Fitch Ratings

Public Finance
Public Power
United States

Oglethorpe Power Corporation, Georgia

The 'BBB+' rating reflects higher leverage, and ultimately higher rates to members that will result from Oglethorpe Power Corporation's (OPC) ongoing investment in a 30% share (660MW) of Vogtle Units 3 and 4. OPC's $7.5 billion Vogtle budget, adopted in September 2018, includes an $800 million project-level contingency, OPC's financing costs and its own contingency reserve, all of which provide some protection against further project increases. The Negative Outlook reflects the potential for further movement in the rating if significant additional cost increases occur at Vogtle and exceed existing contingency reserves.

The 'BBB+' rating also incorporates the strong credit quality of the largest of OPC's 38 members, who collectively serve 1.9 million customer meters in Georgia, and Fitch's expectation that affordability will weaken with completion of Vogtle. OPC's largest members have competitive rates and exhibit high affordability, as measured by annual energy costs compared with median household income. However, once Vogtle construction is complete in 2021 and 2022, OPC wholesale rates to members participating in the project will increase and retail rates of certain OPC members could outpace retail rates anticipated for neighboring Georgia Power Company (GPC) customers.

Key Rating Drivers

Revenue Defensibility: 'aa'; Unconditional, Project Based Wholesale Power Sales Contracts: OPC's revenue defensibility assessment reflects the very strong contractual underpinnings supporting electric business revenues collected from 38 members, the legal ability to raise wholesale electric rates on member sales, and the strong credit quality of contracted members. Fitch expects OPC's rate formula will provide for timely cost recovery when Vogtle Units 3 and 4 enter commercial operation, and the full costs of those units will be passed through to members participating in the project.

Operating Risk: 'a'; Low Operating Costs with Upward Pressure: Operating costs averaged just above 5.0 cents/kWh over the past five years and are considered low. Operating costs are expected to remain low given the diversified portfolio of generation assets. The existing fleet's capital requirements are moderate and supported by ongoing capex. Project-completion risk at Vogtle Units 3 and 4 represents an asymmetric rating factor consideration in the operating risk assessment given the ongoing cost and timeline uncertainty associated with the project.

Financial Profile: 'bbb'; High Leverage Associated with Vogtle Construction: OPC's financial margins and liquidity position are stable, and management's commitment to achieving interest coverage margins of 1.14x through the final year of Vogtle construction (above its legal requirement of 1.1x) should continue to produce healthy margins during construction. However, the nuclear expansion resulted in significant debt financing and increased leverage ratio. Fitch expects leverage will remain elevated until large rate increases, anticipated in 2021 and 2022, bring the leverage ratio back down to between 10.0 and 11.0x.

Ratings

Long Term Issuer Default Rating	BBB+

Outstanding Debt

Appling County Development Authority (GA) (Oglethorpe Power Corp Hatch Project) pollution control Revenue Bonds	BBB+
Burke County Development Authority (GA) (Oglethorpe Power Corporation Vogtle Project) pollution control Revenue Bonds	BBB+
Heard County Development Authority (GA) (Oglethorpe Power Corp.) pollution control Revenue Bonds	BBB+
Monroe County Development Authority (GA) (Oglethorpe Power Corporation Scherer Project) pollution control Revenue Bonds	BBB+
Oglethorpe Power Corporation (GA) CP Notes	F1
Oglethorpe Power Corporation (GA) first Mortgage Bonds	BBB+
Oglethorpe Power Corporation (GA) first Mortgage Revenue Bonds	BBB+
Oglethorpe Power Corporation (GA) first Mortgage Revenue Bonds (Taxable)	BBB+

Rating Outlook

Negative

Applicable Criteria

Public Sector, Revenue-Supported Entities Rating Criteria (March 2020)

U.S. Public Power Rating Criteria (March 2020)

Related Research

U.S. Public Power: Peer Review (June 2020)

Global Economic Outlook — June 2020 - Coronavirus Disruption Easing (June 2020)

Public Power - Fitch Analytical Comparative Tool (FACT) - 2020 (June 2020)

Deficit Borrowing in Crisis Recovery Neutral to Negative for U.S. States & Locals (June 2020)

U.S. Public Finance and Infrastructure: Coronavirus Response So Far (April 2020)

USPF Changes Model Assumptions Due to Coronavirus (April 2020)

Fitch Ratings Updates 2020 Sector Outlooks to Reflect Coronavirus Impact (March 2020)

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Rating History (Issuer Default Rating)

Rating	Action	Outlook/ Watch	Date
BBB+	Affirmed	Negative	6/25/20
BBB+	Downgraded	Negative	10/12/18
A-	Affirmed	Negative[a]	8/10/18
A-	Affirmed	Stable	1/19/18
A-	Downgraded	Negative[a]	9/06/17
A	Affirmed	Negative	4/05/13
A	Affirmed	Stable	10/18/04
A	Assigned		3/12/97

[a]Rating Watch

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade:

- Greater certainty that additional cost increases or timing delays at Vogtle will not be significant could lead to stabilization of the Rating Outlook.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade:

- Significant delay in Vogtle Units 3 and 4 completion dates beyond November 2021 and November 2022 and/or project cost increases that materially exceed OPC's existing project contingency funds.
- Cancellation of the Vogtle project.

Credit Profile

OPC provides partial wholesale electric service to 38 member cooperatives located throughout Georgia. Its members collectively serve a vast region covering approximately 38,000 square miles (65% of the state's land area) and encompassing 151 of the state's 159 counties. The member service territory exhibits considerable size, breadth and diversity.

OPC has a large and diverse generation portfolio of approximately 8,400MW of generation capacity, member-owned resources and federal hydropower allocations. The portfolio provides a balanced mix of nuclear, natural gas and coal-fired resources to meet a portion of total member load requirements that grew at an average of approximately 1% per year over the past five years. OPC's members are responsible for procuring any remaining energy requirements.

Vogtle Construction Update

Construction at the two units is estimated as 84.9% complete but continues to experience challenges that have plagued construction since the beginning, including productivity, recruiting sufficient craft labor to the site and consistently meeting construction milestones. The latest report of the independent Vogtle Monitoring Group (VMG), appointed by the Georgia Public Service Commission (GPSC), suggests that completion of the project by the November dates is "highly unlikely" and that the project cost will exceed the current budget. The VMG's opinion is largely based on poor productivity and efforts by Southern Nuclear to deviate from normal industry practices to shorten the schedule. The VMG report only considered activity through mid-March 2020 and did not consider the impact of the coronavirus on project schedule or cost.

In April 2020, Southern Nuclear announced a 20% reduction to the construction workforce in order to reduce the potential for the spread of the coronavirus, allow for increased social distancing and increase productivity of the remaining workforce. The announcement followed challenges with labor productivity and absenteeism at the site after multiple members of the workforce tested positive for COVID-19. The co-owners assert the project will still meet the scheduled commercial operation dates of November 2021 for Unit 3 and November 2022 for Unit 4 through improved efficiency and work to date that was ahead of schedule in regard to the November dates, but it is possible the workforce reduction could exacerbate existing productivity and cost challenges.

Revenue Defensibility

Revenue source characteristics are very strong, based on substantially similar amended and restated wholesale power contracts with each member that extend through Dec. 31, 2050. The contracts are take-or-pay and require unconditional payment, regardless of project operation, including the explicit circumstance of resource construction suspension. The contracts continue in effect after 2050 unless terminated with three years' notice by either OPC or the member. There is no termination option prior to 2050.

The contracts include a fixed initial subscription amount, the percentage capacity responsibility (PCR), for each member on each generation resource. Not all members participate in each OPC project, including the construction of Vogtle 3 and 4. None of OPC's projects include all 38 members, but the projects all benefit from participation by most members. No project has fewer than 30 participants. The contracts allow for a discretionary assignment process that allows members to transfer their PCRs in certain projects to other members willing to take an additional share of the project. It is only permitted when there is sufficient interest from other members and has occurred for certain projects.

In the event of a participant payment default, a shortfall would occur in each of the projects for which the participant has a PCR. The wholesale contracts have a step-up process that allocates defaulted amounts to the remaining non-defaulting members in proportion to their PCR in each resource. In the event of a payment default by all members of a particular resource, the contracts require the nonparticipating members in that resource to be billed for the default.

The contracts are not all-requirements but instead allocate only OPC's existing generation portfolio and Vogtle 3 and 4, which are under construction. New resources constructed at OPC must have approval of at least 75% of the board, 75% of the members and members representing 75% of patronage capital. Members are responsible for acquiring any supplemental power supply. OPC expects to supply 57% of the total retail energy requirements of members in 2020. Once Vogtle 3 and 4 enter commercial operation, this percentage is expected to increase to 65% by 2023.

Rate Flexibility

Rate flexibility is very strong, supported by OPC's rate authority, which allows the board to establish its own rates and requires them to be reviewed annually. Neither OPC's wholesale rates nor member retail rates are subject to regulation or approval of any federal or state authority, including the Federal Energy Regulatory Commission or the Georgia Public Service Commission (GPSC).

OPC's formulary rate schedule, as permitted under the wholesale power contracts, includes two components. The first, the capacity charge, recovers OPC's fixed costs based on each member's fixed percentage of each OPC project in which the member participates. The second, the energy charge, recovers variable costs related to actual fuel, operating and purchased energy costs. The rate formula allows for 30- to 60-day recovery on the energy cost component and bills the capacity charge on a level basis with a prior-period adjustment mechanism to ensure OPC achieves its required minimum margin for interest coverage of 1.1x, as required by the first mortgage indenture. The OPC board approved recovery of 1.14x during nuclear construction.

Rate Competitiveness

OPC's average member rate is historically lower than, but competitive with, GPC's retail rate. OPC's member residential rate average was 11.4 cents/kWh in 2019, compared with GPC's rate of 11.7 cents/kWh. This relationship reflects the common ownership of the state's largest generating resources and the high-voltage transmission system. However, GPC's rates include the financing costs of Vogtle, whereas OPC is largely capitalizing all costs, with the exception of some elective rate programs that allow members to smooth in the rate impact of Vogtle by expensing some amounts prior to the in-service date.

OPC's forecast wholesale power costs are an important consideration in its future revenue flexibility. OPC's power cost projections indicate wholesale rates will rise following a period of stability through 2020 to the mid-to-high 7 cents/kWh range by 2023 from the mid-6 cents/kWh range, although this estimate does not incorporate rate-management programs in use by certain members.

Fitch historically expected OPC member rates would remain in line with the state's other utilities, which should experience similar cost increases related to Vogtle participation. However, GPC's decision in 2018 that it would not pass the $700 million cost increase through to its ratepayers, but would instead fund the increase through equity, will disrupt the commonality of the rate trend among the co-owners. Fitch is concerned GPC could treat possible further cost increases similarly, widening the disparity between OPC member rates and those of GPC retail ratepayers.

Rate Management Programs

OPC offers two optional rate-management programs to its members designed to smooth the rate impact associated with the Vogtle project during the initial years of operation (2023–2027). A total of 17 members participate to some degree in one of the rate-management programs, while other members designed their own strategies to incorporate the higher capacity charges expected by 2023. Although the funds in the rate-management programs are small in relation to overall project cost, the programs provide a prudent step for members to manage the magnitude of rate increases in the initial years, which may be unpopular.

OPC's Largest Members Exhibit Strong Purchaser Credit Quality

There is little concentration among OPC's 38 members. Cobb Electric Membership Corp. (EMC) and Jackson EMC each accounted for approximately 14% of OPC's total revenues in fiscal 2019, but no other member accounted for more than 10% of revenues individually.

Fitch's review of OPC's five largest members indicates strong credit quality and reflects characteristics that generally include service areas with customer growth over 1.5%, favorable service area demographics, rates competitive with the state average, and high rate affordability between 1.5% and 3.0% of median household income. Financial profiles are adequate, with sizable leverage (including a portion of OPC's debt) and limited liquidity levels, which is typical for electric cooperatives.

The territory served by OPC members is largely rural, although some members serve suburban regions surrounding the state's largest cities, including Atlanta. Member energy sales are heavily weighted toward residential consumers at around 66% of total sales, with small commercial and industrial consumers accounting for much of the remainder. There is no significant retail customer concentration given the size and diversity of the membership.

Members generally have the exclusive right to serve customers within their respective territories. However, certain large industrial and commercial customers in Georgia with loads of more than 900kW have been allowed to receive electric service from the provider of their choice since 1973. This limited form of retail competition had no meaningful impact on OPC member sales, nor is it expected to. There is no expectation of broader retail competition in Georgia.

Coronavirus Impact

While the Vogtle project had issues among the workforce related to the coronavirus, Oglethorpe's direct exposure has been modest in regards to both workforce concerns and demand reductions. Operation protocols were put into place at various generation facilities and planned outage work at certain sites has continued. Member load experienced a modest 1%–2% decline in March and April from 2019 levels but began to recover as Georgia was the first state to reopen in May 2020. OPC's member sales are heavily weighted toward the residential customer class, with 66% of sales in 2019 coming from residential customers, which is likely to have mitigated the overall impact to usage from the coronavirus-related shutdowns.

Operating Risk

Operating costs averaged a low 5 cents/kWh over the five years ending 2019. OPC's diverse mix of generation assets results in a low-cost portfolio for members, which has benefited from low natural gas prices. Gas-fired generation accounted for 46% of OPC's energy sales and 50% of capacity in 2019. Nuclear generation provided 39% of energy with coal and hydro accounting for 10% and 5%, respectively.

Fitch expects operating costs to trend notably higher with the addition of Vogtle Units 3 and 4, but costs should remain in the range of Fitch's low assessment. While nuclear plant operating costs are low, capex will be embedded in Fitch's calculation of operating cost through the inclusion of deprecation.

Operating Cost Flexibility

OPC has direct ownership interests in 30 individual generating units that provide the cooperative with a well-diversified portfolio of 7,125MW of planning reserve capacity to supply member needs. OPC also operates two combustion-turbine facilities, comprising six units totaling 738MW, owned by Smarr EMC, a cooperative owned by 35 of the 38 OPC members, and manages 520MW of Southeastern Power Administration hydroelectric allocations on behalf of the members.

The cooperative's natural gas-fired and dual-fueled generating units represent the largest segment of generating capacity (3,539MW), given the cooperative's relatively recent asset acquisitions of the Hawk Road, Hartwell, Smith and Doyle energy facilities.

OPC's nuclear ownership consists of the Hatch Nuclear Units 1 and 2 and Vogtle Units 1 and 2, both operated by Southern Nuclear. The Hatch units are licensed until 2034 and 2038. Vogtle Units 1 and 2 have operating licenses through 2047 and 2049 following the license extension received from the NRC in 2009. OPC's two coal-fired power plants, Scherer and Wansley, are co-owned with and operated by GPC. The Scherer units were constructed in the early 1980s and the Wansley units in the late 1970s.

Capital Planning and Management

Capex was substantial in recent years and is reflected in a low age of plant, as calculated by Fitch, of 13 years. Capex exceeded 200% of annual depreciation in the last five years. Future capex is estimated at $3.3 billion for fiscals 2020–2025 and will continue to be dominated by Vogtle-related capex of $2.5 billion.

The non-Vogtle capex is for environmental projects at the coal-fired Wansley and Scherer units, nuclear fuel, ongoing investment at other plants and financing costs. Although both Wansley and Scherer are compliant with most prevailing regulations, including Mercury and Air Toxics Standards, capex related to coal ash disposal and water treatment will be necessary. OPC's estimated share of the costs for closing the coal ash ponds at both plants is between $400 million and $550 million. Total capex is expected to decline significantly in 2023, following the projected completion of Vogtle 3 and 4.

Asymmetric Rating Factor Consideration for Operating Risk — Vogtle Nuclear Construction Risk

Construction is ongoing at Vogtle Units 3 and 4, the only active construction of a new nuclear plant in the U.S. Construction is under the direction of Southern Nuclear, along with Bechtel as the construction manager. OPC is participating in the Vogtle nuclear expansion project with a 30% ownership position along with three other co-owners: GPC (45.7% share), the Municipal Electric Authority of Georgia (22.7%) and the city of Dalton utilities (1.6%). OPC has a $7.5 billion budget for its 30% share, adopted in September 2018. Units 3 and 4 will provide OPC with 660MW of additional capacity when completed that will serve a greater share of member load, currently contracted with third-party providers.

Construction at Vogtle has experienced multiple cost increases and timing delays. Fitch believes additional cost increases and potential schedule delays are possible at the project given the scale of the project, remaining timeline until completion and historically unreliable cost estimates. Ongoing project completion risks are incorporated as an asymmetric rating factor consideration in the operating risk assessment as well as the Negative Outlook.

OPC's budget for the Vogtle project is $7.5 billion, which was adopted in fall 2018, shortly after the bankruptcy of Westinghouse Electric Company and assumption of project construction by Southern Nuclear and Bechtel. This total includes project and OPC specific contingency funds as well as financing costs. Contingency funds provide a degree of protection against the potential for moderate cost or timing delays beyond the scheduled November completion dates. As of the end of March 2020, OPC has spent $5.2 billion toward the project.

The co-owners reached a cost-sharing agreement in September 2018 that limits OPC's additional investment under certain scenarios. The co-owners have an option to freeze spending if project costs are more than $2.1 billion above the current total project budget of approximately $27 billion, and GPC would finance the remaining construction amount. While the cost sharing mechanisms reduce the scope of OPC's additional investment, higher leverage and potentially reduced ownership in the project could still result.

Financial Profile

Financial performance is consistently healthy with Fitch-calculated coverage of full obligations (COFO) typically over 1.5x. COFO declined to 1.0x in fiscal 2019 due to the full repayment of a $350 million bullet maturity as scheduled. Strong margins and cash flow are the result of OPC's 1.14x margins for interest (MFI) target being used to set rates during Vogtle 3 and 4 construction, which is expected to continue through 2022.

Liquidity levels are strong with over 200 days' cash on hand in 2018 and 2019. Including available access to $1.61 billion of committed credit facilities, liquidity is over 650 days. These robust ratios reflect OPC's strategy of maintaining borrowing capacity sufficient to complete its planned construction program, which Fitch views as important due to the construction program's magnitude. Liquidity was more than sufficient to absorb temporary short-term market disruptions observed in March 2020 due to the coronavirus and resulting economic shock.

OPC's debt has increased substantially since nuclear construction began in earnest in 2012. Debt outstanding at YE 2019 was approximately $9.7 billion, up from $5.9 billion at YE 2012. The increase is primarily the result of OPC's investment in Vogtle 3 and 4. Leverage (measured by net adjusted debt/adjusted funds available for debt service) is elevated. OPC's leverage ratio was 12.6x at FYE 2019 but is somewhat overstated as it includes Vogtle-related debt, for which costs are being capitalized and not yet recovered in rates charged to members.

Fitch Analytical Stress Test (FAST) — Base Case and Stress Case

Under the FAST base case scenario, leverage continues to increase through Vogtle construction but declines to around 10.0x in 2022 assuming rates are increased to recover Vogtle-related project costs. While leverage ratios over the next two years are outside the range for the current 'BBB+' rating, potentially between 13.0x and 15.0x, Fitch's analysis is focused on the level at which leverage will stabilize following commercial operation. These anticipated ratios, which range between 10.0x and 11.0x, support the 'BBB+' rating given OPC's revenue defensibility and operating risk profiles. The current rating also incorporates Fitch's expectation that OPC will return to billing members to achieve 1.1x MFI from the 1.14x in place during Vogtle construction.

Fitch's base case analysis used key assumptions outlined in OPC's long-range financial forecast, including future load growth of less than 1% annually until Vogtle 3 and 4 enter commercial operation in fiscals 2022 and 2023, respectively, and member sales increase to participants entitled to that project output. Additional assumptions include sizable rate increases to members when the Vogtle units enter commercial operation and OPC's planned future debt issuance and capex levels that support the current $7.5 billion Vogtle budget and timing. The base case incorporates OPC's assumption that the nuclear production tax credits can be monetized following commercial operation.

Fitch's FAST stress case imposes reductions to the cooperative's energy sales for two years, followed by a three-year recovery based on OPC's historical energy sales trends. The stress case holds other key assumptions at the base case level other than rate increases that would occur through OPC's rate formula to recover sufficient revenues to comply with financial policies. The stress case indicates OPC's financial profile should remain similar to base case results through the five-year period, although the resulting wholesale rate increases would likely generate further pressure on rate affordability at the member level.

Debt Profile

OPC's debt profile is neutral to the rating. Outstanding debt totaled $9.7 billion at Dec. 31, 2020. The largest share of $5.54 billion is financed through the Federal Financing Bank (FFB) and guaranteed by the Rural Utilities Service (RUS) or the Department of Energy (DOE). OPC also has first mortgage bonds outstanding of $3.21 billion and pollution control bonds issued through various county development authorities of $981 million.

Of the $5.54 billion FFB debt, $3.02 billion is guaranteed by the DOE in accordance with the DOE's amended and restated loan agreement with OPC. The DOE agreed to secure up to $3.057 billion in FFB notes in exchange for a secured interest in OPC's share of the Vogtle project. OPC's obligations on the DOE-secured notes are on parity with other obligations issued under the mortgage indenture, including FFB debt, first mortgage bonds and pollution-control bonds. OPC and the DOE amended the existing loan agreement in March 2019 to provide an additional $1.62 billion guarantee from the DOE in light of the Vogtle cost escalation. Remaining DOE authorization is consequently expected to cover all but approximately $1 billion of the additional financing still needed for Vogtle. The remainder is expected to be issued as taxable bonds, and could be higher or lower, depending on the final cost in comparison with the current budget.

OPC participates in the RUS Cushion of Credit program that allows it to deposit funds with the U.S. Treasury that are restricted for future RUS/FFB debt service payments. Approximately $533.6 million held in this program was reflected on the balance sheet as of Dec. 31, 2019. Recent changes in the Cushion of Credit program eliminate participants' ability to add new deposits to the program, limit balances to regular RUS debt service payments beginning in 2020 and reduce interest paid on program balances. OPC expects to draw balances in the fund down over time as the economic advantages of retaining large balances in the program are reduced.

Short-Term Rating

The 'F1' short-term CP rating is the higher of the two available short-term ratings available, given OPC's IDR of 'BBB+', based on its ability to maintain a minimum liquidity ratio of 1.25x, revenue defensibility assessment of 'aa', and neutral assessments for liquidity profile and debt characteristics. Fitch expects the liquidity coverage ratio will remain adequate for the 'F1' rating.

Internal liquidity as of March 31, 2020 consisted of approximately $573 million of cash and investments, and approximately $775 million in available capacity under its $1.21 billion syndicated revolver to support the CP program. The syndicated credit facility was renewed in Dec. 2019 and consists of commitments from 12 banks, available through December 2024. OPC uses the facility to provide short-term financing and to support the CP program, but the facility can be drawn upon for any corporate purpose.

ESG Considerations

The highest level of ESG credit relevance, if present, is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on OPC, either due to their nature or to the way in which they are being managed by OPC. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Financial Summary

(Audited Fiscal Years Ended Dec. 31)	2015	2016	2017	2018	2019
Net Adjusted Debt to Adjusted FADS (x)	**12.41**	**10.74**	**10.09**	**11.35**	**12.67**
Net Adjusted Debt Calculation ($000)					
Total Short Term Debt	261,478	102,168	190,626	0	282,370
Total Current Maturities of Long Term Debt	189,840	316,861	216,694	522,289	217,440
Total Long-Term Debt	7,405,216	8,003,697	8,034,805	8,830,306	9,504,692
– Restricted Funds — Cushion of Credit	387,894	468,128	882,909	653,158	533,590
Total Debt	**7,468,640**	**7,954,598**	**7,559,216**	**8,699,437**	**9,470,912**
+ Capitalized Fixed Charge — Purchased Power	136,620	129,859	143,990	152,323	164,534
– Total Unrestricted Cash	213,038	366,290	397,695	752,618	448,612
Adjusted FADS for Leverage Calculation ($000)					
Total Operating Revenue	1,349,825	1,507,231	1,434,196	1,480,113	1,430,292
Total Operating Expenses	1,092,367	1,251,567	1,195,326	1,255,137	1,213,083
Operating Income	**257,458**	**255,664**	**238,870**	**224,976**	**217,209**
+ Depreciation and Amortization	313,320	362,716	374,411	371,234	377,853
+ Interest Income	40,424	51,656	56,122	60,055	59,182
+ Other Non-Cash Charges	(32,480)	32,361	36,674	38,090	50,473
Funds Available for Debt Service	**578,722**	**702,397**	**706,077**	**694,355**	**704,717**
+ Adjustment for Purchased Power	17,078	16,232	17,999	19,040	20,567
Coverage of Full Obligations (x)	**1.42**	**1.88**	**1.56**	**1.54**	**0.96**
Funds Available for Debt Service	578,722	702,397	706,077	694,355	704,717
+ Adjustment for Purchased Power	17,078	16,232	17,999	19,040	20,567
Full Obligations Calculation					
Cash Interest Paid	240,817	212,574	251,186	245,085	208,892
Prior Year Current Maturities	160,754	152,488	194,241	198,017	522,289
Total Annual Debt Service	**401,571**	**365,062**	**445,427**	**443,102**	**731,181**
+ Adjustment for Purchased Power	17,078	16,232	17,999	19,040	20,567
Liquidity Cushion (Days)	**640**	**739**	**780**	**771**	**658**
Unrestricted Cash (Days)	**96**	**156**	**185**	**325**	**209**
Liquidity Calculation					
+ Total Unrestricted Cash	213,038	366,290	397,695	752,618	448,612
+ Total Borrowing Capacity	1,720,000	1,720,000	1,720,000	1,720,000	1,610,000
– Amounts Unavailable	510,200	351,400	442,000	685,700	644,400
Cash Operating Expense Calculation					
Total Operating Expense	1,092,367	1,251,567	1,195,326	1,255,137	1,213,083
– Depreciation and Amortization	313,320	362,716	374,411	371,234	377,853
– Other Non-Cash Charges	(32,480)	32,361	36,674	38,090	50,473
Cash Operating Expenses	**779,047**	**888,851**	**820,915**	**883,903**	**835,230**

Source: Fitch Ratings, Fitch Solutions, Lumesis, EIA, Oglethorpe Power Corporation (GA).

Key Definitions

Terms	Definition	Significance
Issuer Default Rating (IDR)	An expression of overall enterprise risk and relative vulnerability to default.	Provides an opinion of the relative ability of an entity to meet financial commitments, expressed as an ordinal measure of credit risk.
Net Adjusted Debt	Adjusted debt – unrestricted cash – funds restricted for debt service	Provides an inclusive evaluation of long-term liabilities offset by funds available for debt service.
Adjusted FADS	EBITDA + interest income + 30% of purchase power expense + operating lease expense – transfers/distributions + pension expense	Provides an indication of cash flow available for the payment of debt service, adjusting for purchased power, operating lease and pension obligations.
Net Adjusted Debt to Adjusted FADS	Net adjusted debt/adjusted FADS	Provides an indication of net total leverage position against available operating cash flow.
Full Obligations	Cash interest paid + scheduled long-term principal payments + 30% of purchase power expense	Provides an indication of inclusive fixed and debt service obligations.
Coverage of Full Obligations	(EBITDA + interest income + 30% of purchase power expense + operating lease expense – transfers/distributions)/full obligations	Provides an indication of the relative cushion of operating cash flow to fixed charges.
Base Case	The expected forward-looking case in the current macroeconomic environment.	Provides the analytical starting point in the forward-looking analysis, and also informs the rating case.
Rating Case	The potential performance under a common set of assumptions.	Illustrates how cycles affect individual issuers differently, and informs the level of rating stability and credit resiliency.

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.