

In the opinion of Bond Counsel, under existing law, and, assuming compliance with the tax covenant described herein, interest on the 2021 Series A/B Bonds is excluded, pursuant to Section 103(a) of the Internal Revenue Code of 1986, from the gross income of the owners thereof for federal and State of Nebraska income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. See, however, "FEDERAL AND STATE INCOME TAXES" herein for a description of certain other tax considerations.

\$127,605,000

Nebraska Public Power District

\$75,525,000 General Revenue Bonds, 2021 Series A (Forward Delivery)

\$52,080,000 General Revenue Bonds, 2021 Series B (Forward Delivery)

Dated: Date of Delivery

Due: January 1, as shown on the inside cover page

The 2021 Series A Bonds (Forward Delivery) (the "2021 Series A Bonds") and the 2021 Series B Bonds (Forward Delivery) (the "2021 Series B Bonds" and, together with the 2021 Series A Bonds, the "2021 Series A/B Bonds") will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the 2021 Series A/B Bonds. Individual purchases will be made in book-entry-only form. Purchasers will not receive certificates representing their interest in the 2021 Series A/B Bonds purchased. Principal of the 2021 Series A/B Bonds will be payable as provided on the inside cover page at the designated corporate trust operations office of The Bank of New York Mellon Trust Company, N.A., in East Syracuse, New York, the Trustee and Paying Agent, and interest on the 2021 Series A/B Bonds will be payable on January 1 and July 1 of each year, commencing January 1, 2022, to the registered owners of such Bonds as of the 15th day of the calendar month preceding the next interest payment date. So long as DTC or its nominee is the registered owner of the 2021 Series A/B Bonds, payments of the principal and interest on the 2021 Series A/B Bonds will be made directly to DTC. Disbursements of such payments to DTC Participants are the responsibility of DTC and disbursements of such payments to the beneficial owners is the responsibility of DTC Participants and Indirect Participants. See "DESCRIPTION OF THE 2021 SERIES A/B BONDS—Book-Entry-Only System."

The 2021 Series A/B Bonds are subject to redemption as described herein.

The 2021 Series A/B Bonds are being issued for the principal purpose of refunding certain of the District's outstanding General Bonds and paying costs of issuance. See "PLAN OF REFUNDING AND APPLICATION OF THE 2021 SERIES A/B BOND PROCEEDS."

The 2021 Series A/B Bonds will be payable from the Net Revenues of the District's System on a parity with the outstanding General Bonds. See "THE DISTRICT—Additional Obligations" and "SECURITY FOR THE GENERAL BONDS."

The 2021 Series A/B Bonds are not an obligation of the State of Nebraska, and said State is prohibited from pledging its credit or funds for the payment of the 2021 Series A/B Bonds. The principal of and interest on the 2021 Series A/B Bonds are special obligations of the District payable from revenues pledged therefor pursuant to the District's General Resolution, as defined herein. The District has no taxing power.

The 2021 Series A/B Bonds are offered when, as and if issued and received by the Underwriters, and subject to the approval of legality by Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, and John C. McClure, Esq., General Counsel to the District. Certain legal matters will be passed upon for the Underwriters by Nixon Peabody LLP, New York, New York. It is expected that the 2021 Series A/B Bonds in definitive form will be ready for delivery through the facilities of DTC in New York, New York, on or about October 7, 2021.

Potential purchasers of the 2021 Series A/B Bonds should carefully review the information under the caption "FORWARD DELIVERY OF THE 2021 SERIES A/B BONDS" prior to purchasing the 2021 Series A/B Bonds.

BofA Securities

Goldman, Sachs & Co. LLC

Citigroup

J.P.Morgan

Morgan Stanley

Wells Fargo Securities

MATURITIES, PRINCIPAL AMOUNTS,
INTEREST RATES, YIELDS, AND PRICES

\$75,525,000

General Revenue Bonds, 2021 Series A (Forward Delivery)

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP† 63968A</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP† 63968A</u>
2023	\$ 7,385,000	5.00%	0.55%	4E2	2034	\$ 3,880,000	5.00%	1.88%*	4M4
2025	2,825,000	5.00	0.89	4F9	2035	8,605,000	5.00	1.94*	4N2
2027	2,560,000	5.00	1.14	4G7	2036	9,040,000	5.00	1.98*	4P7
2030	1,270,000	5.00	1.55	4H5	2037	9,155,000	5.00	2.02*	4Q5
2031	3,355,000	5.00	1.66	4J1	2038	9,615,000	5.00	2.06*	4R3
2032	3,525,000	5.00	1.74*	4K8	2039	9,335,000	5.00	2.10*	4S1
2033	3,705,000	5.00	1.82*	4L6	2040	1,270,000	5.00	2.14*	4T9

\$52,080,000

General Revenue Bonds, 2021 Series B (Forward Delivery)

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP† 63968A</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP† 63968A</u>
2023	\$1,500,000	5.00%	0.55%	4U6	2035	\$3,980,000	5.00%	1.94%*	5B7
2029	1,015,000	5.00	1.41	4V4	2036	4,175,000	5.00	1.98*	5C5
2030	3,120,000	5.00	1.55	4W2	2037	4,380,000	5.00	2.02*	5D3
2031	3,275,000	5.00	1.66	4X0	2038	4,595,000	5.00	2.06*	5E1
2032	3,435,000	5.00	1.74*	4Y8	2039	4,820,000	5.00	2.10*	5F8
2033	3,610,000	5.00	1.82*	4Z5	2040	5,065,000	5.00	2.14*	5G6
2034	3,790,000	5.00	1.88*	5A9	2041	5,320,000	5.00	2.18*	5H4

* Yield to the first call date of January 1, 2031.

† The CUSIP numbers shown above have been assigned to this issue by an organization not affiliated with the District and are included for the convenience of the 2021 Series A/B Bondowners only. The District shall not be responsible for the selection of CUSIP numbers, nor is any representation made as to their correctness on the 2021 Series A/B Bonds or as indicated herein.

NEBRASKA PUBLIC POWER DISTRICT

1414 15th Street—Columbus, Nebraska 68601
(402) 564-8561

BOARD OF DIRECTORS

Mary A. Harding, *Chair*
Jerry L. Chlopek, *First Vice Chair*
Melissa S. Freelend, *Second Vice Chair*
Edward J. Schrock, *Secretary*

Fred L. Christensen
William C. Hoyt
William D. Johnson
Charlie C. Kennedy
Gary G. Thompson
Aaron D. Troester
Wayne E. Williams

EXECUTIVE MANAGEMENT

Thomas J. Kent, *President & Chief Executive Officer*
Traci L. Bender, *Executive Vice President, Chief Financial Officer & Treasurer*
John C. McClure, *Executive Vice President, Governmental Affairs & General Counsel*
Timothy J. Arlt, *Vice President, Corporate Strategy & Innovation*
Kendall B. Curry, *Vice President, Customer Services & Chief Customer Officer*
John A. Dent, Jr., *Vice President, Nuclear & Chief Nuclear Officer*
Michael J. Spencer, *Vice President, Energy Production*
Robyn A. Tweedy, *Vice President, Enterprise Technology & Chief Information Officer*
Arthur R. Wiese, *Vice President, Energy Delivery*

Trustee

The Bank of New York Mellon Trust Company, N.A.
Chicago, Illinois

General Counsel

John C. McClure, Esq.
Nebraska Public Power District
Columbus, Nebraska

Bond Counsel

Norton Rose Fulbright US LLP
New York, New York

Financial Advisor

Ramirez & Co., Inc.
New York, New York

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No dealer, salesman, or any other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon as having been authorized by the District or the Underwriters. This Official Statement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities other than the securities offered hereby, or an offer to sell or solicitation of an order to buy the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe,” and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the District’s business and financial results could cause actual results to differ from those stated in the forward-looking statements.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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\$127,605,000
Nebraska Public Power District
OFFICIAL STATEMENT

Relating to

\$75,525,000 General Revenue Bonds, 2021 Series A (Forward Delivery)

\$52,080,000 General Revenue Bonds, 2021 Series B (Forward Delivery)

Columbus, Nebraska
February 24, 2021

INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover page, and the appendices hereto, is to set forth certain information concerning Nebraska Public Power District (the “District”), its System (hereinafter described), its General Revenue Bonds (the “General Bonds”) issued pursuant to the hereinafter defined General Resolution, and particularly its \$75,525,000 General Revenue Bonds, 2021 Series A (Forward Delivery) (the “2021 Series A Bonds”) and its \$52,080,000 General Revenue Bonds 2021 Series B (Forward Delivery) (the “2021 Series B Bonds” and, together with the 2021 Series A Bonds, the “2021 Series A/B Bonds”).

This introduction is not a summary of this Official Statement. It is only a brief description of, and guide to, and is qualified by the information contained in, the entire Official Statement, including the front cover page and inside cover page and the Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2021 Series A/B Bonds to potential investors is made only by means of the entire Official Statement.

The 2021 Series A/B Bonds are to be issued pursuant to Chapter 70, Article 6, Revised Statutes of the State of Nebraska, as amended (the “Act”), and the General Revenue Bond Resolution of the District adopted June 4, 1998, as supplemented by a supplemental resolution authorizing the 2021 Series A/B Bonds (said Resolution, as heretofore supplemented and as so supplemented, the “General Resolution”). The Bank of New York Mellon Trust Company, N.A., is the Trustee (the “Trustee”) under the General Resolution.

The District

The District is a public corporation and political subdivision of the State of Nebraska. See “THE DISTRICT.”

Authority of Issuance

The 2021 Series A/B Bonds are authorized to be issued pursuant to the Act, and are being issued and secured under the General Resolution.

Purposes of Issuance

The 2021 Series A/B Bonds are being issued for the purpose of refunding certain of the District’s outstanding General Bonds and paying costs of issuance. See “PLAN OF REFUNDING AND APPLICATION OF THE 2021 SERIES A/B BOND PROCEEDS.”

Terms of the 2021 Series A/B Bonds

Payments

The 2021 Series A/B Bonds will bear interest payable at the rates shown on the inside cover page hereof, semiannually on January 1 and July 1 of each year commencing on January 1, 2022, to be computed on the basis of a 360-day year of twelve 30-day months. Principal of the 2021 Series A/B Bonds is payable in the amounts and on the dates as shown on the inside cover page hereof. See “DESCRIPTION OF THE 2021 SERIES A/B BONDS—General.” The Trustee will serve as Paying Agent for the 2021 Series A/B Bonds.

Denominations

The 2021 Series A/B Bonds are to be issued in denominations of \$5,000 or any integral multiple thereof.

Redemption

The 2021 Series A/B Bonds are subject to redemption as described herein. See “DESCRIPTION OF THE 2021 SERIES A/B BONDS.”

Book-Entry-Only System

The Depository Trust Company, New York, New York (“DTC”) is acting as securities depository for the 2021 Series A/B Bonds through its nominee, Cede & Co., to which principal and interest payments on the 2021 Series A/B Bonds are to be made. One or more fully registered bonds in denominations in the aggregate equal to the principal amount per maturity of the 2021 Series A/B Bonds will be registered in the name of Cede & Co. Individual purchases will be made in book-entry-only form and purchasers of the 2021 Series A/B Bonds will not receive physical delivery of bond certificates, all as more fully described herein. Upon receipt of payments of principal and interest, DTC is to remit such payments to the DTC Participants (as hereinafter defined) for subsequent disbursement to the beneficial owners of the 2021 Series A/B Bonds. For a more complete description of the book-entry-only system, see “DESCRIPTION OF THE 2021 SERIES A/B BONDS—Book-Entry-Only System.”

Security and Sources of Payment

The 2021 Series A/B Bonds are special obligations of the District payable solely from the hereinafter defined Pledged Property. See “SECURITY FOR THE GENERAL BONDS.”

Forward Delivery Considerations

The forward delivery of the 2021 Series A/B Bonds is subject to certain risks and conditions precedent. Potential purchasers of the 2021 Series A/B Bonds should carefully review the information under the caption “FORWARD DELIVERY OF THE 2021 SERIES A/B BONDS” prior to purchasing the 2021 Series A/B Bonds.

Availability of Continuing Disclosure

The District has agreed to provide continuing disclosure for the benefit of the owners of the 2021 Series A/B Bonds, during the period the 2021 Series A/B Bonds are outstanding, by filing certain annual and periodic information with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (“MSRB”), as described herein under “CONTINUING DISCLOSURE UNDERTAKING FOR THE 2021 SERIES A/B BONDS.”

Additional Information

The descriptions of constitutional provisions, statutes, the 2021 Series A/B Bonds and the General Resolution, and other documents contained herein do not purport to be definitive or comprehensive, and all references thereto are qualified in their entirety by reference to the actual laws and documents.

THE DISTRICT

General

Nebraska Public Power District is a public corporation and political subdivision of the State of Nebraska. Control of the District and its operations is vested in a Board of Directors consisting of 11 members popularly elected from districts comprising subdivisions of the District's chartered territory.

The District's chartered territory includes all or parts of 86 of the state's 93 counties and more than 400 municipalities in the state. The right to vote for the District's Board of Directors is generally limited to retail and wholesale customers receiving more than 50 percent of their annual energy from the District.

The District operates an integrated electric utility system including facilities for generation, transmission, and distribution of electric power and energy for sales at wholesale and retail. Management and operation of the District is accomplished with a staff of approximately 1,900 employees. The District has the power, among other things, to acquire, construct, and operate generating plants, transmission lines, substations, and distribution systems and to purchase, generate, distribute, transmit, and sell electric energy for all purposes. There are no investor-owned utilities providing retail electric service in Nebraska.

The District has no power of taxation, and no governmental authority has the power to levy or collect taxes to pay, in whole or in part, any indebtedness or obligation of or incurred by the District or upon which the District may be liable. Under the Act, the District has the right of eminent domain. The property of the District, in the opinion of its General Counsel, is exempt under the State Constitution from taxation by the State and its subdivisions, but the District is required by the State Constitution and the Act to make payments in lieu of taxes which are distributed to the State and various governmental subdivisions.

Under the Act, the District has the power and is required to fix, establish, and collect adequate rates and other charges for electrical energy and any and all commodities or services sold or furnished by it. Such rates and charges must be fair, reasonable, and nondiscriminatory and adjusted in a fair and equitable manner to confer upon and distribute among the users and consumers of such commodities and services the benefits of a successful and profitable operation and conduct of the business of the District. In the opinion of the General Counsel to the District, the District's electric rates are not subject under present law to either State of Nebraska or federal regulation, except as modified by the Energy Policy Act of 2005, which is detailed herein. For additional information concerning rates, see "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY—Federal Power Act Requirements" and "RATES."

Board of Directors

The members of the District's Board of Directors, their titles, number of years on the Board, and expiration of their terms of office are listed in the following table.

<u>Name and Title</u>	<u>Number of Years on Board</u>	<u>Term Expires</u>
Mary A. Harding, <i>Chair</i>	18	2027
Jerry L. Chlopek, <i>First Vice Chair</i>	12	2027
Melissa S. Freeland, <i>Second Vice Chair</i>	4	2023
Edward J. Schrock, <i>Secretary</i>	14	2025
Fred L. Christensen.....	8	2025
William C. Hoyt	4	2023
William D. Johnson	4	2023
Charlie C. Kennedy	2	2025
Gary G. Thompson	28	2023
Aaron D. Troester	*	2027
Wayne E. Williams.....	*	2027

* Began term January 2021.

Executive Management and General Counsel

The District's executive management staff and General Counsel are as follows:

THOMAS J. KENT, *President & Chief Executive Officer*. Mr. Kent was appointed President & Chief Executive Officer in May 2020. Mr. Kent graduated from the University of Nebraska with a bachelor's degree in Electrical Engineering in 1985 and received a master's degree in Business Administration from the University of Nebraska in 2005. He has also completed the Institute of Nuclear Power Operations ("INPO") reactor technology course for utility executives at the Massachusetts Institute of Technology. He joined the District in May 1990 as Environmental Qualification Coordinator at Cooper Nuclear Station. Mr. Kent also has held the positions of Retail District Manager, Retail Regional Manager, Retail Customer Care Manager, Chief Information Officer, Corporate Planning and Risk Manager, and Transmission and Distribution Manager. He also spent four years on active duty as a commissioned officer in the United States Navy. He was appointed a Vice President in May 2011, and an Executive Vice President and Chief Operating Officer in January 2020.

TRACI L. BENDER, *Executive Vice President, Chief Financial Officer & Treasurer*. Ms. Bender graduated from the University of Nebraska in 1984 with a bachelor's degree in Business Administration with an emphasis in Accounting and received a master's degree in Business Administration—Finance & Accounting from Regis University in 2006. She has also completed the INPO reactor technology course for utility executives at the Massachusetts Institute of Technology. She joined the District in September 1990 as Technical Accounting Supervisor. Ms. Bender also has held the positions of Rate Supervisor, District Manager, Finance and Accounting Manager, and Corporate Planning and Risk Manager. She was appointed a Vice President in March 2006, and an Executive Vice President in May 2020. Ms. Bender has announced her intent to retire March 31, 2021. The District is in the process of conducting interviews for the Chief Financial Officer position and expects to have a replacement named in first quarter 2021.

JOHN C. McCLURE, *Executive Vice President, Governmental Affairs & General Counsel*. Mr. McClure graduated from the University of Nebraska with a bachelor's degree in Arts and Sciences in 1977 and a law degree in 1980. He has also completed the INPO reactor technology course for utility executives at the Massachusetts Institute of Technology. He joined the District in October 1980 as a staff attorney and also has held various positions relating to strategic planning and governmental affairs. He was appointed a Vice President in February 2003. Mr. McClure was appointed General Counsel in December 2004. He was appointed an Executive Vice President in May 2020.

TIMOTHY J. ARLT, *Vice President, Corporate Strategy & Innovation*. Mr. Arlt graduated from Concordia College with a bachelor's degree in Business Administration in 1995. He also earned a master's degree in Business Administration from Wayne State College in 2014. He holds the North American Electric Reliability Corporation ("NERC") System Operator Certification in Reliability Function and the Certified Key Account Executive from the National Rural Electric Corporation Association. He is a past member of the NERC Member Representatives Committee which is the industry key stakeholder voice to the NERC Board of Trustees. He has also completed the INPO reactor technology course for utility executives at the Massachusetts Institute of Technology. He joined the District in June 1980 as a Draftsman, and has held management positions in the Retail Business Unit, Nuclear Division, System Control Operations, Customer Account Management, Transmission and Distribution Operations, and Energy Accounting and Reporting. Mr. Arlt oversees the District's overall strategic planning, leadership, transformation and innovation efforts. He was appointed a Vice President in January 2020.

KENDALL B. CURRY, *Vice President, Customer Services & Chief Customer Officer*. Mr. Curry graduated from the University of Nebraska in 1983 with a bachelor's degree in Mechanical Engineering. He also earned a master's degree in Business Administration from the University of Nebraska in 1990. Mr. Curry oversees the areas of wholesale customer services, sustainable energy, economic development, land management, and contracts. He also oversees the strategic direction, leadership, and performance of the District's Retail Business Unit. Mr. Curry has also held management positions in Energy Efficiency, Nuclear Engineering, Customer Care, Operations Services, Safety, Human Resources, and Diversity & Inclusion. He also has experience in engineering sales, consulting, and manufacturing. Mr. Curry is a registered Professional Engineer and Certified Energy Manager. He was appointed a Vice President in August 2011.

JOHN A. DENT, JR., *Vice President, Nuclear & Chief Nuclear Officer*. Mr. Dent graduated from Widener University with a bachelor's degree in Engineering in 1995. He earned his senior reactor operator license at Seabrook Station and completed the INPO Senior Nuclear Plant Managers Course. He was the Site Vice President at the Pilgrim Nuclear Power Station. Prior to that he served as Pilgrim's General Manager of Plant Operations. He was also Fleet Operations Support General Manager at Entergy Nuclear headquarters in Jackson, Mississippi. He has held key leadership positions with Exelon and Florida Power and Light in plant management, maintenance, operations, engineering, work management and outages services. He has more than 30 years of commercial nuclear power experience. While a part of the management

of Cooper Nuclear Station, Mr. Dent is still employed by Entergy Nuclear Nebraska, LLC (“Entergy”) under the Support Services agreement between the District and Entergy. He was appointed a Vice President and Chief Nuclear Officer in July 2017.

MICHAEL J. SPENCER, *Vice President, Energy Production*. Mr. Spencer graduated from the University of Nebraska in 1982 with a bachelor’s degree in Mechanical Engineering. He joined the District in 1983 at Cooper Nuclear Station as an engineer and has held various technical and management positions related to energy generation including Station Manager at Gerald Gentleman Station, Generation Manager, and Director of Production. He was appointed a Vice President in May 2020.

ROBYN A. TWEEDY, *Vice President, Enterprise Technology & Chief Information Officer*. Ms. Tweedy graduated from the University of South Dakota in 1993 with a bachelor’s degree in Business Administration with an emphasis in Marketing. She also received a master’s degree in Business Administration from Wayne State College in 2007. She oversees the areas of Enterprise Technology, Corporate Physical Security, Corporate Cyber Security, Telecommunications, and Site Technology Support at the Corporate, Nuclear, and System Control levels. Ms. Tweedy joined the District in March 2006 as Human Resources Representative. She also held positions of Customer Care Business Manager and Manager of Retail Technology, Billing, and Customer Care focused on technology advancements of customer service, billing, collections, metering, and field services. She was appointed a Vice President in January 2020.

ARTHUR R. WIESE, *Vice President, Energy Delivery*. Mr. Wiese graduated from the University of Nebraska in 1985 with a bachelor’s degree in Mechanical Engineering. He also earned a master’s degree in Business Administration from the University of Nebraska in 2011. He joined the District in 1985 as a design engineer. He is the District’s Chief Electric Reliability Compliance Officer. Mr. Wiese is responsible for the overall management and oversight of the District’s transmission and distribution assets. He has also held the positions of Corporate Projects Manager, Director of Asset and Project Management, Transmission and Distribution Manager, and Director of Delivery. Mr. Wiese is a registered Professional Engineer. He was appointed a Vice President in May 2020.

The System

The System consists of (i) each facility, plant, works, systems, building, structure, improvement, machinery, equipment, fixture, permit, license, patent, and other real and personal property, which was owned, operated, or controlled by the District as of June 4, 1998, the date of adoption of the General Resolution, (ii) Cooper Nuclear Station, (iii) each renewal, replacement, addition, modification, and improvement to (i) or (ii) above, and (iv) all real or personal property and rights therein and appurtenances thereto, as authorized by supplemental resolution of the District to constitute part of the System. The System does not include any properties or facilities of the System sold or otherwise disposed of by the District pursuant to the General Resolution. For additional information concerning the System, see “SYSTEM GENERATION, TRANSMISSION, AND OTHER FACILITIES.”

Outstanding Indebtedness

The District had outstanding the following indebtedness as of December 31, 2020⁽¹⁾:

\$1,314,690,000 General Bonds.⁽²⁾

\$113,998,668 under a Taxable Revolving Credit Agreement (the “Taxable Revolving Credit Agreement”) with a limit of \$200,000,000.

\$21,919,358 under a Tax-Exempt Revolving Credit Agreement (the “Tax-Exempt Revolving Credit Agreement”) with a limit of \$150,000,000.

(1) The preliminary financial information included in this Official Statement has been prepared by and is the responsibility of the District’s management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled or performed any procedures with respect to the preliminary financial information. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

(2) Includes the General Bonds to be refunded.

Additional Obligations

The District has entered into the Taxable Revolving Credit Agreement with commercial banks. The Taxable Revolving Credit Agreement provides for loan commitments to the District up to an aggregate amount not to exceed \$200,000,000. The Taxable Revolving Credit Agreement allows the District to increase the loan commitments to \$300,000,000. The Taxable Revolving Credit Agreement terminates on July 29, 2021. The obligation of the District to pay the principal, interest, bank fees, and expenses pursuant to the Taxable Revolving Credit Agreement during the revolving credit period is payable from the Pledged Property subject and subordinated to the pledge of the Pledged Property to the payment of the General Bonds. However, if the Taxable Revolving Credit Agreement is converted to a term loan, the payment obligation of the District under the Taxable Revolving Credit Agreement would be on a parity with the District's obligation to pay the General Bonds.

The District has entered into the Tax-Exempt Revolving Credit Agreement with commercial banks. The Tax-Exempt Revolving Credit Agreement provides for loan commitments to the District up to an aggregate amount not to exceed \$150,000,000. The Tax-Exempt Revolving Credit Agreement terminates on October 13, 2023. The obligation of the District to pay the principal, interest, bank fees, and expenses pursuant to the Tax-Exempt Revolving Credit Agreement during the revolving credit period is payable from the Pledged Property subject and subordinated to the pledge of the Pledged Property to the payment of the General Bonds. However, if the Tax-Exempt Revolving Credit Agreement is converted to a term loan, the payment obligation of the District under the Tax-Exempt Revolving Credit Agreement would be on a parity with the District's obligation to pay the General Bonds.

As a member of The Energy Authority ("TEA"), the District has provided certain guarantees aggregating \$53.9 million to support TEA trading activities. Such guarantees are on a parity with the General Bonds. For additional information, see "POWER, TRANSMISSION, AND CERTAIN OTHER AGREEMENTS—TEA Agreement."

The District has entered into a Participation Power Agreement (the "NC2 Agreement") with Omaha Public Power District ("OPPD") to purchase 23.67 percent of the power from a 664 megawatt ("MW") coal-fired power plant owned and operated by OPPD and known as Nebraska City Station Unit 2 ("NC2"). OPPD retains 50 percent of the output for its own use and has entered into similar participation power sales agreements with other power purchasers. The District's obligations under the NC2 Agreement, including its obligation to pay a share of the cost of any deficit as a result of a defaulting power purchaser, are on a parity with the General Bonds. For additional information with respect to NC2, see "SYSTEM GENERATION, TRANSMISSION, AND OTHER FACILITIES—Nebraska City Station Unit 2" and for additional information relating to the NC2 Agreement, see "POWER, TRANSMISSION, AND CERTAIN OTHER AGREEMENTS—Nebraska City Station Unit 2 Agreement."

The District has entered into an agreement providing for a commodity exchange brokerage account to support the District's natural gas and electric trading activities, related to the District's generation of electricity, and related to transactions provided under the Southwest Power Pool ("SPP") day-ahead integrated market, with trading in such account or accounts limited to a maximum notional amount of \$35.0 million on all open transactions at any time. The District has adopted a supplemental resolution determining said agreement to be a Financial Contract under the General Resolution payable out of the Revenue Fund as an Operating Expense.

The District has adopted a supplemental resolution authorizing the execution of energy and financial product transactions provided under the SPP day-ahead integrated market, agreements related to power futures contracts traded on the Intercontinental Exchange and agreements related to natural gas financial products traded on the Chicago Mercantile Exchange as Financial Contracts payable out of the Revenue Fund created under the General Resolution. Such transactions and agreements are required to be within the limitations and conditions contained in the District's energy risk management policy as such policy may be amended from time to time. The District is considering adopting an additional supplemental resolution authorizing the execution of energy and financial product contracts in the over-the-counter markets through TEA. See "FINANCIAL INFORMATION—Energy Risk Management Practices."

Additional Financing

The District expects to issue additional General Bonds in 2021 to finance or refinance capital costs for its capital improvement plan. The District may at any time also issue bonds to refund any existing indebtedness. For additional information regarding financing of future capital costs, see "Capital Improvement Plan."

Financial Management Policy

The District has a Financial Management Policy (the “Financial Management Policy”), which is subject to periodic review and revisions. The Financial Management Policy is not incorporated into the General Resolution and does not represent an agreement or covenant for the benefit of the owners of indebtedness of the District, including the General Bonds. The Board may amend or modify the Financial Management Policy without notice to the owners of indebtedness of the District, including the General Bonds. The Financial Management Policy represents general financial strategies and procedures that are implemented to demonstrate financial integrity and fiscal responsibility in the management of the District’s business and its assets. Employees must abide by all applicable District bylaws, Board resolutions, bond resolutions, federal and state laws, other relevant legal requirements, and the Financial Management Policy.

Set forth below is a description of significant sections of the Financial Management Policy as it relates to rates and the issuance of District indebtedness. The Financial Management Policy is available upon request from the District.

Rates and Pricing Policy

The District’s goal for its rates is to ensure the recovery of costs, financial strength, and rate competitiveness. Specific goals included in the corporate strategic plan focus its cost of wholesale power (production and transmission) so as to stay within or near the National Rural Utilities Cooperative Finance Corporation Key Ratio Trend Analysis (Ratio 88) (the “CFC Data”) published lowest 25th percentile for cost per kilowatt hour (“kWh”) purchased. The goal for the District’s cost of retail service, which includes all levels of service, is that the total average cost of service to all of its retail customers is near or in the lowest 15th percentile as measured by the Energy Information Agency. For additional information with respect to its rates, customers and wholesale power contracts, see “RATES” and “THE CUSTOMERS”.

Debt Service Coverage

The General Resolution requires the District to charge and collect rents, rates, fees, and charges for the use or sale of output, capacity, or service of the System in an amount to produce revenues for each fiscal year sufficient to meet operating expenses during such fiscal year and 100 percent of the aggregate debt service for such fiscal year, the amount, if any, to be paid during such fiscal year into the Debt Service Fund and amounts necessary to pay and discharge all charges or liens payable out of revenues during such fiscal year, including but not limited to, Reimbursement Obligations, Credit Obligations and Financial Contracts. For additional information with respect to the rate covenant, see “SECURITY FOR THE GENERAL BONDS”.

Under the Financial Management Policy, the District has established a minimum debt service coverage ratio on the General Bonds of 1.5 times the debt service on the General Bonds. For additional information with respect to the calculation of debt service coverage ratios on the General Bonds and historical debt service coverage ratios, see “FINANCIAL INFORMATION—Revenues and Expenses Under the General Resolution”.

Additional Indebtedness

The District plans, pursuant to the Financial Management Policy, to issue separate series of indebtedness, including separate series of General Bonds, for production projects and for transmission projects, maturing as hereinafter described. (Transmission projects include transmission, subtransmission, and distribution projects.)

Each series of indebtedness issued for production projects, with the exception described in the next sentence, is expected to mature no later than January 1, 2036, the end of the term of the hereinafter defined 2016 Contracts. The District’s policy is no more than 20 percent of the amount of outstanding indebtedness issued for production projects, calculated at the time of issuance of each series of such indebtedness, or \$200 million, whichever is less, will be permitted to mature after January 1, 2036. For additional information with respect to the 2016 Contracts, see “THE CUSTOMERS—District’s Wholesale Customers—2016 Wholesale Power Contracts.”

Transmission indebtedness issued for transmission projects is expected to mature over the useful life of the asset that is being financed. New transmission indebtedness may mature after January 1, 2036, the end of the term of the 2016 Contracts. The District’s transmission indebtedness is payable from the revenues received during the term of the 2016 Contracts and from retail sales and transmission revenues received under various SPP tariffs. After January 1, 2036, transmission indebtedness will be payable from revenues to be derived from wholesale and retail customers who use the District’s transmission facilities, as well as revenues from various SPP tariffs.

Capital Improvement Plan

The District regularly reviews and updates its capital improvement plan to reflect currently projected projects and expenditures. The District typically finances large capital projects associated with the generation and transmission assets with General Bonds. The District also utilizes the Taxable Revolving Credit Agreement and the Tax-Exempt Revolving Credit Agreement and revenues collected through current year rates for certain capital projects that are shorter lived assets and other improvements to the System.

The District expects to continue to finance through 2024 from indebtedness a prior year SPP Notice to Construct capital project for approximately 225 miles of 345 kV transmission line (the “R-Project”). The District previously issued its General Revenue Bonds, 2020 Series A (the “2020 Series A Bonds”) to finance a portion of the cost of the R-Project. For additional information on the R-Project, see “RECENT DEVELOPMENTS—Transmission Line—The R-Project.”

In addition to the above expected financings, the cost of the capital improvement plan in years 2021 and 2022 is expected to be \$281.2 million, which includes \$53.3 million for SPP Notice to Construct transmission projects, \$81.5 million for other transmission projects, \$29.5 million for capital improvements at Cooper Nuclear Station, \$16.1 million for capital improvements at Gerald Gentleman Station, and \$100.8 million for other capital projects of the District. Of the 2021 to 2022 capital improvement plan, \$154.2 million is expected to be funded through revenues collected through current year rates, and \$127.0 million is expected to be funded with indebtedness.

The cost of the capital improvement plan in years 2023 through 2026 is expected to be \$311.1 million, which includes \$2.0 million for SPP Notice to Construct transmission projects, \$75.1 million for other transmission projects, \$48.7 million for capital improvements at Cooper Nuclear Station, \$28.6 million for capital improvements at Gerald Gentleman Station and \$156.7 million for other capital projects of the District. Of the 2023 to 2026 capital improvement plan, \$246.5 million is expected to be funded through revenues collected through current year rates, and \$64.6 million is expected to be funded with indebtedness. This projected investment in capital improvements is dependent on loads and any future environmental and regulatory impacts.

For additional information on capital projects, see “SYSTEM GENERATION, TRANSMISSION, AND OTHER FACILITIES—Cooper Nuclear Station and Transmission Facilities.”

RECENT DEVELOPMENTS

Extreme Winter Cold Weather

Persistent and extreme cold weather has led to electricity use that exceeds available generation across the SPP service territory. On February 15, 2021, SPP issued an emergency alert that its operating reserves were below the required minimum and directed its member utilities, which would include the District, to begin implementing controlled service interruptions. The District has initiated limited load curtailments as a consequence of the SPP alert. As a result of the extreme cold weather, the District, at emergency Board meetings, authorized an increase for fuel purchases at its Canaday Station and Beatrice Power Station from \$15.9 million to not to exceed \$81.7 million. The District would expect to recover the cost of its natural gas purchases through SPP.

Change in Presidential Administrations

On January 20, 2021, Joseph R. Biden, Jr. was sworn in as the 46th President of the United States. The new President has signed several executive orders relating to, among other items, the environment. Press reports have indicated that the new Presidential Administration is expected to introduce environmental rules and propose environmental legislation that would affect electric utilities generally, including the District. The District at this time is not aware of the details of any such rules or legislation.

COVID-19 Pandemic

General

On February 11, 2020, the World Health Organization announced the name for the outbreak of a new strain of coronavirus and the upper respiratory tract illness (“COVID-19”) which has spread globally. COVID-19 was characterized as a pandemic by the World Health Organization and has resulted in a declaration of a state of emergency by the President of the United States and the State of Nebraska since March 13, 2020. During March 2020, Nebraska Governor Ricketts issued various Executive Orders and Directed Health Measures for the State of Nebraska in an attempt to limit the spread of COVID-19 which, among other things, imposed social distancing restrictions, limited large gatherings, and ordered the closure of schools, restaurants, bars and other similar establishments. COVID-19 conditions throughout the District’s wholesale and retail service areas have varied for 2020 and early 2021 with periods of increasing and decreasing rates of COVID-19 cases for both the public and District employees. The rural and agricultural nature of the District’s wholesale and retail service areas has generally lessened the overall economic impacts compared to more urban areas of the state and nation.

Operations

There have been no significant operational impacts to the District as a result of COVID-19. Since the beginning of the pandemic, approximately 13 percent of District employees have tested positive for COVID-19. As of late January 2021, less than one percent of District employees tested positive for COVID-19. The District continues to safely and reliably generate and deliver energy to its customers. The District did adjust the scope of certain generation outages to mitigate risk for potential schedule impacts related to COVID-19. Field crews prioritized reliability work and provided updated work criteria to provide for social distancing, masks, and other protective actions. The District has not sequestered staff at any of its power generating stations or transmission and subtransmission operator control rooms, but has made preparations to do so if there is a significant increase in cases in the area. The District has temporary telecommute agreements in place and a technology infrastructure which has allowed a large number of nonoperational employees to work remotely. The District has health monitoring, testing access, and protective measures in place for employees working at District facilities and in the field.

The District continues to monitor local, state, and federal confirmed cases of COVID-19, state and local government orders and guidance and related factors to adjust to changing conditions as warranted.

Retail Customer Impacts

On March 20, 2020, the District temporarily suspended disconnections for non-payment of service and waived assessment of late payment charges effective April 12, 2020. In addition, the District’s customer service centers suspended walk-in customer traffic on March 18, 2020. In August 2020, late payment charge assessments and disconnections for non-payment actions resumed for any charges billed and not paid by the due date. Temporary accommodations were made to address specific customer financial situations. The District continues to encourage customers experiencing financial hardship to seek assistance to pay their bills through various public and private resources. Average past due amounts are presently comparable to previous averages and do not constitute a substantial portion of retail revenues.

Changes in Customer Demand and Financial Impacts

As a result of the COVID-19 pandemic and the associated economic impact, the District has experienced a small reduction in overall customer electric consumption. The District’s 2020 firm revenues were approximately two percent below the District’s revenue budget entering 2020. The District has lowered its forecasted firm revenues by two percent for 2021. The District did not need to increase 2021 rates. (See “RATES”).

The District cannot predict the ultimate duration or extent of the COVID-19 pandemic, to what extent the pandemic may affect the operations and revenues of the District, to what extent COVID-19 may disrupt the local, state, national and global economy, or whether such disruption may adversely affect the future finances and operations of the District; or to what extent the District may provide additional waivers, other changes to its customers or billing and collections practices, or whether any of the foregoing may have a material adverse effect on the finances and operations of the District. As of January 2021, the overall economic impact on the District from COVID-19 has been relatively small.

Transmission Line—The R-Project

The District has accepted an SPP Notice to Construct the R-Project. The receipt of the SPP Notice to Construct for the R-Project allows the cost of construction of the R-Project to be included in SPP annual revenue requirements. The R-Project consists of the construction of approximately 225 miles of 345 kV transmission line from the District's Gerald Gentleman Station, north to a new substation to be sited adjacent to an existing substation east of Thedford, then eastward to a new substation in Holt County interconnected to an existing 345 kV line owned by Western Area Power Administration ("Western"). The R-Project will strengthen the reliability of the District's transmission system, reduce transmission congestion, and allow for the integration of future renewable generation in an area of the state that lacks transmission access.

A bill has been introduced in the Nebraska Legislature which would impose a moratorium on any expenditures for commencing or continuing construction of a transmission line project of 200 miles or greater in length until January 1, 2023 and until all required federal permits are obtained. The bill also creates a special study committee to review various aspects of transmission line development, approval and impacts. The District cannot predict whether the legislation will be approved as introduced or in a modified form, but if passed, it would delay the R-Project and increase costs due to the delays. It is not possible to predict the extent of additional costs.

In November 2020, SPP approved the estimated the cost of the R-Project at \$462.1 million. The estimated cost of the R-Project so approved by SPP became the new baseline for the R-Project. This estimate did not include any escalation of costs due to the two-year delay assumed by the District in developing its current estimated cost of construction of the R-Project. SPP will adjust the baseline for escalation on an annual basis. The District's current estimate for the cost of construction of the R-Project, including escalation, is \$473.1 million, which amount assumes a two-year delay. The District awarded a contract for the construction of the R-Project in January 2019. The District has spent approximately \$111.9 million through November 30, 2020, for design, construction mobilization and easement acquisitions. Major construction activities for the R-Project are expected to begin in 2022 with an anticipated in-service date approximately two years after construction begins. The District is managing the authorized expenditures and work performed consistent with the petition described below.

The District applied to the U.S. Fish and Wildlife Service ("USFWS") under Section 10 of the Endangered Species Act ("ESA") for an Incidental Take Permit ("ITP") for the American burying beetle ("Beetle"), which is an endangered species. Issuance of an ITP permit is contingent upon USFWS acceptance of a Habitat Conservation Plan ("HCP") developed by the District to avoid, minimize and mitigate impacts on the Beetle. On February 8, 2019, the USFWS issued a Final Environmental Impact Statement ("FEIS") regarding the R-Project HCP to assess the impact of the R-Project on the environment. The FEIS describes the R-Project, certain alternatives, environmental impacts of the R-Project and certain alternatives thereto, cumulative impacts, comparison of alternatives and compliance with other environmental laws. On June 12, 2019, the USFWS issued its Record of Decision and the ITP.

On July 5, 2019, two nonprofit organizations and two other petitioners ("Petitioners") filed a petition for review in Colorado federal district court against three USFWS and Department of the Interior officials. The lawsuit challenged the ITP that the USFWS issued to the District for incidental take of the Beetle from the construction, operation, and maintenance of the R-Project, alleging claims under the ESA, National Environmental Policy Act, and National Historic Preservation Act. The District intervened in the lawsuit to defend the ITP issuance and USFWS decisions.

On June 17, 2020, the district court issued its decision, finding in favor of the USFWS and the District on several counts, while also identifying certain discrete errors in the agency's decision-making process and finding for Petitioners on certain narrow grounds. The court on that basis vacated and remanded the ITP to the USFWS. Following the court's decision, and in compliance therewith, the District halted all construction on the R-Project, which construction had commenced in accordance with a stipulation between the parties to the litigation. The District, with notice to USFWS, is taking steps within the R-Project area to stabilize sites disturbed by those construction activities, protect the integrity of equipment and other project materials, and to remove debris and other potential hazards from landowners' property. The District is presently undertaking those measures while the R-Project construction is paused following, and consistent with, the district court's decision.

The District and USFWS both decided not to appeal the district court's decision. The District is communicating with USFWS to address future ESA compliance issues for the R-Project in light of the district court's decision. Because the U.S. Army Corps of Engineers' ("Corps") verification of the R-Project's use of Clean Water Act 404 Nationwide Permit 12 (the "404 Permit") relied on the USFWS's findings for the R-Project, the Corps suspended that permit on September 17, 2020. The District anticipates recommencing construction activities for the R-Project once the ESA compliance approach,

and any other permit or agency authorization required for the ESA compliance approach for the R-Project, has been completed.

The District, as the owner of the R-Project, had previously entered into a generator interconnection agreement with SPP and Thunderhead Wind Energy LLC, that would allow the proposed Thunderhead Wind Energy Center to interconnect at the Holt County substation, which is to be constructed and owned by the District, and is in the eastern terminus of the R-Project. With the delay in R-Project construction because of the federal district court's decision, the District issued a force majeure notice to Thunderhead and SPP stating that the District's performance of the generator interconnection agreement and the Holt County substation construction would be delayed until resolution of the lawsuit and issuance of the ITP and the 404 Permit.

The SPP tariff contains a provision that allows for the recovery of the costs of transmission projects that are not completed or are terminated. If the R-Project fails to obtain the required permitting and regulatory approvals and the District determines to terminate the R-Project, the District would request SPP to withdraw its Notice to Construct the R-Project. If the SPP Board approves said notice to withdraw, the District would be required to provide SPP information relating to the costs incurred for the R-Project. SPP would then submit a filing to the Federal Energy Regulatory Commission "(FERC)" requesting the approval of the inclusion of the costs of the R-Project under the SPP tariff. In the opinion of FERC counsel to the District, the FERC approval of such SPP filing would be consistent with the SPP tariff and FERC precedent in similar filings.

In the event that SPP Board of Directors fails to approve the withdrawal of the Notice to Construct the R-Project or FERC does not approve the SPP filing requesting the recovery of the costs of the R-Project under the SPP tariff, General Counsel to the District is of the opinion that the District could recover the costs of the terminated R-Project under its T-2 Agreements. See "THE CUSTOMERS—Transmission Customers."

Monolith Materials, Inc.

Monolith Materials, Inc. ("Monolith") began construction of a carbon black facility adjacent to the District's Sheldon Station coal-fired generating facility in Nebraska. The construction of the carbon black facility is expected to be accomplished in two phases. Groundbreaking for Phase 1 of the carbon black facility occurred in October 2016 and became fully operational in 2020. The District has been informed that the Phase 1 carbon black plant began to produce carbon black in September 2020. Phase 2 construction is planned to begin in the second half of 2022 with commercial operation scheduled for 2024.

The District and Monolith have executed a Letter of Intent (the "LOI") outlining the intent of the parties to supply energy from 100 percent renewable resources to fuel Monolith's carbon black facilities. The LOI is subject to termination by either party as provided in the LOI. Pursuant to the LOI, the District has agreed to solicit bids from renewable energy developers for up to 2,000,000 megawatt hours ("MWh") of renewable energy. The LOI contemplates that the District would enter into power purchase agreements with the renewable energy resource developers and for the District and Monolith to enter into agreements that would provide the methodology for reimbursement of the District's cost of supplying such energy. Any agreement with such developers and Monolith would be subject to Board approval. The LOI provides for the procurement process for the renewable energy resources to be completed during the third quarter of 2021.

The electric load to serve the Monolith facility will be served by Norris Public Power District, a firm wholesale customer of the District. At full buildout, Monolith could be the single-largest industrial customer served in the District's territory.

In order to serve Monolith's carbon black facility, the District will need to invest in additional transmission facilities in order to serve the load. The District received a Notice to Construct from SPP related to these transmission facilities with an estimated cost of \$52.1 million and expects to spend an estimated \$25.6 million in additional transmission substation costs. The District expects to recover approximately 63 percent of the Notice to Construct costs from other SPP members.

The District has entered into an agreement with Monolith to construct certain transmission and other electric facilities necessary to provide energy to Monolith's carbon black production facility. The estimated cost of construction of such facilities is approximately \$27.1 million which Monolith has agreed to pay during the construction period if the carbon black facility is not completed and for a certain period after completion. The District has secured Monolith's payment

obligations by certain credit support measures provided in the agreement, which include, one or more letters of credit or cash held in escrow or a combination thereof.

Carbon Reduction Strategy

Beginning in the early 2000s, the District implemented a series of strategic decisions to help manage its carbon footprint. The District increased its share of Cooper Nuclear Station from 37.5 percent of the output to 100 percent and received a 20-year license renewal for the plant. The District also added the Beatrice Power Station, a combined cycle natural gas plant. In addition, the District constructed the 60 MW Ainsworth Wind Energy Facility and has added power purchase agreements with seven other wind generation facilities. The 2016 Wholesale Power Contracts also allow wholesale customers to add up to ten percent qualified local generation (hereinafter defined) behind their wholesale meters. The District also has community solar projects operating in five District retail communities totaling approximately 11 MW, with four additional retail communities currently in negotiations for approximately 15 MW for future community solar projects. Today, the District's firm wholesale and retail customers are served from a District portfolio that averages approximately 60 percent carbon free generation. The percentage is lower for all generation delivered by the District to the SPP market as the District's diverse resources and energy costs make it a net seller beyond the needs of its firm wholesale and retail customers.

In 2019, the District commenced an initiative that involves representatives from the District's Board, management, and wholesale and retail customers. The purpose of the initiative was to discuss various carbon reduction technologies and impacts and aspects of national carbon reduction actions, opportunities for the District and to better understand the impact of various carbon management scenarios that might occur in the future. The District has retained the services of two independent consultancies who have prepared an analysis of carbon management strategies under certain scenarios. The preliminary analysis has been made available to the District and will be the subject of discussions with customers and other stakeholders during 2021, as the District discusses and develops future carbon management strategies.

March 2019 Weather Events

In mid-March 2019, multiple river basins in northern and eastern Nebraska, as well as river basins in the surrounding region, experienced unprecedented weather conditions as a result of existing snowpack, blizzard conditions, frozen ground, significant rainfall and ice conditions on and around numerous rivers and their tributaries. The District sustained significant damage to the Spencer Hydro Facility, a small hydro plant on the Niobrara River in northern Nebraska accredited at 1.28 MW, which produced 10,509 MWh in 2018. The Spencer Hydro Facility, including the hydro plant and the concrete and earthen dam structures (collectively, the "Spencer Hydro Facility") was severely damaged due to an inflow of ice and water. An individual living below the dam has been missing and declared dead. The District also experienced damage to transmission and substation facilities. Certain distribution facilities were also damaged, and a small number of customers lost service for an extended period due to protracted flood conditions in low-lying areas. Cooper Nuclear Station declared a Notice of Unusual Event for several days due to flooding conditions along the Missouri River, but operated continuously during the period. Restoration costs for all facilities, except the Spencer Hydro Facility, through November 30, 2020, were \$10.1 million. The estimated cost to decommission the Spencer Hydro Facility is \$9.4 million.

The District has been working with the Federal Emergency Management Agency ("FEMA") to make appropriate claims for reimbursement for a portion of the storm-related costs. The District estimates that approximately 60–70 percent of the costs from the March 2019 weather events may be reimbursed by FEMA. FEMA is requiring a detailed study on the cost of rebuilding and the cost of removing the Spencer Hydro Facility, which the District is pursuing through an engineering firm. The District expects to eventually remove the Spencer Hydro Facility which will require approval from the Nebraska Department of Natural Resources (the "NDNR"), which regulates the Spencer Hydro Facility, with input from other state and federal agencies.

The NDNR requested an independent investigation of the events at the Spencer Hydro Facility through the Association of State Dam Safety Officials (the "ASDSO"). The ASDSO issued its report in April 2020 and found that the flood of water and ice greatly exceeded the capacity of the dam and its spillways and that there was nothing the dam operators could have done to prevent the dam from failing. However, the ASDSO identified two key human factors contributing to the dam failures and consequences. First, there is a lack of industry knowledge about ice run dam storm damage and the NDNR did not know that the Spencer Hydro Facility had failed in 1960 and 1966, and the District had limited knowledge of such prior failures. Second, the NDNR and the District, based on the dam's hazard classification, underestimated the

potential of the dam to cause life-threatening flooding in the event of a dam failure. The District is continuing to study the report and disputes certain findings in the report.

The District has been sued in a tort action in state court by the estate and family of the individual declared deceased following the events at the Spencer Hydro Facility for loss of life and property damage. Plaintiffs allege that their damages in the tort action exceed \$5.0 million. The case is currently in the discovery process. The District has also been sued in state court for alleged inverse condemnation of property located further downstream. The inverse condemnation action claims damages of approximately \$3.0 million. The case is also in early stages of discovery. At this time, it is not possible to predict the outcome of such lawsuits or any other claims that may arise. It is possible that the cost of such lawsuits or potential other claims could be significant, although tort liability for the District is capped under Nebraska statute to no more than \$5.0 million for all claims arising out of a single occurrence. The cost of removing the Spencer Hydro Facility also could be significant. The District maintains property and liability insurance and has notified its carriers of the events at the Spencer Hydro Facility.

SECURITY FOR THE GENERAL BONDS

The General Bonds, including the 2021 Series A/B Bonds, are special obligations of the District payable solely by the Pledged Property. The General Resolution pledges and assigns the Pledged Property as security for the payment of the principal and redemption price of, and interest on, the General Bonds, subject to the provisions of the General Resolution permitting the application of the Pledged Property for the purposes and on the terms and conditions set forth in the General Resolution. The Pledged Property is defined by the General Resolution to include the Revenues and all funds and accounts created under the General Resolution, including the investments on deposit therein.

Revenues include all revenues, income, rents, and receipts earned by the District from or attributable to the ownership and operation of the System. Amounts transferred to the Stabilization Account from the Revenue Account of the Revenue Fund are not deemed Revenues and amounts withdrawn from the Stabilization Account and transferred to the Revenue Account are deemed Revenues.

Pursuant to the General Resolution, the District can issue additional General Bonds on a parity with the 2021 Series A/B Bonds for any lawful purpose of the District without complying with any historical or projected financial tests. The District can also enter into Financial Contracts, Credit Obligations, and Reimbursement Obligations which would be on a parity with the General Bonds without complying with any historical or projected financial tests. Financial Contracts include loan agreements and contracts entered into by the District to mitigate interest rate, fuel, or other commodity risks. Credit Obligations are contracts for the purchase of power or energy or similar contracts under which the District is obligated to make payments whether or not such services or commodities are made available or received. Reimbursement Obligations are issued by the District to evidence the District's obligations to credit enhancers of debt of the District. Any payments required to be made by the District pursuant to a Reimbursement Agreement, Financial Contract or Credit Obligation may be payable from, and may be secured by, any Fund or Account created by or under the General Resolution other than the Revenue Fund, and such payment or security may be on a parity with, or subordinate to, other required payments and security from such Fund or Account, all as the District shall determine pursuant to a Supplemental Resolution prior to entering into such Financial Contract or Credit Obligation, provided, however, the District may enter into a Financial Contract payable from the Revenue Fund with respect to fuel or energy.

As further security for the General Bonds, the District has created a Debt Service Reserve Fund consisting of a Primary Account and a Secondary Account. The Primary Account is funded in an amount equal to the Primary Debt Service Reserve Fund Requirement which, subject to certain adjustments, is 50 percent of maximum annual interest on all outstanding General Bonds. Upon the issuance of the 2021 Series A/B Bonds, the Primary Debt Service Reserve Fund Requirement will be \$26,878,250. This amount takes into consideration the defeasance and redemption of certain outstanding General Revenue Bonds (see the Debt Service Requirements for General Bonds). The amount on deposit in said Primary Account can be used only to pay principal and interest on the General Bonds. Any deficiency in the Primary Account is required to be made up in 12 equal monthly installments. The Secondary Account is funded in an amount equal to the Secondary Debt Service Reserve Fund Requirement which is \$50,727,357, established upon the issuance of the initial series of General Bonds under the General Resolution in 1998. Amounts on deposit in said Secondary Account will be available to pay principal and interest on the General Bonds and will also be available for any lawful purpose of the District. Any deficiency in said Secondary Account is required to be made up in ten equal semiannual installments or may be made up over a longer period if determined by the Board of Directors. The Secondary Debt Service Reserve Fund Requirement may be reduced or eliminated by the Board of Directors. For further information see "Appendix B—Description of Certain

Provisions of the General Resolution” under the headings “Debt Service Reserve Fund—Primary Account” and “Debt Service Reserve Fund—Secondary Account.”

Pursuant to the General Resolution, the District has covenanted to charge and collect rates and charges for the use or for the sale of the output, capacity, or service by the System, which, together with other monies expected by the District to be available therefor, are expected to produce Revenues in each fiscal year sufficient to pay the sum of: (i) all amounts estimated to be required to pay operating expenses of the System during such fiscal year, (ii) a sum equal to 100 percent of the aggregate debt service for such fiscal year computed as of the beginning of such fiscal year, (iii) the amount, if any, to be paid during such fiscal year into the Debt Service Reserve Fund, and (iv) amounts necessary to pay and discharge all charges and liens payable out of the Revenues during such Fiscal Year including, but not limited to, payment of Reimbursement Obligations, Credit Obligations, and Financial Contracts.

For additional information relating to the application of Revenues, the terms and conditions for the issuance of additional General Bonds, Financial Contracts, Credit Obligations, Reimbursement Obligations, and the District’s rate covenant, see “Appendix B—Description of Certain Provisions of the General Resolution.”

The 2021 Series A/B Bonds are not an obligation of the State of Nebraska and Nebraska law provides that the State of Nebraska shall never pledge its credit or funds, or any part thereof, for the payment or settlement of any indebtedness whatsoever of the District. The District has no taxing power.

PLAN OF REFUNDING AND APPLICATION OF THE 2021 SERIES A/B BOND PROCEEDS

The proceeds of the 2021 Series A/B Bonds, together with other available funds of the District, are expected to be used (i) to refund certain of the District’s outstanding General Revenue Bonds, listed below under “General Revenue Bonds to be Refunded” (the “Refunded Bonds”), and (ii) to pay financing costs.

Upon delivery of the 2021 Series A/B Bonds, the District will enter into an Escrow Deposit Agreement with The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as Trustee, to provide for the refunding and the defeasance of the Refunded Bonds. The Escrow Deposit Agreement will create an irrevocable trust fund to be held by such Trustee and applied to the payment of the Refunded Bonds. A portion of the proceeds of the 2021 Series A/B Bonds will be deposited with such Trustee and will be sufficient without reinvestment, together with other available funds of the District deposited with said Trustee, (i) to pay the redemption price of the Refunded Bonds to be redeemed on January 1, 2022, and (ii) to pay the interest on all of the Refunded Bonds on and prior to January 1, 2022. The cash so deposited will be held uninvested or be invested in direct obligations of the United States of America. The cash, together with the principal of and interest earned on such investments under the Escrow Deposit Agreement, will be pledged solely for the benefit of the holders of the Refunded Bonds. The investment income on such investments not needed for the defeasance of the Refunded Bonds will be transferred to District on or after January 1, 2022.

Estimated Sources and Uses of Funds

2021 Series A Bonds

Sources of Funds	
Principal Amount of the 2021 Series A Bonds.....	\$ 75,525,000.00
Net Original Issue Premium of the 2021 Series A Bonds	17,286,431.65
Available Funds of the District	1,124,840.87
Release from the Debt Service Reserve Fund—Primary Account.....	238,162.99
Total	<u>\$94,174,435.51</u>
Application of Funds	
Deposit to the Escrow Fund	93,452,580.00
Financing Costs ⁽¹⁾	721,855.51
Total	<u>\$94,174,435.51</u>

(1) Includes costs of issuance and underwriters’ discount.

2021 Series B Bonds

Sources of Funds	
Principal Amount of the 2021 Series B Bonds.....	\$ 52,080,000.00
Net Original Issue Premium of the 2021 Series B Bonds	12,946,128.80
Available Funds of the District	748,199.76
Release from the Debt Service Reserve Fund—Primary Account.....	164,230.76
Total	<u>\$ 65,938,559.32</u>
Application of Funds	
Deposit to the Escrow Fund	65,438,511.25
Financing Costs ⁽¹⁾	500,048.07
Total	<u>\$ 65,938,559.32</u>

(1) Includes costs of issuance and underwriters' discount.

General Bonds to be Refunded

Bond Issue	Maturity (January 1)	Principal Amount	Interest Rate	Redemption Date (January 1)	Redemption Price	CUSIP 63968A
2014 Series A	2023	\$ 5,020,000	5.000%	2022	\$ 100.000	WP6
2014 Series A	2025	3,155,000	4.000%	2022	100.000	XC4
2014 Series A	2027	2,875,000	4.000%	2022	100.000	XD2
2014 Series A	2029	1,700,000	3.500%	2022	100.000	WV3
2014 Series A	2029	15,000	5.000%	2022	100.000	3N3
2014 Series A	2030	3,830,000	5.000%	2022	100.000	WW1
2014 Series A	2031	4,020,000	5.000%	2022	100.000	WX9
2014 Series A	2032	4,220,000	5.000%	2022	100.000	WY7
2014 Series A	2033	4,435,000	5.000%	2022	100.000	WZ4
2014 Series A	2034	820,000	3.875%	2022	100.000	XA8
2014 Series A	2034	3,835,000	4.500%	2022	100.000	XF7
2014 Series A	2035	4,860,000	5.000%	2022	100.000	XH3
2014 Series A	2036	5,100,000	5.000%	2022	100.000	XJ9
2014 Series A	2037	5,360,000	5.000%	2022	100.000	XK6
2014 Series A	2038	5,625,000	5.000%	2022	100.000	XL4
2014 Series A	2039	5,905,000	5.000%	2022	100.000	XM2
2014 Series A	2044	11,920,000	4.000%	2022	100.000	XG5
2014 Series A	2044	730,000	4.125%	2022	100.000	XB6
2014 Series C	July 1, 2022	2,840,000	5.000%	2022	100.000	YT6
2014 Series C	2023	1,555,000	5.000%	2022	100.000	YE9
2014 Series C	2030	1,040,000	5.000%	2022	100.000	YG4
2014 Series C	2031	500,000	5.000%	2022	100.000	YH2
2014 Series C	2032	525,000	5.000%	2022	100.000	YJ8
2014 Series C	2033	550,000	5.000%	2022	100.000	YK5
2014 Series C	2034	575,000	5.000%	2022	100.000	YL3
2015 Series A-2	2030	1,265,000	3.000%	2022	100.000	C60
2015 Series A-2	2031	3,920,000	5.000%	2022	100.000	B87
2015 Series A-2	2032	4,115,000	5.000%	2022	100.000	B95
2015 Series A-2	2033	4,325,000	5.000%	2022	100.000	C29
2015 Series A-2	2034	4,540,000	5.000%	2022	100.000	C37
2015 Series A-2	2035	9,765,000	5.000%	2022	100.000	C45
2015 Series A-2	2040	46,205,000	5.000%	2022	100.000	C52

DESCRIPTION OF THE 2021 SERIES A/B BONDS

General

The Bank of New York Mellon Trust Company, N.A., has been appointed the Trustee, Paying Agent, and Registrar for the 2021 Series A/B Bonds. For so long as the 2021 Series A/B Bonds are registered in the name of Cede & Co. (as nominee of DTC) or its registered assigns, payments of principal and interest shall be made in accordance with the operational arrangements of DTC.

The 2021 Series A/B Bonds are issuable as fully registered bonds, in denominations of \$5,000 and integral multiples thereof. The 2021 Series A/B Bonds will initially be dated the date of delivery and will mature on the dates and in the principal amounts, and bear interest, payable on January 1 and July 1 of each year, commencing January 1, 2022, at the respective interest rates shown on the inside cover page of this Official Statement. Interest on the 2021 Series A/B Bonds will be calculated based on a 360-day year, consisting of twelve 30-day months. In the event that the 2021 Series A/B Bonds are no longer registered in the name of Cede & Co., interest on the 2021 Series A/B Bonds is payable by check or draft mailed to the registered owners thereof by the Trustee at the addresses appearing on the registration books on the 15th day of the month preceding the interest payment date. Principal of the 2021 Series A/B Bonds is payable at the designated corporate trust operations office of the Trustee in East Syracuse, New York.

Transferability and Registration

The 2021 Series A/B Bonds will be available to the ultimate purchasers in book-entry-only form. Purchasers of the 2021 Series A/B Bonds will not receive certificates representing their interests in such 2021 Series A/B Bonds purchased, except as described below under “Book-Entry-Only System.” DTC will act as securities depository (“Securities Depository”) for the 2021 Series A/B Bonds. As discussed below under “Book-Entry-Only System,” transfers of ownership interests in the 2021 Series A/B Bonds will be accomplished by book entries made by DTC and, in turn, by DTC Participants (as hereinafter defined) acting on behalf of Beneficial Owners (as hereinafter defined) of the 2021 Series A/B Bonds. The District, the Trustee, and any other person may treat the registered owner of any 2021 Series A/B Bond as the absolute owner of such 2021 Series A/B Bond for the purpose of making payment thereof and for all other purposes, and the District and the Trustee shall not be bound by any notice or knowledge to the contrary, whether such 2021 Series A/B Bond shall be overdue or not. All payments of or on account of interest or principal to any registered owner of any such 2021 Series A/B Bond shall be valid and effectual and shall be a discharge of the District and the Trustee in respect of the liability upon such 2021 Series A/B Bond, to the extent of the sum or sums paid.

When the 2021 Series A/B Bonds are registered in the name of Cede & Co., as nominee of DTC, the District and the Trustee shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom a DTC Participant holds an interest in the 2021 Series A/B Bonds with respect to (1) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the 2021 Series A/B Bonds, (2) the delivery to any DTC Participant or any other person, other than a registered owner as shown on the Bond Register, of any notice with respect to the 2021 Series A/B Bonds, including any notice of redemption, (3) the payment to any DTC Participant or any other person, other than a registered owner as shown on the Bond Register, of any amount with respect to principal of, premium, if any, or interest on the 2021 Series A/B Bonds, (4) the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the 2021 Series A/B Bonds, (5) any consent given or action taken by DTC as registered owner, or (6) any other matter. The District and the Trustee may treat and consider Cede & Co., in whose name each 2021 Series A/B Bond is registered, as the holder and absolute owner of such 2021 Series A/B Bond for the purpose of payment, giving notices of redemption and others matters.

Redemption of the 2021 Series A/B Bonds

Optional Redemption of the 2021 Series A/B Bonds

The 2021 Series A/B Bonds maturing on and after January 1, 2032, shall be subject to redemption prior to maturity, as a whole, or in part in the manner determined by the District, at any time on or after January 1, 2031, at a redemption price equal to the principal amount of the 2021 Series A/B Bonds to be redeemed, together with accrued interest to the redemption date.

Selection of 2021 Series A/B Bonds for Redemption

In the event less than all of the 2021 Series A/B Bonds of an entire maturity are redeemed, the 2021 Series A/B Bonds of such maturity to be redeemed will be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate.

Notice of Redemption

Notice of redemption of the 2021 Series A/B Bonds is to be mailed by the Trustee not less than 30 days before the redemption date to the registered owners of any 2021 Series A/B Bonds or portion of the 2021 Series A/B Bonds which are to be redeemed, at their last addresses, if any, appearing on the registration books of the District. Failure to give notice by mail, or any defect in such notice shall not affect the validity of the proceedings for the redemption of the 2021 Series A/B Bonds. Any notice which is mailed in the manner provided in the Resolution shall be conclusively presumed to have been duly given, whether or not the registered owners of the 2021 Series A/B Bonds to be redeemed received the notice. The District may provide that any notice of redemption may be cancelled prior to the designated date of redemption by giving written notice of such cancellation to all parties who were given notice of redemption in the same manner as such notice of redemption was given.

For so long as a book-entry-only system is in effect with respect to the 2021 Series A/B Bonds, the Trustee will mail notices of redemption to DTC or its nominee or its successor, and if less than all of the 2021 Series A/B Bonds of a maturity are to be redeemed, DTC or its successor and DTC Participants (as hereinafter defined) and Indirect Participants (as hereinafter defined) will determine the particular ownership interest of 2021 Series A/B Bonds of such maturity to be redeemed. Any failure of DTC or its successor or a DTC Participant or Indirect Participant to do so, or to notify a Beneficial Owner (as hereinafter defined) of a 2021 Series A/B Bond of any redemption will not affect the sufficiency or the validity or the redemption of the 2021 Series A/B Bonds. See “Book-Entry-Only System” below.

Neither the District, the Trustee nor the Underwriters can give any assurance that DTC, the DTC Participants or the Indirect Participants will distribute such redemption notices to the Beneficial Owners of the 2021 Series A/B Bonds, or that they will do so on a timely basis.

Book-Entry-Only System

The information contained in the following paragraphs of this subsection “Book-Entry-Only System” has been extracted from a schedule prepared by DTC, New York, New York, entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING DTC BOOK-ENTRY-ONLY ISSUANCE.” The District makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC will act as securities depository for the 2021 Series A/B Bonds. The 2021 Series A/B Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the 2021 Series A/B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100) countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that

clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (“SEC”).

Purchases of the 2021 Series A/B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021 Series A/B Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2021 Series A/B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2021 Series A/B Bonds, except in the event that use of the book-entry-only system for the 2021 Series A/B Bonds is discontinued.

To facilitate subsequent transfers, all 2021 Series A/B Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2021 Series A/B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2021 Series A/B Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2021 Series A/B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2021 Series A/B Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2021 Series A/B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the 2021 Series A/B Bonds may wish to ascertain that the nominee holding the 2021 Series A/B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them. **THE DISTRICT AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT AND INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE 2021 SERIES A/B BONDS.**

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2021 Series A/B Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the 2021 Series A/B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2021 Series A/B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the District or the Trustee, on payable dates in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2021 Series A/B Bonds at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the 2021 Series A/B Bonds are required to be printed and delivered as described in the Resolution.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the 2021 Series A/B Bond certificates will be printed and delivered to DTC.

THE DISTRICT, THE TRUSTEE, AND THE UNDERWRITERS SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT OR INDIRECT PARTICIPANT, ANY BENEFICIAL OWNER OR ANY OTHER PERSON CLAIMING A BENEFICIAL OWNERSHIP INTEREST IN THE 2021 SERIES A/B BONDS UNDER OR THROUGH DTC OR ANY DTC PARTICIPANT, OR ANY OTHER PERSON WHICH IS NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A HOLDER, WITH RESPECT TO THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT; THE PAYMENT BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF, PURCHASE PRICE, PREMIUM, IF ANY, OR INTEREST ON THE 2021 SERIES A/B BONDS; ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS UNDER THE GENERAL RESOLUTION; THE SELECTION BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2021 SERIES A/B BONDS; ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS AN OWNER; OR ANY OTHER PROCEDURES OR OBLIGATIONS OF DTC UNDER THE BOOK-ENTRY SYSTEM.

SO LONG AS CEDE & CO. (OR SUCH OTHER NOMINEE AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC) IS THE REGISTERED OWNER OF THE 2021 SERIES A/B BONDS, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE HOLDERS OR OWNERS OR REGISTERED HOLDERS OR REGISTERED OWNERS OF THE 2021 SERIES A/B BONDS MEANS CEDE & CO., AS AFORESAID, AND DOES NOT MEAN THE BENEFICIAL OWNERS OF THE 2021 SERIES A/B BONDS.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the 2021 Series A/B Bonds, payment of principal, interest, and other payments on the 2021 Series A/B Bonds to Direct and Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such 2021 Series A/B Bonds, and other related transactions by and between DTC, the Direct and Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the Direct nor Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC.

FORWARD DELIVERY OF THE 2021 SERIES A/B BONDS

General

The 2021 Series A/B Bonds are to be purchased by the Underwriters identified on the cover page hereof (the “Underwriters”), for whom BofA Securities, Inc. is acting as Representative (the “Representative”) on October 7, 2021 (the “Settlement Date”) on a forward delivery basis and subject to the satisfaction of certain terms and conditions of a Forward Delivery Bond Purchase Contract (the “Forward Delivery Purchase Contract”). The Underwriters have agreed, subject to the satisfaction of certain terms and conditions of the Forward Delivery Purchase Contract, certain of which are described below, to purchase the 2021 Series A/B Bonds for delivery by the District on the Settlement Date, at the purchase price described under “UNDERWRITING.” The Forward Delivery Purchase Contract provides that the Underwriters will purchase all of the 2021 Series A/B Bonds if any are purchased. It is anticipated that the 2021 Series A/B Bonds in definitive form will be available for delivery to DTC in New York, New York, on or about the Settlement Date, subject to the satisfaction of the terms and conditions of the Forward Delivery Purchase Contract.

During the period of time between the date of this Official Statement and the Settlement Date (the “Delayed Delivery Period”), certain information contained in this Official Statement could change in material respects. As further described in the Forward Delivery Purchase Contract, the District has agreed to cooperate with the Underwriters in the updating from time to time of this Official Statement or other offering document for the 2021 Series A/B Bonds prior to the distribution of the Updated Official Statement (as defined below). Prior to June 30, 2021, the District will file on EMMA certain financial and operating data, including its 2020 audited financial statements, as required by continuing disclosure agreements executed by the District in connection with previously issued General Bonds. Upon filing on EMMA, said audited financial statements and said financial and operating data shall be deemed incorporated by reference in this Official Statement.

The District has also agreed to supplement this Official Statement or a separate document substantially in the form of this Official Statement updated to its date of delivery (in either case, as the same shall be amended from time to time, the “Updated Official Statement”) to the extent necessary to assure its accuracy as of a date not more than twenty-five (25) and

not less than ten (10) days prior to the Settlement Date, and to provide a reasonable number of copies of the Updated Official Statement, if any, to the Underwriters at such time.

Certain Terms Concerning Forward Delivery

The obligations of the Underwriters to accept delivery of and pay for the Series 2021 A/B Bonds on the Settlement Date is subject to the accuracy in all material respects of the representations and warranties on the part of the District contained in the Forward Delivery Purchase Contract as of its date and as of the Settlement Date, and to the performance by the District of its obligations to be performed thereunder at or prior to the Settlement Date and to certain additional conditions contained in the Forward Delivery Purchase Contract.

Additionally, under the Forward Delivery Purchase Contract, the Underwriters are not required to purchase the 2021 Series A/B Bonds if, among other conditions:

- (a) there has been a Change of Law (as defined below);
- (b) the Official Statement or Updated Official Statement, as such documents may be amended or supplemented in accordance with the Forward Delivery Purchase Contract on or prior to the Settlement Date, contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading;
- (c) Bond Counsel does not deliver opinions on the Settlement Date substantially in the form and to the effect set forth in Appendix C to this Official Statement;
- (d) an event of default (howsoever defined) under the Resolution shall have occurred and be continuing, technical or otherwise, on the Settlement Date; or
- (e) the 2021 Series A/B Bonds are not rated at least investment grade by Moody's Investors Service ("Moody's"), S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), and Fitch Ratings ("Fitch") as of the Settlement Date (at least a rating of "Baa3" by Moody's, at least a rating of "BBB-" by S&P or at least a rating of "BBB-" by Fitch);

A "Change of Law" shall mean (i) any change in or addition to applicable federal or state law, whether statutory or as interpreted by the courts, including any changes in or new rules, regulations or other pronouncements or interpretations by federal or state agencies, (ii) any legislation enacted by the Congress of the United States or introduced therein or recommended for passage by the President of the United States (if such enacted, introduced or recommended legislation has a proposed effective date that is on or before the Settlement Date), (iii) any law, rule or regulation proposed or enacted by any governmental body, department or agency (if such proposed or enacted law, rule or regulation has a proposed effective date that is on or before the Settlement Date) or (iv) any judgment, ruling or order issued by any court or administrative body, which in the case of any of (i), (ii), (iii) or (iv) would (A) as to the Underwriters, prohibit (or have the retroactive effect of prohibiting, if enacted, adopted, passed or finalized) the Underwriters from purchasing the 2021 Series A/B Bonds as provided in the Forward Delivery Contract or selling the 2021 Series A/B Bonds or beneficial ownership interests therein to the public, or (B) as to the District, make the issuance, sale or delivery of the 2021 Series A/B Bonds illegal (or have the retroactive effect of making such issuance, sale or delivery illegal, if enacted, adopted, passed or finalized), or prevent the issuance of certain opinions required under the Forward Delivery Purchase Contract for the delivery of the 2021 Series A/B Bonds, including the opinion of Bond Counsel substantially in the form and to the effect set forth in Appendix C to this Official Statement at Settlement; provided, however, that such change in or addition to law, legislation, law, rule or regulation or judgment, ruling or order shall have become effective, been enacted, introduced or recommended, been proposed or enacted or been issued as the case may be, after the date of the Forward Delivery Purchase Contract.

Except as described above, the Underwriters may not refuse to purchase the 2021 Series A/B Bonds by reason of "general market or credit changes," including, but not limited to, (a) changes in the ratings assigned to the 2021 Series A/B Bonds, so long as the 2021 Series A/B Bonds are rated investment grade by each of the Rating Agencies as of the Settlement Date, or (b) changes in the financial condition, operations, performance, properties or prospects of the District prior to the Settlement Date.

Agreement of Purchasers

By submitting an order for the 2021 Series A/B Bonds, every purchaser shall be deemed to have committed to purchase its allotted share of the 2021 Series A/B Bonds (the “Purchased Bonds”).

By submission of its order, the purchaser confirms that it has reviewed this Official Statement, has considered the risks associated with purchasing the Purchased Bonds and is duly authorized to purchase the Purchased Bonds. The purchaser understands that the Purchased Bonds are being sold on a “forward” basis, and the purchaser will purchase and agree to accept delivery of such Purchased Bonds from the Underwriters on or about the Settlement Date, pursuant to the Forward Delivery Purchase Contract.

Upon issuance by the District of the 2021 Series A/B Bonds and purchase thereof by the Underwriter, the obligation of the purchaser to take delivery of the Purchased Bonds shall be unconditional unless the Representative terminates the Forward Delivery Purchase Contract prior to the Settlement Date. See “Certain Terms Concerning Forward Delivery” above for information regarding when the Representative may terminate the Forward Delivery Contract.

Any such termination will be made by the Representative in its sole and absolute discretion and the Representative is under no obligation to terminate the Forward Delivery Purchase Contract by reason of the occurrence of one or more of such events.

Except as otherwise described above, by submission of its order, the purchaser shall be deemed to acknowledge and agree that it will not be able to withdraw its order and will not otherwise be excused from performance of its obligations to take up and pay for the Purchased Bonds on the Settlement Date because of market or credit changes. The purchaser shall be deemed to acknowledge and agree that it will remain obligated to purchase the Purchased Bonds in accordance with the terms hereof even if the purchaser decides to sell such Purchased Bonds after the date of this Official Statement.

Certain Considerations

Issuance and delivery of the 2021 Series A/B Bonds will be dependent on receipt by the District of the opinions of Norton Rose Fulbright US LLP, Bond Counsel, substantially in the form set forth in Appendix C hereto with respect to the 2021 Series A/B Bonds on the Settlement Date and of certain other documents required by the Forward Delivery Purchase Contract, and payment of the purchase price by the Underwriters in accordance with the Forward Delivery Purchase Contract on the Settlement Date. The Underwriters may, in their sole and absolute discretion, waive or amend any provision of the Forward Delivery Purchase Contract.

Bond Counsel could be prevented from rendering their opinions on the Settlement Date with respect to the 2021 Series A/B Bonds as a result of (i) changes or proposed changes, prior to the Settlement Date, in federal or Nebraska laws, court decisions, regulations or proposed regulations, or rulings of administrative agencies or (ii) the failure of the District to provide satisfactory documentation of the type customarily required in connection with the authorization and issuance of tax-exempt bonds of the nature of the 2021 Series A/B Bonds, such as certificates to the effect that the proceedings of the District with respect to the issuance of the 2021 Series A/B Bonds have not been amended or repealed by executive, legislative, or administrative action.

Ratings Risk

Moody’s, S&P and Fitch have each issued their rating for the 2021 Series A/B Bonds. See “RATINGS” below. No assurance can be given that the ratings assigned to the 2021 Series A/B Bonds on the Settlement Date will not be different from those currently assigned to the 2021 Series A/B Bonds. Issuance of the 2021 Series A/B Bonds and the obligations of the Underwriters under the Forward Delivery Purchase Contract are not conditioned upon the assignment of any particular ratings to the 2021 Series A/B Bonds or the maintenance of the initial ratings assigned to the 2021 Series A/B Bonds. So long as the 2021 Series A/B Bonds are rated at least investment grade by each of the Rating Agencies as of the Settlement Date, the condition precedent concerning the rating of the 2021 Series A/B Bonds under the Forward Delivery Purchase Contract will have been satisfied.

Secondary Market Risk

The Underwriters are not obligated to make a secondary market in the 2021 Series A/B Bonds, and no assurances can be given that a secondary market will exist for the 2021 Series A/B Bonds prior to or after the delivery thereof. Should events occur before the 2021 Series A/B Bonds are issued and delivered by the District on the Settlement Date that affect the market value of the 2021 Series A/B Bonds and if a secondary market in the 2021 Series A/B Bonds does not exist, a beneficial owner of 2021 Series A/B Bonds may be unable to re-sell all or a portion of the 2021 Series A/B Bonds held by or on behalf of that beneficial owner.

Market Value Risk

The market value of the 2021 Series A/B Bonds as of the Settlement Date may be affected by a variety of factors, including, without limitation, general market conditions, the ratings then assigned to the 2021 Series A/B Bonds and federal income tax and other laws. The market value of the 2021 Series A/B Bonds as of the Settlement Date could therefore be higher or lower than the price to be paid by the initial purchasers of the 2021 Series A/B Bonds and that difference could be substantial. Neither the District nor the Underwriters make any representation as to the expected market prices of the 2021 Series A/B Bonds as of the Settlement Date, and the District and the Underwriters may not refuse to deliver and purchase, respectively, the 2021 Series A/B Bonds by reason of general market or credit changes, except as set forth in the Forward Delivery Purchase Contract. Further, no assurance can be given that the introduction or enactment of any future legislation will not affect the market prices for the 2021 Series A/B Bonds as of the Settlement Date or thereafter or not have a materially adverse effect on any secondary market for the 2021 Series A/B Bonds.

Federal Tax Proposals

The Forward Delivery Purchase Contract obligates the District to deliver and the Underwriters to acquire the 2021 Series A/B Bonds if, among other things, the District delivers an opinion of Bond Counsel substantially in the form set forth in Appendix C with respect to the 2021 Series A/B Bonds, to the effect that the interest on the 2021 Series A/B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. It is possible that certain bills could be introduced (or that bills previously introduced could be amended) in the U.S. Congress that, if adopted, would reform the system of federal taxation. Those bills could (i) eliminate the tax exemption granted under Section 103 of the Code to interest payable on “state or local bonds” such as the 2021 Series A/B Bonds, or (ii) diminish the value of the federal tax exemption granted interest on such 2021 Series A/B Bonds under the current system of federal income taxation. If, however, legislation only diminishes the value of the tax exemption, and the District satisfies the requirements for the delivery of the 2021 Series A/B Bonds set forth in the Forward Delivery Purchase Contract, then the Underwriters would still be required to accept delivery of the 2021 Series A/B Bonds at the Settlement Date. If, on the Settlement Date, Bond Counsel does not deliver its opinion with respect to the 2021 Series A/B Bonds in substantially the form set forth in Appendix C hereto with respect to the 2021 Series A/B Bonds, the Underwriters will not be obligated to acquire the 2021 Series A/B Bonds. Prospective purchasers of the 2021 Series A/B Bonds are encouraged to consult their tax advisors regarding the likelihood that such bills would be introduced or amended or enacted and the consequences of such enactment to the purchasers.

RATES

Under the Act, the District has the power and is required to fix, establish, and collect adequate rates and other charges for electrical energy and any and all commodities or services sold or furnished by it. Such rates and charges must be fair, reasonable, and nondiscriminatory and adjusted in a fair and equitable manner to confer upon and distribute among the users and consumers of such commodities and services the benefits of a successful and profitable operation and conduct of the business of the District. In the opinion of the General Counsel to the District, the District’s electric rates are not subject under present law to either State of Nebraska or federal regulation, except as modified by the Energy Policy Act of 2005. For additional information, see “CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY—Federal Power Act Requirements.” However, if the District is required to purchase the output from qualifying facilities under the federal Public Utility Regulatory Policies Act, the purchase price paid by the District for such output could be subject to standards set by FERC regulations.

The District has filed a Protest in a proceeding before FERC where a municipal power purchaser filed a petition for a declaratory order that requests FERC to take jurisdiction of its wholesale power purchase contract with another non-

FERC jurisdictional power seller. The District has filed said Protest opposing that request because the District is concerned that if FERC took jurisdiction over a power sales contract between two non-FERC jurisdictional entities that could call into question the non-FERC jurisdictional status of virtually every wholesale power contract between non-FERC jurisdictional entities, including the District's wholesale power sales contracts with its municipal and cooperative customers. FERC subsequently refused to take jurisdiction over said wholesale power purchase contract.

Pursuant to the General Resolution, the District has covenanted to charge and collect rates and charges for the use or for the sale of the output, capacity, or service by the System, which, together with other monies expected by the District to be available therefor, are expected to produce Revenues in each fiscal year sufficient to pay the sum of: (i) all amounts estimated to be required to pay operating expenses during such fiscal year, (ii) a sum equal to 100 percent of the aggregate debt service for such fiscal year computed as of the beginning of such fiscal year, (iii) the amount, if any, to be paid during such fiscal year into the Debt Service Reserve Fund, and (iv) amounts necessary to pay and discharge all charges and liens payable out of the Revenues during such Fiscal Year including, but not limited to, payment of Reimbursement Obligations, Credit Obligations, and Financial Contracts. Amounts transferred to the Stabilization Account from the Revenue Account of the Revenue Fund shall not be deemed Revenues in the year transferred and amounts withdrawn from the Stabilization Account and transferred to the Revenue Account shall be deemed to be Revenues in the year withdrawn.

The District, in its accounting procedures, allocates costs between wholesale and retail service and establishes its rates to produce revenues sufficient to meet its estimated respective wholesale and retail revenue requirements. Wholesale revenue requirements include unbundled costs accounted for separately between generation and transmission. Transmission costs not recovered from the District's wholesale power contracts are expected to be recovered through rates charged by SPP. For additional information, see "THE CUSTOMERS—Transmission Customers." The rates for retail service include an amount to recover the costs of wholesale power service in addition to distribution system costs for the then current year. The District's wholesale power contracts provide for the establishment of cost-based rates. Such rates can be adjusted at such times as deemed necessary by the District. The wholesale power contracts also provide for the creation of a rate stabilization account. Any surplus or deficiency between revenues and revenue requirements, within certain limits set forth in the wholesale power contracts, may be retained or withdrawn through the rate stabilization account. Any amounts in excess of the limits will be included as an adjustment to revenue requirements in the next rate review. The wholesale power contracts also include a provision for establishing a new/replacement generation fund. This provision would permit the District to collect an additional 0.5 mills per kWh above the normal revenue requirements to be used for future capital expenditures associated with generation.

The District's retail rates are adjusted from time to time as necessary. Franchises granted by certain cities and villages in which the District furnishes electric energy at retail provide that at no time shall the District charge a greater sum for electric energy than is charged by the District in other communities of like size and under similar conditions. The maximum charges allowed under the present franchises do not adversely affect the District's revenue-producing ability and allow sufficient margin for adjustment to enable the District to meet its obligations under the General Resolution.

The District's policy is to finance part of the capital improvements to its System from revenues and it sets rates to effect this policy.

In December 2019, the District's GFPS production and transmission rates for 2020 were approved with no changes from 2019 rates. The GFPS rate proposed includes a refund of monies remaining in the production rate stabilization account in excess of the ten percent accumulation limit. A one-year refund of \$46.1 million through a Production Cost Adjustment resulted in an average annual decrease of 6.2 percent compared to base rates to the District's wholesale customers. Such refund to wholesale customers occurred over a 12-month period.

No change in retail base rates was implemented in 2020. A one-year Production Cost Adjustment related to the above resulted in an average annual decrease of 3.5 percent compared to base rates to the District's retail customers.

The District had no overall wholesale base rate change in 2021. However, a rate study was performed and there were changes in individual demand and energy rates as a result of the study. In addition, the Board approved in December 2020 a one-year refund of the remaining rate stabilization account in excess of the ten percent limit. This one-year refund of \$73.2 million will be returned through a Production Cost Adjustment credit and equates to a one-year average reduction of 10.2 percent compared to base rates to the District's wholesale customers. Such refund to wholesale customers will occur over a 12-month period.

The District had no change in overall average retail base rate collections in 2021. However, a retail cost of service study resulted in minor changes between different customer classes in 2021. A one-year Production Cost Adjustment related

to the above is expected to result in an average annual decrease of 3.9 percent compared to base rates to the District's retail customers.

For information concerning revenue per kWh, see "THE CUSTOMERS—Customers, Energy Sales, and Revenues."

THE CUSTOMERS

2019 Statistical Review

The following table shows data on the classification of, and sales of energy to, the customers served in 2019 by the System.

OPERATING REVENUES	Average Cents Per kWh Sold Less Government Taxes/ Transfers ⁽¹⁾	Average Cents Per kWh Sold	Average Number of Customers	MWh		Revenues (in 000's)	
				Amount	%	Amount	%
Retail:							
Residential.....	10.42 ¢	12.39 ¢	72,364	883,302	4.3	\$ 109,399	10.2
Commercial.....	8.41 ¢	9.86 ¢	19,241	1,111,976	5.4	109,678	10.2
Industrial.....	5.12 ¢	5.50 ¢	58	1,210,941	5.9	66,657	6.2
Total Retail Sales.....	<u>7.72 ¢</u>	<u>8.91 ¢</u>	<u>91,663</u>	<u>3,206,219</u>	<u>15.6</u>	<u>285,734</u>	<u>26.6</u>
Wholesale:							
Municipalities ⁽²⁾		6.10 ¢	40	1,344,903	6.5	82,069	7.6
Municipalities (Partial Requirements) ⁽³⁾		5.25 ¢	6	237,121	1.1	12,446	1.2
Public Power Districts and Cooperatives ⁽²⁾		5.80 ¢	23	7,269,332	35.3	421,596	39.2
Public Power Districts (Partial Requirements) ⁽³⁾		4.81 ¢	1	111,396	0.5	5,356	0.5
Total Firm Wholesale Sales.....		<u>5.82 ¢</u>	<u>70</u>	<u>8,962,752</u>	<u>43.4</u>	<u>521,467</u>	<u>48.5</u>
Total Firm Retail and Wholesale Sales.....		6.63 ¢	91,773	12,168,971	59.0	807,201	75.1
Participation Sales.....		3.45 ¢	5	1,730,588	8.4	59,717	5.6
Other Sales ⁽⁴⁾		2.47 ¢	2	6,709,472	32.6	165,613	15.4
Total Electric Energy Sales.....		<u>5.01 ¢</u>	<u>91,740</u>	<u>20,609,031</u>	<u>100.0</u>	<u>1,032,531</u>	<u>96.1</u>
Other Operating Revenues ⁽⁵⁾						77,591	7.2
Unearned Revenues ⁽⁶⁾						(35,647)	(3.3)
Total Operating Revenues.....						<u>\$ 1,074,475</u>	<u>100.0</u>
COST OF POWER PURCHASED AND GENERATED				MWh		Costs (in 000's)	
				Amount	%	Amount	%
Production ⁽⁷⁾				16,981,613	79.3	\$ 405,194	72.3
Power Purchased.....				4,445,509	20.7	154,931	27.7
Total Production and Power Purchased.....				<u>21,427,122</u>	<u>100.0</u>	<u>\$ 560,125</u>	<u>100.0</u>

(1) Customer collections for taxes/transfers to other governments are excluded from base rates.

(2) Sales are total requirements, subject to certain exceptions.

(3) Sales are to customers who limited their requirements under the hereinafter defined 2002 Contracts. The average rate was lower than total requirements customers due to the exclusion of certain transmission costs from the wholesale rate as cost recovery was through the SPP transmission tariff and included in Other Operating Revenues.

(4) Includes sales in SPP and nonfirm sales to other utilities.

(5) Includes revenues for transmission and other miscellaneous revenues.

(6) Unearned revenues represent the net of revenue adjustments in the rate stabilization and other regulatory accounts, consistent with revenue requirements.

(7) Includes fuel, operation, and maintenance costs. Debt service and capital-related costs are excluded.

District's Retail Customers

In 2019, the District served an average of 91,663 retail customers. Total retail revenues in 2019 were \$285.7 million. The District's retail service territory includes 80 municipalities, of which 79 are municipal-owned distribution systems operated by the District for the municipality pursuant to a Professional Retail Operations Agreement ("PRO Agreement"), with retail revenues totaling \$242.5 million. In addition, the District serves certain rural areas at retail and several large industrial customers located in rural areas with retail revenues totaling \$43.2 million.

In 2016, the District began 20- and 25-year PRO Agreement extensions. As of November 30, 2020, the District has extended 77 of 79 PRO Agreements. These 77 retail PRO Agreement customers represented 70.4 percent of retail revenues for 2019.

The PRO Agreement of the electric distribution system of one of the municipalities representing \$0.6 million of 2019 annual retail revenues, commenced on January 1, 2004, under an agreement having a term of 25 years. Under such agreement, this municipality has an option to terminate the PRO Agreement and become solely a wholesale customer of the District at any time after the fifteenth year of the agreement by giving at least five years' written notice. No such notice has been given.

The PRO Agreement of the electric distribution system of the City of Norfolk ("Norfolk") representing \$40.7 million of 2019 annual retail revenues, commenced on January 1, 1991, under an agreement having an initial term of 15 years. The initial term was extended through December 31, 2030, subject to Norfolk being able to terminate the PRO Agreement on the anniversary date by giving at least five years' written notice. If the PRO Agreement is terminated, Norfolk would continue to be a wholesale customer through December 31, 2030.

The PRO Agreement of the electric distribution system of 75 of the municipalities representing \$127.1 million of 2019 annual retail revenues, commenced on various dates between January 1, 2016 and July 1, 2019, under an agreement having a term of 25 years. Under such agreement, each municipality has an option to terminate the PRO Agreement and become solely a wholesale customer of the District at any time after the fifteenth year of the agreement by giving at least five years' written notice.

The PRO Agreement of the electric distribution system of two of the municipalities representing \$74.4 million of 2019 annual retail revenues, commenced on February 1, 2017 and May 1, 2018, under an agreement having a term of 20 years. Under such agreement, each municipality has an option to terminate the PRO Agreement and become solely a wholesale customer of the District at any time after the fifteenth year of the agreement by giving at least five years' written notice.

The District owns and operates the electric distribution system in one of the 80 municipalities. This municipality is entitled to acquire its distribution system when the District has paid the indebtedness incurred to acquire or improve such distribution system.

The District's average revenue per kWh sold, less government taxes/transfers to its retail customers, in 2019 was 7.72¢, with an average of 5.12¢ per kWh for industrial customers, 8.41¢ per kWh for commercial customers, and 10.42¢ per kWh for residential customers. The District's average revenue per kWh sold, including government taxes/transfers, to its retail customers in 2019 was 8.91¢, with an average of 5.50¢ per kWh for industrial customers, 9.86¢ per kWh for commercial customers, and 12.39¢ per kWh for residential customers.

District's Wholesale Customers

The District serves its wholesale customers under total and partial requirements contracts that require them to purchase total power and energy requirements from the District, subject to certain exceptions described below. Total wholesale sales in 2019 were \$521.5 million. Wholesale customers being served under the 2016 Contracts (defined below) include 22 public power districts (20 of which are served under one contract with the Nebraska Generation and Transmission Cooperative), one cooperative, and 37 municipalities with 2019 revenues totaling \$502.6 million. Wholesale customers being served under the 2002 Contracts (defined below) include three municipalities with 2019 revenues totaling \$1.1 million. One public power district and six municipalities being served under partial requirements contracts represented 2019 revenues totaling \$17.8 million.

In 2019, the District's average revenue per kWh for electric power and energy sold and delivered was 6.10¢ per kWh for its municipal wholesale customers, 5.80¢ per kWh for its public power district and cooperative wholesale customers, 5.25¢ per kWh for its municipal partial requirements customers, and 4.81¢ per kWh for its public power district partial requirements customers. The average revenue per kWh was lower for the partial requirements customer due to the exclusion of certain transmission costs from the wholesale rate as this customer pays the District for these costs through the SPP transmission tariff, which is included in revenues from other sales.

2016 Wholesale Power Contracts

Effective January 1, 2016, the District entered into 20-year wholesale power sales contracts with a substantial number of its existing wholesale customers (the "2016 Contracts"). The 2016 Contracts replaced wholesale contracts that were entered into in 2002 (the "2002 Contracts"). The 2016 Contracts with these wholesale customers provide for the District to sell and such wholesale customers to purchase their total demand and energy requirements, subject to certain exceptions described below, from the District, in each year for a term of 20 years. The 2016 Contracts include provisions discussed below relating to a wholesale customer's right to reduce its purchases from the District. The 2016 Contracts are to continue in force after such 20-year term from year to year unless terminated on an anniversary thereof by at least five years' written notice given by either party, which notice may be given at any time on and after the fifteenth year of the term of the 2016 Contracts.

As discussed below, the 2016 Contracts allow a wholesale customer to give notice to reduce its purchase of demand and energy requirements from the District based on a comparison of the District's average annual wholesale power costs (as hereinafter defined) in a given year compared to power costs of U.S. utilities for such year listed in the CFC Data. The CFC Data places a utility's power costs in percentiles so that any given utility can compare its power costs on a percentile basis to the CFC Data published quartile information.

Average annual wholesale power costs are defined by the 2016 Contracts as being equal to the average annual production plus transmission cost per kWh for all wholesale customers taking service under the 2016 Contracts (excluding the load and revenues of end use customers taking service under certain rate schedules). The 2016 Contracts allow a wholesale customer to reduce its power and energy purchases from the District if the District's average annual wholesale power costs percentile level for a given year are higher than the 45th percentile level (the "Performance Standard Percentile") of the power costs of U.S. utilities for such year as listed in the CFC Data, as the CFC Data may be modified, amended, superseded, or replaced as mutually agreed to by the District and a majority of the members of the Rate Review Committee created under the 2016 Contracts.

The 2016 Contracts would not allow any reductions in demand and energy purchases by a wholesale customer as long as the District's average annual wholesale power costs percentile remained below the Performance Standard Percentile. The District is permitted to receive a performance credit if the District's average annual wholesale costs percentile for a given calendar year is less than the 25th percentile level of the power costs of U.S. utilities as listed in the CFC Data. Such performance credit would be the amount of one-half of the difference between said 25th percentile level and the District's cost percentile (rounded to one decimal place). Any such performance credits to which the District is entitled is permitted to be banked by the District. In any calendar year in which the District's annual average wholesale power cost percentile exceeds the Performance Standard Percentile, and if the District has sufficient accumulated performance credits available, the District can utilize an amount of such performance credits equal to the difference between the District's actual cost percentile level (rounded to one decimal place) and the Performance Standard Percentile and the District shall not be considered to have exceeded the Performance Standard Percentile for that calendar year.

For any calendar year beginning with 2016 cost data, if the District's annual average wholesale power cost percentile exceeds the Performance Standard Percentile for said calendar year following application of any performance credits, a wholesale customer has the right upon providing written notice to the District of at least one calendar year, to reduce its power and energy purchases from the District in any year according to the following schedule: for the 1st year of exceedance, a wholesale customer would have the right to immediately reduce its power and energy purchases by up to 15 percent of the wholesale customer's Base Monthly Demand Obligation (as defined below); for the 2nd year of exceedance, a wholesale customer would have the right to immediately reduce its power and energy purchases by up to an additional 15 percent of the wholesale customer's Base Monthly Demand Obligation; for the 3rd year of exceedance, up to an additional 20 percent reduction of the wholesale customer's Base Monthly Demand Obligation; for the 4th year of exceedance, up to an additional 20 percent reduction of the wholesale customer's Base Monthly Demand Obligation; for the 5th year of exceedance, up to an additional 25 percent reduction of the wholesale customer's Base Monthly Demand Obligation.

If a wholesale customer elects to utilize its right to reduce its purchase from the District as set forth above, such wholesale customer is required to provide written notice to the District for such reduction not less than one calendar year prior to the commencement of each such reduction; provided, if the wholesale customer does not provide notice to the District to reduce its purchases prior to the reporting of the Performance Standard Percentile for the ensuing calendar year, the wholesale customer's right to provide notice to reduce its purchase from the District for the prior year's exceedance is waived by the wholesale customer. The maximum percentages available for reduction as listed above are based on the number of calendar years that the District has not met the Performance Standard Percentile (following application of any performance credits) since the inception of the 2016 Contract, regardless of whether or not the wholesale customer has provided reduction notices for any prior exceedances, but are not cumulative if exceedances had been waived in prior years by the wholesale customer. The reductions in power and energy purchases are at the option of a wholesale customer. Exceedance by the District does not need to occur in consecutive years for customers to be eligible for the stated levels of reduction. For example, if the District has had exceedances in three prior years for which a wholesale customer has not provided timely written notice to the District as described above, such wholesale customer could reduce by up to only 20 percent of the customer's Base Monthly Demand Obligation in the next year of exceedance and not the aggregate amount of percentages for all of the prior waived years of exceedance.

A wholesale customer's Base Monthly Demand Obligation is defined by the 2016 Contracts as the average of the wholesale customer's demand requirements provided by the District (increased by the hereinafter defined qualified local generation but shall exclude demand provided by Western) during such month in each of the three calendar years prior to the date when the wholesale customer first commences to reduce its purchase of demand and energy requirements from the District.

Under certain circumstances, a wholesale customer can offset its demand and energy requirements by utilizing Qualified Local Generation which is defined by the 2016 Contracts as generation interconnected to the wholesale customer's subtransmission or distribution facilities behind the meter of the District used to determine a wholesale customer's power bill and such generation must use as an energy source either methane, wind, solar, biomass, hydropower or geothermal resource or be a FERC-certified small power production facility. A wholesale customer can use qualified local generation for offset purposes with an aggregate nameplate rating of up to two MW or ten percent of a wholesale customer's reference demand, whichever is greater, subject to a maximum cap of 50 percent of the wholesale customer's reference demand. The 2016 Contracts define reference demand as the average of the annual highest District supplied demand to the wholesale customer recorded during any hour in each of the five previous calendar years.

The following table lists the District's wholesale power costs percentile for the calendar years 2015 to 2019 set forth in the CFC Data:

<u>Year</u>	<u>CFC Data</u>
	<u>Percentile</u>
2015	31.3%
2016	28.2
2017	26.0
2018	26.9
2019	29.5

The average annual wholesale power costs of the U.S. utilities listed in the CFC Data have gone down in recent years due to several factors including, but not limited to, a steep reduction in natural gas prices and retirement and replacement of older higher cost generating plants with lower priced wind, solar and natural gas units. This has resulted in a trend in the reduction in the difference between the average annual wholesale power costs of the District and the average annual wholesale power costs of the U.S. utilities in the CFC Data. The District is not able to determine if the trend in the difference between such annual wholesale power costs will continue, but if such trend does continue it could result in the District's average annual wholesale power cost percentile being higher than the 45th percentile.

The 2016 Contracts provide for cost-based rates and allow the District to retain surplus net revenues and collect for deficit net revenue, up to defined limits, in a rate stabilization account. The initial limit on surplus net revenue that can be accumulated in the rate stabilization account is an amount equivalent to ten percent of annual production revenues derived from all 2016 Contracts. Such limit can be increased by action of the District's Board of Directors to 20 percent of such annual production revenues. The initial limit on deficit net revenue that can be accumulated in the rate stabilization account is an amount equivalent to five percent of annual production revenues derived from all 2016 Contracts. Any surplus

accumulation in excess of 20 percent of such annual production revenues requires approval of a majority of members of the Rate Review Committee that is established pursuant to the 2016 Contracts.

The 2016 Contracts require the District to furnish a summary report to each wholesale customer that sets forth revenue forecasts, revenue requirements, and any rate adjustments necessary to meet such revenue requirements. If such summary report indicates a need for a rate adjustment, notice is required to be given to the wholesale customer at least 120 days prior to the proposed effective date of such adjustment.

2002 Wholesale Power Contracts

The 2002 Contracts allow a wholesale customer to reduce its purchases of power and energy upon giving appropriate notice. Reductions could amount to as much as 90 percent of their power and energy requirements under certain circumstances. All wholesale customers under the 2002 Contracts are required to purchase at least ten percent of their power and energy from the District through December 31, 2021.

The District received notices from all wholesale customers under the 2002 Contracts as to their intent to level off, reduce, or terminate the requirements for various amounts from 2017 through 2021. These wholesale customers represented 1.8 percent of operating revenues for 2019. The District expects that no requirements of said wholesale customers will be served by the District in 2022, and such wholesale customers will purchase all of their electric requirements from other suppliers. The District continues to explore additional firm requirement and/or fixed price agreements.

Other Utilities (Nonfirm and Other Sales)

In addition, the District currently makes unit participation sales that share operating expenses on a pro rata basis. Such sales are to the City of Lincoln, Nebraska (“Lincoln”) from the power and energy produced at Gerald Gentleman Station, Elkhorn Ridge Wind Facility, Laredo Ridge Wind Facility, Crofton Bluffs Wind Facility, and Broken Bow I Wind Facility; to Municipal Energy Agency of Nebraska (“MEAN”) from the power and energy produced at Gerald Gentleman Station, Cooper Nuclear Station, Ainsworth Wind Energy Facility, Elkhorn Ridge Wind Facility, Laredo Ridge Wind Facility, and Crofton Bluffs Wind Facility; to OPPD from Ainsworth Wind Energy Facility, Elkhorn Ridge Wind Facility, Crofton Bluffs Wind Facility, Broken Bow I Wind Facility, and Broken Bow II Wind Facility; and to Grand Island Utilities (“Grand Island”) from Ainsworth Wind Energy Facility, Elkhorn Ridge Wind Facility, Laredo Ridge Wind Facility, and Broken Bow I Wind Facility. The District also engages in sales and interchanges of power and energy with other utilities. For additional information concerning agreements relating to the sale of power and energy of the System, see “POWER, TRANSMISSION, AND CERTAIN OTHER AGREEMENTS.”

Transmission Customers

The District currently owns and operates 5,351 miles of transmission and subtransmission line encompassing nearly the entire state of Nebraska. The District became a transmission owning member of SPP, a regional transmission organization, in 2009. The District files a rate with SPP annually that provides for the recovery of all transmission revenue requirements associated with transmission facilities equal to or greater than 115 kV. SPP collects and reimburses the District for the use of the District’s transmission facilities by entities other than the District’s firm requirements customers and all transmission customers still served directly by the District through grandfathered Transmission Agreements (“T-2 Agreements”).

In 2019, the District’s transmission revenue collected through its SPP rate was \$47.7 million. The District collects the revenues associated with the use of the District’s transmission facilities not otherwise collected by SPP, from its GFPS firm wholesale customers, which revenues were \$75.6 million in 2019, from its grandfathered T-2 Agreements, which revenues were \$11.5 million in 2019, and from its retail customers, which revenues were \$26.9 million in 2019.

If the GFPS or T-2 Agreements terminate, the District expects SPP would collect and remit the portion of these revenues associated with the use of the District’s transmission facilities equal to or greater than 115 kV through the SPP rate. In this situation, the District would continue to bill and collect from these customers for the use of the District’s transmission facilities less than 115 kV through a transmission interconnection agreement.

Customers, Energy Sales, and Revenues

The following table shows customers, energy sales, and peak loads of the System, including participation sales, in each of the five years, 2015 through 2019.

Calendar Year	Average Number of Retail Customers	Wholesale Customers ⁽¹⁾	Megawatt-Hour Sales				Anytime Peak Load (MW)
			Native Load Sales ⁽²⁾	Percentage Growth	Total Sales ⁽³⁾	Percentage Growth ⁽⁴⁾	Busbar Native Load
2015	91,140	82	12,579,390	(2.7)	20,990,883	1.6	2,695.4
2016	91,457	78	12,901,989	2.6	18,902,173	(10.0)	2,963.7
2017	91,614	78	13,061,979	1.2	19,568,548	3.5	2,891.5
2018	91,838	77	12,933,912	(1.0)	20,025,515	2.3	2,726.2
2019	91,663	77	12,168,971	(5.9)	20,609,031	2.9	2,603.1

- (1) At the end of 2019, includes sales to firm wholesale customers, participation customers (Lincoln, MEAN, JEA, OPPD, Grand Island), and a yearly average of two nonfirm customers. The decrease in the average number of wholesale customers by one in 2018 from 2017 was due to a merger between two public power districts. In 2016, three of the District's municipal wholesale customers began purchasing power from three of the District's public power district wholesale customers, and one of the District's municipal wholesale customers allowed their contract to terminate.
- (2) Native load sales include wholesale sales to total firm requirements customers and the responsibility of replacement power being procured by the District if the District's generating assets are not operating. Predominantly, native load customers are served under long-term total requirements contracts.
- (3) Total sales from the System include sales to Lincoln from Gerald Gentleman Station and sales from Sheldon Station that terminated on December 31, 2017; to MEAN, OPPD, and Grand Island from Ainsworth Wind Energy Facility, which sales commenced October 1, 2005, and terminate on September 30, 2025; to OPPD, MEAN, Lincoln and Grand Island from Elkhorn Ridge Wind Facility, which sales commenced March 1, 2009, and terminate on February 28, 2029; to MEAN from Gerald Gentleman Station and Cooper Nuclear Station, which sale commenced January 1, 2011, and terminate on December 31, 2023; to MEAN, Lincoln and Grand Island from Laredo Ridge Wind Facility, which sales commenced February 1, 2011, and terminate on January 31, 2031; to OPPD, Lincoln and Grand Island from Broken Bow I Wind Facility, which sales commenced December 1, 2012, and terminate on November 30, 2032; to OPPD, Lincoln and MEAN from Crofton Bluffs Wind Facility, which sales commenced November 1, 2012, and terminate on October 31, 2032; and to OPPD from Broken Bow II Wind Facility which sale commenced October 1, 2014, and terminate on September 30, 2039.
- (4) The increase in percentage growth from 2018 to 2019 was due primarily to additional nonfirm sales from Cooper Nuclear Station as a result of 2019 being a non-outage year for the unit. The increase in percentage growth from 2017 to 2018 for total sales was due primarily to nonfirm energy sales. The increase in percentage growth from 2016 to 2017 was due primarily to additional nonfirm energy sales from Cooper Nuclear Station as a result of 2017 being a non-outage year for the unit. The decrease in percentage growth from 2015 to 2016 was a result of lower nonfirm energy sales due primarily to the planned refueling and maintenance outage at Cooper Nuclear Station, lower natural gas prices, and additional wind generation in the SPP Integrated Market.

THE SYSTEM

Capacity Resources

To meet the estimated anytime peak load in 2020 of 2,797.3 MW, the District had available 3,631.3 MW of capacity resources that included (i) 3,024.2 MW of generation capacity from 11 owned and operated generating plants and 20 plants over which the District has operating control, as noted below: (ii) 443.5 MW of firm capacity purchases from Western, and (iii) 163.6 MW of a capacity purchase from NC2. Of the total capacity resources of 3,631.3 MW, 366.0 MW are being sold via participation sales or other capacity sales agreements, leaving 3,265.3 MW to serve the District's firm retail and wholesale customers and to meet capacity reserve requirements.

<u>Type</u>	<u>Number of Plants⁽¹⁾</u>	<u>Summer 2020 Accredited Capability (MW)⁽²⁾</u>	<u>Percent of Total</u>
Steam—Conventional ⁽³⁾	3	1,683.3	55.7
Steam—Nuclear	1	770.0	25.4
Hydro.....	5	109.5	3.6
Diesel.....	10	69.1	2.3
Combustion Turbine ⁽⁴⁾	3	102.9	3.4
Combined Cycle.....	1	220.0	7.3
Wind ⁽⁵⁾	<u>8</u>	<u>69.4</u>	<u>2.3</u>
	31	3,024.2	100.0

- (1) Includes one hydro plant and ten diesel plants under contract to the District.
 (2) Accreditation by SPP for the summer season 2020, pursuant to standard performance tests conducted by the District. Pursuant to agreements with other utilities, a portion of the accredited capability of certain generating plants has been sold to such utilities.
 (3) Includes Gerald Gentleman Station, Sheldon Station, and Canaday Station.
 (4) Includes the Hallam, Hebron, and McCook peaking turbines.
 (5) Includes Ainsworth Wind Energy Facility and seven wind facilities under contract to the District.

Energy Supply

The following table shows the percentages of the District's energy supply produced from various sources and purchased, excluding energy produced with respect to Participation Sales and Other Sales, in each of the five years 2015 through 2019.

**Sources of the District's Energy Supply
(% of MWh)**

<u>Year</u>	<u>Coal⁽¹⁾</u>	<u>Nuclear</u>	<u>Hydro⁽²⁾</u>	<u>Wind⁽³⁾</u>	<u>Gas and Oil</u>	<u>Purchases⁽⁴⁾</u>	<u>Solar⁽⁵⁾</u>
2015.....	48.4	33.8	5.9	6.2	1.0	4.7	
2016.....	48.0	32.3	6.8	6.9	1.5	4.5	
2017.....	45.3	36.5	6.3	6.3	1.5	4.1	
2018.....	52.6	28.5	5.9	6.0	2.3	4.6	0.1
2019.....	46.6	34.2	5.2	5.4	3.3	5.2	0.1

- (1) Includes NC2.
 (2) Includes hydro purchases from Loup, over which the District has operating control, and Western.
 (3) Includes Ainsworth Wind Energy Facility, Elkhorn Ridge Wind Facility, which began commercial operation in March 2009, Laredo Ridge Wind Facility, which began commercial operation in February 2011, Springview II Wind Energy Facility, which began commercial operation in August 2011, Crofton Bluffs Wind Facility, which began commercial operation in November 2012, Broken Bow I Wind Facility, which began commercial operation in December 2012, Steele Flats Wind Facility, which began commercial operation in November 2013, and Broken Bow II Wind Facility, which began commercial operation in October 2014.
 (4) These are primarily purchases from SPP and JEA.
 (5) Includes solar power purchases from solar retail Qualifying Local Generation.

District-Owned Generation Facilities

The following table shows the generation facilities owned by the District and their respective fuel types, summer 2020 accredited capability, and in-service dates.

<u>Facility</u>	<u>Fuel Type</u>	<u>Summer 2020 Accredited Capability (MW)⁽¹⁾</u>	<u>In-Service Date</u>
Gerald Gentleman Station Units No. 1 and No. 2.....	Coal	1,365.0	1979, 1982
Cooper Nuclear Station.....	Nuclear	770.0	1974
Beatrice Power Station	Combined Cycle	220.0	2005
Sheldon Station Units No. 1 and No. 2	Coal	219.0	1961, 1968
Combustion Turbines (3 generating plants).....	Oil or Natural Gas	102.9	1973
Canaday Station.....	Natural Gas	99.3	1958
Hydro (2 generating plants)	Water	24.0	1887, 1939
Ainsworth Wind Energy Facility ⁽²⁾	Wind	5.1	2005
		2,805.3	

(1) 2020 summer accredited net capability based on SPP criteria.

(2) Nominally rated at 60 MW.

Future Power Supply

The District’s Board of Directors approved the Integrated Resource Plan during the first quarter of 2018. The District communicated the Integrated Resource Plan, its development, rationale, and results through a variety of methods including several Board meetings, wholesale customer meetings, and communications to the public. The Integrated Resource Plan is for a five-year time period. The reasons for a five-year time period include: the planning horizon for new supply side resources is relatively short for non-nuclear and non-coal resources; the nature of the utility business is evolving and a longer view is not as applicable as in the past; the environmental regulatory landscape uncertainty; the continued addition of renewable resources in the SPP footprint resulting in surplus capacity; and the 2016 Contracts allow for a ten percent renewable self-supply option. The Integrated Resource Plan determined the District’s existing resources are adequate to meet the needs of the wholesale and retail customers within this time period. The Retail Division of the District is also considering the addition of some smaller renewable resources as allowed by the 2016 Contracts.

Cyber Security

Cyber-attacks are continually becoming more sophisticated and increasingly capable of impacting the District’s operations and the operations of the broader electric utility industry. With the increased cyber risk, the District has taken several key steps to expand its cyber security capabilities. The District has added staff to stay abreast of new cyber vulnerabilities, assess exposure to threats, and share information with employees on ways to mitigate risk. External experts have been engaged to reduce the risk of a cyber breach by performing activities such as vulnerability and penetration testing, phishing campaigns, and required security awareness training for all employees. The District also has cyber insurance. The District is engaged with federal, state, and local organizations to both report and receive classified threat intelligence related to specific threats to critical infrastructure and has multiple employees who hold clearances and attend briefings on a regular basis. In recognition of the recent SolarWinds security breaches, the District has assessed its systems and is not aware of any compromises to said systems, but has taken certain specific actions to mitigate future risks. The District regularly conducts security exercises to test and improve incident response plans and personnel readiness to respond.

POWER, TRANSMISSION, AND CERTAIN OTHER AGREEMENTS

The following are brief summaries of the principal power and other agreements of the District. The Kingsley Construction and Operation Agreement with Central relating to the Kingsley Project is summarized under “SYSTEM GENERATION, TRANSMISSION, AND OTHER FACILITIES—The Kingsley Project—Kingsley Project Agreement with Central.”

MEAN, OPPD, and Other Power Sales Contracts

The District has a Multi-Unit Participation Agreement with MEAN which began January 2011 and continues through December 2023. The District is obligated to sell 50 MW through the end of the agreement.

The District has an energy call option contract with OPPD to sell 10 MW from June 2020 through May 2021.

The District has a capacity and energy call option contract with Associated Electric Cooperative, Inc. (“AECI”) to sell 71 MW January 2019 through December 2021.

Agreements with Lincoln

The District and Lincoln have entered into a Participation Power Sales Agreement, as amended, for the sale to Lincoln of eight percent of the net power and energy that can be produced by Gerald Gentleman Station. Pursuant to the Participation Power Sales Agreement relating to Gerald Gentleman Station, Lincoln is required to pay eight percent of all costs (excluding fuel costs) attributable to Gerald Gentleman Station, whether or not Gerald Gentleman Station is operating or is operable. The cost of fuel is based on the amount of energy scheduled by Lincoln. In addition, the District is required to provide substitute energy to Lincoln under certain circumstances. The Gerald Gentleman Station Participation Power Sales Agreement is to terminate upon the later of the last maturity of the debt attributable to Gerald Gentleman Station or the date on which the District retires Gerald Gentleman Station from commercial operation.

Agreement with Central

The District and Central are parties to a Water Storage Agreement which provides generally that during the term of such agreement the District may store 125,000 acre feet of water in Lake McConaughy for irrigation and which further provides generally for the coordinated operation of the District’s respective hydraulic operations. The Water Storage Agreement provides, among other things, for the transfer of Central’s storage water from Lake McConaughy through District-owned canals and reservoirs. Such Agreement provides that either party may, at its option, cancel the agreement by providing three years’ written notice. This storage water, together with other water appropriated to the District, provides condenser cooling for Gerald Gentleman Station.

Nebraska City Station Unit 2 Agreement

The District’s obligation under the NC2 Agreement to make payments is an unconditional “take-or-pay” obligation, obligating the District to make such payments whether or not NC2 or any part thereof is completed, delayed, terminated, available, operable, operating, or retired. The NC2 Agreement contains a step-up provision obligating the District to pay a share of the cost of any deficit in funds for operating expenses, debt service, other costs related to NC2, and reserves as a result of a defaulting power purchaser. The District’s obligation pursuant to such step-up provision is limited to 160 percent of its original participant share (23.67 percent).

In the event of default by any of the participants, the following shall occur as pertains to the obligation of the defaulting participant(s): (i) OPPD shall take and pay for the costs of the first 50 MW of power of the defaulting participant(s), (ii) any power of the defaulting participant(s) above 50 MW will be offered to the other participants, (iii) any power of the defaulting participant(s) that remain will be offered to third parties on a long-term basis, and (iv) any power of the defaulting participant(s) that still remains shall be distributed among the non-defaulting participants in proportion of their respective shares, provided that a non-defaulting participant shall not be obligated to purchase more than 160 percent of their original participant share. A non-defaulting participant is liable under its NC2 Agreement only for the debt service on debt issued by OPPD on behalf of the participants for NC2 and not for debt issued individually by such defaulting participant for its share of NC2. For additional information, see “THE DISTRICT—Additional Obligations.”

OPPD has retained 50.0 percent of NC2. In addition to the District’s participation of 23.67 percent in the NC2 plant, the other participants include the following: City of Grand Island, Nebraska for 5.0 percent; City of Falls City, Nebraska for 0.83 percent; City of Nebraska City, Nebraska for 1.67 percent; and out-of-state sales totaling 18.83 percent to the City of Independence, Missouri, the Missouri Joint Municipal Electric Utility Commission, and the Central Minnesota Municipal Power Agency.

Agreements with Western

The power requirements of the System have been provided principally from District-owned or controlled generation and from purchases of firm power and energy from Western. From time to time, the District also effects purchases and sales of supplemental short-term blocks of power and energy with other utilities in the region.

The District's purchases from Western consist of 148.5 MW of firm power and 287 MW of firm peaking power from the Upper Great Plains Region, pursuant to a contract which terminates on December 31, 2050 and approximately 4 MW of firm power from the Rocky Mountain Region, pursuant to a contract which terminates on September 30, 2054. The District also receives and pays for approximately 4 MW of firm power from the Upper Great Plains Region for pass through to four Native American tribes, pursuant to several contracts, which all terminate on December 31, 2050. The firm energy purchased from Western in 2019 represented approximately 5.8 percent of the District's wholesale and retail native load energy supply requirements.

Wind Energy Agreements

The District has entered into power purchase agreements with seven wind facilities having a total capacity of 435 MW. These agreements are for terms ranging from 20 to 25 years and require the District to purchase all the electric power output of these wind facilities. The District has entered into power sales agreements to sell 154 MW of this capacity to four other utilities in Nebraska over similar terms. See "SYSTEM GENERATION, TRANSMISSION, AND OTHER FACILITIES" for information relating to such wind facilities.

Keystone XL Pipeline, LP Agreement

In March 2017, a Presidential Permit was issued for the construction of the Keystone XL Pipeline. Various state and federal approvals are required for the commencement of construction of the Keystone XL Pipeline. On March 29, 2019, President Trump revoked the 2017 Presidential Permit and issued Keystone XL Pipeline, LP a new Presidential Permit. The issuance of the Presidential Permit and the issuance of certain approvals required for the construction of the Keystone XL Pipeline is the subject of litigation and the District cannot predict the outcome of such litigation. The District has entered into an agreement with Keystone XL Pipeline, LP with respect to the Keystone XL Pipeline to perform preliminary planning for electric transmission facilities to service the pumping stations and other related activities. President Biden issued an Executive Order on January 20, 2021 that included revocation of the Presidential Permit and is expected to prevent construction of the Keystone XL Pipeline. The District is no longer pursuing or performing activities related to construction of the transmission facilities for the pipeline.

SPP Membership

Following FERC's Order of November 26, 2008 approving amendments to SPP's governing documents addressing the District's concerns as a political subdivision, the District became a Transmission Owning member of the SPP on April 1, 2009. The District's rates for transmission service are filed with SPP and FERC pursuant to a formula rate approved by FERC Order on January 27, 2009.

SPP was founded in 1941, incorporated as a nonprofit entity in 1994, and became a FERC-approved Regional Transmission Organization in 2004. Currently, SPP has a Board of Directors comprised of 11 independent Directors and the President/CEO of SPP. In addition, SPP has a Members Committee, comprised of 25 member representatives elected by the member sectors that meet concurrently with the Board and vote on all items before consideration by the Board. A representative from the District was elected to the SPP Members Committee. SPP employs about 600 personnel and is based in Little Rock, Arkansas. SPP's members, including investor-owned utilities, municipalities, cooperatives, state power agencies, independent power producers, power marketers, independent transmission companies, and federal agencies serve approximately 19 million people. SPP serves a peak load of approximately 50,000 MW and provides transmission service over approximately 68,000 miles of transmission lines in all or parts of 17 states: Nebraska, Kansas, Missouri, Oklahoma, Arkansas, New Mexico, Texas, Louisiana, Iowa, Minnesota, Montana, North Dakota, South Dakota, Wyoming, Colorado, Arizona, and Utah.

Membership in SPP provides the District balancing authority service, reliability coordination service, generation reserve sharing, regional tariff administration, generation interconnection service, network, and point-to-point transmission service, and regional transmission expansion planning.

On March 1, 2014, SPP commenced a Day-Ahead, Ancillary Services, and Real-Time Balancing Market (“Integrated Market”). The Integrated Market also provides a financial market to hedge transmission congestion, or financial virtual products to hedge uncertainties, such as unplanned outages. SPP is operating a single NERC certified Balancing Authority in the Integrated Market.

FERC approved changes to SPP’s transmission cost allocation and expansion planning process. In two separate FERC dockets, FERC approved SPP’s “Highway/Byway” cost allocation methodology and its Integrated Transmission Planning (“ITP”) process. This Highway/Byway methodology allocates 100 percent of the annual transmission revenue requirements of ITP Highway projects (345 kV and above) on a load ratio share to all SPP transmission customers. In addition, the methodology allocates 33 percent of the annual transmission revenue requirements of ITP Byway projects (100 to 300 kV) on a load ratio share to all SPP transmission customers. The District’s load currently represents approximately six percent of the entire SPP members’ load. The SPP Board has approved \$10.0 billion worth of transmission upgrades since 2004.

FERC also approved SPP’s ongoing ITP process. This process will develop transmission expansion plans for 20-year, 10-year, and 4-year planning horizons, which will be based on expected changes in such factors as generation resource planning to meet renewable energy requirements, and develop a more robust transmission system across the SPP membership. The SPP ongoing ITP process will be completed over a 36-month cycle, with a 20-year plan developed in the first 18 months, followed by a 10-year plan developed over the next 18-month period. The District expects to finance any District projects resulting from the ITP with General Bonds.

In the event the District determines to terminate its membership in SPP, the District would be obligated to pay its share of SPP’s outstanding indebtedness based on the District’s load ratio share as compared to all SPP transmission customers in SPP. As of November 30, 2020, such share would have been approximately \$10.0 million. In addition, the District would need to negotiate the terms of the District continuing to receive revenues for SPP-approved transmission projects.

SPP launched its Reliability Coordination services in the western interconnection in December 2019, and SPP serves as the reliability coordinator (“RC”) for 13 transmission operators and nine balancing authorities. RCs are tasked with monitoring interconnected power grid networks for compliance with federal and regional standards. SPP provides Western services for Arizona Electric Power Cooperative, Black Hills Energy, Colorado Springs Utilities, El Paso Electric, Intermountain Rural Electric Association, Excel Energy, Platte River Power Authority, Tri-State Generation and Transmission, Tucson Electric Power, Western Area Power Administration and other utilities.

Midwest Reliability Organization Agreement

The District is a member of the Midwest Reliability Organization (“MRO”), which is the NERC Regional Reliability Entity that was organized and became effective January 2005. The MRO will monitor and enforce compliance with NERC standards. The MRO has a FERC-approved delegation agreement with NERC to serve as Regional Entity, as defined in the FPA.

TEA Agreements

On June 1, 1999, the District became a member of TEA, a nonprofit corporation located in Jacksonville, Florida, providing power marketing and resource management services primarily on behalf of its members. In addition to the District, the current members of TEA include JEA; the Municipal Electric Authority of Georgia; South Carolina Public Service Authority; Gainesville Regional Utilities; City Utilities of Springfield, Missouri; and American Municipal Power, Inc. of Columbus, Ohio. TEA is engaged in buying and selling wholesale electric power and is procuring natural gas for its members for use in their operations, as well as serving as members’ market participant in various regional transmission organizations, so as to maximize the efficient use of energy resources, reduce operating costs, and increase operating revenues of its members without impacting the safety and reliability of their electric systems. As a member of TEA, the District made payment of a membership fee and certain contributions to capital and is providing certain guarantees not exceeding \$53.9 million for electric trading and other activities by TEA. Such guarantees have been authorized as Credit Obligations

under the General Resolution on a parity with the General Bonds. The \$53.9 million includes \$25 million to support business growth and trading due to TEA's California Community Aggregation ("CCA") program that provides for TEA or others to supply electricity to communities that were previously served by investor owned utilities. California's Public Utility Commission, in October 2018, mandated that a portion of the costs incurred by the prior providers of electricity for generation capacity, the power charge indifference adjustment ("PCIA"), should be passed along to the new community aggregators, such as TEA, as part of their cost of service to the ultimate consumers. The higher cost of service due to the imposition of the PCIA may dampen future CCA client growth. The District has not incurred any credit losses in relation to TEA activities.

Other Transmission and Interconnection Agreements

The District has a long-term Transmission Service Contract with Basin Electric for bulk transmission service in connection with the Missouri Basin Power Project managed by Basin Electric. The contract, which terminates on December 31, 2040, provides, among other things, that the District, under certain conditions, will receive up to 575 MW of power from Basin Electric near Sidney, Nebraska, for transmission over the District's bulk transmission system, to certain points of interconnection with Western and Lincoln. In connection with the bulk transmission service for Basin Electric, Basin Electric has paid the District a contribution in aid of construction for certain additions to the District's bulk transmission system which were necessary to provide for such bulk transmission service. Basin Electric has also agreed to pay the District's operating and maintenance expenses and renewal and replacement costs attributable to such bulk transmission service. The contract also provides for the District to repay Basin Electric a percentage of Basin's contribution in aid of construction if Basin Electric determines that it no longer can utilize such bulk transmission service. The District's obligation to make such repayment terminated during the year 2020.

The District has an interconnection agreement (the "MINT Agreement") with six regional utilities located in Missouri, Iowa, and Nebraska concerning a transmission project (the "MINT Project"). The MINT Agreement governs the operation and maintenance of a 345 kV transmission line and associated facilities connecting the Cooper Nuclear Station substation in Nebraska to the Fairport and St. Joseph substations in Missouri, and provides the District certain transmission capacity rights on the facilities. The MINT Agreement also provides for the sale and purchase of emergency energy among the MINT Project participants pursuant to a service schedule contained in the agreement. The MINT Agreement has an initial term extending to 2040 and year to year thereafter subject to certain contract provisions. The MINT Agreement complies with FERC Order 890 and allows third-party interconnections.

The District has certain other transmission service agreements for certain customers under the District's grandfathered T-2 Agreements. These revenues appear with Other Sales. These agreements were put in place prior to April 1, 2009, when the District joined the SPP as a transmission owner and placed the transmission system under the SPP Open Access Transmission Tariff ("OATT"). All new requests for transmission service made after April 1, 2009, are made under provisions of the SPP OATT.

FINANCIAL INFORMATION

Independent Accountants

The financial statements as of 2019 and 2018 and for each of the two years in the period ended December 31, 2019, included in this Official Statement, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report appearing herein.

Revenues and Expenses Under the General Resolution

The following table shows the revenues and expenses of the District for the years ended December 31, 2019, 2018, and 2017. Such revenues and expenses, insofar as they relate to the increase in net position in the years ended December 31, 2019, 2018, and 2017 are derived from the audited financial statements of the District. The financial information of the District for each of the twelve-month periods ended November 30, 2020 and 2019 have not been audited.

Under the provisions of the District's wholesale power contracts, any surplus or deficiency between revenues and revenue requirements, within certain limits set forth in the wholesale power contracts, may be adjusted in the rate stabilization account. Any amounts in excess of the rate stabilization limits may be included as an adjustment to revenue requirements in the next rate review. A similar process is followed in accounting for any surplus or deficiency in revenues necessary to meet revenue requirements for retail electric service. Under generally accepted accounting principles ("GAAP") for regulated electric utilities, the balance of such surpluses or deficiencies are accounted for as "regulatory liabilities or assets", respectively. The District follows this accounting treatment. See Footnote 1.B of Notes to Financial Statements in Appendix A.

**Summary Statements of Revenues and Expenses Per Financial Statements and Reconciliation to
Net Revenues Under the General Resolution for the Three Years Ended 2019, 2018, and 2017, and the
Twelve Months Ended November 30, 2020 and 2019**

	Year Ended December 31			12 Months Ended November 30 ⁽¹⁾	
	2019	2018	2017	2020	2019
	(Dollars in Thousands)				
Operating Revenues:.....	\$ 1,074,475	\$ 1,144,858	\$ 1,101,642	\$ 1,114,924	\$ 1,068,897
Operating Expenses:					
Power Purchased	154,931	161,665	161,963	169,801	155,168
Power Production	405,194	449,690	424,190	415,044	407,135
Transmission and Distribution Operation and Maintenance	104,359	105,198	100,945	107,826	103,217
Customer Service and Information	15,877	16,805	15,988	16,034	15,964
Administrative and General	101,995	104,916	106,190	104,619	90,809
Decommissioning	28,544	15,755	19,934	49,913	28,306
Depreciation and Amortization.....	124,972	133,057	122,559	126,816	124,935
Retail Communities and In Lieu of Tax Payments	38,230	38,099	37,162	38,112	38,219
Total Operating Expenses	<u>974,102</u>	<u>1,025,185</u>	<u>988,931</u>	<u>1,028,165</u>	<u>963,753</u>
Operating Income	<u>100,373</u>	<u>119,673</u>	<u>112,711</u>	<u>86,759</u>	<u>105,144</u>
Investment and Other Income.....	47,050	26,896	23,591	50,646	48,595
Debt and Related Expenses	58,239	63,861	64,986	49,996	59,060
Increase in Net Position	89,184	82,708	71,316	87,409	94,679
Add ⁽¹⁾					
Debt and Related Expenses ⁽²⁾	58,239	63,861	64,986	49,996	59,060
Depreciation and Amortization ⁽³⁾	124,972	133,057	122,559	126,816	124,935
Payments to Retail Communities ⁽⁴⁾	27,983	27,745	27,102	28,264	27,966
Amortization of Current Portion of Financed Nuclear Fuel ⁽⁵⁾	38,959	35,102	42,198	33,813	38,946
Amounts Collected from Third-Party Financing Arrangements ⁽⁶⁾	1,036	986	938	629	1,031
	<u>251,189</u>	<u>260,751</u>	<u>257,783</u>	<u>239,518</u>	<u>251,938</u>
Deduct: ⁽¹⁾					
Unrealized Gain/(Loss) on Investment Securities.....	4,048	204	(2,595)	900	5,584
Investment Income Retained in Construction Funds ⁽⁷⁾	603	632	645	369	605
	<u>4,651</u>	<u>836</u>	<u>(1,950)</u>	<u>1,269</u>	<u>6,189</u>
Net Revenues Available for Debt Service under the General Resolution ⁽¹⁾ .	<u>\$ 335,722</u>	<u>\$ 342,623</u>	<u>\$ 331,049</u>	<u>\$ 325,658</u>	<u>\$ 340,428</u>
General System Bonded Debt Service ⁽⁸⁾	\$ 153,995	\$ 168,431	\$ 155,323	\$ 171,820	\$ 156,676
Ratio of Net Revenues Available for Debt Service ⁽⁸⁾	2.18	2.03	2.13	1.90	2.17

(1) Based on unaudited financial information.

(2) Debt and related expenses, exclusive of interest on customer deposits, is not an operating expense as defined in the General Resolution.

(3) Depreciation and amortization are not operating expenses as defined in the General Resolution.

(4) Under the provisions of the General Resolution, the payments required to be made by the District with respect to the Professional Retail Operating Agreements are to be made on the same basis as subordinated debt.

(5) General Bond financed nuclear fuel is not an operating expense as defined in the General Resolution. Amortization of nuclear fuel expense under the Taxable Revolving Credit Agreement is excluded from the debt service calculation as the District's obligation to make payments under the Taxable Revolving Credit Agreement is subordinate to the District's obligation to pay debt service on General Bonds.

(6) The payments received by the District from third-party financing arrangements are included as Revenues under the General Resolution but are not recognized as revenue under GAAP.

(7) Interest income on investments held in construction funds is not Revenue as defined in the General Resolution.

(8) Debt Service was higher and the Ratio of Net Revenues Available for Debt Service was lower for the 12 months ended November 30, 2020, than the 12 months ended November 30, 2019, due primarily to the inclusion of the Debt Service on the General Revenue Bonds, 2010 Series C, redeemed on January 1, 2021. The District prefers to show all Debt Service paid from Revenues, including Debt Service on redeemed Bonds, even though the General Resolution defines Debt Service only to include scheduled Debt Service. If the Debt Service on the said General Revenue Bonds so redeemed were excluded for the 12 months ended November 20, 2020, the Debt Service and the Ratio of Net Revenues Available for Debt Service for such period would be \$139,608,000 and 2.33 times, respectively.

Management's Discussion of Financial Results

Years Ended December 31, 2019, 2018, and 2017

Operating Revenues. Operating revenues are affected by many factors including weather and economic conditions. Operating revenues decreased from \$1,144.9 million in 2018 to \$1,074.5 million in 2019, a decrease of \$70.4 million. The decrease in operating revenues from 2018 to 2019 was due primarily to a reduction in firm revenues, the discontinuance of deferred collections for Other Postemployment Benefits ("OPEB"), and the deferral of \$21.0 million in revenues for the pre-collection of costs for the 2020 Cooper Nuclear Station outage in 2019, whereas there was a \$20.0 million recognition of revenues in 2018 from the pre-collection of costs for the Cooper Nuclear Station outage in 2017. Operating revenues increased from \$1,101.6 million in 2017 to \$1,144.9 million in 2018, an increase of \$43.3 million. The increase in operating revenues from 2017 to 2018 was due primarily to \$20.0 million of unearned revenue recognized in 2018 from the pre-collection of cost for the 2018 Cooper Nuclear Station outage in the prior period.

Revenues from firm retail and wholesale sales decreased \$49.9 million, or 5.8 percent, from \$857.1 million in 2018 to \$807.2 million in 2019. The decrease in revenues was due to several factors including the weather (as there were fewer heating and cooling degree days in 2019), the implementation of a Production Cost Adjustment ("PCA") refund in 2019, additional energy requirements reductions from customers under the 2002 Contracts, reductions for qualifying local generation as allowed under the 2016 Contracts and the collection of transmission revenues for partial requirements customers through the SPP transmission tariff instead of the wholesale rate. Revenues from firm retail and wholesale sales decreased \$18.2 million, or 2.1 percent, from \$875.3 million in 2017 to \$857.1 million in 2018. The decrease was due primarily to a 1.0 percent decrease in native load energy sales as a result of two municipalities and one public power district under the 2002 Contracts reducing their purchases from the District and the collection of transmission revenues for partial requirements customers through the SPP transmission tariff instead of the wholesale rate. For partial requirements customers, SPP transmission revenues are recorded in Other Operating Revenues.

Revenues from participation sales decreased from \$63.9 million in 2018 to \$59.7 million in 2019, a reduction of \$4.2 million. The reduction was due to a decrease in demand costs related to Gerald Gentleman Station and Cooper Nuclear Station in 2019. Revenues from participation sales decreased from \$73.2 million in 2017 to \$63.9 million in 2018, a decrease of \$9.3 million. The reduction was due primarily to the December 31, 2017 termination of a participation agreement with Lincoln for the purchase of 30 percent of the output of Sheldon Station.

Revenues from other sales consist of sales in SPP's Integrated Market and nonfirm sales to other utilities. TEA, of which the District is a member, has energy marketing responsibilities for the District's other and nonfirm off-system sales and the related management of credit risks. Other sales increased from \$140.0 million in 2018 to \$165.6 million in 2019, an increase of \$25.6 million. The increase was a result of higher energy sales due to no refueling and maintenance outage at Cooper Nuclear Station. Other sales increased from \$112.2 million in 2017 to \$140.0 million in 2018, an increase of \$27.8 million. The increase was a result of higher nonfirm sales and higher prices in the SPP Integrated Market. For information regarding Cooper Nuclear Station's next refueling and maintenance outage, see "SYSTEM GENERATION, TRANSMISSION, AND OTHER FACILITIES—Cooper Nuclear Station—Refueling and Maintenance Outages."

Other operating revenues consist primarily of revenues for transmission and other miscellaneous revenues. These revenues were \$77.6 million, \$79.8 million, and \$76.2 million in 2019, 2018, and 2017, respectively. The majority of these revenues were from SPP transmission customers. The decrease in revenues from 2018 to 2019 was due primarily to lower SPP transmission revenues from customers for their share of qualifying transmission upgrade projects of the District. The decrease in revenues was partially offset by additional SPP transmission revenues from wholesale customers who have become partial requirements customers under the 2002 Contracts, and must purchase transmission service through SPP. The increase in these revenues from 2017 to 2018 was partially due to additional SPP transmission revenues from wholesale customers who have become partial requirements customers under the 2002 Contracts, and must purchase transmission service through SPP.

As indicated under "RATES," a surplus or deficiency in revenues necessary to meet revenue requirements during a wholesale or retail rate period was taken into account in projecting revenue requirements and in establishing wholesale and retail rates in subsequent rate periods. The District recognizes all revenues in excess of revenue requirements in any year as a deferral or reduction of revenues. Such surplus revenues are excluded from the net revenues available under the General Resolution to meet debt service requirements for such year. Surplus revenues are included in the determination of net revenues available under the General Resolution to meet debt service requirements in the year that such surplus revenues are taken into account in setting rates. The District recognizes any deficiency in revenues needed to meet revenue requirements in any year as an accrual or increase in revenues, even though the revenue accrual will not be realized as "cash"

until some future rate period. Such revenue deficiency is included, in the year accrued, in the net revenues available under the General Resolution to meet debt service requirements for such year. Revenue deficiencies are excluded in the determination of net revenues available under the General Resolution to meet debt service requirements in the year that such revenue deficiency is taken into account in setting rates.

The District deferred or decreased revenues a net amount of \$35.6 million in 2019. The District's revenues in 2019 resulted in a surplus, or over collection of costs, of \$71.3 million, which surplus amount was deferred (decrease in revenues). In addition, the rates that were in place for 2019 included a refund of \$56.7 million of surplus net revenues from past rate periods. Such surplus had previously been accounted for as a reduction in revenues in the year(s) the surplus occurred. Accordingly, the 2019 operating revenues, which reflect the surplus being refunded, included a revenue adjustment (increase in revenues) for such amount. The District also deferred or decreased revenues by \$21.0 million for the pre-collection of Cooper Nuclear Station refueling and maintenance outage costs. This regulatory liability will be eliminated through revenue recognition during the 2020 outage year.

The District recognized or increased revenues a net amount of \$4.1 million in 2018. The District's revenues in 2018 resulted in a surplus, or over collection of costs, of \$70.0 million, which surplus amount was deferred (decrease in revenues). In addition, the rates that were in place for 2018 included a refund of \$29.1 million of surplus net revenues from past rate periods. Such surplus had previously been accounted for as a reduction in revenues in the year(s) the surplus occurred. Accordingly, the 2018 operating revenues, which reflect the surplus being refunded, included a revenue adjustment (increase in revenues) for such amount. The District also recognized or increased revenues by \$20.0 million for the Cooper Nuclear Station planned refueling and maintenance outage costs, which costs were pre-collected for in 2017. This regulatory liability was eliminated through revenue recognition during the 2018 outage year. In addition, the District recognized or increased revenues by \$23.5 million for OPEB expenses related to past service and included in 2018 rates and by \$1.5 million for revenues from settlement agreements.

The District deferred or decreased revenues a net amount of \$35.2 million in 2017. The District's revenues in 2017 resulted in a surplus, or over collection of costs, of \$44.9 million, which surplus amount was deferred (decrease in revenues). In addition, the rates that were in place for 2017 included a refund of \$6.7 million of surplus net revenues from past rate periods. Such surplus had previously been accounted for as a reduction in revenues in the year(s) the surplus occurred. Accordingly, the 2017 operating revenues, which reflect the surplus being refunded, included a revenue adjustment (increase in revenues) for such amount. The District also deferred or decreased revenues by \$20.0 million for the pre-collection of Cooper Nuclear Station refueling and maintenance outage costs. This regulatory liability was eliminated through revenue recognition during the 2018 outage year. In addition, the District recognized or increased revenues by \$23.0 million for OPEB expenses related to past service and included in 2017 rates.

Power Purchased. Power purchased expenses decreased \$6.8 million from \$161.7 million in 2018 to \$154.9 million in 2019 due primarily to fewer purchases from Loup, NC2, capacity towns and wind. Power purchased expenses decreased slightly from \$162.0 million in 2017 to \$161.7 million in 2018.

Power Production. Power production expenses decreased from \$449.7 million in 2018 to \$405.2 million in 2019 due primarily to lower fuel costs at Gerald Gentleman Station and Sheldon Station and no planned refueling and maintenance outage at Cooper Nuclear Station. Power production expenses increased from \$424.2 million in 2017 to \$449.7 million in 2018 due primarily to the costs associated with the planned refueling and maintenance outage at Cooper Nuclear Station in 2018. No such outage occurred in 2017. This increase was partially offset by lower fuel costs at Gerald Gentleman Station and lower fuel consumption at Cooper Nuclear Station due to the 2018 refueling outage.

Transmission and Distribution Operation and Maintenance. Transmission and distribution operation and maintenance expenses were \$104.4 million, \$105.2 million, and \$100.9 million in 2019, 2018, and 2017, respectively. These costs decreased \$0.8 million in 2019 as compared to 2018. These costs increased by \$4.3 million in 2018 as compared to 2017 due primarily to higher fees charged by SPP for the District's share of transmission expenses and qualifying transmission upgrade projects.

Customer Service and Information. Customer service and information expenses were \$15.9 million, \$16.8 million, and \$16.0 million in 2019, 2018, and 2017, respectively.

Administrative and General. Administrative and general expenses were \$102.0 million, \$104.9 million, and \$106.2 million in 2019, 2018, and 2017, respectively. These costs decreased \$2.9 million in 2019 as compared to 2018. The decrease was due primarily to a reduction in OPEB expenses, which was partially offset by increased expenses for salaries

and outside services and a lower amount of administrative and general expenses capitalized for construction projects. Administrative and general expenses decreased \$1.3 million in 2018 as compared to 2017.

Decommissioning. Decommissioning expenses were \$28.5 million, \$15.7 million, and \$19.9 million in 2019, 2018, and 2017, respectively. Decommissioning expenses are recorded in an amount equivalent to the income on investments for decommissioning plus amounts collected for decommissioning in the rates for electric service in such year. Decommissioning expenses increased \$12.8 million in 2019 as compared to 2018 due primarily to an increase in investment income for decommissioning funds. Decommissioning expenses decreased \$4.2 million in 2018 as compared to 2017 due primarily to a decrease in investment income for decommissioning funds.

Depreciation and Amortization. Depreciation and amortization expenses were \$125.0 million, \$133.1 million, and \$122.6 million in 2019, 2018, and 2017, respectively. The decrease from 2018 to 2019 was due to several large assets related to Gerald Gentleman Station Unit No. 1 were fully depreciated. Gerald Gentleman Station Unit No. 1 was placed in service in 1979. The increase in depreciation and amortization expenses from 2017 to 2018 was due primarily to the amortization of costs related to the advanced metering infrastructure project for retail customers.

Investment and Other Income. Investment and other income were \$47.1 million, \$26.9 million, and \$23.6 million for 2019, 2018, and 2017, respectively. The increase of \$20.2 million in 2019 as compared to 2018 was due primarily to increased investment income on decommissioning fund investments and higher interest rates. The increase of \$3.3 million in 2018 as compared to 2017 was due primarily to increased investment income as the result of higher interest rates and fund balances.

Debt and Related Expenses. Debt and related expenses were \$58.2 million, \$63.9 million, and \$65.0 million in 2019, 2018, and 2017, respectively. The decrease of \$5.7 million from 2018 to 2019 was due primarily to a decrease in interest expense from fewer outstanding revenue bonds.

Increase in Net Position. Increase in net position was \$89.2 million, \$82.7 million, and \$71.3 million in 2019, 2018, and 2017, respectively. The change in net position in 2019 as compared to 2018 increased \$6.5 million and was due primarily to an increase in revenue collections for capital projects, lower depreciation expense and an increase in unrealized market gains on investments, which was partially offset by a decrease in revenue collections for debt service. The change in net position in 2018 as compared to 2017 increased \$11.4 million and was due primarily to an increase in revenue collections for principal payments for debt service and the change in unrealized market gains on investments, which was partially offset by a decrease in revenue collections for capital projects and higher depreciation expense.

Twelve Months Ended November 30, 2020 and 2019

Operating Revenues. Operating revenues were \$1,114.9 million and \$1,068.9 million for the twelve months ended November 30, 2020 and November 30, 2019, respectively, which was an increase of \$46.0 million. Revenues from firm retail and wholesale sales were \$783.9 million and \$809.8 million for the twelve months ended November 30, 2020 and November 30, 2019, respectively, which was a decrease of \$25.9 million. The reduction was due primarily to the weather, a larger refund to wholesale customers through the PCA rate, additional reductions by certain wholesale customers under the 2002 Contracts, additional reductions for qualifying local generation as allowed under the 2016 Contracts, and a COVID-19 pandemic-related decline in end-use sales to some customers. Revenues from other sales consist of sales in SPP's Integrated Market, nonfirm sales to other utilities, and participation sales. Other sales were \$59.2 million lower than the same period last year due primarily to lower prices in the SPP Integrated Market and a decrease in energy sales due to the Cooper Nuclear Station planned refueling and maintenance outage and other fossil station outages. Unearned revenues were the net activity in rate stabilization and other regulatory accounts. Unearned revenues increased operating revenues \$88.4 million for the twelve months ended November 30, 2020. Unearned revenues reduced operating revenues \$48.5 million for the twelve months ended November 30, 2019.

Unearned revenue adjustments for the twelve months ended November 30, 2020, consisted of a reduction of revenues of \$2.9 million for surplus revenues deferred to future periods, an increase of \$73.8 million for refunded revenues from prior periods, and an increase of \$17.5 million for the Cooper Nuclear Station planned refueling and maintenance outage collections. Unearned revenues adjustments for the twelve months ended November 30, 2019, consisted of a reduction of revenues of \$87.4 million for surplus revenues deferred to future periods, an increase in revenues of \$54.4 million for refunded revenues from prior periods, a reduction of \$17.6 million for Cooper Nuclear Station for planned refueling and maintenance outage collections, an increase of \$2.0 million for OPEB deferred collections and an increase of \$0.1 million for revenues from settlement agreements.

Power Purchased. Power purchased expenses were \$169.8 million and \$155.2 million for the twelve months ended November 30, 2020 and November 30, 2019, respectively. The increase was due primarily to additional energy purchases from the SPP Integrated Market and wind and hydro facilities, and a forced outage in August 2020 at Gerald Gentleman Station Unit No. 2.

Power Production. Power production expenses were \$415.0 million and \$407.1 million for the twelve months ended November 30, 2020 and November 30, 2019, respectively. The increase was due primarily to additional expenses for the planned refueling and maintenance outage at Cooper Nuclear Station during the twelve months ended November 30, 2020, partially offset by a reduction in fuel expenses related to the decrease in generation in 2020. For information regarding Cooper Nuclear Station’s next refueling and maintenance outage, see “SYSTEM GENERATION, TRANSMISSION, AND OTHER FACILITIES—Cooper Nuclear Station—Refueling and Maintenance Outages.”

Transmission and Distribution Operation and Maintenance. Transmission and distribution operation and maintenance expenses were \$107.8 million and \$103.2 million for the twelve months ended November 30, 2020 and November 30, 2019, respectively. The increase was due primarily to additional expenses for maintenance and vegetation management.

Customer Service and Information. Customer service and information expenses were \$16.0 million for both of the twelve months ended November 30, 2020 and November 30, 2019.

Administrative and General. Administrative and general expenses were \$104.6 million and \$90.8 million for the twelve months ended November 30, 2020 and November 30, 2019, respectively. The change was due primarily to an increase in salaries and OPEB costs.

Decommissioning. Decommissioning expenses were \$49.9 million and \$28.3 million for the twelve months ended November 30, 2020 and November 30, 2019, respectively. Decommissioning expenses are recorded in an amount equivalent to the income on investments for decommissioning plus amounts collected for decommissioning in the rates for electric service in such year. The increase was due primarily to an increase in investment income for decommissioning funds.

Depreciation and Amortization. Depreciation and amortization expenses were \$126.8 million and \$124.9 million for the twelve months ended November 30, 2020 and November 30, 2019, respectively. The increase in depreciation and amortization expenses of \$1.9 million was due primarily to the amortization of costs related to leased plant improvements for retail customers.

Investment and Other Income. Investment and other income were \$50.6 million and \$48.6 million for the twelve months ended November 30, 2020 and November 30, 2019, respectively. The change was due primarily to an increase in investment income for decommissioning funds.

Debt and Related Expenses. Debt and related expenses were \$50.0 million and \$59.1 million for the twelve months ended November 30, 2020 and November 30, 2019, respectively. The change was due primarily to a decrease in interest expense from lower interest rates, a reduction in average debt outstanding and the use of operating funds instead of debt for the payment of nuclear fuel purchases in 2020.

Increase in Net Position. Increase in net position was \$87.4 million and \$94.7 million for the twelve months ended November 30, 2020 and November 30, 2019, respectively. The change in net position was lower compared to the prior period due primarily to a decrease in revenue collections for capital projects, planned changes in the year-to-date timing of net revenues, a decrease in unrealized market gains on investments, a decrease in the amortization of bond premiums, and higher depreciation and amortization expenses, which were partially offset by an increase in revenue collections for principal payments for debt service in 2020.

Liquidity and Liquidity Resources

As of November 30, 2020, the District’s cash and temporary investments totaled \$621.1 million, excluding proceeds of General Bonds, amounts on deposit in the Debt Service Fund and the amount on deposit in the Debt Service Reserve Fund. This amount includes deferred revenues of \$212.4 million.

The Secondary Account in the Debt Service Reserve Fund is funded in an amount equal to the Secondary Debt Service Reserve Fund Requirement, which is \$50.7 million, established upon the issuance of the initial series of General

Bonds under the General Resolution in 1998. The District had on deposit in the Secondary Account as of November 30, 2020, \$51.6 million in cash and securities. Amounts on deposit in the Secondary Account are available for any lawful purposes of the District.

The District can also draw on the Taxable Revolving Credit Agreement for any lawful purpose of the District. As of November 30, 2020, the District had outstanding \$118.5 million of the \$200 million limit.

The District can also draw on its Tax-Exempt Revolving Credit Agreement to pay the costs of any capital requirements. As of November 30, 2020, the District had outstanding \$119.2 million principal amount of the \$150 million limit.

Postemployment Benefits

The District's Employees' Retirement Plan is a defined contribution 401(k) pension plan ("401(k) Plan") established and administered by the District to provide benefits at retirement to regular full-time and part-time employees. Employee contributions are eligible for District matching contributions, as defined by the 401(k) Plan. Employees may also contribute to an eligible defined contribution, deferred compensation plan which is intended to meet the requirements of Code Section 457(b) ("457(b) Plan"). The 457(b) Plan does not provide for District matching contributions. Plan provisions and contribution requirements are authorized by the Board. Additional information concerning these defined contribution plans can be found in Footnote 10 of Appendix A—Financial Statements of Nebraska Public Power District.

The District's Postemployment Medical and Life Benefits Plan provides postemployment hospital-medical and life insurance benefits to qualifying retirees, surviving spouses, and employees on long-term disability and their dependents. Benefits and related eligibility, funding and other Plan provisions, for this single-employer, defined benefit Plan, are authorized by the Board. The Plan is administered by the District.

The Plan has been amended over the years and provides different benefits based on hire date and/or the age of the employee. Additional information concerning these benefits can be found in Footnote 11 of Appendix A – Financial Statements of Nebraska Public Power District. On January 9, 2020, the Board approved an OPEB benefit, with an effective date of January 1, 2021, for additional District employees who were previously ineligible for healthcare benefits at retirement. Eligible employees include those that were actively employed by the District on or after January 1, 2020 and meet one of the following requirements: 1) hired on or after January 1, 2004, with a minimum of 10 years of service or; 2) hired between January 1, 1999 and December 1, 2003 and meet the "Rule of 70". The benefit is a retiree health reimbursement arrangement for medical healthcare premiums for the employee up to \$4,000 per year and \$2,000 per year for Pre-Medicare and Medicare eligible retirees, respectively. The benefits are funded and paid through the existing OPEB trust for retirees.

The District's annual OPEB expense is actuarially determined in accordance with the parameters of accounting standards issued by the Governmental Accounting Standards Board ("GASB"). In 2017, the District's Board approved the continued use of regulatory accounting for OPEB expense, which equates OPEB expense with the amount authorized in rates for the funding of the OPEB trusts. The amount included in rates for OPEB expense in 2020 was \$28.3 million. The amount in rates was more than the OPEB expense calculated under GASB standards for OPEB as the amount in rates included collections for a regulatory asset for liabilities associated with prior years which had not yet been collected in rates.

Based on a January 2020 actuarial study using a discount rate of 6.25 percent and updated assumptions, the District's actuarial liability was \$305.2 million and the market value of plan assets was \$282.3 million, which resulted in a net OPEB liability of \$22.9 million. OPEB funding is determined annually by the District's Board of Directors. The OPEB liability is projected to be fully funded by December 31, 2033.

Energy Risk Management Practices

The nature of the District's business exposes it to a variety of risks, including exposure to volatility in electric energy and fuel prices, uncertainty in load and resource availability, the creditworthiness of its counterparties, and the operational risks associated with transacting in the wholesale energy markets.

To help manage energy risks, including the risks related to the District's participation in the SPP Integrated Market, the District relies upon TEA to both transact on the District's behalf in the wholesale energy markets and to develop and

recommend strategies to manage the District's exposure to risks in the wholesale energy markets. TEA combines a strong knowledge of the District's system, an in-depth understanding of the wholesale energy markets, experienced people, and state-of-the-art technology to deliver a broad range of standardized and customized energy products and services to the District.

TEA has assisted the District in developing its Energy Risk Management ("ERM") program. The program originates with the Board-approved ERM Governing Policy and the ERM-Approved Products and Limits Standard. These documents establish the philosophy, objectives, delegation of authorities, approved products and their limits on the District's energy and fuel activities necessary to govern its ERM program. The objective of the ERM program is to increase fuel and energy price stability by hedging the risk of significant adverse impacts to cash flow. These adverse impacts could be caused by events such as natural gas or power price volatility, or extended unplanned outages. The ERM program has been developed to provide assurance to the Board that the risks inherent in the wholesale energy market are being quantified and appropriately managed.

Debt Service Requirements for General Bonds

The following table shows the debt service for the General Bonds to be outstanding upon the issuance of the 2021 Series A/B Bonds:

Calendar Year ⁽¹⁾	Outstanding General Bonds		2021 Series A Bonds		2021 Series B Bonds		Total ⁽³⁾
	Principal	Interest ⁽²⁾	Principal	Interest	Principal	Interest	
2021	\$ 79,140,000	\$ 52,688,248 ⁽⁴⁾	\$ 0	\$ 881,125	\$ 0	\$ 607,600	\$ 133,316,973
2022	67,010,000	43,263,147	7,385,000	3,776,250	1,500,000	2,604,000	125,538,397
2023	79,310,000	44,734,671	0	3,407,000	0	2,529,000	129,980,671
2024	84,355,000	41,603,502	2,825,000	3,407,000	0	2,529,000	134,719,502
2025	89,830,000	37,935,283	0	3,265,750	0	2,529,000	133,560,033
2026	71,920,000	34,192,115	2,560,000	3,265,750	0	2,529,000	114,466,865
2027	74,315,000	31,148,099	0	3,137,750	0	2,529,000	111,129,849
2028	73,710,000	27,985,325	0	3,137,750	1,015,000	2,529,000	108,377,075
2029	59,505,000	24,714,919	1,270,000	3,137,750	3,120,000	2,478,250	94,225,919
2030	59,525,000	22,149,554	3,355,000	3,074,250	3,275,000	2,322,250	93,701,054
2031	60,105,000	19,335,022	3,525,000	2,906,500	3,435,000	2,158,500	91,465,022
2032	62,295,000	16,518,100	3,705,000	2,730,250	3,610,000	1,986,750	90,845,100
2033	62,645,000	13,687,321	3,880,000	2,545,000	3,790,000	1,806,250	88,353,571
2034	40,445,000	10,672,578	8,605,000	2,351,000	3,980,000	1,616,750	67,670,328
2035	26,330,000	8,883,666	9,040,000	1,920,750	4,175,000	1,417,750	51,767,166
2036	24,925,000	7,618,892	9,155,000	1,468,750	4,380,000	1,209,000	48,756,642
2037	12,625,000	6,410,139	9,615,000	1,011,000	4,595,000	990,000	35,246,139
2038	12,965,000	5,816,046	9,335,000	530,250	4,820,000	760,250	34,226,546
2039	13,290,000	5,204,664	1,270,000	63,500	5,065,000	519,250	25,412,414
2040	14,120,000	4,576,720			5,320,000	266,000	24,282,720
2041	19,205,000	3,906,921					23,111,921
2042	19,795,000	3,049,131					22,844,131
2043	14,335,000	2,164,125					16,499,125
2044	7,205,000	1,566,000					8,771,000
2045	7,335,000	1,252,350					8,587,350
2046	4,660,000	932,200					5,592,200
2047	4,660,000	745,800					5,405,800
2048	4,660,000	559,400					5,219,400
2049	4,660,000	373,000					5,033,000
2050	4,665,000	186,600					4,851,600

(1) Debt service amounts are for the years in which they accrue, not for the years in which they are paid.

(2) Assumes interest at 4.00% on the 2020 Series A Bonds after the Initial Term Interest Rate Period of July 1, 2023, through maturity.

(3) Amounts may not add to total due to rounding.

(4) Includes nine months' interest on the Refunded Bonds.

SYSTEM GENERATION, TRANSMISSION, AND OTHER FACILITIES

Gerald Gentleman Station

Description

Gerald Gentleman Station is located at a site near the Sutherland Reservoir, approximately 22 miles west of North Platte, Nebraska. Sutherland Reservoir is a part of a canal system and water storage facilities that the District owns and operates between Ogallala and North Platte, Nebraska. Gerald Gentleman Station is a coal-fired, steam-electric generating station, consisting of Gerald Gentleman Station Unit No. 1 and Unit No. 2, each having a single coal-fired steam generating boiler and a turbine-generator unit having a nominal rating of 650 MW. Based on SPP accreditation criteria, Gerald Gentleman Station Unit No. 1 had a summer 2020 accredited net capability of 665 MW. Gerald Gentleman Station Unit No. 2 had a summer 2020 accredited net capability of 700 MW. Each boiler is designed to burn low sulfur coal with a range of characteristics representative of coal available in the Gillette, Wyoming region.

Operation

Gerald Gentleman Station Unit No. 1 began commercial operation in April 1979. Gerald Gentleman Station Unit No. 2 began commercial operation in January 1982. The two Units generated 8,858,825 MWh net in 2018 and 8,400,644 MWh net in 2019, resulting in annual plant capacity factors of 74.1 percent and 70.3 percent, respectively, based on an accredited net capability of 1,365 MW.

Fuel Supply

Coal for Gerald Gentleman Station is supplied under numerous coal sales contracts with several coal suppliers including Bluegrass Commodities LP (formerly Blackjewel Marketing and Sales LP), Navajo Transitional Energy Company (formerly Cloud Peak Energy Resources LLC), Peabody Coal Sales LLC, Arch Energy Resources LLC and other spot market suppliers. Expiration of these coal supply contracts and agreements vary from December 31, 2022 to December 31, 2023 with the coal purchase and sale agreement with Cloud Peak Energy Resources LLC and Bluegrass Commodities LP being subject to a right to terminate the agreement upon 60 days' notice and allows for purchases of coal through confirmation letters at prices and quantities that are agreed to at the time of the purchase.

Coal supplied pursuant to the coal sales contracts is mined near Gillette, Wyoming, and is loaded into rail cars owned or leased by the District for unit train delivery by Union Pacific Railroad Company ("UP") to Gerald Gentleman Station. The District's operating practice is to schedule deliveries of coal to Gerald Gentleman Station to meet the operating requirements of Gerald Gentleman Station and to maintain an inventory of coal in the event scheduled deliveries of coal are interrupted. These inventories are projected to be sufficient to meet Gerald Gentleman Station's total requirements for a minimum of 45 consecutive days while at maximum operating levels 24 hours each day. The quantity of coal the District has the right to purchase under its coal sales contracts, including coal in inventory, is sufficient to meet the forecasted operating requirements at Gerald Gentleman Station until December 31, 2022. Current coal sales contracts provide for partial operating requirements through 2023. The District can utilize spot market purchases if needed.

The District has a railroad spur track which connects Gerald Gentleman Station with the Burlington Northern Santa Fe Railroad Company and a railroad spur track which connects Gerald Gentleman Station with UP. In 2017, the District executed a long-term multi-year coal transportation contract with UP under which UP will transport coal to Gerald Gentleman Station. The quantity of coal which the District has the right to ship under the UP coal transportation contract is sufficient to meet the operating and coal supply inventory requirements of Gerald Gentleman Station.

Sheldon Station

Description

Sheldon Station is located approximately 22 miles southwest of Lincoln, Nebraska, in Lancaster County, Nebraska. Sheldon Station is a coal-fired, steam-electric generating station, consisting of Unit No. 1 and Unit No. 2, each having a single coal-fired steam generating boiler and a turbine-generator unit with nominal ratings of 100 and 115 MW, respectively. Based on SPP accreditation criteria, Sheldon Station had a total summer 2020 accredited net capability of 219 MW.

Operation

Commercial operation of Unit No. 1 began in July 1961 and Unit No. 2 in July 1968. Sheldon Station generated 905,176 MWh net in 2018 and 738,530 MWh net in 2019, resulting in annual plant capacity factors of 45.9 percent and 38.5 percent, respectively, based on the plant's accredited capability.

Fuel Supply

The Sheldon Station coal supply can be provided under the same contracts as Gerald Gentleman Station that have UP access. The District's operating practice is to schedule deliveries of coal to Sheldon Station so as to meet the operating requirements of Sheldon Station, and to maintain an inventory of coal in the event scheduled deliveries of coal are interrupted. These inventories are projected to be sufficient to meet Sheldon Station's total requirements for a minimum of 30 consecutive days while at maximum operational levels 24 hours each day. The quantity of coal the District has the right to purchase under its coal sales contract is sufficient to meet the operating and coal supply inventory requirements at Sheldon Station until December 31, 2023.

UP is the only railroad that can serve Sheldon Station. In 2017, the District executed a long-term multi-year rail transportation contract with UP under which UP will transport coal for Sheldon Station. The quantity of coal which the District has the right to ship under the UP coal transportation contract for Sheldon Station is sufficient to meet the operating and coal supply inventory requirements of Sheldon Station.

Nebraska City Station Unit 2

NC2 is a 664 MW coal-fired, steam-electric generating station owned and operated by OPPD and is located adjacent to OPPD's Nebraska City Station Unit 1. NC2 commenced commercial operation on May 1, 2009. OPPD is responsible for the purchase and transportation of fuel for NC2. Pursuant to the NC2 Agreement, the District agreed to purchase 23.67 percent of the power and associated energy from NC2 which, based on SPP 2020 summer accreditation of 691 MW, amounts to 163.6 MW. The District's share of NC2 generation was 1,243,206 MWh in 2018 and 979,728 MWh in 2019. For additional information with respect to the NC2 Agreement, see "POWER, TRANSMISSION, AND CERTAIN OTHER AGREEMENTS—Nebraska City Station Unit 2 Agreement."

The Combustion Turbines

In 1973, the District completed construction and placed into commercial operation three Combustion Turbines. The Combustion Turbines are standard aircraft derivative-type combustion turbine peaking units designed to burn No. 2 fuel oil. Based on SPP accreditation criteria, the Combustion Turbines had a summer 2020 combined accredited net capability of 102.9 MW. The units are located near Hebron, Nebraska, near McCook, Nebraska, and at the District's Sheldon Station. The unit at the District's Sheldon Station has been converted to dual fuel capability (both No. 2 fuel oil and natural gas). Each unit is interconnected with the District's high-voltage transmission system at its site so as to permit full output operations. All units are remotely controlled from the District's system control center and are capable of producing full power from a cold start in less than seven minutes. The District's policy is to schedule deliveries of fuel oil to the Combustion Turbines to meet operating requirements and to enable operation at full power for approximately 30 hours.

The Kingsley Project

Description

The Kingsley Project consists of a hydroelectric generating unit and related facilities to harness the energy from water flowing through the outlet structure at the Kingsley Dam in Keith County, Nebraska.

The Kingsley Project is owned and operated by Central except that the Keystone Diversion Dam and the downstream portion of Lake Ogallala is owned by the District. Central also owns and operates Kingsley Dam, which forms Lake McConaughy, a 1.8 million acre feet storage reservoir. Releases from Kingsley Dam pass through the Kingsley Project. Central sells to the District all the output of the Kingsley Project.

Kingsley Project Agreement with Central

The District and Central entered into the Kingsley Project Construction, Operation, and Power Purchase Agreement (the “Kingsley Agreement”) which is to remain in effect until the Kingsley Project is retired and removed from commercial operation; however, the District has the right to terminate said Agreement upon notice and payment to Central of all of its costs attributable to the acquisition, construction, and operation of the Kingsley Project.

The Kingsley Agreement requires Central to operate the Kingsley Project and make available to the District the entire output of the Kingsley Project. The District is required to pay all costs of Central attributable to the maintenance and operation of the Kingsley Project including reserves. The District also pays to Central an amount determined by multiplying the energy delivered to the District, less station service provided by the District, by a factor which was three mills per kWh in 1984, the first year of operation, and is increased by one-tenth of one mill per kWh each year thereafter.

Operation

The Kingsley Project has a maximum power capability of 50 MW, but under the SPP accreditation criteria for hydroelectric generating units, the Kingsley Project had a summer 2020 accredited net capability of 37.5 MW.

The Kingsley Project has been in commercial operation since November 1984. The Kingsley Project generated 77,803 MWh net in 2018 and 104,622 MWh net in 2019. For information relating to certain FERC issues and environmental issues relating to the Kingsley Project, see “Environmental and Other Permits and Approvals.”

Canaday Station

Canaday Station is located south of Lexington, Nebraska and was placed in service by Central in May 1958. Canaday Station is a single-unit steam-electric generating plant having a nominal rating of 100 MW and uses natural gas. The District purchased Canaday Station from Central in 1995. Based on SPP accreditation criteria, Canaday Station had a summer 2020 accredited net capability of 99.3 MW. Canaday Station generated 720 MWh net in 2018 and 892 MWh net in 2019.

Beatrice Power Station

Description

Beatrice Power Station is located approximately 7 miles north of Beatrice, Nebraska. Beatrice Power Station is a natural gas-fired combined cycle power plant having a nominal rating of 229 MW. Based on SPP accreditation criteria, Beatrice Power Station had a total summer 2020 accredited net capability of 220 MW.

Operation

Beatrice Power Station began commercial operation in January 2005. Beatrice Power Station generated 435,182 MWh net in 2018 and 637,374 MWh net in 2019 resulting in annual plant capacity factors of 19.9 percent and 29.1 percent, respectively.

Fuel Supply

The District has executed separate natural gas pipeline interconnection agreements with Trailblazer Pipeline Company and Northern Natural Gas Company that are effective for as long as Beatrice Power Station is in commercial operation. Either gas pipeline is capable of supplying the entire requirements of the Beatrice Power Station as presently configured. A natural gas supply, balancing, fuel management, and transportation strategy agreement has been executed with Tenaska Marketing Ventures, a Nebraska partnership and joint venture of Tenaska Energy, Inc. and Tenaska Energy Holdings, Inc., which is effective through October 31, 2026.

Ainsworth Wind Energy Facility

Description

Ainsworth Wind Energy Facility is a nominally rated 60 MW wind energy facility located near Ainsworth, Nebraska. The District has agreements with three utilities for the purchase by such utilities of 18 MW of the 60 MW from the Ainsworth Wind Energy Facility.

Operation

Ainsworth Wind Energy Facility began supplying power and energy to the System in October 2005. Ainsworth Wind Energy Facility generated 166,509 MWh net in 2018 and 127,261 MWh net in 2019, resulting in annual plant capacity factors of 31.8 percent and 24.6 percent, respectively.

Elkhorn Ridge Wind Facility

Description

Elkhorn Ridge Wind Facility is a nominally rated 80 MW wind energy facility located near Bloomfield, Nebraska, that is owned and operated by Elkhorn Ridge Wind LLC. The District has agreements with four utilities for the purchase by such utilities of 50 percent of the electric output from Elkhorn Ridge Wind Facility.

Operation

Elkhorn Ridge Wind Facility began supplying power and energy to the System in March 2009. Elkhorn Ridge Wind Facility generated 235,376 MWh net in 2018 and 206,759 MWh net in 2019, resulting in annual plant capacity factors of 33.6 percent and 29.5 percent, respectively.

Laredo Ridge Wind Facility

Description

Laredo Ridge Wind Facility is a nominally rated 80 MW wind energy facility located near Petersburg, Nebraska. The District has agreements with other utilities for the purchase by such utilities of 19 MW of the 80 MW from Laredo Ridge Wind Facility.

Operation

Laredo Ridge Wind Facility began supplying power and energy to the System in February 2011. Laredo Ridge Wind Facility generated 308,094 MWh net in 2018 and 257,405 MWh net in 2019, resulting in annual plant capacity factors of 44.0 percent and 36.8 percent, respectively.

Springview II Wind Facility

Description

Springview II Wind Facility is a nominally rated 3 MW direct drive wind facility located near Springview, Nebraska.

Operation

Springview II Wind Facility began supplying power and energy to the System in October 2011. Springview II Wind Facility generated 9,286 MWh net in 2018 and 7,511 MWh net in 2019, resulting in annual plant capacity factors of 35.3 percent and 28.6 percent, respectively.

Crofton Bluffs Wind Facility

Description

Crofton Bluffs Wind Facility is a nominally rated 42 MW wind energy facility located near Crofton, Nebraska. The District has agreements with other utilities for the purchase by such utilities of 21 MW of the 42 MW from Crofton Bluffs Wind Facility.

Operation

Crofton Wind Facility began supplying power and energy to the System in November 2012. Crofton Bluffs Wind Facility generated 160,575 MWh net in 2018 and 157,168 MWh net in 2019, resulting in annual plant capacity factors of 43.3 percent and 42.4 percent, respectively.

Broken Bow I Wind Facility

Description

Broken Bow I Wind Facility is a nominally rated 80 MW wind energy facility located in Custer County, Nebraska. The District has agreements with other utilities for the purchase by such utilities of 29 MW of the 80 MW from Broken Bow I Wind Facility.

Operation

Broken Bow I Wind Facility began supplying power and energy to the System in December 2012. Broken Bow I Wind Facility generated 295,279 MWh net in 2018 and 278,144 MWh net in 2019, resulting in annual plant capacity factors of 42.1 percent and 39.7 percent, respectively.

Steele Flats Wind Facility

Description

Steele Flats Wind Facility is a nominally rated 75 MW wind energy facility located in Gage County and Jefferson County, Nebraska. The District will take all the capacity and energy for the first 20 years of operation and one percent of the capacity and energy for the remaining five years.

Operation

Steele Flats Wind Facility began supplying power and energy to the System in November 2013. Steele Flats Wind Facility generated 302,702 MWh net in 2018 and 307,627 MWh net in 2019, resulting in annual plant capacity factors of 47.0 percent and 47.7 percent, respectively.

Broken Bow II Wind Facility

Description

Broken Bow II Wind Facility is a nominally rated 75 MW wind energy facility located in Custer County, Nebraska. The District has a 25-year power purchase agreement with Broken Bow Wind II LLC for all of the output from Broken Bow II Wind Facility. The District has an agreement with OPPD to sell it 45 MW of the output.

Operation

Broken Bow II Wind Facility began supplying power and energy to the System in October 2014. Broken Bow II Wind Facility generated 301,749 MWh net in 2018 and 293,174 MWh net in 2019, resulting in annual plant capacity factors of 47.2 percent and 45.9 percent, respectively.

Cooper Nuclear Station

Cooper Nuclear Station is located approximately 65 miles south of Omaha, Nebraska, on the west bank of the Missouri River. The nuclear plant contains a General Electric boiling water reactor with a Mark 1 containment system which is designed to supply steam to a Westinghouse Electric Corporation turbine-generator. Based on SPP accreditation criteria, the summer 2020 accredited net capability of Cooper Nuclear Station is 770 MW. The plant began commercial operation in July 1974. Cooper Nuclear Station generated 5,632,225 MWh net in 2018 and 6,951,600 MWh net in 2019, resulting in annual plant capacity factors of 79.8 percent and 98.6 percent, respectively, based on the then current maximum dependable capacity.

Licensing and Operation of Cooper Nuclear Station

In early 1974, the District received from the Nuclear Regulatory Commission (“NRC”) an Operating License to operate Cooper Nuclear Station at 100 percent reactor core power. The Operating License, as amended, authorizes operation of Cooper Nuclear Station at reactor core power levels not in excess of 2,419 MW (thermal), which is sufficient to produce approximately 835.5 MW of gross electrical output. The Operating License was renewed in November 2010 and is valid through January 18, 2034. Cooper Nuclear Station entered the 20-year period of extended operation on January 18, 2014. The renewed license incorporates radiological and environmental technical specifications defining the operating parameters and the monitoring, surveillance, and reporting requirements that must be adhered to during the license term for Cooper Nuclear Station. The Operating License contains a finding by the NRC that there is reasonable assurance that operations authorized by the Operating License can be conducted without endangering the health and safety of the public.

In October 2003, the District entered into an agreement (the “Entergy Agreement”) for support services at Cooper Nuclear Station with Entergy, a wholly-owned indirect subsidiary of Entergy Corporation. In 2010, the Entergy Agreement was amended and extended by the parties until January 18, 2029, subject to either party’s right to terminate without cause by providing notice and paying a \$20 million termination charge. Subsequently, the parties amended the agreement in 2017 restricting the ability to terminate without cause for a five-year period ending December 2022. In exchange for the limitation to terminate without cause, the management fee schedule was decreased by 18 percent during the five-year period. The District has retained, pursuant to the Entergy Agreement, the Operating License for Cooper Nuclear Station and the majority of the full-time employees have remained employees of the District. Entergy is required to provide specified management personnel to Cooper Nuclear Station, including the Chief Nuclear Officer, who reports directly to the District’s Chief Executive Officer. Entergy provides a complement of approximately six employees at Cooper Nuclear Station. The Entergy Agreement requires the District to reimburse Entergy’s costs of providing services, and to pay Entergy annual management fees. Under the terms of the amended Entergy Agreement, Entergy earned a management fee of \$16.1 million in 2019. This amount will increase by \$3.5 million in 2023 followed by another increase of \$3.0 million in 2024. Under the amended Entergy Agreement, Entergy could also earn an additional annual incentive fee of up to \$4.0 million per year, with the exception of the years 2018–2022 where the amount is limited to \$3.5 million per year, if Cooper Nuclear Station achieves identified safety and regulatory performance targets. Entergy has achieved certain safety and regulatory performance targets during the term of the Entergy Agreement and has been eligible for at least a portion of this annual incentive fee.

Since the effective date of the Entergy Agreement, Entergy has provided a number of managers for various functions at Cooper Nuclear Station. Entergy has also provided additional resources in the form of temporary employees to respond to various plant needs in the areas of operations, maintenance, training, quality assurance, and other areas as necessary. Management and staff at Cooper Nuclear Station also use Entergy’s nuclear programs and procedures as District management determines is appropriate.

Impacts to the U.S. Nuclear Industry from Tsunami at Fukushima Dai-ichi Plants in Japan

Since the earthquake and tsunami of March 11, 2011, that impacted the Fukushima Dai-ichi Plants in Japan, the District, as well as the rest of the nuclear industry, has been working to first understand the events that damaged the reactors and associated fuel storage pools and then look to any changes that might be necessary at the United States nuclear plants.

On March 12, 2012, the NRC issued three orders to the U.S. nuclear industry as a result of the Fukushima Dai-ichi event in Japan. The first order requires all domestic nuclear plants to better protect supplemental safety equipment and obtain additional equipment as necessary to protect the reactor in the event of beyond design basis external events. The second order requires nuclear plant operators of boiling water reactors like Cooper Nuclear Station to modify reactor licenses with regard to reliable hardened containment wetwell vents. The third order requires nuclear plant operators to add reliable used fuel pool water level instrumentation. On that same date, the NRC requested information regarding seismic and flood hazard reevaluations to include plant specific seismic and flood hazard facility inspections. In that same letter, the NRC asked for

information regarding the status of power supplies for emergency-related communications systems to determine if any additional regulatory action was warranted. Cooper Nuclear Station has completed all requirements of the three NRC orders.

The District's cost for plant modifications associated with the NRC's Fukushima Dai-ichi-related orders was \$19.5 million, which was funded primarily from the revenues of the District and from the proceeds of General Bonds.

On October 28, 2020, the District received notice that Beyond Nuclear, a nonprofit organization, filed a 2.206 petition on October 16, 2020, with the NRC requesting that the NRC suspend the operating licenses of all Mark I boiling water reactor units, such as those at Cooper Nuclear Station, until the hardened containment vents presently installed are modified and that the licenses of those licensees' of such units that are not so modified be revoked. The NRC has determined hardened container vent matters in the past with issuance of generic orders for which the District has complied. The District will be involved in the 2.206 petition process.

Nuclear Fuel

The nuclear fuel cycle requirements for Cooper Nuclear Station's 24-month operating cycles are satisfied through the procurement of raw material in the form of natural uranium, conversion services of such material to uranium hexafluoride, uranium hexafluoride that has already been converted from uranium, enrichment services, and fuel fabrication and related services. The District purchases uranium and uranium hexafluoride on the spot market and carries inventory in advance of the refueling requirements and schedule. In 2020, the District entered into a full requirements contract with Louisiana Energy Services for enrichment services to the end of the current Operating License life of Cooper Nuclear Station on January 18, 2034. The District has contracted with Converdyn through 2021 for conversion services of uranium to uranium hexafluoride for a portion of fuel requirements on a flexible schedule. In a portfolio procurement manner and in combination enough uranium, conversion services, and uranium hexafluoride has been procured and is held in inventory for future delivery commitments for reload batches through 2022 and partial requirements for 2024. The District terminated its contract with General Electric Company that was assigned to Global Nuclear Fuels—Americas for fuel bundle fabrication and related services through the 2018 reload and entered into a new contract with Global Nuclear Fuels—Americas with a General Electric Company parental guaranty, for fuel bundle fabrication and related services through the end of the current Operating License life of Cooper Nuclear Station on January 18, 2034.

Cooper Nuclear Station substantially completed the construction of a dry cask used fuel storage project in December 2009 to support plant operations until 2034, which is the end of the Operating License. The first loading campaign was completed in January 2011 and encompassed the loading of 488 used fuel assemblies from the Cooper Nuclear Station used fuel pool into eight dry used fuel storage casks for on-site storage. A second loading campaign, encompassing the loading of 610 used fuel assemblies into ten dry used fuel storage casks, began in April 2014 and was completed in June 2014. The third loading campaign, encompassing the loading of 732 used fuel assemblies into 12 dry used fuel storage casks, began in June 2017 and was completed in November 2017. The fourth loading campaign is expected in 2025.

As part of a settlement of various disputed matters between General Electric and the District, General Electric has agreed to store at its storage facility in Morris, Illinois (the "Morris Facility") the used nuclear fuel assemblies from the first two full core loadings at Cooper Nuclear Station at no cost to the District until the expiration of the current license for the Morris Facility. The license expires in May 2022. After the May 2022 date, storage will be at no cost to the District so long as General Electric can maintain the NRC license for the Morris Facility on essentially the existing design and operating configuration.

In the event General Electric is unsuccessful in its attempt to relicense the Morris Facility in its current configurations, and storage of the bundles results in certain additional costs ("Incremental Costs") to General Electric, then the District shall be responsible for such Incremental Costs so long as General Electric stores the fuel at the Morris Facility. In the event that General Electric removes the fuel from the Morris Facility, the District shall be entitled to two years' free storage following such removal, after which time the District must pay one-half of the costs for the storage of the bundles at another temporary storage facility.

The Nuclear Waste Policy Act of 1982 provides, among other things, the framework for the disposal of used nuclear fuel and high-level radioactive waste generated by electric utilities. Such act authorizes the Department of Energy ("DOE"), among other things, to enter into contracts with generators and owners of used fuel and high-level radioactive waste for the acceptance of title, transportation, and disposal of such fuel or waste. Such contracts are to provide for the payment of fees to the DOE to cover, among other things, expenditures associated with the development and operation of a permanent repository or monitored retrievable storage facility. The act requires that the DOE establish fees to cover all costs associated with the program. Pursuant to such act, the District has entered into two contracts with the DOE.

One contract applies to nuclear fuel assemblies from the first two full core loadings at Cooper Nuclear Station. The second contract applies to all other nuclear fuel from Cooper Nuclear Station. The District can give no assurances that a permanent or any interim facility to be developed by the DOE will be completed on a timely basis to provide the District with capacity to store discharged used nuclear fuel.

Under the terms of the DOE contracts, the District was subject to a one mill per kWh fee on all energy generated and sold by Cooper Nuclear Station which was paid on a quarterly basis to DOE. The District includes a component in its wholesale and retail rates for the purpose of funding the costs associated with nuclear fuel disposal. While the District expects that the revenues developed therefrom will be sufficient to cover the District's responsibility for costs currently outlined in the Nuclear Waste Policy Act, the District can give no assurance that such revenues will be sufficient to cover all costs associated with the disposal of used nuclear fuel. On May 9, 2014, the DOE provided notice that they would adjust the spent fuel disposal fee to zero mills per kWh effective May 16, 2014. Correspondingly, no additional payments have been made to the DOE for fuel disposal since that date. The District, recognizing that there will be a future cost of disposal for spent nuclear fuel that is utilized post May 16, 2014, has continued to collect funds for fuel disposal at the prior DOE rate of one mill per kWh. Such funds are being retained by the District for the purpose of future fuel storage or disposal.

In the case of *Northern States Power Co. v. United States Department of Energy*, 128 F.3rd 754 (D.C. Cir. 1997), the Court held that DOE has an unconditional obligation to dispose of contract holders' used nuclear fuel beginning no later than January 31, 1998. DOE failed to perform that obligation. The District and a number of other utilities commenced litigation against DOE in the U.S. Court of Federal Claims for breach of its contractual obligations. As a result of the failure of the DOE to dispose of spent nuclear fuel from Cooper Nuclear Station as required by contract, the District commenced legal action against the DOE in March 2001. The initial settlement agreement addressed future claims through 2013. In January 2014, the District and the DOE agreed to extend the settlement agreement through 2016. In March 2017, the District and the DOE agreed to extend the settlement agreement through 2019. Settlements from the DOE for damages totaled \$133.2 million for the years 2009 through 2019. The District accepted the DOE's offer of \$6.7 million for the 2019 claim, and the funds were received in October 2020. In September 2020, the District and DOE agreed to an additional three-year extension of the settlement for years 2020 through 2022. The District also reserves the right to pursue future damages through the contract claims process. The District expects to use the funds to pay for costs related to Cooper Nuclear Station.

Nuclear Liability and Property Insurance

Liability insurance, applicable to claims for injuries and damages which could result from a nuclear incident at Cooper Nuclear Station, is provided by American Nuclear Insurers ("ANI"), in the total amount of \$450 million as required by the NRC. Under the provisions of the Federal Price-Anderson Act, each licensee of a nuclear generating plant within the United States may, in the event of a nuclear incident at any nuclear generating plant in the United States, be assessed retrospective premiums for the purpose of providing a fund for paying claims made by the public in excess of the primary \$450 million coverage provided by ANI. Each licensee is required to provide a payment guarantee for any retrospective premium obligation within the limits established by the Price-Anderson Act. If such a nuclear incident should occur, the District could be assessed up to \$137.6 million per incident, subject to a \$20.5 million per reactor per incident maximum assessment in any one calendar year. To satisfy the obligation regarding such payment guarantee, the District maintains \$20.5 million of available liquid assets for the payment guarantee. Under the Price-Anderson Act the liability limit is \$13.8 billion which will be indexed for inflation every five years. The NRC may, on a case-by-case basis, assess a reduced annual deferred premium if more than one incident occurs or if there would be undue financial hardship to the licensee or ratepayers of the licensee. If an annual deferred premium is reduced by the NRC, the amount of any such reduction must be paid within a reasonable period of time with interest.

Effective January 1, 1998, the Master Worker Policy was issued by ANI. The Policy has an aggregate limit of \$450 million for the nuclear industry as a whole and will cover tort claims of workers who claim bodily injury, sickness, or disease as a result of initial radiation exposure. The policy has a continuous term and no retrospective premium assessment provision.

Property insurance for Cooper Nuclear Station is provided by Nuclear Electric Insurance Limited ("NEIL"). This coverage is composed of a \$1.5 billion primary property and decontamination liability insurance policy; a \$600 million excess decontamination liability, decommissioning liability, and excess property insurance policy for nuclear events and a \$600 million excess decontamination liability, decommissioning liability, and excess property insurance policy for non-nuclear events. The excess policies are excess of the primary nuclear property insurance and provides a combined limit of coverage equal to \$2.1 billion. This property insurance is subject to a \$5 million per occurrence deductible, and a special natural hazards (windstorm, flood, earthquake, and volcanic eruption losses) deductible of \$10 million and a ten percent coinsurance factor for losses greater than \$10 million.

Accidental Outage Insurance for Cooper Nuclear Station is provided by NEIL and provides insurance coverage for an outage resulting from accidental property damage occurring to Cooper Nuclear Station, subject to policy terms and conditions, which exceeds the 12-week policy deductible period. The policy provides a \$1.5 million specified weekly indemnity, with 100 percent of the specified weekly indemnity for the first 52 weeks and 80 percent of the specified weekly indemnity thereafter, subject to a \$210 million policy limit of liability for nuclear events and a \$140.4 million policy limit for non-nuclear events.

Decommissioning Costs

In October 2020, the District updated its decommissioning funding plan based on a detailed site-specific engineering cost estimate for the decommissioning of Cooper Nuclear Station. The plan assumes that (i) Cooper Nuclear Station's plant operations end upon the expiration of the current Operating License on January 18, 2034, (ii) the District will use the immediate DECON decommissioning methodology and in the District's analysis will result in the least cost to the District's ratepayers, (iii) decommissioning costs will escalate at a rate of two percent annually and that the District will realize a nominal rate of return of three percent on monies in the decommissioning fund, and (iv) the District's requirements for decommissioning will include the cost of interim storage of used fuel, dismantlement of nonradioactive structures and materials, and other post-shutdown contingency costs, all of which are costs beyond that necessary to meet the NRC requirements for the District to terminate all applicable NRC licenses. The present value in 2019 dollars of such estimated future costs of decommissioning pursuant to the District's site-specific plan, is \$666.1 million to meet NRC requirements for decommissioning under the DECON methodology and \$384.6 million for those non-NRC required decommissioning-related costs.

Pursuant to regulations promulgated by the NRC, the District established in 1990, an external trust fund segregated from the District's assets to accumulate amounts to pay certain future decommissioning costs of Cooper Nuclear Station. Investment earnings of the external trust fund stay in the fund. Until such time that the District provides written certification to the NRC that plant operations have permanently ceased, the District is restricted from withdrawing any monies from the fund except trustee and investment management fees. The NRC requires funding sufficient for the dismantlement and disposal of radioactive structures and materials as necessary to terminate the District's Operating License. Utilizing the NRC's generic formula, which assumes prompt dismantlement and disposal of radioactive structures and materials, the cost for decommissioning Cooper Nuclear Station is estimated to be \$641.1 million in 2019 dollars. Similarly, utilizing the NRC guidance, the cost for license termination of the on-site storage pad is an additional \$7.7 million, or total NRC requirement of \$648.8 million. The District expects that sufficient funds will be available in accordance with the NRC decommissioning rules to decommission Cooper Nuclear Station at the end of its current Operating License on January 18, 2034, and to pay the expected future costs associated with the restoration of the site for future use. It is expected that the costs of decommissioning, including the non-NRC required decommissioning-related costs for site restoration, will be funded from monies accumulated in the decommissioning accounts and investment earnings thereon, revenues, and other funds derived from the ownership and operations of Cooper Nuclear Station. It is expected the cost of management and disposal of used fuel as a result of the failure of the DOE to perform to its contractual obligation will continue to be reimbursed by the DOE.

As of November 30, 2020, the District has accumulated \$705.5 million in the external trust for future decommissioning costs. With the Cooper Nuclear Station Operating License extended to January 18, 2034, and given the current assumptions for escalation and nominal rate of return, the currently available funds are expected to be in excess of those needed to meet the NRC decommissioning requirements and will be transferred during the period of decommissioning to an internal decommissioning fund as permitted by the NRC.

The District has recorded an asset retirement obligation ("ARO") for the license termination costs for Cooper Nuclear Station in accordance with guidance issued by GASB. ARO measurement under GASB guidance is based on the best estimate in today's dollars, or the current value, of cash outlays expected to be incurred in the future. The ARO is based on estimated costs in a study completed by an outside consulting firm, with support from District management. The study is updated periodically to ensure the estimate is reasonable and reflects appropriate changes including changes in costs, processes, technology and regulations. The results from the 2020 study were reviewed by District management and shared with the Board of Directors. A panel consisting of District management with considerable nuclear experience assigned probabilities to the three different scenarios in the updated study as follows: 1) immediate commencement of decommissioning after cessation of plant operations in 2034; 2) delayed decommissioning until the DOE is assumed to have picked up all fuel from the site; and 3) safe storage for 60 years after cessation of plant operations. These weighted probabilities were used when calculating the ARO. For the 2020 study, higher probabilities were assigned for the first scenario and lower probabilities to the third scenario as compared to the previous study. As a result, the ARO decreased \$125.5 million, from \$846.3 million at December 31, 2019, to \$720.8 million at November 30, 2020. The District uses

regulatory accounting to align asset retirement costs with their related recognition in rates. For additional information with respect to the District's ARO for various District assets, including Cooper Nuclear Station, see Footnote 9 of Notes to Financial Statements in Appendix A.

Low-Level Radioactive Waste Disposal

Cooper Nuclear Station produces low-level radioactive waste on a routine basis as a result of normal operations. Low-level radioactive waste is classified from least radioactive which is Class A, to most radioactive which is Class C. In 2007, the District entered into a 15-year agreement with Energy Solutions, LLC to dispose of Class A low-level radioactive waste produced at Cooper Nuclear Station. In September 2017, the District extended the agreement with Energy Solutions, LLC through December 2027. The disposal facility is located near Clive, Utah. In 2012 the Texas Compact Waste Disposal Facility located near Andrews, Texas became operational to receive Class B and Class C low-level radioactive waste. Cooper Nuclear Station continues to store Class B and Class C waste on-site.

NRC Reactor Oversight Process

The NRC currently evaluates nuclear plant performance with its Reactor Oversight Process ("ROP"). The ROP monitors licensee performance in three broad strategic performance areas: (i) reactor safety—avoiding accidents and reducing the consequences of accidents if they occur; (ii) radiation safety—protecting plant employees and the public during routine operations; and (iii) safeguards—protecting the plant against sabotage or other security threats. The process focuses on licensee performance within each of the seven cornerstones of safety included in the three strategic areas. The seven cornerstones of safety include Initiating Events, Mitigating Systems, Barrier Integrity and Emergency Preparedness (included under the Reactor Safety Strategic Area), Occupational Radiation Safety and Public Radiation Safety (under the Radiation Safety Strategic Area), and Physical Protection (under the Safeguards Strategic Area).

To monitor these seven cornerstones, the NRC assigned colors of Green, White, Yellow, or Red to specific performance indicators and inspection findings. For performance indicators, a Green coding indicates performance within an expected performance level in which the related cornerstone objectives are met; White coding indicates performance outside an expected range of nominal utility performance, but related cornerstone objectives are still being met; Yellow coding indicates related cornerstone objectives are being met, but with a minimal reduction in safety margin; and Red coding indicates a significant reduction in safety margin in the area measured by that performance indicator. For inspection findings, Green findings are indicative of issues that, while they may not be desirable, represent very low safety significance. White findings indicate issues that are of low to moderate significance. Yellow findings are issues that are of substantial safety significance. Red findings represent issues that are of high safety significance with a significant reduction in safety margin.

Results from the monitored cornerstones are compiled and published quarterly in the NRC's ROP Action Matrix Summary. The Action Matrix Summary reflects overall plant performance which is based on defined performance indicators and inspection findings. Individual plant performance is segregated into one of five performance columns as described below.

Best performing plants are included in the Licensee Response Column where routine inspector and staff interaction is the norm. The Regulatory Response Column includes plants that have one or two White inputs in any Cornerstone and no more than two White inputs in any strategic performance area. Plants in this column are subject to NRC inspection follow-up of utility corrective actions. Plants in this column are expected to perform an evaluation of the root and contributing causes for the collective issues.

The Degraded Performance Cornerstone Column includes plants that have three or more White inputs or one Yellow input in any Cornerstone, or three White inputs in any Strategic Area. Plants in this column are required to conduct a cumulative root cause evaluation with NRC oversight. Additional NRC inspections focused on the cause of degraded performance are conducted.

The Multiple/Repetitive Degraded Cornerstone Column includes plants with a repetitive degraded cornerstone, multiple degraded cornerstones, multiple Yellow inputs, or one Red input. Plants in this column are required to develop a performance improvement plan with NRC oversight. An NRC team inspection, focused on the cause of the degraded performance, will also be performed.

The Unacceptable Performance Column includes plants that have an unacceptable reduction in safety margin. Plants in this column are not permitted to operate. An NRC meeting with senior utility management is mandated. An order to modify, suspend, or revoke the license is also prescribed in regulation.

The NRC’s Third Quarter 2020 Regulatory Oversight Process Summary lists 93 nuclear units in the Licensee Response Column, three units in the Regulatory Response Column, and no units in the Degraded Performance Cornerstone Column, Multiple/Repetitive Degraded Cornerstone Column or the Unacceptable Performance Column. Cooper Nuclear Station has been in the Licensee Response column since January 1, 2012. Plants in the Licensee Response Column are subject to NRC baseline inspections.

Refueling and Maintenance Outages

The most recent refueling and maintenance outage began on September 26, 2020 and was planned for completion on October 24, 2020. Cooper Nuclear Station returned to service on October 27, 2020. During this outage, in addition to replacing 180 fuel assemblies and conducting routine maintenance and inspections, the reactor recirculation motor generator rotor was replaced, a condensate and a condensate booster pump was overhauled, and valve replacements occurred in the service water to turbine equipment cooling system. Also, ultrasonic testing of the core shroud occurred, as well as diver cleaning and inspection of the torus.

The next refueling and maintenance outage is currently planned for the fall of 2022.

Transmission Facilities

The District currently owns and operates 5,351 miles of transmission and subtransmission lines encompassing nearly the entire state of Nebraska. These facilities include the following:

<u>Transmission</u>	<u>Miles</u>	<u>Subtransmission</u>	<u>Miles</u>
345 kV	1,121	69.0 kV	176
230 kV	671	34.5 kV	533
115 kV	2,850		

The District’s transmission network includes facilities energized at 115 kV or higher and operated as an interconnected or networked electrical system. The District’s system is operated in coordination with the eastern interconnected electrical network and is located on the far west end of the Eastern Interconnection. The Eastern Interconnection spans a large portion of the Midwest, the entire eastern portions of the United States, portions of eastern Canada, and is the largest interconnected grid in North America.

The District’s high-voltage transmission system provides direct interconnections to the following regional utilities: OPPD, Lincoln, MidAmerican, Western, Tri-State, Basin Electric, KCPL (Eversource), AECL, Sunflower Electric Power Corporation, Midwest Energy, Inc., and Westar Energy (Eversource).

The installed thermal capacity of these direct interconnections is nearly 18,000 MW. In addition, the District’s transmission system has two direct current (“DC”) tie connections to the Western Electricity Coordinating Council transmission grid. The DC tie connections, which are owned by Tri-State and Western, provide for limited transfer capability between the Eastern and Western Interconnections.

The District’s subtransmission facilities are operated at 34.5 kV and 69 kV and function as a radial power delivery system to provide for power deliveries primarily to the District’s firm network load customers, which include rural public power districts, municipal systems, retail cities and towns, and large industrial customers.

The District has accepted an SPP Notice to Construct the Monolith multi-project upgrades at Sheldon Station. The projects specified include the construction of a 345 kV Monolith substation, 115 kV substation and terminal upgrades, and a 115 kV transmission line from Sheldon Station to the Monolith substation. This multi-project upgrade is estimated to cost \$80.4 million. Construction is expected to begin in 2021 and is expected to be in service in 2023. The multi-project upgrades are necessary to provide reliable interconnection service to the new Monolith carbon black facility, which is planned to be constructed in the same timeframe. The District expects to recover approximately 63 percent of the Notice to Construct costs from other SPP members.

The SPP Notice to Construct projects have been or are expected to be funded from General Bonds with a substantial amount of the debt service to be reimbursed by SPP based on SPP's load sharing cost methodologies. For additional information relating to SPP and its cost allocation methodologies, see "POWER, TRANSMISSION, AND CERTAIN OTHER AGREEMENTS—SPP Membership."

Environmental and Other Permits and Approvals

On July 1, 2019, the Nebraska Department of Environmental Quality ("NDEQ") changed their name to the Nebraska Department of Environment & Energy (the "NDEE"). All references to the NDEQ in this document have been changed to NDEE.

Water Discharge Permits

The Federal Clean Water Act contains requirements with respect to effluent limitations relating to the discharge of any pollutant and to the environmental impact of cooling water intake structures. These requirements include, among other things, that with certain exceptions, new and existing sources shall not, after certain specified dates, discharge heated water into the waters of the United States in excess of state water quality standards. Pursuant to Section 316(a) of this act, less stringent limitations on thermal discharges may be imposed by the NDEE if there is adequate demonstration that the requirements proposed for the control of thermal discharge are more stringent than necessary to assure protection and propagation of fish and wildlife. The NDEE establishes the requirements for the District's compliance with the Clean Water Act through issuance of National Pollutant Discharge Elimination System ("NPDES") permits. The NDEE issued the District seven NPDES permits for the following facilities: Gerald Gentleman Station, Sheldon Station, Cooper Nuclear Station, Beatrice Power Station, Canaday Station, Kearney Hydro, and the North Platte Office Building. Five of these facilities have storm water management plans. Cooper Nuclear Station and Gerald Gentleman Station have received Section 316(a) waivers.

Section 316(b) of the Clean Water Act requires that NPDES permits for facilities with cooling water intake structures ensure that the location, design, construction, and capacity of the structures reflect the Best Technology Available ("BTA") to minimize harmful impacts on fish and other aquatic life as the result of impingement or entrainment. The Environmental Protection Agency ("EPA") issued the final rule under Section 316(b) on August 15, 2014. Under the final rule Gerald Gentleman Station, Cooper Nuclear Station, and Canaday Station must identify the chosen compliance method for each facility. Canaday Station has been identified as a de minimis plant for impingement, and no additional controls will be required for the facility. An entrainment biological study was required for Cooper Nuclear Station. The NDEE determined that the current entrainment technology was BTA at Cooper Nuclear Station. Cooper Nuclear Station subsequently selected and recommended to the NDEE that modified ristroph screens with a fish return system as the impingement BTA, and is currently waiting for the NDEE to approve the technology selection. Gerald Gentleman Station was exempted by the NDEE from having to perform any entrainment studies. This was acknowledged in the October 1, 2016 NPDES permit. The NDEE will now have to make a determination if any actual entrainment technology will be required to be installed at Gerald Gentleman Station. After the NDEE makes the entrainment technology determination, the District will then be able to select and recommend to the NDEE the impingement technology compliance option for Gerald Gentleman Station. Once all the impingement technologies are approved and after any new technologies are required to be installed, an impingement technology performance optimization study will be required for Cooper Nuclear Station and Gerald Gentleman Station. The study will take two years to complete after the control technology is installed. Until the final compliance options are determined and approved by the NDEE, the District does not know the financial impact of this regulation.

On January 2, 2016, the final Steam Electric Power Plant Effluent Guidelines rule (the "Effluent Rule") became effective. The Effluent Rule revises the technology-based effluent limitation guidelines and standards that would strengthen the existing controls on discharges from steam-electric power plants and sets the first federal limits on the levels of toxic metals in wastewater that can be discharged from power plants, based on technology improvements in the steam-electric power industry over the last three decades. Generally, the Effluent Rule establishes new or additional requirements for wastewater streams from the following processes and byproducts associated with steam-electric power generation: flue gas desulfurization, fly ash, bottom ash, flue gas mercury control, and gasification of fuels such as coal and petroleum coke.

The Effluent Rule establishes effluent guidelines for arsenic, mercury, selenium, and nitrogen for wastewater discharged from wet scrubber systems (flue gas desulfurization waste stream) and zero discharge of pollutants in ash transport water that must be incorporated into the plants' NPDES permits. The Effluent Rule also establishes zero discharge

pollutant limits for flue gas mercury control wastewater, and stringent limits on arsenic, mercury, selenium, and total dissolved solids in coal gasification wastewater based on evaporation technology.

While the District facilities subject to the Effluent Rule are Cooper Nuclear Station, Gerald Gentleman Station, Sheldon Station, and Canaday Station, the Effluent Rule has no impact on Cooper Nuclear Station, Gerald Gentleman Station, or Canaday Station. Sheldon Station will be required to comply with the Effluent Rule for its bottom ash transport water. On August 31, 2020 the EPA Administrator signed the Steam Electric Reconsideration Rule, which modifies the existing Effluent Rule. The Reconsideration Rule, now allows for three compliance options for bottom ash transport water: 1) modify the bottom ash transport system to operate as a zero discharge system, or; 2) modify the bottom ash transport system to operate as high recycle system and discharge up to ten percent of the bottom ash transport water, or; 3) commit to no longer burning coal by December 31, 2028. The compliance date using options 1 or 2 has been extended to no later than December 31, 2025. The District is currently analyzing the new options for compliance.

Operating Permits

The Clean Air Act Amendments Title V Operating Permit Program established the requirements for an affected facility having to obtain a Title V Operating Permit. The NDEE has issued Title V Operating Permits for the following facilities: Gerald Gentleman Station, Beatrice Power Station, Canaday Station, Hebron Peaking Unit, and McCook Peaking Unit. The Lincoln-Lancaster County Health Department (“LLCHD”) has issued a Title V Operating Permit for Sheldon Station, which also includes the Hallam Peaking Unit. The operating permits require each facility to operate and maintain all air pollution control equipment pursuant to Nebraska Air Pollution Control Rules and Regulations and to comply with any new or amended applicable Rules and Regulations.

Acid Rain Permits

The Clean Air Act Amendments Title IV established a regulatory program, known as the Acid Rain Program, to address the effects of acid rain and impose restrictions on SO₂ and nitrogen oxides (“NO_x”) emissions. Acid Rain Permits have been issued for the following facilities: Gerald Gentleman Station, Sheldon Station, Canaday Station, and Beatrice Power Station. The Acid Rain Permits allow for the discharge of SO₂ at each facility pursuant to an allowance system. Based on current generation projections through 2026, the District expects to have sufficient Acid Rain allowances to cover affected facilities through 2026, but may be required to purchase additional allowances in the future.

CSAPR Program

The EPA issued a rule in 2012 which is referred to as the Cross-State Air Pollution Rule (“CSAPR”) that would require significant reductions in SO₂ and NO_x emissions in a number of states, including Nebraska. CSAPR was litigated for a number of years, including a U.S. Supreme Court decision which in effect upheld CSAPR.

CSAPR compliance periods went into effect on January 1, 2015. Gerald Gentleman Station and Sheldon Station burn low sulfur Powder River Basin coal. The District installed low NO_x burners on Gerald Gentleman Station Unit No. 1 in 2006 and Unit No. 2 in 2012. The low NO_x burners have reduced the NO_x emissions from Gerald Gentleman Station by more than 50 percent. The District installed an over-fire air system on Sheldon Station Unit No. 1 in 2013 and Unit No. 2 in 2007. Based on the current CSAPR allocation methodology and current generation projections through 2026, the District expects to have sufficient CSAPR allowances to cover affected facilities emission requirements through 2026, but may be required to purchase additional allowances in the future.

Mercury and Air Toxics Standards

On February 16, 2012, the EPA issued a final rule intended to reduce emissions of toxic air pollutants from power plants. The Mercury and Air Toxics Standards (“MATS”) Rule will reduce emissions from new and existing coal- and oil-fired steam utility electric generating units of heavy metals, including mercury, arsenic, chromium, nickel, dioxins, furans, and acid gases, including hydrogen chloride and hydrogen fluoride. These toxic air pollutants are also known as hazardous air pollutants.

For all existing and new coal-fired electric generating units, the MATS Rule establishes numerical emission limits for mercury, particulate matter, a surrogate for toxic non-mercury metals, and hydrogen chloride, a surrogate for acid gases. Sheldon Station and Gerald Gentleman Station are currently in compliance with the MATS Rule.

Canaday Station and Beatrice Power Station are natural gas-fired facilities and are not subject to the MATS regulations.

Regional Haze

The EPA issued final regulations for a Regional Haze Program in June 1999. The purpose of the regulations is to improve visibility in the form of reducing regional haze in 156 national parks and wilderness areas (“Class I areas”) across the country. Haze is formed, in part, from emissions of SO₂ and NO_x. Because these pollutants can be transported over long distances, all 50 states, including those that do not have Class I areas, will have to participate in planning, analysis, and in many cases, emission control programs under the regional haze rule. The District’s Sheldon Station Unit No. 1 and Gerald Gentleman Station Units No. 1 and No. 2 are subject to the first phase of Regional Haze evaluation. Sheldon Station Unit No. 2 is not subject to the first phase evaluation due to its initial start-up date. Canaday Station and Beatrice Power Station will also not be affected in the first phase of the Regional Haze Program. In 2006, the District completed computer modeling showing that the emissions from Gerald Gentleman Station Units No. 1 and No. 2 contribute to visibility impairment in Class I areas, but the emissions from Sheldon Station Unit No. 1 do not. The NDEE confirmed these results. An analysis was conducted to determine what additional emission control technology would be appropriate to install at Gerald Gentleman Station Units No. 1 and No. 2 to reduce emissions of SO₂ and NO_x. The Best Available Retrofit Technology (“BART”) Report was submitted to the NDEE in August 2007 and a revised report was submitted in February 2008. The BART Report proposed that the Best Available Retrofit Technology to meet regional haze requirements at Gerald Gentleman Station would be low NO_x burners on Units No. 1 and No. 2 and no additional controls for SO₂. Low NO_x burners have now been installed on both units at Gerald Gentleman Station. The NDEE State Implementation Plan (“SIP”) agreed with the BART Report. The NDEE submitted the SIP to the EPA for approval on June 30, 2011.

On May 30, 2012, the EPA issued a rule pertaining to the Regional Haze Program that would approve the trading program in CSAPR as an alternative to determining BART for power plants. As a result, states in the CSAPR region may substitute the trading program in CSAPR for source-specific BART for SO₂ and/or NO_x emissions as specified by CSAPR.

On July 6, 2012, the EPA issued the final rule on the Nebraska Regional Haze SIP. The final rule approved the Gerald Gentleman Station NO_x portion of the SIP but disapproved the SO₂ portion of the SIP for Gerald Gentleman Station. The EPA issued a Federal Implementation Plan (“FIP”) for Gerald Gentleman Station which stated that BART for SO₂ control at Gerald Gentleman Station is compliance with CSAPR. In a letter dated March 21, 2016, the EPA issued a request for information and documents relating to Gerald Gentleman Station under Section 114(a) of the Clean Air Act. The information and documents have been provided.

On January 10, 2017, the EPA issued final changes to the Regional Haze regulations for the upcoming second planning phase of the rule. On August 20, 2019, the EPA issued a guidance document for the second implementation period. The District is evaluating the proposed changes and guidance document but will not know the full impact to the District until the State and the EPA begin implementing the second phase of the Regional Haze rule. The State of Nebraska is required to submit their SIP for the second phase of the Regional Haze rule by July 31, 2021.

On June 5, 2020, the District received an Information Collection Request (“ICR”) from the NDEE for information pertaining to the second planning phase. Based on modeling performed by Central States Air Resources Agencies, the NDEE determined that Gerald Gentleman Station was contributing to the visibility impairment at multiple Class I areas. The NDEE ICR requested information regarding the cost to install and operate four SO₂ control options at Gerald Gentleman Station Units No. 1 and No. 2. They include a dry scrubber, a wet scrubber, a dry sorbent injection system and conversion to natural gas. The ICR also requested information on optimization of the over-fire air systems currently installed on Gerald Gentleman Station Units No. 1 and No. 2. The District submitted the initial response to the NDEE ICR on November 2, 2020 and a supplemental response on December 30, 2020. The District does not know if it will be required to install and operate any of the SO₂ control options referred to above. However, the District has indicated to the NDEE that if the District were to incur major emission control costs at Gerald Gentleman Station, it could affect the future economic viability of the station.

National Ambient Air Quality Standards

On June 14, 2012, the EPA proposed new particulate matter 2.5 (“PM_{2.5}”) National Ambient Air Quality Standard (“NAAQS”) and issued a final rule on December 14, 2012. The EPA lowered the annual PM_{2.5} standard to 12 micrograms per cubic meter (µg/m³) and retained the 24-hour standard of 35 µg/m³. On January 15, 2015, the EPA finalized the areas in non-attainment with the 2012 PM_{2.5} NAAQS. No areas in Nebraska were designated as non-attainment for the 2012 PM_{2.5} NAAQS. On December 18, 2020, the EPA issued a final rule retaining the current PM_{2.5} NAAQS standard without revision.

On January 22, 2010, the EPA added a 1-hour nitrogen dioxide (“NO₂”) NAAQS of 100 ppb. The District does not anticipate that this standard will impact the District’s major generating facilities.

On June 2, 2010, the EPA replaced the annual and 24-hour primary SO₂ NAAQS with a new 1-hour SO₂ NAAQS set at 75 ppb. On September 4, 2015, the District submitted SO₂ modeling data for Gerald Gentleman Station showing the facility in compliance with the new 1-hour SO₂ NAAQS. On September 11, 2015, the District submitted SO₂ modeling data for Sheldon Station along with a consent decree between the District and the NDEE. The modeling data showed the facility in compliance with the new 1-hour standard based on the compliance requirements described in the consent decree. The consent decree required the District to increase the stack heights at Sheldon Station Unit No. 1 and Sheldon Station Unit No. 2. On July 31, 2016, the EPA issued its designations for Gerald Gentleman Station and Sheldon Station. The EPA designated Gerald Gentleman Station as attainment/unclassifiable. The EPA classified Sheldon Station as unclassifiable and must follow the Data Requirements Rule in order to show attainment with the 1-hour SO₂ NAAQS. LLCHD installed a ground level SO₂ monitor near Sheldon Station. The monitor began measuring ground level SO₂ concentrations on January 1, 2017 and continued to monitor SO₂ concentrations until December 31, 2019. The monitor results submitted to the EPA show the three-year average SO₂ ground level concentration was 29 ppb, which is below the standard of 75 ppb. These results demonstrated that Sheldon Station is in compliance with the 1-hour SO₂ NAAQS standard. Based on this data, the EPA issued a proposed rule on September 2, 2020 to designate Lancaster County as attainment/unclassifiable for compliance with the 1-hour SO₂ NAAQS standard. The EPA issued a pre-publication version of the final designations on December 21, 2020, but it has not yet been published in the Federal Register.

In a separate rulemaking process, the EPA issued a final rule on March 18, 2019 retaining the current 1-hour SO₂ NAAQS standard of 75 ppb without revision.

On October 26, 2015, the EPA lowered the ozone NAAQS to 70 ppb. States are currently in the process of determining the areas in non-attainment with the new standard. Based on current monitoring data there does not appear there will be any non-attainment areas within Nebraska. On March 1, 2018, the EPA finalized the areas in non-attainment with the 2015 ozone NAAQS. No areas in Nebraska were designated as non-attainment for the 2015 ozone NAAQS. On December 31, 2020, the EPA issued a final rule retaining the current ozone NAAQS standard without revision.

Global Climate Change

On March 29, 2010, the EPA declared its position that air pollutants that are regulated under the Clean Air Act under any program must be taken into account when considering permits issued under other programs, such as the Prevention of Significant Deterioration (“PSD”) permit program. A PSD permit is required before commencement of construction of new major stationary sources or major modifications of such sources. As a result of this determination, the effect of the new motor vehicle rule will be to require the analysis of emissions and control options with respect to Green House Gas (“GHG”) emissions from new and modified major stationary sources as of January 2, 2011, which is the date the new motor vehicle rule took effect. Permitting requirements for GHGs will include, but are not limited to, the application of Best Available Control Technology (“BACT”) for GHG emissions and monitoring, reporting, and record keeping for GHGs.

On May 13, 2010, the EPA issued a final rule for determining the applicability of the PSD program to GHG emissions from major sources. The rule, known as the “Tailoring Rule,” establishes criteria for identifying facilities required to obtain PSD permits and the emissions thresholds at which permitting and other regulatory requirements apply.

Sources that are subject to PSD or Title V permits due to their non-GHG emissions (such as fossil-fuel based electric generating facilities for their NO_x, SO₂, and other emissions) must address GHG emissions in new permit applications or renewals. Construction or modification of major sources are also subject to PSD requirements for their GHG emissions if the construction or modification results in a net increase in the overall mass of GHG emissions exceeding 75,000 tons per year on a CO₂ equivalent basis. New and modified major sources required to obtain a PSD permit are required to conduct a BACT review for their GHG emissions. The EPA issued guidance in November 2010 on the technologies or operations that would constitute BACT for GHGs. A PSD permit would require the installation of BACT for GHGs. At this time, since there does not exist any commercially available CO₂ capture and sequester technology, BACT would be some kind of facility efficiency requirements. These would have to be negotiated with the NDEE and EPA and placed in the PSD permit. Currently, with respect to Title V requirements, the final Tailoring Rule does not amend or reinterpret existing Title V regulations on transitions to new pollution control requirements.

On October 30, 2009, the EPA published the final rule for mandatory monitoring and annual reporting of GHG emissions from various categories of facilities including fossil-fuel suppliers, industrial gas suppliers, direct

GHG emitters (such as electric generating facilities and industrial processes), and manufacturers of heavy-duty and off-road vehicles and engines. This rule does not require controls or limits on emissions, but requires data collection which began on January 1, 2010. Annual reports are due by March 31 each year.

The EPA reached a legal settlement to establish New Source Performance Standards (“NSPS”) for new and modified power plants and emission guidelines for existing power plants. In addition to the NSPS requirements established for new and modified sources, EPA must establish emission guidelines that states use to develop plans for reducing emissions from existing sources. On April 13, 2012, the EPA proposed an NSPS for new fossil-fuel-fired electric utility generating units (“EGUs”). The proposed rule would limit CO₂ emissions from new EGUs to less than 1,000 pounds of CO₂ per MWh (lbs/MWh). In the proposed rule, the EPA stated that the rule would affect only new EGUs and not existing or modified units. Although new natural gas combined cycle plants could meet such standards, coal-fired plants could only meet them with carbon capture and sequestration, which at the present time is not commercially available. On June 25, 2013, President Obama directed the EPA to issue a new proposed GHG NSPS for new power plants by September 20, 2013. On February 8, 2014, the EPA issued a revised GHG NSPS proposed rule for new power plants. The revised NSPS rule sets CO₂ limits of 1,000 lbs/MWh for large natural gas combined cycle facilities, 1,100 lbs/MWh for small natural gas combined cycle facilities and 1,100 lbs/MWh for coal-fired power plants. On October 23, 2015, the EPA published the final NSPS rule for new EGUs. The final rule set a limit of 1,400 lbs CO₂/MWh for coal-fired power plants and 1,000 lbs CO₂/MWh for all natural gas combined cycle facilities. On December 6, 2018, the EPA issued a proposed revision to the NSPS GHG standards for new, modified and reconstructed coal-fired EGUs. The proposed rule sets the limit to 1,900 lbs CO₂/MWh for new large coal-fired EGUs and 2,000 lbs CO₂/MWh for new small coal-fired EGUs. The proposed rule sets the limit to 1,900 lbs CO₂/MWh for reconstructed large coal-fired EGUs and 2,000 lbs CO₂/MWh for reconstructed small coal-fired EGUs. Modified coal-fired EGUs will have a unit-specific limit determined by the unit’s best historical annual CO₂ emission rate from 2002 to the modification but no more stringent than the reconstructed EGU standard. The EPA has not yet finalized this proposed rule.

On October 23, 2015, the EPA published the final Clean Power Plan (“CPP”) rule addressing CO₂ reductions from existing fossil-fueled power plants in the Federal Register. The final rule gives states significant responsibility for determining how to achieve the reduction targets through the development of a State Plan. Each state has been given a reduction target to be achieved by 2030 with interim reductions required between 2022 and 2029. The Nebraska reduction target for 2030 is 40 percent below 2012 emissions.

On February 9, 2016, the Supreme Court issued a stay for the CPP until all legal challenges have been decided. The D.C. Circuit Court of Appeals heard oral arguments on September 27, 2016. The D.C. Circuit Court continued to hold the case in abeyance until September 17, 2019.

On August 31, 2018, the EPA issued the proposed CPP replacement rule now called the Affordable Clean Energy (“ACE”) rule. Under Section 111(d) of the Clean Air Act the EPA must determine the Best System of Emissions Reduction (“BSER”) for CO₂ at individual fossil-fuel fired steam generating units. On June 19, 2019, the EPA issued the final ACE rule. The final ACE rule repealed the CPP and makes the determination that BSER for CO₂ at individual fossil-fuel fired steam generating units to be heat rate improvement projects. The EPA is also proposing to update the NSR process in a separate rule making. On September 17, 2019, the D.C. Circuit Court dismissed all legal challenges to the CPP as moot due to EPA repealing the CPP and replacing it with the ACE rule.

On March 10, 2020, the District received an ICR from the NDEE for information pertaining to the ACE rule and a supplemental ICR received on May 8, 2020. The NDEE ICR requested information regarding the cost to install and operate the six Heat Rate Improvement (“HRI”) technologies listed in the final ACE rule at Gerald Gentleman Station Units No. 1 and No. 2 and Sheldon Station Units No. 1 and No. 2. The ICR also requested information on setting a CO₂ emission rate standard in lbs CO₂/MWh. The District submitted the information to the NDEE by the September 11, 2020 due date. The District will not know the final impact of the ACE rule until the NDEE develops their State Plan.

It was announced on January 19, 2021 that the D.C. Circuit Court vacated the ACE rule. It is unknown at this time what impact this action will have on the viability of the ACE rule and subsequent impacts on the development of the SIP.

Solid Waste Disposal

The NDEE has issued permits to the District to establish and operate disposal areas for solid waste and ash at Sheldon Station and Gerald Gentleman Station. Additionally, the District’s ash landfills are regulated under the new Coal Combustion Residual (“CCR”) regulation.

The CCR rule was published in the Federal Register on April 17, 2015. The compliance requirements of the rule became effective on October 19, 2015. The final rule does not regulate CCR as a hazardous waste, instead it is regulated under Subtitle D. This resulted in relatively minor impacts on District operations to dispose of CCR due to the stringency of the current Nebraska solid waste landfill requirements. In 2015, the District completed a lateral expansion of the Gerald Gentleman Station ash landfill. The District is in full compliance with the applicable requirements of the new CCR regulations and the State of Nebraska Title 132 landfill requirements. On August 14, 2019, the EPA proposed changes to the CCR regulations. The District believes that the proposed changes will not have any adverse impacts on the District's operations.

Federal Legislation

As necessary, the District will make application to the appropriate federal, state, and local authorities for any permits, certifications, and renewals required by federal and state law and regulations for the operations of District facilities, and the construction of capital additions and improvements thereto.

Any changes in the environmental regulatory requirements imposed by federal or state law which are applicable to the District's generating facilities could result in increased capital and operating costs being incurred by the District. The District is unable to predict whether any changes will be made to current environmental regulatory requirements, if such changes will be applicable to the District and the costs thereof to the District.

Missouri River Water Control Manual

The Corps controls the flows in the Missouri River through its Missouri River Master Water Control Manual ("Master Manual"), as revised in 2004, issued by the Corps under the federal Flood Control Act of 1944 and its operation of the Missouri River main stem reservoir system. Implementation of the revised Master Manual by the Corps has not resulted in any negative effects to the operation of Cooper Nuclear Station.

FERC Hydroelectric Project Licenses

On July 29, 1998, the FERC issued a new 40-year license for the District's hydroelectric Project No. 1835, which includes diversion dams on the North and South Platte Rivers, Sutherland Reservoir, Lake Maloney, certain canals and adjacent lands, and the North Platte hydro-generating station consisting of two units with a combined maximum power capability of 26 MW. The North Platte hydro-generating station is part of the System. Also, on July 29, 1998, the FERC issued a new 40-year license for Central's Kingsley Dam Project No. 1417. The Kingsley Project has an accredited capacity rating of 37 MW.

In issuing the new licenses, the FERC approved a settlement agreement which included environmental conditions in the new licenses. In general, the conditions required Central to dedicate a block of water in Lake McConaughy for wildlife species and habitat enhancement purposes and required both the District and Central to acquire and develop certain lands for wildlife management purposes.

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

The Electric Utility Industry Generally

The electric utility industry has been, and in the future may be, affected by a number of factors which could impact the financial condition and competitiveness of electric utilities, such as the District. Such factors include, among others, (i) effects of compliance with changing environmental, safety, licensing, regulatory, and legislative requirements, (ii) changes resulting from energy efficiency and demand-side management programs on the timing and use of electric energy, (iii) other federal and state legislative and regulatory changes, (iv) increased wholesale competition from independent power producers and marketers and brokers, (v) "self-generation" by certain industrial and commercial customers, (vi) issues relating to the ability to issue tax-exempt obligations, (vii) severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects financed with outstanding tax-exempt obligations, (viii) changes from projected future load requirements, (ix) increases in costs, (x) shifts in the availability and relative costs of different fuels, (xi) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy, fuel, and transmission capacity, (xii) effects of financial instability of various participants in the power market, (xiii) climate change and the potential contributions made to climate change by coal-fired and other fossil-fueled generating units, (xiv) challenges associated with additional renewable generation, including distributed

generation, and (xv) issues relating to cyber and physical security. Any of these general factors and the factors discussed below (as well as other factors) could have an effect on the financial condition of the District. For additional information, see “THE SYSTEM” and “SYSTEM GENERATION, TRANSMISSION, AND OTHER FACILITIES.”

Federal Power Act Requirements

Energy Policy Act of 2005

The Energy Policy Act of 2005 established a new Section 211A in the FPA which gives FERC new jurisdiction over unregulated transmitting utilities. The District is defined as an unregulated transmitting utility under Section 211A. In its Order 890 issued in February 2007 and 890-A Order on Rehearing issued in December 2007, FERC stated that it does not intend to propose a generic rule at this time to implement Section 211A. Rather, FERC will apply Section 211A on a case-by-case basis in response to complaints brought to FERC. FERC stated it will maintain the same reciprocity provisions for nonpublic utility transmission providers, like the District, that it first established in Order 888.

Section 211A gives FERC the authority to order an unregulated transmitting utility to provide transmission services at rates and on terms and conditions that are comparable to those under which the unregulated transmitting utility provides service to itself and that are not unduly discriminatory and preferential. Section 211A makes the rate changing procedures applicable to public utilities under subsections (c) and (d) of Section 205 of the FPA applicable to the unregulated transmitting utilities. FERC can remand transmission rates to the unregulated transmitting utility for review and revisions if necessary to meet the requirements described above. FERC cannot require the District to take action under Section 211A that would violate a private activity bond rule application to the District’s indebtedness. Further, nothing in the Energy Policy Act of 2005 authorizes FERC to require the District to transfer control or operational control of its transmission facilities to a regional transmission organization or independent transmission system operator.

FERC Order No. 890 implements revisions to FERC’s Open Access Transmission Tariff and regulations first adopted in its Order Nos. 888 and 889 in 1996 for jurisdictional public utilities. FERC stated in Order No. 890 that it expects unregulated transmission providers like the District to participate in the open and transparent regional transmission planning processes described in Order No. 890. The District, as a member of SPP, is included in SPP’s transmission expansion plan which satisfies FERC’s Order 890 regional transmission planning requirements.

The District is subject to FPA Section 221 which prohibits filing or reporting of false information to a federal agency related to the price of wholesale electricity or transmission capacity. The District is also subject to FPA Section 222 which prohibits fraud and market manipulation in the purchase or sale of electric energy or transmission service that is subject to FERC jurisdiction.

FERC certified NERC as the nation’s electric reliability organization to develop mandatory reliability standards for all users, owners, and operators of the transmission grid subject to FERC approval. FERC issued a final rule in Order No. 693 which approved certain mandatory electric reliability standards. The standards are mandatory and under FERC’s jurisdiction. The District can be subject to a monetary penalty for noncompliance with such standards.

The Energy Policy Act of 2005 also (a) authorizes FERC to order refunds for certain wholesale sales of 31 days or less which may include certain District sales if such sales violate FERC-approved tariffs or FERC rules; (b) allows load serving entities holding certain firm transmission rights to continue to use those rights to meet service obligations for native loads; and (c) authorizes FERC to issue construction permits for transmission projects located in “national interest electric transmission corridors” (to be designated by the DOE in circumstances where the applicable state or regional siting agency does not timely authorize a project or imposes unreasonable conditions). The District is not currently included within any such designated transmission corridor. For additional information, see “POWER, TRANSMISSION, AND CERTAIN OTHER AGREEMENTS—SPP Membership.”

Competitive Environment in Nebraska

While wholesale competition is expected to increase in the future, there is a Nebraska statute that prohibits competition for retail customers. Pursuant to state statutes, retail suppliers of electricity have exclusive rights to serve customers at retail in their respective service territories. Any transfer of retail customers or service territories between retail electric suppliers may be done only upon agreement of the respective retail electric suppliers and/or pursuant to an order of the Nebraska Power Review Board. While state statutes do not provide for wholesale suppliers of electricity to have

exclusive rights to serve a particular area or customer at wholesale, wholesale power suppliers are permitted to voluntarily enter into agreements with other wholesale power suppliers limiting the areas or customers to whom they may sell energy at wholesale. The District has entered into several such agreements.

NEBRASKA POWER REVIEW BOARD

The Nebraska Power Review Board was created in 1963 and consists of five members appointed by the Governor subject to approval by the Legislature. The statutes creating the Nebraska Power Review Board declare that in order to provide the citizens of Nebraska with adequate electric service at as low an overall cost as possible it is the policy of the state to avoid and eliminate conflict and competition between retail suppliers of electricity, to avoid and eliminate duplication of facilities and resources, and to facilitate the settlement of rate disputes. Pursuant to these statutes, suppliers of electricity in adjoining areas, including the District, have entered into agreements with each other specifying the areas or customers which they may serve at retail. Modifications of, and disputes between suppliers involving these agreements and service areas are subject to Nebraska Power Review Board jurisdiction and disposition. The statutes provide that in the event of any dispute between suppliers concerning rates for service, the Nebraska Power Review Board is given jurisdiction to hold hearings and to make recommendations which shall be advisory only.

Under the Act, it is declared state policy that District transmission and interconnection facilities at 34.5 kV and higher will be provided and made available to Nebraska power agencies, and further that the District shall make available to other Nebraska power agencies surplus capacity in transmission lines and facilities, and interconnections therewith, for transmitting and delivering electric energy to any Nebraska power agency under a contract and at rates and charges set by the District. Any disputes regarding such access and use of transmission lines, facilities and interconnections, and the contracts for such wheeling services, are subject to Nebraska Power Review Board jurisdiction and disposition, except for the setting of rates and charges for such services, which authority remains with the District.

The Nebraska Power Review Board has the jurisdiction to order the transfer of customers, distribution facilities, and retail service area from one power supplier to another power supplier, provided that no transfer of such customers and facilities may be made by the Nebraska Power Review Board if the transfer would impair the obligations of the power supplier to holders of its bonds.

Existing statutes allow wholesale power suppliers to enter into agreements limiting the areas in which, or the customers to whom, a party to the agreement may sell electric energy at wholesale. Such agreements require approval of the Nebraska Power Review Board. Pursuant to this legislation, the District has entered into several such agreements.

The Nebraska Power Review Board must approve the construction of any electric generation facilities or any transmission lines or related facilities carrying more than 700 volts. Such approval is not required in certain cases including the construction of certain generation facilities of not more than 25 MW being constructed to replace a plant owned by a municipality, or transmission line extensions or related facilities within the supplier's own service area or for construction of a line not exceeding one-half mile outside its own service area when all owners of electric lines located within one-half mile of the extension consent thereto.

LITIGATION

There is no litigation of which the District has notice, pending or threatened against the District, contesting or affecting the validity of the 2021 Series A/B Bonds or any proceedings of the District taken with respect to the authorization, issuance, sale or delivery of the 2021 Series A/B Bonds, or the pledge or the application of any monies or the security provided for the payment of the 2021 Series A/B Bonds.

In addition to the litigation described herein, at the present time, the District is a named party in a variety of pending litigation cases common to utilities similar to the District. It is the opinion of management to the District, based on the advice of General Counsel to the District, that, when finally determined, the outcome of those cases will not likely result, either in the aggregate or individually, in a final judgment against the District, which would materially and adversely affect the financial position of the District.

CONTINUING DISCLOSURE UNDERTAKING FOR THE 2021 SERIES A/B BONDS

Pursuant to Rule 15c2-12 adopted by the SEC under the Securities and Exchange Act of 1934, as amended, the District and the Trustee will enter into a Continuing Disclosure Agreement to be dated the date of the issuance and delivery of the 2021 Series A/B Bonds. The Continuing Disclosure Agreement requires the District to provide certain financial information and operating data relating to the District not later than 180 days after the end of the District's fiscal year which is presently the calendar year (the "Annual Information"), and to provide notice of the occurrence of certain enumerated events. The specific nature of the information to be contained in the Annual Information and the notice of events is set forth in the form of Continuing Disclosure Agreement which is included in its entirety in Appendix D hereto. The Annual Information and notices of such material events is required to be filed by or on behalf of the District with the MSRB through EMMA. To its knowledge, in the last five years, the District has not failed to comply in any material respect with its undertakings pursuant to a continuing disclosure agreement executed by the District in connection with the sale of any other Bonds.

FINANCIAL ADVISOR

Ramirez & Co., Inc., New York, New York, is the District's financial advisor for the 2021 Series A/B Bonds. The financial advisor has provided the District advice on the plan of financing and reviewed the pricing of the 2021 Series A/B Bonds. The financial advisor has not independently verified the information contained in this Official Statement and does not assume responsibility for the accuracy, completeness or fairness of such information. The financial advisor's fees for serving as financial advisor are not contingent upon the issuance of the 2021 Series A/B Bonds.

UNDERWRITING

The 2021 Series A/B Bonds are to be purchased by the Underwriters. The Underwriters have jointly and severally agreed, subject to certain conditions set forth in the Forward Delivery Purchase Contract, to purchase all, but not less than all, of the 2021 Series A/B Bonds from the District on [Settlement Date], 2021 and to make a bona fide public offering of such 2021 Series A/B Bonds at not in excess of the public offering prices (or yields corresponding to such prices) set forth on the inside cover page of this Official Statement. See "FORWARD DELIVERY OF THE 2021 SERIES A/B BONDS" herein for information regarding the Underwriters' obligations to purchase the 2021 Series A/B Bonds. Aggregate underwriters' compensation under the contract of purchase for the 2021 Series A Bonds is \$315,160.51 and for the 2021 Series B Bonds is \$226,458.48. The 2021 Series A/B Bonds may be offered and sold to certain dealers, banks and others (including underwriters and other dealers depositing such 2021 Series A/B Bonds into investment trusts) at prices lower than such initial offering prices and such initial offering prices may be changed from time to time by the Underwriters of the 2021 Series A/B Bonds.

BofA Securities, Inc., and the other Underwriters have provided the following information to the District for inclusion in this Official Statement. The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

BofA Securities, Inc., is an affiliate of Bank of America, N.A., which has extended credit to the District in unrelated transactions.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934. A separate Wells Fargo National Bank, N.A. line of business has extended credit to the District in unrelated transactions.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives,

loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

Certain of the Underwriters have entered into distribution agreements with other broker-dealers for the distribution of the 2021 Series A/B Bonds at the initial public offering prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

FEDERAL AND STATE INCOME TAXES

The Internal Revenue Code of 1986 (the “Code”) imposes certain requirements that must be met subsequent to the issuance and delivery of the 2021 Series A/B Bonds for interest thereon to be and remain excluded pursuant to Section 103(a) of the Code from the gross income of the owners thereof for federal and State of Nebraska income tax purposes. Noncompliance with such requirements could cause the interest on the 2021 Series A/B Bonds to be included in the gross income of the owners thereof for federal income tax purposes retroactive to the date of issue of the 2021 Series A/B Bonds. The District has covenanted in the General Resolution to comply with each applicable requirement of the Code necessary to maintain the exclusion of the interest on the 2021 Series A/B Bonds from the gross income of the owners thereof for federal income tax purposes.

In the opinion of Norton Rose Fulbright US LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, interest on the 2021 Series A/B Bonds is excluded pursuant to Section 103(a) of the Code from the gross income of the owners thereof for federal and State of Nebraska income tax purposes. Bond Counsel is also of the opinion that the interest on the 2021 Series A/B Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by Section 55 of the Code.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the 2021 Series A/B Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the 2021 Series A/B Bonds. Prospective purchasers of the 2021 Series A/B Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the 2021 Series A/B Bonds may affect the tax status of interest on the 2021 Series A/B Bonds or the tax consequences of the ownership of the 2021 Series A/B Bonds. No assurance can be given that pending or future legislation, or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not contain provisions that could directly or indirectly reduce the benefit of the exclusion of the interest on the 2021 Series A/B Bonds from the gross income of the owners thereof for federal or State of Nebraska income tax purposes. Furthermore, Bond Counsel will express no opinion as to any federal, state, or local tax law consequences with respect to the 2021 Series A/B Bonds, or the interest thereon, if any action is taken with respect to the 2021 Series A/B Bonds or the proceeds thereof upon the advice or approval of other counsel.

Except as described above, Bond Counsel expresses no opinion with respect to any federal, state, or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the 2021 Series A/B Bonds. Prospective purchasers of the 2021 Series A/B Bonds should be aware that the ownership of tax-exempt obligations such as the 2021 Series A/B Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions, and the covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the 2021 Series A/B Bonds is commenced, under current procedures, the Service is likely to treat the District as the "taxpayer," and the owners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the 2021 Series A/B Bonds, the District may have different or conflicting interests from the owners of the 2021 Series A/B Bonds. Public awareness of any future audit of the 2021 Series A/B Bonds could adversely affect the value and liquidity of the 2021 Series A/B Bonds during the pendency of the audit, regardless of the ultimate outcome.

The purchase price of certain 2021 Series A/B Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such 2021 Series A/B Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Forward Delivery of the 2021 Series A/B Bonds

The 2021 Series A/B Bonds will be delivered on or about [Settlement Date], 2021. Assuming no changes in current law and satisfaction of certain terms and conditions provided in the Forward Delivery Bond Purchase Agreement, as described above, Bond Counsel will deliver the opinion substantially in the form appearing in Appendix C of the Official Statement on the date of delivery of the 2021 Series A/B Bonds. See "FORWARD DELIVERY OF THE 2021 SERIES A/B BONDS"

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization and issuance of the 2021 Series A/B Bonds are subject to the approval of Norton Rose Fulbright US LLP, New York, New York, Bond Counsel, whose final approving opinion will be delivered at the closing of the 2021 Series A/B Bonds, and John C. McClure, Esq., Columbus, Nebraska, General Counsel to the District. Certain legal matters with respect to the Underwriters shall be passed upon by Nixon Peabody LLP, New York, New York.

RATINGS

Moody's, S&P, and Fitch have given the ratings of A1, A+ and A+, respectively, to the 2021 Series A/B Bonds. Such ratings reflect only the view of such organizations, and an explanation of the significance of such rating may be obtained only from the respective rating agency. There is no assurance that such ratings will be maintained for any given period of time or that they will not be revised downward or be withdrawn entirely by the respective rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2021 Series A/B Bonds.

MISCELLANEOUS

Periodic public reports relating to the financial condition of the District, its operations and the balances, revenues, and disbursements of the various funds of the District are prepared by the District from time to time. Copies of such reports and additional information concerning the District's financial affairs may be obtained upon request from Nebraska Public Power District, 1414 15th Street, Columbus, Nebraska 68601, Attention: Treasurer; provided, however, that for the avoidance of doubt, such reports and additional information are not deemed incorporated by reference herein or part of this Official Statement.

The delivery of this Official Statement has been duly authorized by the District.

NEBRASKA PUBLIC POWER DISTRICT

/s/ Traci L. Bender
Treasurer

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Report of Independent Auditors

To the Board of Directors of the Nebraska Public Power District

We have audited the accompanying financial statements of the Nebraska Public Power District (the “District”), which comprise the statements of net position – business-type activities and of fiduciary net position – postemployment medical and life benefits plan as of December 31, 2019 and 2018, and the related statements of revenues, expenses, and changes in net position – business-type activities, of changes in fiduciary net position – postemployment medical and life benefits plan, and of cash flows – business type activities for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

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



Other Matters

Required supplemental information

The accompanying supplemental schedules on pages A-39 through A-42 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

PriceWaterhouseCoopers LLP

Chicago, Illinois
April 9, 2020

Statements of Net Position - Business-Type Activities

Nebraska Public Power District

As of December 31, (in 000's)

	2019	2018
ASSETS AND DEFERRED OUTFLOWS		
Current Assets:		
Cash and cash equivalents	\$ 16,245	\$ 25,502
Investments	706,346	616,685
Receivables, less allowance for doubtful accounts of \$505 and \$608, respectively	116,404	133,736
Fossil fuels, at average cost	23,758	19,545
Materials and supplies, at average cost	112,236	113,297
Prepayments and other current assets	16,000	15,343
	<u>990,989</u>	<u>924,108</u>
Special Purpose Funds:		
Construction funds	32,417	38,012
Debt service and reserve funds	82,189	86,924
Employee benefit funds	3,249	2,300
Decommissioning funds	652,737	600,371
	<u>770,592</u>	<u>727,607</u>
Utility Plant, at Cost:		
Utility plant in service	5,092,041	5,015,458
Less reserve for depreciation	<u>2,852,286</u>	<u>2,756,094</u>
	2,239,755	2,259,364
Construction work in progress	154,264	125,237
Nuclear fuel, at amortized cost	138,787	177,955
	<u>2,532,806</u>	<u>2,562,556</u>
Other Long-Term Assets:		
Regulatory asset for other postemployment benefits	152,386	185,451
Long-term capacity contracts	138,979	146,004
Unamortized financing costs	7,120	7,651
Investment in The Energy Authority	7,581	7,006
Other	6,097	4,934
	<u>312,163</u>	<u>351,046</u>
Total Assets	<u>4,606,550</u>	<u>4,565,317</u>
Deferred Outflows of Resources:		
Asset retirement obligation	205,461	238,086
Unamortized cost of refunded debt	29,937	34,039
Other postemployment benefits	58,770	61,218
	<u>294,168</u>	<u>333,343</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 4,900,718	\$ 4,898,660
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current Liabilities:		
Revenue bonds, current	\$ 81,455	\$ 78,935
Revolving credit agreements and notes, current	80,836	199,964
Accounts payable and accrued liabilities	90,856	58,093
Accrued in lieu of tax payments	10,197	10,312
Accrued payments to retail communities	2,131	5,281
Accrued compensated absences	18,257	18,208
Other	10,130	9,882
	<u>293,862</u>	<u>380,675</u>
Long-Term Debt:		
Revenue bonds, net of current	1,336,092	1,451,605
Revolving credit agreements and notes, net of current	146,317	55,000
	<u>1,482,409</u>	<u>1,506,605</u>
Other Long-Term Liabilities:		
Asset retirement obligation	859,393	839,510
Net other postemployment benefit liability	105,234	141,923
Other	16,447	15,926
	<u>981,074</u>	<u>997,359</u>
Total Liabilities	<u>2,757,345</u>	<u>2,884,639</u>
Deferred Inflows of Resources:		
Unearned revenues	262,500	247,853
Other deferred inflows	222,548	197,027
	<u>485,048</u>	<u>444,880</u>
Net Position:		
Net investment in capital assets	1,194,547	1,075,361
Restricted	30,191	36,026
Unrestricted	433,587	457,754
	<u>1,658,325</u>	<u>1,569,141</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 4,900,718	\$ 4,898,660

The accompanying notes to financial statements are an integral part of these statements.

Statements Of Revenues, Expenses, and Changes in Net Position - Business-Type Activities

Nebraska Public Power District

For the years ended December 31, (in 000's)

	2019	2018
Operating Revenues	<u>\$ 1,074,475</u>	<u>\$ 1,144,858</u>
Operating Expenses:		
Power purchased	154,931	161,665
Production:		
Fuel	166,661	174,711
Operation and maintenance	238,533	274,979
Transmission and distribution operation and maintenance	104,359	105,198
Customer service and information	15,877	16,805
Administrative and general	101,995	104,916
Payments to retail communities	27,983	27,745
Decommissioning	28,544	15,755
Depreciation and amortization	124,972	133,057
Payments in lieu of taxes	10,247	10,354
	<u>974,102</u>	<u>1,025,185</u>
Operating Income	<u>100,373</u>	<u>119,673</u>
Investment and Other Income:		
Investment income	44,692	23,381
Other income	2,358	3,515
	<u>47,050</u>	<u>26,896</u>
Increase in Net Position Before Debt and Other Expenses	<u>147,423</u>	<u>146,569</u>
Debt and Related Expenses:		
Interest on revenue bonds	65,657	72,198
Allowance for funds used during construction	(2,481)	(2,318)
Bond premium amortization net of debt issuance expense	(11,274)	(12,014)
Interest on revolving credit agreements and notes	6,337	5,995
	<u>58,239</u>	<u>63,861</u>
Increase in Net Position	89,184	82,708
Net Position:		
Beginning balance	1,569,141	1,486,433
Ending balance	<u>\$ 1,658,325</u>	<u>\$ 1,569,141</u>

The accompanying notes to financial statements are an integral part of these statements.

Statements of Cash Flows - Business-Type Activities

Nebraska Public Power District

For the years ended December 31, (in 000's)

	2019	2018
Cash Flows from Operating Activities:		
Receipts from customers and others	\$ 1,077,598	\$ 1,135,762
Other receipts	9,338	195
Payments to suppliers and vendors	(481,230)	(521,872)
Payments to employees	(247,681)	(250,997)
Net cash provided by operating activities	<u>358,025</u>	<u>363,088</u>
Cash Flows from Investing Activities:		
Proceeds from sales and maturities of investments	3,110,453	3,189,635
Purchases of investments	(3,202,609)	(3,253,986)
Income received on investments	33,794	18,467
Net cash used in investing activities	<u>(58,362)</u>	<u>(45,884)</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from issuance of revenue bonds	132,195	-
Proceeds from revolving credit agreements and notes	28,298	70,195
Capital expenditures for utility plant	(130,127)	(172,953)
Contributions in aid of construction and other reimbursements	14,522	7,093
Principal payments on revenue bonds	(221,990)	(98,590)
Interest payments on revenue bonds	(66,272)	(72,198)
Interest paid on defeased revenue bonds	(6,875)	-
Principal payments on revolving credit agreements and notes	(56,109)	(49,443)
Interest payments on revolving credit agreements and notes	(6,474)	(5,600)
Other non-operating revenues	3,912	1,990
Net cash used in capital and related financing activities	<u>(308,920)</u>	<u>(319,506)</u>
Net decrease in cash and cash equivalents	(9,257)	(2,302)
Cash and cash equivalents, beginning of year	25,502	27,804
Cash and cash equivalents, end of year	<u>\$ 16,245</u>	<u>\$ 25,502</u>
Reconciliation of Operating Income to Cash Provided By Operating Activities:		
Operating income	\$ 100,373	\$ 119,673
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	124,972	133,057
Undistributed net revenue - The Energy Authority	26	106
Decommissioning, net of customer contributions	22,606	9,624
Amortization of nuclear fuel	40,115	36,177
Changes in assets and liabilities which (used) provided cash:		
Receivables, net	19,417	823
Fossil fuels	(4,213)	23,719
Materials and supplies	1,061	(1,653)
Prepayments and other current assets	(505)	1,557
Other long-term assets	1,046	986
Deferred outflows	-	(23,500)
Accounts payable and accrued payments to retail communities	12,928	(4,559)
Unearned revenues	14,647	40,926
Other deferred inflows	26,005	24,176
Other liabilities	(453)	1,976
Net cash provided by operating activities	<u>\$ 358,025</u>	<u>\$ 363,088</u>
Supplementary Non-Cash Capital Activities:		
Change in utility plant additions in accounts payable	<u>\$ 16,220</u>	<u>\$ (3,511)</u>

The accompanying notes to financial statements are an integral part of these statements.

Statements of Fiduciary Net Position - Postemployment Medical and Life Benefits Plan

Nebraska Public Power District

As of December 31, (in 000's)

	2019	2018
Assets:		
Cash and cash equivalents	\$ 2,061	\$ 3,194
Receivables:		
Contributions	12,800	-
Investment income	493	544
Investments	267,443	208,995
Total Assets	<u>282,797</u>	<u>212,733</u>
Liabilities:		
Payables:		
Benefits - healthcare	400	157
Benefits - life insurance	16	32
Investment expense	92	106
Professional, administrative and other expenses	29	-
Total liabilities	<u>537</u>	<u>295</u>
Net Position - Restricted for Other Postemployment Benefits	<u>\$ 282,260</u>	<u>\$ 212,438</u>

The accompanying notes to financial statements are an integral part of these statements.

Statements of Changes in Fiduciary Net Position - Postemployment Medical and Life Benefits Plan

Nebraska Public Power District

For the Years Ended December 31, (in 000's)

	2019	2018
Additions:		
Contributions		
Employer	\$ 41,084	\$ 56,706
Investment Income:		
Net appreciation (depreciation) in fair value of investments	38,025	(9,437)
Interest and dividends	4,380	3,284
Total investment income (loss)	42,405	(6,153)
Less: Investment expenses	(672)	(739)
Net investment income (loss)	41,733	(6,892)
Total additions	82,817	49,814
Deductions:		
Health care benefits	12,606	13,873
Life insurance benefits	201	187
Professional, administrative and other expenses	188	130
Total deductions	12,995	14,190
Increase in Net Position	69,822	35,624
Net Position - Restricted for Other Postemployment Benefits		
Beginning balance	212,438	176,814
Ending balance	\$ 282,260	\$ 212,438

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. *Organization* –

Nebraska Public Power District (“District”), a public corporation and a political subdivision of the State of Nebraska, operates an integrated electric utility system which includes facilities for the generation, transmission, and distribution of electric power and energy to its Retail and Wholesale customers. The control of the District and its operations is vested in a Board of Directors (“Board”) consisting of 11 members popularly elected from districts comprising subdivisions of the District’s chartered territory. The Board is authorized to establish rates.

B. *Basis of Accounting* –

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) for accounting guidance provided by the Governmental Accounting Standards Board (“GASB”) for proprietary funds of governmental entities. In the absence of established GASB pronouncements, other accounting literature is considered including guidance provided in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification.

The District applies the accounting policies established in the GASB codification Section Re10, *Regulated Operations*. This guidance permits an entity with cost-based rates and Board authorization to include revenues or costs in a period other than the period in which the revenues or costs would be reported by an unregulated entity.

C. *Revenue* –

Retail and wholesale revenues are recorded in the period in which services are rendered. Revenues and expenses related to providing energy services in connection with the District’s principal ongoing operations are classified as operating. All other revenues and expenses are classified as non-operating and reported as investment and other income or debt and related expenses on the Statements of Revenues, Expenses and Changes in Net Position.

D. *Cash and Cash Equivalents* –

The operating fund accounts are called Revenue Funds. There is a separate investment account for the Revenue Funds. The District reports highly liquid investments in the Revenue Funds with an original maturity of three months or less to be cash and cash equivalents on the balance sheet, except for these types of investments in the Revenue Funds investment account. Cash and cash equivalents in the investment accounts for the Revenue Funds and the Special Purpose Funds are reported as investments on the balance sheet.

E. *Fossil Fuel and Materials and Supplies* –

The District maintains inventories for fossil fuels and materials and supplies which are valued at average cost. Obsolete inventory is expensed and removed from inventory.

F. *Utility Plant, Depreciation, Amortization, and Maintenance* –

Utility plant is stated at cost, which includes property additions, replacements of units of property and betterments. The District charges maintenance and repairs, including the cost of renewals and replacements of minor items of property, to maintenance expense accounts when incurred. Upon retirement of property subject to depreciation, the cost of property is removed from the utility plant accounts and charged to the reserve for depreciation, net of salvage.

The District records depreciation over the estimated useful life of the property primarily on a straight-line basis. Depreciation on utility plant was approximately 2.3% for the years ended December 31, 2019 and 2018. The District had fully depreciated utility plant, primarily related to Cooper Nuclear Station (“CNS”), which was still in service of \$1,321.4 million and \$992.2 million as of December 31, 2019 and 2018, respectively.

The District has long-term Professional Retail Operations (“PRO”) Agreements with 79 municipalities for certain retail electric distribution systems. These PRO Agreements obligate the District to make payments based on gross revenues from the municipalities and pay for normal property additions during the term of the agreements. The District recorded amortization for these utility plant additions of \$10.8 million and \$14.8 million in 2019 and 2018, respectively, which was included in depreciation and amortization expense. These utility plant additions, which were fully amortized, totaled \$208.9 million and \$205.7 million as of December 31, 2019 and 2018, respectively.

G. Allowance for Funds Used During Construction (“AFUDC”) –

This allowance, which represents the cost of funds used to finance construction, is capitalized as a component of the cost of the utility plant. The capitalization rate depends on the source of financing. The rate for construction financed with revenue bonds is based upon the interest cost of each bond issue less interest income. Construction financed on a short-term basis with tax-exempt commercial paper (“TECP”), tax-exempt revolving credit agreement (“TERCA”), or taxable revolving credit agreement (“TRCA”) is charged a rate based upon the projected average interest cost of the related debt outstanding. The TECP program was terminated in 2017 and replaced with the TERCA. For the periods presented herein, the AFUDC rates for construction funded by revenue bonds varied from 2.2% to 4.5%. For construction financed on a short-term basis, the rate was 3.0% for 2019 and 2.3% for 2018.

H. Nuclear Fuel –

Nuclear fuel inventories are included in utility plant. The nuclear fuel cycle requirements are satisfied through the procurement of raw material in the form of natural uranium, conversion services of such material to uranium hexafluoride, uranium hexafluoride that has already been converted from uranium, enrichment services, and fuel fabrication and related services. The District purchases uranium and uranium hexafluoride on the spot market and carries inventory in advance of the refueling requirements and schedule. Nuclear fuel in the reactor is being amortized on the basis of energy produced as a percentage of total energy expected to be produced. Fees for disposal of fuel in the reactor are being expensed as part of the fuel cost.

I. Unamortized Financing Costs –

These costs include issuance expenses for bonds which are being amortized over the life of the respective bonds using the bonds outstanding method. Deferred unamortized financing costs associated with bonds refunded are amortized using the bonds outstanding method over the shorter of the original or refunded life of the respective bonds. Regulatory accounting, GASB codification section Re10, *Regulated Operations*, is used to amortize these costs over their respective periods.

J. Asset Retirement Obligations –

Asset retirement obligations (“ARO”) represent the best estimate of the current value of cash outlays expected to be incurred for legally enforceable retirement obligations of tangible capital assets. Regulatory accounting, GASB codification section Re10, *Regulated Operations*, is used to recognize these costs consistent with the rate treatment.

K. Other Postemployment Benefits (“OPEB”) –

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s Postemployment Medical and Life Benefits Plan (“Plan”) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for certain investments in a real estate fund, an international equity fund, and a U.S. equity fund, which are reported at net asset value.

L. Auction Revenue Rights and Transmission Congestion Rights –

The District uses Auction Revenue Rights (“ARR”) and Transmission Congestion Rights (“TCR”) in the Southwest Power Pool (“SPP”) Integrated Market to hedge against transmission congestion charges. These financial instruments were primarily designed to allow firm transmission customers the opportunity to offset price differences due to transmission congestion costs between resources and loads. Awarded ARR provide a fixed revenue stream to offset congestion costs. TCR can be acquired through the conversion of ARR or purchases from SPP auctions or secondary market trades. The financial transactions for all ARR/TCR activity in SPP are netted and recorded as other sales, as the District is generally a net seller in SPP. Unearned revenues are recorded for awarded ARR, net of conversion of TCR, until the revenues are realized in the SPP Integrated Market financial transactions. Outstanding TCR positions are recorded on the balance sheet until expired.

M. Deferred Outflows of Resources and Deferred Inflows of Resources –

Deferred outflows of resources are consumptions of assets that are applicable to future reporting. Regulatory accounting is used for ARO. The ARO deferred outflow is the difference between the related liability amount and rate collections and the interest earned on decommissioning funds. The cost of refunded debt is the difference in the reacquisition price and the net carrying amount of the refunded debt in an advance refunding. Deferred outflows related to OPEB include unrealized contributions and losses.

Deferred inflows of resources are acquired assets that are applicable to future reporting periods and consist of regulatory liabilities for unearned revenues and other deferred inflows. Other deferred inflows include Department of Energy (“DOE”) settlements, nuclear fuel disposal collections, CNS outage collections, unrealized OPEB gains,

settlements for termination of certain power and transmission agreements, non-nuclear decommissioning collections and a sales tax refund from the State of Nebraska for the construction of a renewable energy facility.

The District is required under the General Revenue Bond Resolution (“General Resolution”) to charge rates for electric power and energy so that revenues will be at least sufficient to pay operating expenses, aggregate debt service on the General Revenue Bonds, amounts to be paid into the Debt reserve fund and all other charges or liens payable out of revenues. In the event the District’s rates for wholesale service result in a surplus or deficit in revenues during a rate period, such surplus or deficit, within certain limits, may be retained in a rate stabilization account. Any amounts in excess of the limits will be considered in projecting revenue requirements and establishing rates in future rate periods. Such treatment of wholesale revenues is stipulated by the District’s long-term wholesale power supply contracts. The District accounts for any surplus or deficit in revenues for retail service in a similar manner.

The following table summarizes the balance of Unearned revenues as of December 31, 2019 and 2018 and activity for the years then ended (in 000’s):

	2019	2018
Unearned revenues, beginning of year	\$ 247,853	\$ 206,927
Surpluses	71,292	70,006
Use of prior period rate stabilization funds in rates	(56,645)	(29,080)
Unearned revenues, end of year	<u>\$ 262,500</u>	<u>\$ 247,853</u>

The DOE settlements regulatory liability was established for the reimbursement from the DOE for costs incurred by the District in conjunction with the disposal of spent nuclear fuel from CNS. Details of the District’s DOE settlements are included in Note 12 in the Notes to Financial Statements.

The District includes in rates the costs associated with nuclear fuel disposal. Such collections were remitted to the DOE under the Nuclear Waste Policy Act until the DOE adjusted the spent fuel disposal fee to zero, effective May 16, 2014. The Board authorized the use of regulatory accounting for the continued collection of these costs. This approach ensures costs are recognized in the appropriate period with customers receiving the benefits from CNS paying the appropriate costs. The expense for spent nuclear fuel disposal is recorded at the previous DOE rate based on net electricity generated and sold and the regulatory liability will be eliminated when payments are made for spent nuclear fuel disposal. Additional details of the District’s DOE spent nuclear fuel collections are included in Note 12 in the Notes to Financial Statements.

In 2019, the District collected revenues for the costs of the 2020 CNS refueling and maintenance outage. This regulatory liability was included in Other deferred inflows on the Balance Sheets and will be amortized through revenue during 2020, the year of the outage.

The District and Heartland Consumers Power District (“Heartland”) executed a termination and release agreement in 2018 for certain transmission services. The District and Lincoln Electric System (“LES”) executed a termination and release agreement in 2017 for the Sheldon Station (“Sheldon”) Participation Agreement. The Board authorized the use of regulatory accounting for these settlement payments. These regulatory liabilities were included in Other deferred inflows on the Balance Sheets and will be eliminated as the revenues from the settlement payments are incorporated in future rates.

The District collects in rates for non-nuclear decommissioning costs. The collections for assets which do not have a legally required retirement obligation are recorded as a regulatory liability, instead of an ARO, and are included, along with the interest on these funds, in Other deferred inflows on the Balance Sheets.

The following table summarizes the balance of Deferred outflows of resources as of December 31, 2019 and 2018 (in 000’s):

	2019	2018
Asset retirement obligation	\$ 205,461	\$ 238,086
Unamortized cost of refunded debt	29,937	34,039
Unrealized OPEB contributions and losses	58,770	61,218
	<u>\$ 294,168</u>	<u>\$ 333,343</u>

The following table summarizes the balance of Other deferred inflows of resources as of December 31, 2019 and 2018 (in 000's):

	2019	2018
DOE settlements	\$ 72,046	\$ 75,401
Nuclear fuel disposal collections	33,261	26,800
CNS outage collections	21,000	-
Settlements for termination of agreements	38,864	44,007
Unrealized OPEB gains	36,768	35,592
Non-nuclear decommissioning collections	16,672	11,007
Renewable energy facility sales tax refund	3,937	4,220
	<u>\$ 222,548</u>	<u>\$ 197,027</u>

N. Net Position –

Net position is made up of three components: Net investment in capital assets, Restricted, and Unrestricted.

Net investment in capital assets consisted of utility plant assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or notes that are attributable to the acquisition, construction, or improvement of these assets. This component also included long-term capacity contracts, net of the outstanding balances of any bonds or notes attributable to these assets.

Restricted net position consisted of the Primary account in the Debt reserve funds that are required deposits under the General Resolution and the Decommissioning funds, net of any related liabilities.

Unrestricted net position consisted of any remaining net position that does not meet the definition of Net investment in capital assets or Restricted and is used to provide for working capital to fund non-nuclear fuel and inventory requirements, as well as other operating needs of the District.

O. Use of Estimates –

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

P. Recent Accounting Pronouncements –

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, was issued in June 2018. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred instead of as an addition to the cost of the utility plant asset. In March 2020, the Board authorized the use of regulatory accounting to continue to capitalize interest during construction to ensure the transmission rates the District charges regional transmission organization customers are consistent with the interest capitalization methodology used by investor-owned utilities and to avoid a shifting of costs to other District customers. The requirements of this Statement will be implemented, using regulatory accounting, in 2020.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued in April 2018. This Statement requires additional disclosures in the notes related to debt such as terms related to significant events of default with finance-related consequences and significant subjective acceleration clauses. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The requirements of this Statement were implemented by the District in 2019.

GASB Statement No. 87, *Leases*, was issued in June 2017. This Statement will bring substantially all leases for lessees on to the balance sheet. For operating leases, lessees will be required to recognize an asset for the right to use the leased item and a corresponding lease liability. Lease liabilities will be considered long-term debt and lease payments will be capital financing outflows in the cash flow statement. In the activity statement, lessees will no longer report rent expense for operating-type leases; but, will instead report interest expense on the liability and amortization expense related to the asset. For lessors, the accounting will mirror lessee accounting. Lessors will recognize a lease receivable and a corresponding deferred inflow of resources (with certain exceptions), while continuing to report the asset underlying the lease. Interest income associated with the receivable will be recognized using the effective interest method. Lease revenue will arise from amortizing the deferred inflow of resources in a systematic and rational manner over the lease term. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. In March 2020, the Board authorized the use of regulatory accounting

to continue the revenue and expense recognition for leases consistent with the rate methodology as used for the District's customers. On March 26, 2020, GASB announced that it is considering postponing all Statement and Implementation Guide provisions with an effective date that begins on or after reporting periods beginning after June 15, 2018, due to the COVID-19 pandemic. The requirements of this Statement will be implemented, using regulatory accounting, when required by GASB, which based on GASB's announcement, may be later than 2020.

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017. This Statement addresses accounting and financial reporting requirements for certain fiduciary funds in the basic financial statements. Governments with activities meeting the criteria are required to present a statement of fiduciary net position and a statement of changes in fiduciary net position. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The implementation of this Statement requires the District to include fiduciary statements with the statements for its business-type activities. The requirements of this Statement were implemented by the District in 2019.

2. CASH AND INVESTMENTS:

Investments are recorded at fair value with the changes in the fair value of investments reported as Investment income in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. The District had unrealized net gains of \$4.0 million and \$0.2 million in 2019 and 2018, respectively.

The fair value of all cash and investments, regardless of classification on the Balance Sheets, was as follows as of December 31 (in 000's):

	2019		2018	
	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury and government agency securities ..	\$1,121,219	3.1	\$1,041,504	5.1
Corporate bonds	201,524	13.4	170,763	8.9
Municipal bonds	10,234	12.7	9,262	12.6
Cash and cash equivalents	160,206	0.2	148,265	0.1
Total cash and investments	<u>\$1,493,183</u>		<u>\$1,369,794</u>	
Portfolio weighted average maturity		<u>4.3</u>		<u>5.1</u>

Interest Rate Risk – The investment strategy for all investments, except for the decommissioning funds, is to buy and hold securities until maturity, which minimizes interest rate risk. The investment strategy for decommissioning funds is to actively manage the diversification of multiple asset classes to achieve a rate of return equal to or exceeding the rate used in the decommissioning funding plan model assumptions. Accordingly, securities are bought and sold prior to maturity to increase opportunities for higher investment returns.

Credit Risk – The District follows a Board-approved Investment Policy. This policy complies with state and federal laws, and the General Resolution's provisions governing the investment of all funds. The majority of investments are direct obligations of, or obligations guaranteed by, the United States of America. Other investments are limited to investment-grade fixed income obligations.

Custodial Credit Risk – Cash deposits, primarily interest bearing, are covered by federal depository insurance, pledged collateral consisting of U.S. Government Securities held by various depositories, or an irrevocable, nontransferable, unconditional letter of credit issued by a Federal Home Loan Bank.

The fair values of the District's Revenue and Special Purpose Funds as of December 31 were as follows (in 000's):

The Revenue funds are used for operating activities for the District. Cash and cash equivalents in the Revenue funds are reported as such on the balance sheet, except cash and cash equivalents in the Revenue Fund investment account are reported as investments. The investment account for the Revenue funds included cash equivalents of \$124.8 million and \$106.0 million as of December 31, 2019 and 2018, respectively.

	<u>2019</u>	<u>2018</u>
Revenue funds - Cash and cash equivalents	\$ 141,013	\$ 131,472
Revenue funds - Investments	<u>581,578</u>	<u>510,715</u>
	<u>\$ 722,591</u>	<u>\$ 642,187</u>

The Construction funds are used for capital improvements, additions, and betterments to and extensions of the District's system. The sources of monies for deposits to the construction funds are from revenue bond proceeds and the issuance of short-term debt.

	<u>2019</u>	<u>2018</u>
Construction funds - Cash and cash equivalents	\$ 83	\$ -
Construction funds - Investments	<u>32,334</u>	<u>38,012</u>
	<u>\$ 32,417</u>	<u>\$ 38,012</u>

The Debt service and reserve funds are established under the General Resolution. The Debt service funds are used for the payment of debt service. The Debt reserve funds consist of a Primary account and a Secondary account. The District is required by the General Resolution to maintain an amount equal to 50% of the maximum amount of interest accrued in the current or any future year in the Primary account. Such amount totaled \$30.2 million and \$36.0 million as of December 31, 2019 and 2018, respectively. The Secondary account can be established at such amounts and can be utilized for any lawful purpose as determined by the District's Board. Such account totaled \$51.6 million and \$50.9 million as of December 31, 2019 and 2018, respectively.

	<u>2019</u>	<u>2018</u>
Debt service and reserve funds - Investments	<u>\$ 82,189</u>	<u>\$ 86,924</u>

The Employee Benefit funds consist of a self-funded hospital-medical benefit plan for active employees only as of December 31, 2019 and 2018. The District pays 80% of the hospital-medical premiums with the employees paying the remaining 20% of the cost of such coverage.

	<u>2019</u>	<u>2018</u>
Employee benefit funds - Cash and cash equivalents	\$ 3,249	\$ 2,054
Employee benefit funds - Investments	<u>-</u>	<u>246</u>
	<u>\$ 3,249</u>	<u>\$ 2,300</u>

The Decommissioning funds are utilized to account for the investments held to fund the estimated cost of decommissioning CNS when its operating license expires. The Decommissioning funds are held by outside trustees or custodians in compliance with the decommissioning funding plans approved by the Board which are invested primarily in fixed income governmental securities.

	<u>2019</u>	<u>2018</u>
Decommissioning funds - Cash and cash equivalents	\$ 15,861	\$ 14,739
Decommissioning funds - Investments	<u>636,876</u>	<u>585,632</u>
	<u>\$ 652,737</u>	<u>\$ 600,371</u>

3. FAIR VALUE OF FINANCIAL INSTRUMENTS:

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

GASB Statement No. 72 (“GASB 72”), *Fair Value Measurement and Application*, 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 of 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. The District’s investments in cash and cash equivalents are included as Level 1 assets.

Level 2 – Pricing 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; or
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 2 assets primarily include U.S. Treasury and government agency securities held in the Revenue funds and other Special Purpose Funds and U.S. Treasury and government agency securities, corporate bonds, and municipal bonds held in the Decommissioning funds.

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 District currently does not have any Level 3 assets or liabilities.

The District performs an analysis annually to determine the appropriate hierarchy level classification of the assets and liabilities that are included within the scope of GASB 72. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. There were no liabilities within the scope of GASB 72 as of December 31, 2019 and 2018.

The following tables set forth the District’s financial assets that are accounted for and reported at fair value on a recurring basis by level within the fair value hierarchy as of December 31, (in 000’s):

	2019			
	Level 1	Level 2	Level 3	Total
Revenue and special purpose funds, excluding decommissioning:				
U.S. Treasury and government agency securities	\$ -	\$ 696,101	\$ -	\$ 696,101
Cash and cash equivalents	144,345	-	-	144,345
Decommissioning funds:				
U.S. Treasury and government agency securities	-	425,118	-	425,118
Corporate bonds	-	201,524	-	201,524
Municipal bonds	-	10,234	-	10,234
Cash and cash equivalents	15,861	-	-	15,861
	<u>\$ 160,206</u>	<u>\$ 1,332,977</u>	<u>\$ -</u>	<u>\$ 1,493,183</u>

	2018			
	Level 1	Level 2	Level 3	Total
Revenue and special purpose funds, excluding decommissioning:				
U.S. Treasury and government agency securities	\$ -	\$ 635,897	\$ -	\$ 635,897
Cash and cash equivalents	133,526	-	-	133,526
Decommissioning funds:				
U.S. Treasury and government agency securities	-	405,607	-	405,607
Corporate bonds	-	170,763	-	170,763
Municipal bonds	-	9,262	-	9,262
Cash and cash equivalents	14,739	-	-	14,739
	<u>\$ 148,265</u>	<u>\$1,221,529</u>	<u>\$ -</u>	<u>\$ 1,369,794</u>

4. UTILITY PLANT:

Utility plant activity for the year ended December 31, 2019, was as follows (in 000's):

	December 31, 2018	Increases	Decreases	December 31, 2019
Nondepreciable utility plant:				
Land and improvements	\$ 75,340	\$ 3,154	\$ -	\$ 78,494
Construction in progress	125,237	128,730	(99,703)	154,264
Total nondepreciable utility plant	<u>200,577</u>	<u>131,884</u>	<u>(99,703)</u>	<u>232,758</u>
Nuclear fuel*	<u>177,955</u>	<u>947</u>	<u>(40,115)</u>	<u>138,787</u>
Depreciable utility plant:				
Generation - Fossil	1,657,365	20,784	(2,217)	1,675,932
Generation - Nuclear	1,338,780	4,605	(1,499)	1,341,886
Transmission	1,347,106	34,171	(3,760)	1,377,517
Distribution	248,116	14,833	(9,940)	253,009
General	348,751	20,165	(3,713)	365,203
Total depreciable utility plant	<u>4,940,118</u>	<u>94,558</u>	<u>(21,129)</u>	<u>5,013,547</u>
Less reserve for depreciation	<u>(2,756,094)</u>	<u>(117,321)</u>	<u>21,129</u>	<u>(2,852,286)</u>
Depreciable utility plant, net	<u>2,184,024</u>	<u>(22,763)</u>	<u>-</u>	<u>2,161,261</u>
Utility plant activity, net	<u>\$ 2,562,556</u>	<u>\$ 110,068</u>	<u>\$ (139,818)</u>	<u>\$ 2,532,806</u>

* Nuclear fuel decreases represented amortization of \$40.1 million.

Utility plant activity for the year ended December 31, 2018, was as follows (in 000's):

	December 31, 2017	Increases	Decreases	December 31, 2018
Nondepreciable utility plant:				
Land and improvements	\$ 75,194	\$ 1,250	\$ (1,104)	\$ 75,340
Construction in progress	133,515	95,938	(104,216)	125,237
Total nondepreciable utility plant	<u>208,709</u>	<u>97,188</u>	<u>(105,320)</u>	<u>200,577</u>
Nuclear fuel*	166,219	47,913	(36,177)	177,955
Depreciable utility plant:				
Generation - Fossil	1,650,157	8,348	(1,140)	1,657,365
Generation - Nuclear	1,322,006	25,244	(8,470)	1,338,780
Transmission	1,296,633	54,418	(3,945)	1,347,106
Distribution	234,445	17,362	(3,691)	248,116
General	349,935	9,749	(10,933)	348,751
Total depreciable utility plant	<u>4,853,176</u>	<u>115,121</u>	<u>(28,179)</u>	<u>4,940,118</u>
Less reserve for depreciation	<u>(2,658,206)</u>	<u>(126,067)</u>	<u>28,179</u>	<u>(2,756,094)</u>
Depreciable utility plant, net	<u>2,194,970</u>	<u>(10,946)</u>	<u>-</u>	<u>2,184,024</u>
Utility plant activity, net	<u>\$ 2,569,898</u>	<u>\$ 134,155</u>	<u>\$ (141,497)</u>	<u>\$ 2,562,556</u>

* Nuclear fuel decreases represented amortization of \$36.2 million.

5. LONG-TERM CAPACITY CONTRACTS:

Long-term capacity contracts include the District's share of the construction costs of Omaha Public Power District's ("OPPD") 664-megawatt ("MW") Nebraska City Station Unit 2 ("NC2") coal-fired power plant. The District has a participation power agreement with OPPD for a 23.7% share of the power from this plant. NC2 began commercial operation on May 1, 2009, at which time the District began amortizing the amount of the capacity contract associated with the plant on a straight-line basis over the 40-year estimated useful life of the plant. Accumulated amortization was \$48.8 million and \$44.3 million as of December 31, 2019 and 2018, respectively. The unamortized amount of the plant capacity contract was \$130.0 million and \$134.7 million as of December 31, 2019 and 2018, respectively, of which \$4.4 million was included in Prepayments and other current assets as of December 31, 2019 and 2018. The District's share of NC2 working capital was also included in Prepayments and other current assets and was \$6.9 million and \$6.6 million as of December 31, 2019 and 2018, respectively.

Long-term capacity contracts also include the District's purchase of the capacity of a 50 MW hydroelectric generating facility owned and operated by The Central Nebraska Public Power and Irrigation District ("Central"). The District is amortizing the contract on a straight-line basis over the 40-year estimated useful life of the facility. Accumulated amortization was \$71.2 million and \$68.9 million as of December 31, 2019 and 2018, respectively. The unamortized amount of the Central capacity contract was \$15.5 million and \$17.8 million as of December 31, 2019 and 2018, respectively, of which \$2.3 million was included in Prepayments and other current assets as of December 31, 2019 and 2018.

The District has an agreement whereby Central makes available all the production of the facility and the District pays all costs of operating and maintaining the facility plus a charge based on the amount of energy delivered to the District. Power purchased costs related to Central were \$2.2 million and \$1.4 million in 2019 and 2018, respectively.

6. INVESTMENT IN THE ENERGY AUTHORITY:

The District has an investment in The Energy Authority ("TEA"), a nonprofit corporation headquartered in Jacksonville, Florida, and incorporated in Georgia. TEA provides public power utilities access to dedicated resources and advanced technology systems. The District's interest in TEA is 17.65% as of December 31, 2019 and 2018, respectively. In addition to the District, the following utilities have interests of 17.65% each as of December 31, 2019: American Municipal Power, Inc.; JEA (Florida); Municipal Energy Authority of Georgia; and South Carolina Public Service Authority (a.k.a. Santee Cooper). The following utilities have interests in TEA of

5.875% each as of December 31, 2019: City Utilities of Springfield, Missouri and Gainesville Regional Utilities (Florida). Cowlitz County Public Utility District (Washington) terminated its ownership interest in TEA in 2018.

Such investment was \$7.6 million and \$7.0 million as of December 31, 2019 and 2018, respectively. TEA's revenues and costs are allocated to members pursuant to Settlement Procedures under the Operating Agreement. TEA is the District's market participant in SPP's Integrated Market and provides the District gas contract management and other services. The District accounts for its investment in TEA under the equity method of accounting.

The District was obligated to guaranty, directly or indirectly, TEA's electric trading activities in an amount up to \$78.9 million plus attorney's fees, at December 31, 2019, which any party claiming and prevailing under the guaranty might incur and be entitled to recover under its contract with TEA. Generally, the District's guaranty obligations for electric trading would arise if TEA did not make the contractually required payment for energy, capacity, or transmission which was delivered or made available or if TEA failed to deliver or provide energy, capacity, or transmission as required under a contract.

The District's exposure relating to TEA is limited to the District's investment in TEA, any accounts receivable from TEA, and trade guarantees provided to TEA by the District. Upon the District making any payments under its electric guaranty, it has certain contribution rights with the other members of TEA in order that payments made under the TEA member guaranties would be equalized ratably, based upon each member's interest in TEA and the guarantees they have provided. In March 2018, the District increased its guarantee to TEA from \$28.9 million to \$78.9 million to support additional trading for TEA to pursue specific business growth opportunities. In March 2020, the Board approved a \$25.0 million reduction in the guarantee amount as the specific business growth opportunities, for which the additional guarantee had been authorized, were no longer being pursued by TEA. After this reduction in March 2020, the District guarantee to TEA is \$53.9 million. After such contributions have been made, the District would only have recourse against TEA to recover amounts paid under the guarantee. The term of this guarantee is generally indefinite, but the District has the right to reduce and/or terminate its guarantee obligations by providing advanced notice to the beneficiaries thereof. Such termination of its guarantee obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. The District did not record any liabilities for these guarantees as of December 31, 2019 and 2018.

Financial statements for TEA may be obtained at The Energy Authority, 301 W. Bay Street, Suite 2600, Jacksonville, Florida, 32202.

7. DEBT:

The following table summarizes debt balances as of December 31, 2019 and 2018, and debt activity for 2019 (in 000's):

	Total Debt at December 31, 2018			Total Debt at December 31, 2019	Long-Term Debt at December 31, 2019	Current Liabilities at December 31, 2019
		Increases	Decreases			
Revenue bonds	\$ 1,530,540	\$ 132,195	\$ (245,188)	\$ 1,417,547	\$ 1,336,092	\$ 81,455
Revolving credit agreements	254,964	28,298	(56,109)	227,153	146,317	80,836
Total debt activity	<u>\$ 1,785,504</u>	<u>\$ 160,493</u>	<u>\$ (301,297)</u>	<u>\$ 1,644,700</u>	<u>\$ 1,482,409</u>	<u>\$ 162,291</u>

The following table summarizes debt balances as of December 31, 2018 and 2017, and debt activity for 2018 (in 000's):

	Total Debt at December 31, 2017			Total Debt at December 31, 2018	Long-Term Debt at December 31, 2018	Current Liabilities at December 31, 2018
		Increases	Decreases			
Revenue bonds	\$ 1,646,474	\$ -	\$ (115,934)	\$ 1,530,540	\$ 1,451,605	\$ 78,935
Revolving credit agreements	234,212	70,195	(49,443)	254,964	55,000	199,964
Total debt activity	<u>\$ 1,880,686</u>	<u>\$ 70,195</u>	<u>\$ (165,377)</u>	<u>\$ 1,785,504</u>	<u>\$ 1,506,605</u>	<u>\$ 278,899</u>

Revenue Bonds

In October 2019, the District issued \$74.7 million of General Revenue Bonds, 2019 Series B-1 (Taxable) and \$16.3 million of General Revenue Bonds, 2019 Series B-2 (Taxable) for the principal purpose of refunding certain of the District's outstanding General Bonds, 2012 Series A, 2014 Series A, 2014 Series C, and 2015 Series A-2. The refunding was completed with \$91.0 million of the proceeds from the 2019 Series B-1 and B-2 General Revenue Bonds and \$3.5 million of other available funds. As a result, total debt service payments over the life of the bonds were reduced by \$9.9 million, which resulted in total present value savings of \$6.0 million.

In January 2019, the District issued \$36.0 million of General Revenue Bonds, 2019 Series A, at a premium of \$5.2 million, to refund \$50.4 million of General Revenue Bonds, 2009 Series A (Taxable Build America Bonds). The refunding was completed with \$41.2 million of the proceeds from General Revenue Bonds, 2019 Series A, \$3.7 million from the TERCA, and \$5.5 million of other available funds. As a result, total debt service payments over the life of the bonds was reduced by \$20.4 million, which resulted in present value savings of \$6.6 million.

In January 2019, the District defeased certain of the General Revenue Bonds, 2017 Series A, with an outstanding principal amount that aggregated \$7.3 million and called the remaining outstanding General Revenue Bonds, 2009 Series C, with a principal amount that aggregated \$0.4 million.

The District expects to issue additional revenue bonds for an SPP Notice to Construct project for 225 miles of 345 kV transmission line, budgeted at \$417.3 million, which project may be financed in whole or in part, as early as 2020 and throughout its scheduled completion.

In January 2018, the District called the remaining outstanding General Revenue Bonds, 2012 Series C, with a principal amount that aggregated \$4.2 million.

Congressional action reduced the 35% interest subsidy, pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, on the District's General Revenue Bonds, 2009 Series A (Taxable Build America Bonds) and 2010 Series A (Taxable Build America Bonds). Reductions were 6.2% and 6.6% for fiscal years ended September 30, 2019 and 2018, respectively.

There were outstanding principal amounts aggregating \$94.1 million from legal defeasances of General Revenue Bonds, 2012 Series A, 2014 Series A, 2014 Series C, 2015 Series A-2, and 2017 Series A, as of December 31, 2019. There were no outstanding principal amounts from legal defeasances of General Revenue Bonds as of December 31, 2018.

The General Bonds are special obligations of the District payable solely by the Pledged Property, which is the revenues and all funds and accounts created under the General Resolution. The General Resolution defines Events of Default which may result in the declaration of the principal of all outstanding General Bonds and the accrued interest to be due and payable immediately. Events of Default include failure to make timely debt service payments, extended defaults in the performance of any debt covenants, and court order relating to bankruptcy or insolvency of the District.

Debt service payments and principal payments of the General Revenue Bonds as of December 31, 2019, are as follows (in 000's):

<u>Year</u>	<u>Debt Service Payments</u>	<u>Principal Payments</u>
2020	\$ 141,165	\$ 81,455
2021	139,083	83,205
2022	132,498	80,700
2023	132,163	83,785
2024	132,568	87,545
2025-2029	551,104	379,915
2030-2034	407,330	314,795
2035-2039	173,691	141,230
2040-2044	64,942	57,810
2045	2,809	2,675
Total Payments	<u>\$ 1,877,353</u>	<u>\$ 1,313,115</u>

The fair value of outstanding revenue bonds was determined using currently published rates. The fair value was estimated to be \$1,512.0 million and \$1,610.4 million as of December 31, 2019 and 2018, respectively.

Commercial Paper Notes and Line of Credit Agreement

The District terminated its Commercial Paper Notes ("Notes") program and the Line of Credit Agreement that supported the payment of the principal outstanding on the Notes after execution of the TERCA in 2017.

Tax-Exempt Revolving Credit Agreement

The District entered into a TERCA with two commercial banks to provide for loan commitments to the District up to an aggregate amount not to exceed \$150.0 million on June 29, 2017. The TERCA replaced the Commercial Paper Notes and Line of Credit Agreement. The District had an outstanding balance under the TERCA of \$80.8 million and \$55.0 million as of December 31, 2019 and 2018, respectively. As such, the remaining credit available under TERCA was \$69.2 million and \$95.0 million as of December 31, 2019 and 2018, respectively. The outstanding amount is anticipated to be retired by future collections through electric rates and the issuance of revenue bonds. The carrying value approximates market value because the agreement terminates on June 29, 2020.

The obligation of the District to pay the principal, interest, bank fees, and expenses pursuant to the TERCA during the revolving credit period is payable from the Pledged Property subject and subordinated to the pledge of the Pledged Property to the payment of the General Bonds. However, if the TERCA is converted to a term loan, the payment obligation of the District under the TERCA would be on a parity with the District's obligation to pay the General Bonds.

The TERCA defines Events of Default which may result in the declaration of the principal and the accrued interest to be due and payable at an earlier date or immediately. Events of Default include failure to make timely debt service payments, extended defaults in the performance of any debt covenants, court order relating to bankruptcy or insolvency of the District, extended failure to pay a final unappealable judgment of \$5.0 million or greater, an imposed debt moratorium or comparable restriction on debt service payments, and an extended long-term rating downgrade to below "BBB-" for credit-related reasons.

Taxable Revolving Credit Agreement

The District has entered into a TRCA with two commercial banks to provide for loan commitments to the District up to an aggregate amount not to exceed \$200.0 million. The TRCA allows the District to increase the loan commitments to \$300.0 million. The District had outstanding balances under the TRCA of \$146.3 million and \$200.0 million, as of December 31, 2019 and 2018, respectively. As such, the remaining credit available under TRCA, using the allowance to increase the loan commitments to \$300.0 million, was \$153.7 million and \$100.0 million as of December 31, 2019 and 2018, respectively. The outstanding amount is anticipated to be retired by future collections through electric rates. The carrying value approximates market value because the agreement was renewed on July 30, 2018, with a termination date of July 29, 2021.

The obligation of the District to pay the principal, interest, bank fees, and expenses pursuant to the TRCA during the revolving credit period is payable from the Pledged Property subject and subordinated to the pledge of the Pledged Property to the payment of the General Bonds. However, if the TRCA is converted to a term loan, the payment obligation of the District under the TRCA would be on a parity with the District's obligation to pay the General Bonds.

The TRCA defines Events of Default which may result in the declaration of the principal and the accrued interest to be due and payable immediately and the termination of the Agreement. Events of Default include failure to make timely debt service payments, extended defaults in the performance of any debt covenants, court order relating to bankruptcy or insolvency of the District, extended failure to pay a final unappealable judgment, an imposed debt moratorium or comparable restriction on debt service payments, and an extended long-term rating downgrade to below "BBB-".

Revenue bonds consist of the following (000's except interest rates):

December 31,	Interest Rate	2019	2018
General Revenue Bonds:			
2009 Series A Taxable Build America Bonds:			
Term Bonds: 2019–2025	6.606%	\$ -	\$ 17,465
2026–2034	7.399%	-	32,890
2010 Series A Taxable Build America Bonds:			
Serial Bonds: 2019–2024	3.98% - 4.73%	26,915	31,875
Term Bonds: 2025–2029	5.323%	27,985	27,985
2030–2042	5.423%	54,190	54,190
2010 Series B Taxable Serial Bonds 2019–2020	4.13% - 4.18%	970	1,880
2010 Series C:			
Serial Bonds: 2019–2025	3.00% - 5.00%	27,435	32,190
Term Bonds: 2026–2030	4.00%	6,165	6,165
2026–2030	5.00%	14,180	14,180
2012 Series A Serial Bonds 2019–2034	3.00% - 5.00%	126,985	173,490
2012 Series B:			
Serial Bonds: 2019–2032	2.875% - 5.00%	66,015	74,410
Term Bonds: 2033–2036	3.625%	2,320	2,320
2037–2042	3.625%	4,155	4,155
2013 Series A Serial Bonds 2019–2033	3.00% - 5.00%	62,680	62,680
2014 Series A:			
Serial Bonds: 2019–2038	3.50% - 5.00%	96,325	147,135
Term Bonds: 2039–2043	4.00%	31,650	31,650
2039–2043	4.125%	1,945	1,945
2014 Series C Serial Bonds 2019–2033	4.00% - 5.00%	87,435	115,685
2015 Series A-1 Serial Bonds 2022–2034	3.00% - 5.00%	119,400	119,400
2015 Series A-2:			
Serial Bonds: 2019–2034	3.00% - 5.00%	50,260	55,590
Term Bonds: 2035–2039	5.00%	46,205	46,205
2016 Series A:			
Serial Bonds: 2024–2035	3.125% - 5.00%	53,665	53,665
Term Bonds: 2036–2040	5.00%	5,595	5,595
2016 Series B:			
Serial Bonds: 2028–2036	5.00%	64,570	64,570
Term Bonds: 2037–2039	5.00%	1,165	1,165
2016 Series C Serial Bonds 2019–2035	4.00% - 5.00%	59,320	63,245
2016 Series D:			
Serial Bonds: 2019–2035	3.00% - 5.00%	19,290	20,135
Term Bonds: 2036–2040	5.00%	9,505	9,505
2041–2045	5.00%	12,140	12,140
2016 Series E Taxable Serial Bonds 2022–2033	2.337% - 3.567%	56,050	56,050
2017 Series A Serial Bonds 2019–2027	2.00% - 5.00%	5,820	15,360
2017 Series B Serial Bonds 2019–2027	5.00%	47,015	53,240
2019 Series A Serial Bonds 2020–2034	5.00%	34,770	-
2019 Series B-1 Taxable Serial Bonds 2020–2028	1.986% - 2.593%	74,650	-
2019 Series B-2 Taxable Serial Bonds 2020–2028	1.986% - 2.593%	16,345	-
Total par amount of revenue bonds		1,313,115	1,408,155
Unamortized premium net of discount		104,432	122,385
		1,417,547	1,530,540
Less – current maturities of revenue bonds		(81,455)	(78,935)
Total revenue bonds		<u>\$1,336,092</u>	<u>\$1,451,605</u>

8. PAYMENTS IN LIEU OF TAXES:

The District is required to make payments in lieu of taxes, aggregating 5% of the gross revenue derived from electric retail sales within the city limits of incorporated cities and towns served directly by the District. Such payments totaled \$10.2 million and \$10.4 million for the years ended December 31, 2019 and 2018, respectively.

9. ASSET RETIREMENT OBLIGATIONS:

Measurement of ARO under GASB guidance is based on the best estimate in today’s dollars, or the current value, of cash outlays expected to be incurred in the future. The GASB guidance requires the recognition of a corresponding deferred outflow of resources. The District uses regulatory accounting to align asset retirement costs with their related recognition in rates. The difference in the ARO amounts and the related deferred outflows represents the amounts collected in rates and interest income on decommissioning funds.

AROs as of December 31, are as follows (in 000’s):

Description	2019	2018
CNS license termination costs	\$ 846,252	\$ 827,307
GGs and Sheldon ash landfills	10,105	9,212
Ainsworth	2,036	1,991
Underground storage tanks	1,000	1,000
	\$ 859,393	\$ 839,510

The District is required by the Nuclear Regulatory Commission (“NRC”) to decommission CNS after cessation of plant operations, consistent with regulations in the U.S. Code of Federal Regulations. The CNS license termination costs were based on an external study for costs for three different scenarios: 1) immediate commencement of decommissioning after license termination in 2034; 2) delayed decommissioning for 46 years after license termination; and 3) safe storage for 60 years after license termination. The costs were based on several key assumptions in areas of regulation, component characterization, high-level radioactive waste management, low-level radioactive waste disposal, performance uncertainties (contingency) and site restoration requirements. An expert panel, consisting of District management representatives with considerable nuclear experience, assigned probabilities to these different scenarios. These weighted probabilities were used when calculating the ARO. Rates in the consumer price index for all urban consumers (“CPI-U”) were used to adjust these obligations for inflation, as the costs in the study were in 2015 dollars. The inflation rates used were 2.29% and 1.91% for the years 2019 and 2018, respectively. The District has funds set aside for decommissioning of \$652.7 million and \$600.4 million as of December 31, 2019 and 2018, respectively. These funds exceeded the NRC’s required funding provisions for nuclear decommissioning.

The District is required by the Environmental Protection Agency (“EPA”) and the Nebraska Department of Environment & Energy (“NDEE”) to decommission the ash landfills at Gerald Gentleman Station (“GGs”) and Sheldon, consistent with their regulations. As GASB guidance is unclear related to the accounting treatment for ash landfill AROs, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was considered analogous authoritative literature and applied in this situation. The ash landfills have an estimated closure date in the years 2086 and 2034 for GGS and Sheldon, respectively. The AROs were based on external studies to estimate costs using one scenario after an assessment of the physical site. The closure and post-closure costs were based on the Closure Plan in the studies and included final cover placements and lined surface water control structures. The costs in the latest studies were in 2019 and 2017 dollars for GGS and Sheldon, respectively. The rate of 2.29% in the CPI-U was used to adjust the Sheldon obligation for inflation in 2019. The inflation rate of 2.26% used for 2018 was provided by the NDEE. The District provides guarantees and financial assurance through correspondence and supporting information to NDEE annually. The District included in rates decommissioning costs for certain assets at GGS and Sheldon. The costs included in rates for the decommissioning of the ash landfills were \$0.4 million for 2019 and 2018. These rate collections reduced the related deferred outflow for the ash landfills.

The District is required by contracts with the landowners of the Ainsworth Wind Energy Facility (“Ainsworth”) site to restore the property, as nearly as possible, to the condition it was in prior to the District’s use of the easement. Ainsworth has an estimated closure date of September 30, 2025. The ARO was based on an external study for costs using one scenario. The assumptions included: 1) no hazardous construction material abatement is required; 2) no environmental costs to address site clean-up; 3) floor drain and septic tanks will be decommissioned per state regulations; 4) wind turbine nacelles, turbine towers, transformers and other electrical equipment are removed from the site by the demolition contractor; 5) the O&M buildings and one onsite meteorological tower were included with the demolition costs; 6) all foundations will be removed to two feet below finished grade; and 7) all concrete and crushed rock surfacing will be removed. The costs in the study were in 2015 dollars. Rates in the CPI-U were used to adjust these obligations for inflation. The inflation rates used were 2.29% and 1.91% for the years 2019 and 2018, respectively. There are no legally required funding and assurance provisions associated with this ARO. The costs included in rates for the decommissioning of Ainsworth were \$0.2 million and \$0.2 million for 2019 and 2018, respectively. These rate collections reduced the related deferred outflow for Ainsworth.

The District is required by the NDEE to decommission the underground storage tanks at various locations in the District’s service area, consistent with its regulations. The remaining lives of the storage tanks cannot be reasonably estimated. The AROs were based on the best estimate of District management representatives with expertise in environmental issues. The District provided guarantees and financial assurance through correspondence and supporting information to NDEE annually. There have not been any decommissioning costs for the underground storage tanks included in rates.

10. RETIREMENT PLAN:

The District’s Employees’ Retirement Plan (the “Plan”) is a defined contribution 401(k) pension plan established and administered by the District to provide benefits at retirement to regular full-time and part-time employees. There were 1,888 active Plan members as of December 31, 2019 and 2018, respectively. Plan provisions and contribution requirements are established and may be amended by the Board.

Plan members are eligible to begin participation in the Plan immediately upon hire. Beginning January 1, 2018, the Board approved an increase in matching for covered salary from \$40,000 to \$75,000. Contributions ranging from 2% to 5% of base pay are eligible for District matching dollars after six months of employment. The District contributes two times the Plan member’s contribution based on covered salary up to \$75,000. On covered salary greater than \$75,000, the District contributes one times the Plan member’s contribution. The Participants’ contributions were \$15.3 million and \$14.6 million for 2019 and 2018, respectively. The District’s matching contributions were \$15.2 million and \$14.8 million for 2019 and 2018, respectively. Total contributions of \$1.6 million and \$1.5 million were accrued in Accounts payable and accrued liabilities as of December 31, 2019 and 2018, respectively.

Plan members are immediately vested in their own contributions and earnings and become vested in the District’s contributions and earnings based on the following vesting schedule:

<u>Years of Vesting Participation</u>	<u>Percent</u>
5 years or more	100%
4 years	75%
3 years	50%
2 years	25%
Less than 2 years	0%

Nonvested District contributions are first used to cover Plan administrative expenses and any remaining forfeitures are allocated back to Plan participants.

Employees may also contribute to an eligible deferred compensation plan which is intended to meet the requirements of Code Section 457(b) (“457(b) Plan”). The 457(b) Plan is a defined contribution plan which permits Pre-tax and Roth elective deferral contributions. The Plan does not provide for a District match but does permit discretionary non-elective contributions by the District. Participants may change their elective deferrals at any

time. Early withdrawals can be made from the 457(b) Plan following separation of service regardless of age with no IRS penalty. Income taxes are owed on any withdrawals of Pre-tax elective deferral contributions and discretionary non-elective contributions. Income taxes are not owed on withdrawals of Roth elective deferral contributions if certain requirements are met. The total contributions to the 457(b) Plan were \$2.3 million and \$2.2 million for 2019 and 2018, respectively.

11. OTHER POSTEMPLOYMENT BENEFITS:

A. *General information regarding the OPEB Plan – Plan Description*

The District’s Postemployment Medical and Life Benefits Plan (“Plan”) provides postemployment hospital-medical and life insurance benefits to qualifying retirees, surviving spouses, and employees on long-term disability and their dependents. Benefits and related eligibility, funding and other Plan provisions, for this single-employer, defined benefit Plan, are authorized by the Board. The Plan is administered by the District.

The Plan has been amended over the years and provides different benefits based on hire date and/or the age of the employee. The District pays all or part of the cost (determined by age) of certain hospital-medical premiums for employees hired on or prior to December 31, 1992. Employees hired on or after January 1, 1993, are subject to a contribution cap that limits the District’s portion of the cost of such coverage to the full premium the year the employee reached age 65, or the year in which the employee retires if older than age 65. Employees hired on or after January 1, 1999, are not eligible for other postemployment hospital-medical benefits once they reach age 65. Employees hired on or after January 1, 2004, are not eligible for other postemployment hospital-medical benefits once they retire. The District amended the Plan effective July 1, 2007, to provide that any former employee who is rehired will receive credit for prior years of service. The District further amended the Plan effective September 1, 2007, to provide that employees hired or rehired on or after that date must work five consecutive years immediately prior to retirement to be eligible for other postemployment hospital-medical benefits once they retire. In May 2015, the Board approved a change for Medicare-eligible retirees for prescription drugs from the District’s self-insured employee prescription plan to a group insured Medicare Part D supplement effective January 1, 2016. The District also provides a postemployment death benefit of \$5,000 for qualifying employees.

On January 9, 2020, the Board approved OPEB benefits for District employees who were ineligible for healthcare benefits at retirement. The benefits consist of an annual financial stipend, based on age, to be applied toward qualifying medical expenses of the retired employee. Plan provisions, including eligibility requirements, need to be finalized and incorporated in the OPEB Plan documents prior to January 1, 2021, the effective date of the new benefits.

Employees Covered by Benefit Terms

The following table shows the employees covered by the hospital-medical benefit terms as of January 1:

	2019	2018
Active employees	934	971
Inactive employees in retirement status	1,370	1,361
Inactive employees in long-term disability status	56	61
Total employees covered by benefit terms	2,360	2,393

The following table shows the employees covered by the life insurance benefit terms as of January 1:

	2019	2018
Active employees	1,902	1,838
Inactive employees in retirement status	1,213	1,185
Inactive employees in long-term disability status	65	70
Total employees covered by benefit terms	3,180	3,093

Contributions

The Board annually approves the funding for the Plan, which has a minimum funding requirement of the actuarially-determined annual required contribution to achieve full funding status on or before December 31, 2033. The District OPEB contributions were \$41.1 million and \$56.7 million in 2019 and 2018, respectively. These contributions included additional contributions for prior employee service of \$12.8 million in 2019 for the transmission and retail levels of service and \$28.5 million in 2018 for the production level of service. Certain wholesale customers under the 2002 Wholesale Power Contracts ("2002 Contracts") objected to the inclusion in rates of additional collections of previously incurred OPEB costs. An arbitration panel ruled in favor of the District in April 2017. This case was appealed and argued before the Nebraska Supreme Court ("Court") in March 2018. The Court upheld the 2017 arbitration decision in June 2018. Information on litigation with wholesale customers under the 2002 Contracts is included in Note 12.C.

Contributions from Plan members are the required premium share for inactive members, which is based on hire date and/or age. Contributions from Plan members were \$0.7 million for 2019 and 2018. As these contributions were from inactive members, they were reported as a reduction of benefit expenses. Members do not contribute to the cost of the life insurance benefits.

B. Net OPEB Liability –

The District's net OPEB liability was measured as of January 1, 2019, and January 1, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of these dates.

Actuarial Assumptions and Methods

The actuarial assumptions and methods used in the January 1, 2019, actuarial valuation were based on the results of an actuarial experience study for the period January 1, 2018 through December 31, 2018. Demographic assumptions were updated as a result of an assumption study performed in 2018. The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions and methods, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Amortization method	Level amortization of the unfunded accrued liability
Amortization period	14-year closed period
Asset valuation method	5-year smoothed market
Healthcare cost trend rates	Pre-Medicare: 7.4% initial, ultimate 4.5%
	Post-Medicare: 8.2% initial, ultimate 4.5%
	Included impact of the excise tax (not repealed until 12/2019)
Inflation	2.3%
Salary increases	4.0%
Investment rate of return	6.25%, net of investment expense, including inflation
Discount rate	6.25%, based on expected long-term return on assets used to finance the payment of plan benefits
Mortality	Pub-2010 "General" table with generational projection using Scale MP-2018
Retirement and withdrawal rates	Varies by age
Spousal benefits	80% of males and 60% of females are assumed to have spouses who will elect coverage. Males are assumed to be two years older than their spouses. Females are assumed to be two years younger.
Participation rate	95.0%

The actuarial assumptions used in the January 1, 2018 actuarial valuation were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2017. The total OPEB liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions and methods, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Amortization method	Level amortization of the unfunded accrued liability
Amortization period	15-year closed period
Asset valuation method	5-year smoothed market
Healthcare cost trend rates	Pre-Medicare: 7.7% initial, ultimate 4.5%
	Post-Medicare: 8.7% initial, ultimate 4.5%
Inflation	2.3%
Salary increases	4.0%
Investment rate of return	6.25%, net of investment expense, including inflation
Discount rate	6.25%, based on expected long-term return on assets used to finance the payment of plan benefits
Mortality	RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2017 with generational projection
Retirement and withdrawal rates	Varies by age
Spousal benefits	80% of males and 30% of females are assumed to have spouses who will elect coverage. Males are assumed to be three years older than their spouses. Females are assumed to be three years younger.
Participation rate	100.0%

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table for the valuation measurement date of January 1,:

Asset Class	Target Allocation	2019 Long-Term Expected Real Rate of Return
Equity (1)	70%	7.4%
Fixed income	30%	3.6%
	<u>100%</u>	6.5%

Asset Class	Target Allocation	2018 Long-Term Expected Real Rate of Return
Equity (1)	70%	6.8%
Fixed income	30%	3.3%
	<u>100%</u>	6.0%

(1) The actuary included the 10% real estate allocation with equity.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25% for the actuarial valuations as of January 1, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates 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 benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability –

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position and Net OPEB Liability as of January 1, 2019, and the changes during this period, based on the valuation measurement date of January 1, 2019 (in 000’s):

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances at 1/1/2018	\$ 318,737	\$ 176,814	\$ 141,923
Changes for the year:			
Service cost	2,771	-	2,771
Interest	19,661	-	19,661
Differences between expected and actual experience ..	(8,686)	-	(8,686)
Changes of assumptions	(751)	-	(751)
Contributions - employer	-	56,706	(56,706)
Net investment income	-	(6,892)	6,892
Benefit payments	(14,060)	(14,060)	-
Administrative expense		(130)	130
Net changes	<u>(1,065)</u>	<u>35,624</u>	<u>(36,689)</u>
Balances at 1/1/2019	<u>\$ 317,672</u>	<u>\$ 212,438</u>	<u>\$ 105,234</u>

There were changes made in certain assumptions for the valuation measurement date of January 1, 2019. The mortality assumptions were updated to the Pub-2010 “General” table with generational projection using Scale MP-2018. The healthcare trend rates were also updated. Demographic assumptions updated as a result of an assumption study performed in 2018 included: retirement rates, withdrawal rates, retiree healthcare participation rate, spouse coverage election percentage, and spouse age differential.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table shows the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the discount rate (6.25%) at the measurement date of January 1, 2018 (in 000’s):

	1% Decrease	Discount Rate	1% Increase
Net OPEB Liability	<u>\$ 144,753</u>	<u>\$ 105,234</u>	<u>\$ 72,256</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table shows the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (Pre-Medicare ranging from 6.4% initial to 3.5% ultimate, Post-Medicare ranging from 7.2% initial to 3.5% ultimate) or 1- percentage-point higher (Pre-Medicare ranging from 8.4% initial to 5.5% ultimate, Post-Medicare ranging from 9.2% initial to 5.5% ultimate) than the healthcare cost trend rates (Pre-Medicare ranging from 7.4% initial to 4.5% ultimate, Post-Medicare ranging from 8.2% initial to 4.5% ultimate) at the measurement date of January 1, 2019 (in 000's):

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	<u>\$ 73,323</u>	<u>\$ 105,234</u>	<u>\$ 143,313</u>

The following table shows the Total OPEB Liability, Plan Fiduciary Net Position and Net OPEB Liability as of January 1, 2018, and the changes during this period, based on the valuation measurement date of January 1, 2018 (in 000's):

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balances at 1/1/2017	\$ 325,344	\$ 142,509	\$ 182,835
Changes for the year:			
Service cost	2,760	-	2,760
Interest	20,032	-	20,032
Differences between expected and actual experience	(19,570)	-	(19,570)
Changes of assumptions	5,585	-	5,585
Contributions - employer	-	28,439	(28,439)
Net investment income	-	21,350	(21,350)
Benefit payments	(15,414)	(15,414)	-
Administrative expense		(70)	70
Net changes	<u>(6,607)</u>	<u>34,305</u>	<u>(40,912)</u>
Balances at 1/1/2018	<u>\$ 318,737</u>	<u>\$ 176,814</u>	<u>\$ 141,923</u>
Net position as a % of Total OPEB Liability	<u>55.5%</u>		

There were changes made in certain assumptions for the valuation measurement date of January 1, 2018. The mortality assumption was updated to the RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2017 with generational projection. The healthcare trend rates were also updated.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table shows the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the discount rate (6.25%) at the measurement date of January 1, 2018 (in 000's):

	1% Decrease	Discount Rate	1% Increase
Net OPEB Liability	<u>\$ 181,577</u>	<u>\$ 141,923</u>	<u>\$ 108,851</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table shows the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (Pre-Medicare ranging from 6.7% initial to 3.5% ultimate, Post-Medicare ranging from 7.7% initial to 3.5% ultimate) or 1-percentage-point higher (Pre-Medicare ranging from 8.7% initial to 5.5% ultimate, Post-Medicare ranging from 9.7% initial to 5.5% ultimate) than the healthcare cost trend rates (Pre-Medicare ranging from 7.7% initial to 4.5% ultimate, Post-Medicare ranging from 8.7% initial to 4.5% ultimate) at the measurement date of January 1, 2018 (in 000's):

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
Net OPEB Liability	\$ 109,596	\$ 141,923	\$ 180,578

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan Fiduciary Net Position is available in separately issued audited financial statements for Nebraska Public Power District Postemployment Medical and Life Benefits Plan available on the District's website, NPPD.com.

D. OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB –

The Board annually approves the OPEB expense in rates and has authorized the use of regulatory accounting to equate OPEB expense with the amount in rates. OPEB expense was \$8.0 million for 2019, as calculated under the GASB Statement No. 75 guidance, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans*. With regulatory accounting, OPEB expense and the amount included in rates was \$28.3 million for 2018. The regulatory accounting OPEB expense is higher because it includes the amortization of costs related to prior periods, including a \$12.8 million catch-up rate collection for the net OPEB liability for transmission and retail levels of services of \$10.0 million and \$2.8 million, respectively.

The following table summarizes the reported deferred outflows and deferred inflows of resources as of December 31, 2019 (in 000's):

	Deferred Outflows	Deferred Inflows
Difference between actual and expected experience	\$ 1,552	\$ 28,897
Changes in assumptions	-	644
Difference between actual and expected earnings	16,134	7,227
Contributions made during the year ended December 31, 2019	41,084	-
	<u>\$ 58,770</u>	<u>\$ 36,768</u>

The deferred outflows of resources related to the contributions made during the year ended December 31, 2019 will be recognized in the actuarial valuation with a measurement date of January 1, 2020. The net of the other deferred outflows and deferred inflows of resources will be recognized as a reduction in OPEB expense as follows (in 000's):

Year	Amount
2020	\$ (2,717)
2021	(3,682)
2022	(4,444)
2023	(2,109)
2024	(4,585)
2025	(1,545)
Total	<u>\$ (19,082)</u>

OPEB expense was \$8.4 million for 2018, as calculated under the GASB Statement No. 75 guidance. With regulatory accounting, OPEB expense and the amount included in rates was \$53.2 million for 2018. The regulatory accounting OPEB expense is higher because it includes the amortization of costs related to prior periods, including a \$25.0 million catch-up rate collection for the net OPEB liability for past production-level services.

The following table summarizes the reported deferred outflows and deferred inflows of resources as of December 31, 2018 (in 000's):

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between actual and expected experience	\$ 2,291	\$ 25,957
Difference between actual and expected earnings	2,221	9,635
Contributions made during the year ended December 31, 2018	56,706	-
	<u>\$ 61,218</u>	<u>\$ 35,592</u>

The deferred outflows of resources related to the contributions made during the year ended December 31, 2018 were recognized in the actuarial valuation with a measurement date of January 1, 2019. The net of the other deferred outflows and deferred inflows of resources will be recognized as a reduction in OPEB expense as follows (in 000's):

<u>Year</u>	<u>Amount</u>
2019	\$ (5,112)
2020	(5,112)
2021	(6,078)
2022	(6,839)
2023	(4,505)
2024	(3,237)
2025	(197)
Total	<u>\$ (31,080)</u>

Additional information is available in the unaudited Required Supplementary Information section following the Notes to Financial Statements.

12. COMMITMENTS AND CONTINGENCIES:

A. Fuel Commitments –

The District has various coal supply contracts with minimum estimated future payments of \$197.0 million at December 31, 2019. These contracts expire at various times through the end of 2023. The coal transportation contract in place is sufficient to deliver coal to the generation facilities through and beyond the expiration date of the aforementioned contracts and is subject to price escalation adjustments.

The District has a contract for conversion services of uranium to uranium hexafluoride which is in effect through 2021, a contract for enrichment services through 2024, if needed, and a contract for fabrication services through January 18, 2034, if needed, the end of the current operating license of CNS. These commitments for nuclear fuel material and services have combined estimated future payments of \$194.0 million.

B. Power Purchase and Sales Agreements –

The District has entered into a participation power agreement (the “NC2 Agreement”) with OPPD to purchase 23.7% of the power of NC2, estimated to be 157 MW of the power from the 664 MW coal-fired power plant constructed by OPPD. The NC2 Agreement contains a step-up provision obligating the District to pay a share of the cost of any deficit in funds for operating expenses, debt service, other costs, and reserves related to NC2 in the event of a defaulting power purchaser. The District’s obligation pursuant to such step-up provision is limited to 160% of its original participation share. No such default has occurred to date.

The District has entered into a participation power sales agreement with Municipal Energy Agency of Nebraska (“MEAN”) for the sale to MEAN of the power and energy from GGS and CNS of 50 MW which began January 1, 2011 and continues through December 31, 2023.

The District has entered into power sales agreements with LES for the sale to LES of 8% of the net power and energy of GGS. In return, LES agrees to pay 8% of all costs attributable to GGS. This agreement is to terminate upon the later of the last maturity of the debt attributable to GGS or the date on which the District retires such station from commercial operation.

The District has wholesale power purchase commitments with the Western Area Power Administration through 2020 with annual minimum future payments of approximately \$27.5 million. These purchases are subject to rate changes.

The District owns and operates the 60 MW Ainsworth Wind Energy Facility and has 20-year participation power agreements to sell 28 MW to four other utilities. One of which, JEA, has given notice to terminate on December 31, 2019. In addition, the District has power purchase agreements with seven wind facilities having a total capacity of 435 MW. These agreements are for terms ranging from 20 to 25 years and require the District to purchase all the electric power output of these wind facilities. The District has entered into power sales agreements to sell 154 MW of this capacity to four other utilities in Nebraska over similar terms.

The District has entered into a power purchase agreement with Central for the purchase of the net power and energy produced by the Kingsley Project during its operating life. The Kingsley Project is a hydroelectric generating unit at the Kingsley Dam in Keith County, Nebraska with an accredited net capacity of 37 MW.

The District has entered into long-term PRO Agreements with 79 municipalities for the operation of certain retail electric distribution systems. Seventy-seven of these municipalities have renewed or enhanced their PRO Agreements with terms of 20 or 25 years expiring between 2038 and 2044. The remaining two PRO Agreements are being actively worked for renewal and expire in 2029 and 2031. These PRO Agreements obligate the District to make payments based on gross revenues from the municipalities and pay for normal property additions during the term of the agreement.

C. Wholesale Power Contracts –

The District serves its wholesale customers under total requirements contracts that require them to purchase total demand and energy requirements from the District, subject to certain exceptions. In 2016, the District entered into 20-year Wholesale Power Contracts (“2016 Contracts”) with 22 public power districts, one cooperative, and 37 municipalities. One public power district and 9 municipalities are served under the 2002 Contracts, which expire on December 31, 2021. In 2018, one of the District’s wholesale customers consolidated with another District wholesale customer.

The 2016 Contracts allow a wholesale customer to give notice to reduce its purchase of demand and energy requirements from the District based on a comparison of the District’s average annual wholesale power costs in a given year compared to power costs of U.S. utilities for such year listed in the National Rural Utilities Cooperative Finance Corporation Key Ratio Trend Analysis (Ratio 88) (the “CFC Data”). The CFC Data places a utility’s power costs in percentiles so that any given utility can compare its power costs on a percentile basis to the CFC published quartile information. The 2016 Contracts allow a wholesale customer to reduce its demand and energy purchases from the District if the District’s average annual wholesale power costs percentile level for a given year is higher than the 45th percentile level (the “Performance Standard Percentile”) of the power costs of U.S. utilities for such year as listed in the CFC Data. The 2016 Contracts would not allow any reductions in demand and energy purchases by a wholesale customer as long as the District’s average annual wholesale power costs percentile remained below the Performance Standard Percentile.

The following table lists the District’s wholesale power costs percentile for the calendar years 2013 to 2018 set forth in the CFC Data:

CFC Data	
Year	Percentile
2013	31.0%
2014	27.6%
2015	31.3%
2016	28.2%
2017	26.0%
2018	26.9%

The District has ten wholesale customers remaining on the 2002 Contracts. The 2002 Contracts allow a wholesale customer to reduce its purchases of demand and energy upon giving appropriate notice. Reductions could amount to as much as 90% of their demand and energy requirements under certain circumstances. All wholesale customers under the 2002 wholesale contracts are required to purchase at least 10% of their demand and energy from the District through December 31, 2021.

The District has received notices from all wholesale customers under the 2002 Contracts as to their intent to level off, reduce, or terminate the requirements for various amounts from 2017 through 2021. These wholesale customers represented 1.8% and 3.6% of operating revenues for 2019 and 2018, respectively. The District expects that no requirements of said wholesale customers will be served by the District in 2022, and such wholesale customers will purchase all of their electric requirements from other suppliers. The District expects to sell the energy not sold to such wholesale customers into the SPP Integrated Market and continues to explore additional firm requirement and/or fixed price agreements.

The 2016 wholesale rates resulted in a 0.6% increase for wholesale customers who signed the 2016 Contracts, and a 3.8% increase for those wholesale customers who remained under the 2002 Contracts. Customers under the 2002 Contracts will pay their share of previously incurred OPEB costs (or the catch-up amount) through rates prior to the expiration of their contracts in 2021. Customers under the 2016 Contracts received a discount for the deferral of OPEB collections, extending those collections into the new contract period and resulting in the lower net wholesale rate increase. The District financed with taxable debt the 2016 Contracts customers’ share of the OPEB catch-up amount for 2016, 2017 and 2018. The customers under the 2016 Contracts will commence payment of the related debt service beginning in 2022, the year after the expiration of the 2002 Contracts.

Eight of the ten wholesale customers who remained under the 2002 Contracts filed for binding arbitration in May 2016 claiming the 2016 wholesale rate violated the 2002 Contracts, was contrary to Nebraska’s rate statute and reflected bad faith toward those not signing the 2016 Contracts. These customers later added the OPEB component of the 2017 wholesale rate to their dispute. The arbitration panel ruled in favor of the District in April 2017. This case was appealed and argued before the Court in March 2018. The Court upheld the 2017 arbitration decision in June 2018. After the arbitration filing in May 2016, disputed revenue collections for OPEB were set aside in separate accounts until the Court decision. These disputed amounts were contributed to the OPEB Trust in 2018.

D. SPP Membership and Transmission Agreements –

The District is a member of SPP, a regional transmission organization based in Little Rock, Arkansas. Membership in SPP provides the District reliability coordination service, generation reserve sharing, regional tariff administration, including generation interconnection service, network, and point-to-point transmission service, and regional transmission expansion planning. On March 1, 2014, SPP commenced a Day-Ahead, Ancillary Services, and Real-Time Balancing Market Integrated Market. The Integrated Market also provides a financial market to hedge unplanned transmission congestion, or financial virtual products to hedge uncertainties, such as unplanned outages.

The District entered into a Transmission Facilities Construction Agreement effective June 15, 2009, with TransCanada Keystone Pipeline, LP (“Keystone”). This agreement addresses the transmission facilities, construction, cost allocation, payment, and applicable cost recovery for the interconnection and delivery facilities required for the interconnection of Keystone to the District’s transmission system. Cost of the project was \$8.4 million and repayment by Keystone, over a 10-year period, began in June 2010 with a remaining balance due the District of \$0.5 million and \$1.6 million as of December 31, 2019 and 2018, respectively.

The District and Heartland had previously entered into a Transmission Service Agreement (“Agreement”) with an expiration date for the related transmission services of December 31, 2030. The District and Heartland terminated the Agreement with respect to such services effective December 31, 2018. Heartland paid the District \$35.0 million in 2018 as a termination fee in full satisfaction of its obligations under the Agreement.

The District has received an SPP Notice to Construct the R-Project, which allows the cost of construction to be included in SPP annual revenue requirements. The R-Project consists of the construction of approximately 225 miles of 345 kV transmission line from GGS, north to a new substation in Holt County interconnected to an existing 345 kV line owned by Western. The R-Project will strengthen the reliability of the District’s transmission system, reduce transmission congestion, and allow for the integration of future renewable generation in an area of the state that lacks transmission access. The District’s current approved budget estimate for the cost of construction of the R-Project is \$417.3 million. The District awarded a contract for the construction of the R-Project in January 2019. The District is managing the authorized expenditures and work performed. The District spent approximately \$83.8 million through December 31, 2019, for design, construction mobilization and easement acquisitions. Major construction activities for the R-Project are expected to begin in 2020 with an anticipated in-service date approximately two years after construction begins.

E. *Cooper Nuclear Station* –

On November 29, 2010, the NRC formally issued a certificate to the District to commemorate the renewal of the operating license for CNS for an additional 20 years until January 18, 2034. CNS entered the 20-year period of extended operation on January 18, 2014.

In October 2003, the District entered into an agreement (the “Entergy Agreement”) for support services at CNS with Entergy Nuclear Nebraska, LLC (“Entergy”), a wholly owned indirect subsidiary of Entergy Corporation. In 2010, the Entergy Agreement was amended and extended by the parties until January 18, 2029, subject to either party’s right to terminate without cause by providing notice and paying a \$20.0 million termination charge. Subsequently, the parties amended the agreement in 2017 restricting the ability to terminate without cause for a five-year period ending December 2022. In exchange for the limitation to terminate without cause, the management fee schedule was decreased by 18% during the five-year period. The Entergy Agreement requires the District to reimburse Entergy’s cost of providing services, and to pay Entergy annual management fees. These annual management fees were \$16.1 million and \$15.2 million for 2019 and 2018, respectively. These fees will increase by an additional \$3.5 million and \$3.0 million in 2023 and 2024, respectively. Under the amended Entergy Agreement, Entergy can also earn additional annual incentive fees of up to \$4.0 million per year, with the exception of the years 2018-2022 where the amount is limited to \$3.5 million per year, if CNS achieves identified safety and regulatory performance targets. Entergy has achieved certain safety and regulatory performance targets during the term of the Entergy Agreement and has been eligible for at least a portion of this annual incentive fee.

Since the earthquake and tsunami of March 11, 2011, that impacted the Fukushima Dai-ichi Plants in Japan, the District, as well as the rest of the nuclear industry, has been working to first understand the events that damaged the reactors and associated fuel storage pools and then look to any changes that might be necessary at the United States nuclear plants.

On March 12, 2012, the NRC issued three orders to the U.S. nuclear industry as a result of the Fukushima Dai-ichi event in Japan. The first order requires all domestic nuclear plants to better protect supplemental safety equipment and obtain additional equipment as necessary to protect the reactor in the event of beyond design basis external events. The second order requires nuclear plant operators of boiling water reactors like CNS to modify reactor licenses with regard to reliable hardened containment wetwell vents. The third order requires nuclear plant operators to add reliable spent fuel pool water level instrumentation. CNS has completed all requirements of the three NRC orders.

The District's cost for plant modifications associated with the NRC's Fukushima Dai-ichi related orders was \$19.5 million, which was funded primarily from the revenues of the District and from the proceeds of General Revenue Bonds.

CNS substantially completed the construction of a dry cask used fuel storage project in December 2009 to support plant operations until 2034, which is the end of the operating license. The first loading campaign was completed in January 2011 and encompassed the loading of 488 used fuel assemblies from the CNS used fuel pool into eight dry used fuel storage casks for on-site storage. A second loading campaign, encompassing the loading of 610 used fuel assemblies into ten dry used fuel storage casks, began in April 2014 and was completed in June 2014. The third loading campaign, encompassing the loading of 732 used fuel assemblies into 12 dry used fuel storage casks, began in June 2017 and was completed in November 2017. The fourth loading campaign is expected in 2025.

As part of various disputed matters between GE and the District, GE has agreed to continue to store at the Morris Facility the spent nuclear fuel assemblies from the first two full core loadings at CNS at no additional cost to the District until the expiration of the current NRC license in May 2022 for the Morris Facility. After that date, storage would continue to be at no cost to the District as long as GE can maintain the NRC license for the Morris Facility on essentially the existing design and operating configuration.

As a result of the failure of the DOE to dispose of spent nuclear fuel from CNS as required by contract, the District commenced legal action against the DOE on March 2, 2001. The initial settlement agreement addressed future claims through 2013. On January 13, 2014, the District and the DOE agreed to extend the settlement agreement through 2016. On March 2, 2017, the District and the DOE agreed to extend the settlement agreement through 2019. Settlements from the DOE for damages totaled \$133.2 million for the years 2009 through 2019. The District also reserves the right to pursue future damages through the contract claims process. A corresponding regulatory liability for these DOE receipts was established in Other deferred inflows of resources. The District plans to use the funds to pay for costs related to CNS. The balance in the regulatory liability was \$72.0 million and \$75.4 million as of December 31, 2019 and 2018, respectively.

Under the terms of the DOE contracts, the District was also subject to a one mill per kilowatt-hour ("kWh") fee on all energy generated and sold by CNS, which was paid on a quarterly basis to DOE. The District includes a component in its wholesale and retail rates for the purpose of funding the costs associated with nuclear fuel disposal. While the District expects that the revenues developed therefrom will be sufficient to cover the District's responsibility for costs currently outlined in the Nuclear Waste Policy Act, the District can give no assurance that such revenues will be sufficient to cover all costs associated with the disposal of used nuclear fuel. On May 9, 2014, the DOE provided notice that they would adjust the spent fuel disposal fee to zero mills per kWh effective May 16, 2014. Correspondingly, no additional payments have been made to the DOE for fuel disposal since that date. The Board authorized the continued collection of this fee at the same rate. This approach ensures costs are recognized in the appropriate period with current customers receiving the benefits from CNS paying the appropriate costs. The expense for spent nuclear fuel disposal is recorded based on net electricity generated and sold and the regulatory liability will be eliminated when payments are made for spent nuclear fuel disposal.

Under the provisions of the Federal Price Anderson Act, the District and all other licensed nuclear power plant operators could each be assessed for claims in amounts up to \$137.6 million per unit owned in the event of any nuclear incident involving any licensed facility in the nation, with a maximum assessment of \$20.5 million per year per incident per unit owned.

The NRC evaluates nuclear plant performance as part of its reactor oversight process ("ROP"). The NRC has five performance categories included in the ROP Action Matrix Summary that is part of this process. As of December 31, 2019, CNS was in the Licensee Response Column, which is the first or best of the five NRC defined performance categories and has been in this column since the first quarter of 2012.

Refueling and maintenance outages are required to be performed at CNS approximately every two years. The most recent refueling and maintenance outage began on September 29, 2018 and was completed on November 17, 2018. During this outage, in addition to replacing 180 fuel assemblies and conducting routine maintenance, the

entire length of the emergency station startup transformer buss duct insulation was replaced, one of the reactor feed pump turbines was overhauled, and the reactor core isolation cooling governor controls were replaced.

Significant operations and maintenance expenses are incurred in an outage year. The Board has authorized the collection of these costs over a multi-year period to levelize revenue requirements for expenses and help ensure the customers receiving the benefits from CNS are paying the costs. The regulatory liability for the pre-collection of outage costs was \$21.0 million as of December 31, 2019 and will be eliminated through revenue recognition during the 2020 outage year.

A Notice of Unusual Event (“NOUE”) was issued at CNS due to rising water levels in the Missouri River on March 15, 2019. The NOUE was exited on March 24, 2019, when the water levels had receded. CNS operations were not impacted. Additional information is included in G.

F. Environmental – Water

The Federal Clean Water Act contains requirements with respect to effluent limitations relating to the discharge of any pollutant and to the environmental impact of cooling water intake structures. The NDEE establishes the requirements for the District’s compliance with the Clean Water Act through issuance of National Pollutant Discharge Elimination System permits. NDEE issued the District permits for the following facilities: GGS, Sheldon, CNS, Beatrice Power Station, Canaday Station, Kearney Hydro and the North Platte Office Building. The District anticipates some level of fish protection equipment technology installation, both for impingement and entrainment, may be necessary for CNS and only for impingement at GGS. Until the final compliance options are determined, the District does not know the financial impact of this regulation.

On January 2, 2016, the final Steam Electric Power Plant Effluent Guidelines rule (the “Effluent Rule”) became effective. The Effluent Rule revises the technology-based effluent limitation guidelines and standards that would strengthen the existing controls on discharges from steam electric power plants and sets the first federal limits on the levels of toxic metals in wastewater that can be discharged from power plants, based on technology improvements in the steam electric power industry over the last three decades. Generally, the Effluent Rule establishes new or additional requirements for wastewater streams from the following processes and byproducts associated with steam electric power generation: flue gas desulfurization, fly ash, bottom ash, flue gas mercury control, and gasification of fuels such as coal and petroleum coke. While the District facilities subject to the Effluent Rule are CNS, GGS, Sheldon and Canaday Station, the Effluent Rule only has an impact on Sheldon. Sheldon will be required to be a zero discharge facility for bottom ash transport water by December 31, 2023. The District is currently analyzing the options for compliance, which is estimated to cost \$2.6 million. EPA has listed this rule as one they will consider for regulatory reform and the requirements may be subject to change.

Acid Rain Program

The Clean Air Act Amendments Title IV established a regulatory program, known as the Acid Rain Program, to address the effects of acid rain and impose restrictions on sulfur dioxide (“SO₂”) and nitrogen oxides (“NO_x”) emissions. Acid Rain Permits have been issued for the following facilities: GGS, Sheldon, Canaday Station and Beatrice Power Station. The Acid Rain Permits allow for the discharge of SO₂ at each facility pursuant to an allowance system. Based on current generation projections through 2025, the District expects to have sufficient Acid Rain allowances to cover affected facilities through 2025, but may be required to purchase additional allowances in the future.

Mercury and Air Toxic Standards

On February 16, 2012, the EPA issued a final rule intended to reduce emissions of toxic air pollutants from power plants. Specifically, the Mercury and Air Toxics Standards (“MATS”) Rule will require reductions in emissions from new and existing coal- and oil-fired steam utility electric generating units of toxic air pollutants. The affected District facilities, which are GGS and Sheldon, are in compliance with the MATS Rule.

Cross-State Air Pollution Rule

The EPA issued a rule in 2012 which is referred to as the Cross-State Air Pollution Rule (“CSAPR”) that would require significant reductions in SO₂ and NO_x emissions in a number of states, including Nebraska. CSAPR compliance periods went into effect on January 1, 2015. Based on the current CSAPR allocation methodology and

current generation projections through 2025, the District expects to have sufficient CSAPR allowances to cover affected facilities emission requirements through 2025, but may be required to purchase additional allowances in the future.

Regional Haze

The EPA issued final regulations for a Regional Haze Program in June 1999. The purpose of the regulations is to improve visibility in the form of reducing regional haze in 156 national parks and wilderness areas across the country. Haze is formed, in part, from emissions of SO₂ and NO_x. For phase one of the Regional Haze rule the Best Available Retrofit Technology (“BART”) Report was submitted to the NDEE in August 2007 and a revised report was submitted in February 2008. The BART Report proposed that the Best Available Retrofit Technology to meet regional haze requirements at GGS would be low NO_x burners on Units No. 1 and No. 2 and no additional controls for SO₂. Low NO_x burners have now been installed on both units at GGS. The NDEE State Implementation Plan (“SIP”) agreed with the BART Report. The NDEE submitted the SIP to the EPA for approval on June 30, 2011.

On May 30, 2012, the EPA issued a rule pertaining to the Regional Haze Program that would approve the trading program in CSAPR as an alternative to determining BART for power plants. As a result, states in the CSAPR region may substitute the trading program in CSAPR for source-specific BART for SO₂ and/or NO_x emissions as specified by CSAPR.

On July 6, 2012, the EPA issued the final rule on the Nebraska Regional Haze SIP. The final rule approved the GGS NO_x portion of the SIP but disapproved the SO₂ portion of the SIP for GGS. The EPA issued a Federal Implementation Plan (“FIP”) for GGS which stated that BART for SO₂ control at GGS is compliance with CSAPR. The District is currently in compliance with all requirements of phase one of the Regional Haze rule.

On January 10, 2017, the EPA issued final changes to the Regional Haze regulations for the second planning phase of the Regional Haze Rule. The District is evaluating the changes but will not know the full impact to the District until the State and the EPA begin implementing the second phase of the Regional Haze rule. The State is required to submit their SIP for the second phase of the Regional Haze rule by July 31, 2021.

Clean Air Act Compliance (New Source Review)

As part of EPA’s nationwide investigation and enforcement program for coal-fired power plants’ compliance with the Clean Air Act including New Source Review requirements, on December 4, 2002, the Region 7 office of the EPA began an investigation to determine the Clean Air Act compliance status of GGS and Sheldon. The District timely responded to EPA’s requests for information. By letter dated December 8, 2008, EPA Region 7 sent a Notice of Violation (“NOV”) to the District which alleges that the District violated the Clean Air Act by undertaking five projects at GGS from 1991 through 2001 without obtaining the necessary permits. In February and August 2009, District representatives met with federal government representatives to discuss the NOV and no additional meetings have been scheduled. In general, enforcement action by EPA against the District for alleged noncompliance with Clean Air Act requirements, if upheld after court review, can result in the requirement to install expensive air pollution control equipment that is the BART and the imposition of monetary penalties ranging from \$25,000 to \$32,500 per day for each violation. The District cannot determine at this time whether it will have any future financial obligation with respect to the NOV.

On July 22, 2016, EPA Region 7 sent a new 114(a) request for documents and information regarding the compliance status of GGS. On December 27, 2016, EPA Region 7 sent a 114(a) follow-up request for additional information on certain projects that were identified in the July 22, 2016, 114(a) request. The EPA is reviewing whether there have been physical or operational changes since November 8, 2007 which resulted in, or could result in, increased emissions including projects underway or planned for the next two years. The District gathered documents and information and provided it to the EPA. Failure to comply with the Clean Air Act can result in fines as described above and/or requirements to install additional emission control equipment. The District believes GGS has been operated and maintained in compliance with the requirements of the Clean Air Act.

Clean Power Plan

On October 23, 2015, the EPA published the final Clean Power Plan (“CPP”) rule addressing carbon dioxide reductions from existing fossil-fueled power plants. The final rule gave states significant responsibility for determining how to achieve the reduction targets through the development of a State Plan. Each state was given a

reduction target to be achieved by 2030, with interim reductions required between 2022 and 2029. The Nebraska reduction target for 2030 was 40% below 2012 emissions. On February 9, 2016, the U.S. Supreme Court issued a stay for the CPP until all legal challenges have been decided. The D.C. Circuit Court of Appeals (“Appeals Court”) heard oral arguments on September 27, 2016 and a decision was expected in early 2017. Prior to the Appeals Court issuing a decision, the EPA asked the Appeals Court to hold the legal process in abeyance while the EPA worked to repeal and replace the CPP.

On August 31, 2018, the EPA issued the proposed CPP replacement rule now called the Affordable Clean Energy (“ACE”) rule. Under Section 111(d) of the Clean Air Act the EPA must determine the Best System of Emissions Reduction (“BSER”) for CO₂ at individual fossil-fuel fired steam generating units. The proposed ACE rule makes the determination that BSER for CO₂ at individual fossil-fuel fired steam generating units to be heat rate improvement (“HRI”) projects. The EPA is also proposing to update the New Source Review process. On July 8, 2019, the EPA finalized the ACE rule and officially repealed the CPP. The ACE rule requires the District to evaluate the feasibility of installing six separate HRI projects at its coal fired facilities. The evaluation includes the potential cost to install and the projected efficiency improvement. The State will review the information and make the determination if any of the HRI projects will be required to be installed. The State will also then set a CO₂ emission rate limit for each coal fired unit. The final rule requires the states to submit a State Plan by July 8, 2022. The District is currently reviewing the final rule, evaluating the potential HRI projects and is working with the State and other utilities to develop the State Plan. It is not possible to determine the potential impact of the final rule until NDEE develops the State Plan. On September 17, 2019, the D.C. Circuit Court dismissed all legal challenges to the CPP as moot due to EPA repealing the CPP and replacing it with the ACE rule.

Endangered Species Act –

The District applied to the U.S. Fish and Wildlife Service (“USFWS”) under Section 10 of the Endangered Species Act (“ESA”) for an Incidental Take Permit (“ITP”) for the American burying beetle (“Beetle”), which is an endangered species. Issuance of an ITP is contingent upon USFWS acceptance of a Habitat Conservation Plan (“HCP”) developed by the District to avoid, minimize and mitigate impacts on the Beetle. On February 8, 2019, the USFWS issued a Final Environmental Impact Statement (“FEIS”) regarding the R-Project HCP to assess impacts on the environment. The FEIS describes the R-Project, certain alternatives, environmental impacts, cumulative impacts, comparison of alternatives and compliance and other environmental laws. On June 12, 2019, the USFWS issued its Record of Decision and the ITP. An escrow agreement was executed with USFWS to serve as financial assurance for the District’s restoration obligations with respect to the R-Project.

In a letter dated September 18, 2018, the District received notice from two landowners alleging violations of the ESA. The letter claims certain preparatory actions by the District, including exploring certain land rights and acquiring easements for the R-Project right-of-way prior to receiving the ITP, violate the ESA. The center for Biological Diversity submitted a comment letter to the District on September 19, 2018, in support of the allegations contained in the landowners’ notice letter. The District does not believe its actions constitute such a violation. The District is unable to predict whether the parties sending the notice letter will commence legal action.

Impact from Changes to Environmental Regulatory Requirements –

Any changes in the environmental regulatory requirements imposed by federal or state law which are applicable to the District’s generating stations could result in increased capital and operating costs being incurred by the District. The District is unable to predict whether any changes will be made to current environmental regulatory requirements, if such changes will be applicable to the District and the costs thereof to the District.

G. Impact on Operations and Damages from Adverse Weather Conditions and Sale of Water Rights

In mid-March 2019, multiple river basins in northern and eastern Nebraska, as well as river basins in the surrounding region, experienced unprecedented weather conditions as a result of exiting snowpack, blizzard conditions, frozen ground, significant rainfall and ice conditions on and around numerous rivers and their tributaries. The District sustained significant damage at the Spencer Hydro Facility, a small hydro plant on the Niobrara River in northern Nebraska accredited at 1.28 MW, which produced 10,509 MWh in 2018. The Spencer Hydro Facility, including the hydro plant and the concrete and earthen dam structures (collectively, the “Spencer Hydro Facility”) was damaged. An individual living below the dam has been missing and declared dead. The District also experienced damages to transmission and substation facilities. Certain distribution facilities were also damaged, and a small number of customers lost service for an extended period due to protracted flood conditions in low-lying areas. CNS declared

a Notice of Unusual Event for several days due to flooding conditions along the Missouri River, but operated continuously during the period. Restoration costs for all facilities, except the Spencer Hydro Facility, is expected to be approximately \$7.5 million.

The District has been working with the Federal Emergency Management Agency (“FEMA”) to make appropriate claims for reimbursement for a portion of the storm-related costs. The District estimates that approximately 60-70 percent of the costs from the March 2019 weather events may be reimbursed by FEMA. FEMA is requiring a detailed study on the cost of rebuilding and the cost of removing the Spencer Hydro Facility, which the District is pursuing through an engineering firm. The Spencer Hydro Facility is regulated by the Nebraska Department of Natural Resources (“NDNR”) which has requested an independent investigation of the events at the Spencer Hydro Facility through the Association of State Dam Safety Officials. The report associated with the investigation is expected to be released during the second quarter of 2020. The District expects to eventually remove the Spencer Hydro Facility which will require approval from the NDNR with potential input from other state and federal agencies.

A lawsuit was filed against the District relating to the death of the individual who lived below the dam during these adverse weather conditions. The lawsuit also includes claims for damages related to real and personal property that was owned by the deceased. At this time, it is not possible to predict the outcome of such lawsuit or any other claims that may arise. It is possible that the cost of such lawsuit or potential other claims and the cost of removing the Spencer Hydro Facility could be significant. The District maintains property and liability insurance and has notified its carriers of the events at the Spencer Hydro Facility.

Prior to this incident, a contract was signed for the sale of the District’s Spencer Hydro Facility, including dam, structures, land, water appropriations, and perpetual easements for the reservoir, to the Niobrara River Basin Alliance (Five Natural Resource Districts) and the Nebraska Game and Parks Commission. Due to the damages sustained to the facility and related structures, the contract for sale has been amended by the parties to provide for only the sale of the water rights associated with the Spencer Hydro Facility.

13. LITIGATION:

On January 1, 2016, Tri-State Generation and Transmission Association, Inc. (“Tri-State”) became a transmission member of SPP and its transmission facilities in western Nebraska, and the corresponding annual transmission revenue requirements were placed under the SPP tariff. SPP filed at Federal Energy Regulatory Commission (“FERC”) to place the Tri-State transmission facilities in the District’s pricing zone rather than establish a new pricing zone for Tri-State. The District protested the filing at FERC, because it results in approximately a \$4.3 million per year, or 8%, cost shift increase to the transmission customers in the District’s pricing zone. As a result of the District’s protest, FERC set the matter for hearing before an administrative law judge and the District and other parties submitted briefs and testimony on the proper pricing zone and whether SPP’s decision is discriminatory and an unjust and unreasonable cost shift to the District. On February 23, 2017, the administrative law judge issued an initial decision upholding the SPP pricing zone placement and made recommended conclusions to FERC. On May 17, 2018, FERC entered an order affirming the administrative law judge’s initial decision. On June 18, 2018, the District filed a request for rehearing of that order. FERC’s Order of January 17, 2019, denied that request for rehearing. On March 15, 2019, the District filed a petition for review of the January 17, 2019 Order with the United States Eighth Circuit Court of Appeals (“Eighth Circuit Court”). Oral argument before a three-judge panel of the Eighth Circuit Court was held on January 15, 2020.

In 2017, the Nebraska Department of Revenue (“NDOR”) conducted a sales and use tax audit on the District’s records for the audit period of June 1, 2014 through May 31, 2017. NDOR issued a Notice of Deficiency Determination (“Determination”) to the District for approximately \$6.5 million, including interest and penalties of over \$1.0 million, on January 30, 2018. Beyond the minor sales and use tax corrections contained in a normal audit Determination, the NDOR assessed almost \$5.5 million of tax on the payments to municipalities under PRO Agreements. The District disagreed with the NDOR’s assessment and filed a Petition for Redetermination to formally challenge the Determination on March 29, 2018. State legislation was passed in 2019 that clearly exempted these payments from sales and use tax, but the Petition for Redetermination has not yet been addressed by NDOR.

On July 5, 2019, two nonprofit organizations and two other petitioners (“Petitioners”) filed a petition for review in Colorado federal district court (“District Court”) against three USFWS and Department of the Interior officials (“Federal Respondents”). The lawsuit seeks review of the USFWS decisions to approve the habitat conservation plan and issue the ITP to the District, alleging claims under the ESA, National Environmental Policy Act, and National Historic Preservation Act. The District moved to intervene to defend the permit issuance and USFWS decisions, which was granted on September 19, 2019. Petitioners asked the District Court to vacate and remand the USFWS decisions and seek to enjoin USFWS from issuing an ITP pending compliance with the statute that Petitioners allege were not followed.

Subsequent to filing the lawsuit, Petitioners stipulated with the Federal Respondents and the District that Petitioners would not seek a preliminary injunction prior to the District Court’s initial decision on the merits or until March 31, 2020 (whichever occurs first). In exchange, the District deferred all R-Project major construction-related activities until March 31, 2020. On March 27, 2020, both parties agreed to extend the date to April 30, 2020. Petitioners and the District agreed to a number of right-of-way acquisition, route staking, clearing, substation work at GGS, Thedford, and Holt County substation sites, and other activities that the District may pursue during the pendency of the District Court litigation. Briefs have been filed and the District is awaiting a determination by the District Court.

Information on litigation related to the adverse weather conditions in March 2019 is included in Note 12.G.

A number of claims and suits are pending against the District for alleged damages to persons and property and for other alleged liabilities arising out of matters usually incidental to the operation of a utility, such as the District. In the opinion of management, based upon the advice of its General Counsel, the aggregate amounts recoverable from the District, considering estimated amounts provided in the financial statements and insurance coverage, are not material.

14. SUBSEQUENT EVENTS:

Impact of COVID-19 Coronavirus Pandemic

President Donald Trump declared the COVID-19 coronavirus pandemic a national emergency on March 13, 2020. Prior to this declaration, the District’s Executive Response Team and Infectious Disease Project Team were activated to lead the execution of activities identified in the Infectious Disease Plan to minimize risks of service disruption, the spreading of the illness, and adverse impacts to customers, employees and District property and operations. This Plan identifies essential functions which must continue during the pandemic. Among the essential functions are actions related to the continuation of generation, transmission and distribution operations and certain financial support activities including customer billing, processing of customer payments, procurement activities and disbursements of funds. The continuation of these financial support activities will ensure compliance with debt agreement representations and covenants including the timely payment of debt service obligations during this pandemic period. This Plan also includes actions to ensure report filings are timely made, including communications with bond counsel to validate required filings and other required communications. A process was also put in place to communicate with wholesale and retail customers to provide support and ensure continuation of service as well as to monitor any adverse impact on energy sales due to the economic disruption caused by this pandemic.

SUPPLEMENTAL SCHEDULES (UNAUDITED)

Calculation of Debt Service Ratios in accordance with the General Revenue Bond Resolution for the years ended December 31, (in 000's)

	2019	2018
Operating revenues	\$ 1,074,475	\$ 1,144,858
Operating expenses	(974,102)	(1,025,185)
Operating income	100,373	119,673
Investment and other income	47,050	26,896
Debt and related expenses	(58,239)	(63,861)
Increase in net position	89,184	82,708
Add:		
Debt and related expenses ⁽¹⁾	58,239	63,861
Depreciation and amortization ⁽²⁾	124,972	133,057
Payments to retail communities ⁽³⁾	27,983	27,745
Amortization of current portion of financed nuclear fuel ⁽⁴⁾	38,959	35,102
Amounts collected from third party financing arrangements ⁽⁵⁾	1,036	986
	<u>251,189</u>	<u>260,751</u>
Deduct:		
Investment income retained in construction funds ⁽⁶⁾	603	632
Unrealized gain (loss) on investment securities	4,048	204
	<u>4,651</u>	<u>836</u>
Net revenues available for debt service under the General System Bond Resolution ...	<u>\$ 335,722</u>	<u>\$ 342,623</u>
Amounts deposited in the General System Debt Service Account:		
Principal	\$ 90,085	\$ 98,590
Interest	63,910	69,841
	<u>\$ 153,995</u>	<u>\$ 168,431</u>
Ratio of net revenues available for debt service to debt service deposits	<u>2.18</u>	<u>2.03</u>

- (1) Debt and related expenses, exclusive of interest on customer deposits, is not an operating expense as defined in the General Resolution.
- (2) Depreciation and amortization are not operating expenses as defined in the General Resolution.
- (3) Under the provisions of the General Resolution, the payments required to be made by the District with respect to the PRO Agreements are to be made on the same basis as subordinated debt.;
- (4) General Revenue Bond financed nuclear fuel is not an operating expense as defined in the General Resolution. As of July 31, 2015, the effective date of the TRCA, amortization of nuclear fuel expense under the TRCA is excluded from the debt service calculation as the District's obligation to make payments under the TRCA is subordinate to the District's obligation to pay debt service on General Revenue Bonds.
- (5) The payments received by the District from third party financing arrangements are included as Revenues under the General Resolution but are not recognized as revenue under GAAP.
- (6) Interest income on investments held in construction funds is not Revenue as defined in the General Resolution.

Schedule of Changes in the Net OPEB Liability and Related Ratios using a January 1 Measurement Date (in 000's)

Total OPEB Liability	2019	2018	2017	2016
Service Cost	\$ 2,771	\$ 2,760	\$ 3,322	\$ 3,229
Interest	19,661	20,032	20,658	19,876
Differences between Expected and Actual Experiences ...	(8,686)	(19,570)	(203)	13,657
Changes of Assumptions	(751)	5,585	(18,807)	(9,149)
Benefit Payments, net of employee contributions	(14,060)	(15,414)	(13,459)	(16,902)
Net Change in Total OPEB Liability	(1,065)	(6,607)	(8,489)	10,711
Total OPEB Liability (beginning)	318,737	325,344	333,833	323,122
Total OPEB Liability (ending) (a)	\$ 317,672	\$ 318,737	\$ 325,344	\$ 333,833
Plan Fiduciary Net Position				
Contributions	\$ 56,706	\$ 28,439	\$ 74,711	\$ 28,242
Net Investment Income	(6,892)	21,350	6,102	(453)
Benefit Payments, net of employee contributions	(14,060)	(15,414)	(13,459)	(16,902)
Administrative Expense	(130)	(70)	(69)	(150)
Net Change in Plan Fiduciary Net Position	35,624	34,305	67,285	10,737
Plan Fiduciary Net Position (Beginning)	176,814	142,509	75,224	64,487
Plan Fiduciary Net Position (Ending) (b)	\$ 212,438	\$ 176,814	\$ 142,509	\$ 75,224
Net OPEB Liability (Ending) (a) - (b)	\$ 105,234	\$ 141,923	\$ 182,835	\$ 258,609
Net Position as a % of Total OPEB Liability	66.9%	55.5%	43.8%	22.5%

GASB Statement No. 75, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was implemented by the District in 2016. The provisions of this Statement were not applied to prior periods, as it was not practical to do so as the information was not readily available. The OPEB schedules are intended to show information for ten years. Additional years will be displayed when available.

Schedule of OPEB Contributions for Years Ended December 31, (in 000's)

	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 12,967	\$ 18,572	\$ 21,006	\$ 28,283
Contributions Made in Relation to the Actuarially Determined Contribution ..	41,084	56,706	28,439	74,712
Contribution Deficiency (Excess)	<u>\$(28,117)</u>	<u>\$(38,134)</u>	<u>\$ (7,433)</u>	<u>\$(46,429)</u>

Notes to Schedule:

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 for 2019 –

Actuarial cost method	Entry Age Normal
Amortization method	Level amortization of the unfunded accrued liability
Amortization period	14-year closed period
Asset valuation method	5-year smoothed market
Healthcare cost trend rates	Pre-Medicare: 7.4% initial, ultimate 4.5%
	Post-Medicare: 8.2% initial, ultimate 4.5%
	Included impact of the excise tax (not repealed until 12/2019)
Inflation	2.3%
Salary increases	4.0%
Investment rate of return	6.25%, net of investment expense, including inflation
Discount rate	6.25%, based on expected long-term return on assets used to finance the payment of plan benefits
Mortality	Pub-2010 "General" table with generational projection using Scale MP-2018
Retirement and withdrawal rates	Varies by age
Spousal benefits	80% of males and 60% of females are assumed to have spouses who will elect coverage. Males are assumed to be two years older than their spouses. Females are assumed to be two years younger.
Participation rate	95.0%

Methods and assumptions used for 2018 –

Actuarial cost method	Entry Age Normal
Amortization method	Level amortization of the unfunded accrued liability
Amortization period	15-year closed period
Asset valuation method	5-year smoothed market
Healthcare cost trend rates	Pre-Medicare: 7.7% initial, ultimate 4.5%
	Post-Medicare: 8.7% initial, ultimate 4.5%
Inflation	2.3%
Salary increases	4.0%
Investment rate of return	6.25%, net of investment expense, including inflation
Discount rate	6.25%, based on expected long-term return on assets used to finance the payment of plan benefits
Mortality	RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2017 with generational projection
Retirement and withdrawal rates	Varies by age
Spousal benefits	80% of males and 30% of females are assumed to have spouses who will elect coverage. Males are assumed to be three years older than their spouses. Females are assumed to be three years younger.
Participation rate	100.0%

Methods and assumptions used for 2017 –

Actuarial cost method	Entry Age Normal
Amortization method	Level amortization of the unfunded accrued liability
Amortization period	16-year closed period
Asset valuation method	5-year smoothed market
Healthcare cost trend rates	Pre-Medicare: 7.3% initial, ultimate 4.5% Post-Medicare: 9.1% initial, ultimate 4.5%
Inflation	2.1%
Salary increases	4.0%
Investment rate of return	6.25%, net of investment expense, including inflation
Discount rate	6.25%, based on expected long-term return on assets used to finance the payment of plan benefits
Mortality	RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2016 with generational projection
Retirement and withdrawal rates	Varies by age
Spousal benefits	80% of males and 30% of females are assumed to have spouses who will elect coverage. Males are assumed to be three years older than their spouses. Females are assumed to be three years younger.
Participation rate	100.0%

Methods and assumptions used for 2016 –

Actuarial cost method	Entry Age Normal
Amortization method	Level amortization of the unfunded accrued liability
Amortization period	17-year closed period
Asset valuation method	5-year smoothed market
Healthcare cost trend rates	Pre-Medicare: 8% initial, ultimate 5% Post-Medicare: 6.75% initial, ultimate 5%
Inflation	2.1%
Salary increases	4.0%
Investment rate of return	6.25%, net of investment expense, including inflation
Discount rate	6.25%, based on expected long-term return on assets used to finance the payment of plan benefits
Mortality	RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2015 with generational projection
Retirement and withdrawal rates	Varies by age
Spousal benefits	80% of males and 30% of females are assumed to have spouses who will elect coverage. Males are assumed to be three years older than their spouses. Females are assumed to be three years younger.
Participation rate	100.0%

Schedule of Investment Returns for Years Ended December 31,

	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expense	18.9%	(3.6)%	14.2%	5.8%

GASB Statement No. 75, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was implemented by the District in 2016. The provisions of this Statement were not applied to prior periods, as it was not practical to do so as the information was not readily available. The OPEB schedules are intended to show information for ten years. Additional years will be displayed when available.

APPENDIX B

DESCRIPTION OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

This Appendix includes a general summary of certain provisions of the General Resolution. The summary is not to be considered a full statement of the terms of the General Resolution, and, accordingly, is qualified by reference to the General Resolution and is subject to the full text thereof. Copies of the General Resolution may be obtained from the District upon request. The section references shown in parentheses are to particular sections of the General Resolution.

Definitions

The following are definitions in summary form of certain terms used in the General Resolution.

“Accreted Value” shall mean with respect to any Capital Appreciation Bond, (i) as of any Valuation Date, the amount set forth for such Date in the Supplemental Resolution authorizing such Capital Appreciation Bonds and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, and (2) the difference between the Accreted Values for such Valuation Dates.

“Accrued Aggregate Debt Service” shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Bonds, calculating the accrued Debt Service with respect to each series as an amount equal to the sum of (i) interest on the Bonds of such series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installment for such series next due which would have been accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month. For purposes of this definition, (i) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of the Deferred Income Bonds becoming due at maturity or by virtue of a sinking fund installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments in the same manner as is provided in the General Resolution under the definition of Debt Service; and (ii) the Principal Installments, interest, and other charges with respect to Reimbursement Obligations, Credit Obligations, and Financial Contracts, to the extent such Reimbursement Obligations, Credit Obligations, and Financial Contracts are payable from the Debt Service Fund, shall be deemed Debt Service to the extent the same are accrued (calculating the accrued Principal Installments of such Reimbursement Obligations, Credit Obligations, and Financial Contracts in the same manner as provided in the definition of Debt Service) and unpaid to the end of such calendar month pursuant to the terms of the Reimbursement Obligations, Credit Obligations, and the Financial Contracts. For purposes of this definition, the Principal Installments, interest, and other charges with respect to Reimbursement Obligations shall not be included in the definition of Aggregate Debt Service if the result of such inclusion for any period would be the duplication of the amount of the principal and interest on the Bonds and the amount due on such Reimbursement Obligations.

“Aggregate Debt Service” for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all series of Bonds; provided, however, that for purposes of estimating Aggregate Debt Service for any future period, any Option Bonds Outstanding during such period shall be assumed to mature on the stated maturity thereof.

“Aggregate Debt Service Reserve Fund Requirement” shall mean the sum of the Primary Debt Service Reserve Fund Requirement and the Secondary Debt Service Reserve Fund Requirement, if any.

“Appreciated Value” shall mean with respect to any Deferred Income Bond prior to the Interest Commencement Date, (i) as of any Valuation Date, the Appreciated Value of any Deferred Income Bond set forth for such Date in the Supplemental Resolution authorizing such Deferred Income Bonds and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, and (2) the difference between the Appreciated Values for such Valuation Dates.

“Bond” or *“Bonds”* shall mean any bonds, notes, or other evidences of indebtedness (other than Subordinated Debt), as the case may be, issued pursuant to the General Resolution, including Reimbursement Obligations, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the General Resolution.

“*Business Day*” shall mean, except as otherwise provided in a Supplemental Resolution with respect to a series of Bonds, any day other than a Saturday, Sunday, or legal holiday in the State, or a day on which either the Trustee or the District is legally authorized to close.

“*Capital Appreciation Bonds*” shall mean any Bonds hereafter issued as to which interest is payable only at the maturity or prior redemption of such Bonds. For the purposes of (i) receiving payment of the Redemption Price, if any, of a Capital Appreciation Bond that is redeemed prior to maturity, or (ii) computing the principal amount of Bonds held by the Owner of a Capital Appreciation Bond in giving any notice, consent, request, or demand pursuant to the General Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

“*Credit Enhancement*” shall mean the issuance or execution of an insurance policy, letter of credit, surety bond, standby bond purchase agreement, liquidity facility, guarantee, or any other similar obligation, which provides security or liquidity with respect to the principal of and interest on indebtedness of the District.

“*Credit Enhancer*” shall mean any person or entity which, pursuant to a Supplemental Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement.

“*Credit Obligation*” shall mean any obligation of the District under a contract, lease, installment sales agreement, or other instrument, to make payments for property, services, or commodities, including capacity and energy or transmission capacity, whether or not the same are made available, furnished, or received, or any other obligation of the District under which the District lends credit to or guarantees debts, claims, or other obligations of any other person for the purpose of obtaining property, services, or commodities, including capacity and energy or transmission capacity.

“*Debt Service*” for any period shall mean, as of any date of calculation and with respect to any series of Bonds Outstanding, an amount equal to the sum of (i) the interest accruing during such period on such series of Bonds, except to the extent that such interest is to be paid from deposits made from Bond proceeds into the Debt Service Fund and (ii) that portion of each Principal Installment for such series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such series or, if there shall be no such preceding Principal Installment due date, from a date one year (or such lesser period as shall be appropriate if Principal Installments shall become due more frequently than annually) preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such series, whichever date is later. Such interest and Principal Installments for such Series shall be calculated on the assumption that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof and the principal amount of Option Bonds tendered for payment and not remarketed before the stated maturity thereof shall be deemed to accrue on the date required to be paid pursuant to such tender in the manner and only to the extent required by the Supplemental Resolution authorizing such Option Bonds and the principal amount of Option Bonds to be refinanced shall be deemed to accrue at least 35 days prior to the maturity date of such Bonds. For purposes of this definition, the principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of Deferred Income Bonds becoming due at maturity or by virtue of a sinking fund installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under this definition only from and after the date (the “Calculation Date”) which is one (1) year (or such lesser period if so provided in the Supplemental Resolution authorizing a particular series of Bonds) prior to the date on which such Accreted Value or Appreciated Value becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such date.

“*Defeasance Securities*” shall mean and include, (i) direct obligations of the United States of America, (ii) certificates that evidence direct ownership of the right to payments of principal or interest on direct obligations of the United States of America, provided that such obligations shall be held in trust on behalf of the owner of such certificates by a bank or trust company or a national banking association meeting the requirements for a successor Trustee under the General Resolution, (iii) obligations the principal of and interest on which are unconditionally guaranteed by United States of America, (iv) any obligations of any state or any political subdivision of a state (“Municipal Obligation”) which Municipal Obligations are fully secured as to principal and interest by an irrevocable pledge of monies or direct and general obligations of the United States of America or obligations guaranteed by the United States of America, and which Municipal Obligations are rated in the highest rating category by at least two nationally recognized rating agencies, (v) certificates of deposit, whether negotiable or non-negotiable, of any of the 25 largest banks (measured by aggregate capital surplus) in the United States, and (vi) any other security designated in a Supplemental Resolution as a Defeasance Security for purposes of defeasing Bonds issued on and after the date of adoption of such Supplemental Resolution. Defeasance Securities in any case shall not be subject to prepayment or redemption prior to their maturity other than at the option of the Owner thereof

or as to which an irrevocable notice of redemption of such Defeasance Securities on a specified redemption date has been given and such Defeasance Securities shall not otherwise be subject to redemption prior to such specified date other than at the option of the Owner thereof.

“*Deferred Income Bonds*” shall mean any Bonds hereafter issued as to which accruing interest is not paid prior to the Interest Commencement Date specified in the Supplemental Resolution authorizing such Bonds and the Appreciated Value for such Bonds is compounded on the Valuation Date for such series of Deferred Income Bonds.

“*Estimated Interest Rate*” shall mean, as of any date of calculation, as to any particular Variable Interest Rate Bonds, an assumed, fixed rate of interest equal to the greater of (a) that rate, as estimated by the District, on the date of adoption of the Supplemental Resolution authorizing the issuance of such Variable Interest Rate Bonds (or the date of sale of such Variable Interest Rate Bonds if such sale date is not the date of adoption of such Supplemental Resolution), which such Variable Interest Rate Bonds would have had to bear to be marketed at par on such date as fixed rate obligations with the same maturity schedule as such Variable Interest Rate Bonds, or (b) the then current Variable Interest Rate borne by such Variable Interest Rate Bonds.

“*Financial Contract*” shall mean (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, or futures contract, (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, stock, or other indices, (iii) any contract to exchange cash flows or payments or a series of payments, (iv) any type of contract, including, without limitation, interest rate floors or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, fuel supply, energy, commodities, or any other financial risk, and (v) any other type of contract or arrangement which the District determines is to be used, or is intended, to manage or reduce the cost of debt, to convert any element of debt from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial or investment risk or uncertainty.

“*Fiscal Year*” shall mean the then current annual accounting period of the District for its general accounting purposes which period, at the time of the adoption of the General Resolution, is the twelve (12) month period commencing on January 1 of each year and ending on the next succeeding December 31.

“*General Resolution*” shall mean the General Revenue Bond Resolution, as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms thereof.

“*Interest Commencement Date*” shall mean, with respect to any particular Deferred Income Bonds, the date specified in the Supplemental Resolution authorizing such Bonds (which date must be prior to the maturity date for such Bonds) after which interest accruing on such Bonds shall be payable with the first such payment date being the applicable interest payment date immediately succeeding such Interest Commencement Date.

“*Investment Securities*” shall mean any securities which are legal investments for the District under the laws of the State.

“*Net Revenues*” for any period shall mean the Revenues during such period minus Operating Expenses during such period.

“*Nuclear Facility*” shall mean Cooper Nuclear Station, which is a nominally rated 800 MW nuclear generation plant located on a site on the Missouri River approximately 65 miles south of Omaha, Nebraska, and certain high voltage transmission facilities associated with said Station.

“*Operating Expenses*” shall mean all actual maintenance and operation costs of the System incurred by the District in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period, but only if such charges are made in conformity with Generally Accepted Accounting Principles, including amounts reasonably required to be set aside in reserves for items of Operating Expenses the payment of which is not then immediately required.

Such Operating Expenses include, but are not limited to, costs related to in lieu of taxes and other governmental charges, obligations with respect to Financial Contracts related to fuel supply, and energy to the extent provided in such contracts, obligations with respect to the United States Treasury pursuant to Section 148(f) of the Code, or similar requirement to pay rebate, fuel costs, including the leasing of nuclear fuel, costs of purchased power and transmission service, so long as the Nuclear Facility Resolution shall not have been satisfied and discharged, payments required to be

made pursuant to the Nuclear Facility Resolution, and any other current expenses or obligations required to be paid by the District under the provisions of the General Resolution or by law, all to the extent properly allocable to the System, and the fees and expenses of the Fiduciaries.

Such Operating Expenses do not include depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the District, costs, or charges made therefor, for capital additions, replacements, betterments, extensions, or improvements to or retirements from the System which under Generally Accepted Accounting Principles are properly chargeable to the capital account or the reserve for depreciation, and do not include losses from the sale, abandonment, reclassification, revaluation, or other disposition of any properties of the System nor such property items, including taxes and fuel, which are capitalized pursuant to the then existing accounting practice of the District and any lease payments required to be made by the District with respect to the lease of municipal retail electric distribution systems from the General Reserve Fund created under the Original Resolution or leases of such systems or other municipal energy systems where the lease payments are required to be made on the same basis as Subordinated Debt.

“*Opinion of Counsel*” shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds selected by the District.

“*Option Bonds*” shall mean Bonds (i) which by their terms may be or are required to be tendered by the Owner thereof for payment or purchase by the District or a third party on or prior to the stated maturity thereof or (ii) which the District, as evidenced by a Supplemental Resolution adopted by the District no later than 270 days prior to the maturity date of such Bonds, intends to refinance at least 35 days prior to the maturity date of such Bonds.

“*Original Resolution*” shall mean the resolution entitled “Electric System Revenue Bond Resolution” adopted by the Board on August 22, 1968, together with amendments and supplements thereto adopted in the accordance with the terms thereof.

“*Outstanding*” when used with reference to Bonds, shall mean, as of any date, Bonds theretofore or thereupon being authenticated and delivered under the General Resolution except (i) Bonds cancelled by the Trustee at or prior to such date; (ii) Bonds (or portions of Bonds) for the payment or redemption of which monies, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the General Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice as provided in the General Resolution; (iii) Bonds of such series in lieu of or in substitution for which other Bonds of such series shall have been authenticated and delivered pursuant to any provision of the General Resolution; (iv) Bonds with respect to which all liability of the District shall have been discharged in accordance with the defeasance provisions of the General Resolution (for the provisions relating to defeasance, see “Defeasance of the Bonds” in this Appendix); and (v) Option Bonds deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Bonds on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the General Resolution.

For the purposes of the definition of Outstanding and subject to provisions in the General Resolution, Reimbursement Obligations shall only be deemed Outstanding in a principal amount equal to the amount then owed by the District to the Credit Enhancer thereunder.

“*Pledged Property*” shall mean the Revenues and the Funds and Accounts created under the General Resolution, including Investment Securities held in any such Funds and Accounts, together with all proceeds and revenues of the foregoing.

“*Primary Debt Service Reserve Fund Requirement*” shall mean, as of any date of calculation and subject to adjustment as hereinafter provided, an amount, equal to fifty percent of the maximum amount of interest accrued or to accrue for the then current or any future Fiscal Year on all Bonds Outstanding as of the date or dates of calculations (other than Bonds secured by Credit Enhancement). Bonds secured by Credit Enhancement may have no Primary Debt Service Reserve Fund Requirement for such Bonds or may have a Primary Debt Service Reserve Requirement in the amount, if any, set forth in the Supplemental Resolution authorizing such Bonds. For purposes of this definition, (i) the Principal Installments, interest, and other costs with respect to Reimbursement Obligations, Credit Obligations, and Financial Contracts shall not, unless otherwise required by the terms of the Supplemental Resolution authorizing such Reimbursement Obligations, Credit Obligations, and Financial Contracts, be included in the calculation of Primary Debt Service Reserve Fund Requirement;

(ii) the maximum annual interest due in any Fiscal Year with respect to Variable Rate Bonds shall be calculated at the Estimated Interest Rate; and (iii) and with respect to Capital Appreciation Bonds and Deferred Income Bonds, fifty percent of the maximum amount of annual interest shall be the maximum semiannual increase in Appreciated Value for each maturity in any Fiscal Year as compared to the previous Fiscal Year.

“*Principal Installment*” shall mean, as of any date of calculation and with respect to any series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such series due on a future date certain for which no sinking fund installments have been established (including the principal amount of Option Bonds tendered for payment and not purchased), or (ii) the unsatisfied balance (determined as provided in the General Resolution) of any sinking fund installments due on a certain future date for Bonds of such series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such sinking fund installments, or (iii) if such future dates coincide as to different Bonds of such series, the sum of such principal amount of Bonds and of such unsatisfied balance of sinking fund installments due on such future date plus such applicable redemption premiums, if any.

“*Redemption Price*” shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the General Resolution.

“*Reimbursement Obligations*” shall mean any Bonds issued pursuant to provisions in the General Resolution for the purpose of evidencing the District’s payment obligations in connection with Credit Enhancement, whether issued in one or more series.

“*Revenues*” shall mean (i) all revenues, income, rents, and receipts earned by the District from or attributable to the ownership and operation of the System, including all revenues attributable to the System or to the payment of the costs thereof received by the District under any contract for the sale of power, energy, transmission, or other service from the System or any part thereof or any contractual arrangement with respect to the use of the System or any portion thereof or the services, output, or capacity thereof, (ii) the proceeds of any insurance covering business interruption loss relating to the System, and (iii) interest earned on any monies or investments held pursuant to the General Resolution and required to be paid into the Revenue Fund, all as determined in accordance with Generally Accepted Accounting Principles and the provisions of the General Resolution. Revenues shall include amounts determined by the Board pursuant to Supplemental Resolution to be included as Revenues. Revenues shall not include (i) sales tax or competitive transition charges or similar charges which are payable by the District to third parties or which are collected by the District on behalf of or as agent of third parties; or (ii) proceeds from the sale of any part of the System which are required to be used to pay or redeem debt of the District or be used to acquire or construct capital improvements to the System as provided in the General Resolution. Amounts transferred to the Stabilization Account from the Revenue Account of the Revenue Fund shall not be deemed Revenues and amounts withdrawn from the Stabilization Account and transferred to the Revenue Account shall be deemed Revenues.

“*Secondary Debt Service Reserve Fund Requirement*” shall mean an initial amount of at least \$44,000,000, or such greater amount or lesser amount as the Board shall determine. The Secondary Debt Service Reserve Fund Requirement may be eliminated in the discretion of the Board. The final initial amount shall be determined upon the issuance of the 1998 Series Bonds.

“*Subordinated Debt*” shall mean indebtedness issued or incurred pursuant to the provisions of the General Resolution which shall have a pledge subordinate and junior in all respects to the pledge and lien created by the General Resolution as security for the Bonds.

“*Supplemental Resolution*” shall mean any resolution supplemental to or amendatory of the General Resolution adopted by the District in accordance with the General Resolution.

“*System*” shall mean and include, (i) each facility, plant, works, system, building, structure, improvement, machinery, equipment, fixture, permit, license, patent, or other real or personal property, which is owned, operated, or controlled by the District on the date of adoption of the General Revenue Bond Resolution, and the Nuclear Facility, (ii) each renewal, replacement, addition, modification, or improvement to (i) above and (iii) all real or personal property and rights therein and appurtenances thereto, as authorized by resolution of the District to constitute part of the System under the General Resolution. The System may include any other real or personal property which the Board by resolution shall determine to be part of the System, and the System shall not include any properties sold pursuant to certain provisions of the General Resolution.

“*Valuation Date*” shall mean with respect to any Capital Appreciation Bonds and Deferred Income Bonds, the date or dates set forth in the Supplemental Resolution authorizing such Bonds on which specific Accreted Values or Appreciated Values are assigned to the Capital Appreciation Bonds and Deferred Income Bonds, as the case may be.

“*Variable Interest Rate Bonds*” for any period of time, shall mean Bonds other than Reimbursement Obligations, which during such period bear a variable interest rate, provided that Bonds the interest rate on which shall have been fixed for the remainder of the term thereof shall no longer be Variable Interest Rate Bonds.

Additional Bonds

One or more series of Additional Bonds may be authenticated and delivered upon original issuance at any time or from time to time for any lawful purpose of the District under the Act provided that the Board finds and determines that the issuance of such Additional Bonds is in the best interest of the District. The proceeds, including accrued interest, of the Additional Bonds of each series shall be applied simultaneously with the delivery of such Bonds as provided in the Supplemental Resolution authorizing such series. (Section 204)

Reimbursement Obligations

Notwithstanding anything in the General Resolution to the contrary, one or more series of Reimbursement Obligations may be issued concurrently with the issuance of debt of the District for which Credit Enhancement or liquidity support is being provided with respect to such debt by a third-party. Such Reimbursement Obligations shall be issued for the purpose of evidencing the District’s payment obligations in connection with such Credit Enhancement, including any draws under any letter of credit, and other costs and expenses related thereto, and other payments required to be made in connection with the agreement with the District providing for such Credit Enhancement and any other agreements executed in connection therewith. (Section 205)

Financial Contracts and Credit Obligations

The District may enter into any Financial Contract and any Credit Obligation, which may contain such terms and provisions, which the District determines to be necessary, desirable, or convenient. Any payments which the District shall receive pursuant to a Financial Contract or Credit Obligation shall be deposited into such Fund or Account created by or under the General Resolution as the District shall determine pursuant to a Supplemental Resolution adopted prior to entering into such Financial Contract or Credit Obligation. Any payments required to be made by the District pursuant to a Financial Contract or Credit Obligation shall be payable from, and may be secured by, any Fund or Account created by or under the General Resolution other than the Revenue Fund, provided, however, the District may enter into a Financial Contract payable under the Revenue Fund with respect to fuel or energy, and such payment or security may be on a parity with, or subordinate to, other required payments and security from such Fund or Account, all as the District shall determine pursuant to a Supplemental Resolution prior to entering into such Financial Contract or Credit Obligation. So long as the Nuclear Facility Resolution of the District shall not have been satisfied and discharged, the District shall not enter into any Financial Contract Fund or Credit Obligation which shall rank in parity with or have priority over the obligation of the District to pay for power and energy from the Nuclear Facility in accordance with the Nuclear Facility Resolution. (Section 206)

The Pledge Effected by the General Resolution

The Bonds are direct and special obligations of the District payable solely from and secured as to payment of the principal and Redemption Price thereof and interest thereon in accordance with their terms and the provisions of the General Resolution solely by the Pledged Property and there is pledged and assigned as security for the payment of the principal and Redemption Price of, and interest on, the Bonds in accordance with their terms and the provisions of the General Resolution, subject only to the provisions of the General Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the General Resolution, all of the Pledged Property. All Pledged Property shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all persons having claims of any kind in tort, contract, or otherwise against the District, irrespective of whether such persons have notice thereof.

Nothing contained in the General Resolution shall be construed to prevent the District from acquiring, constructing, or financing through the issuance of its bonds, notes, or other evidences of indebtedness any facilities which do not constitute a part of the System for the purposes of the General Resolution or from securing such bonds, notes, or other evidences of indebtedness by a mortgage of the facilities so financed or by a pledge of, the revenues therefrom or any lease or other agreement with respect thereto or any revenues derived from such lease or other agreement or from funds withdrawn from

the General Resolution which are free and clear of the lien of the General Resolution provided, however, that prior to the issuance of such bonds, notes, or other evidences of indebtedness, the District shall make a finding that such issuance shall not materially adversely affect the Owners of the Bonds then Outstanding. The District expressly reserves the right to adopt one or more resolutions separate and apart from the General Resolution and reserves the right to issue bonds or other obligations of the District under such resolutions for any of its authorized purposes. (Section 501)

Establishment of Funds and Accounts

The General Resolution establishes the following funds and separate accounts:

- (a) Construction Fund, to be held by the District; Revenue Fund, to be held by the District, which shall consist of a Revenue Account and a Stabilization Account; Debt Service Fund, to be held by the Trustee; and Debt Service Reserve Fund, to be held by the Trustee, which shall consist of a Primary Account and a Secondary Account. The District may, pursuant to a Supplemental Resolution, create additional funds and accounts to be held by the Trustee or the District under the General Resolution. (Section 502)

Construction Fund

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of a Supplemental Resolution, and there may be paid into the Construction Fund, at the option of the District, any monies of the District. Amounts in the Construction Fund shall be applied for any purpose of the System in the manner provided in the General Resolution or in the Supplemental Resolution authorizing a series of Bonds. (Section 503)

Revenue Fund

All Revenues shall be promptly deposited by the District upon receipt thereof into the Revenue Account in the Revenue Fund.

- (a) The District may transfer to the Stabilization Account such amounts as it shall determine from the Revenue Account. Amounts in the Stabilization Account may be withdrawn at any time and from time to time by the District and transferred to the Revenue Account.
- (b) Amounts in the Revenue Account may be applied from time to time in each month to the payment of Operating Expenses.
- (c) The District may, pursuant to Supplemental Resolutions, create additional accounts in the Revenue Fund into which amounts on deposit in the Revenue Account may be transferred or deposited prior to the application of the Revenues to the payment of principal and interest on the Bonds. (Section 504)

Payments into Certain Funds

After the application to fund transfers and to the payment of Operating Expenses described under the subheading "Revenue Fund" above, no later than the fifth Business Day preceding the end of each month (except for transfers to Secondary Account in the Debt Service Reserve Fund which transfers are only required to be made no later than the fifth Business Day preceding the end of each June and December), the District shall transfer from the Revenue Account for deposit or transfer, as applicable, to the following Funds, in the following priority, the amounts set forth below to the extent available in the Revenue Account (such application to be made in such a manner so as to assure immediately available funds in such Funds on the last Business Day of such month):

- (a) To the Debt Service Fund, the amount, if any, required so that the balance in said Fund shall equal the Accrued Aggregate Debt Service as of the last day of the then current month or, if interest and/or principal are required to be paid to the Owners of Bonds or a Credit Enhancer or pursuant to a Financial Contract or a Credit Obligation during the next succeeding month on a day other than the first day of such month, Accrued Aggregate Debt Service as of the day through and including which such interest and/or principal is required to be paid; provided that, for the purposes of computing the amount to be deposited in said Fund, there shall be excluded from the balance of said Fund the amount, if any, set aside in said Fund from the proceeds of Bonds (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on Bonds; and

- (b) To the Debt Service Reserve Fund (except as provided below), (i) the amount, if any, required for the Primary Account in the Debt Service Reserve Fund, after giving effect to any surety bond, insurance policy, or other similar obligation deposited in such Account pursuant to the General Resolution, to equal the Primary Debt Service Reserve Fund Requirement as of the last Business Day of the then current month and (ii) the amount, if any, required for the Secondary Account in the Debt Service Reserve Fund, to equal the Secondary Debt Service Reserve Fund Requirement as of the fifth Business Day preceding the end of each June and December;

Notwithstanding anything contained in the above paragraph, so long as there shall be held in the Debt Service Fund and the Primary Account in the Debt Service Reserve Fund an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no transfers shall be required to be made to the Debt Service Fund.

Any deficiency in the Primary Account in the Debt Service Reserve Fund, (other than a deficiency resulting from a conversion of Variable Interest Rate Bond or Bonds to a fixed rate Bond or Bonds which are not secured by Credit Enhancement), after giving effect to any surety bond or insurance policy deposited in such Account pursuant to the General Resolution, shall be cured by depositing into the Primary Account in the Debt Service Reserve Fund each month during the period commencing with the month following the month in which the determination of the deficiency was made an amount equal to one-twelfth (1/12th) of the deficiency. A deficiency in the Primary Account in the Debt Service Reserve Fund, after giving effect to any surety bond or insurance policy deposited in such Account pursuant to provisions of the General Resolution, resulting from a conversion of Variable Rate Bond or Bonds to a fixed rate Bond or Bonds which are not secured by Credit Enhancement, shall be cured by depositing into the Primary Account in the Debt Service Reserve Fund each month during the period commencing with the first month of the first Fiscal Year following the Fiscal Year in which such conversion occurred, an amount equal to one-twenty-fourth of the deficiency.

Any deficiency in the Secondary Account in the Debt Service Reserve Fund shall be cured by depositing into the Secondary Account in the Debt Service Reserve Fund each June and December during the period commencing with the June and December following the month in which the determination of the deficiency was made, an amount equal to one-tenth (1/10th) of the deficiency; provided, however, the Board is permitted to determine a curative period of longer or shorter duration.

Notwithstanding the above, if a new valuation of Investment Securities held in the Debt Service Reserve Fund is made pursuant to the General Resolution during the period that such deposits are required, then the obligation of the District to make deposits during the balance of such period on the basis of the preceding valuation shall be discharged and the deposits, if any, required to be made for the balance of such period shall be determined under this sentence on the basis of the new valuation with respect to the remaining balance of the initial deficiency. (Section 505)

Debt Service Fund

The Trustee shall pay out of the Debt Service Fund to the respective paying agents or to the Credit Enhancers with respect to the payment of Reimbursement Obligations or the party to a Financial Contract or Credit Obligations to the extent such Financial Contract or Credit Obligations is payable from the Debt Service Fund (i) on or before each interest payment date for any of the Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; (iii) on or before any redemption date for the Bonds, the amount required for the payment of interest and premium, if any, on the Bonds then to be redeemed; and (iv) on or before any payment date with respect to a Financial Contract or Credit Obligation payable from the Debt Service Fund, the amount for the payment under such Financial Contract or Credit Obligation. In the case of Variable Rate Bonds, the District shall furnish the Trustee with a certificate setting forth the amount to be paid on such Bonds on each interest payment date, such certificate shall be furnished on or prior to the appropriate Record Date with respect to any interest payment date. Such amounts shall be applied by the paying agents on and after the due dates thereof. In the case of Reimbursement Obligations, Credit Obligations, or Financial Contracts, the District shall furnish the Trustee with a certificate setting forth the amount to be paid with respect to such Reimbursement Obligations, Credit Obligations, or Financial Contracts on or prior to the appropriate payment dates related thereto. The Trustee shall also pay out of the Debt Service Fund the accrued interest included in the purchase price of Bonds purchased by the District or the Trustee for retirement, provided that at the time of payment of such accrued interest there shall exist no deficiency in the Debt Service Fund.

Amounts accumulated in the Debt Service Fund with respect to any sinking fund installment may and, if so directed by the District, shall be applied by the Trustee, on or prior to the 40th day next preceding the due date of such sinking fund

installment, to (i) the purchase of Bonds of the series and maturity for which such sinking fund installment was established, or (ii) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms. All purchases of any Bonds pursuant to this paragraph shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made by the Trustee as directed in writing from time to time by the District. The applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Fund until such sinking fund installment date, for the purpose of calculating the amount of such Account. As soon as practicable after the 40th day preceding the due date of any such sinking fund installment, the Trustee shall proceed to call for redemption, by giving notice as provided in the General Resolution, on such due date Bonds of the series and maturity for which such sinking fund installment was established (except in the case of Bonds maturing on a sinking fund installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such sinking fund installment. The Trustee shall pay out of the Debt Service Fund to the appropriate paying agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such paying agents to such redemption (or payment). All expenses in connection with the purchase or redemption of Bonds shall be paid by the District as an Operating Expense.

Upon any purchase or redemption of Bonds of any series and maturity for which sinking fund installments shall have been established, there shall be credited toward any one or more sinking fund installment thereafter to become due such amount or amounts as shall be determined by the District. The portion of any such sinking fund installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such sinking fund installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such sinking fund installment for the purpose of calculation of sinking fund installments due on a future date.

The amount, if any, deposited in the Debt Service Fund from the proceeds of each series of Bonds shall be set aside in such Fund and applied to the payment of interest on Bonds as provided in the Supplemental Resolution authorized such series of Bonds.

In the event of the refunding of any Bonds, the Trustee shall, if the District so directs in writing, withdraw from the Debt Service Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Bonds being refunded and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded or deposit such amounts in any Fund or Account created under the General Resolution.

Upon the issuance of each series of Bonds secured by a Credit Enhancer, the District may establish a separate subaccount in the Debt Service Fund for such Bonds and shall deposit into such separate subaccount the proceeds of such Credit Enhancement. Each such subaccount established in the Debt Service Fund shall be solely for the benefit of the series of Bonds for which such subaccount was established and not for the Owners of any other series of Bonds. The monies in such subaccount shall not be commingled with other monies in the Debt Service Fund. (Section 506)

Debt Service Reserve Fund—Primary Account

If on any interest or Principal Installment due date with respect to any series of Bonds, payment for such interest or Principal Installment in full has not been made or provided for, and there are no monies available therefor in the Secondary Account in the Debt Service Reserve Fund the Trustee shall forthwith withdraw from the Primary Account in the Debt Service Reserve Fund, an amount not exceeding the amount required to provide for such payment in full and deposit such amount in the Debt Service Fund for application to such payment. To the extent provided in the Supplemental Resolution authorizing a Financial Contract or Credit Obligations, the Trustee shall withdraw and apply to the payment of such Financial Contract or Credit Obligations such amounts from the Primary Account in the Debt Service Reserve Fund as shall be provided for in such Supplemental Resolution.

Whenever the amount in the Primary Account in the Debt Service Reserve Fund shall exceed the Primary Debt Service Reserve Fund Requirement, after giving effect to any surety bond or insurance policy deposited in the Primary Account in the Debt Service Reserve Fund pursuant to the General Resolution, and the amount on deposit in the Secondary Account in the Debt Service Reserve Fund shall be at least equal to the Secondary Debt Service Reserve Fund Requirement, such excess shall be deposited in the Revenue Fund.

Whenever the amount in the Primary Account in the Debt Service Reserve Fund (exclusive of any surety bond or insurance policy therein), together with the amount in the Debt Service Fund is sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon),

the funds on deposit in the Primary Account in the Debt Service Reserve Fund shall be transferred to the Debt Service Fund. Prior to said transfer, all investments held in the Primary Account in the Debt Service Reserve Fund shall be liquidated to the extent necessary in order to provide for the timely payment of principal and interest (or Redemption Price, if any) on the Bonds.

In lieu of the required transfers or deposits to the Primary Account in the Debt Service Reserve Fund, the District may cause to be deposited into the Primary Account in the Debt Service Reserve Fund a surety bond or an insurance policy for the benefit of the Owners of the Bonds in an amount equal to all or a portion of the Primary Debt Service Reserve Fund Requirement. The surety bond or insurance policy shall be payable (upon the giving of notice as required thereunder), on any due date on which monies will be required to be withdrawn from the Primary Account in the Debt Service Reserve Fund and applied to the payment of a Principal Installment of or interest on any Bonds and such withdrawal cannot be met by amounts on deposit in the Accounts in the Debt Service Reserve Fund. The insurer providing such surety bond or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in the highest rating category by two of the national rating agencies at the time of deposit of such surety bond or insurance policy. The District may issue a Reimbursement Obligation payable solely from the Primary Account in the Debt Service Reserve Fund to evidence its obligations with respect to any bond insurance policy or surety bond.

In the event of the refunding of any Bonds, the Trustee shall, if the District so directs in writing, withdraw from the Primary Account in the Debt Service Reserve Fund all, or any portion of, the amounts accumulated therein with respect to the Bonds being refunded and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to the General Resolution, and (b) the amount remaining in the Primary Account in the Debt Service Reserve Fund, after giving effect to the issuance of the refunding Bonds and the disposition of the proceeds thereof, shall not be less than the Primary Debt Service Reserve Fund Requirement. (Section 507)

Debt Service Reserve Fund—Secondary Account

If on any interest or Principal Installment due date with respect to any series of Bonds, payment for such interest or Principal Installment in full has not been made or provided for, the Trustee shall forthwith withdraw from the Secondary Account in the Debt Service Reserve Fund an amount not exceeding the amount required to provide for such payment in full and deposit such amount in the Debt Service Fund for application to such payment. To the extent provided in the Supplemental Resolution authorizing a Financial Contract or Credit Obligations, the Trustee shall withdraw and apply to the payment of such Financial Contract or Credit Obligations such amounts from the Secondary Account in the Debt Service Reserve Fund as shall be provided for in such Supplemental Resolution.

(1) Whenever the amount in the Secondary Account in the Debt Service Reserve Fund shall exceed the Secondary Debt Service Reserve Fund Requirement, and the amount on deposit in the Primary Account in the Debt Service Reserve Fund shall be at least equal to the Primary Debt Service Reserve Fund Requirement, such excess shall be deposited in the Revenue Fund.

(2) Notwithstanding anything contained in this subheading to the contrary, amounts on deposit in the Secondary Account may be applied by the District for any lawful purpose of the District upon receipt by the Trustee of a certificate of an Authorized Officer of the District stating the purposes for which such monies are to be used.

(3) The District shall advise the Trustee in writing of any increase or reduction in the amount of the Secondary Debt Service Reserve Fund Requirement. (Section 508)

Investment of Certain Funds

Monies held in any Fund or Account shall be invested and reinvested to the fullest extent practicable in Investment Securities which mature or otherwise become payable no later than such times as shall be necessary to provide monies when needed for payments to be made from such Fund or Account. Each depository and the Trustee shall make all such investments of monies held by it in accordance with instructions, from time to time received from any authorized officer of the District. In making any investment in any Investment Securities with monies in any Fund or Account established under the General Resolution, the District may instruct the Trustee or any depository to combine such monies with monies in any other Fund or Account, but solely for purposes of making such investment in such Investment Securities.

Unless otherwise provided in a Supplemental Resolution, interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned or any gain realized on any monies or investments in such Funds and Accounts, other than the Construction Fund, shall be paid into the Revenue Fund at such times and in such manner as the District shall determine; provided, however, that at the direction of the District, such income earned on monies or investments in any Fund or Account or any portion thereof shall be paid into the Construction Fund in such times and in such manner as the District shall determine. Interest earned or gain realized on any monies or investments in the Construction Fund shall be held in such Fund for the purposes thereof or, if so directed by the District, paid into the Revenue Fund. (Section 603)

Valuations and Sale of Investments

Obligations purchased as an investment of monies in any Fund or Account created under the provisions of the General Resolution shall be deemed at all times to be a part of such Fund or Account and any gain realized from the liquidation of such investment shall be credited to such Fund or Account, and any loss resulting from the liquidation of such investment shall be charged to the respective Fund or Account.

In computing the amount in the Debt Service Reserve Fund created under the provisions of the General Resolution for any purpose provided in the General Resolution, except as otherwise provided under this subheading, obligations purchased as an investment of money therein shall be valued at the amortized cost of such obligations, provided that obligations, other than any repurchase agreement or investment agreements, which mature five years or later after such date of evaluation shall be valued at the market price thereof. Any insurance policy or surety bond deposited in the Debt Service Reserve Fund shall be valued at the lesser of the amount to be drawn thereunder or the principal amount thereof. Any repurchase agreement or investment agreement shall be valued at the principal amount thereof. Such computation shall be determined by the Trustee on December 31 of each year and at such other times as the District shall determine. (Section 604)

Creation of Liens; Sale and Lease of Property

The District shall not issue any bonds, notes, debentures, or other evidences of indebtedness of similar nature, other than Financial Contracts payable as Operating Expenses, payable out of or secured by a pledge or assignment of the Pledged Property having any lien or charge on the Pledged Property superior or in priority to the lien thereon of the Bonds, Financial Contracts or Credit Obligations authorized by the General Resolution.

The District may not sell all or substantially all of the System unless payment or provision for payment of the outstanding Bonds is made. The District may sell or exchange at any time and from time to time any property or facilities constituting part of the System; provided, however, prior to any sale of any generation facilities or transmission facilities, the Board shall adopt a resolution determining that such sale is in the best interest of the District. The net proceeds of any such sale not used to acquire other property necessary or desirable for the purposes of the District in the operation of the System shall forthwith be deposited in any Fund or Account under the General Resolution provided, however, such amount of sale proceeds which exceeds 5% of the original cost of the District's utility plant in service, as set forth on the books of the District, shall be applied to the payment or redemption of Bonds or be used for the construction or acquisition of other capital improvements to the District. The District may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part or parts of the System. Any payments received by the District under or in connection with any such lease, contract, license, arrangement, easement, or right with respect to the System or any part thereof shall be deposited in the Revenue Fund. (Section 706)

Rents, Rates, Fees, and Charges

The District shall charge and collect rents, rates, fees, and charges for the use or the sale of the output, capacity, or service of the System and any contracts entered into by the District for the use of the output, capacity, or service of the System shall provide for rents, rates, fees, and charges, which together with other monies expected by the District to be available therefor, are expected to produce Revenues for each Fiscal Year which will be at least sufficient to pay the sum of:

- (a) all amounts estimated to be required to pay Operating Expenses during such Fiscal Year;
- (b) a sum equal to 100% of the Aggregate Debt Service for such Fiscal Year computed as of the beginning of such Fiscal Year;

- (c) the amount, if any, to be paid during such Fiscal Year into the Debt Service Reserve Fund (other than the amounts required to be paid into such Fund out of the proceeds of Bonds); and
- (d) amounts necessary to pay and discharge all charges or liens payable out of the Revenues during such Fiscal Year including, but not limited to, payment of Reimbursement Obligations, Credit Obligations, Subordinated Debt, and Financial Contracts.

In estimating Aggregate Debt Service on any Variable Rate Bonds for purposes under this subheading for a Fiscal Year, the District shall be entitled to assume that such Variable Interest Rate Bonds will bear interest at the interest rate borne by such Variable Interest Rate Bonds as of the first day of July of the preceding Fiscal Year. (Section 709)

Accounts and Reports

The District shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the System and each Fund and Account established under the General Resolution and held by the District and which, together with all other books and papers of the District, including insurance policies, relating to the System, shall at all times be subject to the inspection of the Trustee and the Owners of an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing. (Section 710)

Events of Default

The following events shall constitute an Event of Default under the General Resolution:

(i) if default shall be made by the District in the due and punctual payment of the principal (including any sinking fund installment) or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;

(ii) if default shall be made by the District in the due and punctual payment of any installment of interest on any Bond for five Business Days after such interest installment shall become due and payable;

(iii) if default shall be made by the District in the performance or observance of any other of the covenants, agreements, or conditions on its part in the General Resolution or in the Bonds contained, and such default shall continue for a period of 30 days after written notice thereof to the District by the Trustee or to the District and to the Trustee by the Owners of not less than 10% in principal amount of the Bonds Outstanding; provided, however, if any such default shall be such that it cannot be corrected within 60 days, it shall not constitute an Event of Default if corrective action is initiated within such period and diligently pursued until such failure is corrected;

(iv) if the District shall commence a voluntary case or similar proceeding under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect or shall authorize, apply for, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator, or similar official for the District and/or its rents, fees, charges, or other revenues of the System, or shall make any general assignment for the benefit of creditors, or shall make a written declaration or admission to the effect that it is unable to meet its debts as such debts mature, or shall authorize or take any action in furtherance of any of the foregoing;

(v) if a court having jurisdiction in the premises shall enter a decree or order for relief with respect to the District in an involuntary case or similar proceeding under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect, or a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator, or similar official for the District, and/or the rents, fees, charges, or other revenues of the System, or a decree or order for the dissolution, liquidation, or winding up of the District and its affairs or a decree or order finding or determining that the District is unable to meet its debts as such debts mature, and any such decree or order shall remain unstayed and in effect for a period of 90 consecutive days; and

(vi) any event pursuant to an agreement between the District and a Credit Enhancer or any event in a Financial Contract which is set forth in a Supplemental Resolution as an Event of Default under the General Resolution;

then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, either the Trustee (by notice in writing to the District), or the Owners of not less than 25% in principal amount of the Bonds Outstanding (by notice in writing to the District and the Trustee), may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the General Resolution or in any of the Bonds contained to the contrary notwithstanding. The right of the Trustee or of the Owners of not less than 25% in principal amount of the Bonds to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, but before the Bonds shall have matured by their terms, all overdue installments of interest upon the Bonds, together with interest on such overdue installments of interest to the extent permitted by law and the reasonable and proper charges, expenses, and liabilities of the Trustee, and all other sums then payable by the District under the General Resolution (except the principal of, and interest accrued since the next preceding interest date on, the Bonds due and payable solely by virtue of such declaration) shall either be paid by or for the account of the District or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Bonds or under the General Resolution (other than the payment of principal and interest due and payable solely by reason of such declaration) shall be made good or be secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, then and in every such case the Owners of 25% in principal amount of the Bonds Outstanding, by written notice to the District and to the Trustee, shall rescind such declaration and annul such default in its entirety, or, if the Trustee shall have acted itself, and if there shall not have been theretofore delivered to the Trustee written direction to the contrary by the Owners of 25% in principal amount of the Bonds Outstanding, then any such declaration shall *ipso facto* be deemed to be rescinded and any such default shall *ipso facto* be deemed to be annulled, but no such rescission or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent therein. (Section 801)

Remedies

Application of Revenues After Default. The District covenants that if an Event of Default shall happen and shall not have been remedied, the District, upon the demand of the Trustee, shall pay over or cause to be paid over to the Trustee (a) forthwith, all monies, securities, and funds then held by the District in any Fund under the General Resolution, and (b) all Revenues which are not paid directly to the Trustee as promptly as practicable after receipt thereof.

During the continuance of an Event of Default, the Trustee shall apply all monies, securities, funds, and Revenues received by the Trustee pursuant to any right given or action taken under the default and remedy provisions under the General Resolution together with amounts on deposit in the Debt Service Fund and the Debt Service Reserve Fund or any other fund or account held by the Trustee under the General Resolution as follows, subject to the obligation of the District to make the payments required to be made by the System pursuant to the Nuclear Facility Resolution, the payment of which shall be made prior to the payments set forth in (iii) below, and in the following order:

- (i) Expenses of Fiduciaries—To the payment of the reasonable and proper charges, expenses, and liabilities of the fiduciaries;
- (ii) Operating Expenses—To the payment of the amounts required for Operating Expenses and for the reasonable renewals, repairs, and replacements of the System necessary in the judgment of the Trustee to prevent loss of Revenues. For this purpose the books of record and accounts of the District relating to the System shall at all times be subject to the inspection of the Trustee and its representatives and agents during the continuance of such Event of Default; and
- (iii) Principal or Redemption Price and Interest—To the payment of the interest and principal or Redemption Price then due on the Bonds, as follows:
 - i. unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: Interest—To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: Principal or Redemption Price—To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference;

- ii. if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses, and liabilities of the Trustee, and all other sums payable by the District under the General Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of the District, or provisions satisfactory to the Trustee shall be made for such payment, and all defaults under the General Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the District all monies, securities, and funds then remaining unexpended in the hands of the Trustee (except monies, securities, and funds deposited or pledged, or required by the terms of the General Resolution to be deposited or pledged, with the Trustee), and thereupon the District and the Trustee shall be restored, respectively, to their former positions and rights under the General Resolution. No such payment over to the District by the Trustee nor such restoration of the District and the Trustee to their former positions and rights shall extend to or affect any subsequent default under the General Resolution or impair any right consequent thereon.

Notwithstanding anything contained in the General Resolution to the contrary, proceeds of Credit Enhancement shall be used solely to pay the principal of and interest and any premium (to the extent such premium is secured by such Credit Enhancement) on, or purchase price of, any Bonds secured by such Credit Enhancement. Notwithstanding anything contained in the General Resolution to the contrary, proceeds of Credit Enhancement, proceeds of a remarketing of any Bonds and any monies held for a redemption once a notice of redemption has been sent shall only be used to pay the purchase price of any Bonds so remarketed. (Section 803)

Proceedings Brought by Trustee. If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Owners of not less than 25% in principal amount of the Bonds Outstanding and receipt of security and indemnity satisfactory to it shall proceed, to protect and enforce its rights and the rights of the Owners of the Bonds under the General Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant contained in the General Resolution, or in aid of the execution of any power granted in the General Resolution, or for an accounting against the District as if the District were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the General Resolution.

All rights of action under the General Resolution may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

The Owners of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that notwithstanding the first paragraph above the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Owners of the Bonds not parties to such direction.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the General Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in the General Resolution and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Owners of 25% in principal amount of the Bonds then Outstanding or a Credit Enhancer and furnished with security and indemnity satisfactory to it, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the General Resolution by any acts which may be unlawful or in violation of the General Resolution, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Owners of the Bonds.

Upon the occurrence of an Event of Default, the Trustee shall have right pursuant to an appropriate proceeding to the appointment of a receiver of the System.

Anything in the General Resolution to the contrary notwithstanding, (a) a Credit Enhancer, so long as the Credit Enhancer is not in default in its obligations to provide Credit Enhancement, or (b) with the prior written consent of a Credit Enhancer, so long as the Credit Enhancer is not in default in its obligations to provide Credit Enhancement, the Owners of a majority in aggregate principal amount of Bonds in default then Outstanding, shall have the right, at any time during the continuance of an Event of Default of such Bonds, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method, and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the General Resolution, or for the appointment of a receiver or any other proceedings thereunder; provided, however, that such direction shall be accompanied by security and indemnity satisfactory to the Trustee and subject to the provisions of paragraph 3 above, and shall not be otherwise than in accordance with the provisions of law and of the General Resolution. (Section 804)

Restrictions on Actions by Owners of the Bonds. No Owner of any Bond shall have any right to institute any suit, action, or proceeding at law or in equity for the enforcement of any provision of the General Resolution or the execution of any trust under the General Resolution or for any remedy under the General Resolution, unless such Owner shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in the General Resolution, and the Owners of at least 25% in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered the Trustee reasonable opportunity, either to exercise the powers granted in the General Resolution or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Owners shall have offered to the Trustee to its satisfaction security and indemnity against the costs, fees (including reasonable attorneys' fees), expenses, and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request, and offer of indemnity, it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb, or prejudice the pledge created by the General Resolution, or to enforce any right under the General Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the General Resolution shall be instituted, had and maintained in the manner provided in the General Resolution and for the equal benefit of all Owners of the Outstanding Bonds.

Nothing in the General Resolution or in the Bonds contained shall affect or impair the obligation of the District, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of (and premium, if any) and interest on the Bonds to the respective Owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Owner to enforce such payment of its Bond. (Section 805)

Effect of Waiver and Other Circumstances. No delay or omission of the Trustee or any Owner of a Bond to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by the General Resolution to the Trustee or to the Owner of the Bonds may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Owners of the Bonds. No waiver of an Event of Default may be made for Bonds which are secured by Credit Enhancement until such Credit Enhancement has been reinstated.

The Owners of not less than a majority in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Owners of all of the Bonds waive any past default under the General Resolution and its consequences, except a default in the payment of interest on or principal of or premium (if any) on any of the Bonds before any such waiver shall be effective. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon. (Section 807)

Supplemental Resolutions

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the District may be adopted without the consent of the Trustee (except for a Supplemental Resolution for any of the purposes set forth in (3), (4), and (6) below which shall require the consent of the Trustee) or the Owners of the Outstanding Bonds, which shall be fully effective in accordance with its terms:

- (1) To authorize Bonds of a series and to authorize Financial Contracts, Credit Obligations, Credit Enhancements, and Reimbursement Obligations and, in connection therewith, specify and determine the matters and things referred to in the General Resolution, and also any other matters and things relative to such Bonds, Financial Contracts, Credit Obligations, Credit Enhancements, or Reimbursement Obligations, or to amend, modify, or rescind any such authorization, specification, or determination at any time prior to the first authentication and delivery of such Bonds or the execution of such Financial Contracts, Credit Obligations, Credit Enhancements, or Reimbursement Obligations;
- (2) To confirm any pledge under the General Resolution of the Revenues or any other monies;
- (3) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the General Resolution;
- (4) To insert such provisions clarifying matters or questions arising under the General Resolution as are necessary or desirable;
- (5) To comply with the provisions of the Code, the Trust Indenture Act of 1939, as amended, the Securities Act of 1933, as amended or the Securities and Exchange Act of 1934, as amended or permit the qualifications of the Bonds for sale under the securities laws of any state of the United States or to comply with regulations and procedures as are from time to time in effect relating to establishing and maintaining a book-entry-only system; or
- (6) To modify any other provision of the General Resolution which modification does not materially adversely affect or diminish the rights or security of the Owners as the Bonds.

Any modification or amendment of the General Resolution which adversely affects or diminishes the right of the Owners of the Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent (i) of the Owners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given and (ii) in case less than all of the several series of Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least a majority in principal amount of the Bonds of each series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this paragraph. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon to be without the consent of the Owner of such Bond, or shall reduce the percentages of Outstanding Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any fiduciary without its prior written assent thereto. For the purpose of this paragraph, a series shall be deemed to be affected by a modification or amendment of the General Resolution only if the same adversely affects or diminishes the rights of the Owners of Bonds of such series. The Trustee may in its discretion determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular series or maturity would be affected by any modification or amendment of the General Resolution and any such determination shall be binding and conclusive on the District and all Owners of Bonds. (Section 1002)

Consent of the Credit Enhancer When Consent of Owner Required

Each Credit Enhancer which is unconditionally obligated to pay when due the principal of and interest on the Bonds, so long as such Credit Enhancer which is so obligated is not in default of its obligations to provide such Credit Enhancement, and not the Owners of the Bonds, shall be deemed to be the Owner of Bonds of any series as to which it is such Credit Enhancer at all times for the purpose of giving any approval, request, consent, direction, declaration, rescission, or amendment which under the Resolution is to be given by the Owners of Bonds of such series at the time Outstanding. However, no such Credit Enhancer may consent to a modification or amendment which shall permit a change in the terms

of redemption (including sinking fund installments) or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon or cause the interest on such Bond to be no longer excluded from gross income for federal income tax purposes without the consent of the Owner of such Bond, or shall reduce the percentages of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any fiduciary without its written assent thereto. (Section 1007)

Defeasance of the Bonds

Defeasance. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated in the Bonds, and in the General Resolution, then the pledge of the Pledged Property and other monies and securities pledged under the General Resolution and all covenants, agreements, and other obligations of the District to the Owners of the Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the District to be prepared and filed with the District and, upon the request of the District, shall execute and deliver to the District all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the District the Pledged Property, including all monies or securities held by them pursuant to the General Resolution which are not required for the payment of principal or Redemption Price, if applicable, on Bonds not theretofore surrendered for such payment or redemption. If the District shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of the Outstanding Bonds of a particular series, or of a particular maturity or particular Bonds within a maturity within a series, the principal, or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein, and in the General Resolution, such Bonds shall cease to be entitled to any lien, benefit, or security under the General Resolution, and all covenants, agreements, and obligations of the District to the Owners of such Bonds shall thereupon cease, terminate, and become void and be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which monies shall have been set aside and shall be held in trust by the paying agents (through deposit by the District of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the immediately preceding paragraph. Any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in the immediately preceding paragraph if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the District shall have given to the Trustee instructions accepted in writing by the Trustee to mail as provided in the General Resolution notice of redemption of such Bonds (other than Bonds which have been purchased by the Trustee at the direction of the District or purchased or otherwise acquired by the District and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date, (b) there shall have been deposited with the Trustee either monies in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide monies which, together with the monies, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the District shall have given the Trustee in form satisfactory to it instructions to mail a notice to the Owners of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid and stating such maturity or redemption date upon which monies are expected, to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds (other than Bonds which have been purchased by the Trustee at the direction of the District or purchased or otherwise acquired by the District and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of redemption referred to in clause (a) hereof). Notwithstanding anything contained herein, the District may reserve the right to redeem Bonds prior to maturity or earlier than their stated redemption date, if such reservation shall be stated in the notice referred to in (c) above. Any notice of redemption mailed pursuant to the preceding sentence with respect to Bonds which constitute less than all of the Outstanding Bonds of any maturity within a series shall specify the letter and number or other distinguishing mark of each such Bond.

The Trustee shall, if so directed in writing by the District (i) prior to the maturity date of Bonds deemed to have been paid which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) above with respect to any Bonds deemed to have been paid which are to be redeemed on any date prior to their maturity, apply monies deposited with the Trustee with respect to such Bonds and redeem or sell Defeasance Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds and the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however, that the monies and Defeasance Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due or to become due on all Bonds, with respect to which such

monies and Defeasance Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (i) prior to the maturity date of Bonds deemed to have been paid which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) with respect to any Bonds deemed to have been paid which are to be redeemed on any date prior to their maturity, the District shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee shall be accompanied by written directions from the District to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay or redeem Bonds deemed paid in accordance with this provision. If the District has reserved the right to redeem Bonds deemed to have been paid prior to their maturity or stated redemption date as provided above, the Trustee shall, if so directed in writing by the District prior to the maturity date or stated redemption date and upon receipt of an opinion of counsel to the effect that such actions are authorized by the Resolution and applicable laws, (i) redeem such Bonds prior to their maturity or stated redemption date, as applicable, if the District shall have given to the Trustee instructions accepted in writing by the Trustee to mail, as provided in the General Resolution, a notice of redemption of such Bonds or a revised notice of redemption, as applicable and (ii) apply monies deposited with the Trustee with respect to such Bonds and redeem or sell Defeasance Securities so deposited with the Trustee and apply the proceeds thereof to the redemption of such Bonds prior to the maturity date thereof or stated redemption date, as applicable, provided, however, that the monies and Defeasance Securities remaining on deposit with the Trustee after the redemption of such Bonds shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due or to become due on all Bonds with respect to which such monies and Defeasance Securities are being held by the Trustee on or prior to the maturity date or redemption date thereof.

The directions given by the District to the Trustee referred to in the preceding paragraph shall also specify the portion, if any, of such Bonds so purchased or delivered and cancelled to be applied against the obligation of the Trustee to pay Bonds deemed paid upon their maturity date or dates and the portion, if any, of such Bonds so purchased or delivered and cancelled to be applied against the obligation of the Trustee to redeem Bonds deemed paid on any date or dates prior to their maturity.

In the event that on any date as a result of any purchases, acquisitions, and cancellations of Bonds, the total amount of monies and Defeasance Securities remaining on deposit with the Trustee is in excess of the total amount which would have been required to be deposited with the Trustee on such date with respect to the remaining Bonds, the Trustee shall, if requested in writing by the District, pay the amount of such excess to the District free and clear of any trust, lien, pledge, or assignment securing said Bonds or otherwise existing under the General Resolution; provided, however, before any such excess is transferred to the District, the District shall have received a report of an independent nationally recognized certified public accountant or a financial advisor or financial consultant of recognized standing in the field of municipal bonds to the effect that the amount of monies and the principal of and interest when due on the Defeasance Securities remaining on deposit with the Trustee after such is transferred to the District shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption or maturity date thereof, as the case may be.

Except as otherwise provided in the General Resolution, neither Defeasance Securities nor monies deposited with the Trustee nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the District as received by the Trustee, free and clear of any trust, lien, or pledge securing said Bonds or otherwise existing under the General Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the District, as received by the Trustee, free and clear of any trust, lien, pledge, or assignment securing said Bonds or otherwise existing under the General Resolution. (Section 1101)

Defeasance of Variable Rate Bonds. For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of monies, or Investment Securities and monies, if any, in accordance with the second sentence of the second paragraph under the subheading "Defeasance" above, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of monies and Investment Securities on deposit with the

Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date with respect to such Variable Interest Rate Bonds in order to satisfy the second sentence of the second paragraph under the subheading “Defeasance” above, the Trustee shall, if requested in writing by the District, pay the amount of such excess to the District free and clear of any trust, lien, pledge, or assignment securing the Bonds or existing under the General Resolution. (Section 1102)

Defeasance of Option Bonds. Option Bonds shall be deemed to have been paid in accordance with the second sentence of the second paragraph under the subheading “Defeasance” above only if, in addition to satisfying the requirements of clauses (a) and (c) of such sentence, there shall have been deposited with the Trustee monies in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Owners of such Bonds upon the exercise of any options provided to the Owners of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee, the options originally exercisable by the Owner of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this paragraph. If any portion of the monies deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose the Trustee shall, if requested by the District, pay the amount of such excess to the District free and clear of any trust, lien, pledge, or assignment securing said Bonds or otherwise existing under the General Resolution. (Section 1103)

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APPENDIX C

PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL

[Date of Closing]

Board of Directors
NEBRASKA PUBLIC POWER DISTRICT
Columbus, Nebraska

Directors:

We have examined a record of proceedings relating to the issuance of \$75,525,000 aggregate principal amount of General Revenue Bonds, 2021 Series A (the “2021 Series A Bonds”), and \$52,080,000 aggregate principal amount of General Revenue Bonds, 2021 Series B (the “2021 Series B Bonds” and together with the 2021 Series A Bonds, the 2021 Series A/B Bonds”) of Nebraska Public Power District (the “District”), a body politic and corporate, constituting a public corporation and political subdivision of the State of Nebraska.

The 2021 Series A/B Bonds are issued under and pursuant to Chapter 70, Article 6, of the Revised Statutes of the State of Nebraska, as amended (the “Act”), and under and pursuant to a resolution of the District adopted on June 4, 1998 entitled “General Revenue Bond Resolution,” and a resolution of the District supplemental thereto authorizing the 2021 Series A/B Bonds (said General Revenue Bond Resolution as heretofore supplemented and as so supplemented being herein called the “Resolution”).

The 2021 Series A Bonds will mature on January 1, in the years and in the principal amounts, and bear interest at the respective rates per annum, shown below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023	\$ 7,385,000	5.00%	2034	\$ 3,880,000	5.00%
2025	2,825,000	5.00	2035	8,605,000	5.00
2027	2,560,000	5.00	2036	9,040,000	5.00
2030	1,270,000	5.00	2037	9,155,000	5.00
2031	3,355,000	5.00	2038	9,615,000	5.00
2032	3,525,000	5.00	2039	9,335,000	5.00
2033	3,705,000	5.00	2040	1,270,000	5.00

The 2021 Series B Bonds will mature on January 1, in the years and in the principal amounts, and bear interest at the respective rates per annum, shown below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2023	\$ 1,500,000	5.00%	2035	\$ 3,980,000	5.00%
2029	1,015,000	5.00	2036	4,175,000	5.00
2030	3,120,000	5.00	2037	4,380,000	5.00
2031	3,275,000	5.00	2038	4,595,000	5.00
2032	3,435,000	5.00	2039	4,820,000	5.00
2033	3,610,000	5.00	2040	5,065,000	5.00
2034	3,790,000	5.00	2041	5,320,000	5.00

The 2021 Series A/B Bonds are dated, and shall bear interest from their date of delivery, except as otherwise provided in the Resolution. Interest on the 2021 Series A/B Bonds is payable on January 1 and July 1 in each year, commencing January 1, 2022. The 2021 Series A/B Bonds are in the denomination of \$5,000 or any integral multiple thereof. The 2021 Series A/B Bonds are subject to redemption as provided in the Resolution. The 2021 Series A/B Bonds are lettered and numbered as provided in the Resolution.

The 2021 Series A/B Bonds are being issued for the principal purpose of (i) refunding certain of the District's outstanding General Revenue Bonds, 2014 Series A, General Revenue Bonds, 2014 Series C, and General Revenue Bonds, 2015 Series A-2 (the "Refunded Bonds"), and (ii) financing the costs of issuance related to the issuance of the 2021 Series A/B Bonds.

The District reserves the right to issue Additional Bonds (as defined in the Resolution) ranking equally as to security and payment with the 2021 Series A/B Bonds on the terms and conditions and for the purposes stated in the Resolution.

We are of the opinion that:

1. The District is duly created and validly existing under the provisions of the Act and has good right and lawful authority to operate, maintain, and improve the System and to fix and establish fees and other charges in respect of such System and collect revenues therefrom, as provided in the Resolution, and to perform all its obligations under the Resolution in those respects.

2. The District has the right and power under the Act to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the District, is in full force and effect, and is valid and binding upon the District and enforceable in accordance with its terms and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Pledged Property (as defined in the Resolution), subject only to the application thereof to the purposes and on the conditions permitted by the Resolution. The several trusts created by the Resolution are valid trusts, and all monies, securities, and funds constituting trust property thereof, as and when received in accordance with the Resolution, will be validly subjected to the pledge and lien created by the Resolution.

3. The District is duly authorized and entitled to issue the 2021 Series A/B Bonds and the 2021 Series A/B Bonds have been duly and validly authorized and issued by the District in accordance with the Constitution and statutes of the State of Nebraska, including the Act, and in accordance with the Resolution, and constitute the valid, binding, and direct obligations of the District as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution and entitled to the benefits of the Act and the Resolution. The 2021 Series A/B Bonds are special obligations of the District payable from and secured by the funds pledged therefor under the Resolution.

4. Provisions having been made for the payment and redemption of the Refunded Bonds and the payment of the interest thereon in accordance with the terms of the Resolution, the Refunded Bonds are no longer entitled to any lien, benefit or security under the Resolution and all covenants, agreements and obligations of the District to the holders of the Refunded Bonds have been discharged and satisfied.

5. Under existing statutes, regulations, rulings, and court decisions, interest on the 2021 Series A/B Bonds is excluded, pursuant to Section 103(a) of the Internal Revenue Code of 1986 (the "Code"), from gross income for federal and State of Nebraska income tax purposes and is not a specific item of tax preference for purposes of the Code's alternative minimum tax provisions.

In rendering the opinions set forth in paragraph 5 above, we have relied upon representations and covenants of the District contained in the Resolution and in the Tax Certificate of even date herewith. In addition, we have assumed that all such representations are true and correct and that the District will comply with such covenants. We express no opinion with respect to the exclusion of the interest on the 2021 Series A/B Bonds from gross income under Section 103(a) of the Code or Nebraska laws, in the event that any of such representations are untrue or the District should fail to comply with such covenants, unless such failure to comply is based on our advice or opinion. In addition, we express no opinion as to any federal, state, or local tax law consequences with respect to the 2021 Series A/B Bonds, or the interest thereon, if any action is taken with respect to the 2021 Series A/B Bonds or the proceeds thereof upon the advice or approval of other counsel. Except as stated in paragraph 5 above, we express no opinion as to any other federal or state tax consequences of the ownership, receipt of interest on, or disposition of the 2021 Series A/B Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The opinions contained in paragraphs 2 and 3 above are qualified to the extent that the enforceability of the 2021 Series A/B Bonds and the Resolution, respectively, may be limited by applicable bankruptcy, insolvency, debt adjustment, moratorium, reorganization, or other similar laws or equitable principles affecting creditors' rights generally.

We have examined an executed 2021 Series A Bond and an executed 2021 Series B Bond and in our opinion the form of said Bonds and their execution is regular and proper.

Very truly yours,

APPENDIX D

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “**Agreement**”), dated as of March 4, 2021, is executed and delivered by the Nebraska Public Power District (the “**District**”) in connection with the execution and delivery of the General Revenue Bonds, 2021 Series A (the “2021 Series A Bonds”) and the General Revenue Bonds, 2021 Series B (the “2021 Series B Bonds”, and together with the 2021 Series A Bonds, the “Bonds”). The Bonds are being executed and delivered pursuant to the terms of the General Revenue Bond Resolution, adopted on June 4, 1998, as supplemented by supplemental resolution of the District authorizing the Bonds (said Resolution, as supplemented, the “Resolution”). The District hereby covenants and agrees as follows:

NOW, THEREFORE, in consideration of the purchase of the Bonds from the District by the Underwriters and the contemplated sale of the Bonds to, and transfer of Bonds between, owners and beneficial owners from time to time, the District hereby sets forth, pursuant to Section 211 of the supplemental resolution authorizing the Bonds, certain terms of its continuing disclosure agreement made for purposes of the Rule and formed, collectively, by said Section 211 and this Agreement for the benefit of the owners and Beneficial Owners from time to time of the Bonds, as follows:

Section I. Purpose of Agreement. This Agreement is being executed and delivered by the District for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriters in complying with the Rule.

Section II. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Agreement unless otherwise defined in this Section, the following capitalized terms have the following meanings:

“**Annual Report**” means any Annual Report of the District provided by the District pursuant to, and as described in, Sections III and IV of this Agreement.

“**Beneficial Owner**” means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Commission**” means the Securities and Exchange Commission.

“**Listed Events**” means any of the events listed in Section V(A) of this Agreement.

“**MSRB**” means the Municipal Securities Rulemaking Board and its successors.

“**Official Statement**” means the Official Statement delivered in connection with the Bonds.

“**Rule**” means paragraph (b) (5) of Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**Underwriters**” means the original purchasers of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

Section III. Provision of Annual Reports.

A. The District shall not later than sixty (60) days after the District normally receives its audited financial statements from its auditors in each year but in no event later than June 30, commencing with the report for the District’s Fiscal Year ended December 31, 2021, provide to the MSRB copies of an Annual Report of the District which is consistent with the requirements of Section IV of this Agreement. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section IV of this Agreement; provided that the audited financial statements of the District may be submitted separately from the balance of such Annual Report and later than the date required above for the filing of such Annual Report if they are not available by that date. If the District’s Fiscal Year changes, the District shall give notice of such change in the same manner as for a Listed Event under subsection V(C).

Section IV. Content of Annual Reports. The Annual Reports of the District shall contain or include by reference the following:

A. The audited financial statements of the System for the Fiscal Year most recently ended, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by

the time the Annual Reports are required to be filed pursuant to subsection III(A) of this Agreement, the Annual Reports shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Reports when they become available.

B. To the extent not included in the financial statements, the following types of information will be provided in one or more reports:

(1) Update the tables provided in the Official Statement under the heading “THE CUSTOMERS: Classifications; District’s Wholesale Customers—2016 Wholesale Power Contracts—CFC Data; Customers, Energy Sales, and Revenues;” and under the heading “THE SYSTEM: Capacity Resources; Energy Supply; and District Owned Generation Facilities.”

(2) Update the audited financial information under the table provided in the Official Statement entitled “Summary Statements of Revenues and Expenses Per Financial Statements and Reconciliation to Net Revenues Under the General Resolution for the Three Years Ended 2020, 2019, and 2018,” under the heading “FINANCIAL INFORMATION: Revenues and Expenses Under the General Resolution.”

Any or all of the items listed above may be included by specific reference to other documents, including official statements or other disclosure documents of debt issues of the District or related public entities, which have been submitted to the Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

The contents, presentation, and format of the Annual Reports may be modified from time to time as determined in the judgment of the District to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the District or to reflect changes in the business, structure, operations, or legal form of the District or any mergers, consolidations, acquisitions, or dispositions made by or affecting the District; provided that any such modifications shall comply with the requirements of the Rule.

C. To the MSRB, in a timely manner, notice of a failure to provide any Annual Information required by this Section IV.

Section V. Reporting of Significant Events.

A. Pursuant to the provisions of this Section V, the District shall give, or cause to be given, to the MSRB in a timely manner (not in excess of ten business days after the occurrence of the event) notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701—TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of the Bondholders, if material;

- (8) Optional contingent or unscheduled calls of any Bonds other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the District (a "Bankruptcy Event"). A Bankruptcy Event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District;
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of Financial Obligations of the District, any of which reflect financial difficulties.

The District intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

Section VI. Termination of Reporting Obligation. The District's obligations under this Agreement shall terminate upon the legal defeasance, prepayment, or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under subsection V(C).

Section VII. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the District may amend this Agreement, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

A. If the amendment or waiver relates to the provisions of subsection III(A), Section IV, or subsection V(A), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted;

B. The undertakings, as amended or taking into account such waiver, would, in the opinion of counsel expert in federal securities laws, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any subsequent amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Owners of the Bonds, or (ii) does not, in

the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the District shall describe such amendment in its next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under subsection V(C), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section VIII. Additional Information. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, including the information then contained in the District's official statements or other disclosure documents relating to debt issuances, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event. Any information provided to the MSRB shall be provided by an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section IX. Default. This Agreement shall be solely for the benefit of the Owners and Beneficial Owners from time to time of the Bonds. The exclusive remedy for any breach of this Agreement by the District shall be limited, to the extent permitted by law, to a right of Owners and Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the District of its obligations under this Agreement. Any individual Owner or Beneficial Owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require the District to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any such proceedings to require the District to perform any other obligation under this Agreement (including any proceedings that contest the sufficiency of any pertinent filing) shall be instituted and maintained only by a trustee appointed by the Owners or Beneficial Owners of not less than 25% in principal amount of the Bonds then outstanding or by Owners or Beneficial Owners of not less than 10% in principal amount of the Bonds then outstanding. A default under this Agreement shall not be deemed an Event of Default under the Resolution with respect to the Bonds, and the sole remedy under this Agreement in the event of any failure of the District to comply with this Agreement shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Agreement.

Section X. Beneficiaries. This Agreement shall inure solely to the benefit of the District, the Underwriter, the Owners, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section XI. Governing Law. This Agreement is to be delivered and performed in, and shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Nebraska, notwithstanding its law governing conflicts of law and choice of law; which State shall also be the venue of any legal action on, arising out of, or related to this Agreement.

IN WITNESS WHEREOF, the District has caused this Agreement to be duly signed and delivered to the Underwriter, as part of the Bond proceedings and in connection with the original delivery of the Bonds to the Underwriters, on its behalf by its official signing below, all as of the date set forth above, and the owners and beneficial owners from time to time of the Bonds shall be deemed to have accepted the District's continuing disclosure undertaking, as contained in Section 211 of the supplemental resolution authorizing the Bonds and further described and specified herein, made in accordance with the Rule.

NEBRASKA PUBLIC POWER DISTRICT

By: _____
Authorized Signatory