



*Moody/Underwood*

**RESOLUTION NO. 6721**

**WHEREAS**, in 2004, the Board of Directors approved the use of regulatory accounting to establish a Debt Retirement Reserve Account (DRRA) to meet the financial challenges associated with reducing future debt including the maintenance of adequate debt service coverage ratios during a period of capital growth; and

**WHEREAS**, in 2016, the DRRA was repurposed to establish the Decommissioning and Benefits Reserve Account, which is still currently in use; and

**WHEREAS**, the District is currently in a period of electric system growth with significant capital expenditures that requires the issuance of additional long-term debt; and

**WHEREAS**, re-establishing the DRRA will allow the District to offset higher debt service in future years while supporting gradual rate increases and maintaining rate stability; and

**WHEREAS**, the Governmental Accounting Standards Board provides guidance for regulatory accounting that permits the District to include revenues or costs in a period other than the period in which these revenues or costs would be recognized by an unregulated entity; and

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the Omaha Public Power District hereby approves the use of regulatory accounting to re-establish the Debt Retirement Reserve Account to meet future challenges in retiring debt and maintaining adequate debt service coverage ratios.



## Action Item

August 19, 2025

### ITEM

Debt Retirement Reserve Account

### PURPOSE

Approval to Use Regulatory Accounting to Re-establish a Debt Retirement Reserve Account

### FACTS

- a. In 2004, the Board of Directors approved the use of regulatory accounting to establish a Debt Retirement Reserve Account (DRRA) to meet the financial challenges associated with reducing future debt including the maintenance of adequate debt service coverage ratios during a period of capital expansion. The DRRA allows Management to more fully use the retail electric rate principle of gradualism in an environment of capital expansion and upward rate pressure. The DRRA works by reducing revenues and transferring the same amount to the DRRA regulatory liability. The DRRA regulatory liability was utilized between 2004 and 2013 resulting in a zero balance. In 2016, the Board of Directors approved the repurpose of the DRRA to establish the Decommissioning and Benefits Reserve Account, which is still currently in use.
- b. The Governmental Accounting Standards Board allows for the use of regulatory accounting to include revenues or costs in a period other than the period in which the revenues or costs would have been recognized by an unregulated entity, with Board of Directors approval.
- c. The District is currently in a period of significant capital expenditures that requires the issuance of additional long-term debt to sufficiently expand the electric system. Accordingly, Management recommends re-establishing the DRRA. Re-establishing the DRRA will allow the District to offset higher debt service in future years while supporting gradual rate increases in pursuit of rate stability.
- d. Management will utilize the DRRA to meet future challenges in retiring debt and maintaining adequate debt service coverage ratios. Future use of the DRRA will result in increased revenues with a corresponding reduction in the DRRA regulatory liability.

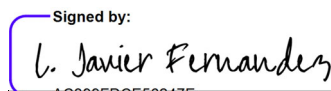
### ACTION

Board approval to use regulatory accounting to re-establish the Debt Retirement Reserve Account.

### RECOMMENDED:

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Bradley R. Underwood  
Vice President and Chief Financial Officer

### APPROVED FOR BOARD CONSIDERATION:

Signed by:  
  
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L. Javier Fernandez  
President and Chief Executive Officer

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Attachment: Resolution