements of the District and general industry practices. The effective acquisition and use of fossil fuels has allowed the District to maintain relatively low fuel costs and be comparable with other regional utilities.

The operation and maintenance expense budget for 2020 appears reasonable compared to the current and recent expenses by functional areas and in total.

The planned replacements, improvements and additions for 2020 which are reflected in the 2020 Capital Expenditure Plan will be advantageous to the District's electric system and its customers in maintaining reliable electric service.

It is NewGen's opinion that the assumptions upon which the District's management arrived at for the recommendation to decommission FCS are not unreasonable. NewGen's review of the decommissioning of FCS was made without a detailed analysis.

The projected financial results reflected in the 2020 Corporate Operating Plan provide for the accomplishment of the District's minimum performance objectives for debt service coverage, fixed charge ratio and debt/equity ratio.

The District is continuing to develop and implement strategies to optimize efficiency of operations, minimize costs and enhance customer value.

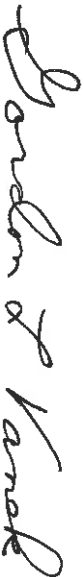
Based on our review, NewGen recommends that the District's prepared 2020 Corporate Operating Plan be approved. It is our opinion that the 2020 Corporate Operating Plan is a valuable tool to assist the Board of Directors and management in the efficient operation of the District. By combining the individual operating and capital expenditures budgets of the various responsibility areas throughout the District into a single planning document assures that a consistent approach is being taken in managing all areas of the utility. The 2020 Corporate Operating Plan recognizes the interrelationships between the various responsibility areas throughout the District and displays the need to approach planning on a system-wide basis.

In preparation of this letter report NewGen used the information provided to us by the District and others to make certain assumptions with respect to conditions which may occur in the future. While we believe these assumptions are reasonable for the purpose of this review of the operating results contained in the 2020 Corporate Operating Plan of the District, the assumptions are dependent upon future events, and, therefore, actual conditions may differ from those assumed. While we believe the sources we relied upon in our review to be reliable, we have not independently verified the information and offer no assurances with respect thereto. To the extent that actual conditions differ from those assumed by us from information provided to us by the District or others, the actual results will vary from those projected.

We appreciate the opportunity to serve the District. If you should have any questions concerning this review, we would be glad to discuss them with you at your convenience.

Sincerely,

NewGen Strategies and Solutions, LLC



Gordon L Vanek
Senior Consultant