Omaha Public Power District
Statements of Net Position

as of December 31, 2019 and 2018

ASSETS	2019	2018
	(thousands)	
CURRENT ASSETS		
Cash and cash equivalents	**$ 1,351**	$ 5,398
Electric system revenue fund	**25,000**	101,942
Electric system revenue bond fund	**71,691**	72,100
Electric system subordinated revenue bond fund	**5,255**	6,564
Electric system construction fund	**164,022**	168,801
NC2 separate electric system revenue fund	**15,811**	14,925
NC2 separate electric system revenue bond fund	**17,851**	17,803
NC2 separate electric system capital costs fund	**5,660**	6,563
Accounts receivable – net	**131,109**	132,631
Fossil fuels – at average cost	**30,475**	27,876
Materials and supplies – at average cost	**80,509**	80,910
Regulatory asset – FCS decommissioning	**123,600**	143,000
Derivative instruments (Note 8)	**107**	575
Other (Note 2)	**72,893**	47,506
Total current assets	**745,334**	826,594
SPECIAL PURPOSE FUNDS – at fair value		
Electric system revenue bond fund – net of current	**57,625**	56,381
Segregated fund – rate stabilization (Note 3)	**50,000**	50,000
Segregated fund – decommissioning and benefits (Note 3)	**77,000**	34,500
Segregated fund – other (Note 3)	**65,402**	59,989
Electric system construction fund – net of current	**166,135**	181,657
Decommissioning funds (Note 3)	**549,035**	465,956
Total special purpose funds	**965,197**	848,483
ELECTRIC UTILITY PLANT – at cost		
Electric utility plant	**4,586,990**	4,429,791
Less accumulated depreciation and amortization	**1,989,458**	1,904,447
Total electric utility plant – net	**2,597,532**	2,525,344
OTHER LONG-TERM ASSETS		
Regulatory asset – FCS decommissioning – net of current	**181,344**	325,720
Regulatory assets (Note 2)	**752,096**	762,578
Other (Note 2)	**121,535**	109,047
Total other long-term assets	**1,054,975**	1,197,345
TOTAL ASSETS	**5,363,038**	5,397,766
DEFERRED OUTFLOWS OF RESOURCES		
Unrealized pension contributions and losses (Note 6)	**176,084**	114,498
Unrealized OPEB contributions and losses (Note 6)	**53,572**	20,028
Unamortized loss on refunded debt	**63,277**	79,690
Ash landfill	**10,188**	9,873
Asset retirement obligations	**3,851**	-
Accumulated decrease in fair value of hedging derivatives (Note 8)	**71**	186
Total deferred outflows of resources	**307,043**	224,275
TOTAL ASSETS AND DEFERRED OUTFLOWS	**$ 5,670,081**	$ 5,622,041

See notes to financial statements

Omaha Public Power District
Statements of Net Position
as of December 31, 2019 and 2018

LIABILITIES	2019	2018
	(thousands)	
CURRENT LIABILITIES		
Electric system revenue bonds (Note 5)	**$ 47,390**	$ 44,635
Electric system subordinated revenue bonds (Note 5)	**825**	1,120
Electric revenue notes – commercial paper series (Note 5)	**-**	150,000
NC2 separate electric system revenue bonds (Note 5)	**3,495**	3,350
Accounts payable	**90,302**	79,477
Accrued payments in lieu of taxes	**33,944**	33,832
Accrued interest	**33,855**	35,747
Accrued payroll	**26,979**	25,946
Decommissioning (Note 11)	**126,851**	114,080
Hedging derivative instruments (Note 8)	**71**	186
Other (Note 2)	**22,584**	14,954
Total current liabilities	**386,296**	503,327
LIABILITIES PAYABLE FROM SEGREGATED FUNDS (Note 2)	**57,723**	53,294
LONG-TERM DEBT (Note 5)		
Electric system revenue bonds – net of current	**1,208,640**	1,275,695
Electric system subordinated revenue bonds – net of current	**253,840**	334,820
Electric revenue notes – commercial paper series (Note 5)	**230,100**	-
Minibonds	**31,211**	30,755
NC2 separate electric system revenue bonds – net of current	**205,150**	208,645
Total long-term debt	**1,928,941**	1,849,915
Unamortized discounts and premiums	**191,718**	189,748
Total long-term debt – net	**2,120,659**	2,039,663
OTHER LIABILITIES		
Decommissioning – net of current (Note 11)	**779,105**	911,649
Pension liability (Note 6)	**589,108**	476,395
Net OPEB liability (Note 6)	**259,590**	249,560
Other (Note 2)	**54,251**	45,275
Total other liabilities	**1,682,054**	1,682,879
TOTAL LIABILITIES	**4,246,732**	4,279,163
DEFERRED INFLOWS OF RESOURCES		
Rate stabilization reserve (Note 7)	**50,000**	50,000
Decommissioning and benefits reserve (Note 7)	**94,000**	77,000
Unrealized pension gains (Note 6)	**13,057**	23,278
Unrealized OPEB gains (Note 6)	**19,817**	32,467
Accumulated increase in fair value of hedging derivatives (Note 8)	**53**	575
Unamortized gain on refunded debt	**-**	85
Total deferred inflows of resources	**176,927**	183,405
NET POSITION		
Net investment in capital assets	**536,952**	427,266
Restricted	**140,275**	139,577
Unrestricted	**569,195**	592,630
Total net position	**1,246,422**	1,159,473
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	**$5,670,081**	$5,622,041

See notes to financial statements

Omaha Public Power District

Statements of Revenues, Expenses and Changes in Net Position

for the Years Ended December 31, 2019 and 2018

	2019	2018
	(thousands)	
OPERATING REVENUES		
Retail sales	**$ 975,807**	$940,125
Off-system sales	**147,509**	183,714
Other electric revenues	**37,403**	33,094
Total operating revenues	**1,160,719**	1,156,933
OPERATING EXPENSES		
Operations and maintenance		
Fuel	**161,737**	177,109
Purchased power	**206,742**	196,276
Production	**104,771**	85,373
Transmission	**39,293**	43,141
Distribution	**52,633**	48,697
Customer	**37,358**	36,826
Administrative and general	**122,356**	112,522
Total operations and maintenance	**724,890**	699,944
Depreciation and amortization	**144,350**	142,974
Decommissioning	**143,004**	156,000
Payments in lieu of taxes	**35,030**	34,915
Total operating expenses	**1,047,274**	1,033,833
OPERATING INCOME	**113,445**	123,100
OTHER INCOME (EXPENSES)		
Interest expense	**(79,812)**	(79,748)
Loss on reacquired debt using existing resources	**(9,626)**	(3,187)
Contributions in aid of construction	**17,208**	20,565
Reduction of plant costs recovered through contributions in aid of construction	**(17,208)**	(20,565)
Decommissioning funds – investment income	**29,988**	2,952
Investment income	**21,904**	11,849
Allowances for funds used during construction	**4,683**	2,888
Products and services – net	**2,862**	3,529
Other – net (Note 9)	**3,505**	7,351
Total other income (expenses) – net	**(26,496)**	(54,366)
NET INCOME	**86,949**	68,734
NET POSITION, BEGINNING OF YEAR	**1,159,473**	1,090,739
NET POSITION, END OF YEAR	**$1,246,422**	$1,159,473

See notes to financial statements

Omaha Public Power District
Statements of Cash Flows

for the Years Ended December 31, 2019 and 2018

	2019	2018
	(thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from retail customers	**$ 999,276**	$ 1,000,788
Cash received from sales tax	**47,389**	47,290
Cash received from off-system counterparties	**157,201**	197,498
Cash received from other sources	**6,049**	6,485
Cash paid for sales tax	**(47,310)**	(47,064)
Cash paid to operations and maintenance suppliers	**(408,384)**	(409,811)
Cash paid to off-system counterparties	**(207,016)**	(200,803)
Cash paid to employees	**(139,661)**	(135,776)
Cash paid to pension and OPEB obligations	**(81,142)**	(77,268)
Cash paid for in lieu of taxes and other taxes	**(34,917)**	(34,017)
Net cash provided from operating activities	**291,485**	347,322
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from federal and state agencies	**267**	650
Net cash provided from noncapital financing activities	**267**	650
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from debt issuances	**251,423**	168,118
Principal reduction of debt	**(286,856)**	(229,203)
Interest paid on debt	**(102,669)**	(99,011)
Acquisition and construction of capital assets	**(201,510)**	(138,178)
Contributions in aid of construction and other reimbursements	**24,782**	37,662
Net cash used for capital and related financing activities	**(314,830)**	(260,612)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	**(1,906,944)**	(2,016,618)
Maturities and sales of investments	**1,965,944**	1,960,104
Purchases of investments for decommissioning funds	**(513,889)**	(251,966)
Maturities and sales of investments in decommissioning funds	**446,933**	199,090
Investment income	**26,987**	17,374
Net cash provided from (used for) investing activities	**19,031**	(92,016)
CHANGE IN CASH AND CASH EQUIVALENTS	**(4,047)**	(4,656)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**5,398**	10,054
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 1,351**	$ 5,398

See notes to financial statements

Omaha Public Power District
Statements of Cash Flows

for the Years Ended December 31, 2019 and 2018

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

	2019	2018
	(thousands)	
Operating income	**$ 113,445**	$ 123,100
Adjustments to reconcile operating income to net cash provided from operating activities:		
Depreciation and amortization	**129,430**	128,138
Changes in assets and liabilities:		
Accounts receivable	**(834)**	1,512
Fossil fuels	**(2,599)**	7,163
Materials and supplies	**401**	(1,902)
Accounts payable	**(1,703)**	(4,562)
Accrued payments in lieu of taxes and other taxes	**113**	899
Accrued payroll	**1,033**	884
SPP and other special deposits	**(3,103)**	(4,821)
Decommissioning and benefits reserve	**17,000**	42,500
Regulatory assets	**24,804**	51,443
Other	**13,498**	2,968
Net cash provided from operating activities	**$ 291,485**	$ 347,322

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

	2019	2018
	(thousands)	
NONCASH CAPITAL, FINANCING AND INVESTING ACTIVITIES		
Electric utility plant additions from outstanding liabilities	**$ 24,690**	$ 13,365
Net amortization of debt-related expenses, premiums and discounts	**257**	7,353
Allowances for funds used during construction	**5,029**	2,888
Changes in fair value on investments	**24,159**	(4,706)

See notes to financial statements

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Omaha Public Power District
Statements of Fiduciary Net Position

as of December 31, 2019 and 2018

ASSETS	**2019**	2018
	(thousands)	
Investments		
Investments, at fair value	**$1,755,275**	$1,509,788
Investments, at contract value	**10,210**	11,836
Total investments	**1,765,485**	1,521,624
Receivables		
Accrued interest and dividend receivables	**612**	582
Notes receivable from participants	**7,535**	7,593
Receivable from broker	**3,325**	-
Other receivables	**631**	21
Total receivables	**12,103**	8,196
TOTAL ASSETS	**1,777,588**	1,529,820
LIABILITIES		
Payables		
Accrued management fees and administrative expenses	**654**	645
Payable to broker	**9,832**	5,197
Other liabilities	**190**	414
TOTAL LIABILITIES	**10,676**	6,256
NET POSITION RESTRICTED FOR PENSIONS AND OPEB	**$1,766,912**	$1,523,564

See notes to financial statements

Omaha Public Power District
Statements of Changes in Fiduciary Net Position

for the Years Ended December 31, 2019 and 2018

	2019	2018
ADDITIONS	*(thousands)*	
Contributions		
Employer	**$ 86,218**	$ 79,383
Employee	**27,327**	26,574
Total contributions	**113,545**	105,957
Investment income		
Interest and dividend income	**30,052**	33,511
Net appreciation/(depreciation) in fair value of investments	**275,122**	(127,746)
Total investment income/(loss)	**305,174**	(94,235)
Less: Investment expenses	**(5,523)**	(4,944)
Net investment income/(loss)	**299,651**	(99,179)
Interest income on notes receivable from participants	**401**	369
Total additions	**413,597**	7,147
DEDUCTIONS		
Benefits paid to participants	**149,354**	143,101
Healthcare and life insurance premiums	**20,418**	21,046
Administrative and other expenses	**477**	556
Total deductions	**170,249**	164,703
NET CHANGE	**243,348**	(157,556)
NET POSITION RESTRICTED FOR PENSIONS AND OPEB		
Beginning of year	**1,523,564**	1,681,120
End of year	**$ 1,766,912**	$ 1,523,564

See notes to financial statements

Notes to Financial Statements

as of and for the Years Ended December 31, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business – The Omaha Public Power District (OPPD or Company), a political subdivision of the state of Nebraska, is a public utility engaged in the generation, transmission and distribution of electric power and energy and other related activities. The Board of Directors is authorized to establish rates. OPPD is generally not liable for federal and state income or ad valorem taxes on property; however, payments in lieu of taxes are made to various local governments.

Reporting Entity – These financial statements present OPPD and the following component units presented as fiduciary funds of OPPD: the Retirement Plan, the Defined Contribution Retirement Savings Plan – 457(b), the Defined Contribution Retirement Savings Plan – 401(k), and the Other Postemployment Benefit Plans. OPPD's Board of Directors performs the duties of a governing board for each of the plans, and OPPD has a financial burden to make contributions to each plan.

Detailed financial statements and note disclosures for these fiduciary funds can be found in separately issued financial reports. These financial reports can be obtained by contacting Investor Relations at *finfo@oppd.com* or by visiting *oppd.com*. Additional information on these plans can also be found in Note 6.

Basis of Accounting – The financial statements are presented in accordance with generally accepted accounting principles (GAAP) for proprietary funds of governmental entities. Accounting records are maintained generally in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) and all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

OPPD applies the accounting policies established in the GASB Codification Section Re10, *Regulated Operations*. This guidance permits an entity with cost-based rates to include costs in a period other than the period in which the costs would be charged to expense by an unregulated entity if it is probable that these costs will be recovered through rates charged to customers. This guidance also permits an entity to defer revenues by recognizing liabilities to cover future expenditures. The guidance applies to OPPD because the rates of the Company's regulated operations are established and approved by the governing board.

If, as a result of changes in regulation or competition, the ability to recover these assets and to satisfy these liabilities would not be assured, OPPD would be required to write off or write down such regulatory assets and liabilities unless some form of transition cost recovery continues through established rates. In addition, any impairment to the carrying costs of deregulated plant and inventory assets would be determined. A portion of the Fuel and Purchased Power Adjustment regulatory asset was written off as of December 31, 2019 and 2018, as a result of a Board of Directors decision. See Regulatory Assets and Liabilities section of Note 1. There were no other write-downs of regulatory assets for the years ended December 31, 2019 and 2018.

Classification of Revenues and Expenses – Revenues and expenses related to providing energy services in connection with the Company's principal ongoing operations are classified as operating. All other revenues and expenses are classified as non-operating and reported as other income (expenses) on the Statements of Revenues, Expenses and Changes in Net Position.

Revenue Recognition – Electric operating revenues are recognized as earned. Meters are read and bills are rendered on a cycle basis. Revenues earned after meters are read are estimated and accrued as unbilled revenues at the end of each accounting period.

Cash and Cash Equivalents – The operating fund account is called the Electric System Revenue Fund (Note 3). Highly liquid investments for the Electric System Revenue Fund with an original maturity of three months or less are considered cash equivalents.

Investments – Investments are reported at fair value. Realized and unrealized gains and losses for all investments except hedging derivative instruments are included in Investment Income on the Statements of Revenues, Expenses, and Changes in Net Position.

Hedging and Investment Derivative Instruments – OPPD is exposed to market price fluctuations on its sales and purchases of energy. The Company may enter into energy financial futures contracts to buy or sell energy in order to manage the risk of volatility in the market price of anticipated energy transactions. The Company does not enter into derivative instruments for speculative purposes. Fair value is estimated by comparing contract prices to forward market prices quoted by independent third-party pricing services. In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, outstanding derivatives are evaluated and classified as either hedging derivative instruments (effective) or investment derivative instruments (ineffective), with the accumulated change in fair market value recognized as deferred inflows/outflows of resources on the Statements of Net Position or investment income/expense on the Statements of Revenues, Expenses and Changes in Net Position, respectively (Note 8).

Accounts Receivable – Accounts Receivable includes outstanding amounts from customers and an estimate for unbilled revenues. An estimate is made for the Reserve for Uncollectible Accounts for retail customers based on an analysis of Accounts Receivable, economic conditions affecting customers and historical write-offs net of recoveries. Additional amounts may be included based on the credit risks of significant parties. Accounts Receivable includes $49,256,000 and $46,300,000 in unbilled revenues as of December 31, 2019 and 2018, respectively. Accounts Receivable was reported net of the Reserve for Uncollectible Accounts of $1,900,000 and $1,500,000 as of December 31, 2019 and 2018, respectively.

Materials and Supplies – The Company maintains inventories that are valued at average cost. Fort Calhoun Station (FCS) materials and supplies are valued at the lower of cost or fair value (Note 11).

Electric Utility Plant – Electric utility plant is stated at cost, which includes property additions, replacements of property units and betterments. Maintenance and replacement of minor items are charged to operating expenses. Costs of depreciable units of electric utility plant retirements are eliminated from electric utility plant accounts by charges, less salvage plus removal expenses, to the accumulated depreciation account. Electric utility plant includes both tangible and intangible assets. Intangible assets include costs related to regulatory licenses, software licenses and other rights to use property. Electric utility plant includes construction work in progress of $140,526,000 and $47,410,000 as of December 31, 2019 and 2018, respectively.

The following table summarizes electric utility plant balances as of December 31, 2018, activity for 2019 and balances as of December 31, 2019 (*in thousands*).

	2018	Increases	Decreases	2019
Nondepreciable electric utility plant:				
Land and improvements	$ 38,026	$ 4,251	$ (478)	$ 41,799
Construction work in progress	47,410	205,566	(112,450)	140,526
Electric utility plant held for future use	2,413	-	-	2,413
Total nondepreciable electric utility plant	87,849	209,817	(112,928)	184,738
Depreciable electric utility plant:				
Generation	1,943,421	52,084	(32,232)	1,963,273
Transmission	551,482	22,862	(37,282)	537,062
Distribution	1,573,565	69,369	(8,160)	1,634,774
General plant	220,546	20,873	(17,952)	223,467
Intangible plant	52,928	2,578	(11,830)	43,676
Total depreciable electric utility plant	4,341,942	167,766	(107,456)	4,402,252
Less accumulated depreciation and amortization	(1,904,447)	(133,373)	48,362	(1,989,458)
Depreciable electric utility plant, net	2,437,495	34,393	(59,094)	2,412,794
Net electric utility plant	$2,525,344	$ 244,210	$ (172,022)	$ 2,597,532

Long-lived assets, such as property, plant and equipment, are periodically reviewed for impairment or whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When the magnitude of the decline in service utility is significant and not part of the asset's normal life cycle, the asset is considered impaired.

Allowances for funds used during construction (AFUDC) approximates OPPD's current weighted average cost of debt. AFUDC was capitalized as a component of the cost of electric utility plant. The allowance for construction work in progress was computed at 3.3% and 3.2% for years ended December 31, 2019 and 2018, respectively.

Contributions in Aid of Construction (CIAC) – Payments are received from customers for construction costs, primarily relating to the expansion of the electric system. FERC guidelines are followed in recording CIAC. These guidelines direct the reduction of electric utility plant assets by the amount of contributions received toward the construction of electric utility plant. CIAC is recorded as other income and offset by an expense in the same amount representing the recovery of plant costs. CIAC primarily includes payments for transmission, distribution and generating station assets. This allows for compliance with GASB Codification Section N50, *Nonexchange Transactions*, while continuing to follow FERC guidelines.

The following table summarizes the sources of CIAC as of December 31 (*in thousands*).

	2019	2018
Transmission and distribution	$ 11,308	$18,628
Nebraska City Station Unit 2 (NC2) participants	5,900	1,937
Total	$ 17,208	$20,565

Depreciation and Amortization – Depreciation for assets is computed on the straight-line basis at rates based on the estimated useful lives of the various classes of property. Depreciation expense for depreciable property averaged approximately 3.3% and 3.4% for the years ended December 31, 2019 and 2018, respectively. Depreciation is generally calculated using the following estimated lives:

- Generation 40 to 70 years
- Transmission and Distribution 15 to 75 years
- General 6 to 25 years

The FCS recovery costs incurred in 2012 and 2013 were deferred as a regulatory asset based on Board of Directors approval. These recovery costs were not included in the 2016 FCS impairment, but will continue to be amortized (and collected through retail rates) through 2023 as these costs benefit current and future ratepayers. The amortization was $14,836,000 for both of the years ended December 31, 2019 and 2018.

Intangible assets are amortized over their expected useful life. Amortization of intangible assets is included with depreciation and amortization expense in these financial statements. The amortization was $3,124,000 and $4,153,000 for the years ended December 31, 2019 and 2018, respectively.

NC2 was placed in commercial operation in 2009. Half of the unit's output is sold under 40-year Participation Power Agreements (PPAs). Certain participants funded their share of construction costs with NC2 Separate Electric System Revenue Bonds. These participants are billed for the debt service related to these bonds. The amounts recovered for debt service for the electric utility plant construction and other costs are included in off-system sales revenues. The revenues related to principal repayment will equal related depreciation and other deferred NC2 expenses over the 40-year term of the PPAs. A regulatory asset was established to equate expenses and the amount included in off-system sales revenues for principal repayment in order to maintain revenue neutrality in the interim years. This regulatory asset will increase annually until 2026 when principal repayments begin exceeding depreciation and other deferred expenses. After 2026, the regulatory asset will be reduced annually by recognizing deferred depreciation and other deferred expenses until its elimination in 2049, which is the end of the initial term of the PPAs.

Asset Retirement Obligations (AROs) – AROs represent the best estimate of the current value of cash outlays expected to be incurred for legally enforceable retirement obligations of tangible capital assets, which is offset with a deferred outflow of resources. The cost should be amortized over the asset's useful life, reducing the deferred outflow and increasing the depreciation and amortization expense in these financial statements. AROs are reported on the Statements of Net Position as an Other Liability – Other.

OPPD has identified several AROs related to certain generation, transmission, distribution and general building facilities. There are no legally required funding provisions, assurance provisions or restricted assets related to these items unless otherwise stated on the following page.

Underground Fuel Storage Tanks – OPPD has underground fuel tanks housing fuel for vehicles at various locations. The Company is required by the Nebraska Department of Environment and Energy (NDEE) to decommission the underground fuel storage tanks, consistent with its regulations. Based on discussions with Company representatives, there is not adequate information to be able to estimate the costs to decommission the storage tanks; however, OPPD has provided guarantees and financial assurance to the NDEE in the amount of $1,000,000 associated with the storage tanks. The remaining lives of the storage tanks cannot be reasonably estimated and therefore the deferred outflow will not be amortized.

Nebraska City Sanitary Lagoons (NCS Lagoons) – OPPD uses sanitary lagoons as an integral part of the sewer system at the Nebraska City Station, supporting Nebraska City Station Unit 1 (NC1) and NC2. When the use of the sanitary lagoons is discontinued, the Company is required by the NDEE to close the system, consistent with its regulations. The estimated remaining useful life as of December 31, 2019 is 50 years and is based on the remaining useful life of NC2, as this unit is expected to have a longer life than NC1. The estimated initial liability was determined by environmental subject matter experts. The liability is evaluated annually for the effects of general inflation and potential changes in relevant factors used in the initial calculation.

Elk City Station – OPPD owns equipment at this landfill site. The contract states that OPPD is responsible for the costs to remove, dispose or restore the property to a similar condition in which the property was in prior to the contract commencing. The contract was initiated in 2005 and is a 20-year agreement with an automatic five-year extension unless either party opts to not pursue the extension. OPPD personnel do not expect to opt out of the automatic extension and have no reason to believe the other party will opt out. Based on these contract terms, the estimated remaining useful life as of December 31, 2019 is 11 years. The estimated initial liability was determined by engineering subject matter experts. The liability is evaluated annually for the effects of general inflation and potential changes in relevant factors used in the initial calculation.

Easements – OPPD has identified potential retirement obligations related to certain generation, transmission and distribution facilities. OPPD's non-perpetual land rights are renewed continuously because OPPD intends to utilize these facilities indefinitely. Since the timing and extent of any potential asset retirements are unknown, the value of any obligations associated with these facilities cannot be reasonably estimated. Accordingly, a liability has not been recorded.

The following table summarizes the ARO Liability as of December 31, 2019 (*in thousands*):

	2019
NCS lagoons	$ 2,512
Underground fuel storage tanks	1,000
Elk City station	423
Total	$ 3,935

Nuclear Fuel Disposal Costs – Permanent disposal of spent nuclear fuel is the responsibility of the federal government under an agreement entered into with the Department of Energy (DOE). The agreement required the federal government to begin accepting high-level nuclear waste by January 1998; however, the DOE does not have a storage facility. In May 1998, the United States Court of Appeals confirmed the DOE's statutory obligation to accept spent fuel by 1998, but rejected the request that a move-fuel order be issued. In March 2001, OPPD, along with a number of other utilities, filed suit against the DOE in the United States Court of Federal Claims, alleging breach of contract.

In 2006, the DOE agreed to reimburse OPPD for allowable costs for managing and storing spent nuclear fuel and high-level waste incurred due to the DOE's delay in accepting waste. Applications are submitted periodically to the DOE for reimbursement of costs incurred for the storage of high-level nuclear waste. The balance for the DOE costs incurred by OPPD for the dry-cask storage facility was $50,790,000 and $30,274,000 as of December 31, 2019 and 2018, respectively, and is recorded as an Other Long-Term Asset on the Statements of Net Position.

Nuclear Decommissioning – Based on the decommissioning plan established in 1983, the Board of Directors approved the collection of nuclear decommissioning costs using an independent engineering study of the costs to decommission FCS. The Company established a Decommissioning Funding Plan for FCS in 1990 in compliance with Nuclear Regulatory Commission (NRC) regulations. Its purpose is to accumulate funds to decommission the radiated portions of FCS as defined by the NRC.

OPPD is no longer required to calculate a minimum funding amount. OPPD's annual financial submittal to the NRC must show that the Company has adequate funds to meet its decommissioning cost estimate. The Company established a Supplemental Decommissioning Funding Plan for FCS in 1992 to accumulate funds to fully decommission FCS. This includes funds for additional costs beyond the previously calculated NRC minimum that are needed to decommission the radiated plant, the fuel facility and the non-radiated plant.

The Board of Directors authorized the use of regulatory accounting to match decommissioning expense to the amount funded from retail rates. In December 2019, the Board of Directors approved a revision to the regulatory accounting for decommissioning expense to match the expense to the amounts funded from both retail rates and realized decommissioning fund investment income starting in 2020. The annual funding amount was $143,004,000 and $156,000,000 for the years ended December 31, 2019 and 2018, respectively (Note 11). The Supplemental Decommissioning Trust Fund was reduced by $89,874,000 and $114,253,000 for the years ended December 31, 2019 and 2018, for expenditures incurred during the decommissioning process at FCS.

The estimated current cost to decommission the plant for the NRC-required obligations is $905,956,000 and $1,025,729,000 as of December 31, 2019 and 2018, respectively. These estimated costs are based upon a third-party, site-specific cost study (Note 11). The decommissioning cost liability, which includes a current and long-term portion on the Statements of Net Position, is adjusted annually for inflation and any significant changes in the cost estimate.

Decommissioning Trust Funds are reported at fair value. The balance of the decommissioning trust assets was $549,035,000 and $465,956,000 as of December 31, 2019 and 2018, respectively, and includes interest receivables of $1,558,000 and $1,102,000 as of December 31, 2019 and 2018, respectively. Investment income was $14,322,000 and $11,356,000 for the years ended December 31, 2019 and 2018, respectively. The fair value of the Decommissioning Trust Funds increased $15,666,000 and decreased $8,404,000 for the years ended December 31, 2019 and 2018, respectively.

Compensated Absences – OPPD accrues vacation leave when employees earn the benefit. OPPD does not accrue a liability for sick leave since there is no cash payment made for sick leave when an employee terminates or retires.

Pension – Information about the fiduciary net position of the OPPD Retirement Plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported for purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. Benefit payments are recognized when distributed in accordance with the benefit terms. Investments are reported at fair value (Note 6).

Other Postemployment Benefits (OPEB) – Information about the fiduciary net position of the OPPD OPEB Plans and additions to/deductions from the fiduciary net positions have been determined on the same basis as they are reported for purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense. Benefit payments are recognized when distributed in accordance with the benefit terms. Investments are reported at fair value (Note 6).

Regulatory Assets and Liabilities – Rates for regulated operations are established and approved by the Board of Directors. The provisions of GASB Codification Section Re10, *Regulated Operations*, are applied. This guidance provides that regulatory assets are rights to additional revenues or deferred expenses, which are expected to be recovered through customer rates over some future period. Regulatory liabilities are reductions in earnings (or costs recovered) to cover future expenditures.

The Company adopted the GASB accounting standards for the financial accounting and reporting of pension plans in 2015. These standards required the Company to recognize a liability for the net pension liability on the Statements of Net Position. In 2014, the Board of Directors authorized the use of regulatory accounting for pension costs to establish a regulatory asset to match the pension expense to the amounts funded and the cost recovery through rates (Note 6).

The Board of Directors authorized the use of regulatory accounting in 2015 to match decommissioning expense to the amounts funded. The unfunded portion of the decommissioning liability based on NRC-required obligations was recorded as a regulatory asset from retail rates. In 2019, the Board of Directors authorized a revision to the regulatory accounting for decommissioning expense to match the expense to the amounts funded from both retail rates and realized decommissioning fund investment income starting in 2020 (Note 11).

The Company adopted the GASB accounting standards for the financial accounting and reporting of other postemployment benefit plans in 2018. These standards required the Company to recognize a liability for the net other postemployment benefit liability on the Statements of Net Position. In 2017, the Board of Directors authorized the use of regulatory accounting for other postemployment costs to establish a regulatory asset to match the other postemployment benefit expense to the amounts funded and the cost recovery through rates (Note 6).

The Board of Directors authorized the use of regulatory accounting in 2012 for significant, unplanned operations and maintenance costs at FCS incurred to address concerns from the NRC and enhance operations. These recovery costs are being amortized over a 10-year period that commenced in 2013, as they continue to benefit future ratepayers (Note 11).

As previously noted, an NC2 regulatory asset was established to maintain revenue neutrality for transactions with participants who funded their share of construction costs with NC2 Separate Electric System Revenue Bonds. NC2 depreciation and other deferred expenses will equal the amount included in off-system sales revenue for principal repayments.

A Fuel and Purchased Power Adjustment (FPPA) was implemented in the retail rate structure in 2010. The Board of Directors authorized the use of regulatory accounting to maintain revenue neutrality by matching retail revenues attributed to fuel and purchased power costs with the actual costs incurred. This regulatory asset represents the rights to additional revenues based on incurred expenses due to under-recoveries of fuel and purchased power costs. The Board of Directors approved the write-offs of FPPA under-recoveries of $10,213,000 and $21,406,000, for the years ended December 31, 2019 and 2018, respectively, which offsets other current year under-recoveries.

The Board of Directors authorized the use of regulatory accounting for debt issuance costs in 2012 because of new accounting standards that would have required these costs to be expensed in the period incurred. These costs are amortized over the life of the associated bond issues consistent with the rate methodology.

The Company adopted the GASB accounting standards for the financial accounting and reporting of supplemental pension plans in 2017. These standards required the Company to recognize a liability for the total supplemental pension obligation on the Statements of Net Position. In 2017, the Board of Directors authorized the use of regulatory accounting for supplemental pension costs to establish a regulatory asset to match the supplemental pension expense to the amounts funded and the cost recovery through rates (Note 6).

The following table summarizes the balances of regulatory assets as of December 31, 2019 and 2018 (*in thousands*).

	2019	**2018**
Pension	$ 423,114	$ 382,919
FCS decommissioning	304,944	468,720
Other postemployment benefits	226,112	261,925
FCS recovery costs	58,107	72,942
NC2	51,325	50,207
FPPA	38,301	17,405
Financing costs	6,990	8,216
Supplemental pension	1,847	1,800
Total	$ 1,110,740	$ 1,264,134

Regulatory liabilities are deferred inflows of resources and include the Rate Stabilization Reserve and the Decommissioning and Benefits Reserve. The Rate Stabilization Reserve was established to help maintain stability in OPPD's long-term rate structure (Note 7). There were no transfers to the reserve in 2019 or 2018. The balance of the Rate Stabilization Reserve was $50,000,000 as of December 31, 2019 and 2018.

The Decommissioning and Benefits Reserve was established in 2016 to assist in funding future decommissioning expenses beyond what was established in the current funding plan in any given year and future pension liabilities above the actuarially determined contribution (Note 7). The Company added $17,000,000 and $42,500,000 to the reserve in 2019 and 2018, respectively. The balance of the Decommissioning and Benefits Reserve was $94,000,000 and $77,000,000 as of December 31, 2019 and 2018, respectively.

The following table summarizes the balances of the regulatory liabilities as of December 31, 2019 and 2018 (*in thousands*).

	2019	2018
Rate stabilization reserve	$ 50,000	$ 50,000
Decommissioning and benefits reserve	94,000	77,000
Total	$144,000	$127,000

Environmental Matters – OPPD operates ash landfills at the North Omaha Station (NOS) and the Nebraska City Station (NCS) locations and previously operated an industrial waste landfill at FCS. State and federal laws and regulations require OPPD to place a final cover on its landfills at the NOS, NCS and FCS locations when they no longer receive ash/waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Closure and postclosure care financial assurance information is provided to the NDEE on an annual basis as required by law. OPPD is not required to restrict any funds for closure and postclosure care costs.

The following table summarizes the current estimated landfill closure date and the percentage of capacity used for each landfill as of December 31. Actual closure dates may be earlier or later than estimated.

Location	Estimated landfill closure date	Estimated percentage of capacity as of December 31, 2019	Estimated percentage of capacity as of December 31, 2018
NOS	2024	49%	46%
NCS unit 1	2020	96	95
NCS unit 2 cell 1	Closed	100	100
NCS cells 2 & 3	2027	13	6
FCS	Closed	*	100

*In July 2019, OPPD was notified by the NDEE that it is no longer required to perform postclosure monitoring for the FCS landfill.

There is no current or proposed GASB statement providing accounting treatment for closure and postclosure care costs of these landfills. The Company applies GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs* (GASB 18), as analogous authoritative literature since the accounting treatment for this situation is not specified in authoritative GAAP.

Although closure and postclosure care costs will be paid only near or after the date the landfills stop accepting ash/waste, OPPD reports a portion of these closure and postclosure care costs as an operating expense in each reporting period based on landfill capacity used as of each period end. The landfill closure and postclosure care liability represents the estimated liability to perform the required closure and postclosure care at the related landfills. The remaining amount to be amortized over the remaining capacity of the NOS and NCS locations is reported as a Deferred Outflow. These amounts on the Statements of Net Position are presented in current year dollars. Actual closure and postclosure care costs may be higher or lower than the estimated amounts due to inflation, changes in technology, or changes in regulations (Note 2).

Pollution Remediation – GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49), requires that a liability be recognized for expected outlays for remediating existing pollution when triggering events occur. The Coal Combustion Residuals (CCR) rule defines the requirements for the disposal and handling of coal combustion residuals for landfills or surface impoundments. The CCR states that an owner of the landfill must prepare an annual groundwater monitoring and corrective action report to summarize key actions completed, problems encountered and planned activities relating to the groundwater monitoring system.

OPPD published a notification on February 14, 2019, that concentrations of certain pollutants detected in groundwater monitoring wells at the NOS landfill resulted in statistically significant increases above Groundwater Protection Standards. The facility officially entered Assessment of Corrective Measures on May 1, 2019, and on May 30, 2019, notified the NDEE of OPPD's intent to initiate corrective measures at the NOS landfill. OPPD does not anticipate any recoveries from any other parties and will be responsible for the entire remediation cost. OPPD recorded a pollution remediation obligation relating to its NOS landfill. At December 31, 2019, the total pollution remediation liability in current year dollars was $10,629,000 and recorded as $2,879,000 in Current Liabilities – Other and $7,750,000 in Other Liabilities – Other on the Statements of Net Position. Costs were estimated using the expected cash flow technique prescribed under GASB 49, and includes only amounts reasonably estimable. Actual pollution remediation costs may be higher or lower than the estimated amounts due to changes in the remediation plan or operating conditions (Note 2).

Net Position – Net position is reported in three separate components on the Statements of Net Position. Net Investment in Capital Assets is the net position share attributable to net electric utility plant assets reduced by outstanding related debt. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in this component of net position. Restricted is the share of net position that has usage restraints imposed by law or by debt covenants, such as certain revenue bond funds and segregated funds, net of related liabilities and deferred inflows of resources related to those assets. Unrestricted is the share of net position that is neither restricted nor invested in capital assets.

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

Comparative Data – Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year presentation. These reclassifications had no effect on net income or net position.

During 2019, OPPD revised the presentation of net position reported at December 31, 2018 as follows:

	As previously Reported	Revision	As Revised
Net investment in capital assets	$ 784,287	$ (357,021)	$ 427,266
Restricted	58,181	81,396	139,577
Unrestricted	317,005	275,625	592,630
Total net pension	$ 1,159,473	$ -	$ 1,159,473

These revisions had no effect on net income.

Recent Accounting Pronouncements, adopted – GASB issued Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83), in November 2016, effective for reporting periods beginning after June 15, 2018. The objective of this statement is to provide guidance on the recognition and measurement of certain Asset Retirement Obligations (AROs), including obligations that may not have been previously reported. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. GASB 83 excludes landfills from this guidance. This statement requires that recognition occur when the liability is both incurred and can be reasonably estimated. The Company adopted GASB 83 in 2019. The implementation of this statement resulted in the recognition of a liability and deferred outflow of resources of $3,929,000 as of January 1, 2019 on the Statements of Net Position. The guidance also requires restatement of the prior year's information unless it is not practical. OPPD determined that it was not practical to restate the 2018 information as the information was not readily available.

GASB issued Statement No. 84, *Fiduciary Activities* (GASB 84), in January 2017, effective for reporting periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The company adopted GASB 84 in 2019 and began reporting the fiduciary component units in the financial statements.

GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB 88), in March 2018, effective for reporting periods beginning after June 15, 2018. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Company adopted GASB 88 in 2019 and will continue disclosing the unused portion of the credit agreement in the notes to financial statements (Note 5).

Recent Accounting Pronouncements, not yet adopted - GASB issued Statement No. 87, *Leases*, in June 2017, effective for reporting periods beginning after December 15, 2019. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments by creating a single model for leases. This statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The impact to OPPD's financial statements is being evaluated.

GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, in June 2018, effective for reporting periods beginning after December 15, 2019. The objective of this statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. The statement will also simplify accounting for interest costs incurred before the end of a construction period. The impact to OPPD's financial statements is being evaluated.

2. OTHER ASSETS AND OTHER LIABILITIES DETAIL BALANCES

Current Assets – Other

The composition as of December 31 was as follows (*in thousands*):

	2019	2018
Regulatory asset – FPPA	$ 38,301	$ 17,405
Regulatory asset – FCS recovery costs	14,836	14,836
Prepayments	7,868	6,065
SPP and other special deposits	6,568	3,465
Interest receivable	3,408	3,172
Transmission congestion rights (Note 8)	1,349	1,968
Regulatory asset – financing costs	563	595
Total	$ 72,893	$ 47,506

Other Long-Term Assets – Regulatory Assets

The composition as of December 31 was as follows (*in thousands*):

	2019	2018
Pension and supplemental pension	$ 424,961	$ 384,719
Other postemployment benefits	226,112	261,925
NC2	51,325	50,207
FCS recovery costs (net of current)	43,271	58,106
Financing costs (net of current)	6,427	7,621
Total	$ 752,096	$ 762,578

Other Long-Term Assets – Other

The composition as of December 31 was as follows (*in thousands*):

	2019	2018
Job and production orders	$ 116,734	$ 104,167
SPP deposits (net of current)	4,385	4,385
Other	416	495
Total	$ 121,535	$ 109,047

Current Liabilities – Other

The composition as of December 31 was as follows (*in thousands*):

	2019	2018
Unearned revenues	$ 7,539	$ 7,916
Ash landfill	6,270	-
Auction revenue rights (Note 8)	3,637	5,419
Pollution remediation obligation	2,879	-
Deposits – other	663	84
Payroll taxes and other employee liabilities	394	360
Other	1,202	1,175
Total	$ 22,584	$ 14,954

Liabilities Payable from Segregated Funds

The composition as of December 31 was as follows (*in thousands*):

	2019	2018
Customer advances for construction	$ 30,862	$ 26,895
Customer deposits	23,187	23,023
Incurred but not presented (IBNP) reserve	3,502	3,055
Other	172	321
Total	$ 57,723	$ 53,294

Other Liabilities – Other

The composition as of December 31 was as follows (*in thousands*):

	2019	2018
Ash landfill (net of current)	$ 17,936	$ 23,072
NC2 participant deposits	9,453	7,445
Pollution remediation obligation (net of current)	7,750	-
Unearned revenues (net of current)	6,721	7,028
Workers' compensation reserve (Note 10)	5,761	5,280
Asset retirement obligation	3,935	-
Public liability reserve (Note 10)	825	1,243
Other	1,870	1,207
Total	$ 54,251	$ 45,275

The following table summarizes the total balance as of December 31, 2018, activity for 2019, balances as of December 31, 2019, and the amounts due within one year (*in thousands*) for the significant items included in Other Liabilities - Other that do not have information included in other Notes:

	2018	Increases	Decreases	2019	Amounts due within one year
Ash landfill	$ 23,072	$ 8,047	$ (6,913)	$ 24,206	$ 6,270
Unearned revenues	14,944	8,772	(9,456)	14,260	7,539
Pollution remediation obligation	-	10,629	-	10,629	2,879
NC2 participant deposits	7,445	2,060	(52)	9,453	-
Asset retirement obligation	-	3,935	-	3,935	-
Total	$ 45,461	$ 33,443	$ (16,421)	$ 62,483	$ 16,688

The following table summarizes the total balance as of December 31, 2017, activity for 2018, balances as of December 31, 2018, and the amounts due within one year (*in thousands*) for the significant items included in Other Liabilities - Other that do not have information included in other Notes:

	2017	Increases	Decreases	2018	Amounts due within one year
Ash landfill	$ 24,198	$ -	$ (1,126)	$ 23,072	$ -
Unearned revenues	15,549	4,924	(5,529)	14,944	7,916
NC2 participant deposits	6,777	672	(4)	7,445	-
Total	$ 46,524	$ 5,596	$ (6,659)	$ 45,461	$ 7,916

3. FUNDS AND INVESTMENTS

Funds of OPPD were as follows:

Electric System Revenue Fund and NC2 Separate Electric System Revenue Fund – These funds are to be used for operating activities for their respective electric system. Cash and cash equivalents in the Electric System Revenue Fund are shown separately from investments on the Statements of Net Position.

Electric System Revenue Bond Fund, Electric System Subordinated Revenue Bond Fund and NC2 Separate Electric System Revenue Bond Fund – These funds are to be used for the retirement of their respective revenue bonds and the payment of the related interest and reserves as required. Investments with maturity dates within the next year are designated as current.

Electric System Construction Fund and NC2 Separate Electric System Capital Costs Fund – These funds are to be used for capital improvements, additions and betterments to and extensions of their respective electric system.

Segregated Fund – Rate Stabilization – This fund is to be used to help stabilize rates through the transfer of funds to operations as necessary. Since there is no funding requirement for the Rate Stabilization Reserve, this fund also may be used to provide additional liquidity for operations as necessary (Note 7).

Segregated Fund – Decommissioning and Benefits Reserve – This fund is to be used to help fund future decommissioning expenses beyond what was established in the current funding plan in any given year and future pension liabilities above the annual required contribution (Note 7).

Segregated Fund – Other – This fund represents assets held for payment of customer deposits, refundable advances, OPPD's self-insured health insurance plans (Note 6), and certain other liabilities.

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

	2019	2018
Customer deposits and advances	$ 54,041	$ 50,395
Self-insurance	6,310	6,239
Other	5,051	3,355
Total	$ 65,402	$ 59,989

Decommissioning Trust Funds – These funds are to be used for the costs to decommission FCS. The Decommissioning Trust Funds are held by an outside trustee in compliance with the decommissioning funding plans approved by the Board of Directors. The 1990 Plan was established in accordance with NRC regulations for the purpose of discharging the obligation to decommission FCS. The 1992 Plan was established to retain funds in excess of NRC minimum funding requirements based on an independent engineering study, which indicated that decommissioning costs would exceed the NRC-minimum requirements.

The following table summarizes the balances of the Decommissioning Trust Funds as of December 31 (*in thousands*).

	2019	2018
Decommissioning Trust – 1990 Plan	$ 317,041	$295,783
Decommissioning Trust – 1992 Plan	231,994	170,173
Total	$549,035	$465,956

The above table includes interest receivables for the Decommissioning Trust Funds of $1,558,000 and $1,102,000 for December 31, 2019 and 2018, respectively.

Fair Value of Investments – Fair values in most cases are externally provided by the trustees that manage the funds. The trustees frequently utilize third-party pricing services to assist in their valuations (Note 4). The fair value of investments was as follows as of December 31 (*in thousands*).

	2019		2018	
Investment Type	**Fair Value**	**Weighted Average Maturity (Years)**	**Fair Value**	**Weighted Average Maturity (Years)**
Money market funds	$ 68,284	-	$ 95,829	-
U.S. government securities	644,111	1.6	551,387	2.0
Mutual funds	235,665	-	214,033	-
Commercial paper	10,982	0.1	31,765	0.2
Corporate bonds and other debentures	309,887	2.0	343,065	2.0
Total	$1,268,929		$1,236,079	
Portfolio weighted average maturity		1.3		1.4

The above table excludes interest receivables related to the Decommissioning Trusts of $1,558,000 and $1,102,000 for December 31, 2019 and 2018, respectively.

Interest Rate Risk – The investments in relatively short-term securities reduces interest rate risk, as evidenced by its portfolio weighted average maturity of 1.3 and 1.4 years as of December 31, 2019 and 2018, respectively. In addition, OPPD is generally a buy-and-hold investor, which further reduces interest rate risk.

Credit Risk – OPPD's investment policy complies with bond covenants and state statutes for governmental entities, which limit investments to investment-grade fixed income obligations. The Company was in full compliance with bond covenants and state statutes as of December 31, 2019 and 2018.

The Company's investments in money market funds were rated Aaa-mf by Moody's Investors Service (Moody's), and AAAm by Standard & Poor's Rating Services (S&P). The U.S. government securities were rated Aaa and AA+ by Moody's and S&P, respectively. The mutual fund investments are not rated. The commercial paper investments were all rated P-1 and A-1+ by Moody's and S&P, respectively.

The following tables summarize the ratings on the Company's investments in corporate bonds and other debentures as of December 31, 2019.

	Moody's			S&P	
	Amount	**Rating**		**Amount**	**Rating**
	$ 124,982	Aaa		$ 124,983	AAA
	9,045	Aa1		15,880	AA+
	58,450	Aa2		21,825	AA
	92,238	Aa3		110,575	AA-
	25,172	A1		36,624	A+
Total	$ 309,887		Total	$ 309,887	

The following tables summarize the ratings on the Company's investments in corporate bonds and other debentures as of December 31, 2018.

	Moody's			S&P	
	Amount	Rating		Amount	Rating
	$ 183,382	Aaa		$ 183,382	AAA
	2,264	Aa1		11,480	AA+
	69,871	Aa2		7,208	AA
	60,907	Aa3		70,691	AA-
	13,989	A1		57,652	A+
	508	A3		12,652	BBB+
	12,144	Baa1	Total	$ 343,065	
Total	$ 343,065				

Custodial Credit Risk – Bank deposits were entirely insured or collateralized with securities held by OPPD or by its agent in OPPD's name at December 31, 2019 and 2018. All investment securities are delivered under contractual trust agreements.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Company's investment with a single issuer. The concentration of credit risk greater than five percent from a single issuer was the investment in International Bank of Reconstruction and Development corporate bonds at 7.6% and 14.0% as of December 31, 2019 and 2018, respectively.

4. FAIR VALUE MEASUREMENTS

OPPD accounts for fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72), which defines fair value, establishes methods for measuring fair value by applying one of three observable valuation approaches (market approach, income approach and cost approach) and establishes required disclosures about fair measurements.

Fair value is the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

GASB 72 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities and the lowest priority to unobservable inputs. Financial assets and liabilities are classified in their entirety based on the lowest level input that is significant to the fair value measurement. The three levels of fair value hierarchy defined in GASB 72 are as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs are other than quoted market prices in the active markets included in Level 1, which are either directly or indirectly observable for the asset or liability as of the reporting date. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Pricing inputs include significant inputs that are unobservable and cannot be corroborated by market data. Level 3 assets and liabilities are valued based on internally developed models and assumptions or methodologies using significant unobservable inputs.

The fair value of investments in most cases is externally provided by the trustees that manage the funds. The trustees frequently utilize third-party pricing services to assist in their valuations.

The following tables summarize, in accordance with the fair value hierarchy, the Company's assets and liabilities that are accounted for and reported at fair value on a recurring basis by level as of December 31, 2019 and 2018 (*in thousands*):

		2019		
Investment Type	**Total**	**Level 1**	**Level 2**	**Level 3**
Mutual funds	$ 124,249	$ 124,249	$ -	$ -
Money market funds	68,284	68,284	-	-
U.S. government securities	644,111	-	644,111	-
Corporate bonds and other debentures	309,887	-	309,887	-
Commercial paper	10,982	-	10,982	-
Total fair value measurement by level	**1,157,513**	**$ 192,533**	**$ 964,980**	**$ -**
Investments measured at net asset value (NAV)				
Mutual funds	111,416			
Total investments measured at fair value	**$ 1,268,929**			
Derivative instruments				
Hedging derivatives – futures contracts – asset	$ 53	$ -	$ 53	$ -
Hedging derivatives – futures contracts – liability	71	-	71	-
Investment derivatives – futures contracts – asset	54	-	54	-
Total derivative instruments measured at fair value	**$ 178**	**$ -**	**$ 178**	**$ -**

		2018		
Investment Type	**Total**	**Level 1**	**Level 2**	**Level 3**
Mutual funds	$ 112,394	$ 112,394	$ -	$ -
Money market funds*	95,829	95,829	-	-
U.S. government securities	551,387	-	551,387	-
Corporate bonds and other debentures	343,065	-	343,065	-
Commercial paper	31,765	-	31,765	-
Total fair value measurement by level	**1,134,440**	**$ 208,223**	**$ 926,217**	**$ -**
Investments measured at NAV				
Mutual funds	101,639			
Total investments measured at fair value	**$ 1,236,079**			
Derivative instruments				
Hedging derivatives – futures contracts – asset	$ 575	$ -	$ 575	$ -
Hedging derivatives – futures contracts – liability	186	-	186	-
Total derivative instruments measured at fair value	**$ 761**	**$ -**	**$ 761**	**$ -**

*Investments in Money Market Funds have been revised from being reported at NAV in 2018 to Level 1 in 2019.

VALUATION METHODOLOGIES

Mutual Funds Measured at Fair Value: Mutual funds are priced using active market exchanges, and sources include Interactive Data Pricing and Reference Data LLC. The fair values of shares in mutual funds are based on inputs that are quoted prices in active markets for identical assets and; therefore, have been categorized as Level 1 assets.

Money Market Funds: The fair value of shares in money market funds is valued with a NAV of $1, which approximates fair value. They are priced on inputs obtained from Bloomberg, a pricing service whose prices are obtained from direct feeds from exchanges that are either directly or indirectly observable. Money Market Funds are included as Level 1 assets.

U.S. Government Securities: The fair value of U.S. government securities is derived from quoted prices on similar assets in active or non-active markets, from other observable inputs such as interest rates, yield curves, or credit spreads, and inputs that are derived from or corroborated by observable market data. U.S. treasury and other federal agency securities are included as Level 2 assets.

Corporate Bonds and Other Debentures: For fixed-income securities, multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validation in addition to checks for unusual daily movements. The fair values of fixed-income securities are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences. Corporate bonds are included as Level 2 assets.

Commercial Paper: The fair value of commercial paper is priced according to recent transactions, as the carrying value of the commercial paper approximated its fair value due to the short maturity. Commercial Paper is included as a Level 2 asset.

Hedging and Investment Derivative Instruments: Energy financial futures contracts uses the market approach based on monthly quoted prices from an independent external pricing service using market quotes. The market is not active to the point where identical contracts are available on a regular basis. These derivative instruments are included as Level 2 assets.

Investments Measured at NAV – The following tables summarize the fair value measurement of investments calculated at NAV per share (or its equivalent) as of December 31 (*in thousands*).

	2019			
	Fair Value	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Mutual funds	$ 109,253	none	daily	N/A
Mutual funds	2,163	none	daily	1 day
Total investments measured at NAV	**$ 111,416**			

	2018			
	Fair Value	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Mutual funds	$ 100,484	none	daily	N/A
Mutual funds	1,155	none	daily	1 day
Total investments measured at NAV	**$ 101,639**			

Mutual Funds Measured at NAV: These mutual funds invest in fixed income securities including treasuries, agencies, corporate debt, mortgage-backed securities and some non-U.S. debt. The fair value of these investments has been determined using the NAV per share (or its equivalent) of the investment.

5. DEBT

The proceeds of debt issued are utilized primarily to finance the construction program. Favorable market conditions in 2019 and 2018 resulted in several debt financing and refunding activities. The Company is in compliance with all debt covenants.

The following table summarizes the debt balances as of December 31, 2018, activity for 2019, balances as of December 31, 2019, and the amounts due within one year (*in thousands*).

	2018	Additions	Retirements	2019	Amounts due within one year
Electric system revenue bonds	$ 1,320,330	$ 137,755	$ (202,055)	$ 1,256,030	$ 47,390
Electric system subordinated revenue bonds	335,940	-	(81,275)	254,665	825
Electric revenue notes – commercial paper series	150,000	230,100	(150,000)	230,100	-
Minibonds	30,755	632	(176)	31,211	-
NC2 separate electric system revenue bonds	211,995	-	(3,350)	208,645	3,495
Total	**$ 2,049,020**	**$ 368,487**	**$ (436,856)**	**$ 1,980,651**	**$ 51,710**

The following table summarizes the debt balances as of December 31, 2017, activity for 2018, balances as of December 31, 2018, and the amounts due within one year (*in thousands*).

	2017	Additions	Retirements	2018	Amounts due within one year
Electric system revenue bonds	$ 1,399,645	$ 145,330	$ (224,645)	$ 1,320,330	$ 44,635
Electric system subordinated revenue bonds	337,120	-	(1,180)	335,940	1,120
Electric revenue notes – commercial paper series	150,000	150,000	(150,000)	150,000	150,000
Minibonds	30,273	640	(158)	30,755	-
NC2 separate electric system revenue bonds	215,215	-	(3,220)	211,995	3,350
Total	**$ 2,132,253**	**$ 295,970**	**$ (379,203)**	**$ 2,049,020**	**$ 199,105**

Lien Structure – In the event of a default, subject to the terms and conditions of debt covenants, OPPD is required to satisfy all Electric System Revenue Bond obligations before paying second-tier bonds and notes, which are Electric System Subordinated Revenue Bonds, Electric Revenue Notes – Commercial Paper Series and Minibonds.

Electric System Revenue Bonds –These bonds are payable from and secured by a pledge of and lien upon the revenues of the Electric System, subject to the prior payment therefrom of the operations and maintenance expenses of the Electric System. The Electric System Revenue Bonds are Senior Bonds.

Moody’s and S&P rated the Electric System Revenue Bonds as Aa2 and AA, respectively, in both 2019 and 2018.

Notes to Financial Statements

as of and for the Years Ended December 31, 2019 and 2018

The following table summarizes outstanding Electric System Revenue Bonds as of December 31, 2019, (*in thousands*).

Issue	Maturity Dates	Interest Rates	Amount
2010 Series A	2022 - 2041	5.431%	$ 120,000
2011 Series A	2020 - 2024	3.125% - 5.0%	10,555
2011 Series C	2020 - 2022	5.0%	26,430
2012 Series B	2020 - 2046	3.75% - 5.0%	69,510
2015 Series A	2022 - 2045	2.85% - 5.0%	93,005
2015 Series B	2020 - 2039	2.0% - 5.0%	155,765
2015 Series C	2032 - 2043	3.5% - 5.0%	94,145
2016 Series A	2023 - 2039	3.0% - 5.0%	183,340
2017 Series A	2030 - 2042	4.0% - 5.0%	220,195
2018 Series A	2023 - 2039	3.25% - 5.0%	145,330
2019 Series A	2024 - 2034	3.0% - 5.0%	137,755
Total			$ 1,256,030

The following table summarizes outstanding Electric System Revenue Bonds as of December 31, 2018 (*in thousands*).

Issue	Maturity Dates	Interest Rates	Amount
2010 Series A	2022 - 2041	5.431%	$ 120,000
2011 Series A	2019 - 2024	3.125% - 5.0%	16,925
2011 Series B	2029 - 2036	3.625% - 4.0%	3,565
2011 Series C	2019 - 2022	2.5% - 5.0%	36,215
2012 Series A	2030 - 2034	4.0%	63,065
2012 Series B	2020 - 2046	3.0% - 5.0%	114,265
2015 Series A	2022 - 2045	2.85% - 5.0%	93,005
2015 Series B	2019 - 2039	2.0% - 5.0%	230,280
2015 Series C	2032 - 2043	3.5% - 5.0%	94,145
2016 Series A	2023 - 2039	3.0% - 5.0%	183,340
2017 Series A	2030 - 2042	4.0% - 5.0%	220,195
2018 Series A	2023 - 2039	3.25% - 5.0%	145,330
Total			$ 1,320,330

OPPD utilized $172,045,000 of existing resources to legally defease debt with a principal amount totaling $157,420,000 on October 9, 2019. This fully defeased the 2011 Series B and 2012 Series A Electric System Revenue Bonds and partially defeased the 2012 Series B and 2015 Series B Electric System Revenue Bonds. This resulted in a net loss on reacquired debt of $9,626,000 that is included in Loss on Reacquired Debt Using Existing Resources on the Statements of Revenues, Expenses and Changes in Net Position.

OPPD issued $137,755,000 of Electric System Revenue Bonds, 2019 Series A on November 7, 2019. The 2019 Series A Bonds were used to reimburse capital expenditures. A principal payment of $44,635,000 was made on February 1, 2019, for the Electric System Revenue Bonds.

OPPD utilized $188,161,000 of existing resources to legally defease debt with a principal amount totaling $177,150,000 on August 24, 2018, which partially defeased the 2011 Series A, 2011 Series C, and 2012 Series B Electric System Revenue Bonds. This resulted in a net loss on reacquired debt of $3,187,000 that is included in Loss on Reacquired Debt Using Existing Resources on the Statements of Revenues, Expenses and Changes in Net Position.

OPPD issued $145,330,000 of Electric System Revenue Bonds, 2018 Series A on September 26, 2018. The 2018 Series A Bonds were used to reimburse capital expenditures. A principal payment of $47,495,000 was made on February 1, 2018, for the Electric System Revenue Bonds.

Electric System Revenue Bonds from the following series, with the aggregate outstanding principal of $673,440,000 as of December 31, 2019, were legally defeased: 2011 Series A, 2011 Series B, 2011 Series C, 2012 Series A, 2012 Series B and 2015 Series B. Electric System Revenue Bonds from the following series, with the aggregate outstanding principal of $606,105,000 as of December 31, 2018, were legally defeased: 2009 Series A, 2011 Series A, 2011 Series B, 2011 Series C, 2012 Series A and 2012 Series B. Defeased bonds are funded by government securities in irrevocable escrow accounts. Accordingly, the bonds and the related government securities escrow accounts are not included on the Statements of Net Position.

OPPD's bond indenture, amended effective February 6, 2015, provides for certain restrictions, the most significant of which are:

- Additional bonds may not be issued unless estimated net receipts (as defined) for each future year equal or exceed 1.4 times the debt service on all Electric System Revenue Bonds outstanding, including the additional bonds being issued or to be issued in the case of a power plant (as defined) being financed in increments.
- The Electric System is required to be maintained by the Company in good condition.

The following table summarizes Electric System Revenue Bond payments as of December 31, 2019 (*in thousands*).

	Principal	Interest
2020	$ 47,390	$ 56,856
2021	50,360	56,248
2022	16,360	54,646
2023	46,935	53,120
2024	46,690	50,783
2025 - 2029	247,095	219,286
2030 - 2034	261,825	154,773
2035 - 2039	314,775	94,716
2040 - 2044	178,685	27,076
2045 - 2046	45,915	1,742
Total	$ 1,256,030	$ 769,246

Electric System Subordinated Revenue Bonds – These bonds are payable from and secured by a pledge of revenues of the Electric System, subject to the prior payment of the operations and maintenance expenses of the Electric System and the prior payment of the Electric System Revenue Bonds.

Moody's and S&P rated the Electric System Subordinated Revenue Bonds as Aa3 and AA-, respectively, in both 2019 and 2018.

The following table summarizes outstanding Electric System Subordinated Revenue Bonds as of December 31, 2019 (*in thousands*).

Issue	Maturity Dates	Interest Rates	Amount
2014 Series AA	2020 - 2036	4.0% - 5.0%	$ 122,205
2014 Series CC	2031 - 2038	4.0%	108,395
2014 Series DD	2040	3.625%	24,065
Total			$ 254,665

Notes to Financial Statements

as of and for the Years Ended December 31, 2019 and 2018

The following table summarizes outstanding Electric System Subordinated Revenue Bonds as of December 31, 2018 (*in thousands*).

Issue	Maturity Dates	Interest Rates	Amount
2014 Series AA	2019 - 2036	2.25% - 5.25%	$ 154,260
2014 Series BB	2041 - 2042	4.0%	49,180
2014 Series CC	2031 - 2038	4.0%	108,395
2014 Series DD	2040	3.625%	24,105
Total			$ 335,940

On February 1, 2019, a principal payment of $1,120,000 was made for the Electric System Subordinated Revenue Bonds, which included a $30,000 put option payment on the 2014 Series DD Bonds. On August 1, 2019, put option payments of $45,000 and $10,000, were made on the 2014 Series BB and 2014 Series DD Electric System Subordinated Revenue Bonds, respectively. OPPD issued an additional $80,100,000 of Commercial Paper in 2019. The $80,100,000 of additional proceeds were used to partially refund the 2014 Series AA Electric System Subordinated Revenue Bonds and to fully refund the 2014 Series BB Electric System Subordinated Revenue Bonds. Both series were callable on August 1, 2019. The refunding reduced the total debt service payments over the life of the bonds by $35,458,000 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of $30,708,000 based on the OPPD Commercial Paper rate on August 1, 2019. As a result of Commercial Paper being regularly re-marketed, the economic gain resulting in this refunding is not fixed and is exposed to future interest rate fluctuations. An increase or decrease in Commercial Paper rates will affect the actual realized economic gain.

On February 1, 2018, a principal payment of $1,180,000 was made for the Electric System Subordinated Revenue Bonds, which included a $85,000 put option payment on the 2014 Series DD Bonds.

At December 31, 2019 and 2018, OPPD had no outstanding defeased Electric System Subordinated Revenue Bonds.

The following table summarizes Electric System Subordinated Revenue Bonds payments as of December 31, 2019 (*in thousands*).

	Principal	Interest
2020	$ 825	$ 10,621
2021	-	10,604
2022	2,550	10,540
2023	2,555	10,413
2024	2,560	10,285
2025 - 2029	26,620	46,590
2030 - 2034	63,305	39,770
2035 - 2039	132,185	13,564
2040	24,065	435
Total	$ 254,665	$ 152,822

Electric Revenue Notes - Commercial Paper Series – The outstanding balance of Commercial Paper was $230,100,000 and $150,000,000 as of December 31, 2019 and 2018, respectively. OPPD issued an additional $80,100,000 of Commercial Paper in 2019 bringing its total Commercial Paper outstanding to $230,100,000. The Commercial Paper Notes mature at various dates, but not more than 270 days after the date of issuance. The average borrowing rate was 1.5% for the years ended December 31, 2019 and 2018, respectively. A Credit Agreement with Bank of America, N.A., includes a covenant to retain drawing capacity at least equal to the issued and outstanding amount of Commercial Paper Notes. The Credit Agreement was previously set to expire on October 1, 2019, but was renewed in 2019 and will now expire on January 1, 2023. In 2019, Commercial Paper was classified as long-term debt due to the existence of this credit agreement, and OPPD's intent and ability to refinance Commercial Paper on a long-term basis.

Minibonds – Minibonds consist of current interest-bearing and capital appreciation Minibonds. The Minibonds may be redeemed prior to their maturity dates at the request of a holder, subject to certain conditions as outlined in the Minibond Official Statement. There were no Minibond maturities in 2019 or 2018 other than redemptions for the annual put option. The principal and interest on these bonds is insured by a municipal bond insurance policy.

The following table summarizes outstanding Minibond balances at December 31 (*in thousands*).

Issue	2019	2018
2001 Minibonds, due 2021	$ 22,597	$ 22,772
Accreted interest on capital appreciation Minibonds	8,614	7,983
Total	$ 31,211	$ 30,755

Credit Agreement – OPPD has a Credit Agreement with the Bank of America, N.A., for $250,000,000 which was renewed in 2019 and will expire on January 1, 2023. The Credit Agreement includes a financial covenant to retain drawing capacity at least equal to the issued and outstanding amount of Commercial Paper Notes. There were no amounts outstanding under this Credit Agreement as of December 31, 2019 and 2018, leaving an unused amount of $250,000,000.

NC2 Separate Electric System Revenue Bonds – Participation Power Agreements were executed with seven public power and municipal utilities for half of the output of NC2. The participants' rights to receive, and obligations to pay costs related to, half of the output is the "Separate System."

Moody's and S&P rated the NC2 Separate Electric System Revenue Bonds as A1 and A+, respectively, in both 2019 and 2018.

The following table summarizes outstanding NC2 Separate Electric System Revenue Bonds as of December 31, 2019 (in thousands).

Issue	Maturity Dates	Interest Rates	Amount
2015 Series A	2020 - 2046	3.0% - 5.25%	$ 107,120
2016 Series A	2020 - 2049	3.25% - 5.0%	101,525
Total			$ 208,645

The following table summarizes outstanding NC2 Separate Electric System Revenue Bonds as of December 31, 2018, (*in thousands*).

Issue	Maturity Dates	Interest Rates	Amount
2015 Series A	2019 - 2046	3.0% - 5.25%	$ 109,370
2016 Series A	2019 - 2049	3.25% - 5.0%	102,625
Total			$ 211,995

On February 1, 2019, a principal payment of $3,350,000 was made for the NC2 Separate Electric System Revenue Bonds. On February 1, 2018, a principal payment of $3,220,000 was made for the NC2 Separate Electric System Revenue Bonds.

There were no outstanding defeased NC2 Separate Electric System Revenue Bonds as of December 31, 2019 or 2018.

The following table summarizes NC2 Separate Electric System Revenue Bond payments as of December 31, 2019 (*in thousands*).

	Principal	Interest
2020	$ 3,495	$ 10,199
2021	3,655	10,044
2022	3,815	9,869
2023	4,000	9,674
2024	4,200	9,469
2025 - 2029	24,380	43,890
2030 - 2034	30,960	37,208
2035 - 2039	38,640	29,312
2040 - 2044	42,295	19,077
2045 - 2049	53,205	6,773
Total	$208,645	$185,515

6. BENEFIT PLANS FOR EMPLOYEES AND RETIREES

RETIREMENT PLAN AND SUPPLEMENTAL RETIREMENT PLAN

Plan Descriptions and Benefits Provided – The Omaha Public Power District Retirement Plan (Retirement Plan) is a single-employer, defined benefit plan, which provides retirement and death benefits to Plan members and their beneficiaries. The Retirement Plan covers all full-time employees as they are not covered by Social Security. The Retirement Plan was established and may be amended at the direction of OPPD's Board of Directors and is administered by the Company. Ad-hoc cost-of-living adjustments may be provided to retirees and beneficiaries at the discretion of the Board of Directors.

Generally, employees at the normal retirement age of 65 are entitled to annual pension benefits equal to 2.25% of their average compensation (as defined by the Plan document) times years of credited service (as defined by the Plan document) under the Traditional provision (as defined by the Plan document). Employees have the option to retire before the age of 65 if they meet eligibility requirements based on age and years of service. The Retirement Plan was amended as of January 1, 2008 to add a Cash Balance provision (as defined by the Plan document) to allow members the choice between the Traditional and Cash Balance provision for calculating benefits. Under the Cash Balance provision, members can receive the total vested value of their Cash Balance Account at separation from employment with OPPD. Employees were initially allowed to make a one-time irrevocable election to have benefits determined based on the Cash Balance provision instead of the Traditional provision. Effective January 1, 2013, all new employees are only eligible for the Cash Balance provision.

The Non-Qualified Plan is a single-employer, non-qualified defined benefit pension plan. The purpose of this plan is to allow certain current and former employees to retain the benefits to which they would have been entitled under the Retirement Plan, except for federally mandated limits. The benefits are derived from the Retirement Plan formula noted herein less amounts paid from the qualified Retirement Plan. The assets of this plan are held in an irrevocable trust but are not legally protected from creditors. Accordingly, the trust does not meet the criteria for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (GASB 68). Annuities are purchased in the participant's name at the time of retirement. The Non-Qualified Plan was established and may be amended at the direction of OPPD's Board of Directors and is administered by the Company. The Non-Qualified Plan was amended as of January 1, 2018 to address the compensation limits in Internal Revenue Code 401(a)(17), which will increase membership in the plan going forward.

The following table summarizes the employees covered by the benefit terms of the Retirement Plan as of January 1, the actuarial valuation date and measurement date.

	2019	2018
Retirees and beneficiaries receiving benefits	2,219	2,154
Terminated Retirement Plan members entitled to, but not receiving, benefits	516	494
Active Retirement Plan members*	1,762	1,828
Total	4,497	4,476

**There were 455 and 374 members with the Cash Balance provision at January 1, 2019 and 2018, respectively.*

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

	2019	2018
Terminated Non-Qualified Plan members entitled to, but not receiving, benefits	-	1
Active Non-Qualified Plan members	6	3
Total	6	4

Contributions – Employees contributed 7.2% and 6.7% of their covered payroll to the Retirement Plan for the years ended December 31, 2019 and 2018, respectively. The contribution rate for employees increased to 7.7% on January 1, 2020, and will gradually increase to 9.0% on January 1, 2022. Employee contributions are immediately 100% vested. An employee's deferred retirement allowance is 100% vested after five years of continuous service (as defined by the Plan document). The Company is obligated to contribute the balance of the funds needed on an actuarially determined basis and has met this funding requirement. The actuarially determined contribution (ADC) was fully funded in the amount of $59,201,000 and $53,563,000 for the years ended December 31, 2019 and 2018, respectively.

Employees do not contribute to the Non-Qualified Plan. The Company contributes the funds needed on an actuarially determined basis and has met this funding requirement. The ADC was fully funded in the amount of $680,000 and $840,000 for the years ended December 31, 2019 and 2018, respectively. According to GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73), assets accumulated for non-qualified pension plan benefit payments are reported in OPPD's financial statements.

Actuarial Assumptions – Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The total pension liabilities in the January 1, 2019 and 2018 actuarial valuation were determined using the following actuarial assumptions applied to all periods included in the measurement.

The total pension liabilities must be determined using the Entry Age Normal (Level Percent of Pay) cost method per GASB 68 and 73. Under this actuarial method, an allocation to past service and future service is made by spreading the costs over an employee's career as a level percentage of pay. The actuarial value of the Retirement Plan assets was determined using a method which smooths the effect of short-term volatility in the market value of investments over approximately five years. Ad-hoc cost-of-living adjustments are provided to retirees and beneficiaries of both plans at the discretion of the Board of Directors and are amortized in the year for which the increase is authorized. Except for the liability associated with cost-of-living adjustments, if any, the unfunded actuarial accrued liability was amortized on a level basis (closed group) over 20 years. The mortality table used for healthy participants was the RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2017 with generational projection.

The other actuarial assumptions for the valuations of both plans as of January 1, 2019 and 2018, were as follows:

- The average rate of compensation increase varies by age.
- There were no ad-hoc cost-of-living adjustments.
- The average rate of inflation was 2.5%.
- The investment rate of return of the Retirement Plan was 7.0%, net of pension plan investment expenses, including inflation.

The actuarial assumptions are based on a study of the experience of the covered group. The last actuarial experience study was performed during 2016.

Discount Rate – The discount rate used to measure the total pension liability for the Retirement Plan was 7.0% for both 2019 and 2018. The discount rate is determined using the expected long-term rate of return of each asset class, including inflation and additional yields due to active investment management. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that OPPD contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with the provisions of GASB 73, OPPD elected to use the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the discount rate used to measure the total pension liability of the Non-Qualified Plan. The discount rate was 4.10% and 3.44% for 2019 and 2018, respectively.

The following table summarizes the Target Allocation and Long-term Expected Real Rate of Return, presented in geometric means, for each major Asset Class in the Retirement Plan.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity	28.0%	5.0%
Domestic fixed income	23.0	1.8
International developed equity	14.0	5.3
Emerging markets equity	10.0	7.4
Global fixed income	7.5	1.5
Private real estate	7.5	4.1
Emerging markets fixed income	5.0	4.1
High yield fixed income	3.0	3.7
Treasury inflation protected securities	2.0	1.8
Total	100%	

**Based on 2019 forward-looking capital market assumptions.*

Total Pension Liability, Plan Fiduciary Net Position and Net Pension Liability - The total pension liabilities, plan fiduciary net position and net pension liability are determined in accordance with GASB 68 and 73, accordingly. The amounts are based on the results of an actuarial valuation measurement date of January 1, 2019.

The following table shows the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the Retirement Plan for the Measurement Period from January 1, 2018, to January 1, 2019, and the changes for the year ended December 31, 2019 (*in thousands*).

		Increase (Decrease)	
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
	(a)	(b)	(a-b)
Balance at 12/31/2018	**$ 1,490,507**	**$ 1,020,386**	**$470,121**
(Based on 1/1/2018 measurement date)			
Changes recognized for the fiscal year:			
Service cost	21,156		21,156
Interest on total pension liability	102,466		102,466
Changes in benefit terms	-		-
Difference between expected and actual experience	2,867		2,867
Changes of assumptions	(14,834)		(14,834)
Contributions from employer		53,563	(53,563)
Contributions from employee		11,417	(11,417)
Net investment income		(68,088)	68,088
Benefit payments, including refunds of employee contributions	(97,375)	(97,375)	-
Administrative expense		(98)	98
Net changes	14,280	(100,581)	114,861
Balance at 12/31/2019	**$ 1,504,787**	**$ 919,805**	**$584,982**
(Based on 1/1/2019 measurement date)			

The following table shows the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the Retirement Plan for the Measurement Period from January 1, 2017, to January 1, 2018, and the changes for the year ended December 31, 2018 (*in thousands*).

		Increase (Decrease)	
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
	(a)	(b)	(a-b)
Balance at 12/31/2017	**$ 1,445,219**	**$ 904,820**	**$ 540,399**
(Based on 1/1/2017 measurement date)			
Changes recognized for the fiscal year:			
Service cost	21,135		21,135
Interest on total pension liability	99,501		99,501
Changes in benefit terms	909		909
Difference between expected and actual experience	16,421		16,421
Changes of assumptions	(1,306)		(1,306)
Contributions from employer		53,073	(53,073)
Contributions from employee		10,890	(10,890)
Net investment income		143,070	(143,070)
Benefit payments, including refunds of employee contributions	(91,372)	(91,372)	-
Administrative expense		(95)	95
Net changes	45,288	115,566	(70,278)
Balance at 12/31/2018	**$ 1,490,507**	**$ 1,020,386**	**$ 470,121**
(Based on 1/1/2018 measurement date)			

	2019	**2018**
Plan fiduciary net position as a percentage of the total pension liability	61.13%	68.46%
Actuarially determined contributions	$59,201	$53,563

Notes to Financial Statements

The following table shows the Total Pension Liability for the Non-Qualified Plan for the Measurement Period from January 1, 2018, to January 1, 2019, and the changes for the year ended December 31, 2019 (*in thousands*).

	Increase (Decrease) Total Pension Liability
Balance at 12/31/2018	**$ 6,274**
(Based on 1/1/2018 measurement date)	
Changes recognized for the fiscal year:	
Service cost	237
Interest on total pension liability	183
Changes in benefit terms	-
Difference between expected and actual experience	(87)
Changes of assumptions	(82)
Benefit payments	(2,399)
Administrative expense	-
Net changes	(2,148)
Balance at 12/31/2019	**$ 4,126**
(Based on 1/1/2019 measurement date)	

The following table shows the Total Pension Liability for the Non-Qualified Plan for the Measurement Period from January 1, 2017, to January 1, 2018, and the changes for the year ended December 31, 2018 (*in thousands*).

	Increase (Decrease) Total Pension Liability
Balance at 12/31/2017	**$ 7,546**
(Based on 1/1/2017 measurement date)	
Changes recognized for the fiscal year:	
Service cost	275
Interest on total pension liability	223
Changes in benefit terms	144
Difference between expected and actual experience	1,966
Changes of assumptions	(28)
Benefit payments	(3,852)
Administrative expense	-
Net changes	(1,272)
Balance at 12/31/2018	**$ 6,274**
(Based on 1/1/2018 measurement date)	

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Retirement Plan financial report and can be reviewed by contacting Investor Relations at *finfo@oppd.com* or by visiting *oppd.com*.

Pension Liability – The following table shows the Pension Liability as reported on the Statements of Net Position as of December 31 (*in thousands*).

	2019	2018
Retirement Plan		
Total pension liability	$ 1,504,787	$ 1,490,507
Plan fiduciary net position	919,805	1,020,386
Net pension liability	584,982	470,121
Non-Qualified Plan		
Total pension liability	4,126	6,274
Pension Liability	**$ 589,108**	**$ 476,395**

Sensitivity – The following table illustrates the impact of interest rate sensitivity on the Total Pension Liability and Net Pension Liability as of December 31, 2019 (in thousands). The information provided below is calculated based on the applicable governmental accounting standards, which require the presentation of the discount rate at the rate in effect as of the measurement date (1/1/2019).

	1% Decrease	Discount Rate	1% Increase
Retirement Plan	**6.0%**	**7.0%**	**8.0%**
Total pension liability	$ 1,671,006	$1,504,787	$1,364,515
Plan fiduciary net position	919,805	919,805	919,805
Net pension liability	$ 751,201	$ 584,982	$ 444,710
Non-Qualified Plan	**3.1%**	**4.1%**	**5.1%**
Total pension liability	$ 4,708	$ 4,126	$ 3,638

The following table illustrates the impact of interest rate sensitivity on the Total Pension Liability and Net Pension Liability as of December 31, 2018 (*in thousands*).

	1% Decrease	Discount Rate	1% Increase
Retirement Plan	**6.0%**	**7.0%**	**8.0%**
Total pension liability	$ 1,660,078	$1,490,507	$1,347,918
Plan fiduciary net position	1,020,386	1,020,386	1,020,386
Net pension liability	$ 639,692	$ 470,121	$ 327,532
Non-Qualified Plan	**2.44%**	**3.44%**	**4.44%**
Total pension liability	$ 6,882	$ 6,274	$ 5,767

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended December 31, 2019, OPPD recognized pension expense of $59,201,000 and non-qualified pension expense of $680,000. For the year ended December 31, 2018, OPPD recognized pension expense of $53,563,000 and non-qualified pension expense of $1,134,000. Pension expense for the non-qualified plan was $294,000 over the ADC as contributions were initially made based on the original projection of the ADC, which was later decreased.

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources as of December 31, 2019 (*in thousands*).

	Deferred Outflows	Deferred Inflows
Retirement Plan		
Difference between expected and actual experience	$ 11,840	$ 1,133
Changes of assumptions	22,106	11,759
Net difference between expected and actual earnings on pension plan investments	81,619	-
Contribution made in fiscal year ending December 31, 2019	59,201	-
Total	$ 174,766	$ 12,892
Non-Qualified Plan		
Difference between expected and actual experience	$ 1,318	$ 75
Changes of assumptions	-	90
Benefits paid in fiscal year ending December 31, 2019	-	-
Total	$ 1,318	$ 165
Total deferred outflows/inflows of resources	**$ 176,084**	**$ 13,057**

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources as of December 31, 2018 (*in thousands*).

	Deferred Outflows	Deferred Inflows
Retirement Plan		
Difference between expected and actual experience	$ 15,484	$ 1,972
Changes of assumptions	41,410	988
Net difference between expected and actual earnings on pension plan investments	-	20,294
Contribution made in fiscal year ending December 31, 2018	53,563	-
Total	$ 110,457	$ 23,254
Non-Qualified Plan		
Difference between expected and actual experience	$ 1,642	$ -
Changes of assumptions	-	24
Benefits paid in fiscal year ending December 31, 2018	2,399	-
Total	$ 4,041	$ 24
Total deferred outflows/inflows of resources	**$ 114,498**	**$ 23,278**

As of December 31, 2019, the Company reported $59,201,000 as deferred outflows of resources related to pensions resulting from the contributions made to the Retirement Plan subsequent to the measurement date. This amount will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (*in thousands*):

Year	Qualified Plan	Non-Qualified Plan
2020	$ 49,434	$ 296
2021	16,512	296
2022	9,047	296
2023	27,680	296
2024	-	-
Thereafter	-	(31)

DEFINED CONTRIBUTION RETIREMENT SAVINGS PLAN – 401(k)/457(b)

OPPD sponsors a Defined Contribution Retirement Savings Plan – 401(k) (401k Plan) and a Defined Contribution Retirement Savings Plan – 457(b) (457b Plan). Both the 401k Plan and 457b Plan cover all full-time employees and certain part-time employees and allow contributions by employees that are partially matched by the Company. The Defined Contribution plans were established and may be amended at the direction of OPPD's Board of Directors and are administered by the Company. The 401k Plan's and 457b Plan's assets and income are held in an external trust account in each employee's name. The matching share of contributions was $5,771,000 and $5,847,000 for the years ended December 31, 2019 and 2018, respectively. The employer maximum annual match on employee contributions was $4,000 per employee for the years ended December 31, 2019 and 2018.

Detailed information about the fiduciary net position of the 401(k) and 457(b) plans is available in the separately issued 401(k) and 457(b) Plan financial reports and can be reviewed by contacting Investor Relations at *finfo@oppd.com* or by visiting *oppd.com*.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

There are two separate plans for OPEB. OPEB Plan A provides postemployment healthcare and life insurance benefits to qualifying members. OPEB Plan B provides postemployment healthcare premium coverage for the Company's share to qualifying members who were hired after December 31, 2007. The OPEB Plans were established and may be amended at the direction of OPPD's Board of Directors and are administered by the Company. The Company adopted and implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), in 2018, related to the OPPD OPEB plans.

OPEB Plan A

Plan Description and Benefits Provided – OPEB Plan A (Plan A) is a single-employer defined benefit OPEB plan administered by the Company. Plan A provides postemployment healthcare benefits to retirees, surviving spouses, and employees on long-term disability and their dependents and life insurance benefits to retirees and employees on long-term disability. The requirements for retirement eligibility under OPPD's Retirement Plan determines when Plan A members are eligible for medical benefits. OPPD is self-insured for healthcare benefits. Healthcare benefits are based on the coverage elected by Plan A members. Plan members are required to pay a premium based on the elected coverage and their respective premium cost share. When members are retired and eligible for Medicare benefits, coverage moves from OPPD's Medical Plans to OPPD's Group Medicare Supplement and Part D Plans.

Life insurance coverage is purchased from a third-party and benefits are based on one and one-half times the participant's salary at the time of retirement until age 65. At age 65, the benefits are reduced to $20,000 if retired on or after June 1, 1996 or $15,000 if retired prior to June 1, 1996.

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

	2019	2018
Inactive plan members currently receiving benefits	1,995	1,933
Active Plan A members	1,762	1,828
Total	3,757	3,761

Contributions – Plan A members are required to pay a monthly premium based on the elected coverage and the respective premium cost share. The Company contributes the balance of the funds needed on an actuarially determined basis. The ADC was fully funded in the amount of $20,621,000 and $19,973,000 for the years ended December 31, 2019 and 2018, respectively.

Actuarial Assumptions – Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The total Plan A liability in the January 1, 2019 and 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

The total Plan A liability must be determined using the Entry Age Normal (Level Percent of Pay) cost method per GASB 75. Under this actuarial method, an allocation to past service and future service is made by spreading the costs over an employee's career as a level percentage of pay. The actuarial value of the Plan A assets was determined using a method which smooths the effect of short-term volatility in the market value of investments over approximately five years. The mortality table used for healthy participants was the RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2017 with generational projection.

The other actuarial assumptions for the valuations as of January 1, 2019 and 2018, were as follows:

- The average rate of compensation increase varies by age.
- The average rate of inflation was 2.5%.
- The investment rate of return was 7.0%, net of OPEB plan investment expenses, including inflation.
- The pre-Medicare healthcare trend rates ranged from 7.1% immediate to 4.5% for both years.
- The post-Medicare healthcare trend rates ranged from 11.6% immediate to 4.5% ultimate in 2019, and 8.0% immediate to 4.5% ultimate in 2018.
- Amortization for the initial unfunded actuarial accrued liability and OPEB Plan changes was determined using a period of 30 years and the increasing method at a rate of 3.0% per year.
- Amortization for all changes (including gains/losses, assumption and plan provisions) after the initial year were determined using a closed period of 15 years and the level-dollar method.

The actuarial assumptions are based on a study of the experience of the covered group. The last actuarial experience study was performed during 2016.

Discount Rate - The discount rate used to measure the total Plan A liability was 7.0% for both 2019 and 2018. The discount rate is determined using the expected long-term rate of return of each asset class, including inflation and additional yields due to active investment management. The projection of cash flows used to determine the discount rate assumed that OPPD contributions will be equal to the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan A investments was applied to all periods of projected benefit payments to determine the total OPEB Plan A liability.

The following table summarizes the Target Allocation and Long-term Expected Real Rate of Return, presented in geometric means, for each major Asset Class in the OPEB Plan A.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Global equity	50.0%	5.3%
Domestic fixed income	20.0	1.8
Real return	20.0	4.3
Private real estate	10.0	4.1
Total	100%	

**Based on 2019 forward-looking capital market assumptions.*

Total OPEB Plan A Liability, Plan Fiduciary Net Position and Net OPEB Plan A Liability - The total OPEB Plan A liability, plan fiduciary net position and net OPEB Plan A liability are determined in accordance with GASB 75. The amounts are based on the results of an actuarial valuation measurement date of January 1, 2019.

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for Plan A for the Measurement Period from January 1, 2018, to January 1, 2019, and the changes for the year ended December 31, 2019 (*in thousands*).

	Increase (Decrease)		
	Total OPEB A Liability (a)	**Plan Fiduciary Net Position** (b)	**Net OPEB A Liability** (a-b)
Balance at 12/31/2018 (Based on 1/1/2018 measurement date)	**$ 402,128**	**$ 152,568**	**$ 249,560**
Changes recognized for the fiscal year:			
Service cost	4,171		4,171
Interest on total OPEB liability	27,717		27,717
Changes in benefit terms	(37,614)		(37,614)
Difference between expected and actual experience	24,899		24,899
Changes of assumptions	(1,255)		(1,255)
Contributions from employer		19,973	(19,973)
Net investment income		(11,695)	11,695
Benefit payments	(21,028)	(21,028)	-
Administrative expense		(168)	168
Net changes	(3,110)	(12,918)	9,808
Balance at 12/31/2019 (Based on 1/1/2019 measurement date)	**$ 399,018**	**$ 139,650**	**$ 259,368**

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for Plan A for the Measurement Period from January 1, 2017, to January 1, 2018, and the changes for the year ended December 31, 2018 (*in thousands*).

	Increase (Decrease)		
	Total OPEB A Liability (a)	**Plan Fiduciary Net Position** (b)	**Net OPEB A Liability** (a-b)
Balance at 1/1/2018 (Based on 1/1/2017 measurement date)	**$ 419,881**	**$ 131,433**	**$ 288,448**
Changes recognized for the fiscal year:			
Service cost	4,459		4,459
Interest on total OPEB liability	29,015		29,015
Changes in benefit terms	-		-
Difference between expected and actual experience	(31,210)		(31,210)
Changes of assumptions	-		-
Contributions from employer		22,568	(22,568)
Net investment income		18,705	(18,705)
Benefit payments	(20,017)	(20,017)	-
Administrative expense		(121)	121
Net changes	(17,753)	21,135	(38,888)
Balance at 12/31/2018 (Based on 1/1/2018 measurement date)	**$ 402,128**	**$ 152,568**	**$ 249,560**

	2019	**2018**
Plan fiduciary net position as a percentage of the total OPEB Plan A liability	35.00%	37.94%
Actuarially determined contributions	$20,621	$19,973

OPEB Plan A Fiduciary Net Position – Detailed information about OPEB Plan A's fiduciary net position is available in the separately issued Plan A financial report and can be reviewed by contacting Investor Relations at *finfo@oppd.com* or by visiting *oppd.com*.

Sensitivity – The following table illustrates the impact of interest rate sensitivity on the Total OPEB Liability and Net OPEB Liability as of December 31, 2019 (in thousands). The information provided below is calculated based on the applicable governmental accounting standards, which require the presentation of the discount rate at the rate in effect as of the measurement date (1/1/2019).

OPEB Plan A	**1% Decrease 6.0%**	**Discount Rate 7.0%**	**1% Increase 8.0%**
Total OPEB liability	$ 447,085	$ 399,018	$ 358,997
Plan fiduciary net position	139,650	139,650	139,650
Net OPEB liability	$ 307,435	$ 259,368	$ 219,347

The following table illustrates the impact of interest rate sensitivity on the Total OPEB Liability and Net OPEB Liability as of December 31, 2018 (in thousands). The information provided below is calculated based on the applicable governmental accounting standards, which require the presentation of the discount rate at the rate in effect as of the measurement date (1/1/2018).

OPEB Plan A	**1% Decrease 6.0%**	**Discount Rate 7.0%**	**1% Increase 8.0%**
Total OPEB liability	$ 452,834	$ 402,128	$ 360,193
Plan fiduciary net position	152,568	152,568	152,568
Net OPEB liability	$ 300,266	$ 249,560	$ 207,625

The following table illustrates the impact of healthcare cost trend rate sensitivity on the Net OPEB Plan A Liability as of December 31, 2019 (in thousands) if it were calculated using a 1% change in the healthcare cost trend rates as of the measurement date (1/1/2019).

	1% Decrease	**Current Healthcare Cost Trend Rate**	**1% Increase**
Pre-Medicare	6.1%-3.5%	7.1%-4.5%	8.1%-5.5%
Post-Medicare	10.6%-3.5%	11.6%-4.5%	12.6%-5.5%
Total OPEB liability	$ 359,707	$ 399,018	$ 446,328
Plan fiduciary net position	139,650	139,650	139,650
Net OPEB liability	$ 220,057	$ 259,368	$ 306,678

The following table illustrates the impact of healthcare cost trend rate sensitivity on the Net OPEB Plan A Liability as of December 31, 2018 (in thousands) if it were calculated using a 1% change in the healthcare cost trend rates as of the measurement date (1/1/2018).

	1% Decrease	**Current Healthcare Cost Trend Rate**	**1% Increase**
Pre-Medicare	6.1%-3.5%	7.1%-4.5%	8.1%-5.5%
Post-Medicare	7.0%-3.5%	8.0%-4.5%	9.0%-5.5%
Total OPEB liability	$ 360,496	$ 402,128	$ 452,651
Plan fiduciary net position	152,568	152,568	152,568
Net OPEB liability	$ 207,928	$ 249,560	$ 300,083

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Plan A - For the year ended December 31, 2019, OPPD recognized OPEB expense of $20,621,000. For the year ended December 31, 2018, OPPD recognized OPEB expense of $19,973,000.

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to Plan A from the following sources as of December 31, 2019 (*in thousands*).

	Deferred Outflows	Deferred Inflows
OPEB Plan A		
Difference between expected and actual experience	$ 19,744	$ 18,393
Changes of assumptions	-	995
Net difference between expected and actual earnings on OPEB plan investments	12,214	-
Contribution made in fiscal year ending December 31, 2019	20,621	-
Total deferred outflows/inflows of resources	$ 52,579	$ 19,388

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to Plan A from the following sources as of December 31, 2018 (*in thousands*).

	Deferred Outflows	Deferred Inflows
OPEB Plan A		
Difference between expected and actual experience	$ -	$ 24,801
Changes of assumptions	-	-
Net difference between expected and actual earnings on OPEB plan investments	-	7,537
Contribution made in fiscal year ending December 31, 2018	19,973	-
Total deferred outflows/inflows of resources	$ 19,973	$ 32,338

As of December 31, 2019, the Company reported $20,621,000 as deferred outflows of resources related to Plan A resulting from the contributions made to the OPEB Plan subsequent to the measurement date. This amount will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB Plan A will be recognized in OPEB expense as follows (*in thousands*):

Year	Amount
2020	$ 1,069
2021	1,069
2022	1,902
2023	8,530
2024	-
Thereafter	-

OPEB Plan B

Plan Description and Benefits Provided – OPEB Plan B (Plan B) is a single-employer defined benefit OPEB plan administered by the Company. Plan B provides postemployment healthcare premium coverage for the Company's share for retirees and surviving spouses and their dependents to qualifying members who were hired after December 31, 2007. Benefits are based on the coverage elected by the Plan B members and the balance in the member's hypothetical account, which is a bookkeeping account. The hypothetical accounts are credited with $10,000 upon commencement of full-time employment, $1,000 annually on the member's anniversary date and interest income at 5.0% annually. Plan B benefits are for the payment of OPPD's share of the members' healthcare premiums. Plan benefits will continue until the member and eligible spouse cease to be covered under the Company's medical plan, the member's hypothetical account is depleted or Plan B terminates, whichever occurs first. Benefits are forfeited for any member who fails to retire or who retires but does not immediately commence payments.

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

	2019	**2018**
Inactive plan members currently receiving benefits	7	5
Active Plan B members	765	704
Total	772	709

Contributions – Funds are contributed, as needed, on an actuarially determined basis. Members do not contribute to Plan B. The ADC was fully funded in the amount of $625,000 for the year ended December 31, 2019. No employer contribution was required for the year ending December 31, 2018 as the Plan was overfunded.

Actuarial Assumptions – Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The total Plan B liability in the January 1, 2019 and 2018, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

The total Plan B liability must be determined using the Entry Age Normal (Level Percent of Pay) cost method per GASB 75. Under this actuarial method, an allocation to past service and future service is made by spreading the costs over an employee's career as a level percentage of pay. The actuarial value of the Plan B assets was determined using market value. The mortality table used for healthy participants was the RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2017 with generational projection.

The other actuarial assumptions for the valuations as of January 1, 2019 and 2018, were as follows:

- The average rate of inflation was 2.5%.
- The investment rate of return was 5.25%, net of OPEB plan investment expenses, including inflation.
- Amortization for all changes (including gains/losses, assumption and plan provisions) after the initial year were determined using a closed period of 15 years and the level-dollar method.

The actuarial assumptions are based on a study of the experience of the covered group. The last actuarial experience study was performed during 2016.

Discount Rate – The discount rate used to measure the total Plan B liability was 5.25% for both 2019 and 2018. The discount rate is determined using the expected long-term rate of return of each asset class, including inflation. The projection of cash flows used to determine the discount rate assumed that OPPD contributions will be made equal to the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan B investments was applied to all periods of projected benefit payments to determine the total OPEB Plan B liability.

The following table summarizes the Target Allocation and Long-term Expected Real Rate of Return, presented in geometric means, for each major Asset Class in Plan B.

Asset Class	**Target Allocation**	**Long-term Expected Real Rate of Return***
Domestic fixed income	70.0%	1.8%
Global equity	30.0	5.3
Total	100%	

**Based on 2019 forward-looking capital market assumptions.*

Total OPEB Plan B Liability, Plan Fiduciary Net Position and Net OPEB Plan B Liability – The total OPEB Plan B liability, plan fiduciary net position and net OPEB Plan B liability are determined in accordance with GASB 75. The amounts are based on the results of an actuarial valuation measurement date of January 1, 2019.

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for Plan B for the Measurement Period from January 1, 2018, to January 1, 2019, and the changes for the year ended December 31, 2019 (*in thousands*).

	Increase (Decrease)		
	Total OPEB B Liability (a)	**Plan Fiduciary Net Position** (b)	**Net OPEB B Liability/(Asset)** (a-b)
Balance at 12/31/2018	**$ 3,691**	**$ 4,042**	**$ (351)**
(Based on 1/1/2018 measurement date)			
Changes recognized for the fiscal year:			
Service cost	492		492
Interest on total OPEB liability	219		219
Changes in benefit terms	-		-
Difference between expected and actual experience	145		145
Changes of assumptions	(451)		(451)
Net investment income		(133)	133
Benefit payments	(17)	(17)	-
Administrative expense		(35)	35
Net changes	388	(185)	573
Balance at 12/31/2019	**$ 4,079**	**$ 3,857**	**$ 222**
(Based on 1/1/2019 measurement date)			

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position, and Net OPEB Liability for Plan B for the Measurement Period from January 1, 2017, to January 1, 2018, and the changes for the year ended December 31, 2018 (*in thousands*).

	Increase (Decrease)		
	Total OPEB B Liability (a)	**Plan Fiduciary Net Position** (b)	**Net OPEB B Liability/(Asset)** (a-b)
Balance at 1/1/2018	**$ 3,006**	**$ 3,735**	**$ (729)**
(Based on 1/1/2017 measurement date)			
Changes recognized for the fiscal year:			
Service cost	459		459
Interest on total OPEB liability	182		182
Changes in benefit terms	-		-
Difference between expected and actual experience	57		57
Changes of assumptions	-		-
Net investment income		356	(356)
Benefit payments	(13)	(13)	-
Administrative expense		(36)	36
Net changes	685	307	378
Balance at 12/31/2018	**$ 3,691**	**$ 4,042**	**$ (351)**
(Based on 1/1/2018 measurement date)			

	2019	**2018**
Plan fiduciary net position as a percentage of the total OPEB Plan B liability	94.57%	109.52%
Actuarially determined contributions	$625	$323

OPEB Plan B Fiduciary Net Position – Detailed information about OPEB Plan B's fiduciary net position is available in the separately issued Plan B financial report and can be reviewed by contacting Investor Relations at *finfo@oppd.com* or by visiting *oppd.com*.

Sensitivity – The following table illustrates the impact of interest rate sensitivity on the Total OPEB Liability and Net OPEB Liability/(Asset) as of December 31, 2019 (in thousands). The information provided below is calculated based on the applicable governmental accounting standards, which require the presentation of the discount rate at the rate in effect as of the measurement date (1/1/2019).

OPEB Plan B	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Total OPEB liability	$ 4,494	$ 4,079	$ 3,697
Plan fiduciary net position	3,857	3,857	3,857
Net OPEB liability/(asset)	$ 637	$ 222	$ (160)

The following table illustrates the impact of interest rate sensitivity on the Total OPEB Liability and Net OPEB Liability/(Asset) as of December 31, 2018 (in thousands). The information provided below is calculated based on the applicable governmental accounting standards, which require the presentation of the discount rate at the rate in effect as of the measurement date (1/1/2018).

OPEB Plan B	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Total OPEB liability	$ 4,108	$ 3,691	$ 3,314
Plan fiduciary net position	4,042	4,042	4,042
Net OPEB liability/(asset)	$ 66	$ (351)	$ (728)

The Net OPEB Liability/(Asset) is not affected by the healthcare cost trend rates as the Plan only covers the monthly cost of OPPD's share of the premium. Increases or decreases in the healthcare trend rates do not impact the member's hypothetical account.

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plan B – For the year ended December 31, 2019, OPPD recognized OPEB expense of $625,000. For the year ended December 31, 2018, OPPD recognized OPEB expense of $452,000.

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to Plan B from the following sources as of December 31, 2019 (*in thousands*).

	Deferred Outflows	Deferred Inflows
OPEB Plan B		
Difference between expected and actual experience	$ 190	$ -
Changes of assumptions	-	429
Net difference between expected and actual earnings on OPEB plan investments	178	-
Contribution made in fiscal year ending December 31, 2019	625	-
Total deferred outflows/inflows of resources	$ 993	$ 429

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to Plan B from the following sources as of December 31, 2018 (*in thousands*).

	Deferred Outflows	Deferred Inflows
OPEB Plan B		
Difference between expected and actual experience	$ 55	$ -
Changes of assumptions	-	-
Net difference between expected and actual earnings on OPEB plan investments	-	129
Total deferred outflows/inflows of resources	$ 55	$129

As of December 31, 2019, the Company reported $625,000 as deferred outflows of resources related to Plan B resulting from the contributions made to the OPEB Plan subsequent to the measurement date. This amount will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2020. Plan B was overfunded as of December 31, 2018, so there were no deferred outflows of resources related to contributions since there were no contributions made to the OPEB Plan subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB Plan B will be recognized in OPEB expense as follows (in thousands):

Year	Amount
2020	$ 24
2021	24
2022	24
2023	56
2024	(13)
Thereafter	(176)

SELF-INSURANCE HEALTH PROGRAM

Employee healthcare and life insurance benefits are provided to substantially all employees. There were 1,623 and 1,595 employees with medical coverage as of December 31, 2019 and 2018, respectively. An Administrative Services Only (ASO) Health Insurance Program is used to account for the health insurance claims. With respect to the ASO program, reserves sufficient to satisfy both statutory and OPPD-directed requirements have been established to provide risk protection in the Segregated Fund – Other (Note 3). Additionally, private insurance has been purchased to cover claims in excess of 125% of expected aggregate levels and $450,000 per member.

Healthcare expenses for employees were $27,407,000 and $28,063,000 for the years ended December 31, 2019 and 2018, respectively.

The total cost of life and long-term disability insurance for full-time employees was $1,218,000 and $1,192,000 for the years ended December 31, 2019 and 2018, respectively.

The balance of the Incurred but Not Presented Reserve was $3,502,000 and $3,055,000 as of December 31, 2019 and 2018, respectively (Note 2).

7. ADDITIONS TO AND UTILIZATIONS OF RESERVES

The Rate Stabilization Reserve had no changes for the years ended December 31, 2019 and 2018. The balance of the reserve was $50,000,000 as of December 31, 2019 and 2018.

The Decommissioning and Benefits Reserve was increased by $17,000,000 and $42,500,000 for the years ended December 31, 2019 and 2018, respectively. The balance of the reserve was $94,000,000 and $77,000,000 as of December 31, 2019 and 2018, respectively.

8. DERIVATIVES AND FINANCIAL INSTRUMENTS

Energy Futures Contracts – OPPD enters into financial futures contracts to hedge the volatility of the market price risk of electricity for anticipated off-system sales revenue or purchase power expense transactions. These transactions must comply with the risk management policy in place to control the volume of energy that can be hedged and the length of the contracts. The Company does not enter into derivative instruments for speculative purposes.

OPPD entered into energy financial future contracts with the Intercontinental Exchange (ICE) to hedge the expected cash flows associated with purchases and sales of energy due to market price volatility. By entering into these arrangements, OPPD will receive and make payments based on market prices without actually entering into the related commodity transactions. In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, outstanding derivatives are evaluated and classified as either hedging derivative instruments, or cash flow hedges (effective), or investment derivative instruments (ineffective), with the accumulated change in fair market value recognized as deferred inflows/outflows of resources on the Statements of Net Position or investment income/expense on the Statements of Revenues, Expenses and Changes in Net Position, respectively. The fair value and deferred cash flows, if any, for these contracts are determined by comparing the contract price to the forward market prices quoted by an independent external pricing service.

Realized gains or losses from hedging derivative instruments are recognized as either off-system sales revenue or purchased power expense on the Statements of Revenue, Expenses and Changes in Net Position in the month the contract expires. Gains or losses from investment derivative instruments are recognized immediately as investment income/expense. All derivative contracts are cash settled in the month subsequent to the period in which the contract expires.

The following table summarizes the outstanding contracts and related megawatt-hours (MWh) as of December 31, 2019.

	Effective Date	Maturity Date	Notional Amount	Volume
Energy Futures Contract	Dec. 2019	Jan. 2020	20,360	MWh
Energy Futures Contract	Dec. 2019	Feb. 2020	17,400	MWh
Energy Futures Contract	Dec. 2019	Jul. 2020	18,400	MWh
Energy Futures Contract	Dec. 2019	Aug. 2020	16,800	MWh
Total MWh hedged			72,960	

The following table summarizes the outstanding contracts and related MWh as of December 31, 2018.

	Effective Date	Maturity Date	Notional Amount	Volume
Energy Futures Contract	Nov. 2018	Jan. 2019	12,720	MWh
Energy Futures Contract	Nov. 2018	Feb. 2019	3,520	MWh
Energy Futures Contract	Dec. 2018	Jan. 2019	19,600	MWh
Energy Futures Contract	Dec. 2018	Feb. 2019	17,600	MWh
Energy Futures Contract	Dec. 2018	Mar. 2019	16,800	MWh
Energy Futures Contract	Dec. 2018	Apr. 2019	17,600	MWh
Total MWh hedged			87,840	

The following table summarizes the fair value, changes in fair value and notional amounts of energy financial future contracts, classified by type, outstanding as of December 31, 2019.

	Changes in Fair Value		Fair Value at December 31, 2019		
	Classification	Amount	Classification	Amount	Notional
Hedging derivative intruments:					
Commodity futures	Deferred inflow	$ 53,000	Derivative instruments - asset	$ 53,000	16,800 MWh
Commodity futures	Deferred outflow	$ 71,000	Derivative instruments - liability	$ 71,000	35,200 MWh
Investment derivative intruments:					
Commodity futures	Investment income	$ 54,000	Derivative instruments - asset	$ 54,000	20,960 MWh

The following table summarizes the fair value, changes in fair value and notional amounts of energy financial future contracts, classified by type, outstanding as of December 31, 2018.

	Changes in Fair Value		Fair Value at December 31, 2018		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Hedging derivative intruments:					
Commodity futures	Deferred inflow	$ 575,000	Derivative instruments - asset	$ 575,000	53,440 MWh
Commodity futures	Deferred outflow	$ 186,000	Derivative instruments - liability	$ 186,000	34,400 MWh

As a result of engaging in hedging activities, OPPD is subject to the following key risks:

- **Basis Risk** – Basis risk is the risk that arises when variable rates or prices of a hedging derivative instrument and a hedged item are based on different reference rates. OPPD is exposed to this risk due to a difference in commodity value between different generating sites and delivery points or between cash market prices and the pricing points used in the SPP financial market.
- **Credit Risk** – Credit risk is the risk that results when counterparties or the clearing agent are unable or unwilling to fulfill their obligations. OPPD addresses this risk with the counterparties by executing these contracts using an independent clearing agent, which requires collateral and will spread any unfilled obligations across all participants utilizing their services. The risk of default by the clearing agent is mitigated by their membership in the commodities clearing house, which requires collateral and guaranty funds by each clearing agent to be used to offset any socialized unfilled obligations between member clearing agents.

Auction Revenue Rights (ARRs) – ARRs are financial instruments that entitle the owner to a share of the revenues generated in the applicable Transmission Congestion Rights (TCR) auctions. ARRs are allocated during annual and/or incremental monthly auctions and have the option of being converted into a TCR. OPPD is entitled to these financial payments as a substitute for firm (physical) transmission service. ARRs are accounted for at cost as they are not readily convertible to cash and therefore do not meet the definition of a derivative. The balance of ARRs, reported in Current Liabilities - Other, was $3,637,000 and $5,419,000 as of December 31, 2019, and 2018, respectively (Note 2).

Transmission Congestion Rights – TCRs are financial instruments that entitle the holder to an offset to congestion charges on the transmission grid that take place in the day-ahead market. The Company utilizes TCRs to hedge against congestion differentials between OPPD generators and OPPD load in the SPP Integrated Marketplace.

TCRs qualify for the normal purchases and sales exception under GASB guidance and are reported on a cost basis on the Statements of Net Position. The total notional amount of TCRs outstanding as of December 31, 2019 and 2018, was 4,576,616 MWh and 4,846,348 MWh, respectively. The balance of TCRs reported in Other Current Assets was $1,349,000 and $1,968,000 as of December 31, 2019 and 2018, respectively (Note 2).

9. OTHER – NET

The following table summarizes the composition of Other – Net for the years ended December 31 (*in thousands*).

	2019	**2018**
Interest subsidies from the federal government	$ 2,223	$ 2,138
Insurance recoveries	289	160
Grants from FEMA	-	4,646
Other	993	407
Total	$ 3,505	$ 7,351

10. RISK MITIGATION AND RECOVERIES

OPPD is exposed to various risks of loss related to general liability and property damage. The Company procures property and liability insurance, subject to certain limits and deductibles, to reduce the adverse effect on its financial position or operational capabilities from claims caused by such matters. There have been no significant changes to the Company's insurance portfolio. Claims have not exceeded the limits of property or liability insurance in any of the three preceding years.

The following table summarizes the total claims liability, comprising claims received and medical claims incurred but not presented, at December 31, 2019 and 2018 (*in thousands*).

	2019	**2018**
IBNP reserve	$ 3,502	$ 3,055
Workers' compensation reserve	5,761	5,280
Public liability reserve	825	1,243
Total	$ 10,088	$ 9,578

The following table summarizes the changes in the total claims liability during 2019 and 2018 (in thousands).

	2019	**2018**
Claims liability, beginning of year	$ 9,578	$ 8,861
Payments on claims	(29,142)	(30,258)
Claims and adjustments	29,652	30,975
Claims liability, end of year	$10,088	$ 9,578

OPPD is eligible for disaster assistance from the Federal Emergency Management Agency (FEMA) when a disaster is declared for damage in the Company's service area. FEMA declared disasters for events during 2019 (flood) and 2017 (storm). The receivable for the 2017 disaster was $10,033,000 and $11,199,000 at December 31, 2019 and 2018, respectively. There is no receivable from FEMA for the 2019 flood event as of December 31, 2019, as the grant agreements were not executed in 2019 and cannot be recognized in accordance with GASB guidance.

The 2019 flood event included flood prevention and repair activities that are also covered by OPPD's property insurance. OPPD filed a claim and received preliminary notification from the insurance carrier of advance payment settlement for the 2019 flood event in the amount of $764,000 (net of the $2,500,000 deductible) as of December 31, 2019. This receivable was outstanding as of December 31, 2019 and resulted in a reduction of Production expense of $585,000 and CIAC of $179,000.

11. FORT CALHOUN STATION

In June 2016, the OPPD Board of Directors approved a recommendation by management to cease operations at FCS by December 31, 2016, and begin the decommissioning process using the safe storage (SAFSTOR) methodology. The decision was made after a review of the Company's generation resource portfolio, and the station ceased operations on October 24, 2016. As a result of the Board decision to cease operations, the FCS assets were impaired in 2016. The write-off was recorded to a Special Item on the Statements of Revenues, Expenses and Changes in Net Position.

A portion of the materials and supplies inventory was not included in the impairment as this inventory is being used or sold, or is expected to be used or sold. As a result, it was reported at fair value in Current Assets on the Statements of Net Position. In 2019, a significant portion of the inventory was sold, disposed of or scrapped. The balance was $807,000 and $3,748,000 as of December 31, 2019 and 2018, respectively.

FCS recovery costs incurred in 2012 and 2013 were deferred as a regulatory asset based on Board approval. The deferral of the costs related to recovery was not included in the impairment, but will continue to be amortized (and collected through retail rates) through 2023, as these costs benefit current and future ratepayers.

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

The total estimated cost in current-year dollars to decommission FCS using the DECON methodology was $954,341,000 and $1,080,995,000 as of December 31, 2019 and 2018, respectively. The estimated cost to decommission the station in current-year dollars for the NRC-required obligations using the DECON methodology was $905,956,000 and $1,025,729,000 as of December 31, 2019 and 2018, respectively. This included $126,851,000 in Current Liabilities and $779,105,000 in Other Liabilities as of December 31, 2019, and $114,080,000 in Current Liabilities and $911,649,000 in Other Liabilities as of December 31, 2018 on the Statements of Net Position. The estimated costs were based on a third-party, site-specific cost study.

The major assumptions used in the cost estimate as the basis for the decommissioning liability for December 31, 2019 and 2018 were as follows:

- Costs are provided in current-year dollars.
- Costs based on Prompt DECON Decommissioning model.
- Personnel costs based on a single-average salary for security and non-security staff, adjusted for headcount reductions.
- Overhead costs are for site and corporate support.
- Site facilities and systems data are based on current existing site drawings and data provided by OPPD, combined with experience from ES, to establish station systems and buildings inventories. These were used to generate labor hours, cost, and waste volumes and classifications.

In 2015, a regulatory asset was approved to match the recovery of decommissioning expenses with the decommissioning funding amounts collected through retail rates. In 2019, the Board of Directors authorized a revision to the regulatory accounting for decommissioning expense to match the expense to the amounts funded from both retail rates and realized decommissioning fund investment income starting in 2020. The balance of the regulatory asset was $304,944,000 and $468,720,000 as of December 31, 2019 and 2018, respectively. This included $123,600,000 in Current Assets and $181,344,000 in Other Long-Term Assets as of December 31, 2019, and $143,000,000 in Current Assets and $325,720,000 in Other Long-Term Assets as of December 31, 2018 on the Statements of Net Position. A long-term asset of $53,595,000 and $65,236,000 as of December 31, 2019 and 2018, respectively, was recorded for the estimated recovery from the DOE for costs related to spent fuel management activities. The DOE recovery amount was based on the low-end range of the potential reimbursement in accordance with accounting standards. The balance of the decommissioning trust assets was $549,035,000 and $465,956,000 as of December 31, 2019 and 2018, respectively, and includes interest receivables of $1,558,000 and $1,102,000 as of December 31, 2019 and 2018, respectively.

Employees located at FCS or other locations, and terminated as a result of the decision to cease operations, are eligible for an employee severance package. The package includes a lump-sum payment to eligible employees with a base of 12 weeks of pay based on current salary, plus an additional week of pay for each year of service up to a maximum of 52 weeks. Employees enrolled in the Company's medical benefit plans are also eligible for a lump-sum payment of medical, dental and vision insurance coverage costs based on the number of weeks used in the severance calculation (as noted above). Retiring employees are only eligible for payment related to dental coverage. Employees did not receive severance payments in 2019. There were 15 employees that received severance payments totaling $1,682,000 in 2018.

Severance costs are accrued as the benefits are earned and recognized ratably over the future service period. Future severance costs beyond December 31, 2019 are estimated to be paid to approximately 237 employees in various waves of reductions through 2025. Severance costs of $1,578,000 and $1,650,000 were recorded as of December 31, 2019 and 2018, respectively.

In 2016, OPPD established a Key Employee Performance Plan (KEPP) to help ensure that key positions remained staffed for continued safe operations. As part of the KEPP, certain key positions at FCS are eligible for a performance incentive. Performance incentives are paid to employees based on attainment of certain milestone dates which extend to 2020. In 2019, 10 employees received performance incentive payments totaling $611,000. In 2018, 83 employees received performance incentive payments totaling $2,912,000. Future performance incentive costs beyond December 31, 2019 are estimated to be paid to approximately 104 employees. Performance incentive costs of $784,000 and $1,495,000 were recorded as of December 31, 2019 and 2018, respectively.

12. COMMITMENTS AND CONTINGENCIES

Commitments for the uncompleted portion of construction contracts were approximately $45,819,000 at December 31, 2019.

Power sales commitments that extend through 2027 were $13,817,000 as of December 31, 2019. Power purchase commitments, including capacity contracts were $275,585,000 as of December 31, 2019. These commitments extend through 2050 and do not include the PPAs for OPPD's commitments for wind energy purchases or NC2, which are separately disclosed below.

The following table summarizes OPPD's commitments for wind purchase agreements as of December 31, 2019.

	Total Capacity (in MW)	OPPD Share (in MW)	Commitment Through	Amount (in thousands)
Ainsworth*	59.4	10.0	2025	$ 10,806
Elkhorn Ridge**	80.0	25.0	2029	11,460
Total	139.4	35.0		$22,266

** This PPA is on a "take-or-pay" basis and the Company is obligated to make payments for purchased power even if the power is not available, delivered or taken by OPPD. In addition, the Company is obligated, through a step-up provision, to pay a share of any deficit in funds resulting from a default at the Ainsworth facility. Included in this amount is OPPD's expected share of decommissioning costs.*

***This PPA is on a "take-and-pay" basis and requires payments when the power is made available to OPPD. The commitment amount includes monthly fixed demand charges.*

There were no commitments for the solar or other wind PPAs.

There are 40-year PPAs with seven public power and municipal utilities (the Participants) for the sale of half of the net capacity of NC2. The Participants have agreed to purchase their respective shares of the output on a "take-or-pay" basis even if the power is not available, delivered to or taken by the Participants. The Participants are subject to a step-up provision, whereby in the event of a Participant default, the remaining Participants are obligated to pay a share of any deficit in funds resulting from the default. There is an NC2 Transmission Facilities Cost Agreement with the Participants that addresses the cost allocation, payment and cost recovery for delivery of their respective power.

OPPD has coal supply contracts that extend through 2022 with minimum future payments of $125,739,000 at December 31, 2019. The Company also has coal-transportation contracts that extend through 2020 with minimum future payments of $77,951,000 as of December 31, 2019. These contracts are subject to price adjustments.

The Company is engaged in routine litigation incidental to the conduct of its business and, in the opinion of Management, based upon the advice of General Counsel, the aggregate amounts recoverable or payable, taking into account amounts provided in the financial statements, are not significant.

13. SUBSEQUENT EVENT

Management evaluated subsequent events through the date the financial statements were available to be issued to identify subsequent events that would require recognition or disclosure as of and for the year ended December 31, 2019.

OPPD issued an additional $19,900,000 of Commercial Paper on January 29, 2020. The $19,900,000 of additional proceeds was supplemented with cash from operations of $4,165,000 and were used to fully refund the 2014 Series DD Electric System Subordinated Revenue Bonds balance of $24,065,000 on February 3, 2020.

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Required Supplementary Information (Unaudited)

Schedule of Changes in Total Pension Liability, Net Pension Liability and Related Ratios

The following schedules show the history of changes in Total Pension Liability and Net Pension Liability as of December 31 using a January 1 measurement date (*in thousands*).

Retirement Plan	**2019**	**2018**
Total Pension Liability		
Service cost	$ 21,156	$ 21,135
Interest on total pension liability	102,466	99,501
Changes of benefit terms	-	909
Difference between expected and actual experience	2,867	16,421
Changes of assumptions	(14,834)	(1,306)
Benefit payments, including refunds of employee contributions	(97,375)	(91,372)
Net change in total pension liability	**14,280**	**45,288**
Total pension liability (beginning)	**1,490,507**	**1,445,219**
Total pension liability (ending) (a)	**$ 1,504,787**	**$ 1,490,507**
Plan Fiduciary Net Position		
Contributions from employer	$ 53,563	$ 53,073
Contributions from employee	11,417	10,890
Net investment income	(68,088)	143,070
Benefit payments, including refunds of employee contributions	(97,375)	(91,372)
Administrative expense	(98)	(95)
Net change in plan fiduciary net position	**(100,581)**	**115,566**
Plan fiduciary net position (beginning)	**1,020,386**	**904,820**
Plan fiduciary net position (ending) (b)	**$ 919,805**	**$ 1,020,386**
Net pension liability (ending) (a)-(b)	**$ 584,982**	**$ 470,121**
Plan fiduciary net position as a percentage of total pension liability	61.13%	68.46%
Covered payroll	$ 179,364	$ 179,607
Net pension liability as a percentage of covered payroll	326.14%	261.75%

Non-Qualified Plan **Total Pension Liability**	**2019**	**2018**
Service cost	$ 237	$ 275
Interest on total pension liability	183	223
Changes of benefit terms	-	144
Difference between expected and actual experience	(87)	1,966
Changes of assumptions	(82)	(28)
Benefit payments	(2,399)	(3,852)
Net change in total pension liability	**(2,148)**	**(1,272)**
Total pension liability (beginning)	**6,274**	**7,546**
Total pension liability (ending)	**$ 4,126**	**$ 6,274**
Covered payroll	$ 2,292	$ 2,561
Total pension liability as a percentage of covered payroll	180.02%	244.99%

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

See notes to required supplementary information

2017	2016	2015
$ 23,406	$ 23,224	$ 22,492
103,695	100,285	93,643
-	1,268	-
4,667	2,593	(5,328)
42,537	-	54,712
(85,752)	(81,441)	(79,681)
88,553	**45,929**	**85,838**
1,356,666	**1,310,737**	**1,224,899**
$ 1,445,219	**$ 1,356,666**	**$ 1,310,737**
$ 50,711	$ 46,568	$ 53,008
11,957	12,375	11,720
58,549	(11,465)	32,020
(85,752)	(81,441)	(79,681)
(134)	(111)	(193)
35,331	**(34,074)**	**16,874**
869,489	**903,563**	**886,689**
$ 904,820	**$ 869,489**	**$ 903,563**
$ 540,399	**$ 487,177**	**$ 407,174**
62.61%	64.09%	68.94%
$ 187,605	$ 200,905	$ 196,344
288.05%	242.49%	207.38%

2017
$ 252
211
-
765
461
-
1,689
5,857
$ 7,546
$ 1,305
578.24%

Required Supplementary Information (Unaudited)

Schedule of Retirement Plan Contributions

The following table shows the history of Contributions for the Retirement Plan as of December 31, using a January 1 measurement date (*in thousands*).

	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution Percentage of Covered Payroll
2019	$ 59,201	$ 59,201	$ -	$ 179,364	33.01%
2018	53,563	53,563	-	179,607	29.82%
2017	53,073	53,073	-	187,605	28.29%
2016	50,711	50,711	-	200,905	25.24%
2015	46,568	46,568	-	196,344	23.72%
2014	53,008	53,008	-	194,100	27.31%

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

See notes to required supplementary information

Required Supplementary Information (Unaudited)

Schedule of Changes in Total OPEB Liability, Net OPEB Liability and Related Ratios

The following schedules show the history of changes in Total OPEB Liability and Net OPEB Liability as of December 31 using a January 1 measurement date (*in thousands*).

Plan A	**2019**	**2018**
Total OPEB Liability		
Service cost	$ 4,171	$ 4,459
Interest on total OPEB liability	27,717	29,015
Changes of benefit terms	(37,614)	-
Difference between expected and actual experience	24,899	(31,210)
Changes of assumptions	(1,255)	-
Benefit payments	(21,028)	(20,017)
Net change in total OPEB liability	**(3,110)**	**(17,753)**
Total OPEB liability (beginning)	**402,128**	**419,881**
Total OPEB liability (ending) (a)	**$ 399,018**	**$ 402,128**
Plan Fiduciary Net Position		
Contributions from employer	$ 19,973	$ 22,568
Net investment income	(11,695)	18,705
Benefit payments	(21,028)	(20,017)
Administrative expense	(168)	(121)
Net change in plan fiduciary net position	**(12,918)**	**21,135**
Plan fiduciary net position (beginning)	**152,568**	**131,433**
Plan fiduciary net position (ending) (b)	**$ 139,650**	**$ 152,568**
Net OPEB liability (ending) (a)-(b)	**$ 259,368**	**$ 249,560**
Plan fiduciary net position as a percentage of total OPEB liability	35.00%	37.94%
Covered payroll	$ 179,364	$ 179,607
Net OPEB liability as a percentage of covered payroll	144.60%	138.95%

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

See notes to required supplementary information

Required Supplementary Information (Unaudited)

Schedule of Changes in Total OPEB Liability, Net OPEB Liability and Related Ratios

The following schedules show the history of changes in Total OPEB Liability and Net OPEB Liability as of December 31 using a January 1 measurement date (*in thousands*).

Plan B	**2019**	**2018**
Total OPEB Liability		
Service cost	$ 492	$ 459
Interest on total OPEB liability	219	182
Changes of benefit terms	-	-
Difference between expected and actual experience	145	57
Changes of assumptions	(451)	-
Benefit payments	(17)	(13)
Net change in total OPEB liability	**388**	**685**
Total OPEB liability (beginning)	**3,691**	**3,006**
Total OPEB liability (ending) (a)	**$ 4,079**	**$ 3,691**
Plan Fiduciary Net Position		
Contributions from employer	$ -	$ -
Net investment income	(133)	356
Benefit payments	(17)	(13)
Administrative expense	(35)	(36)
Net change in plan fiduciary net position	**(185)**	**307**
Plan fiduciary net position (beginning)	**4,042**	**3,735**
Plan fiduciary net position (ending) (b)	**$ 3,857**	**$ 4,042**
Net OPEB liability/(asset) (ending) (a)-(b)	**$ 222**	**$ (351)**
Plan fiduciary net position as a percentage of total OPEB liability	94.57%	109.52%
Covered-employee payroll	$ 73,931	$ 55,747
Net OPEB liability/(asset) as a percentage of covered-employee payroll	0.30%	(0.63%)

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

See notes to required supplementary information

Required Supplementary Information (Unaudited)

Schedule of OPEB Contributions

The following table shows the history of Contributions for the OPEB Plans as of December 31 using a January 1 measurement date (*in thousands*).

Plan A	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution Percentage of Covered Payroll
2019	$ 20,621	$ 20,621	$ -	$ 179,364	11.50%
2018	$ 19,973	$ 19,973	$ -	$ 179,607	11.12%

Plan B	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contribution Percentage of Covered-Employee Payroll
2019	$ 625	$ 625	$ -	$ 73,931	0.85%
2018*	$ 323	$ -	$ -	$ 55,747	0.00%

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

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

See notes to required supplementary information

Notes to Required Supplementary Information (Unaudited)

Retirement Plan

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, one-year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determined Contribution Rates

Actuarial Cost Method: Entry Age Normal with 20-year closed amortization period for unfunded liability

Asset Valuation Method: 5-year smoothing

Salary Increases: Varies by age

Investment Rate of Return: 7.00% for 2019 through 2016, 7.75% for 2015 and earlier

Retirement Rates: Varies by age and service

Mortality Rates: RP-2014 Aggregate mortality table with generational projection using Scale MP-2014, and is updated annually as new actuarial tables are published.

Non-Qualified Plan

OPPD contributes to a fund for the Non-Qualified Plan on an actuarially determined basis. The fund will be used to pay related benefits; however, it does not meet the criteria for GASB 68 as the assets are not legally protected from creditors. As such, assets were reported in the Company's financial statements and were not netted against the total pension liability.

Valuation Date: Actuarially determined calculations are as of January 1, one-year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determined Contribution Rates

Actuarial Cost Method: Entry Age Normal

Salary Increases: Varies by age

Retirement Rates: Varies by age and service

Mortality Rates: RP-2014 Aggregate mortality table with generational projection using Scale MP-2014, and is updated annually as new actuarial tables are published.

Notes to Required Supplementary Information (Unaudited)

OPEB Plan A

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determined Contribution Rates

Actuarial Cost Method: Entry Age Normal with 15-year closed amortization period for unfunded liability

Asset Valuation Method: 5-year smoothing

Salary Increases: Varies by age

Investment Rate of Return: 7.00% for 2019, 2018 and 2017

Retirement Rates: Varies by age and service

Mortality Rates: RP-2014 Aggregate mortality table with generational projection using Scale MP-2014, and is updated annually as new actuarial tables are published.

Healthcare Cost Trend Rates: The pre-Medicare healthcare trend rates ranged from 7.1% immediate to 4.5% ultimate in 2019, 7.1% immediate to 4.5% ultimate in 2018, and from 7.4% immediate to 4.5% ultimate in 2017. The post-Medicare healthcare trend rates ranged from 11.6% immediate to 4.5% ultimate in 2019, 8.0% immediate to 4.5% ultimate in 2018, and 8.6% immediate to 4.5% ultimate in 2017.

OPEB Plan B

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determined Contribution Rates

Actuarial Cost Method: Entry Age Normal with 15-year closed amortization period for unfunded liability

Asset Valuation Method: Market Value

Investment Rate of Return: 5.25% for 2019, 2018 and 2017