Yoder/Bishop

RESOLUTION NO. 6481

WHEREAS, the Board of Directors has reviewed the Omaha Public Power District's 2022 Corporate Operating Plan which includes projected revenues and expenses for the District's operations in 2022, all phases of the District's 2022 Capital Expenditure Plan, and the District's fuel needs and expenditures for 2022; and

WHEREAS, the 2022 Corporate Operating Plan expenditures total $1,822.2 million; and

WHEREAS, the proposed 2022 Corporate Operating Plan for the Omaha Public Power District reflects the need for the District to increase its general rates by an average of 2.5%, or approximately $26 million, in order to cover its projected cost of service; and

WHEREAS, District Management prepared a Cost of Service Study for each customer class and applied this analysis to establish the proposed rate changes, which are shown on Exhibit A hereto; and

WHEREAS, District Management proposes miscellaneous revisions to the District's Service Regulations and Rate Schedules as shown on Exhibit B hereto; and

WHEREAS, District Management proposes a change to the energy, capacity and other charges for the contract rate with the Western Area Power Administration for service to Offutt Air Force Base; and

WHEREAS, the 2022 Corporate Operating Plan includes a revision to the Base Rate for the District's Fuel and Purchased Power Adjustment (FPPA) rate rider and excludes a one-time 100% forgiveness of under-collected FPPA revenue, currently projected to be $172.6 million, which sum will be revised based on November and December actual results, due to favorable off-system sales during the February Polar Vortex, and

WHEREAS, the District's retail customers will see no overall impact as a result of the FPPA Base Rate change from 2.095 cents per kWh to 1.606 cents per kWh while retaining the current FPPA Factor of 0.186 cents per kWh; and

WHEREAS, the District's rate consultant, The Brattle Group, has reviewed the 2022 Corporate Operating Plan and 2022 Rate Action Proposal as requested by the Board of Directors, has opined that the rate actions meet the requirements of Nebraska law, and recommends it for approval by the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Omaha Public Power District as follows:

1. The 2022 Corporate Operating Plan is hereby approved.

2. The rate changes described in Exhibit A and as set forth in the Rate Schedules attached at Exhibit B are hereby approved, effective January 1, 2022.

3. As described in Exhibit B, the following District Rate Schedules are repealed, effective January 1, 2022: Rate Schedules 119 (Multifamily Service), 240 (General Service-Large).

4. As described in Exhibit B, Rate Schedule Riders 463A (Green Power-Residential) and 463B (Green Power-Commercial) are repealed, effective March 31, 2022, and Rate Schedule Rider 469W (Time-of-Use Rider Waiver Option) is repealed, effective June 1, 2022.

5. As described in Exhibit B, the revisions to the following Rate Schedules and Riders are hereby approved: Rate Schedules 115 (Heat Pump Rate), 350 (Municipal Service Street Lighting), Rate Schedule Rider 461 (Fuel and Purchase Power Adjustment), Rate Schedule Riders 467, 467H and 467L (Curtailable Riders), Rate Schedule Riders 467E&V (Curtailable Riders: Emergency and Volunteer), Rate Schedule Riders 469 and 469S (General Service: Time of Use), Rate Schedule Rider 470F (Line Extension (Residential) Charges), Rate Schedule Rider 470H (Line Extension (Commercial) Charges), Rate Schedule 470I (Tenant Attachment Fee), Rate Schedule Rider 481 (Commercial Surge Guard), Rate Schedule Rider 484 (Supplemental Distribution Capacity), Rate Schedule 499 (Green Sponsorship), and Rate Schedule Rider 500 (Community Solar).

6. The revisions to District Service Regulations set forth on Exhibit B, are hereby approved.

Action Item

BOARD OF DIRECTORS

December 14, 2021

ITEM

2022 Corporate Operating Plan and Rate Action

PURPOSE

Submittal of the 2022 Corporate Operating Plan and rate actions for approval by the Board of Directors.

FACTS

a. The Preliminary Corporate Operating Plan includes an average retail rate increase across customer classes of 2.5%. No change in the Fuel and Purchased Power Adjustment factor (FPPA) is required for 2022. The FPPA formula will be updated in 2022 to include Off-System Sales.
   - The current Fuel and Purchased Power Base Rate is 2.095 cents per kWh.
   - Due to including Off-System Sales in the FPPA formula, management will propose to change the Base Rate to 1.606 cents per kWh and leave the current FPPA factor unchanged.
   - The net result of the action is that retail customers will see no overall rate change relative to FPPA, due to the base rate formula change and the retention of the current FPPA factor of 0.186 cents per kWh.
   - The 2022 Corporate Operating Plan excludes a one-time 100% exclusion of under-collected FPPA revenue, currently projected to be $172.6 million, which will be adjusted based on November and December actual results. The FPPA under-collection is excluded because it was offset by favorable off-system sales revenue experienced during the February Polar Vortex through the District's participation in the Southwest Power Pool Integrated Marketplace.

b. A Cost of Service Study was performed to determine the cost of providing electric service to each District rate class. Based on the Study, additional revenue is needed and Management recommends an overall general rate increase of 2.5%, allocated to the customer classes as follows:

Customer Class	General Rates
Residential	3.2%
Commercial	0.9%
Industrial	3.2%
Lighting	2.5%
Wholesale Towns	0.0%
TOTAL	2.5%

The proposed increases are detailed on Exhibit A (attached).

c. Miscellaneous wording and rate changes to various rate schedules are also proposed. These proposed changes are detailed in Exhibit B (attached).

d. Offutt Air Force Base contracts with the District to purchase and deliver firm power and energy from the Western Area Power Administration (WAPA). Rate changes for the delivery of this energy, capacity and other charges are also proposed.

e. Total energy sales are budgeted to be 17,298 GWh which represents a 7.7% increase from the projected 2021 sales amount.
   - Retail sales are budgeted to be 12,150 GWh which represents a 6.0% increase from the projected 2021 amount.
   - Wholesale sales, excluding Nebraska City Station Unit 2 (NC2) participation sales, are budgeted to be 2,831 GWh which represents a 32.2% increase from the projected 2021 amount.
     - NC2 participation sales for 2022 are budgeted to be 2,317 GWh, a 5.4% decrease from the projected 2021 amount.

f. Total operating revenues are budgeted to be $1,248.2 million. Total budgeted operating revenues are 16.5% lower than 2021 projections.
   - Retail revenues, including FPPA, estimated rate increase and unbilled sales, are budgeted to be $1,078.4 million, which is an increase of $32.4 million above the 2021 projection.
   - Wholesale revenues, excluding NC2 participation revenues, are budgeted to be $72.8 million, which is 70.6% lower than 2021 projected revenues.
     - NC2 participation revenues for 2022 are budgeted to be $59.6 million, a 14.5% decrease from the projected 2021 amount.

g. Total operations and maintenance expenditures are budgeted to be $803.4 million. Total operations and maintenance expenditures are $271.9 million or 25.3% lower than the 2021 projected amount.
   - Operations and maintenance expenditures (excluding fuel and purchased power) are estimated to be $426.7 million, which is $53.6 million or 11.2% lower than the amount projected for 2021.
   - Fuel expenses are budgeted to be $148.2 million which is $58.2 million or 28.2% lower than the amount projected for 2021.
   - Purchased power expenses are budgeted to be $228.5 million which is $160.1 million or 41.2% lower than the amount projected for 2021. The purchased power expenses include 972 megawatts of wind capability, as well as 5 megawatts of Fort Calhoun Community Solar capability, to support the District's renewable energy goal.

h. Capital expenditures are budgeted at $670.0 million for 2022 compared to $362.4 million projected for 2021. The 2022 capital expenditure plan provides for expansion and improvements to the existing production, transmission and distribution systems. Expenditures by classification include both approved and pending capital projects. Actual expenditures by classification will vary based on final project designs, corporate priorities, and pending project approvals.

Production Plant	$ 418.1 million
Transmission and Distribution	178.5 million
General Plant, Removal & Salvage	73.4 million
TOTAL	$670.0 million

i. In 2022, additional funding for Nuclear Decommissioning is budgeted at $138.9 million.

j. Net income for 2022 is budgeted to be $62.7 million compared to $43.4 million projected for 2021.

k. The 2022 Corporate Operating Plan total expenditure amount equals $1,822.2 million.

l. Total debt service coverage is anticipated to be 2.0 times for 2022.

ACTION

Approval of the 2022 Corporate Operating Plan and rate changes.

RECOMMENDED:

DocuSigned by:
Jeffrey M. Bishop
65F902772CFE45A...

Jeffrey M. Bishop
Vice President and Chief Financial Officer

APPROVED FOR BOARD CONSIDERATION:

DocuSigned by:
L. Javier Fernandez
AC399FDCE56247E...

L. Javier Fernandez
President and Chief Executive Officer

JMB:jwt

Attachments: Exhibit A
Exhibit B
2022 Final Corporate Operating Plan
Letter from The Brattle Group – Financial Review
Letter from The Brattle Group – Rates Review
Redline of full Service Regulations and Schedules

Exhibit A
Proposed Rate Adjustments
Effective January 1, 2022

	Proposed Revenue Increase ($ Thousands)	Proposed Percent Increase
	Total	**Total**
Residential		
Residential	$11,414	3.2%
Conservation (Heat Pump Rate)	$2,072	3.2%
Residential Multifamily (retired)	N/A	N/A
Total Residential	$13,486	3.2%
Commercial		
Irrigation Service	$0	0.0%
General Service Non-Demand	$533	0.9%
General Service Small Demand	$2,279	0.9%
Total Commercial	$2,812	0.9%
Large Commercial/Industrial		
General Service Large Demand (over 1,000 kW)	$4,971	4.9%
Large Power Contract (over 10,000 kW)	$1,551	3.7%
Large Power (over 20,000 kW)	$3,691	5.7%
Large Power- High Voltage Transmission Level	$668	6.6%
Large Power- High Voltage Transmission Level – Market Energy	(1,625)	-2.4%
Total Large Commercial/Industrial	$9,257	3.2%
Lighting		
Dusk-to-Dawn Lighting	$49	2.5%
Street Lighting	$374	2.5%
Traffic Signals and Signs	$8	2.5%
Total Lighting	$431	2.5%
Municipal Service	$0	0.0%
TOTAL*	$25,987	2.5%

* Totals may not add due to rounding.

Exhibit B

Revisions to Service Regulations and Rate Schedules
Effective January 1, 2022 Unless Otherwise Indicated

Rate Schedules	Description	Proposed Revisions
Service Regulations	Sports Fields and Fairground Service	Remove as available offering effective January 1, 2022
Rate 115	Heat Pump Rate	Remove paragraph in Applicability section of rate schedule about heat pumps installed before January 1, 2016. All heat pumps with a SEER level of 14 or more are qualified for Rate 115.
Rate 119	Multifamily Service	Retire offering effective January 1, 2022
Rate 240	General Service - Large	Retire offering effective January 1, 2022
Rate 350	Municipal Service Street Lighting	Add 7 new LED Streetlight methods: 51L, 52L, 53L, 58L, 65L, 68L, 75L
Rider 461	Fuel and Purchase Power Adjustment	- Remove reference to Rate 119 and Rate 240 - Updated formula to include Off System Sales and language changes to components of the formula
Riders 463A and 463B	Green Power-Residential Green Power- Commercial	Retire offering effective March 31, 2022
Riders 467, 467H & 467L	Curtailable Riders	Updated Monthly Credits
Riders 467 E & V	Curtailable Riders: Emergency and Volunteer	Updated Billing Component language and Non-Compliance Penalties language
Riders 469 and 469S	General Service: Time of Use	Removed Rate 240
Rider 469W	Time-of-Use Rider Waiver Option	Retire offering June 1, 2022
Rider 470F	Line Extension (Residential) Charges	Underground service to new apartment complex- from $90 to $30 200 Amp service - from $1,380 to $1,050 320 Amp service - from $1,380 to $1,050 Extensions beyond closest POE- from 11.25 to $8.25 per foot

Rate Schedules	Description	Proposed Revisions
		Underground service to subdivisions- from $1,350 to $,1500 Temporary service single phase overhead- from $310 to $326 Rerouting existing underground service- from $15.65 to $19.75 per foot
Rider 470H	Line Extension (Commercial) Charges	Underground service to new commercial or industrial developments- from $3,580 to $4,060 200 Amp service – from $1,500 to $1,975 320 Amp service – from $1,500 to $1,975 Temporary service single phase overhead- from $310 to $326
Rider 470I	Tenant Attachment Fee	From $11.40 to $11.55
Rider 481	Commercial Surge Guard	Removed Rate 240
Rider 484	Supplemental Distribution Capacity	Removed Rate 240
Rider 499	Green Sponsorship	Removed Rate 240
Rider 500	Community Solar	Removed Rates 119 & 240

2022 Corporate Operating Plan

Your Energy Partner
OPPD
Omaha Public Power District

Table of Contents

Page

Management Letter 2

Strategic Planning and Enterprise Risk Management 4

Assumptions 10

Corporate Operating Plan

Financial Statements

Income Statement 15

Coverage Ratios 17

Debt and Financing Data 19

Cash Flow Analysis 21

Energy Sales

Electric Energy Sales & Electric Customers 24

Operating Revenues 26

Average Cents/kWh 28

Net System Requirements

Net System Requirements 31

Operation, Maintenance, and Decommissioning Expenses

Operation, Maintenance and Decommissioning Expenses 34

Capital Expenditure Plan

Capital Expenditures 37

Capital Expenditures Significant Project Descriptions and Highlights 40

OPPD
Omaha Public Power District

Management Letter

Management Letter

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

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

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

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

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

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

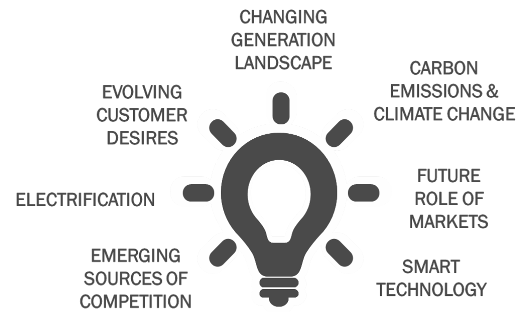
L. Javier Fernandez
President & Chief Executive Officer

OPPD
Omaha Public Power District

Strategic Planning and Enterprise Risk Management

Strategic Planning

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



Strategic Direction

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

Our Strategic Foundation (SD-1)

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

Vision: "Leading the Way We Power the Future"
In implementing this vision, OPPD shall adhere to these principles:

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

Core Values

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

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

Board Strategic Direction Policies & Strategic Goals

Policy	Measure	Definition	Strategic Goal
Rates (SD-2)	% Below Regional Retail Average	Retail rate target of West North Central Regional average published rates on a system average basis. No general rate increase for a 5-year period starting January 1, 2017 and ending December 31, 2021.	20% *
Access to Credit Markets (SD-3)	Debt Coverage Ratio	Revenues less expenses divided by total annual senior and subordinate lien debt interest and principal payments.	2.0
Reliability (SD-4)	SAIDI	System Average Interruption Duration Index	< 90
	Equivalent Availability	% of actual generation potential to a unit's maximum rated output over a period of time (12 months)	90%
Customer Satisfaction (SD-5)	Absolute Satisfaction Score	JD Power's annual Electric Utility Residential Customer Satisfaction Study	Top quartile
Safety (SD-6)	DART	Days Away, Restricted or Transferred	< 0.50
	PVIR	Preventable Vehicle Incident Rate	< 4.00
Environmental Stewardship (SD-7)	Net Zero Carbon	Definition and goals to be determined upon review of the Pathways to Decarbonization study (scheduled for December 2021)	TBD
Employee Relations (SD-8)	Employee Engagement	Composite score of employee engagement	Top quartile

For a full listing of the 15 Strategic Directives, which includes Resource Planning (SD-9), Ethics (SD-10), Economic Development (SD-11), Information Management & Security (SD-12), Stakeholder Outreach & Engagement (SD-13), Retirement Plan Funding (SD-14), Enterprise Risk Management (SD-15), please access the following link to the OPPD Board Policy document https://www.oppd.com/media/317205/oppd-board-policy-binder.pdf

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

Strategic Guiding Principles

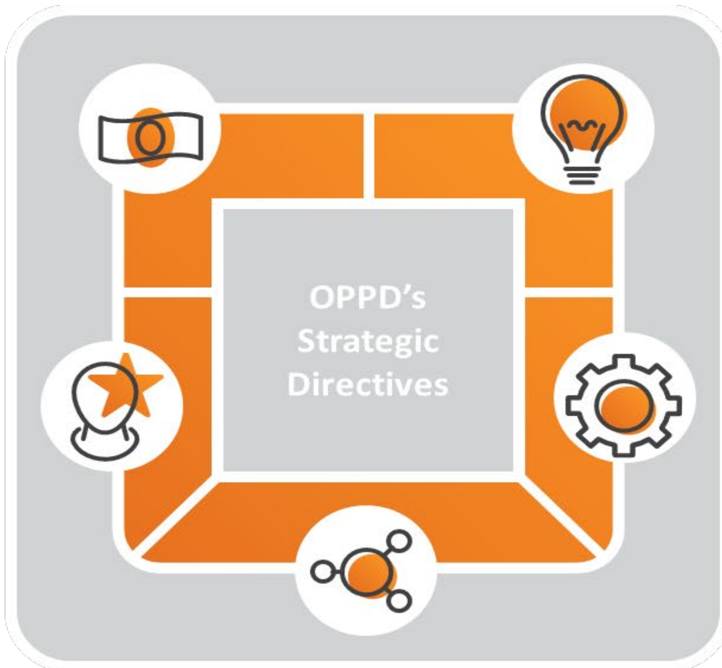
Five principles – trusted energy partner, operational excellence, technology solutions, powered through people and financial stewardship – help guide our actions to achieve the direction provided by OPPD's SDs, lead the way we power the future and fulfill our mission of providing affordable, reliable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

FINANCIAL STEWARDSHIP

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

POWERED THROUGH PEOPLE

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



TRUSTED ENERGY PARTNER

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

OPERATIONAL EXCELLENCE

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

TECHNOLOGY SOLUTIONS

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

Strategic Initiatives

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

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

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

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

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

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

Enterprise Risk Management

Fundamental to effective planning is an understanding of the District's enterprise level risks and the development and implementation of initiatives and mitigation plans to respond to those risks. The District's Enterprise Risk Management ("ERM") program specifies risk management standards, management responsibilities, and controls to help ensure risk exposures are properly identified and managed within agreed upon risk tolerance levels. Specific risk mitigation plans and procedures are maintained and reviewed periodically to provide focused and consistent efforts to mitigate various risk exposures. In support of its 2021 corporate planning efforts, OPPD leveraged risk assessments and mitigation plans to help prioritize resource allocation. Within the next year, the ELT will explore expanding this effort by incorporating those critical trends identified and associated with PF 2050.

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

OPPD
Omaha Public Power District

Assumptions

Assumptions

2022 Proposed Rate Action

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

General

2021 Projected

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

Financing/Investing

Financing

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

Average Earnings Rates on Funds

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

Energy Sales/Revenues

Load Forecast

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

Assumptions

Generation, Purchased Power, and Fuel Budget

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

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

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

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

Department Operation and Maintenance Budget

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

Capital Budget Expenditures

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

Total 2022 Budget

The total 2022 Budget is $1.8 billion.

BUDGET SUMMARY
(DOLLARS IN THOUSANDS)

Total Budget

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

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

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

Budget Component Comparison

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

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

Fuel and Purchased Power Budget

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

Non-Fuel O&M Budget

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

Debt Service/Other Expenses

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

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

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

Financial Statements

Financial Statements

Income Statement

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

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

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

1. Operating revenues are budgeted to be $247.3 million lower than 2021 projections and $65.8 million higher than the 2021 budget. The budget decrease is primarily due to lower Off-System Sales revenue, specifically related to the 2021 Polar Vortex weather event. Retail revenues less adjustments (Fuel and Purchased Power Adjustment (FPPA), Decommissioning and Benefit Reserve (DABR), and Unbilled Revenues) are projected to increase $39.1 million from 2021 projections and increase $71.4 million when compared to the 2021 budget, which is related to year over year growth in the industrial and commercial customer classes, as well as the planned 2.5% average rate increase in 2022.

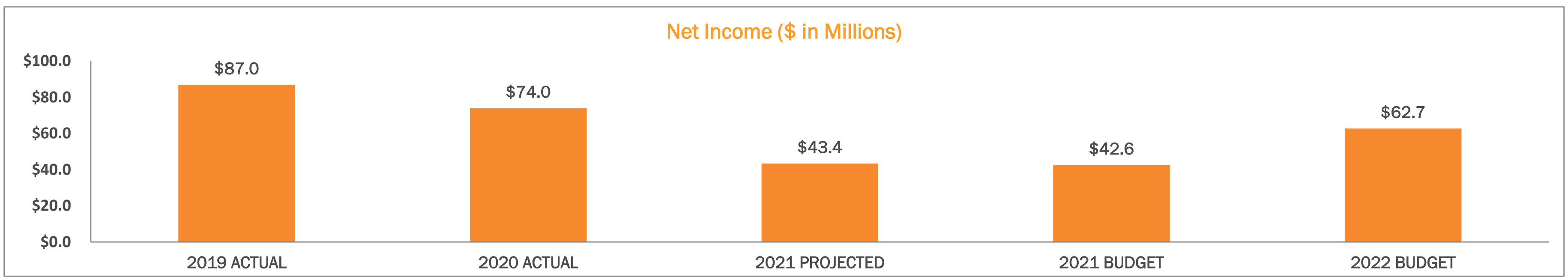
2. Operations and maintenance expense is budgeted to be $271.9 million lower than the 2021 projected amount and $35.1 million higher than the 2021 budget amount. The 2022 budget is lower than the 2021 projected amount due to the increased Purchased Power and Fuel expenses during the 2021 Polar Vortex weather event. The 2022 budget increase is higher than the 2021 budget due to higher transmission and distribution, fuel expense, purchased power, outage costs, and a focus on strategic initiatives.

3. Other income for 2022 is $26.0 million higher than the 2021 projected amount primarily due to the change in the fair value of the investments in 2021. Other income budgeted for 2022 is $13.7 million higher than the 2021 budget amount primarily due to anticipated collections from FEMA for the July 2021 storm damage.

4. Total decommissioning funding, which is recognized as an expense of $138.9 million in 2022, is $7.5 million higher than 2021 projected.

INCOME STATEMENT
(DOLLARS IN THOUSANDS)

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



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

Financial Statements

Coverage Ratios

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

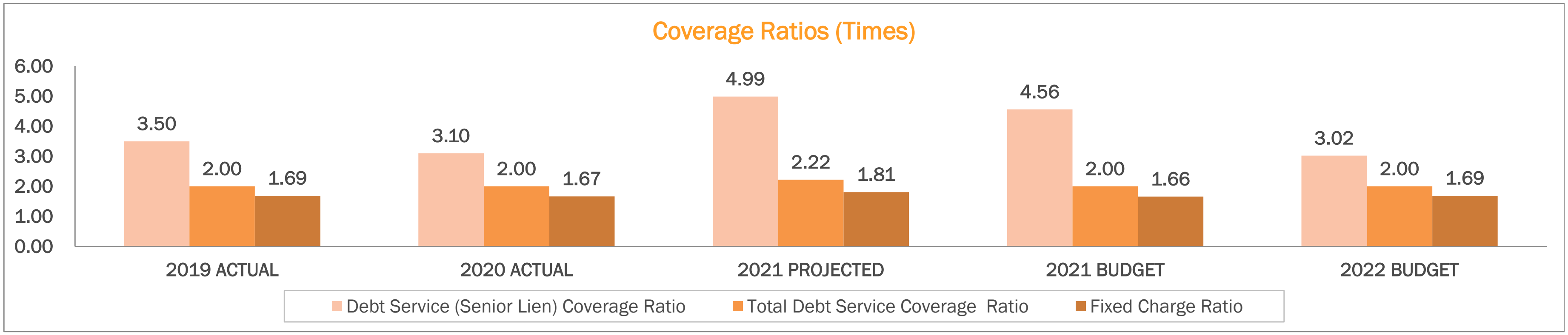
The fixed charge ratio is budgeted to be 1.69 times in 2022 as compared to the projected 2021 of 1.81 times.

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

COVERAGE RATIOS
(DOLLARS IN THOUSANDS)

Coverage Ratios

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



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

Financial Statements

Debt and Financing Data

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

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

All minibonds were redeemed in 2021.

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

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

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

DEBT AND FINANCING DATA
(DOLLARS IN THOUSANDS)

Debt and Financing Data

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

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

Financial Statements

Cash Flow Analysis

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

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

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

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

CASH FLOW ANALYSIS
(DOLLARS IN THOUSANDS)

Cash Flow Analysis

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

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

Omaha Public Power District

Energy Sales

Energy Sales

Electric Energy Sales & Electric Customers

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

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

ELECTRIC ENERGY SALES AND CUSTOMERS

Energy Sales and Customers

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

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

Energy Sales

Operating Revenues

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

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

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

OPERATING REVENUES
(DOLLARS IN THOUSANDS)

Operating Revenues

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

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

Energy Sales

Average Cents/kWh

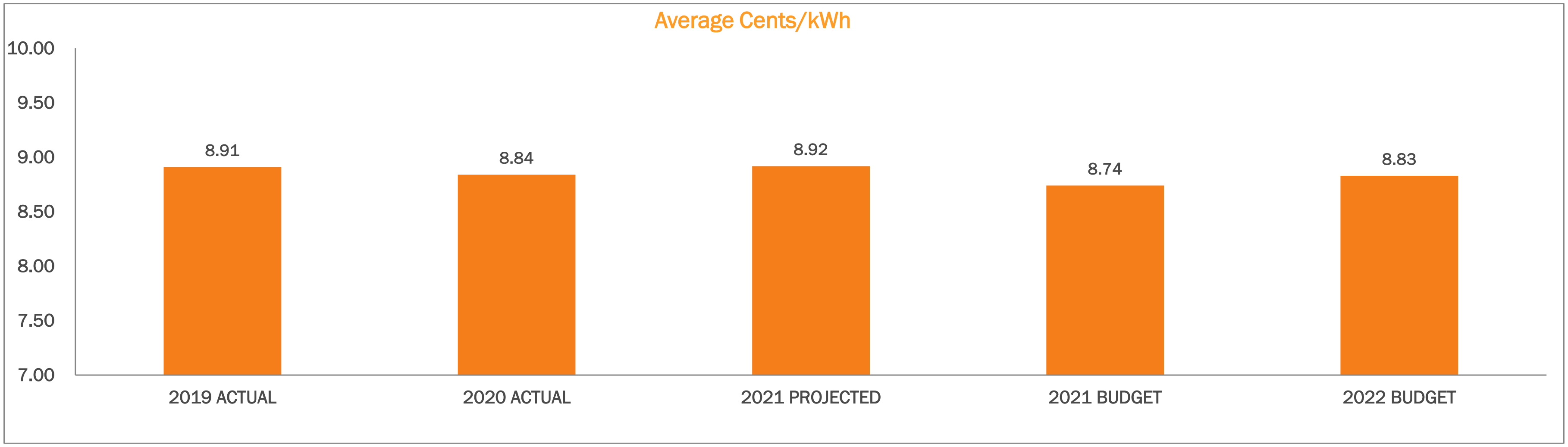
The average price per kWh for retail customers is budgeted to be 8.83 cents for 2022. This is 0.09 cents or a 1.0% decrease from the 8.92 cents that is projected for 2021. The year over year decrease is primarily in the industrial customer class and is due to the impact on 261M customers during market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

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

AVERAGE CENTS/kWh

Average Cents/kWh

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



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

OPPD
Omaha Public Power District

Net System Requirements

Net System Requirements

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

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

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

Net System Requirements
Sales and Supply Components (MWh)

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

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

NET SYSTEM REQUIREMENTS

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

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

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

OPPD
Omaha Public Power District

Operation, Maintenance, and Decommissioning Expenses

Operation, Maintenance, and Decommissioning Expenses

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

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

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

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

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

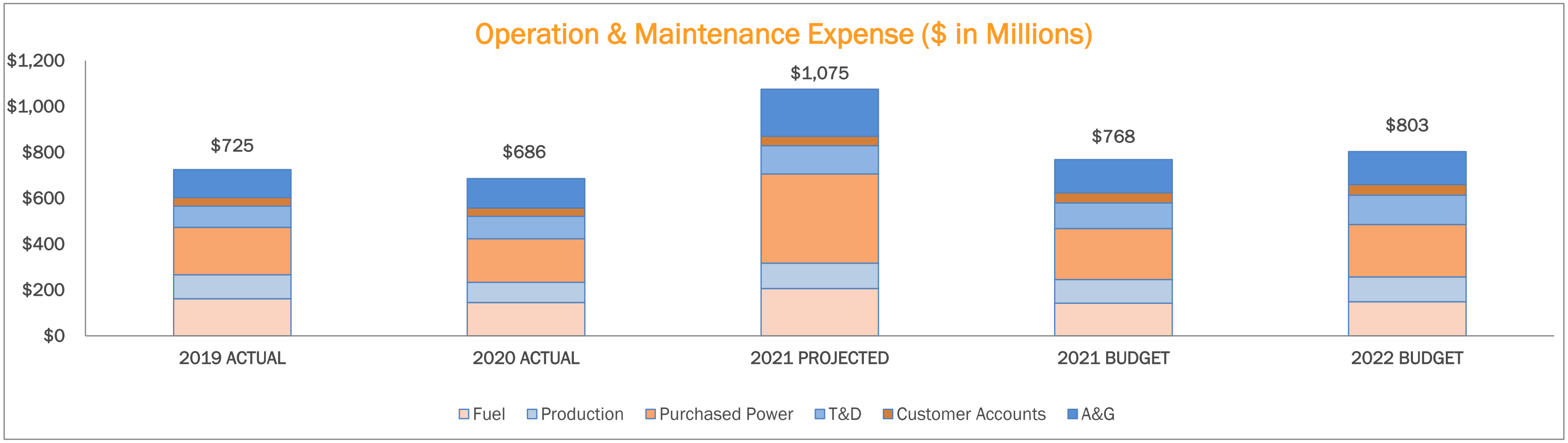
Customer accounting and services expense represents 5.7% of total O&M expense and is budgeted at $45.9 million for 2022. This represents an increase of $5.0 million or 12.1% more than the 2021 projected amount. Contributors to the increase over the 2021 projection include customer engagement strategic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

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

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

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

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



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

Capital Expenditure Plan

Capital Expenditure Plan

Capital Expenditures

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

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

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

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

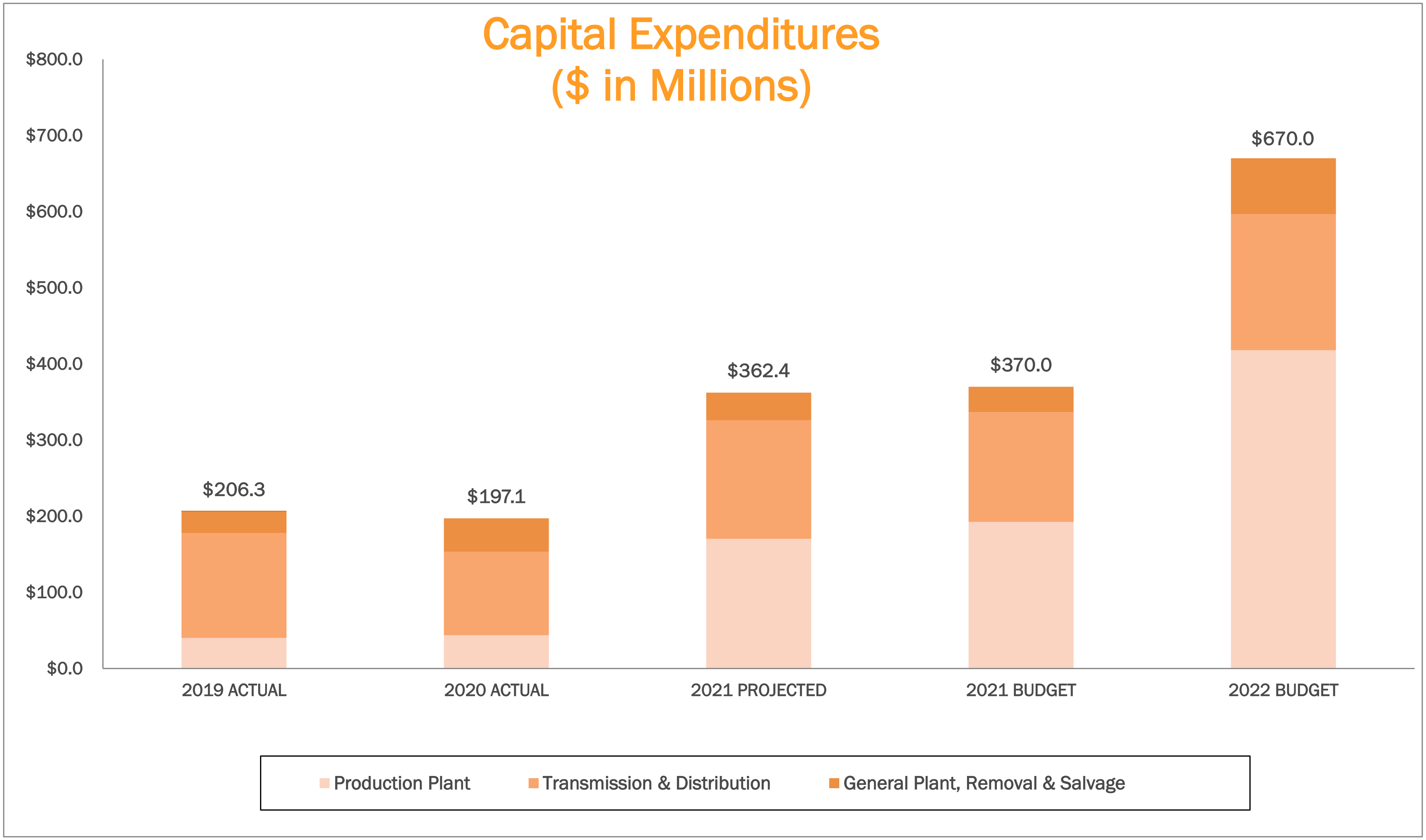
The 2022 Capital Budget total was derived by breaking investments into two categories, labeled sustain and expand. The sustain category includes routine capital projects that are aimed at maintaining and improving existing assets and is budgeted at a consistent level year over year. The expand category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

CAPITAL EXPENDITURES
(DOLLARS IN THOUSANDS)

Capital Expenditures

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

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



Capital Expenditures
($ in Millions)
$800.0
$700.0
$600.0
$500.0
$400.0
$300.0
$200.0
$100.0
$0.0
$206.3
$197.1
$362.4
$370.0
$670.0
2019 ACTUAL
2020 ACTUAL
2021 PROJECTED
2021 BUDGET
2022 BUDGET
Production Plant
Transmission & Distribution
General Plant, Removal & Salvage

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

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

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

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

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

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

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

RECOMMENDED PROJECTS:	2014-2020 Expenditures	2021 Projection	2022 Budget	2014-2022 Project Expenditures
North Omaha Cofferdam Replacement Replace aging and damaged North Omaha cofferdam to address safety and operational concerns.	$0	$114	$2,577	$2,691
Light Emitting Diode (LED) Streetlight Conversion The conversion of streetlights to a LED standard.	$11,246	$3,573	$2,166	$16,984
Customer Service Phone System Replacement Modernize the customer service contact systems.	$23	$1,675	$1,531	$3,229
Installation of an Autotransformer at a Substation Expansion to accommodate residential growth by installing a new auto transformer at a substation.	$911	$4,330	$800	$6,042
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.	$2,205	$3,632	$732	$6,569

Board of Directors
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102-2247

Ladies and Gentlemen:

As requested by the Board of Directors and Management of the Omaha Public Power District (the District), The Brattle Group has reviewed the 2022 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 2022.

In performing our review, we evaluated the 2022 Corporate Operating Plan for consistency with prudent utility practices and the reasonableness of the budget estimates established. We reviewed the 2022 Corporate Operating Plan in addition to eleven associated presentations, which provided further detail into many of the Operating Plan's major components. The primary presentation topics ranged from load forecasting, fuel planning, and employee benefits to budgetary and financial matters, which we will first discuss individually, followed by a summary of the entire Operating Plan:

Energy Delivery – The Energy Delivery plan outlines the 2022 budget for transmission and distribution systems (T&D), separating expenses into three categories (Capital, O&M, and "Other"). The 2022 budget is in reference to 2021 budget values. In addition, the District provided further stratification of the Capital and O&M sections across multiple classification themes. Capital is also forecasted out to 2024 by the proposed category.

The Energy Delivery plan 2022 budget is similar to the 2021 budget. However, we note that the year-on-year percentage increase in O&M is much smaller than the year-on-year percentage increase in capital. This situation is reasonable as new natural gas and utility solar capacity will require new T&D investments, and ageing T&D assets will need replacements.

Energy Production (Production Operations) – The District's energy production forecast projects O&M (excluding fuel) expenses and employee headcount from 2022 through 2024. 2022 expenses are grouped by location and separately by resource. Information on planned outages costs is also provided.

The 2022 Energy Production (Production Operations) forecasted O&M expenses and employee headcount values mirror 2021 under similar operating conditions and are reasonable.

Energy Production Capital Budget – The Energy Production Capital Budget outlines the total 2022 capital investment cost for generation units. It allocates the projects under two categories: expansion (projects which support increased capacity or economic development) and sustain (projects which maintain or improve existing assets). The expansion projects make up the majority of capital expenditure, with sustain projects representing the remaining small percentage. Multiple new gas generating units account for the bulk of the expansion capital expenditure.

The 2022 Energy Production Capital Budget appears reasonable due to the need for additional gas generating units to help balance load, which is the majority of expenditures. In addition, the amount of capital spent on sustain projects is in line with prior years and reasonable.

Fort Calhoun Decommissioning – The decommissioning deck outlines the timeline and path toward decommissioning, focusing on 2021 goals, accomplishments. The timeline forecasts substantial work to be completed by 2025. The process can be monitored using performance metrics (deconstruction cost estimates, fiscal performance, waste pounds removed, percentage completion, and critical milestone success). The District and the DOE are currently in the midst of a filing over reimbursements.

The decommissioning timeline and process appear practical and on-target based on the reported metrics. The District met the majority of the 2021 goals. The filing between the District and DOE has yet to reach a resolution and will likely take additional time before being resolved. Brattle's review of the decommissioning was performed without a detailed analysis.

Employee Retirement benefits – The District's employee retirement benefits include retirement plan costs, other post-employment benefits (including medical benefits), 401k costs, and supplemental retirement plan costs from 2022 through 2024.

The 2022 Employee Retirement benefits are on-par with the year 2021 for 2022 through 2024. The Brattle team inquired about a decrease in the investment return rate, an assumption used to estimate retirement benefit costs. This assumption's decrease was explained by a long-term decline in fixed income rates. In addition, the supplemental retirement income was higher in 2021 than future years due to executive retirements.

Integrated Resources Plan – The integrated resource plan is prepared as part of the District's contractual commitment to the Western Area Power Administration (WAPA) every five years. It provides the optimum resource expansion plan to meet the District's forecasted demand and energy requirements. The information provided by the District included forecasted coal and natural gas generation through 2026; 2022 system sales and purchases; and forecasted SPP north hub prices ($/MWh), the District's total purchased power ($ millions), and the District's total off-system sales ($ millions). The District also outlined their Power with Purpose plan. This plan outlines future additions of utility solar and natural gas units and the future conversion of coal units to natural gas units.

The District's assumptions in developing the integrated resources plan reflect a thoughtful and reasonable approach considering the transitioning electricity utility industry. The Brattle team inquired about the decrease in the District's generation capacity corresponding with a reduction in off-system sales and increased purchased power. These trends appear reasonable as cheaper priced wind is forecast to be added to the SPP system.

Fuel Plan – The fuel plan provides the projections of the District's coal, natural gas, and oil fuel costs from 2022 through 2026. These projections are based on system generation projections from 2022 through 2026 (including onboarding of solar to the system and retirements of thermal units), per-unit expenses, and fuel inventory targets.

The fuel plan budgeting process reflects acceptable methods currently being used in the electric utility industry. 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 appropriate given the requirements of the District and general industry practices. The Brattle Group was not provided with historical fuel cost information. Still, the District's fuel costs are comparable with other regional utilities due to the District's purchase of low-cost wind and low fuel cost thermal resources.

Load Forecast – The District's load forecast projects the District's residential, industrial, and commercial energy consumption (load) and system peak demand from 2022 through 2030. The load forecast's uses include estimating revenues, dispatch modelling, energy trading/hedging, and future system planning. The future year's forecasted energy sales are compared against historical data to examine model accuracy, and historical energy consumption and system peak demand are compared to forecasted values.

The methods used to forecast future customer loads and system peak demand and energy requirements reflect current acceptable and defensible practices in the electric utility industry. As a result, the load forecast developed by the District's staff appears reasonable. In addition, the District's load forecast seems reasonable when compared with national and regional load forecasts, given the anticipated growth in industrial loads (specifically from data centers). The Brattle team stressed the potential for data centers to migrate, given the rapid depreciation schedule of servers. Still, the District predicts that the data center loads will be stable throughout the forecasted period. The Brattle Group also asked for more information on the regression modelling techniques used to generate many of the modelling assumptions and whether the load forecast performance was normalized for weather. The District gave helpful and reasonable answers.

Commercial, Industrial, and Residential (Non-utility core) Products and Services – The District offers customers non-core business and services at market competitive rates. Commercial and Industrial offerings include geothermal technology, energy efficiency programs, and energy solution programs (including energy monitoring, thermal storage, and electric vehicle infrastructure). Residential offerings include two warranty-based products: in-home electrical protection and surge guards for the meter, phone, and cable systems. Commercial and industrial historical revenues for 2021 and projected revenues for 2022 were presented. Residential historical revenues were also shown.

The commercial, industrial, and residential products and services represent a small portion of the District's total revenue stream and are separated from its core business. The Brattle team asked the District questions about potential market power and competitive concerns represented by these programs, concerns with these programs in facilities that are not code compliant, and potential competition from telecommunications companies. The District noted that using third-party, local contractors for these programs helps decrease any anti-competitive risk and explained that there is competition from telecommunications companies for the surge guard product.

Business Technology and Building Services Budget – The District focuses specific resources on maintaining and modernizing business technology and building services. Business technology and building services follow a five-year goals/roadmap, projected five years into the future. Projects fall under five main categories, from most-urgent to least-urgent: Mandatory, core, strategic, critical, and value-creating. Mandatory and core projects are non-discretionary and need to be updated or completed rapidly, while strategic, critical, and value-creating projects are discretionary. However, some may become non-discretionary in future years as needs arise.

The District's business technology and building services forecasted plans, specifically, the 2022 outlook for O&M and capital expenditure, follow sound practices. The 2022 O&M budget for business technology and building services is near the 2021 values, with slight increases following increased service requirements. The capital budget for 2022 is more than double the 2021 budget, but this is primarily driven by the rise in non-discretionary "core" category projects in 2022, including software upgrades and system integration work. The Brattle team asked specific questions on how and why items are categorized under the different categories and the main capital cost drivers. The District had logical answers for all of the questions.

Summary – The Brattle Group, in its review, found that the process followed by the District in developing the 2022 Corporate Operating Plan appears to be well-organized. The 2022 Corporate Plan represents a compilation of the PowerPoint decks highlighting the various responsibility areas throughout the District. We understand that the 2022 Corporate Operating Plan has been reviewed and approved by the District's senior management.

It is Brattle's opinion that the primary assumptions upon which the 2022 Corporate Operating Plan serves as its basis are reasonable and indicate the District's requirements for 2022. The expenditures anticipated by the District are reasonable and of the type that a utility following prudent utility practices would expect. The projected financial results reflected in the 2022 Corporate Operating Plan provide for accomplishing the

District's minimum performance objectives for debt service coverage, fixed charge ratio and debt/equity ratio.

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

Based on our review, Brattle recommends that the District's prepared 2022 Corporate Operating Plan be approved. Our opinion is that the 2022 Corporate Operating Plan is a valuable tool to assist the Board of Directors and management in the efficient operation of the District. Combining the individual operating and capital expenditures budgets of the various responsibility areas throughout the District into a single planning document assures that it takes a consistent approach to managing all utility areas. In addition, the 2022 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 for this letter report, Brattle used the information provided to us by the District and others to make certain assumptions regarding conditions that 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 2022 Corporate Operating Plan of the District, the assumptions are dependent upon future events, and, therefore, actual conditions may differ from those assumed. In addition, while we believe the sources we relied upon in our review to be reliable, we have not independently verified the information. Consequently, we offer no assurances concerning it. In particular, it is not clear how the Covid-19 pandemic might affect the District's operations in 2022. Accordingly, to the extent that actual conditions differ from those we assumed 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.

Respectfully yours,

Philip Q Hanser
The Brattle Group
Principal Emeritus

Agustin J. Ros
The Brattle Group
Principal

THE Brattle GROUP

December 2, 2021

Board of Directors
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102-2247

Ladies and Gentlemen:

I. Background

The Omaha Public Power District ("the District") proposes an average general rate increase of 2.5 percent to be effective on January 1, 2022. Consistent with its policy of aligning rates with costs, the proposed percentage increase in base rates varies among customer classes.

In addition, the District proposes a modification to the formula for the fuel and purchase power adjustment ("FPPA") to include off-system sales to the current FPPA formula.

II. Discussion

OPPD bases its proposed average general rate increase of 2.5 percent on its cost of service study ("COSS") to ensure that the rates the different customer classes pay are based upon underlying costs. We have worked closely with the District on its cost of service study ("COSS"), including reviewing the methodology and associated spreadsheets. The primary purpose of a COSS is to allocate the costs of providing service to different customer classes based upon cost causation principles and the costs that each customer class imposes on the system. It aims to determine the portion attributable to each Rate Class under the principle of cost-causation. A Rate Class is a relatively homogeneous group of customers with similar energy consumption characteristics, load and end-use patterns, delivery voltage, and metering characteristics. Typical Rate Classes include residential service, commercial or general service, and industrial power, among others.

OPPD's COSS closely follows the principles of cost allocation outlined in the Electric Utility Cost Allocation Manual published by the National Association of Regulatory Utility Commissioners ("NARUC") and is consistent with industry standards. The investments and expenses incurred by OPPD are primarily recorded following the FERC's Uniform System of Accounts. These investments and expenses cannot, for the most part, be directly attributed to specific Rate Classes. As a result, there is a need to separate the costs into a series of components to appropriately apportion costs to each Rate Class consistent with the class's cost responsibility. In this way, OPPD allocates plant investments and operating expenses so that customers in each Rate Class pay for the costs they cause OPPD to incur.

OPPD's COSS relies on financial and operational data, which includes OPPD's computation of the Revenue Requirements for the Projected Test Year 2022. Financial data consists of existing and proposed plant additions, operational expenses, and return requirements. Operational data includes sales, customer counts, and peak demand data.

Exhibit A provides the proposed rate adjustments by customer class. OPPD utilized the COSS to determine the individual customer class adjustments. Consistent with its policy of aligning rates with costs, the proposed percentage increase in base rates varies among customer classes.

We have also discussed with the District its concern regarding its FPPA. The FPPA is a mechanism to reflect the changes in fuel and purchase power costs, which can be highly volatile at times. Increased volatility in the last five years has resulted in higher than usual under-collection. As a result, the District has "forgiven" part of the under collected amount three out of the previous four years to minimize customer impact.

Upon our recommendation to find alternative ways to stabilize the formula, the District proposed including off-system sales in the current FPPA formula. As a result, the 2022-budgeted net energy costs, per the new formula, is $0.01792 per kWh. The District recommends maintaining the FPPA factor at $0.00186. As a result, the calculated base rate will be $0.01606 per kWh. The overall revenues collected from this base rate and FPPA factor will total the projected variable costs that need to be collected per kWh.

III. Findings

We have reviewed the District's cost-of-service analysis and proposed rate changes. We find that the District follows standard industry practices in developing its COSS, and its proposed rate changes are cost-based. In addition, the range of proposed increases among customer classes maintains rate stability and mitigates impacts on customers.

We find the proposed rate changes to be fair, reasonable, and non-discriminatory. Using the COSS to assist the District in its rate proceeding results in more economically efficient rates.

The Brattle Group has worked with the District on ways to stabilize the FPPA. We find that the District's recommendation to include off-system sales to the FPPA formula is reasonable. It does not dilute the fundamental objectives of fuel adjustment clauses and is consistent with industry practice.

IV. Recommendation

We recommend Board adoption of the District’s proposed rate revisions.

Respectfully yours,

Philip Q Hanser
The Brattle Group
Principal Emeritus

Agustin J. Ros
The Brattle Group
Principal

Exhibit A

Proposed Rate Adjustments

Effective January 1, 2022

	Proposed Revenue Increase ($ Thousands)	Proposed Percent Increase
	Total	**Total**
Residential		
Residential	$11,414	3.2%
Conservation (Heat Pump Rate)	$2,072	3.2%
Residential Multifamily (retired)	N/A	N/A
Total Residential	$13,486	3.2%
Commercial		
Irrigation Service	$0	0.0%
General Service Non-Demand	$533	0.9%
General Service Small Demand	$2,279	0.9%
Total Commercial	$2,812	0.9%
Large Commercial/Industrial		
General Service Large Demand (over 1,000 kW)	$4,971	4.9%
Large Power Contract (over 10,000 kW)	$1,551	3.7%
Large Power (over 20,000 kW)	$3,691	5.7%
Large Power- High Voltage Transmission Level	$668	6.6%
Large Power- High Voltage Transmission Level – Market Energy	(1,625)	-2.4%
Total Large Commercial/Industrial	$9,257	3.2%
Lighting		
Dusk-to-Dawn Lighting	$49	2.5%
Street Lighting	$374	2.5%
Traffic Signals and Signs	$8	2.5%
Total Lighting	$431	2.5%
Municipal Service	$0	0.0%
TOTAL*	$25,987	2.5%

* Totals may not add due to rounding.