FitchRatings

Public Finance
Public Power
United States

Oglethorpe Power Corporation (GA)

The upgrade of Oglethorpe Power Corporation's (OPC) Issuer Default Rating (IDR) to 'BBB+' reflects the successful commercial operation of Vogtle Units 3 and 4 and Fitch Ratings' expectation that OPC's financial profile will improve in 2024 as the full costs of the units are incorporated the cooperative's wholesale rates and collected from members. We expect leverage, as measured by total adjusted debt to adjusted funds available for debt service (FADS), to decline below 11.5x in 2024 from over 13.0x in the previous four years.

The removal of the asymmetric rating factor consideration related to the cost and timeline uncertainty related to nuclear plant construction now that both units are operational, allows the focus of Fitch's analysis to return to the fundamental credit characteristics of OPC. These include OPC's very strong revenue defensibility provided by its unconditional, wholesale power contracts and the strong credit quality of the largest cooperative members.

OPC and its members recently extended the term of the wholesale power contracts to 2085 from 2050 to permit more flexibility to finance generation assets over a longer time horizon. Given growth in the region and the increasing value of capacity, OPC and its members are planning for the addition of 1,500MW of new natural gas combined cycle and combustion turbine generation capacity in the near term.

Member subscriptions are expected to be completed by June 30. Although planning is preliminary, initial cost estimates are in the range of $2.0 billion to $2.5 billion. Final decisions depend on member approval since OPC requires approval by 75% of its members to move forward on each new generation project, even if all members are not participating in the new generation.

The upgrade to the 'F1' short-term rating on the CP program is the higher of the two available short-term ratings, given OPC's Issuer Default Rating (IDR) of 'BBB+'. The higher short-term rating is based on OPC's 'aa' revenue defensibility assessment, neutral liquidity and debt profile, and ample liquidity, demonstrated by a liquidity coverage ratio of 1.7x as of May 30, 2024.

OPC recently increased its syndicated revolving credit agreement, led by National Rural Utilities Cooperative Finance Corporation (CFC; A/F1), to $1.275 billion as of May 23, 2024, from $1.21 billion previously. The CFC-led facility is sized to cover the maximum commercial paper authorization, although it can be drawn for any corporate purpose.

Security

OPC's long-term debt is secured by a first mortgage lien on substantially all of OPC's owned tangible and certain intangible assets. The pollution control bonds are secured by loan payments from OPC. The CP notes are unsecured obligations of OPC that are subordinate to the outstanding pollution control revenue bonds and first mortgage bonds.

Ratings

Long-Term IDR	BBB+

Outlook

Long-Term IDR	Stable

New Issues

$350 million first mortgage bonds, series 2024A

Sale Date

Bond pricing occured June 20, 2024

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+
Monroe County Development Authority (GA) (Oglethorpe Power Corporation Scherer Project) pollution control Revenue Bonds	BBB+
Oglethorpe Power Corporation (GA) first Mortgage Bonds	BBB+
Oglethorpe Power Corporation (GA) CP Notes	F1

Upgraded from 'BBB' on June 17, 2024.

Applicable Criteria

U.S. Public Power Rating Criteria (March 2024)

U.S. Public Sector, Revenue-Supported Entities Rating Criteria (January 2024)

Related Research

Fitch Rates Oglethorpe Power Corp Bonds 'BBB+', Upgrades IDR; Outlook Stable (June 2024)

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Key Rating Drivers

Revenue Defensibility - 'aa'

Unconditional, Project-Based Wholesale Power Contracts

OPC's very strong revenue defensibility assessment reflects the revenue consistency provided by unconditional, partial requirements wholesale power contracts with 38-member distribution cooperatives that expire in 2085. Contract terms allow for the ability to allocate costs among members, if needed, although terms require the distribution of costs to other participating members of each generation project first.

Revenue defensibility is further supported by the legal ability to raise wholesale electric rates on member sales. OPC's rate formula provides timely cost recovery, as generation assets are purchased or enter commercial operation, including Vogtle Units 3 and 4 whose costs are now included in capacity payments made by participating members. Vogtle Units 3 and 4 increased OPC's average wholesale rate, but rates remain competitive in Georgia, given the common participation of many other utilities in the project, including Georgia Power Company (GPC). OPC rate management programs and actions taken by individual members to buffer the rate impact should smooth transition costs associated with the new project for some members.

Fitch assesses the purchaser credit quality (PCQ) of membership as strong based on credit characteristics of the largest members, accounting for just over 50% of revenue. The largest members exhibit strong service area characteristics supportive of demand, retail rates above but competitive with the state average, and high residential rate affordability.

Operating Risk - 'a'

Low Operating Costs with Upward Pressure; Increased Capex

The strong operating cost assessment reflects OPC's overall low operating cost burden, despite upward pressure. Fitch-calculated operating costs averaged just above 5.0 cents/kWh in 2017-2021. Higher natural gas prices in 2022, along with extreme summer and winter weather, increased the operating cost burden to 7.1 cents/kWh.

The operating cost burden declined to 5.2 cents/kWh in 2023 with lower gas prices. Fitch expects operating cost burden to stabilize around 6.0 cents/kWh in 2024 and 2025, which is higher than historical levels and incorporates the depreciation costs of the Vogtle units. Operating cost flexibility is neutral to the rating.

The existing generating fleet's capital requirements are moderate and supported by ongoing capex. Continued member growth and the increased need for firm capacity have prompted the recent acquisition of gas-fired generation units over the last three years and investments into dual fuel capability at certain units.

Five-year capex is estimated at $2.0 billion, but does not include additional new natural gas units that could double the cost of the five-year plan. Capex is expected to be primarily debt-financed. Given the expectation that any new capex would be accompanied by increased member capacity charges, the operating risk assessment should not be pressured by the potential capital plan increase.

Financial Profile - 'bbb'

Higher Leverage to Moderate with Vogtle Completion

OPC's financial margins and liquidity position are stable, and management's commitment to achieving interest coverage margins of 1.14x through 2024, the final year of Vogtle construction (above its indenture requirement of 1.1x) produced sufficient margins during nuclear construction. Coverage of full obligations (COFO) was consistently above 1.4x and cash on hand above 200 days, with the exception of 2022, when higher natural gas costs resulted in a decline in days cash.

Nuclear construction, in addition to recent gas plant acquisitions, increased debt financing and led to an elevated leverage ratio of over 13.0x between 2020 and 2023. Fitch expects leverage will decline below 11.5x in 2024 as a result of stronger FADS and the full recovery of Vogtle-related costs, which are now included in OPC's wholesale rates.

Asymmetric Additive Risk Considerations

No asymmetric additional risk considerations affected the overall rating.

Sensitivities

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

- Member credit quality that declines below the current strong (assessed at 'a') PCQ assessment;
- Increased capex cycle with new generation investment that pushes leverage consistently higher than 11.0x in Fitch's rating case;
- The 'F1' CP rating will be downgraded if OPC's liquidity coverage of the maximum CP program falls below 1.25x or if OPC's IDR is downgraded below 'BBB+'.

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

- Cost and timing clarity regarding capex for additional generation construction;
- Demonstrated trend of leverage below 10.0x in Fitch's rating case;
- The 'F1' CP rating will be upgraded if the IDR moves above 'BBB+' and liquidity coverage is above 1.1x.

Profile

OPC provides partial wholesale electric service to 38 of the 41 electric distribution cooperatives in Georgia. The members collectively serve approximately 65% of the state's land area and encompass 151 of its 159 counties. OPC has a large and diverse generation portfolio of 9,046MW 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 3.8% over the last five years.

OPC's wholesale power agreement with members is not an all requirements contract. OPC provided 68% of the total energy needs of its members in 2023, up from 58% in 2022 with the addition of Vogtle Unit 3 mid-year and other purchased natural gas generation units. OPC's members are responsible for procuring any remaining energy requirements not met by OPC's generation portfolio. Growth at the member level may be met through additional resource acquisitions at Oglethorpe, or direct member procurement of contracted resources, although continued interest in Oglethorpe acquisitions of generation capacity will drive a larger capex cycle over the next five years.

Vogtle Update

Vogtle Unit 3 went into commercial operation in July 2023 and Unit 4 in April 2024. Construction was under the direction of Southern Nuclear, a subsidiary of The Southern Company (BBB+/Stable), GPC's parent corporation. OPC has a 30% ownership position in the Vogtle nuclear expansion project along with three other co-owners: GPC (BBB+/Positive; 45.7% share), the Municipal Electric Authority of Georgia (22.7%) and the city of Dalton utilities (1.6%).

OPC's most recent budget prior to completion for its 30% share of Vogtle Units 3 and 4 was $8.3 billion. The actual cost of OPC's share was $8.2 billion as of March 31, 2024, net of cash payments received from the Toshiba Guaranteed Settlement Agreement and from the settlement agreement with Georgia Power in 2023 regarding the cost-sharing bands. Outstanding debt related to Vogtle Units 3 and 4 accounts for about 65% of OPC's total outstanding debt.

Operating performance at the units in the initial months has been consistent and reliable. Unit 3 had a capacity factor of 99% from July 31, 2023 through Dec. 31, 2023. The capacity factor was 93% in the first three months of 2024 due to a planned six-day maintenance outage. Statistics are not available for Unit 4 but OPC reports that it is running well.

New EPA Power Plant Standards

In May 2024, the Environmental Protection Agency released final standards regarding the regulation of carbon emissions for existing coal and gas-fired power plants. The regulations require the closure or significant modification of existing coal-fired power plants by 2032. The EPA standards could be impacted by legal challenges that may delay the timeline or scope of implementation. OPC is assessing options to remain compliant with EPA standards as they may continue to evolve. Overall, near-term risks appear manageable as OPC's only remaining coal-fired generation, its 60% share of the Scherer Units 1 and 2, accounts for only 12% of total capacity and around 10% of its energy supply in 2023.

Revenue Defensibility

Revenue Source Characteristics

Revenue source characteristics are very strong, based on substantially similar amended and restated wholesale power contracts with each member that extend through Dec. 31, 2085. The contracts are take-or-pay and require unconditional payment on individual generation projects, regardless of project operation, including the explicit circumstance of resource construction suspension. The contracts continue in effect after 2085 unless terminated with three years' notice by either OPC or the member. There is no termination option prior to 2085.

Contract terms include a fixed initial subscription amount, the percentage capacity responsibility (PCR), for each member on each of OPC's generation resources. None of OPC's projects includes all 38 members, but most projects, including Vogtle 3 and 4, have at least 30 participants. The contracts allow for a discretionary reassignment 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 interest from other members is sufficient, and this 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 for that resource. 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 the resource to be billed for the default.

OPC's contracts with its members are not all-requirements but instead allocate only the available output of OPC's generation portfolio and Vogtle Unit 4. 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, although not all of the approving members need to participate in the project with a PCR. Members are responsible for acquiring their own supplemental power supply. However, member interest exists for OPC to procure additional gas-fired resources. The subscription process with members is proceeding at this time. OPC supplied 57%–62% of the total retail energy requirements of members in the last five years. The percentage is expected to increase to 70% with Vogtle Units 3 and 4 in commercial operation and full utilization of recently purchased gas plants.

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 at least 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.

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 revenue sufficient to produce margin for interest coverage of at least 1.1x, as required by the first mortgage indenture. The OPC board approved recovery of 1.14x during nuclear construction, which has occurred since 2010 and will continue through 2024. The rate methodology allows for refunds to occur if actual revenue collections exceed the margin for interest coverage target.

Rate Competitiveness

OPC's average member residential rate is historically lower than, but competitive with, GPC's residential rate. OPC's member residential rate average was 12.1 cents/kWh in 2022, compared with GPC's average residential rate of 12.5 cents/kWh, although this was prior to the rate increases that occurred once the Vogtle Units 3 and 4 entered commercial operation. Common ownership of the state's largest generating resources and the high-voltage transmission system creates a level of consistency in wholesale power costs in the state.

Each of the co-owners of the Vogtle Units 3 and 4 have incorporated those costs into rates. OPC increased its capacity rate component to reflect the fixed costs of the units related to construction, although this increase was partially buffered by the reduction in the energy cost rate between 2022 and 2023 related to lower natural gas fuel costs. Even with the increase, OPC's average wholesale rates appear well positioned to allow members participating in the Vogtle Units 3 and 4 to keep their respective retail rates competitive with, or even below, GPC's retail rates, although there will be a range of differential amount OPC's members.

Rate Management Programs

OPC has 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 that began in 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.

Purchaser Credit Quality

The purchaser credit index score of 2.0 reflects strong credit quality of the largest distribution cooperative members. There is little concentration among OPC's 38 members. Jackson Electric Membership Corp. (EMC), Cobb EMC and Greystone Power Corporation accounted for around 15%, 11% and 9%, respectively, of OPC's total revenue in 2023, but no other member accounted for more than 10% of revenue individually.

Fitch's review of OPC's five largest members indicates strong credit quality and reflects characteristics that include favorable service area demographics, retail rates above but competitive with the state average, and high residential rate affordability of 1.4%–2.7% of median household income. Financial profiles are adequate, with relatively low liquidity and high leverage profiles.

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 territories. However, certain large industrial and commercial customers 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.

Operating Risk

Operating Cost Burden

Operating cost burden for OPC's combined resource portfolio was historically very low, ranging at 5.2 cents–5.5 cents per kWh in 2018–2021. Higher natural gas costs in 2022 increased the operating cost burden to 7.1 cents, a trend that affected much of the power sector, given the reliance in the U.S. on natural gas-fired generation. Natural gas prices declined in 2023, which resulted in a decrease to 5.2 cents.

Operating cost burden is expected to stabilize around 6.0 cents/kWh in 2024. Nuclear operating costs are relatively low, but higher fixed costs associated with the new units are embedded in Fitch's calculation of operating costs through the inclusion of deprecation.

Gas-fired generation accounted for between 51% and 53% of OPC's energy sales since 2021, as growth in member sales has been met with the acquisition of additional natural-gas fired generation in recent years. Nuclear generation provided between 36% and 40%, but is expected to increase to approximately 43% now that both Vogtle Units 3 and 4 are operational. Coal, hydroelectric power and small amounts of renewable energy account for the remaining balance.

Operating Cost Flexibility

OPC has direct ownership interests in 34 individual generating units that provide the cooperative with a well-diversified portfolio of 8,162MW of summer planning reserve capacity, including the 363 MW of Unit 4 capacity recently added. OPC also operates two combustion-turbine facilities totaling 733MW owned by Smarr EMC, a cooperative owned by 35 of the 38 OPC members. Finally, 33 of OPC's members have hydroelectric allocations from the Southeastern Power Administration totaling 514MW, which is managed by OPC on behalf of the members.

Natural Gas

The cooperative's natural gas-fired and dual-fueled generating units represent the largest segment of generating capacity. Gas capacity increased with OPC's acquisition of three existing gas plants in the state, including the Effingham Energy Facility in July 2021 (renamed the Bobby C. Smith Energy Facility; or BC Smith). BC Smith is a 500MW combined-cycle generating plant that entered commercial operation in 2003 near Savannah, GA. OPC purchased two combustion turbine (CT) units in Washington County, GA. The units purchased (322MW) are two of four at the site, which entered commercial operation in 2003. Output is committed to GPC through May 2024. OPC purchased the Baconton CT (46MW) in May 2023. Baconton entered commercial operation in 2000 and includes dual fuel capabilities.

Higher natural gas prices in 2021 and 2022 resulted in a higher dispatch of OPC's coal-fired generation to members as well as higher nonmember sales. Nonmember revenue increased substantially to $155.5 million in 2022 and between $48 million and $59 million in 2021 and 2023, up from below $750,000 in each of the prior five years. The increase also reflected the acquisition of the natural gas plants; most participating members have instructed OPC to sell the output in the market over the initial years of ownership before the resource is fully used for member load. This is expected to continue to result in higher nonmember sales through 2025.

Planned capital investment includes targeting 15%–18% of total generation capacity to have dual-fuel capabilities. This is in response to scarcity of natural gas experience in recent winter storms. OPC plans to install dual-fuel capability at the recently acquired Washington County units as well as its existing Talbot units (484MW) in 2025. In addition to its existing dual-fuel capacity, including Baconton, this will bring OPC's fleet to 17% dual-fuel.

Environmental Considerations and Clean Energy Transition

Georgia does not have a renewable portfolio standard mandate or target. OPC is not required to acquire certain amounts or percentages of renewable or carbon-free power, although the sizable percentage of power provided by the Hatch and the Vogtle units result in just under 50% of OPC's portfolio being carbon-free.

OPC's 38 members purchase renewable energy through their ownership in Green Power Electric Membership Corporation (EMC) in addition to their own renewable resources. Green Power EMC manages over 408MW of renewable energy resources with another approximately 428MW under contract to begin generating by 2025. Renewable energy from Green Power EMC accounted for approximately 3.7% of the member combined energy needs in 2022. Future renewable energy purchases are expected to occur through member solar projects, which total an anticipated 1,284MW by 2025, in addition to potential additional purchases through Green Power EMC.

Capital Planning and Management

Capex was substantial in recent years and is reflected in a low plant age, as calculated by Fitch, of 12 years in 2023. Capex exceeded 250% of annual depreciation in the last five years. Capex is estimated at $2.4 billion for 2024–2029. Capex will primarily fund environmental projects at the Scherer coal units, nuclear fuel, ongoing investment at other generation plants and financing costs. However, the capital plan amount does not include the additional 1,500MW of expected natural gas-fired generation capacity for which OPC and its members are in the early planning stages. This additional capacity is expected to add an additional $2.0 billion-$2.5 billion in capex. As new generation units are secured by member commitments and approved by at least 75% of the membership, the capital spending will be included into the capital plan and financed through increased capacity payments to the participating members.

Financial Profile

Financial Performance and Fitch Analytical Stress Test (FAST) Analysis

Financial performance has been consistently healthy during the recent years of heavy Vogtle construction, with Fitch-calculated COFO consistently over 1.4x. COFO declined to 1.0x in 2019 only 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 target being used to set rates during Vogtle 3 and 4 construction, which will continue through 2024.

Liquidity levels are adequate with just over 200 days' cash on hand in four of the last five years. Unrestricted cash balances increased in 2022 to a peak of $657.1 million, from $579.4 million in 2021, although with higher expenses related to the increase in natural gas prices, Fitch's days' cash on hand declined to 168 days in 2022 from 222 days in 2021. Unrestricted cash of $634.5 million at the end of 2023 resulted in a robust 242 days cash on hand. Access to a robust $1.275 billion CP program supported by a syndicated line of credit that can be used for any corporate purpose if needed provides a healthy liquidity cushion and provides financing flexibility for OPC's construction program and recent gas plant acquisitions.

OPC's debt has increased substantially since nuclear construction began in earnest in 2012. Total long-term debt outstanding at YE 2023 was about $11.7 billion, up from $5.9 billion at YE 2012. The increase is primarily due to OPC's investment in Vogtle 3 and 4, which was entirely debt-financed.

OPC's leverage ratio was 13.9x at YE 2023. Although leverage is elevated for the rating, Fitch expects the ratio to decline to levels in line with the 'BBB+' rating in 2024.

FAST

Under Fitch's FAST base-case scenario, which is considered to be the rating case, leverage continues to increase through Vogtle construction before it is anticipated to decline to under 11.5x once most Vogtle-related costs have been included in member rates are in place in 2024. Fitch's base case analysis is informed by key assumptions outlined in OPC's long-range financial forecast, which is generally updated each March. The forecast incorporates rate increases to members implemented in 2023 and 2024 for capacity charges allocable to the Vogtle units, and to a lesser degree, the recent gas plant acquisitions.

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 adjustments that would occur through OPC's rate formula to recover sufficient revenue to comply with financial policies. The stress case indicates OPC's financial profile should remain similar to base case results toward the end of the five-year period.

Debt Profile

OPC's debt profile characteristics are neutral to the rating. Long-term debt is almost entirely fixed rate with level amortization. Outstanding long-term debt totaled $11.9 billion at May 31, 2024. About $6.7 billion of outstanding debt 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 $4.5 billion and pollution control bonds issued through various county development authorities totaling $704.2 million. OPC's obligations on the outstanding $4.1 billion DOE loan-backed notes are on parity with other obligations issued under the mortgage indenture, including FFB notes, first mortgage bonds and pollution control bonds.

Additional Considerations – Financial Profile

Short-Term CP 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 coverage ratio of 1.25x and neutral assessments for liquidity profile and debt characteristics. Fitch expects the liquidity coverage ratio will remain adequate to maintain the 'F1' rating. OPC's liquidity coverage level has been above 1.25x consistently over the last five years.

Internal liquidity as of May 31, 2024 consisted of about $283.2 million of cash and investments and $1.275 billion available capacity under its syndicated revolver to support the CP program, plus $597.5 million available through lines of credit from the Cooperative Finance Corporation and JPMorgan Chase.

The syndicated bank credit facility was renewed in May 2024 and increased to $1.275 billion from the $1.21 billion revolver signed in December 2019. Eleven of the previous twelve banks participated in the new facility and five increased their commitment amounts. The increase provides additional liquidity and flexibility for upcoming capital needs. The syndicated bank credit facility is effective through May 23, 2029. 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. Draws under the facility would subsequently reduce the amount of CP that can be issued, because OPC is required to have 100% dedicated backup for the amount of CP outstanding.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Financial Summary

(Audited Fiscal Years Ended Dec. 31)	2019	2020	2021	2022	2023
Net Adjusted Debt to Adjusted FADS (x)	12.67	14.39	15.69	15.35	13.92
Net Adjusted Debt Calculation ($000)					
Total Short Term Debt	282,370	383,498	1,095,971	655,650	607,885
Total Current Maturities of Long Term Debt	217,440	208,649	281,238	322,102	384,426
Total Long—Term Debt	9,504,692	10,394,122	10,618,485	11,593,395	11,674,365
-Restricted Funds — Cushion of Credit	533,590	487,587	318,252	74,031	0
Total Debt	9,470,912	10,498,682	11,677,442	12,497,116	12,666,676
+Capitalized Fixed Charge — Purchased Power & Gas	164,534	164,362	166,430	198,038	179,177
-Total Unrestricted Cash	448,612	405,511	579,350	657,083	634,523
Net Adjusted Debt	9,186,834	10,257,533	11,264,522	12,038,071	12,211,330
Adjusted FADS for Leverage Calculation ($000)					
Total Operating Revenue ($000)	1,430,292	1,377,618	1,604,863	2,130,137	1,740,185
Total Operating Expenses	1,213,083	1,159,909	1,410,482	1,936,086	1,463,119
Operating Income	217,209	217,709	194,381	194,051	277,066
Depreciation	377,853	376,639	400,681	451,899	441,926
+Interest Income	59,182	43,294	45,932	57,564	70,252
Amortization	50,473	54,475	56,086	55,953	65,907
Funds Available for Debt Service	704,717	692,117	697,080	759,467	855,151
Adjustment for Purchased Power and Gas	20,567	20,545	20,804	24,755	22,397
Adjusted FADS for Leverage	725,284	712,662	717,884	784,222	877,548
Coverage of Full Obligations (x)	0.96	1.65	1.79	1.61	1.41
Funds Available for Debt Service	704,717	692,117	697,080	759,467	855,151
Adjustment for Purchased Power and Gas	20,567	20,545	20,804	24,755	22,397
Adjusted FADS for Coverage	725,284	712,662	717,884	784,222	877,548
Full Obligations Calculation					
Cash Interest Paid	208,892	193,063	170,605	182,066	278,952
Prior Year Current Maturities	522,289	217,440	208,649	281,238	322,102
Total Annual Debt Service	731,181	410,503	379,254	463,304	601,054
Adjustment for Purchased Power and Gas	20,567	20,545	20,804	24,755	22,397
Total Fixed Obligations	751,748	431,048	400,058	488,059	623,451
Liquidity Cushion (Days)	658	798	494	461	742
Unrestricted Cash (days)	209	203	222	168	242
Liquidity Calculation					
+Total Unrestricted Cash	448,612	405,511	579,350	657,083	634,523
+Total Borrowing Capacity	1,610,000	1,823,000	1,810,000	1,810,000	1,920,000
-Amounts Unavailable	644,400	635,000	1,098,700	661,500	613,500
Total Liquidity	1,414,212	1,593,511	1,290,650	1,805,583	1,941,023
Cash Operating Expense Calculation					
Total Operating Expense	1,213,083	1,159,909	1,410,482	1,936,086	1,463,119
-Depreciation and Amortization	428,326	431,114	456,767	507,852	507,833
Cash Operating Expenses	784,757	728,795	953,715	1,428,234	955,286

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

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.