

Management's Discussion and Analysis (Unaudited)

USING THIS FINANCIAL REPORT

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

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

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

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

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

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

Statement of Changes in Fiduciary Net Position – This statement reflects the additions, deductions and net increase/ (decrease) in net position restricted for pension and OPEB.

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

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

ORGANIZATION

OPPD is a fully integrated, publicly owned electric utility governed by an elected board of eight directors. The Company serves an estimated population of 855,000 in a 13-county, 5,000-square-mile service area in southeast Nebraska.

FINANCIAL POSITION

The following table summarizes the financial position as of December 31 (in thousands).

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

Total Assets and Deferred Outflows

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

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

Total Liabilities, Deferred Inflows and Net Position

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

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

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

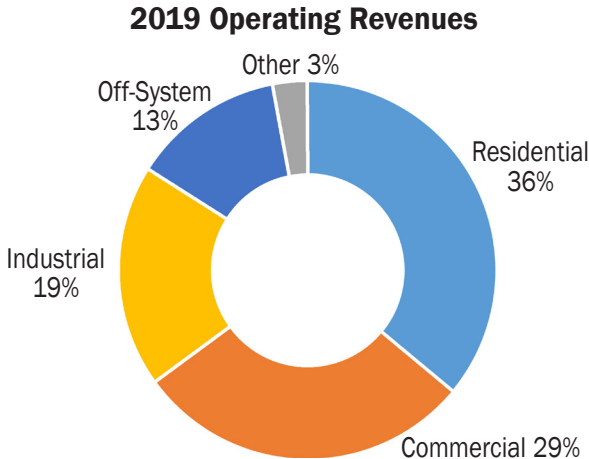
RESULTS OF OPERATIONS

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

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

Operating Revenues

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

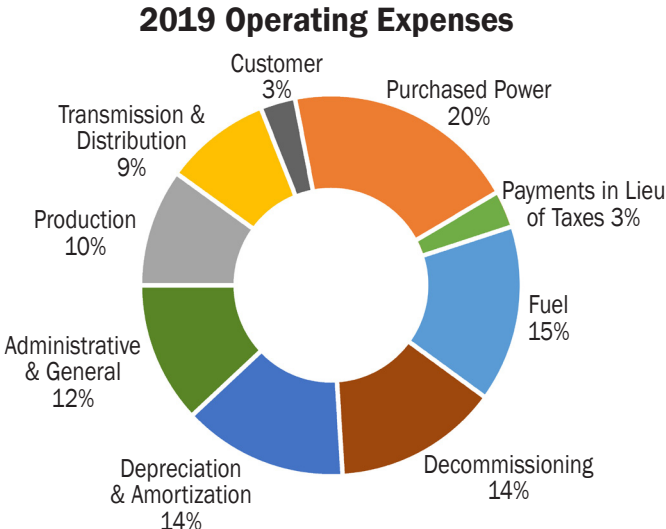


2019 Compared to 2018 – Total operating revenues were \$1,160,719,000 for 2019, an increase of \$3,786,000 or 0.3% over 2018 operating revenues of \$1,156,933,000.

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

Operating Expenses

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



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

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

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

Other Income (Expenses)

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

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

Net Income

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

CAPITAL PROGRAM

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

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

Electric system requirements, including the identification of future capital investments, are reviewed annually to ensure current and future load requirements are serviced by a reliable and diverse power supply. Capital investments are financed with revenues from operations, bond proceeds, investment income and cash on hand.

The following table shows actual capital program expenditures, including allowances for funds used during construction, for the last two years and budgeted expenditures for 2020 (in thousands).

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

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

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

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

CASH AND LIQUIDITY

Cash Flows

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

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

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

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

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

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

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

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

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

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

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

Financing

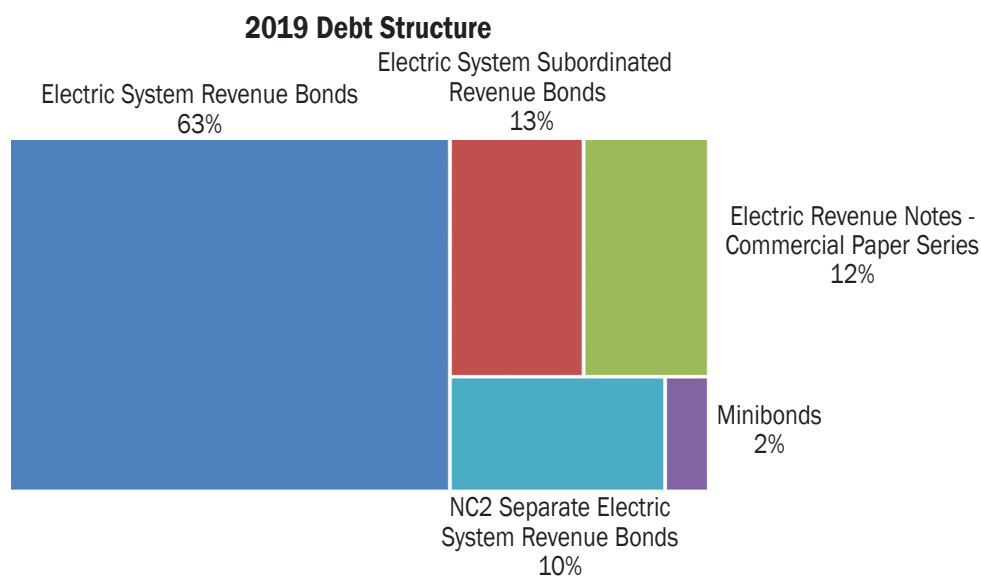
Sufficient liquidity is maintained to ensure working capital is available for normal operational needs and unexpected, but predictable, risk events. OPPD's liquidity includes cash, marketable securities and a line of credit. Debt offerings also provide a significant source of liquidity for capital investments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

The financing plan optimizes the debt structure to ensure capital needs are financed, liquidity needs are achieved and the Company's strong financial position is maintained. The 2020 financing plan does not anticipate any new debt issuances.

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

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

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



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

Debt Service Coverage for Electric System Revenue Bonds

Debt service coverage for the Electric System Revenue Bonds was 3.50 and 3.58 in 2019 and 2018, respectively. OPPD's senior lien bond indenture provides that additional bonds may not be issued unless estimated net receipts for each future year shall equal or exceed 1.4 times the debt service on all Electric System Revenue Bonds outstanding, including the additional bonds being issued. Transactions in 2019 and 2018 for the NC2 Separate Electric System were not included in the calculation because the Electric System Revenue Bonds are not secured by the revenues from the NC2 Separate Electric System. The Company is in compliance with all debt covenants.

Debt Ratio

The debt ratio is a measure of financial solvency and represents the share of debt to total capitalization (debt and net position). This ratio does not include the NC2 Separate Electric System Revenue Bonds since this debt is secured by revenues of the NC2 Separate Electric System. The debt ratio was 58.7% and 61.3% at December 31, 2019 and 2018, respectively.

Credit Ratings

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

The following table summarizes credit ratings in effect on December 31, 2019.

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

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

ELECTRIC RATES

The Company strives to manage costs to align with the mission of providing affordable, reliable and environmentally sensitive energy services to our customers. Residential customers paid an average of 11.30 and 11.21 cents per kilowatt-hour (kWh) in 2019 and 2018, respectively. The national average residential cents per kWh according to the Energy Information Administration (EIA), U.S. Department of Energy, was 13.04 for 2019 (preliminary year-to-date December 2019) and 12.87 cents per kWh for 2018. Based on the EIA data, OPPD residential rates were 13.3% and 12.9% below the national average for 2019 and 2018, respectively.

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

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

RISK MANAGEMENT

Risk-Management Practices

The Company maintains an Enterprise Risk Management (ERM) program to help ensure strategic objectives are achieved. The program specifies risk-management standards, management responsibilities and controls to help ensure risk exposures are properly identified and managed within agreed upon risk-tolerance levels. Specific risk-mitigation plans and procedures are maintained and periodically reviewed to provide focused and consistent efforts to mitigate various risk exposures.

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

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

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

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

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

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

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

Other Reserves

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

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

RESOURCE PLANNING AND GENERATION UPDATE

Southwest Power Pool Integrated Marketplace and Transmission Planning

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

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

As the regional transmission expansion planning authority, SPP works with its members and stakeholders to develop transmission projects needed in the footprint to meet the reliability, economic, and public policy needs. One of SPP's regional transmission projects is the Elkhorn River Valley Transmission Project, which is a joint effort between OPPD and the City of Fremont to connect an OPPD substation in Blair, NE with a substation in Fremont, NE. The 23-mile line, consisting of a 161-kilovolt (kV) segment and a 69-kV segment, was completed and energized in 2019. This project will support the growing demand for electricity and improve reliability. OPPD and the City of Fremont shared the costs of the project, with OPPD paying 40 percent of the total costs and owning the line. Additionally, a portion of the project will receive regional funding under the SPP OATT.

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

Generation Update

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

Renewable Capability including Purchased Power Contracts

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

Fort Calhoun Station Update

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

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

ENVIRONMENTAL AND REGULATORY UPDATES

Environmental Matters

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

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

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

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

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

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

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

Federal Energy Legislation

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

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

State of Nebraska Energy Legislation

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

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

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

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

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

Significant Accounting Estimates and Assumptions

Judgments/Uncertainties Affecting Application

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

Report of Management

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

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

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

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



Timothy J. Burke
President and Chief Executive Officer



L. Javier Fernandez
Vice President and Chief Financial Officer

Independent Auditor's Report

Board of Directors
Omaha Public Power District
Omaha, Nebraska



We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of Omaha Public Power District (OPPD), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise OPPD's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of OPPD, as of December 31, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

BKD, LLP

Omaha, Nebraska
March 12, 2020