

Monitoring Report SD-3: Access to Credit Markets Finance Committee May 2021

Javier Fernandez, CFO



SD-3: Access to Credit Markets

In order to achieve a low cost and flexible cost structure, OPPD shall maintain financial ratios and targets to ensure efficient and cost effective access to the credit markets.

Therefore:

- For OPPD's annual budgets the Board establishes a minimum total debt service coverage* ratio of 2.0 times.
- When making resource decisions, OPPD shall take into consideration long-term revenue requirements, debt to equity ratios, minimum risk adjusted liquidity* levels, competitive position, financial risk and financial flexibility.
- OPPD's goal is to maintain an AA credit rating with the credit rating agencies consistent with the above expectations.

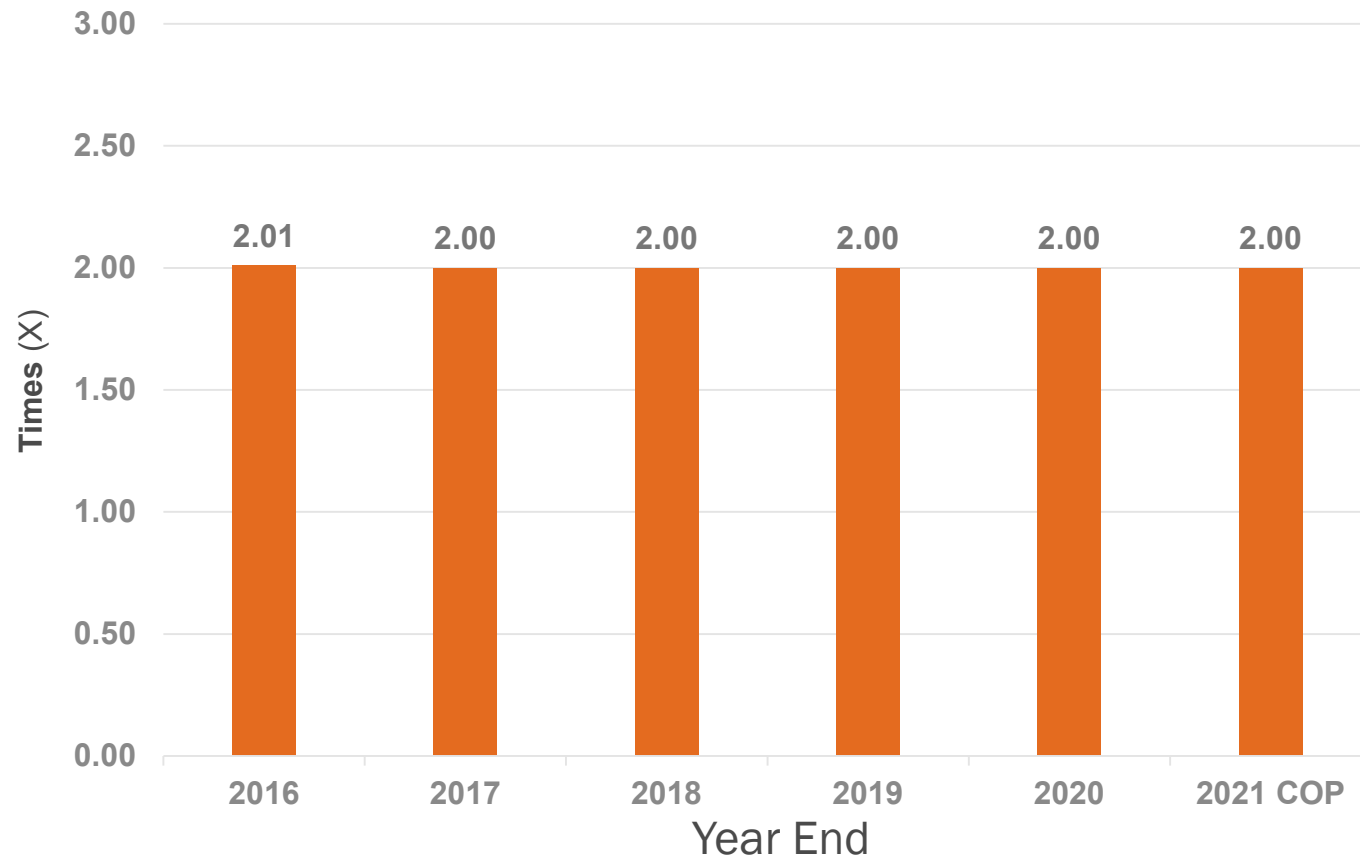
*TERMS AND DEFINITIONS

Total Debt Service Coverage: Revenues less expenses divided by total annual senior and subordinate lien debt interest and principal payments.

Liquidity: Total cash (operating and supplemental cash accounts) and unrestricted lines of credit available to meet ongoing daily cash requirements.

Total Debt Service Coverage

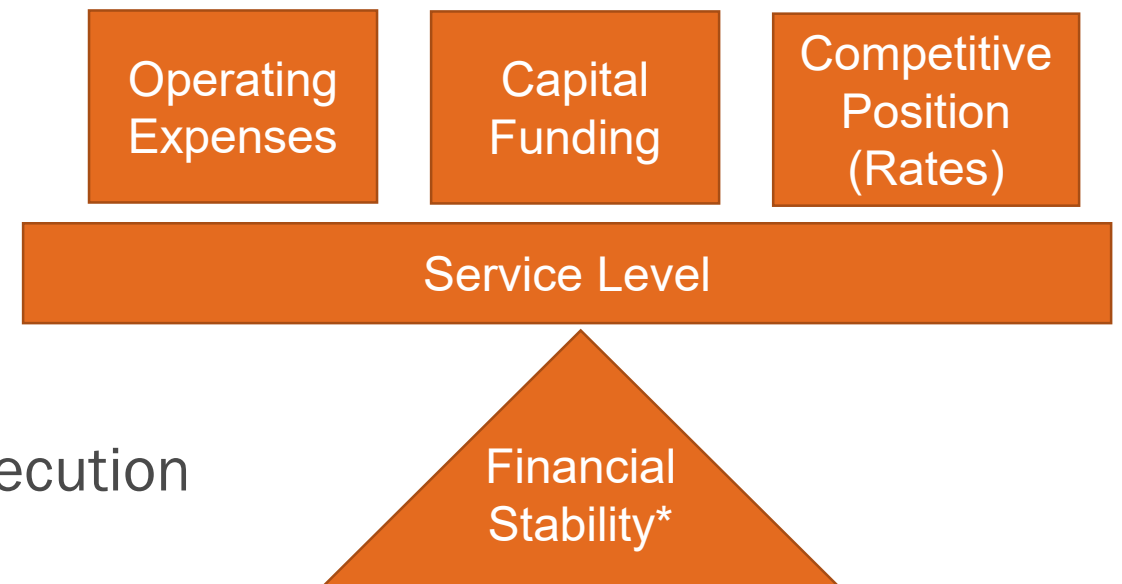
For OPPD's annual budgets, the Board established a minimum total debt service coverage ratio of 2.0 times.



Resource Decisions are made through the Corporate Operating Plan (COP)

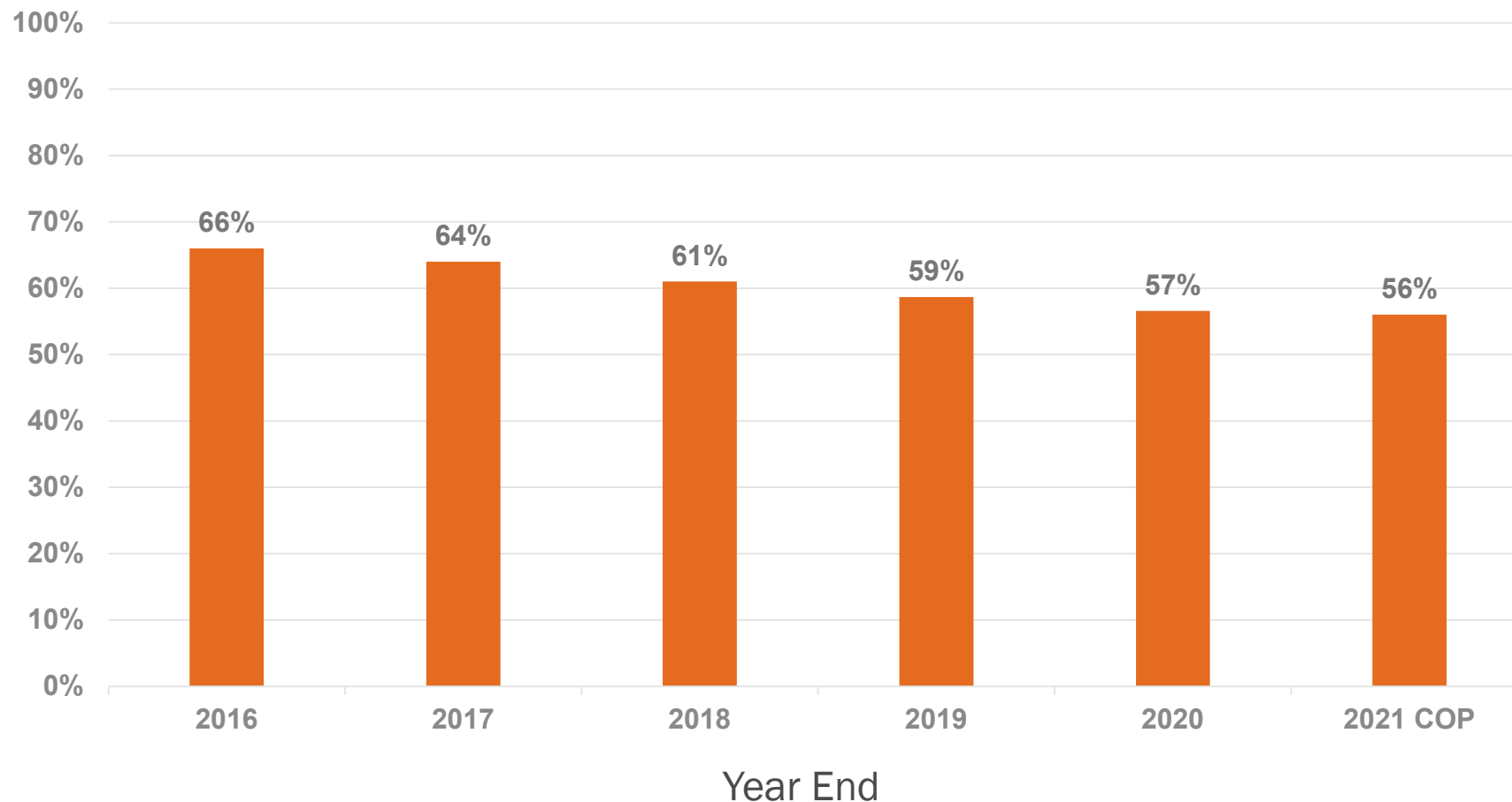
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- Board of Director's Strategic Directives
 - Competitive position in establishing rates (SD-2)
- Long-term revenue requirements
 - Operational requirements (SD-4)
 - Enterprise and financial risks (SD-15)
- Flexibility of plan to adjust with operational execution



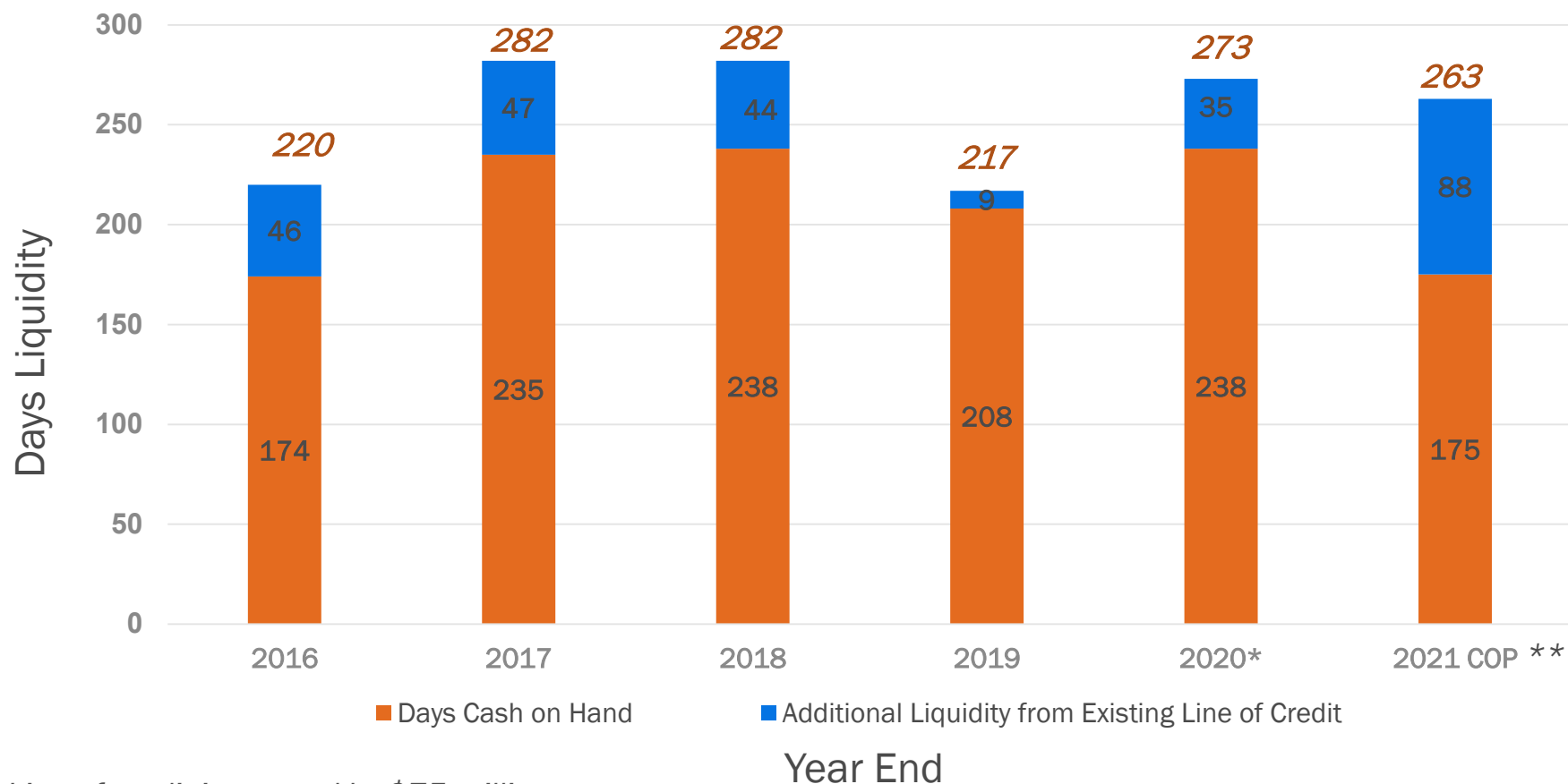
* As measured by Debt Service Coverage, Liquidity and Debt to Equity Ratio

Debt Ratio*



* Share of debt to total capitalization (debt plus net position)

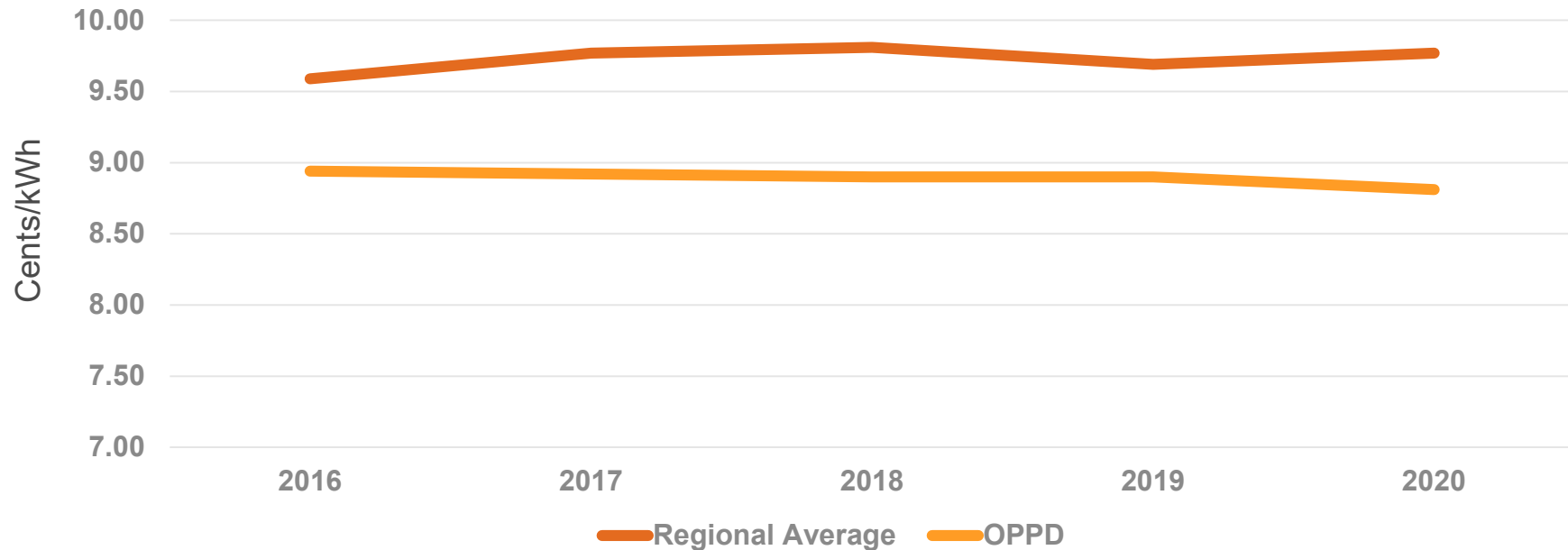
Days Liquidity



* Line of credit increased by \$75 million

** Projected as of March 2021. Assumptions include line of credit increase from \$75 to \$200 million in May 2021 and normalized expenses.

Competitive Position – Retail Rates



	2016	2017	2018	2019	2020**	2021
Regional* (Cents/kWh)	9.59	9.77	9.81	9.69	9.77	No general rate increase
OPPD (Cents/kWh)	8.94	8.92	8.90	8.90	8.81	
Below Reg. Avg. (%)	6.8%	8.7%	9.3%	8.2%	9.8%	

* Source: 2016-2019 EIA Form 861

** 2020 to be updated as EIA information is available

Credit Rating

OPPD's goal is to maintain an AA credit rating with the credit rating agencies consistent with the above expectations.

	2016	2017	2018	2019	2020
Moody's	Aa2	Aa2	Aa2	Aa2	Aa2
Standard & Poor's	AA	AA	AA	AA	AA

Polar Vortex Considerations

OPPD is well-positioned financially to manage polar vortex impacts

- Cash on hand is sufficient to operate for almost six months
- Requested increase in bank line of credit offers additional financial flexibility
- AA rating allows lower cost access to credit markets
- Preliminary discussions with credit rating agencies indicate no change to OPPD's credit ratings

Recommendation

- The Finance Committee has reviewed and accepted this Monitoring Report for SD-3 and recommends that the Board find OPPD to be sufficiently in compliance with Board Policy SD-3.