MOODY'S INVESTORS SERVICE

CREDIT OPINION
8 October 2019

Update

Rate this Research

RATINGS

Oglethorpe Power Corporation

Domicile	Tucker, Georgia, United States
Long Term Rating	Baa2
Type	LT Issuer Rating
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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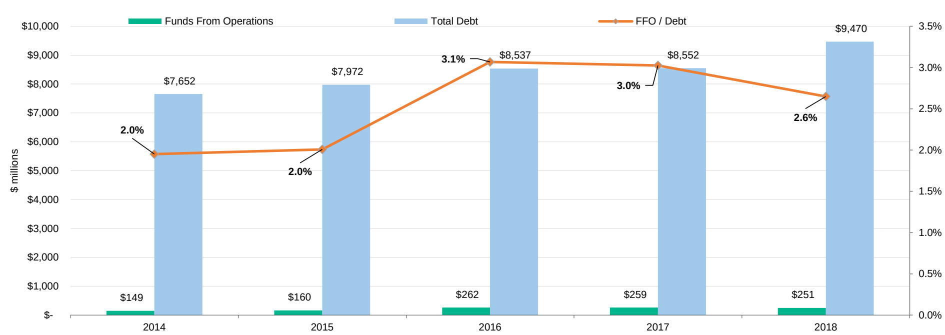
Oglethorpe Power Corporation

Credit Update of Key Rating Factors

Summary

Oglethorpe Power Corporation's (OPC; Baa1 senior secured stable) credit profile reflects its significant challenges because of a 30% participant share in the Vogtle nuclear facility expansion project (the project). The project's extensive construction delays have created sizable cost increases for OPC and its project partners, all of which still support the project. Even with prospects for additional construction delays and cost overruns typical of complex nuclear projects, the latest revised joint owners agreement (JOA) includes some forms of risk mitigation and cost shifting to help protect OPC should costs exceed its latest revised $7.5 billion budget. OPC still has weak financial metrics compared to most cooperative peers we rate, primarily resulting from significant debt financing of the sizable capital program and related adjustments for capitalized interest which depress cash flow credit metrics. To mitigate these credit challenges, OPC derives benefits from the strong bond it has with its members via long-term wholesale power supply contracts, rate autonomy, reasonably competitive rates and access to strong liquidity.

Exhibit 1
Historical FFO, Total Debt and FFO to Total Debt



Source: Moody's Financial Metrics

Credit Strengths

» The collective ongoing strong support for the project from OPC's members, its project partners, Georgia regulators, and other state and political leaders

» The latest revised JOA includes risk mitigation and cost shifting features should future construction costs for the project exceed the revised August 2018 budget

» Benefits from additional Department of Energy (DOE) loan guarantees approved in March, and the good prospects for monetizing nuclear production tax credits (PTCs)

» Rate setting autonomy; strong bond with financially sound members via long term wholesale power contracts; reasonably competitive rates; access to strong liquidity

Credit Challenges

» Potential that one of the joint owners may elect to terminate the project

» Proceeding without the benefit of a fixed price engineering, procurement and construction (EPC) contract for the project

» Several construction delays and related cost increases that put the project more than five years behind the original schedule and significantly over the earlier cost estimates

» Maintaining productivity improvements at the Vogtle site to keep within the latest project budget and construction schedule

» Weakened financial metrics

» Moderate carbon transition risk within the electric generation and transmission cooperative sector based on OPC's investments in coal and gas-fired generation assets

Rating Outlook

The stable outlook reflects the continuation of the collective strong support for the project among all the co-owners and other key constituents. Especially important for OPC are the several forms of risk mitigation and cost shifting now available to offer protection should future construction costs for the project exceed the revised budget. The stable outlook also incorporates the benefits of strong contractual ties that OPC has with its members and the strong likelihood that management and the board will ultimately exercise rate autonomy so that OPC's weak financial metrics will return to stronger levels in support of the credit profile once the project costs are fully incorporated into the wholesale power rates charged to its members.

Factors that Could Lead to an Upgrade

» An upgrade of ratings is unlikely over the next two years as the project moves forward and the cooperative's metrics remain weak primarily because of our adjustments for capitalized interest on the project's significant debt financing

» Beyond the next two years, credit metrics that would support an upgrade include a funds from operations (FFO) to debt ratio closer to 6% and equity to capitalization exceeding 10%

Factors that Could Lead to a Downgrade

» OPC's ratings could be downgraded if there are further delays or cost increases on the project that materially stretch further the cooperative's budget

» Ratings could also come under additional pressure if there is a decrease in the level of co-owners', members', state, regulatory, political, or public support for the project; or if OPC incurs a sustained deterioration of its liquidity or future rate increases necessary to strengthen its cash flow credit metrics and equity levels in the capital structure once the project is in commercial operation are unduly delayed

Key Indicators

Exhibit 2

Oglethorpe Power Corporation Key Indicators

Oglethorpe Power Corporation

	2014	2015	2016	2017	2018
Times Interest Earned Ratio (TIER)	0.7x	0.7x	0.8x	0.8x	0.7x
DSC (Debt Service Coverage)	1.2x	1.2x	1.3x	1.0x	1.1x
FFO / Debt	2.0%	2.0%	3.1%	3.0%	2.6%
(FFO + Interest Expense) / Interest Expense	1.4x	1.4x	1.7x	1.7x	1.6x
Equity / Total Capitalization	7.2%	7.4%	7.4%	7.8%	7.2%

Source: Moody's Investors Service

Profile

OPC is a generation-only electric cooperative that provides wholesale power to its 38 member-owner distribution cooperatives located throughout Georgia. OPC's power is supplied by its ownership shares in two coal facilities that are co-owned and operated by Georgia Power Company (GPC, Baa1 stable), two nuclear facilities that are also co-owned by GPC and operated by Southern Nuclear Company (SNC) and one pump-storage hydroelectric facility, as well as a number of wholly-owned gas-fired units. OPC also manages and operates another six gas-fired units owned by Smarr EMC. Together, these resources provide OPC with almost 7,800 MWs of owned or leased capacity, ranking it among the largest cooperatives in terms of generating capacity. It is also among the largest in terms of revenues, which were $1.48 billion in FY 2018.

Detailed Credit Considerations

Co-owners are proceeding with the project, but the complex project still faces at least two more years of construction challenges to keep within the latest budget

As depicted in Exhibit 3 below, considerable progress has been made at the Vogtle construction site since July 2017. GPC filed its combined Twentieth/Twenty-first Semi-annual Vogtle Construction Monitoring Report (VCM) with the Georgia Public Service Commission (GPSC) in late August which cites an overall estimated total Vogtle Units 3&4 project completion of 78.8% as of June 30, 2019.

Exhibit 3

Total project is nearing completion

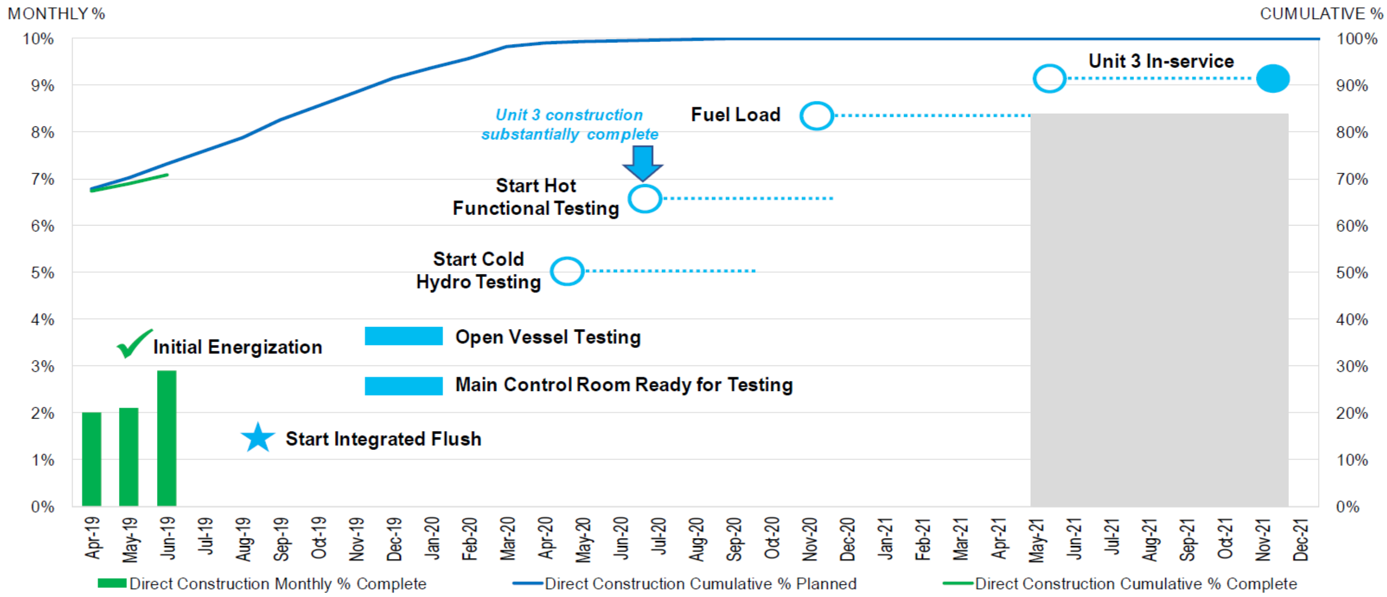
Status of Vogtle project phases as of June 2019

Project Phase	June 2019 % Complete
Engineering	98.2%
Procurement	95.9%
Construction	68.6%
I&C / Cyber Security	97.7%
ITP / Start-Up Testing	14.0%
Total Project	**78.8%**

Source: Georgia Power's 20th/21st Vogtle Construction Monitoring report

As depicted in Exhibit 4 below, during 2019, a few of the project milestones were completed, including Unit 3 initial energization and the start of integrated flush for the same unit. However, many more major milestones lie ahead, including some of the more challenging tasks.

Exhibit 4
Increasingly challenging milestones still lie ahead
Vogtle Unit 3 construction progress and upcoming milestones



Source: Georgia Power Company presentations

Once construction is complete, certain standards identified during the nuclear license process need to be satisfied. These standards, known as Inspections, Tests, Analyses, and Acceptance Criteria (ITAAC), are completed by the Nuclear Regulatory Commission (NRC). As of early September 2019, only about 22% of the 449 ITAAC notifications required for Unit 3 were submitted and verified complete with 50 yet to be submitted to the NRC yet. As for Unit 4, because construction on this unit is purposely approximately 12 months behind schedule of Unit 3, of the 449 ITAAC notifications required, only about 17% have been submitted and verified complete and 75 have yet to be submitted to the NRC.

The latest revised JOA provides risk mitigation and cost shifting

The 2018 revised JOA and binding term sheets established the co-owners responsibility for their respective share of the latest $2.3 billion overall project cost increase including an $800 million project specific contingency. Should Vogtle Unit 3 and 4 costs exceed the revised budget by $800 million to $1.6 billion, GPC, a 45.7% current owner, will be responsible for 55.7% of the increase, with the remaining 44.3% of costs paid by the other co-owners according to their original ownership interests. If Vogtle Unit 3 and 4 costs rise by another $500 million to $2.1 billion from $1.6 billion, GPC is responsible for 65.7% of the increase, with the remaining owners being responsible for the remainder. Beyond this level of future potential cost increase, the co-owners have a one-time option to tender a portion of their ownership interest to GPC. Because of this arrangement, the revised JOA would not require an owner vote to continue construction should costs increase above the August 2018 $2.3 billion budget cost increase. Moreover, GPC would have the sole control over the vote to cancel the project if GPC were asked to pay 100% of the excess costs for the other owners that exceed $2.1 billion. Also GPC, at the co-owners' option, has agreed to purchase the co-owners federal production tax credits (PTC), a source of liquidity for OPC and the other co-owners, at varying purchase prices dependent on the actual cost to compete the project.

Although there were a myriad of reasons cited by GPC and SNC for the cost increases, the projected cost increases were said to be primarily driven by revised cost estimates for subcontracts, contracts and craft labor with the emphasis on improving craft personnel productivity and production to help keep pace with the planned in-service dates of November 2021 for Unit 3 and November 2022 for Unit 4, which remain unchanged. The ability to attract and retain the appropriate craft labor is critical to the progression and ultimate completion of the Vogtle project under the current schedule. The project continues to recruit incremental craft labor to maintain and increase production.

Certain other contractual arrangements also mitigate some of the Vogtle project's risks

Construction at the Vogtle site continues, while now being led by Southern Company's subsidiary, SNC, under a services agreement with Westinghouse approved in July 2017. The services agreement helps partially balance the credit negative aspects of OPC's nuclear construction risk as it proceeds with its 30% participation in the Vogtle project because, among other things, it ensures access to the Westinghouse intellectual property while SNC, on behalf of GPC and the other owners, continues to manage the project pursuant to the revised JOA.

While SNC has taken over construction management at the Vogtle site, Bechtel has taken on the role of the primary construction contractor under a fee based plus incentives construction contract. This contract is integral to the project's future because it helped pave the way for the DOE's approval of additional loan commitments as described in more detail below. Although the contract with Bechtel does not provide the same degree of cost protections as a fixed price EPC contract, we believe the incentives in the contractual arrangements provide strong motivation for Bechtel to meet or exceed certain project completion milestones established. The project continues to recruit incremental craft labor to maintain and increase production. While this had been a problem in the past, most notably in 2018, considerable progress has been achieved in increasing earned labor hours. The project currently estimates that approximately 110,000 weekly earned hours must be sustained in order to meet the November 2021 and November 2022 in-service dates for Unit 3 and 4, respectively. The site had averaged 133,000 earned hours per week year-to-date through July and had reached as high as 150,000 weekly earned hours in June 2019. The project continues its effort to achieve at least 160,000 earned hours per week expected in late 2019 and into next year in an attempt to meet the aggressively scheduled contractually incentivized in-service dates of May 2021 and May 2020 for Units 3 and 4, respectively.

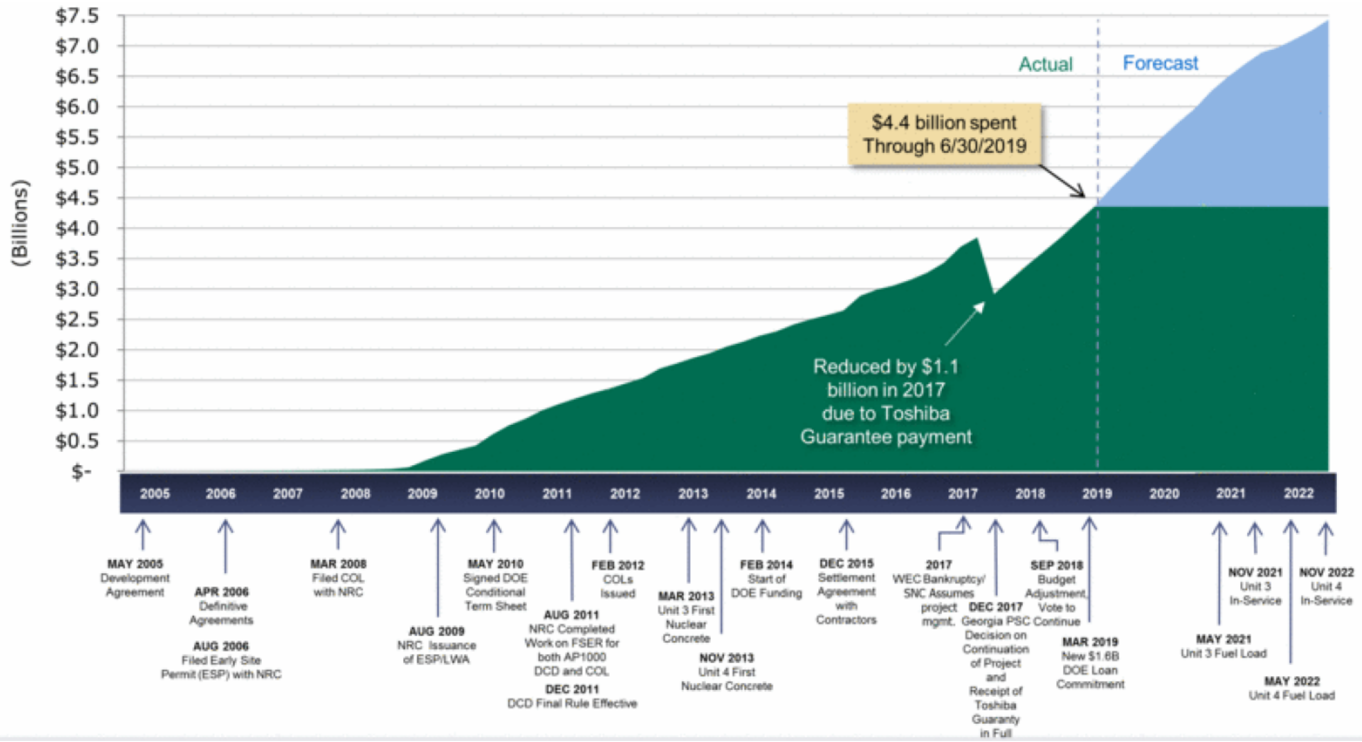
OPC's 30% share of the Vogtle Project remains manageable

Exhibit 5 below depicts a timeline of OPC's actual and forecast spending for the Vogtle project. OPC's share of the latest capital cost increase alone of approximately $450 million represented almost all of OPC's approximate $490 million contingency that the cooperative had to that point built into its prior revised budget of $7.0 billion. Also, OPC's share of the total project's contingency under the latest budget provided by GPC and SNC was about $240 million. OPC's new budget of $7.5 billion, which was approved in tandem with its vote last year to proceed with construction, represents a $0.5 billion increase above its prior budget and includes its approximate 30% share of the August 2018 revised estimated $1.5 billion capital cost increase, allowance for funds used during construction, and 30% of the $800 million project-level contingency, as well as its own separate OPC contingency.

OPC's previous projected budget for the project of $7.0 billion compared to $5.0 billion before that earlier change, including capital costs, financing costs and the OPC contingency. The budget had assumed receipt over several years of OPC's full share of the Toshiba guarantee of Westinghouse EPC contract obligations. However, Toshiba paid the amount owed in full and well ahead of schedule. Timing of actual expenditures relating to the latest cost increases remains uncertain but are assumed to be made, at a minimum, in accordance with keeping the project on its latest schedule. OPC reports it has already invested about $4.4 billion in the project as of June 30, 2019. The construction schedule for both units 3&4 is more than five years behind the project's original schedule.

Exhibit 5

Actual and Forecast Vogtle 3 & 4 Spending



Source: Oglethorpe Power 8-K Filing Dated August 28, 2019

Oglethorpe credit quality benefits from additional DOE loan guarantees approved in March

Exhibit 6 below shows a DOE loan summary for OPC as of July 31, 2019. DOE loan guarantees of about $12 billion now available from the Federal Financing Bank (FFB) to OPC and two other co-owners in the project currently is a credit positive factor because the loans offer a reliable funding source at a meaningfully lower than budgeted cost of capital and signify continued support for the project from the US Government despite substantial construction delays and cost increases. Borrowings under the program are at the applicable Treasury rate plus 0.375%. In March 2019, OPC closed on an amended and restated loan guarantee agreement with the DOE which increased its share of DOE loan capacity by $1.62 billion, bringing the cooperative's aggregate amount to $4.68 billion. OPC has typically been advancing DOE loans twice a year and as of July 31, 2019 it had about $2.25 billion of remaining availability. The cooperative anticipates that its next advance will be made in December for about $550 million. OPC estimates $500 million of net present value (NPV) interest expense savings over the life of the guaranteed loans. The benefits of the DOE loan guarantees are likely contributing to the supportive stance taken by OPC's members, the members' retail customers, the other co-owners, state politicians and regulators for new nuclear construction in Georgia.

Exhibit 6

DOE Loan Summary as of July 31, 2019

Purpose/Use of Proceeds	Approved	Advanced	Remaining Amount
Vogtle Units 3 & 4			
Principal - 2014 Loan	$2,721,597,857	$2,155,000,000	$566,597,857
Capitalized Interest - 2014 Loan	$335,471,604	$267,058,241	$68,413,363
Principal - 2019 Loan	$1,619,679,706	$0	$1,619,679,706
Total	**$4,676,749,167**	**$2,422,058,241**	**$2,254,690,926**

Source: Oglethorpe Power 8-K Filing Dated August 28, 2019

In the event that certain mandatory prepayment events occur under the DOE loan agreement, including the termination of the Vogtle 3 and 4 agreement, OPC may, at the DOE's option, be required to repay the outstanding amount over five years with level principal amortization. Should this scenario play out, OPC would benefit from its access to the capital markets to refinance the DOE loans because of its large investor following.

Potential to monetize PTCs is another credit positive factor for Oglethorpe

Although OPC is not a taxable entity, it is currently assuming some benefits of monetizing its share of PTCs relating to the project at some future point through sale to a taxable third party. The opportunity to do so stems from federal legislation extending the eligibility for nuclear PTCs. The enactment of legislation extending the eligibility of PTCs is an integral part of the project's future, including maintaining co-owners' unanimous support. And, as noted earlier, GPC also stands willing to purchase PTCs from OPC and its other co-owners.

Wholesale power contracts create a strong bond between OPC and its members

OPC sells virtually all of its generation output to its members pursuant to wholesale power contracts, limiting its exposure to market volatility. However, unlike most of the other electric cooperatives, which are the sole electric providers to their members, OPC supplies its members with less than 100% of their aggregate energy needs. The share of the members' aggregate needs supplied by OPC was about 57% in 2018 compared to 63% in 2017, 64% in 2016, 48% in 2015, 52% in 2014 and 92% in 2004. The large increase in 2016 primarily relates to the T.A. Smith natural gas plant beginning to serve member load in January 2016.

Although each member is entitled to and pays all costs associated with a fixed level of capacity from specific OPC generating units, the members independently obtain supplemental power requirements and fulfill load growth from other sources, thereby transferring supply risk to the members. Under a strict interpretation of the definitions in the Rating Methodology, OPC would receive a “Ba” indicated rating score for Factor 1 as OPC's owned resources provided about 57% of its members' power requirements in FY 2018. However, we do not consider this strategy to be an incremental credit risk primarily because the incremental supply risk under these arrangements has been transferred to the distribution members. Moreover, since its members' payment obligation to pay all of the cooperative's costs is joint and several, OPC's stable supply of relatively affordable base load power remains increasingly valuable to its members as their needs grow and they are continually forced to look for additional sources of supply. An indicated rating of “Baa” for this sub-factor more appropriately captures the degree of credit impact from the current relationships between OPC and its members, especially when considered together with its rate autonomy. For example, even considering construction delays and cost overruns to date, the member base to this point has been substantially supportive of OPC's investment in the Vogtle Unit 3 and 4 expansion and all 38 members are jointly and severally liable to pay all of the cooperative's costs, including the project costs.

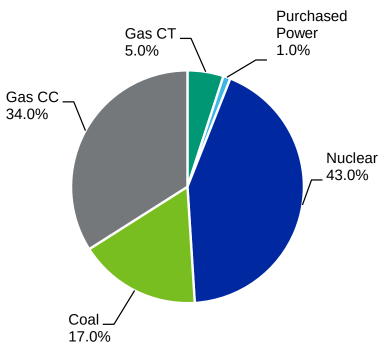
That said, there is incremental credit risk with the non-OPC power supply where members have separate arrangements with power suppliers expiring from 2019-2031. These supplemental arrangements increase the credit risk profile of the participating members and, if not renewed or replaced on satisfactory terms, could weaken the financial profile of each of the participating members involved, all of which have off-take arrangements with OPC.

Moderate degree of carbon transition risk as Oglethorpe maintains reasonably competitive rates

Although OPC's long-range spending appears likely as does a corresponding increase in rates, the cooperative's exposure to potential rate shock in the next two years remains limited by its high degree of fuel and resource diversity. Beginning in December 2021 and even more so in December 2022, a significant increase in sales to members would coincide with commercial operation of the Vogtle Units 3 and 4, respectively, which should help mitigate the overall wholesale power rate increases to the 34 participating members as the increased costs of providing service are spread among a much larger number of megawatt hour sales.

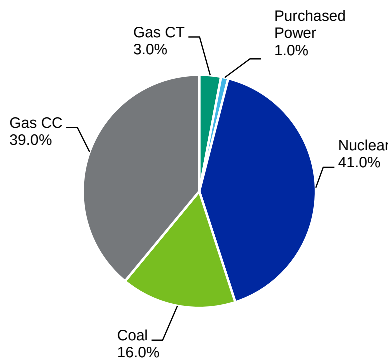
We ascribe a moderate degree of carbon transition risk for OPC as part of our environmental risk assessment. See Exhibits 7-9 below depicting OPC's actual generation by plant type for 2018 and projected for 2019 and 2023, respectively. Based on 2018 data, about 17% of OPC's energy was generated by stable coal-fired resources, while about 43% came from its non-carbon emitting nuclear ownership shares, both of which are demonstrating good operating performance. Since 2011, a notably higher percentage of energy from gas-fired generation resources has occurred. The likely trend for natural gas prices, even with a modest increase, is still expected to support future economic dispatch of OPC's natural gas generation.

Exhibit 7
2018 Actual generation by plant type



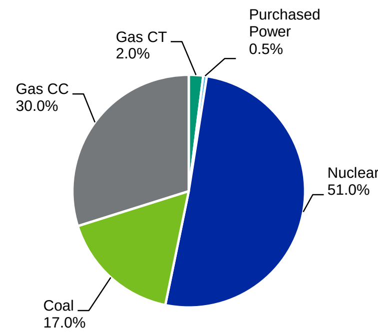
Source: Oglethorpe Power Presentation

Exhibit 8
2019 Projected generation by plant type



Source: Oglethorpe Power Presentation

Exhibit 9
2023 Projected generation by plant type



Source: Oglethorpe Power Presentation

OPC's average rates are likely to remain reasonably competitive in the short-term. OPC's members' rate for the first half of FY 2019 was about 6.79 cents/kWh and for FY 2018 was 6.43 cents/kWh (compared to 6.02 cents/KWh in FY 2017, 5.9 cents/kWh in FY 2016, 6.64 cents/kWh in FY 2015 and a range of 5.77 - 6.52 cents/kWh during 2012-2014). Further, OPC is able to adjust its rates easily and quickly, if necessary, without seeking regulatory approval and fuel and purchased power costs are passed straight through to members one month in arrears.

Healthy consolidated financial profile of members prevails

On average, OPC's members exhibit a sound consolidated credit profile. The members' substantially residential customer base, which comprised approximately 66.8% of FY 2018 MWh sales, provides a high degree of stability. The members' average equity to capitalization ratio of 52.2% is also a credit positive factor, as is the members' flexible rate-setting ability. Also, on a consolidated basis, OPC has the largest amount of consolidated assets, by far, of any cooperative that we rate, and its service territory offers relatively stable expected growth rates. While the members vary widely in terms of their individual size, only two of OPC's members accounted for more than 10% of total FY 2018 member revenues, the largest at approximately 14.1%. OPC's wholesale power supply contracts with its members through 2050 and the degree of support they exhibit for the project reinforce the members' commitment to OPC as an integral component of their power supply.

Financial metrics will remain weak while the Vogtle construction project proceeds

OPC's budgeting practices and its rate structure consistently enable it to achieve its minimum target of 1.1x margin for interest (MFI), as defined in its indenture. Beginning in 2009, OPC's board approved a plan to increase rates first to a level that would enable it to achieve an MFI ratio of 1.12x in 2009 and then to 1.14x in 2010-18. OPC's Board approved a budget for 2019 and 2020 which committed to maintain MFI coverage at the 1.14x level and similar action is likely to be part of future budget planning for the remainder of the project construction period.

As an electric generation cooperative, OPC does not seek to maximize margins, often making credit metrics such as MFI or the debt service coverage (DSC) ratio less useful measures of credit strength since they are usually designed to be at or near 1.0x coverage. Nevertheless, OPC exhibits weak metrics. Because of including a substantial amount of capitalized interest which is part of our standard adjustments for coverage metrics, OPC's times interest earned ratio (TIER) under our defined calculation, which is akin to the MFI ratio, has been below 1.0x in most years since the project began. The DSC ratio improved to 1.25x in FY 2016 compared to 1.17x in FY 2015 because of the inclusion of depreciation of the Smith plant in wholesale rates; however, the DSC ratio was modestly lower in fiscal years 2017-18 and the three-year average for 2016-18 was 1.1x. Even as the FFO benefits from the inclusion of depreciation from the Smith plant, the FFO to debt metric declined to 2.6% in FY 2018 from 3.0% in FY 2017 as debt continues to increase with funding for the project and the FFO to debt ratio is likely to remain in the 2%-3% “Ba” category range while the nuclear construction period continues. The FFO to interest ratio was 1.6x in FY 2018, which was down slightly from 1.7x in FY 2017. OPC's adjusted equity to capitalization ratio averaged at 7.5% for the fiscal years 2016-18 positioning it at the low end of the 5%-20% “Baa” category range under the rating methodology.

To the extent OPC expenses rather than capitalizes interest during construction, there would likely be a lower level of external finance and more stable credit metrics. Along these lines, the OPC board has approved three rate management programs since 2012. The programs were implemented to give members the option to accelerate costs that would otherwise be deferred into future periods.

The effects of the capitalized interest adjustments will continue to weigh heavily on OPC's adjusted financial metrics through the remainder of the project's construction period. Also, the prospective DSC ratio will be negatively affected by some large bullet maturities which result in a DSC ratio less than 1.0x. OPC has addressed similar refinancings in the past and most recently in March used cash on hand to address the scheduled $350 million bullet maturity. OPC continues to benefit from ample access to the capital markets because of its large investor following. OPC's financial metrics are likely to significantly improve beginning in 2022-23 assuming the Vogtle units go into commercial operations, begin to depreciate and OPC exercises its rate autonomy to incorporate the power costs into the members' wholesale electric rates.

Liquidity Analysis

OPC has strong liquidity, especially considering the availability of the DOE guaranteed loans and a disciplined approach to maintaining good quality bank credit facilities. Given the scale and complexity of OPC's various projects, liquidity will remain a significantly weighted credit risk factor over the next several years as the cooperative's capital spending is likely to be in a range of $1.0 - $1.4 billion annually under the current plans for 2019-21.

OPC continues to fund its monthly share of the Vogtle project costs primarily with commercial paper (CP) under its $1.0 billion CP program and then periodically repays the CP with proceeds from long-term debt issuance. As of August 21, 2019, its outstanding CP was $473.3 million. OPC plans to follow its practice of periodically issuing long term debt in the capital markets or through the DOE guaranteed loan program and using the proceeds to repay portions of its then outstanding CP.

External short-term liquidity is primarily provided by OPC's $1.21 billion committed senior unsecured syndicated credit facility which expires in March 2020. The facility, which OPC plans to renew during the fourth quarter of 2019, has same-day drawing availability and no ongoing material adverse change clause. The most notable covenant requires OPC to maintain minimum patronage capital levels which it consistently achieves. OPC uses the facility to support its outstanding commercial paper in an amount up to $1.0 billion.

OPC also has additional committed credit facilities for an incremental $510 million of borrowing capacity, $260 million of which is senior unsecured credit and $250 million of which is senior secured bank credit. The $250 million secured facility is a line of credit with National Rural Utilities Cooperative Finance Corporation (NRUCFC), which expires December 2023. Under the $250 million arrangement with NRUCFC, OPC can make term loans with maturities no later than December 31, 2043. Under a $110 million unsecured facility with NRUCFC, OPC has the option to convert any amounts outstanding to a secured term loan under the $250 million facility which would reduce the amount available under the $250 million facility (that is the maximum amount that can be drawn under the two NRUCFC facilities combined is $250 million).

OPC's $110 million unsecured line of credit with NRUCFC also expires in December 2023 and the cooperative also has a $150 million unsecured bilateral facility with JPMorgan Chase that expires in October 2021. Combined available borrowing capacity under all lines totaled $885.2 million at August 21, 2019 after taking into account usage to backstop $473.3 million of CP outstanding and $251.5 million for letters of credit, most of which is supporting variable rate demand bonds.

Also, as of August 21, 2019, OPC reported unrestricted cash and equivalents on hand of $360 million, had access to $63 million of approved but undrawn RUS loan availability and was awaiting RUS approval of a $633 million loan application. As of July 31, 2019 OPC had $594 million on deposit in the RUS cushion of credit (COC) program. The 2019 Farm Bill signed in December 2018 implemented changes to the COC program that preclude future deposits after December 20, 2018 and allow program participants to prepay loans under the RUS loan program without a prepayment penalty through September 30, 2020. OPC is still evaluating how to best deploy its COC balance. The COC balance continues to earn 5% through October 1, 2020, then drops to 4% until October 1, 2021 when the COC balance will earn interest at a 1-year floating Treasury rate. COC deposits can only be used to repay obligations owed to the RUS/FFB loan program. During March 2019, OPC used available cash to repay at maturity a 6.1% $350 million taxable bullet long-term debt issue and as of June 30, 2019, most of OPC's $9.0 billion total long-term debt is amortizing, but the balance still includes about $2.4 of predominantly long-dated bullet maturities; as of June 30, 2019, OPC reported current maturities of long term debt at $232.9 million.

Other Considerations

As depicted in Exhibit 10 below, Moody's evaluates OPC's financial performance relative to the U.S. Electric Generation and Transmission Cooperative Rating Methodology Scorecard. OPC's scorecard-indicated outcome based on historical results is Baa2, which is one notch below its Baa1 senior secured rating. The one notch differential reflects our view that OPC's financial metrics will significantly improve in 2022-23 assuming the Vogtle units go into commercial operations, begin to depreciate and OPC exercises its rate autonomy to incorporate the power costs into the members' wholesale electric rates.

Exhibit 10

U.S. Electric Generation & Transmission Cooperative Rating Methodology Scorecard

U.S. Electric Generation & Transmission Cooperatives [1][2]	Current FY 12/31/2018		Moody's 12-18 Month Forward View As of Published Date [3]	
Factor 1 : Wholesale Power Contracts and Regulatory Status (20%)	**Measure**	**Score**	**Measure**	**Score**
a) % Member Load Served and Regulatory Status	Baa	Baa	Baa	Baa
Factor 2 : Rate Flexibility (20%)				
a) Board Involvement / Rate Adjustment Mechanism	Baa	Baa	Baa	Baa
b) Purchased Power / Sales (%)	0.6%	Aaa	0.5% - 2%	Aaa
c) New Build Capex (% of Net PP&E)	Ba	Ba	Ba	Ba
d) Rate Shock Exposure	Ba	Ba	Ba	Ba
Factor 3 : Member / Owner Profile (10%)				
a) Residential Sales / Total Sales	66.8%	A	65% - 70%	A
b) Members' Consolidated Equity / Capitalization	52.2%	A	49% - 53%	A
Factor 4 : 3-Year Average G&T Financial Metrics (40%)				
a) Times Interest Earned Ratio (TIER)	0.8x	B	0.7x - 1x	B
b) Debt Service Coverage Ratio (DSC)	1.1x	Baa	0.7x - 1x	B
c) FFO / Debt	2.9%	Ba	2% - 3%	Ba
d) Funds from Operations Coverage of Interest (FFO/Interest)	1.7x	Baa	1.3x - 1.6x	Ba
e) Equity/Total Adjusted Capitalization	7.5%	Baa	6% - 7%	Baa
Factor 5 : G&T Size (10%)				
a) MWh Sales	23.0	Aa	22 - 26	Aa
b) Net PP&E	$8.8	Aaa	$8 - $9	Aaa
Rating:				
Scorecard-Indicated Outcome		Baa2		Baa2
Actual Rating Assigned (Senior Secured)		Baa1		Baa1

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustents for Non-Financial Corporations.
[2] As of 12/31/2018; Source: Moody's Financial Metrics™
[3] This represents Moody's forward view; not the view of the issuer; and unless noted in the text, does not incorporate significant acquisitions and divestitures.
Source: Moody's Investors Service

Ratings

Exhibit 11

Category	Moody's Rating
OGLETHORPE POWER CORPORATION	
Outlook	Stable
Issuer Rating	Baa2
First Mortgage Bonds	Baa1
Senior Secured	Baa1
Commercial Paper	P-2

Source: Moody's Investors Service

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CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454