New Issue—Full Book-Entry Only

Ratings: Moody's: "Aa2"
Standard & Poor's: "AA"
(See "RATINGS" herein.)

In the opinion of Bond Counsel, assuming continuing compliance with certain requirements described herein, under laws, regulations, rulings and judicial decisions existing as of the date hereof, interest on the 2016 Bonds is not includable in gross income for federal income tax purposes. Such interest is also exempt from all present State of Nebraska personal income taxes. In the opinion of Bond Counsel, interest on the 2016 Bonds does not constitute an item of tax preference for purposes of determining the federal alternative minimum tax for individuals and corporations. See "TAX MATTERS" herein for a discussion of additional federal and State of Nebraska tax law considerations.

$183,340,000
OMAHA PUBLIC POWER DISTRICT (NEBRASKA)
Electric System Revenue Bonds, 2016 Series A

Dated: Date of Delivery

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

The Electric System Revenue Bonds, 2016 Series A (the "2016 Bonds") will be issued by the Omaha Public Power District (the "District") in fully registered form in the minimum denomination of $5,000 and any integral multiple thereof. Interest on the 2016 Bonds will be payable February 1, 2017 and each August 1 and February 1 thereafter. The 2016 Bonds are subject to optional redemption prior to maturity as described herein. The 2016 Bonds are issued for valid corporate purposes of the District, including advance refunding all of the District's outstanding Electric System Revenue Bonds, 2009 Series A and a portion of the District's outstanding Electric System Revenue Bonds, 2011 Series B and 2012 Series A (collectively, the "Refunded Bonds") and paying the costs and expenses incurred in connection with the issuance of the 2016 Bonds. See "USE OF THE 2016 BOND PROCEEDS."

The 2016 Bonds, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the 2016 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2016 Bonds will be paid by the Bond Fund Trustee acting as the Paying Agent directly to DTC as the Bondholder thereof. Disbursement of such payments to DTC's Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Participants, as more fully described herein. Any purchaser as a Beneficial Owner of a 2016 Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such 2016 Bonds. See "BOOK-ENTRY SYSTEM."

Principal of and interest on the 2016 Bonds will be payable on a parity with the other Electric System Revenue Bonds of the District ("Outstanding Bonds") to be outstanding in the principal amount of $1,275,025,000 (Senior Lien Parity Bonds) and any other Additional Bonds which hereafter may be issued under Resolution No. 1788, and will be payable from and secured by a pledge of and lien upon the revenues, income, receipts and profits of the Electric System, subject to the prior payment therefrom of the operations and maintenance expenses of the Electric System. See "SECURITY FOR THE 2016 BONDS." The 2016 Bonds shall not be obligations of the State of Nebraska or of any of its political subdivisions, other than the District, nor shall said State or any of its political subdivisions, other than the District, be liable for the payment of the principal of and interest on the 2016 Bonds. The District has no taxing power.

MATURITY SCHEDULE – See Inside Front Cover

The 2016 Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval of legality of Kutak Rock LLP, Bond Counsel. Certain legal matters will be passed upon for the District by Fraser Stryker PC LLO, Omaha, Nebraska, General Counsel to the District, and for the Underwriters by Squire Patton Boggs (US) LLP, Counsel to the Underwriters. It is expected that the 2016 Bonds in definitive form will be ready for delivery through the DTC book-entry system on or about August 24, 2016.

Citigroup **Morgan Stanley**

Ameritas Investment Corp.	**BofA Merrill Lynch**	**D.A. Davidson & Co.**
Drexel Hamilton, LLC.	**Fidelity Capital Markets**	**Goldman, Sachs & Co.**
J.P. Morgan	**Piper Jaffray**	**Ramirez & Co., Inc.**
Raymond James	**RBC Capital Markets**	**Wells Fargo Securities**

August 3, 2016

$183,340,000
Electric System Revenue Bonds, 2016 Series A

Maturity Schedule

$183,340,000 Serial Bonds

Due February 1	Principal Amount	Rate	Yield	Price	CUSIP[(1)]
2023	$18,120,000	5.000%	1.250%	123.119	682001EU2
2024	17,040,000	5.000%	1.380%	125.499	682001EV0
2025	17,850,000	5.000%	1.490%	127.727	682001EW8
2026	18,755,000	5.000%	1.600%	129.667	682001EX6
2027	19,390,000	5.000%	1.720%	128.455[C]	682001EY4
2028	20,430,000	5.000%	1.850%	127.157[C]	682001EZ1
2029	21,035,000	5.000%	1.920%	126.465[C]	682001FA5
2030	3,945,000	5.000%	1.980%	125.875[C]	682001FB3
2031	4,015,000	5.000%	2.030%	125.386[C]	682001FC1
2032	4,390,000	4.000%	2.310%	114.253[C]	682001FD9
2033	4,615,000	4.000%	2.360%	113.799[C]	682001FE7
2034	4,835,000	4.000%	2.410%	113.346[C]	682001FF4
2035	5,150,000	4.000%	2.460%	112.896[C]	682001FG2
2036	5,350,000	4.000%	2.510%	112.448[C]	682001FH0
2037	5,850,000	4.000%	2.540%	112.180[C]	682001FJ6
2038	6,240,000	4.000%	2.550%	112.091[C]	682001FK3
2039	4,155,000	3.000%	3.010%	99.836	682001FL1
2039	2,175,000	4.000%	2.560%	112.002[C]	682001FM9

[C]Priced to February 1, 2026 par call date.

[(1)]CUSIP is a registered trademark of the American Bankers Association. CUSIP data contained herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitution for the CUSIP. Neither the District nor the Underwriters take any responsibility for the accuracy of CUSIP numbers herein, which are included solely for the convenience of owners of the 2016 Bonds.

OMAHA PUBLIC POWER DISTRICT
444 South 16th Street Mall, Omaha, Nebraska 68102-2247
(402) 636-2000
www.oppd.com

DIRECTORS

MICHAEL A. MINES	Chair of the Board
TIM W. GAY	Vice Chair of the Board
JOHN K. GREEN	Treasurer
RICHARD L. HURLEY	Secretary
THOMAS S. BARRETT	Board Member
MICHAEL J. CAVANAUGH	Board Member
ANNE L. MCGUIRE	Board Member
FRED J. ULRICH	Board Member

PRESIDENT and VICE PRESIDENTS

TIMOTHY J. BURKE	President and Chief Executive Officer
EDWARD E. EASTERLIN	Vice President - Financial Services and Chief Financial Officer
KATHLEEN W. BROWN	Vice President - Business Technology and Building Services
JULI A. COMSTOCK	Vice President - Customer Service
MOHAMAD I. DOGHMAN	Vice President - Energy Delivery and Chief Compliance Officer
JON T. HANSEN	Vice President - Energy Production and Marketing
SHANE M. MARIK	Site Vice President and Chief Nuclear Officer
LISA A. OLSON	Vice President - Public Affairs

GENERAL COUNSEL

FRASER STRYKER PC LLO
Omaha, Nebraska

BOND COUNSEL

KUTAK ROCK LLP
Omaha, Nebraska

FINANCIAL ADVISOR

BARCLAYS CAPITAL INC.
New York, New York

BOND FUND TRUSTEE/PAYING AGENT

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
Chicago, Illinois

No dealer, broker, salesperson or any other person has been authorized by the District or its agents to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offering nor the solicitation of an offer to sell to any person in any state or other political jurisdiction in which such an offer or solicitation may not lawfully be made, or in any state in which said agents are not qualified. This Official Statement is not to be construed as a contract with the purchasers of the 2016 Bonds.

The information set forth herein has been furnished by the District or other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

THE 2016 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Securities Exchange Act of 1934, as amended, and the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "anticipate," "projected," "budget" or other similar words of similar import.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE DISTRICT NOR ANY OTHER PARTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

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

THE DISTRICT WILL PROVIDE ANNUAL FINANCIAL STATEMENTS UPON REQUEST. COPIES OF ALL PERIODIC REPORTS MAY ALSO BE MADE AVAILABLE BY ANY OTHER MEANS MAINTAINED BY THE DISTRICT, OR ITS AGENTS, TO PROVIDE INFORMATION TO PERSONS WISHING TO RECEIVE IT. INFORMATION WILL ALSO BE PROVIDED AS DESCRIBED HEREIN UNDER THE HEADING "APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING." APPROPRIATE PERIODIC CREDIT INFORMATION WILL BE PROVIDED TO THE RATING AGENCIES RATING THE SECURITIES IN CONNECTION WITH THE RATING OF THE SECURITIES.

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SUMMARY STATEMENT

This summary is subject in all respects to more complete information contained in this Official Statement. The offering of the 2016 Bonds to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement. Certain terms used in this summary shall have the same meanings as given thereto in this Official Statement.

PURPOSE OF THE 2016 BONDS	The 2016 Bonds are issued as $183,340,000 Electric System Revenue Bonds, 2016 Series A (the "2016 Bonds"). The 2016 Bonds will be issued in fully registered form in the minimum denomination of $5,000 and any integral multiple thereof. The 2016 Bonds are subject to optional redemption prior to maturity as described herein. The 2016 Bonds are issued for valid corporate purposes of the District, including advance refunding all of the District's outstanding Electric System Revenue Bonds, 2009 Series A and a portion of the District's outstanding Electric System Revenue Bonds, 2011 Series B and 2012 Series A (collectively, the "Refunded Bonds") and paying the costs and expenses incurred in connection with the issuance of the 2016 Bonds.
PAYMENT OF INTEREST	Interest on the 2016 Bonds will be payable February 1, 2017 and each August 1 and February 1 thereafter until maturity or prior redemption.
AUTHORITY FOR ISSUANCE	The 2016 Bonds will be issued pursuant to Chapter 70, Article 6, Reissue Revised Statutes of the State of Nebraska ("State"), as amended ("Enabling Act"), and Resolution No. 1788 of the District adopted on January 20, 1972, as amended and supplemented ("Resolution No. 1788"), including specifically as amended by a series resolution (the "Series Resolution") of the District adopted on February 11, 2016 authorizing the 2016 Bonds.
SECURITY FOR THE 2016 BONDS	Principal of and interest on the 2016 Bonds will be payable on a parity with the other Electric System Revenue Bonds of the District to be outstanding in the principal amount of $1,275,025,000 and any other Additional Bonds which hereafter may be issued under Resolution No. 1788, and will be payable from and secured by a pledge of and lien upon the revenues, income, receipts and profits of the Electric System, subject to the prior payment therefrom of the operations and maintenance expenses of the Electric System. See "SECURITY FOR THE 2016 BONDS." The 2016 Bonds shall not be obligations of the State of Nebraska or of any of its political subdivisions, other than the District, nor shall said State or any of its political subdivisions, other than the District, be liable for the payment of the principal of and interest on the 2016 Bonds. The District has no taxing power.

RESERVE ACCOUNT

The Reserve Account Requirement under Resolution No. 1788 is an amount equal to the maximum amount required to be paid into the Interest Account from the Revenues of the Electric System in the current or any future calendar year to provide for the payment of the interest on the outstanding Electric System Revenue Bonds. The Reserve Account is currently fully cash funded. See "SECURITY FOR THE 2016 BONDS—Reserve Account."

REDEMPTION

At the option of the District, the 2016 Bonds shall be subject to optional redemption prior to their stated maturity on such dates, in whole or in part and at such prices as set forth under "DESCRIPTION OF THE 2016 BONDS—Optional Redemption." Any such redemption shall occur only upon notice mailed to the registered owner of each such 2016 Bond (which initially will be Cede & Co. for all of the 2016 Bonds) not less than 30 days prior to the date fixed for redemption together with the interest accrued thereon to the date fixed for redemption.

ELECTRIC RATES AND RATE REGULATION

The District's Board of Directors has the power and is required to fix, establish and collect adequate rates, tolls, rents and other charges for electrical energy. District rates for service are not subject, in the opinion of General Counsel for the District, to regulation by any federal or State of Nebraska regulatory body under existing laws, except as stated under the caption "THE DISTRICT—Nebraska Power Review Board" relative to the settlement of rate disputes between suppliers of electricity and except for the Federal Energy Regulatory Commission ("FERC") which has jurisdiction to resolve disputes regarding rates for wholesale transmission service. In Resolution No. 1788 the District covenants to fix rates and other charges adequate to provide revenues from the operation of the Electric System sufficient to pay the costs of operation and maintenance of the Electric System, and, in each calendar year, to pay the debt service requirements of all outstanding District debt, including the 2016 Bonds.

SENIOR DEBT SERVICE COVERAGE

The debt service coverage as defined by Resolution No. 1788, on the District's Outstanding Electric System Revenue Bonds was 2.16 times for the twelve months ended December 31, 2015.

ADDITIONAL BONDS

The District may issue additional parity Electric System Revenue Bonds for any of its corporate purposes, provided that, with respect to all Additional Bonds, other than certain refunding bonds, the Authorized District Officer files a certificate with the Bond Fund Trustee stating that the Net Receipts of the Electric System in each calendar year thereafter will be at least equal to 1.40 times the amounts to be paid in such year into the Bond Fund to pay principal and interest on (a) the Electric System Revenue Bonds to be outstanding after the issuance of such Bonds and (b) additional Electric System Revenue Bonds which the Authorized District Officer estimates will be required to be issued in the future to complete any generating facility for which Electric System Revenue

Bonds have been or are then being issued. Net Receipts is generally defined as operating revenue less expenses of operations and maintenance (not including depreciation and amortization charges) plus certain investment income.

TAX MATTERS

In the opinion of Bond Counsel, assuming continuing compliance with certain requirements described herein, under laws, regulations, rulings and judicial decisions existing as of the date hereof, interest on the 2016 Bonds is not includable in gross income for federal income tax purposes and is also exempt from all present State of Nebraska personal income taxes. In such opinion of Bond Counsel, interest on the 2016 Bonds does not constitute an item of tax preference for purposes of determining the federal alternative minimum tax for individuals and corporations. See "TAX MATTERS."

RATINGS

Moody's Investors Service ("Moody's") and S&P Global Ratings ("S&P") have given the ratings of "Aa2" with a stable outlook and "AA," with a stable outlook respectively, to the 2016 Bonds. Such ratings reflect only the views of such organizations, and explanations of the significance of such ratings may be obtained only from the credit rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such credit rating agencies if in their judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2016 Bonds.

BOOK-ENTRY ONLY SYSTEM

The 2016 Bonds, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the 2016 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2016 Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the Paying Agent, directly to DTC as the Bondholder thereof. Disbursement of such payments to DTC's Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Participants, as more fully described herein. Any purchaser as a Beneficial Owner of a 2016 Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such 2016 Bond. See "BOOK-ENTRY SYSTEM."

MAJOR GENERATING CHANGES

At the June 16, 2016 meeting of the Board of Directors, the Board directed, in accordance with the recommendation of District Management, that the District cease the generation of electricity at Fort Calhoun Station ("FCS") by the end of 2016. The recommendation to close FCS resulted from the District's ongoing resource planning process and stems from the assessment that continuing to operate FCS will generate costs materially in excess of

the cost of obtaining power from other sources. Management's recommendation to the Board was based on the conclusion that ceasing operations at FCS is expected to (i) avoid the need for further general rate increases through 2021, (ii) increase the District's debt service coverage ratios, (iii) stabilize the District's debt service coverage and liquidity position, and (iv) result in a reduction of financial and operating risks. The decision to close FCS resulted in a one-time, non-cash impairment expense of approximately $1.03 billion in the second quarter of 2016. See "ELECTRIC SYSTEM—Generating Facilities—Fort Calhoun" and "Appendix B—UNAUDITED JUNE 30, 2016 FINANCIAL REPORT, NOTE 14."

This Summary Statement is subject in all respects to more complete information contained in this Official Statement. Certain terms used in this Summary Statement shall have the same meanings as given thereto in this Official Statement.

OFFICIAL STATEMENT

OMAHA PUBLIC POWER DISTRICT (NEBRASKA)
$183,340,000 Electric System Revenue Bonds, 2016 Series A

The purpose of this Official Statement, which includes the cover page, the inside cover pages and appendices hereto, is to set forth information concerning Omaha Public Power District ("District" or "OPPD") and its $183,340,000 Electric System Revenue Bonds, 2016 Series A (the "2016 Bonds").

The 2016 Bonds are to be issued pursuant to Chapter 70, Article 6, Reissue Revised Statutes of the State of Nebraska ("State"), as amended ("Enabling Act"), and Resolution No. 1788 of the District adopted January 20, 1972, as amended by Resolution No. 5432 of the District adopted April 14, 2005 and Resolution No. 5882 of the District adopted October 13, 2011, as supplemented (collectively, "Resolution No. 1788"), including as specifically supplemented by a series resolution (the "Series Resolution") of the District adopted on February 11, 2016 authorizing the issuance of the 2016 Bonds. Principal of and interest on the 2016 Bonds will be payable on a parity with the other Electric System Revenue Bonds ("Outstanding Bonds") of the District to be outstanding in the principal amount of $1,275,025,000. The Outstanding Bonds, the 2016 Bonds and any Additional Bonds that may hereafter be issued pursuant to the District's Resolution No. 1788 are herein sometimes referred to as the "Bonds" or "Electric System Revenue Bonds." Certain provisions of Resolution No. 1788 are summarized herein under the heading "SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION NO. 1788." These summaries do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the full terms of Resolution No. 1788. Certain capitalized terms not otherwise defined herein will have the meanings assigned thereto in Resolution No. 1788.

The 2016 Bonds shall not be obligations of the State or of any of its political subdivisions, other than the District, nor shall the State or any of its political subdivisions, other than the District, be liable for the payment of the principal of and interest on the 2016 Bonds. The District has no taxing power.

PURPOSE OF THE 2016 BONDS

The 2016 Bonds will be issued as $183,340,000 Electric System Revenue Bonds, 2016 Series A. The 2016 Bonds are issued for valid corporate purposes of the District, including advance refunding all of the District's outstanding Electric System Revenue Bonds, 2009 Series A and a portion of the District's outstanding Electric System Revenue Bonds, 2011 Series B and 2012 Series A (collectively, the "Refunded Bonds") and paying the costs and expenses incurred in connection with the issuance of the 2016 Bonds. See "USE OF THE 2016 BOND PROCEEDS.

USE OF THE 2016 BOND PROCEEDS

The estimated application of the 2016 Bond proceeds (total par amount of $183,340,000 plus net original issue premium of $42,679,196.10) is as follows:

Deposit to the Refunding Escrows to defease the Refunded Bonds	$225,088,216.37
Deposit to the Construction Fund to pay costs of issuance	436,599.15
Underwriters' Discount	494,380.58
Total Bond Proceeds	$226,019,196.10

The proceeds of the 2016 Bonds, together with other funds held by the Bond Fund Trustee and available therefor (including, without limitation, $910,700 of amounts held in the Reserve Account of the Bond Fund in excess of the amounts required to be held therein), will be deposited pursuant to separate Escrow Deposit Agreements between the District and The Bank of New York Mellon Trust Company, N.A., as Bond Fund Trustee and Escrow Agent, invested in securities unconditionally guaranteed by the United States of America maturing on or prior to the dates such funds are required to be expended and applied to the payment when due of principal of and interest on the Refunded Bonds, including the optional redemption at par of the Refunded Bonds on the date set forth in Appendix E hereto. Proceeds of the Refunded Bonds presently on deposit in the Reserve Account of the Bond Fund will be retained therein to the extent required to meet the Reserve Account Requirement following issuance of the 2016 Bonds.

DESCRIPTION OF THE 2016 BONDS

General

The 2016 Bonds will be dated the Date of Delivery and will bear interest at the rates and mature on the dates set forth on the inside cover page of this Official Statement. The 2016 Bonds will be issued in fully registered form in the minimum denomination of $5,000 and any integral multiple thereof. Interest on the 2016 Bonds will be payable on February 1, 2017 and semiannually on each February 1 and August 1 thereafter.

The 2016 Bonds, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the 2016 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2016 Bonds will be paid by the Paying Agent directly to DTC as the Bondholder thereof. Disbursement of such payments to DTC's Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Participants, as more fully described herein. Any purchaser as a Beneficial Owner of a 2016 Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such 2016 Bond. See "BOOK-ENTRY SYSTEM."

The Bank of New York Mellon Trust Company, N.A. currently serves as Bond Fund Trustee and Paying Agent with respect to the Bonds.

Optional Redemption

At the option of the District, the 2016 Bonds maturing on or after February 1, 2027 shall be subject to redemption prior to their stated maturity on any date on or after February 1, 2026, at par, as a whole or in part (and in the event that less than all of the 2016 Bonds of any maturity are called for redemption, the particular 2016 Bonds of such maturity to be redeemed shall be selected by lot by the Bond Fund Trustee) upon notice mailed to the registered owner of each such 2016 Bond (which initially will be Cede & Co. for all of the 2016 Bonds) not less than 30 days prior to the date fixed for redemption together with the interest accrued thereon to the date fixed for redemption.

Selection of Bonds to be Redeemed

If less than all of the 2016 Bonds of a particular maturity are redeemed, and so long as the book-entry only system remains in effect for the 2016 Bonds, the 2016 Bonds of such maturity to be redeemed shall be selected by lot by DTC in such manner as DTC shall determine. If the book-entry only system no longer remains in effect for the 2016 Bonds, selection for redemption of less than all of the 2016 Bonds of a particular maturity will be made by the Bond Fund Trustee by lot as provided in the Bond Resolution. If any of the 2016 Bonds to be redeemed are Bonds for which sinking fund installments have been established, the District shall select the dates and amounts by which such sinking fund installments are to be reduced.

Notice of Call for Redemption

Notice of call for any redemption of 2016 Bonds, identifying the 2016 Bonds or portions thereof to be redeemed, the date fixed for redemption and the places where the amounts due upon that redemption are payable, will be given by the Bond Fund Trustee on behalf of the District by mailing a copy of the redemption notice at least 30 days prior to the date fixed for redemption to the person in whose name the 2016 Bonds to be redeemed are registered on the registration books maintained by the Bond Fund Trustee ("Register") at the close of business on the fifteenth day preceding such mailing, at the address then appearing on the Register, provided that failure to receive notice by mail, or any defect in that notice as to any 2016 Bond, will not affect the validity of the proceedings for the redemption of any other 2016 Bond. So long as any 2016 Bond to be redeemed remains in book-entry form, the Bond Fund Trustee shall send such notice to DTC, or its nominee. See "BOOK-ENTRY SYSTEM."

Any failure of DTC to notify any DTC Participant, or of any DTC Participant to notify the Beneficial Owner, of any such notice will not affect the validity of the redemption of any 2016 Bonds. If less than all of the 2016 Bonds are to be redeemed, the selection of the 2016 Bonds of a single maturity to be redeemed, or portions thereof in amounts of $5,000 or any integral multiple thereof, will, so long as the 2016 Bonds remain in book-entry form, be made by DTC, or any successor depository, and the DTC Participants through a lottery process. Otherwise, such selection will be made at random by the Bond Fund Trustee in such manner as the Bond Fund Trustee in its discretion may deem fair and appropriate.

SECURITY FOR THE 2016 BONDS

Pledge and Rate Covenant

The Bonds, including the 2016 Bonds, will be payable from and secured by a pledge of and lien upon the Revenues of the Electric System and other moneys pledged in Resolution No. 1788 to the payment thereof subject to a prior charge on the Revenues of the Electric System for the payment of operating and maintenance expenses of the Electric System. For additional information, see "SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION NO. 1788—Revenue Fund."

The District has covenanted that it will fix, establish and collect or cause to be fixed, established and collected adequate rates, tolls, rents and other charges for electric energy, and all other commodities, services and facilities sold, furnished or supplied through the properties of the Electric System or any part thereof, which rates, tolls, rents and charges shall be fair, reasonable and adequate to provide Revenues of the Electric System sufficient to pay the principal of and interest on all Bonds and the operations and maintenance expenses of the Electric System and to pay any other indebtedness payable from the revenues, income, receipts and profits of the Electric System.

The 2016 Bonds shall not be obligations of the State of Nebraska or of any of its political subdivisions, other than the District, nor shall said State or any of its political subdivisions, other than the District, be liable for the payment of the principal of and interest on the 2016 Bonds. The District has no taxing power.

Reserve Account

The Reserve Account Requirement under Resolution No. 1788 is an amount equal to the maximum amount required to be paid into the Interest Account from the Revenues of the Electric System in the current or any future calendar year to provide for the payment of the interest on the outstanding Electric System Revenue Bonds. The Reserve Account may be funded in whole or in part through cash or Reserve Account Cash Equivalents, which include, but are not limited to, sureties. The Reserve Account is currently fully funded with cash. The Reserve Account Requirement on all Outstanding Bonds after the 2016 Bonds have been issued will be $68,389,732.52.

Additional Bonds

Additional Bonds may be issued for any valid corporate purpose of the District including the refunding or purchase of Bonds, upon compliance with certain provisions as set forth in more detail under the caption "SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION NO. 1788—Additional Bonds." Prior to the issuance of any Additional Bonds (including the 2016 Bonds), other than certain refunding Bonds, an Authorized District Officer is required to file with the Bond Fund Trustee a certificate stating that the projected Net Receipts of the District in each calendar year following the issuance of the Additional Bonds then proposed to be issued shall be at least equal to 1.40 times the debt service requirement in such year for (a) all Bonds to be outstanding after the issuance of such Bonds and (b) any Additional Bonds which, in the opinion of the Authorized District Officer, will be required to complete payment of the costs of construction of any power generating station for which any Bonds have theretofore been issued or are then being issued. In making the projection of Net Receipts for each succeeding calendar year, the Authorized District Officer is required to use as a basis the Net Receipts of the District for the last calendar year for which an audit by independent accountants has been prepared and filed with the Bond Fund Trustee and may make adjustments thereto, including, but not limited to, giving effect to approved rate increases.

SUMMARY OF OTHER DISTRICT DEBT

Subordinate Obligations

The District may also issue notes and other obligations, provided that the lien thereof on the Revenues of the Electric System is subordinate to the lien of the Bonds on said Revenues. The Subordinated Bonds, CP Notes, Credit Agreement and Minibonds (as such terms are defined below) all have liens on the Revenues of the Electric System which are subordinate to the lien of the Bonds.

The District has also issued Electric System Subordinated Revenue Bonds from time to time in multiple series ("Subordinated Bonds"). These Subordinated Bonds provided financing for valid corporate purposes of the District including paying for costs of its capital additions program and paying the expenses incurred in connection with the issuance of the Subordinated Bonds. As of August 1, 2016, the principal amount of Subordinated Bonds outstanding was $337,280,000. With respect to certain of such Subordinated Bonds, a representative of a deceased bondholder of certain of the series of Subordinated Bonds may tender to the District for redemption up to $25,000 principal amount of Subordinated Bonds of that series owned by the deceased bondholder; currently, the aggregate principal amount of Subordinated Bonds that may be tendered for redemption in this manner is limited to $750,000 annually.

The District has a Commercial Paper Program ("CP Program"), which is comprised of subordinate notes of the District ("CP Notes") with maturities ranging from one to 270 days. The current authorized amount of the CP Notes is $150,000,000, all of which is outstanding as of the date hereof. The District's Board of Directors may, from time to time, authorize additional increases or decreases in the size of the CP Program. In addition, the District has entered into a Credit Agreement with Bank of America, N.A. ("Credit Agreement"), pursuant to which the District is entitled to draw up to $250,000,000 from time to time. The District has covenanted to retain drawing capacity under the Credit Agreement at least equal to the issued and outstanding amount of CP Notes. The Credit Agreement expires on October 1, 2018.

The District has issued small denomination debt ("Minibonds") from time to time in multiple series. The Minibonds outstanding are in current interest bearing and capital appreciation forms. As of August 1, 2016, the remaining Minibonds outstanding were in the aggregate principal amount of $23,182,200 (not including accreted interest). The outstanding Minibonds mature on October 1, 2021. Holders of the Minibonds may put back to the District for redemption on October 1 of each year an aggregate principal amount up to $1,000,000.

Other Debt Obligations of the District

Resolution No. 1788 permits the issuance of bonds to acquire or construct facilities for the generation, transmission or distribution of electric power and energy which shall be owned and operated as a Separate Electric System. Such bonds shall then be payable solely from the revenues or other income derived from the ownership or operation of such Separate Electric System. The District has designated 50% of the power output of Nebraska City Station Unit No. 2 ("NC2") as a Separate Electric System ("Separate System") and has issued Separate Electric System Revenue Bonds ("Separate System Bonds") to finance a portion of the costs of the Separate System. The power output associated with the Separate System is the subject of Participation Power Agreements ("PPAs") between the District and seven participating utilities. NC2 began commercial operation in May 2009. The PPAs require each of the participating utilities to pay its share of all costs of constructing, financing and operating the Separate System regardless of whether the Separate System is in operation. The Separate System Bonds are secured and payable solely from payments made under the PPAs and certain related security and such PPA payments and related security are not available to pay and do not secure the Bonds, including the 2016 Bonds. The principal amount of Separate System Bonds outstanding, as of August 1, 2016, is $218,460,000.

The District and other electric utilities are subject to numerous federal and state statutory and regulatory mandates. The Nebraska Legislature has enacted the Public Entities Mandated Project Charges Act, which authorizes public entities in the State of Nebraska to finance mandated projects related to electrical power generation, transmission or distribution, through the use of bonds secured exclusively by revenues from a separate customer charge. The District is evaluating the possibility of issuing bonds

authorized by the Public Entities Mandated Project Charges Act. If issued by the District, such mandated project bonds would be secured solely by the separate customer charge, and such charge would not be available to pay and would not secure any other debt of the District, including the 2016 Bonds.

THE DISTRICT

Nature of the District

The District was created in August 1945 under the authority of the Enabling Act as a public corporation and political subdivision of the State. The laws of the State provide that the District, either alone or jointly with other entities lawfully empowered to do so, may acquire, by purchase, lease or otherwise, and may operate, improve and extend electric properties and facilities and otherwise carry on the business of generating, transmitting and distributing electric power and energy within or beyond the boundaries of the District, and may also do such other things as are necessary for carrying on a fully integrated electric power business.

The District provides electric service in the City of Omaha, Nebraska, and adjacent territory comprising all of Douglas, Sarpy and Washington counties. It also serves a portion of Cass, Saunders, Dodge, Otoe, Nemaha, Johnson, Pawnee, Richardson, Burt and Colfax counties. The area also includes the community of Carter Lake, Iowa, which is served directly from the District's Omaha distribution system. The service area is approximately 5,000 square miles with an estimated population of 810,000[1] as of December 31, 2015. Omaha, with an estimated population of 443,885[2], from a 2015 Census Population Estimate, is the largest city in the State. The District serves 47 cities and villages at retail and five municipalities at wholesale.

For the twelve months ended December 31, 2015, the average number of customers served by the District included 319,501 residential, 45,104 commercial, 174 industrial and 11 customers located outside of the District's service area (i.e., off-system customers). For the twelve months ended December 31, 2015, the District's retail revenue (i.e., excluding wholesale and off-system customers) was derived 43% from sales to residential customers, 35% from sales to commercial customers and 22% from sales to industrial customers. The District's top ten customers represented 14% of 2015 retail revenues.

Powers of the District

The District is specifically authorized by the Enabling Act to borrow money and incur indebtedness for any corporate use or purpose, provided the moneys so borrowed shall be payable solely from the revenues, income, receipts and profits derived by the District from its ownership, operation and management of electric generating stations and systems, or from proceeds of sales of property. The District is specifically authorized to pledge all or any part of the revenues which the District may derive from the sale of electric energy as security for the payment of the principal and interest of its obligations.

Pursuant to the aforesaid authority, the resolution of the District authorizing any obligation may specify the particular revenues that are pledged, the terms and conditions to be performed by the District and the rights of the holders of such obligations. Refunding of outstanding obligations is also specifically authorized, as is the provision that all or part of the revenues may be paid into a special fund to be collected, held or disposed of, as provided in the resolution, and the resolution may provide for special depositaries for such funds. The District is prohibited by the Enabling Act from mortgaging its physical

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[1]Source: Estimated using the District's residential customer count and the Global Insight persons per household rate forecast.
[2]Source: US Census, Population Division, Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2015.

properties, except to secure loans from certain specified federal agencies. There is no mortgage on any of the physical properties of the District.

The District has no power of taxation, and no governmental authority has the power to levy or collect taxes to pay, in whole or in part, any indebtedness or obligation of or incurred by the District or upon which the District may be liable.

Government of the District

All corporate powers of the District are vested in a Board of Directors consisting of eight members. Each of the eight electoral subdivisions is required to be composed of substantially equal population and to be a compact and contiguous territory.

The present membership and officers of the Board of Directors are:

	Number of Years Completed on Board	Term Expires in January	Occupation or Profession
Michael A. Mines – *Chair of the Board*	3	2019	Governmental Advisor, Small Business Owner
Tim W. Gay – *Vice Chair of the Board*	3	2021	Governmental Advisor
John K. Green – *Treasurer*	29	2017	Attorney at Law
Richard L. Hurley – *Secretary*	1	2021	Real Estate Broker
Thomas S. Barrett	3	2019	Attorney at Law, Real Estate Specialist
Michael J. Cavanaugh	21	2019	Police Lieutenant, City of Omaha (Retired), Real Estate Investor-Manager
Anne L. McGuire	19	2021	Nurse Educator (Retired)
Fred J. Ulrich	29	2017	Farmer, Cattle Rancher

President and Vice Presidents

The management of the District is under the direction of its President and Chief Executive Officer ("CEO"). The District is organized under separate operating divisions which are assigned to the CEO or a Vice President. The District's CEO and Vice Presidents are as follows:

TIMOTHY J. BURKE, President and CEO. Mr. Burke began his career at OPPD in April 1997. He started at OPPD as Vice President of Energy Services, eventually becoming Vice President of Customer Service and Public Affairs. In that position, he oversaw Customer Service Operations, Customer Sales and Service, Customer Strategy, Economic Development, Corporate Safety and Technical Training, Corporate Marketing and Communications, Operations Analysis, Governmental Affairs, and Environmental and Regulatory Affairs. On May 10, 2015, he became President and CEO. Mr. Burke holds a Bachelor of Arts degree from Buena Vista University and a Master's degree in Public Administration from Drake University. Mr. Burke attended the Massachusetts Institute of Technology Department of Nuclear Engineering and the Academy for Nuclear Training's Reactor Technology Program for Utility Executives.

EDWARD E. EASTERLIN, Vice President, Financial Services and Chief Financial Officer. Mr. Easterlin joined OPPD in January 2009 as Vice President and Chief Financial Officer. Before coming to OPPD, Mr. Easterlin worked seven years for Colorado Springs Utilities, where he had served as Chief Planning and Finance Officer since May 2005. He also had served as General Manager of Financial Services and General Manager of Financial and Accounting Management. He served for nearly 20 years at South Carolina Public Service Authority, Santee Cooper. Mr. Easterlin holds a Bachelor's and a Master's degree in Business Administration from Charleston Southern University. In addition, he holds an Associate's degree in Chemical and Nuclear Engineering Technology from Trident Technical College. Mr. Easterlin attended the Massachusetts Institute of Technology Department of Nuclear Engineering and the Academy for Nuclear Training's Reactor Technology Program for Utility Executives.

KATHLEEN W. BROWN, Vice President, Business Technology and Building Services. Ms. Brown joined OPPD in January 2016 as Vice President and has over 20 years of prior business technology experience in the retail and manufacturing industries including Best Buy, Oriental Trading Company and most recently at Warren Distribution where she was Vice President of Human Capital and Business Systems. Ms. Brown earned Master's degrees in Management Information Systems and Business Administration with an emphasis in Human Capital Management from Bellevue University. She holds a Bachelor of Arts degree from the University of Wisconsin, Madison.

JULI A. COMSTOCK, Vice President, Customer Service. Ms. Comstock joined OPPD in 1988 as an Accountant in the Financial Accounting and Reporting area. Prior to becoming Vice President of Customer Service, Ms. Comstock served as Division Manager of Customer Service Operations. In her current role, Ms. Comstock oversees Customer Service Operations, Customer Sales and Service, and demand-side management and energy efficiency programs. Ms. Comstock holds a Master of Science in Leadership from Bellevue University and a Bachelor's degree in Business Administration with a major in Accounting from the University of Nebraska-Lincoln. Ms. Comstock is also a graduate of the Nebraska Chamber of Commerce's Leadership Nebraska program.

MOHAMAD I. DOGHMAN, Vice President, Energy Delivery and Chief Compliance Officer. Mr. Doghman joined OPPD in 1989 as a Senior Engineer in the Engineering Division. Since then, he has served in many engineering, operation, and management positions including Principal Engineer, Manager of Substation Operations, Manager of System Protection, Division Manager of Engineering, and currently serves as Vice President overseeing all planning, engineering, construction, operation, and maintenance of the Power Grid and Energy Delivery business unit. Mr. Doghman holds a Bachelor of Science degree in Electrical Engineering from the University of Nebraska, a Master's degree in Electrical Engineering from the University of Missouri at Columbia, and an Executive Master's degree in Business Administration from the University of Nebraska. Mr. Doghman attended the Massachusetts Institute of Technology Department of Nuclear Engineering and the Academy for Nuclear Training's Reactor Technology Program for Utility Executives.

JON T. HANSEN, Vice President, Energy Production and Marketing. Mr. Hansen began his OPPD career in 1983 as an Engineer in the Production Operations Division. He has served in various engineering and leadership positions in the area of power generation. Mr. Hansen was promoted to Vice President in March 2010 and oversees the Production Operations, Production Engineering and Fuels, and Energy Marketing and Trading divisions. In 2015, Mr. Hansen assumed responsibility for Nuclear Oversight in addition to his other duties. Mr. Hansen holds a Bachelor's Degree in Mechanical Engineering and an Executive Master's Degree in Business Administration from the University of Nebraska. Mr. Hansen attended the Massachusetts Institute of Technology Department of Nuclear Engineering and the Academy for Nuclear Training's Reactor Technology Program for Utility Executives.

SHANE M. MARIK, Site Vice President and Chief Nuclear Officer. Mr. Marik joined OPPD in January 2016. Mr. Marik serves as Site Vice President under the terms of the Operating Services Agreement with Exelon. He also serves as the District's Chief Nuclear Officer pursuant to resolution by the District's Board of Directors. Mr. Marik has 29 years of experience in the nuclear power industry. Prior to becoming Fort Calhoun Station's Site Vice President, he served as Site Vice President and Plant Manager for four years at the Dresden Generating Station in Dresden, Illinois. Before that, he was the Operations Director at the LaSalle County Generating Station in Marseilles, Illinois. Since joining Exelon in 1985, Mr. Marik has held positions of increasing responsibility in several departments including Chemistry, Quality Assurance, Work Management, and Operations. Mr. Marik holds a Bachelor of Science in Industrial Technology from Southern Illinois University. He also held a Senior Reactor Operator license at LaSalle Station.

LISA A. OLSON, Vice President, Public Affairs. Ms. Olson joined OPPD in April 2011, as Division Manager of Corporate Marketing and Communications. In June 2015, Ms. Olson was named Vice President of Public Affairs. Ms. Olson is responsible for overseeing OPPD's corporate brand as well as corporate communications, social media, customer marketing and education, market research, data segmentation, economic development, legislative and regulatory affairs and environmental affairs. Prior to joining OPPD, she was in leadership positions at Infogroup and First Data, and served as a Public Information Officer for Nebraska's Department of Economic Development. Ms. Olson has a Bachelor's Degree in Journalism from the University of Nebraska-Lincoln.

Employees and Human Resources

The District employed 2,278 employees in its 13 county service area as of December 31, 2015. The District's clerical, professional, craft and administrative employees are represented by two local unions of the International Brotherhood of Electrical Workers ("IBEW") and one local union from the International Association of Machinists and Aerospace Workers ("IAM & AW"). Under Nebraska law, unions and their members are not permitted to strike or otherwise hinder, delay, limit or suspend the continuity or efficiency of any public utility service. The District has a long-standing cooperative working relationship with the three labor unions representing their respective bargaining units. The District has reached a two-year agreement with IBEW Local 1483, IBEW Local 763 and IAM & AW Local 31 expiring May 31, 2017.

Defined Benefit Retirement Plan

The District provides a defined benefit retirement plan for its employees financed by the District and employee contributions. Employees hired prior to January 1, 2013 (prior to June 1, 2013, for Local 763 members), were eligible to elect either a traditional monthly benefit or a cash balance benefit from the retirement plan. Those hired on or after January 1, 2013 (on or after June 1, 2013, for Local 763 members), are eligible for a cash balance benefit only. To ensure funds will be available to pay future benefits, an actuarial report is completed each year to project retirement plan assets and the liability for future benefits. According to the January 1, 2015 valuation, the plan's funded status was 72.4% based on the ratio of the actuarial value of assets of the plan to the actuarial accrued liability of the plan. The annual required contribution ("ARC") by the District was $46.6 million for the year ending December 31, 2015. The market value of the plan investments was $870.0 million and $904.2 million as of December 31, 2015 and December 31, 2014, respectively.

Other Postemployment Benefits

Prior to 2007, the District recognized the cost of other postemployment benefits ("OPEB") on a pay-as-you-go basis. The District adopted the Governmental Accounting Standards Board Statement

No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective January 1, 2007. This accounting standard requires that the District recognize OPEB costs using an actuarial valuation. The District has two separate plans for post-employment health care benefits. OPEB Plan A provides post-employment health care benefits for all qualified members. OPEB Plan B provides post-employment health care premium coverage for the District's share of the premiums for employees hired on or after December 31, 2007. OPEB Plan A also provides postemployment life insurance benefits to qualifying employees.

To ensure funds will be available to pay future benefits, an actuarial report is completed each year to project the OPEB plans' assets and the liabilities for future benefits. According to the January 1, 2015 valuation review, OPEB Plan A's funded status was 30.6% based on the ratio of the actuarial value of assets of the plan to the actuarial accrued liability of the plan. The ARC by the District was $23.2 million for the year ending December 31, 2015. The market value of the plan investments was $123.0 million and $121.7 million as of December 31, 2015 and December 31, 2014, respectively. There were several design changes approved in 2007 to reduce the costs of health care benefits including the establishment of a separate plan, OPEB Plan B, for employees hired on or after January 1, 2008, who retire directly from active service from the District. According to the January 1, 2015 valuation review, OPEB Plan B's funded status was 163.5% based on the ratio of the actuarial value of assets of the plan to the actuarial accrued liability of the plan. The ARC by the District was $297,000 for the year ending December 31, 2015. The market value of the plan investments was $3.6 million and $3.7 million as of December 31, 2015 and December 31, 2014, respectively.

Defined Contribution Plans

OPPD sponsors two Defined Contribution Retirement Savings Plans, a 401(k) ("401(k) Plan") and a 457 ("457 Plan"). Both the 401(k) Plan and 457 Plan are open to all full-time employees and allow contributions by employees that are partially matched by OPPD. The 401(k) Plan's and 457 Plan's assets and income are held in an external trust account in the employee's name. The matching share of contributions was $6,210,000 and $6,209,000 for the years ended December 31, 2015 and 2014, respectively. The employer maximum annual match on employee contributions was $3,500 per employee for the years ended December 31, 2015 and 2014, respectively.

Funds of the District

All of the District's funds are under the control of the Board of Directors, subject to the requirements of the authorizing debt resolutions of the District and State statutes. Each Director is a public officer, with an oath filed with the Secretary of State. The Treasurer has control of the District's funds and is required to maintain a surety bond, in an amount as required by statute, which is filed with the Secretary of State. The District is required by law to have its accounts audited annually by independent certified public accountants, in accordance with generally accepted government auditing standards, and to file a copy of such audit with the Auditor of Public Accounts of the State and the Nebraska Power Review Board ("NPRB"). The District follows, on a voluntary basis, insofar as possible for a governmental subdivision, the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission ("FERC").

The balance sheets of the District as of December 31, 2015 and 2014 and the related statements of revenues, expenses and changes in net position and of cash flows are set forth in Appendix A. Unaudited condensed financial statements as of June 30, 2016, and for the six months ended June 2016 and 2015 are set forth in Appendix B. The second quarter financial statements reflect the non-cash expenses incurred in connection with the closure of FCS. See "ELECTRIC SYSTEM—Generating Facilities—Fort Calhoun."

Taxes Applicable to the District

In the opinion of Fraser Stryker PC LLO, General Counsel to the District ("General Counsel"), the District is not liable for federal or State income or ad valorem taxes. However, as required by State law, the District makes payments in lieu of taxes annually to the County Treasurer of each county in which it sells electricity at retail equal to 5.0% of its gross revenues derived from sales within the incorporated cities and villages in such county.

The District is subject to State Sales and Use Tax on certain labor charges and nearly all material purchases. Under current State law, purchases of coal, oil, gas, nuclear fuel and water, when used for generating purposes, are exempt from State Sales and Use Tax. The State Sales and Use Tax rate is 5.5%. Various municipalities within the District's service area have also imposed a local sales and use tax.

Nebraska Power Review Board

In 1963, the Nebraska Legislature passed Chapter 70, Article 10, Reissue Revised Statutes of 1943 of Nebraska, as amended, establishing the NPRB. The NPRB consists of five members appointed by the Governor subject to approval by the Legislature. The statute declares that it is the policy of the State to avoid and eliminate conflict and competition between retail suppliers of electricity and to facilitate the settlement of rate disputes between suppliers of electricity at wholesale. Subject to approval of the NPRB, retail suppliers of electricity in adjoining areas are authorized to enter into written agreements with each other specifying either the service area or customers which each shall serve. Where agreements cannot be reached, the NPRB will determine the matter after a hearing. With NPRB approval, the District has entered into service area agreements with all other suppliers whose territories adjoin that of the District. The construction of any transmission lines or related facilities outside the District's service territory generally carrying more than 700 volts or the construction of most electric generation facilities is subject to the approval of the NPRB. Since the establishment of the NPRB, the District has received NPRB approval for the construction of all facilities requiring such approval.

Certain Rights of Municipalities Served by the District

Nebraska law contains provisions pertaining to the acquisition by a city or village ("Municipality") through negotiation or condemnation of a public power district's electric distribution system, or any part or parts thereof, situated within or partly within such Municipality. To date, no Municipality has exercised such rights with respect to the District.

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THE AREA SERVED

The District provides electric service to retail and wholesale electric consumers in the City of Omaha and within a 5,000 square mile area (including all or parts of 13 counties) paralleling the eastern border of the State along the Missouri River. The area includes the community of Carter Lake, Iowa (population: 3,766[1]), which is served directly from the District's Omaha distribution system. The District operates a fully integrated generation, transmission and distribution system having strong interconnections with all of its neighboring utilities.

The District and Omaha are located in the central part of the continental United States. As such, the Omaha metropolitan area is a principal rail center, a key terminal on the Missouri River, a major Midwest air center and is served by two interstate highway systems, I-80 and I-29. Omaha is a major health care, food processing, transportation, marketing, insurance, and industrial center in the Midwest. In 2015, the District's retail revenues from energy sales within the City of Omaha were 81% of total retail revenues from all incorporated cities served. The following table summarizes several key economic statistics from 2011 to 2015.

			Total Building Permits[2]		
Year	**Estimated Population District Service Area[3]**	**Net Taxable Sales City of Omaha (millions)[4]**	**Douglas County**	**Omaha Combined Statistical Area (CSA)[5]**	**Omaha-Council Bluffs Median Household Income[6]**
2015	810,000	$8,763	1,673	3,059	N/A[7]
2014	799,000	8,758	1,481	2,502	$57,527
2013	789,000	8,543	1,694	2,877	57,141
2012	784,000	8,046	1,388	2,339	54,158
2011	783,000	7,933	1,313	2,170	56,137

The greater Omaha area is home to the headquarters of four Fortune 500 companies: Berkshire Hathaway Inc., Union Pacific Railroad, Kiewit Corporation, and Mutual of Omaha. A fifth Fortune 500 company, ConAgra, announced in October 2015 it was moving its headquarters to Chicago. In addition, a number of companies from various industry sectors are also headquartered in the Omaha area, including Werner Enterprises, Inc., TD Ameritrade, HDR, Inc., Infogroup Inc., Omaha Steaks International, Inc., and Valmont Industries, Inc.[8]

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[1]Source: US Census, 2014 population estimate (as of July 1, 2014).
[2]Source: Provided by the Greater Omaha Chamber, includes all single family, multi family, and non-residential (new construction) permits. It does not include non-residential-tenant improvements.
[3]Source: OPPD, estimated using District retail customer count and Global Insight Persons per Household rate.
[4]Source: Provided by the Greater Omaha Chamber, Non-motor vehicle sales tax, Nebraska Department of Revenue.
[5]The Omaha CSA includes data gathered from the cities of: Omaha, Council Bluffs (IA), Bellevue, Blair, Fremont, Gretna, LaVista, Louisville, Plattsmouth, Papillion, Springfield, and Wahoo. It also includes the following counties: Cass, Dodge, Douglas, Harrison (IA), Sarpy, and Washington.
[6]Source: Provided by the Greater Omaha Chamber, American Community Survey, Five Year Estimates for the Omaha Metropolitan Statistical Area (MSA), US Census Bureau.
[7]N/A: 2015 Data not released yet.
[8]Source: Provided by the Greater Omaha Chamber.

Omaha's unemployment rate is consistently lower than the national unemployment rate as shown in the table below.

Year	City of Omaha Employment[1]	City of Omaha Unemployment Rate[2]	Nebraska Unemployment Rate[3]	United States Unemployment Rate[4]
2015	225,426	3.1%	3.0%	5.3%
2014	223,992	3.5	3.3	6.2
2013	218,955	4.1	3.8	7.4
2012	217,177	4.4	4.0	8.1
2011	213,157	4.8	4.4	8.9

CAPITAL AND NUCLEAR FUEL EXPENDITURES

The District continually analyzes Electric System requirements and makes long-range recommendations and estimates of capital expenditures necessary to serve the growing loads with a reliable and economic power supply. The following table lists the District's actual capital expenditures and nuclear fuel expenditures, including Allowance for Funds used During Construction, for the fiscal years 2015 and 2014. The District financed its Capital and Nuclear Fuel Programs with revenues from operations, investment income, financing proceeds and cash on hand. For additional information regarding future generating facilities, see "THE ELECTRIC SYSTEM—Future Generating Facilities."

	2015	2014
	(millions)	
CAPITAL PROGRAM:		
Total Transmission and Distribution Plant	$80.9	$81.4
Total General Plant	$12.5	$17.2
Total Production Plant	$115.3[5]	$55.3
Total Capital Program	$208.7	$153.9
NUCLEAR FUEL PROGRAM:		
Total Nuclear Fuel Program	$17.6	$10.7

[1]Source: Nebraska Department of Labor, Labor Force-Employment for the City of Omaha (not seasonally adjusted).
[2]Source: Nebraska Department of Labor, Labor Force-Unemployment for the City of Omaha (not seasonally adjusted).
[3]Source: Nebraska Department of Labor, Labor Force-Unemployment for the State of Nebraska (not seasonally adjusted).
[4]Source: Bureau of Labor Statistics, Labor Force-Unemployment for the United States (not seasonally adjusted).
[5]The $60 million variation in Total Plant Production between 2014 and 2015 can be attributed to additional construction at NC, NO, and FCS stations.

ELECTRIC RATES AND RATE REGULATION

The District's Board of Directors has the sole authority to establish and adjust electric service rates. It is the opinion of General Counsel to the District that District rates for electric service are not subject to regulation by any federal or State regulatory body under existing laws, except, (i) in the event of a dispute between retail electric suppliers concerning rates for service between such suppliers, the NPRB is given jurisdiction to hold hearings and make recommendations which shall be advisory only (see "THE DISTRICT—Nebraska Power Review Board") and (ii) FERC has jurisdiction to resolve disputes regarding rates for wholesale transmission services.

Under the Enabling Act, the District's Board of Directors has the power to and is:

> ". . . required to fix, establish and collect adequate rates, tolls, rents and other charges, for electrical energy . . . and for any and all other commodities, including ethanol, services, or facilities sold, furnished, or supplied by the district, which rates, tolls, rents and charges shall be fair, reasonable, nondiscriminatory and so adjusted as in a fair and equitable manner to confer upon and distribute among the users and consumers of commodities and services furnished or sold by the district the benefits of a successful and profitable operation and conduct of the business of the district."

Residential customers of the District paid an average of 11.07 and 10.68 cents per kilowatt hour ("kWh") during the twelve months ended December 31, 2015 and 2014, respectively. These rates compare with the national residential average of 12.67 and 12.52 for 2015 and 2014 as reported by the Energy Information Administration ("EIA"). The District's average annual use per residential customer was 10,806 kWh and 11,282 kWh for the twelve months ended December 31, 2015 and 2014, respectively.

The District serves customers within three major rate classes: Residential, Commercial, and Industrial. The information presented in the following table represents varying usage levels, monthly electric service bills and the average charge per kWh for each of these classes under approved basic rate schedules including a Fuel and Purchased Power Adjustment ("FPPA") and exclusive of sales tax:

	Billing Demand (kW)	Monthly Consumption (kWh)	Winter Monthly Electric Service Bill	Winter Average Charge Per kWh (cents)	Rate	Summer Monthly Electric Service Bill	Summer Average Charge Per kWh (Cents)
Residential							
		250	$39.52	15.81	110	$41.87[1]	16.75
		500	62.62	12.52	110	72.89	14.58
		750	85.72	11.43	110	101.84	13.58
		1,000	108.82	10.88	110	130.79	13.08
		2,500	207.50	8.30	110	304.47	12.18
Commercial							
	12		159.73	10.65	230	177.48	11.83
	30		491.34	8.19	230	631.04	10.52
	50		1,071.23	8.57	231	1,231.23	9.85
	100		2,435.56	8.12	231	2,819.56	9.40
	500		14,052.86	7.03	231	16,597.86	8.30
Industrial							
	1,000		26,881.31	6.72	232	32,611.31	8.15
	2,000		59,285.31	6.24	232	72,905.31	7.67
	5,000		172,140.28	6.89	240	172,140.28	6.89

General Rate Adjustment. A 4.0% general rate adjustment became effective January 1, 2016. The District implemented general rate adjustments of 1.6%, and 7.3% in January 2015 and 2013, respectively. There was no rate increase in 2014.

Rate Restructuring. In December 2015, the Board of Directors approved a residential and small commercial rate restructuring. Beginning on June 1, 2016 and continuing on January 1 of each year until 2019, the fixed monthly service charge will be increased for each of the relevant rate classes. For residential customers, the service charge will increase over that period from the current monthly amount of $15.00 up to $30.00 while the small commercial class will increase from $18.00 up to $33.00. The 2019 fixed monthly service charge amounts are intended to reflect all customer and distribution costs based on a cost of service basis. A corresponding reduction in the energy charge will make each phase of the restructuring revenue neutral to the District. For customers in these rate classes the restructure will serve to help stabilize revenues in a period of low to flat sales growth, will more equitably assign costs, and will provide an improved pricing foundation to adapt to evolving changes in usage patterns and effects of new technologies. In order to assist low-usage/low-income customers' transition to the new rate structure, the District is offering the Low Usage/Low-Income ("LULI") Credit Program. LULI is available when a customer is Low-Income Home Energy Assistance Program ("LIHEAP") qualified and their monthly usage is below 600kWh. LIHEAP is a federally-funded program administered by each state designed to help people with limited incomes offset the cost of heating and cooling their homes. The LULI monthly credit began at $2.50 on June 1, 2016 and increases over time to a level of $7.50 on January 1, 2018. The LULI program expires on May 31, 2020.

Fuel and Purchased Power Adjustment. The District has a Fuel and Purchased Power Adjustment ("FPPA") charge that is automatically adjusted annually effective January 1 of each year.

[1]Includes $2.07 credit per bill for more than 100 kWh and less than 401 kWh usage.

This charge reflects forecasted changes in the cost of fuel and purchased power from those included in the general base rates. Effective January 1, 2014, the Board approved Resolution No. 5981 which revised the FPPA formula to include consumable materials costs. The 2016 FPPA rate has been reduced from 0.215 cents per kWh to 0.159 cents per kWh. The FPPA rate is designed to recover the actual fuel and purchased power costs associated with serving retail customers. It is set in advance of the calendar year based on expected fuel and purchased power costs. The FPPA rate also includes the under (or over) recovered balance from prior years so that ultimately customers are ensured of paying the actual cost of fuel and purchased power.

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THE ELECTRIC SYSTEM

Summary of Generating Facilities

The District's power requirements are provided from its generating facilities, leased generation and purchases of power. The District's all-time peak load is 2,468,300 kW, set on August 1, 2011. The following table reflects the District's generation facilities displayed by energy source.

	Initial Date in Service	Capability[2] (kW)	% of Total	Net Production[1] Amount (MWh)	Net Production[1] % of Total	Availability Factor[(1)]
Coal:						
Nebraska City Station Unit 1	1979	655,900	20.0	4,776,446.3	27.4	95.1
Nebraska City Station Unit 2[3, 4]	2009	664,200	20.2	3,904,725.6	22.4	71.4
North Omaha Station[5]	multiple	264,600	15.6	3,079,615.1	17.6	86.4
Subtotal Coal		1,584,700	55.8	11,760,787.0	67.4	
Nuclear:						
Fort Calhoun Station	1973	482,800	14.6	3,523,954.1	20.2	80.2
Oil/Natural Gas:						
Cass County Station	2003	322,800	9.9	16,284.9	0.1	87.8
Jones Street Station	1973	122,600	3.7	(439.6)	0.0	98.7
North Omaha Station[5,6]	multiple	137,200	3.5	15,466.9	0.1	86.4
Sarpy County Station[7]	multiple	316,500	9.6	32,809.1	0.2	79.5
Subtotal Oil/Natural Gas		899,100	26.7	64,121.3	0.4	
Other:						
Elk City Station (Methane Gas)		6,280	0.2	49,025.7	0.3	
Total Owned Accredited Generation		2,972,880	97.3	15,397,888.1	88.3	
Purchased/Leased Generation:						
City of Tecumseh, Nebraska (Oil)		6,500	0.2	320.9		
Western Area Power Administration (Hydro)		82,000	2.5	379,194.0		
Subtotal Purchased/Leased Generation		88,500	2.7	379,514.9	2.2	
Total Accredited Generation		3,061,380	100.0	15,777,403.0		
Wind[8]						
Valley (District-owned)		660		1,114.5		
Ainsworth		10,000		32,488.9		
Broken Bow I		18,000		67,978.9		
Crofton Bluffs		13,600		56,195.9		
Elkhorn Ridge		25,000		80,472.4		
Flat Water		60,000		207,984.4		
Petersburg		40,500		166,501.7		
Broken Bow II		43,900		194,423.9		
Prairie Breeze		200,600		844,696.9		
Total Non-accredited Generation		412,260		1,651,857.5	9.5	
Total Generation Produced				17,429,260.5	100.00	

[1]Actual net production and availability factor as of December 31, 2015.
[2]Maximum 2016 summer net capability.
[3]50% of the output is sold to seven participating utilities through long term Participation Agreements.
[4]Nebraska City Station Unit 2 capability derated approximately 27,000 kW after turbine failure and motor modification.
[5]Station consists of five units placed in service in 1954, 1957, 1959, 1963, and 1968.
[6]North Omaha Station additional summer capability using natural gas. In 2015 the District did not have a firm natural gas contract so this capability was not accredited.
[7]Station consists of five units placed in service in 1972, 1996, and 2000.
[8]Nameplate capacity. Wind accredited summer 2016 capability is 33,800 kW.

Generating Facilities - Nebraska City Station

Nebraska City Station ("NCS"), located approximately five miles southeast of Nebraska City, Nebraska, consists of two steam generator units, NCS Unit No. 1 ("NC1"), and NCS Unit No. 2 ("NC2"), equipped for coal firing.

Recent Developments. NC1 completed a scheduled five week maintenance and inspection outage in March 2016. Major projects completed during this outage were replacement of the upper economizer tubing and header, replacement of the cold reheater inlet header, partial replacement of condenser tubing, and isophase duct repairs. The District recently completed retrofitting NC1 with dry sorbent injection and activated carbon injection emissions control systems. These retrofits are in compliance with the Mercury and Air Toxics Standard ("MATS") which was effective April 16, 2016. No new emissions control equipment was required for NC2 to comply with the Mercury and Air Toxics Standard. For additional information, see "THE ELECTRIC SYSTEM—Planned Generation Changes for Environmental Compliance."

NC2 was removed from service on November 28, 2014, due to significant vibration on the High Pressure/Intermediate Pressure (HP/IP) section of the turbine which was caused by failure of the 10th stage stationary diaphragm. After opening the HP/IP turbine it was discovered that rotating stages 9 through 11 of the IP turbine were severely damaged, along with significant damage to the adjacent stationary diaphragms. The IP turbine was repaired and the unit was returned to commercial operation on March 12, 2015. In order to facilitate a timely return to service, the damaged rotor was repaired with significant modifications. The modified design has resulted in a 27 MW reduction in capability. The District is planning to replace the repaired turbine during a planned outage in 2017 in order to restore the lost capability. The additional cost of the turbine replacement will be reimbursed from insurance proceeds.

NC2. The District owns, operates, and maintains NC2. Fifty percent of the station's output is used by the District to meet customer load requirements. The District has executed long-term Participation Power Agreements ("PPA") with seven public power and municipal utilities located in Nebraska, Missouri and Minnesota ("Participants") for the remaining 50% of the unit's output. The Participants' rights to receive, and obligations to pay costs related to, this remaining 50% of the output of NC2 is herein referred to as the Separate System. The District has issued Separate System Bonds to finance the costs of NC2 allocable to the Separate System. Such Separate System Bonds are payable solely from the revenues or other income derived from the ownership or operation of such Separate System, which revenue and other income do not and will not secure any other debt of the District, including the Bonds. The Board of Directors has authorized the District to refund the outstanding Separate System Bonds, in whole or in part, if market conditions render such a refunding economic. Under the terms of each PPA, a Participant agrees to purchase its share of the output on a "take or pay" basis even if the power is not available, delivered to or taken by the Participant. Each Participant is subject to a step-up provision which requires, in the event of a default by another Participant, that the Participant shall pay a share of any deficit in funds resulting from the default. The District is obligated to take the first 50,000 kW of any power not taken by a defaulting Participant prior to any other Participant having to step-up and purchase additional power.

The Participants and their percentage share of NC2's output are as follows:

Participants	Percentage Share
Central Minnesota Municipal Power Agency	2.17
City of Grand Island, Nebraska, Utilities Department	5.00
City of Independence, Missouri, Power & Light Department	8.33
Falls City, Nebraska, Utilities	0.83
Missouri Joint Municipal Electric Utility Commission	8.33
Nebraska City, Nebraska, Utilities	1.67
Nebraska Public Power District	23.67
Participants' Total	50.00
Omaha Public Power District	50.00
NC2 Total	100.00

Generating Facilities - North Omaha Station

North Omaha Station ("NOS"), located in the north section of the City of Omaha, consists of five steam generator units equipped for coal and natural gas firing. Several maintenance and inspection outages were completed at NOS during 2015 and 2016 to improve station safety, efficiency, and reliability.

The District's Board of Directors, in June 2014, approved changes to its generation portfolio, including NOS, to comply with existing and future environmental regulations. The Board of Directors approved the retirement of NOS Units 1, 2 and 3 ("NO1, NO2 and NO3", respectively) in 2016. NO1 and NO2 were retired in April 2016. NO3 ceased generation using coal in March 2016. NO3 will be available for generation using natural gas for capacity purposes. As a result of the Board action related to FCS in June 2016 (See "GENERATING FACILITIES–Fort Calhoun Station"), the District will use existing natural gas generating capability for NO1, NO2, and NO3 through at least 2018 to provide capacity during peak demand periods.

Other approved changes include the retrofitting of NO4 and NO5 with dry sorbent injection and activated carbon injection emissions control systems which were compliant with MATS on April 16, 2016. For additional information, see "THE ELECTRIC SYSTEM—Planned Generation Changes for Environmental Compliance."

Recent Developments. NOS Unit No. 5 ("NO5") completed a five week maintenance and inspection outage in October 2015. Major projects completed during this outage were replacement of the reheater outlet header and the replacement of the distributed control system human machine interface equipment.

NOS Unit No 4 ("NO4") was shut down on April 29, 2016 for a five week maintenance and inspection outage. The unit was placed back in service on June 3, 2016. There were no major projects completed during this outage.

Generating Facilities - Fort Calhoun Station

Fort Calhoun Station ("FCS") is a nuclear electric generating station with a pressurized water reactor situated along the Missouri River approximately 20 miles north of the City of Omaha in the vicinity of Fort Calhoun, Nebraska. The U.S. Nuclear Regulatory Commission (the "NRC") issued a renewed operating license for FCS in November 2003 that enables FCS to continue operating until 2033.

Decommissioning Decision. At its June 16, 2016 meeting, the Board approved Management's recommendation that the District cease the generation of electricity at FCS by the end of 2016. The recommendation to cease operations at FCS resulted from the District's ongoing resource planning process and stems from the assessment that continuing to operate FCS will result in costs materially in excess of the cost of obtaining power from other sources. It is anticipated that the District will, in the near term, replace the generation capability otherwise available from FCS by purchasing low cost capacity from other Southwest Power Pool participants and by fueling existing NO1, NO2 and NO3 steam units with natural gas to provide peak power. In the longer term, the District will develop a plan through its integrated resource plan to replace the generation capability currently represented by FCS. Management's recommendation to the Board concluded that ceasing operations at FCS is expected to avoid the need for further general rate increases through 2021. The decision to decommission FCS has several significant favorable financial implications to the District. Ceasing operations is expected to result in an improved competitive position, stable debt service coverage and increased liquidity, as well as reduced regulatory and financial risks.

Decommissioning Options. Commercial reactors that cease operations in the United States have two primary decommissioning options (i) safe storage ("SAFSTOR"), which would involve monitoring the de-fueled facility before completion of decontamination and dismantling of the site to a condition no longer requiring nuclear licensing which must be completed within 60 years following cessation of operations and (ii) immediate dismantling, which would involve the prompt commencement of decontamination and dismantling of the site. The total estimated cost in 2016 dollars to decommission FCS using the SAFSTOR methodology is $1,256.4 million as of June 30, 2016. Included in this cost estimate are three main categories: License Termination (required by the NRC), Spent Fuel Management and Site Restoration. As part of the June 2016 meeting, the Board voted to place FCS in a SAFSTOR condition once commercial operations have ceased, and the cost estimates reflected below are, consequently, based on implementation of the SAFSTOR model. The SAFSTOR methodology provides the District greater financial flexibility to accumulate funds for decommissioning activities. Over the decommissioning period, FCS will continue to be subject to NRC authority until meeting the requirement for unrestricted use release of the facility prior to 2076. According to the NRC, radiological release allows the site to be considered for any use. An updated site specific study is anticipated to be completed in 2017 which may alter the expected costs of decommissioning as well as the accounting consequences discussed below.

Decommissioning Costs. The aggregate estimated cost of decommissioning FCS has been estimated by the District based on currently available information and in accordance with NRC requirements. Based on a preliminary site specific study and current assumptions, the District's estimate of the actual cost of decommissioning activities sufficient to achieve NRC license termination is $808.6 million in 2016 dollars. The District's current estimate of the aggregate costs of decommissioning FCS, based on the best information available to the District currently, is $1,256.4 million in 2016 dollars. All of the District's cost estimates are based on information currently available to the District, but all of such estimates remain subject to change, and the District can make no guarantee as to the District's ability to decommission FCS for the amounts estimated.

Decommissioning Trust Funds. As required by the NRC, the District maintains an external trust fund to accumulate moneys for the future decommissioning of FCS. The NRC's required funding is based on an NRC defined cost formula to decommission the radiated portions of FCS (the "Minimum Decommissioning Amount"). The District began its decommissioning accrual and funding in July 1983 which moved to a NRC required fund in 1990 ("1990 Plan"). The market value of the 1990 Plan's decommissioning fund was $289.3 million as of June 30, 2016.

In 1992, the District commissioned and received a site specific study to estimate the cost to fully decommission FCS. The study is updated annually by the District and periodically by an outside consultant. The consultant's last update was completed in 2013. In 1992, the District began accumulating funds in a separate decommissioning fund based on the difference between the site specific study's estimated cost to fully decommission FCS and the NRC's estimated cost to decommission the radiated portions of FCS ("1992 Plan"). The market value of the 1992 Plan's decommissioning fund was $98.0 million as of June 30, 2016.

The NRC minimum amount required to demonstrate assurance of funds for decommissioning is $435.2 million in 2016 dollars (this figure is based on an NRC regulatory formula and relates to the costs required to remediate irradiated material at FCS and to qualify for NRC license termination—it is not based on FCS-specific cost estimates). The cumulative market value of the two decommissioning funds (the 1990 Plan and the 1992 Plan) was $387.3 million as of June 30, 2016.

Accounting and Financial Consequences of Decommissioning. Ceasing FCS operations has significant accounting consequences. Specifically, the District incurred a one-time, non-cash impairment charge in June 2016 of $1,034.0 million for its FCS related assets. The FCS regulatory asset for recovery costs incurred in 2012 and 2013 (as described below under the heading "Operations") were deferred as a regulatory asset based on Board approval. The deferral of the costs related to recovery will not be included in the impairment, but will instead continue to be amortized through 2023 as these costs benefit current and future ratepayers. The estimated current cost to decommission the facility for NRC required obligations is $808.6 million as of June 30, 2016. An additional decommissioning liability and regulatory asset were recorded as of June 30, 2016 for $414.9 million related to the revised estimate of the NRC required decommissioning obligations. The regulatory asset was established to match the recovery of the decommissioning expenses with the decommissioning funding amounts collected through retail rates. The decommissioning liability and related regulatory asset will be revised, if needed, upon completion of a site specific cost study anticipated to be completed in 2017. See "Appendix B—UNAUDITED JUNE 30, 2016 FINANCIAL REPORT, NOTE 14."

Regulatory. The NRC completes quarterly Reactor Oversight Process ("ROP") assessments on all nuclear generating stations. The NRC uses the ROP to assess and measure station performance within the three broad areas of reactor safety, radiation safety and security. Within these areas, the NRC examines seven cornerstones: Initiating Events, Mitigating Systems, Barrier Integrity, Emergency Preparedness, Occupational Radiation Safety, Public Radiation Safety and Physical Protection. Each cornerstone contains inspection procedures and performance indicators to ensure that their objectives are being met. As the District commences its decommissioning activities, the status of the FCS license with the NRC will evolve as commercial operations cease until the site is fully decommissioned. The NRC will maintain regulatory oversight until a release for unrestricted use of the site is achieved.

Operations. FCS was shut down for a scheduled refueling on April 9, 2011, which was originally scheduled for 49 days. Due to flooding of the Missouri River and a fire that occurred in 2011 as well as a number of regulatory findings, FCS remained shut down for an extended period of time, until December 2013. The NRC placed FCS on Inspection Manual Chapter 0350 ("IMC 0350") regulatory status (Oversight of Nuclear Reactor Facilities in a Shutdown Condition due to Significant Performance and/or

Operational Concerns) in December 2011. As part of the IMC 0350 oversight process, a Confirmatory Action Letter ("CAL") and a restart checklist were created. In addition, FCS implemented an upgraded Corrective Action Program to improve performance. FCS resumed normal operations on December 21, 2013, when all restart related items on the NRC checklist were resolved. In 2015, FCS successfully completed a planned refueling outage and returned to power operation. The District developed a plan for sustained improvement to address the NRC's performance concerns. The NRC conducted additional inspections as part of its response to FCS entering the IMC 0350 category. Upon return to the ROP, normal and special inspections continue as part of routine operations. The District received authorization from the Board in September 2012 to reclassify recovery costs (operations and maintenance expenses incurred for the planning, execution and monitoring of restart and recovery activities) from operating expenses to a regulatory asset to amortize the costs over a ten-year period. The restart and recovery related operations and maintenance and capital costs for FCS were $196 million through December 2014. Of this amount, $145 million were operations and maintenance costs that are being recovered through a regulatory asset. See "See "Appendix B—UNAUDITED JUNE 30, 2016 FINANCIAL REPORT, NOTE 14."

In addition to the costs described above, delay in the restart of FCS resulted in additional fuel and purchased power expenses. The District incurred $156 million in additional fuel and purchased power expenses through the end of 2013 due to the FCS outage. The District is currently recovering additional fuel and purchased power costs related to the outage at FCS through the FPPA. Remaining incremental fuel and purchased power costs will continue to be recovered through the FPPA until all costs have been collected. Additionally, the District submitted insurance claims to recover a portion of FCS's extended outage costs. In January 2013, the District reached final claim settlement with NEIL for breaker fire-related outage costs in the amount of $36.6 million. The District is still pursuing additional insurance recoveries for flood property damage and related outage costs. Any flood-related outage cost claim recovery will be used to reduce the impact of future FPPA collections.

Exelon Agreements. The District entered into an Operating Services Agreement and a Licensing Agreement (the "Exelon Operating Agreement," and the "Exelon Licensing Agreement," respectively, and, collectively, the "Exelon Agreements") with Exelon Generation Company, LLC ("Exelon") in August 2012, for operational and managerial support services and in order to license Exelon's proprietary, confidential Exelon Nuclear Management Model and related management systems for the benefit of FCS. Exelon is a subsidiary of Exelon Corporation and is the largest operator of nuclear generating stations in the United States. The original term of each of the Exelon Agreements was 20 years. The District remains the owner and Nuclear Regulatory Commission-licensed operator and licensee of FCS and the District retains ultimate decision-making authority. Prior approval must be obtained from the District's Chief Executive Officer before certain actions may be taken (as set out in the Exelon Operating Agreement). Termination for cause and certain other termination events are not subject to payment of a termination fee. As a result of the decision to cease operations at FCS, the Exelon Operating Agreement requires the District make a payment to Exelon of approximately $5 million to terminate the Operating Services Agreement. Additionally, the Exelon Licensing Agreement will be terminated at or near the same time at no additional cost to the District. As FCS transitions to ceased operations, the District and Exelon management will predetermine dates for each of the Exelon employees assigned to FCS to transition back to Exelon.

Security. As part of NRC oversight, regulatory attention in the area of nuclear security remains high. The most recent inspection resulted in no findings or violations. In August 2015, Security and Emergency Planning conducted a Hostile Action Based drill which involved multiple outside agencies and was evaluated as satisfactory by the NRC. Construction of a new Security Access Facility, which contains the newest security and detection equipment, was completed in February 2016.

Emergency Preparedness. The District conducts full-scale Radiological Emergency Preparedness Exercises required by the NRC and Federal Emergency Management Agency ("FEMA") regulations every other year. In addition, the District conducts self-evaluated exercises in the years that NRC/FEMA evaluated exercises are not conducted. The exercises demonstrate that the District, State, State of Iowa and local organizations have an adequate radiological emergency preparedness plans. These plans include criteria for the evacuation of people in the vicinity of FCS. The NRC evaluated the August 2015 exercise and also conducted an annual inspection of FCS Emergency Preparedness program. The results verified that FCS emergency plan continues to provide the necessary protection of the health and safety of the public. The next annual inspection is scheduled for October 2016.

Generating Facilities - Peaking Stations

In addition to the converted units at North Omaha, the District owns three oil/natural gas peaking stations which provided less than 1% of net generation in 2015.

Cass County Station. Cass County Station ("CCS"), located near Murray, Nebraska, consists of two combustion turbine units equipped for natural gas firing, primarily used for peaking purposes. The combustion turbine units are tied into two natural gas transportation pipeline systems enhancing competition between fuel suppliers.

Jones Street Station. Jones Street Station ("JSS"), located near downtown Omaha, consists of two combustion turbine units equipped for oil firing, primarily used for peaking purposes and during situations when natural gas is not available to the other peaking stations.

Sarpy County Station. Sarpy County Station ("SCS"), located in Bellevue, Nebraska, consists of five combustion turbine units equipped for oil or natural gas firing, primarily used for peaking purposes. The ability to operate SCS on fuel oil provides fuel diversity in situations when natural gas may not be available. Sarpy County Unit No. 3 ("SC3") was removed from service on September 3, 2014 for its first major overhaul. The unit was returned to service on June 19, 2015.

For additional information regarding the above mentioned generating facilities, see "FACTORS AFFECTING THE DISTRICT AND THE ELECTRIC UTILITY INDUSTRY GENERALLY."

Planned Generation Changes for Environmental Compliance

The District continually monitors local, state and federal agencies for environmental rules that may change the operations of, or require modifications to, the District's facilities. As a result, the District performed an extensive assessment of its resources due to the elevated impact and uncertainty surrounding current and expected future environmental issues and related regulations. Several resource options and portfolios were evaluated to comply with existing and future environmental requirements. The District's Board of Directors received a briefing on the resource options evaluation in May 2014. Management then recommended a portfolio option that includes: retiring NO1, NO2 and NO3, and retrofitting NO4 and NO5 and NC1 with dry sorbent injection and activated carbon injection in 2016; continuing additional load reductions through demand-side management and energy efficiency to achieve a 300 MW total reduction by 2023; and refueling NO4 and NO5 to natural gas in 2023. The District's Board of Directors reviewed and approved this recommendation in June 2014. As of April 2016, dry sorbent injection and activated carbon injection was installed and in operation for NO4 and NO5 as well as NC1. The District will continue to monitor environmental rules and make further recommendations as necessary. For additional information regarding environmental issues, see "FACTORS AFFECTING THE DISTRICT AND THE ELECTRIC UTILITY INDUSTRY GENERALLY—Environmental Issues."

Alternative Power Supply

Targets for Renewable Energy Portfolio and Energy Efficiency. In January 2009, the District announced a voluntary plan to increase the utilization of renewable generation resources and to reduce overall energy demand. The current goal is to provide 30% of its retail sales from renewable sources by 2018. As of December 2015, the District had 418,600 kW of renewable generation nameplate capacity ("Capacity") primarily through purchased power agreements representing approximately 15% of retail generation sales. In addition to the existing renewable Capacity resources, the District is currently participating in one more board-approved wind generation project (see "THE ELECTRIC SYSTEM—Future Generating Facilities"). Upon completion, this project will increase the District's renewable generation to over 30% of retail sales.

Wind Generation. The District's alternative power supply includes 412,300 kW of wind Capacity as of December 2015. The majority of this generation is provided through the District's participation in twenty-year and twenty five-year purchase power agreements to purchase output from the wind farms listed below. As of June 2016, the District has the following commitment amounts for its purchase power agreements:

Wind Farm	Location	Initial Contract Year	Total Size (KW)	District's Share (KW)	Contract Type	Commitment Amount (thousands)	Final Year
Ainsworth[1,2]	Ainsworth, NE	2005	59,400	10,000	Take-or-pay[3]	$17,875	2025
Elkhorn Ridge	Bloomfield, NE	2009	80,000	25,000	Take-and-pay[4]	12,113[5]	2029
Flat Water	Humboldt, NE	2010	60,000	60,000	Take-and-pay	0	2030
TPW Petersburg	Petersburg, NE	2011	40,500	40,500	Take-and-pay	0	2031
Crofton Bluffs[1]	Crofton, NE	2012	42,000	13,600	Take-and-pay	0	2032
Broken Bow I[1]	Broken Bow, NE	2012	80,000	18,000	Take-and-pay	0	2032
Broken Bow II[1]	Broken Bow, NE	2014	75,000	43,900	Take-and-pay	0	2039
Prairie Breeze	Petersburg, NE	2014	200,600	200,600	Take-and-pay	0	2039

In addition to the purchase power agreements, the District's wind generation total includes the Valley Station, located near Valley, Nebraska. The Valley Station is a District-owned wind generating unit with a Capacity of 660 kW. The wind turbine is mounted on a prototype tower developed by Valmont Industries, Inc. The wind turbine went into commercial operation in December 2001.

Methane Gas Generation. The Elk City Station, located near Elk City, Nebraska, is a renewable energy station that uses methane gas from the Douglas County Landfill to produce electricity. The

[1]The District is a participant with Nebraska Public Power District.
[2]In the event another power purchaser defaults, the District is obligated, through a step-up provision, to pay a share of any deficit in funds resulting from the default. In the event NPPD receives any financial incentive payments from the United States Department of Energy ("DOE") pursuant to the Renewable Energy Production Incentive ("REPI") program, the District will be entitled to its share of such payments.
[3]The District is obligated under the agreement to make payments for purchased power even if the power is not available, delivered to, or taken by the District.
[4]The District is obligated under the agreement to make payments for purchased power only when the power is made available to the District.
[5]Includes fixed demand charges.

capacity of the Elk City Station methane gas facility is 6,400 kW and the facility has an accredited net capability of 6,280 kW.

Future Generating Facilities

Future Wind Generating Facilities. The District entered into a twenty-year purchase power agreement with Grande Prairie Wind Energy, LLC in January 2014 to purchase up to 400,000 kW of wind-generated energy from the Grande Prairie Wind Farm located northeast of O'Neill, Nebraska. The new wind farm is expected to be operational by December 2016 and the District is obligated to purchase the output no later than June 30, 2017.

The District met its 2020 goal of 10% renewable energy six years early. The completion of the Grande Prairie Wind Farm will increase the District's renewable capability to 818,600 kW and increase renewable energy to over 30% of retail sales. That percentage surpasses all of the District's previous announced corporate goals. It will also position the District as one of the top utilities in the region for percentage of retail sales from renewable resources. The District is planning demand-side management programs to reduce system peak demand by 300 MW by 2023. The District will be exploring additional options to establish future demand-side management and renewable goals.

Fuel Supply

Fossil – Coal. The District currently has term contracts with Peabody Coal Sales and Arch Coal Sales, both expiring in 2018. Rail transportation services are provided under a contract with Union Pacific Railroad Company for the delivery of all coal through 2020. The District owns 57 miles of rail line extending from NCS to Lincoln, Nebraska ("Rail Spur"). The Rail Spur provides competitive access to NCS from Union Pacific Railroad Company and Burlington Northern Santa Fe Railroad Company. In order to maintain the Rail Spur, the District has a rail maintenance contract with Kelly-Hill Company through 2020. The bankruptcy filings of Peabody Coal Sales and Arch Coal Sales are not expected to adversely affect coal supply operations to the District.

The District targets an approximate 42-day coal supply for its NCS. The average price per ton for coal delivered and the total amount delivered to the District's NCS for 2014 and 2015 were as follows:

Year Ended	Average Price	Tons
2015	$23.10	4,861,801
2014	$23.45	5,461,443

The District also targets an approximate 42-day coal supply for its NOS. The average price per ton for coal delivered and the total amount delivered to the District's NOS for 2014 and 2015 were as follows:

Year Ended	Average Price	Tons
2015	$22.17	2,061,835
2014	$22.14	1,980,628

The coal for both NCS and NOS is delivered to the sites by seven District-owned unit-trains totaling 1,018 coal cars.

Fossil – Fuel Oil. As of December 31, 2015, the District had approximately 193,050 gallons of No. 2 fuel oil in storage at the JSS and approximately 695,177 gallons of No. 2 fuel oil in storage at the SCS. The oil in storage provides sufficient fuel to operate the District's oil-burning peaking units at their full load of 436,400 kW (summer net capability) for approximately 26 hours at SCS and 18 hours at JSS. The District has access to pipeline terminals in the area for immediate replenishment, if needed. Fuel oil consumption is expected to be less than one million gallons per year with the addition of the NCS natural gas pipeline discussed below in *Fossil – Natural Gas*. It is anticipated that less than 1% of the energy generated by the District for each of the next ten years will be produced with fuel oil.

Fossil – Natural Gas. Natural gas from the Metropolitan Utilities District ("MUD") is available on an interruptible basis for power station fuel at NOS and SCS. Firm natural gas contracts have been negotiated for the start-up process at NOS, to generate electricity at NO3 for the summer of 2016, and to generate electricity at NO1, NO2, and NO3 for the summers of 2017 and 2018. CCS and NCS are located outside of MUD's service territory and therefore do not receive natural gas services from MUD. CCS is connected to two natural gas transportation pipeline systems, Northern Natural Gas Company and Natural Gas Pipeline Company of America (NGPL) adjacent to the CCS site. These interconnections enhance competitive pricing between the two pipeline systems. The District has both firm and interruptible natural gas transportation for CCS. The firm natural gas for CCS is for the summer months only. A natural gas pipeline was constructed and placed in operation from Nebraska City Utilities to NCS to provide fuel for start-up in lieu of fuel oil. In addition, the District contracts natural gas storage for hedging purposes.

Nuclear. The nuclear fuel procurement process has four primary steps which can be contracted for separately or as combined items. The first is the procurement of uranium concentrates. The uranium concentrates are then converted in form to uranium hexafluoride. The concentration of the fuel component in uranium hexafluoride is then increased in the enrichment process. Finally, the enriched uranium hexafluoride is formed into ceramic pellets and fabricated into the fuel assemblies that are delivered to FCS.

The District has 166,765 kilograms of converted uranium stored at the United States Enrichment Corporation's enrichment facility in Paducah, Kentucky, 85,500 kilograms of converted uranium stored at Louisiana Energy Services in Eunice, New Mexico, and 613 kilograms of converted uranium stored at the Areva NP fuel fabrication facility in Richland, Washington. A 1999 contract with United States Enrichment Corporation was amended in 2007 to provide 100% of the enrichment requirements through 2016. A contract was signed in May 2010 with Louisiana Energy Services for the supply of 100% of enrichment requirements from 2017 through 2026. A contract was extended in 2012 with Areva NP to provide fabricated fuel assemblies for FCS reactor through 2022. A contract was signed with Cameco Inc. in September 2006 to supply a portion of the converted uranium requirements from 2007 through 2017. A second contract was signed with Cameco Inc. in 2011 and amended in 2014 to provide additional requirements for 2012 through 2020. These two contracts will supply approximately 100% of the requirements through 2018. Approximately 153,000 kilograms of converted uranium is in fabrication for the next refueling outage at FCS in 2016. The District maintains a strategic nuclear fuel inventory that is equivalent of one full refueling cycle (which is currently 18 months in length). Due to the decommissioning of FCS, the District is pursuing terminating all nuclear fuel contracts.

In June 1983, the District and the Department of Energy ("DOE") entered into a contract for the disposal of the District's spent nuclear fuel. Under the adjusted terms of the contract, the District is subject to a fee of one mill per kWh on net electricity generated and sold from FCS. This one mill ($0.001) fee is paid on a quarterly basis to the DOE. On November 19, 2013, the United States Court of Appeals for the District of Columbia Circuit entered an order requiring the Secretary of Energy to submit to Congress a proposal to reduce the nuclear waste fund fee levy to zero until such a time as either (1) the Secretary completes a fee adequacy study that complies with the Nuclear Waste Policy Act or

(2) Congress enacts an alternative waste management plan. The DOE temporarily ceased collection of the one mill per net kWh fee effective May 16, 2014. To date, the total amount paid to the DOE is $113,990,000.

Spent fuel disposal costs are included in the District's nuclear fuel amortization rate and are collected from customers as part of fuel costs. It is unclear, at this time, when a DOE spent fuel disposal facility will be operational. The District is responsible for the storage of spent fuel until the government takes delivery. The District completed construction of an on-site dry cask storage facility to meet interim storage needs for the spent fuel bundles. The facility includes modules to meet the District's needs for approximately ten years. This facility can be expanded and, along with the existing spent fuel pool storage racks, will provide the necessary on-site storage through the end of the operating life of FCS. For additional information regarding spent nuclear fuel, see "FACTORS AFFECTING THE DISTRICT AND THE ELECTRIC UTILITY INDUSTRY GENERALLY—High-Level Nuclear Waste Repository."

Transmission and Distribution System

The District maintains a network of transmission lines that interconnect its generating stations and adjacent utilities to the various transmission and distribution substations serving the load of the District. In general, this network provides at least two alternate sources of supply to each load point on the system. A summary of the various transmission lines, as of December 31, 2015, making up this network follows.

Voltage	Number of Circuit Miles
345 kV	373
161 kV	420
69 kV	489
Total	1,282

The distribution system includes approximately 6,857 miles of overhead distribution lines, 856 miles of street light overhead circuits, 4,718 miles of underground cable, 1,772 miles of street light underground circuits, and 278 miles of underground conduit system which delivers power to the District's retail customers. The distribution system includes overhead and underground lines, low-voltage transformers, meters and service facilities for operating and maintaining the system.

The distribution system support facilities include service centers located in Papillion, Elkhorn, Syracuse and Omaha. These service centers are supported by area offices throughout the District's service territory and include office, garage, storeroom and service facilities.

The District is subject to oversight by the North American Electric Reliability Corporation ("NERC") which ensures the reliability and protection of the District's Transmission and Distribution system. Regarding compliance to the NERC Reliability Standards, no potential violations or mitigation plans are currently being reviewed by the District's Regional Entity, the Midwest Reliability Organization ("MRO").

General Facilities

Among the general property of the District are general office and local office buildings, transportation and special mechanized equipment, furniture, office, computer, laboratory, shop equipment

and tools, a communication system and other items necessary for conduct of the District's business and operation and maintenance of its system.

Other Power Supply and Interconnections

Purchased Power. The District's 2011 Integrated Resource Plan along with the 2015 Load and Capability update indicates no need for additional firm purchased power within the next 10 years. The District will purchase power from the wholesale market when required or economic.

Western Area Power Administration ("WAPA"). The District has a power supply contract with WAPA through December 31, 2020. A conditional extension of this contract through December 31, 2050 was executed in 2012. The extension is conditional upon execution of a new firm electric service contract between WAPA and the District for the term of January 1, 2021 through December 31, 2050. The contract obligates WAPA to provide energy and capacity to the District up to defined maximums. This formula currently provides for a maximum of 17,294 kW of firm power for the peak load month during the winter season of November through April and a maximum of 47,826 kW of firm power for the peak load month during the summer season of May through October. The contract also provides for delivery of a maximum of 24,906 kW of firm power for the peak load month to Offutt Air Force Base during the winter season of November through April and a maximum of 33,545 kW of firm power for the peak load month during the summer season of May through October. The District has the option to purchase other types of energy from WAPA, when available. WAPA may also, at its discretion, reduce summer amounts of power by up to 5% by giving a minimum of five years written notice in advance of such action.

Southwest Power Pool ("SPP"). On April 1, 2009, the District became a member of the Southwest Power Pool. SPP provides the District with Reliability Coordination Services, Reserve Sharing Group Services, Real-Time Balancing Market, Generation Reserves Sharing, Balancing Authority Services and Planning Authority Services. On March 1, 2014, SPP commenced an Integrated Marketplace ("IM"). The IM integrates the previous real-time Energy Imbalance Market with Day-Ahead Energy and Ancillary Services and Transmission Congestion Rights Markets. In the new IM, SPP also became a Balancing Authority relieving the District of these responsibilities.

The IM provides a more transparent market by which load is served by the most efficient and economical generation, while maintaining the reliability of the grid. The market mechanism rewards low cost, flexible and reliable providers of electricity. The District continues to work in the SPP member-driven process looking for ways to improve the IM's structure and design.

Enabling Agreements. The District is a party to three enabling agreements: the Western Systems Power Pool ("WSPP") enabling agreement which has more than 300 participants; the North American Energy Markets Association ("NAEMA") enabling agreement with more than 100 participants; and the Omaha Public Power District Power Purchase and Sale Agreement ("PPSA") for entities that are not WSPP or NAEMA members. More than twenty entities have executed the District's PPSA.

Transmission Facilities

Open Access Transmission Tariff. On April 1, 2009, the District became a transmission owning member of SPP and all of the District's transmission facilities were placed under the SPP Open Access Transmission Tariff. The District no longer grants new transmission service requests under its own transmission tariff. Transmission services granted prior to becoming a member of SPP remain on the District's tariff as 'Grandfathered Agreements' for the original term of service. Any extension of service will be under the SPP Tariff. New generation interconnection requests to connect to the District's transmission facilities must be submitted to SPP for approval.

Interconnection Agreements. The District is part of a network of transmission lines known as the Eastern Interconnection. The District's transmission facilities are physically interconnected to the transmission facilities of the neighboring utilities. These connections are managed under interconnection agreements with each utility. These interconnections are capable of supplying capacity under emergency conditions in excess of the capacity of FCS, NOS, and NCS. In addition to emergency energy service, the District can utilize these interconnections to provide for firm and participation power purchases and sales, short-term power and interchange of energy, and transmission and ancillary services. These services can be purchased under an Open Access Transmission Tariff or under an enabling agreement. The tariff or enabling agreement specifies the terms and conditions of purchases or sales and allows transactions to take place at market-based prices.

SPP Transmission Planning. The SPP transmission planning process identifies transmission projects across the SPP footprint that are expected to relieve congestion on the region's transmission system and improve reliability on the nation's energy grid. This process has identified the need for a 345-kilovolt power line that is being built by the District and Transource Missouri/Kansas City Power and Light (Midwest Transmission Project). This transmission project will run from a substation at the NCS to Sibley, Missouri. Construction on the project has begun and the completion date is scheduled for December 2016. The project will receive funding under the SPP approved tariff.

The SPP transmission planning process has also identified the need for a 161kV transmission line interconnecting the District's transmission system to the City of Fremont, Nebraska. The need is driven by long-term growth in the load served by the City of Fremont and the load served by the District in the Fremont area. The District will design and construct the 18 miles of transmission and assume full ownership of the transmission line following construction which is scheduled for completion in 2019. The District and the City of Fremont will share the costs of the line, estimated to be $35 million. The District's share will be approximately $14 million or 40% of the total cost. Additionally, the District will receive reimbursement for one-third of its costs under the SPP approved tariff. This reimbursement will occur over a 32-year period.

Insurance

The District maintains an insurance program designed to furnish protection against losses having an adverse effect on its financial position or operational capabilities. The District continually reviews its risks of loss and modifies the insurance program as warranted.

A $500 million property insurance policy is maintained by the District insuring physical damage on real and personal property (with the exception of FCS which is covered under a separate policy) subject to varying deductibles with a minimum deductible of $250,000 and a maximum deductible of $2 million. The District self-insures transmission and distribution lines and District-owned vehicles.

The District has primary commercial nuclear public liability insurance satisfying the NRC's financial protection requirements under the Price-Anderson Act for any third-party personal injury or property damage claims resulting from a nuclear incident. Under the current law, each reactor licensee may be assessed up to $127.3 million per reactor for claims and legal costs (but not more than $18.9 million per year) for a nuclear incident at any commercial power reactor facility in the United States when the primary commercial insurance has been exhausted. The limit under the primary insurance policy is $375 million.

The District currently maintains $1.5 billion nuclear property damage and decontamination insurance covering FCS, subject to a deductible of $2.5 million per occurrence, with NEIL. However, the deductible increases to $10 million if damages are a result of a water, wind or earth movement event. As

a condition of license, the NRC requires each power reactor licensee to carry minimum nuclear property and decontamination insurance coverage of at least $1.06 billion. At this time, the District is exploring options to potentially reduce the property damage and decontamination insurance to $1.06 billion. The District purchased accidental outage insurance at FCS which provided payment subject to a deductible if the facility was unable to generate power due to a property damage loss. Effective August 9, 2016, the insurance policy was cancelled due to the decision to cease operations at FCS by the end of 2016.

The District self-insures most non-nuclear public liability risks. Under the Nebraska Political Subdivisions Tort Claims Act, the total amount recoverable for claims is $1 million for any one person and $5 million for all claims arising out of a single occurrence. The District maintains a $10 million excess liability policy providing coverage beyond the District's self-insured retained limits for occurrences arising outside the parameters of the Nebraska Political Subdivisions Tort Claims Act or for situations subject to federal jurisdiction.

The District maintains a $25 million fiduciary and employee benefit policy which protects District employees having fiduciary responsibilities in connection with the defined benefit retirement plan or the defined contribution plans. The policy is subject to a $250,000 deductible.

Other types of insurance in force include excess workers' compensation coverage, pollution legal liability, a faithful performance policy for all employees, a bond on the District's Treasurer and crime insurance which provides financial protection for crimes committed against the District.

Enterprise Risk Management

The District maintains an Enterprise Risk Management ("ERM") program to help ensure strategic objectives are achieved. The program specifies risk management standards, management responsibilities, and controls to help ensure risk exposures are properly identified and managed within agreed upon risk tolerance levels. Specific risk-mitigation plans and procedures are maintained and reviewed periodically to provide focused and consistent efforts to mitigate various risk exposures.

Several cross-functional risk committees and an Executive ERM Committee, which includes the senior management team and legal counsel, are utilized to discuss and analyze the potential risks that could hinder the achievement of the District's strategic objectives. Additionally, the District has established criteria for risk escalation and oversight. The District's risks are evaluated periodically and will be escalated to the appropriate oversight levels, up to and including the Board of Directors when applicable. An overview of the ERM program is provided to the Board of Directors annually.

Rate Stabilization Fund

This fund is used to stabilize rates through the transfer of funds to operations as necessary. Since there is no funding requirement, this fund also may be used to provide additional liquidity for operations as necessary. The June 30, 2016 fund balance is $16 million. In January 2015, this fund was increased from $37 million to $41 million due to strong financial results in 2014. The balance of the Rate Stabilization Fund was $37 million and $32 million as of December 31, 2014 and 2013, respectively. The District received Board authorization to transfer $25 million from the Rate Stabilization Fund on December 31, 2015 to support operations which reduced the fund balance from $41 million to its current balance of $16 million.

Debt Retirement Fund

This fund has been used for the retirement of outstanding debt and to assist in maintaining debt service coverage ratios at appropriate levels. The Debt retirement fund was drawn down to $0 in October 2013 and there are currently no plans to replenish this fund.

Liquidity

The District employs a probabilistic model that assists in determining a minimum level of liquidity to be maintained. The model employs a two-step process. The first step calculates the base level of liquidity needed to meet operational needs. The second step calculates the risk-impacted level of liquidity needed based on material risks affecting the District. The sum of the base and risk-impacted liquidity levels determines the minimum total liquidity level. As of the date hereof, the minimum level of liquidity is approximately $214.0 million, or 100 days' cash on hand.

FACTORS AFFECTING THE DISTRICT AND THE ELECTRIC UTILITY INDUSTRY GENERALLY

General

The electric utility industry in general has been affected by regulatory changes, market developments and other factors which have impacted, and will continue to impact, the financial condition and competitiveness of electric utilities, such as the District. Such factors discussed in more detail in the following sections, include: (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory, and legislative requirements; (b) changes resulting from energy efficiency and demand-side management programs on the timing and use of electric energy; (c) increased regulation of nuclear generating stations in the United States resulting from the earthquake and tsunami damage to certain nuclear generating stations in Japan; and (d) nuclear waste disposal.

Additional factors affecting the utility industry include: (a) other federal and state legislative and regulatory changes; (b) increased competition from independent power producers; (c) "self-generation" by certain industrial and commercial customers; (d) issues relating to the ability to issue tax-exempt obligations; (e) severe restrictions on the ability to sell electricity from generation projects financed with outstanding tax-exempt obligations to nongovernmental entities; (f) changes in projected future load requirements; (g) increases in costs; (h) shifts in the availability and relative costs of different fuels; (i) climate change and the potential contributions made to climate change by coal-fired and other fossil-fueled generating units; and (j) issues relating to internet and data security. Any of these general factors and the factors discussed below could have an effect on the financial condition of the District.

Reliability

The District is a member of MRO and NERC as an owner, an operator, and a user of transmission and generation facilities. Both the MRO and NERC are reliability organizations responsible for the development of and compliance with reliability standards for applicable interconnected utilities. The District is required to follow and adhere to the reliability standards to ensure safe operation of the Bulk Electric System.

Environmental Issues - Air Quality Issues and the Clean Air Act Amendments of 1990

The following includes Environmental Protection Agency ("EPA") rules that recently have been finalized or proposed and their projected impact on the District:

Greenhouse Gas Regulation. Addressing the issue of global warming/climate change has been a major priority for the current Administration of the federal government. On October 23, 2015, the EPA published a final rule regulating the emission of carbon dioxide ("CO_2") from existing fossil-fuel fired electric generating units under section 111 of the Clean Air Act. Also on October 23, 2015, the EPA published a final rule for new, modified, or reconstructed fossil fuel-fired electric utility generating units under section 111 of the Clean Air Act. These regulations in the aggregate are known as the Clean Power Plan ("CPP"). The CPP requires states to meet interim and final emissions targets on a state-wide basis starting in 2022. The goal is to reduce CO_2 emissions from electric generating units by 32% below 2005 levels by the year 2030. In addition, the EPA issued a proposed rule which provides two possible programs to be used by states for compliance, a mass-based program, or a rate-based program. States could allow their fossil-fueled generating units to use a number of measures to meet those goals, such as heat rate improvements, unit retirements, and renewable energy.

Numerous legal challenges to the CPP have been filed and consolidated in the United States Court of Appeals for the District of Columbia Circuit. On February 9, 2016, the U.S. Supreme Court entered an order staying the implementation of the CPP pending further proceedings. Currently, oral arguments are scheduled to be heard before the District of Columbia Circuit Court on September 27, 2016. The cost of compliance will not be known until judicial proceedings have been concluded and the District can evaluate the final regulatory requirements and its options related thereto.

Cross-State Air Pollution Rule ("CSAPR"). The EPA published the Cross-State Air Pollution Rule (CSAPR) requiring 28 designated states, including Nebraska, to significantly improve air quality by reducing generating station emissions contributing to ozone and fine particle pollution in other states. Specifically, the rule, effective January 1, 2015, requires significant reductions in sulfur dioxide ("SO_2") and nitrous oxide ("NOx") emissions crossing state lines.

The final CSAPR rule established a cap-and-trade system with state and unit specific allowance allocations to achieve the desired emission reductions for SO_2 and NO_X. Implementation of Phase I of the final rule began in 2015 and implementation of Phase II begins in 2017. As a result of NO1, NO2, and NO3 ceasing coal fueled generation, the District will likely not need to purchase additional allowances to comply with CSAPR.

Mercury and Air Toxics Standard ("MATS"). The EPA issued the MATS, which places strict limitations on emissions of mercury, non-mercury metallic hazardous air pollutants, and acid gases. Compliance with the new rule was necessary by April 16, 2015 for NC2. Compliance was achieved with minor changes including a new mercury monitoring system and increasing the Activated Carbon Injection ("ACI") rate from the originally permitted injection rate. At NO4, NO5, and NC1, compliance was necessary by April 16, 2016. The District retrofitted NO4, NO5, and NC1 with Dry Sorbent Injection and ACI. In June 2014, the Board of Directors approved changes to its generation portfolio to comply with existing and future environmental regulations. During the June 2014 meeting, the Board approved the retirement of NO1, NO2, and NO3 in 2016. As a result of the Board action to cease operations at FCS in June 2016, the District will use existing natural gas generating capability for NO1, NO2, and NO3 through at least 2018 to provide capacity during peak demand periods.

National Ambient Air Quality Standard ("NAAQS") for Ozone. On October 1, 2015, the EPA announced that the new ozone standard would be set at 70 parts per billion ("ppb") from 75 ppb.

Nebraska and the Omaha metro area will continue to remain in attainment with the new standard and the reduced standard is not expected to have any impact on the District or its compliance strategy.

National Ambient Air Quality Standard ("NAAQS") for one-hour SO_2. On June 2, 2010, the EPA strengthened the NAAQS for SO_2. Following long delays in issuing the area designations, the EPA was sued and on March 2, 2015, the U.S. District Court for the Northern District of California accepted as an enforceable order an agreement between the EPA and Sierra Club and Natural Resources Defense Council to resolve litigation concerning the deadline for completing the designations. The court's order directed the EPA to complete designations in three additional rounds: the first round by July 2, 2016, the second round by December 31, 2017, and the final round by December 31, 2020.

In the second round of area designations to be completed by December 31, 2017, the EPA identified NCS as one of the sources in Nebraska as meeting the criteria established in the court's order. On August 19, 2015, the District submitted modeling protocol information to the Nebraska Department of Environmental Quality ("NDEQ") for NCS SO_2 emissions. The State of Nebraska used this information to perform modeling, which indicated that Otoe County is in attainment with the SO_2 NAAQS. The State of Nebraska submitted this information to the EPA on September 18, 2015, recommending that Otoe County be designated as attainment. On July 1, 2016, the EPA published the final designations and agreed with the State of Nebraska recommendation.

Regional Haze. The NDEQ has drafted its required Regional Haze State Implementation Plan Five-Year Progress Report on emission reductions to remedy visibility impairments at Class I areas such as the Badlands and Wind Cave National Parks in South Dakota. The draft Five-Year Report claims sufficient progress based on the existing emission reductions from the OPPD units. This includes the staged shutdown of NO1, NO2, and NO3 from coal generation in 2016, the retrofit of NO4 and NO5 with MATS controls and their refueling to natural gas by 2023. The Five-Year Progress Report also takes credit for the use of best available retrofit technology ("BART") for NC1 based on the installation of low NO_X burners with over fire air technology in 2010, existing controls for particulate matter, and the continued use of low sulfur coal for SO_2 control. The Five-Year Progress Report also references the existing emission controls at NC2 operational since 2009. The final Five-Year Progress Report is due to be submitted to EPA in August 2016 and it is not expected to require any changes or additions to the commitments the District has made to meet these regulatory requirements.

EPA Information Request and Notice. In 2010, the District received a request for information issued under the federal Clean Air Act from the EPA's Region 7 regarding projects undertaken at NC1 and NOS since 1987. The District has responded to the initial and subsequent information requests. By letter dated August 28, 2014, EPA Region 7 sent a Notice of Violation ("NOV") to the District alleging that the District violated the Clean Air Act by undertaking four projects at NC1 in 1997, 1999, 2002, and 2007. The District believes it has complied with all regulations relative to the projects in question. The EPA would have to establish the allegations in the NOV in court. In general, if EPA establishes a Clean Air Act violation in court, the remedy can include civil penalties of up to $37,500 per day for each violation that occurred on or before November 2, 2015 and $93,750 per day for each violation that occurred after November 2, 2015 as a result of the Civil Monetary Penalty Inflation Adjustment Rule effective August 1, 2016 and a requirement to install pollution control equipment. The District cannot determine at this time whether it will have any future financial obligation with respect to the NOV.

Environmental Issues - Hazardous and Toxic Materials Regulations

Chemical Reporting. The electric utility industry is subject to the Emergency Planning and Community Right-to-Know Act ("EPCRA"), the Toxic Substances Control Act regulations ("TSCA") and the Resource Conservation & Recovery Act ("RCRA"), including applicable programs delegated to

the NDEQ by the EPA. The District conducts environmental audits to monitor compliance with these regulations in conjunction with the proper management and disposal of applicable hazardous, toxic, and low-level radioactive wastes.

The four major provisions of the EPCRA are emergency planning, emergency release notification, hazardous chemical storage reporting requirements, and toxic chemical release inventory. The emergency planning section of the law is designed to help communities prepare for and respond to emergencies involving hazardous substances. Specifically, the District annually reports the presence, location, and amount of hazardous substances at its facilities to local emergency responders and to local and state emergency planning committees. The District also annually reports the amounts of EPCRA chemicals that it releases to the environment at its coal-fired electric generating facilities to the State Emergency Response Commission and the EPA via the Toxics Release Inventory ("TRI"). The TRI is a publicly available EPA database that contains information on toxic chemical releases and other waste management activities reported annually by certain covered industry groups as well as federal facilities. Accidental or emergency releases of EPCRA chemicals above threshold amounts are reported to local agencies as well as the National Response Center.

The District manages TSCA waste (mainly asbestos and polychlorinated biphenyls from electrical transmission and distribution equipment) through a process involving reporting, sampling and analysis, and appropriate waste management to ensure compliance. RCRA waste is managed by characterizing, packaging and shipping radioactive and solid wastes to the District's approved waste vendors to ensure compliance and minimize liability associated with waste disposal. In order to ensure compliance, the District remains active in reviewing applicable regulatory changes and modifying facility environmental management plans accordingly. Pollution prevention efforts have been effective in reducing environmental liabilities and reducing operating costs.

Environmental Issues - Clean Water Act

316(b) Fish Protection Regulations. On May 19, 2014, the EPA issued the final rule under Section 316(b) Rule of the Clean Water Act ("316(b) Rule"). The final rule went into effect in October 2014. Facilities are required to choose one of seven options to reduce fish impingement. The cost impact of the final rule is being assessed. Facilities will also need to study the effects of entrainment and develop compliance strategies. The District received new National Pollution Discharge Elimination System ("NPDES") permits effective January 1, 2016 which dictated the compliance schedule and studies necessary to comply with the rule. The District commenced Entrainment Characterization Studies at FCS, NOS, and NCS on April 4, 2016. Studies necessary to determine the Best Technology Available will occur over the next 42 months and cost for compliance is not thought to be substantial at this time.

Environmental Issues - Solid Waste

Coal Combustion Residuals ("CCR") Regulations: On April 17, 2015 the EPA promulgated technical requirements for CCR landfills and surface impoundments for the safe disposal of coal combustion residuals under Subtitle D of the RCRA. The regulations provide design criteria, operating criteria, groundwater monitoring requirements, closure requirements, and recordkeeping and notification requirements associated with CCR landfills and surface impoundments. The regulation became effective on October 19, 2015 and the District is in compliance with the requirements. The District continues to assess and implement compliance strategies associated with this regulation by required dates. The cost of compliance with this regulation is not expected to be substantial.

Coal Supply in National Emergency

The District closely monitors national events and trends in order to plan for adequate coal inventories and continued reliable generating capacity in the event of a national emergency. Should such a national emergency occur without warning, normal operations and inventories of the District have built-in contingencies to provide electric service for extended periods of time. Such contingencies include targeting a 42-day supply of coal inventories and maintaining electrical grid interconnections with other utilities. Additionally, the District utilizes Powder River Basin coal, where reserves are extensive.

Demand Side Management and Energy Efficiency

The District continues to evaluate, develop and operate commercial, industrial, and residential demand-side management and energy efficiency programs primarily focused on reducing the District's peak demand. In June 2014, the District committed to a goal of reducing 300 MW of demand by 2023. In 2015, the District has approximately 110 MW of demand response available and invested in approximately 27 MW of capacity provided by energy efficiency measures that will continue to provide demand reductions over the measures useful lives. The District's current plans are to continue to work towards the District's 300 MW goal by 2023, see "THE ELECTRIC SYSTEM—Planned Generation Changes for Environmental Compliance."

For commercial and industrial customers, the District offers various programs including turn-key projects which include commissioning, energy efficiency equipment upgrades, ground loop heat pump systems, technical support, and customer service. The Energy Efficiency Partner Custom Program uses the DOE's Energy Efficiency and Conservation Strategy to help customers improve comfort and minimize energy use. The Energy Efficiency Partner Prescriptive Program offers incentives for higher efficiency equipment such as heating and air conditioning equipment and lighting. In addition, the District has several load curtailment and customer-owned generation rates. These load curtailment rates offer customers credits to curtail their capacity and energy use.

In addition to commercial and industrial OPPD Demand Side Management/Energy Efficiency Programs, the District is a partner with the EPA Energy Star Program ("Energy Star"). For commercial customers, the District offers training for the EPA's Portfolio Manager Tool used to evaluate and benchmark the energy performance of office buildings. Commercial customers, architects, engineers, and government officials are invited to participate in occasional meetings to share innovative energy efficiency strategies with guest speakers and to focus on the Energy Star Program.

The District also has several residential programs designed to help customers lower their bills and provide the District with demand savings. In the spring of 2012, the District implemented the Cool Smart Program which reduces peak demands by managing air conditioning units during peak periods. This program utilizes radio controlled switches to cycle (turn-off/on) air conditioning units to reduce peak load for small increments of time. Customers receive a one-time payment of $30 to join and $20 per year thereafter to continue to participate on the program. Through December, 2015, there were approximately 38,900 customers actively participating in the program representing 56 MW of controllable peak demand. In June 2015, the District initiated the new HVAC Smart Program which incents customers to purchase Air Conditioning and Heat Pump Systems with a Seasonal Energy Efficiency Rating of 15 and higher. Through December 2015, the District has issued approximately 1,300 rebates for high efficiency HVAC units.

Nuclear Regulation

The District is subject to continuing regulation by the NRC in connection with the operation and decommissioning of FCS. NRC regulations require extensive review of both the radiological and

environmental aspects of this facility. The NRC from time to time requires that the design of the nuclear generating station or certain components of FCS be reanalyzed using newly developed data and techniques and, if changes are necessary or desirable, requires modifications to FCS or its components as a condition of its continued operation or decommissioning. The District has incurred and expects to continue to incur expenditures as a result of these requirements. For additional information regarding the nuclear industry, see "THE ELECTRIC SYSTEM—Generating Facilities—Fort Calhoun Station."

Impacts to the U.S. Nuclear Industry from Tsunami at Fukushima Daiichi Stations in Japan

Following the March 11, 2011, earthquake and resulting tsunami that affected the Fukushima Daiichi Stations in Japan, the District and the nuclear industry have been working to comprehend the events that damaged the reactors and associated fuel storage pools and then determine whether any changes might be necessary at United States nuclear stations. The performance of the General Electric boiling water reactor with Mark 1 containment systems in Japan as well as associated on-site spent fuel storage facilities are of particular interest.

FCS is a pressurized water reactor, which is a different design than that of the Fukushima Stations. Based on the risk for this area, FCS is designed to withstand up to a 6.1 (Richter scale) earthquake at its location and safely shut down the reactor, as required by the NRC. FCS has not experienced any appreciable seismic activity during FCS's history. In addition, FCS is designed to withstand flooding on the Missouri River up to 1,014 Mean Sea Level and high winds up to 500 miles per hour. FCS operators and staff received training on Severe Accident Management Guideline procedures for handling beyond design basis events.

As a member of the U.S. nuclear energy industry, the District responded within days of the accident in Japan, inspecting FCS to ensure it could withstand similar extreme natural events. In addition, the entire industry adopted a strategy to ensure that lessons learned in Japan are applied quickly and effectively at America's nuclear generating stations. This strategy addresses the major problems encountered in Japan (the loss of power to maintain effective cooling) by stationing another layer of backup equipment in multiple locations, both at generating station sites and at new regional response centers in Memphis, Tennessee and Phoenix, Arizona. The equipment ranges from diesel-driven pumps and electric generators to ventilation fans, hoses, fittings, cables and communications gear. The new equipment will be stored at diverse locations at the sites and protected to ensure that it can be used if other safety systems are compromised. This flexible approach builds on existing safety systems to protect against unforeseen events. The regional response centers in Memphis and Phoenix are operational. The industry's plan calls for transporting equipment to a generating station site by truck or helicopter, as needed, depending on the condition of roads and other infrastructure after an earthquake.

Following its evaluation of American facilities, the NRC declared that the nuclear generating stations pose no imminent danger. To further strengthen generating stations' ability to withstand extreme events, the agency required that U.S. facilities install additional instruments to monitor spent fuel storage pools, develop strategies to prevent damage from external events that may affect multiple reactors at one site and, for some reactors, install hardened vents. The NRC also asked for more information on seismic and flooding issues, availability of communications equipment, and emergency response staffing for incidents that affect multiple reactors.

The NRC has identified a number of new requirements in response to the Fukushima accident. These requirements are organized into three tiers. Those in Tier 1 will be implemented "without unnecessary delay" and have the highest priority. Tier 2 actions depend on the resolution of Tier 1 issues, technical resources or further technical assessment. Tier 3 recommendations will be evaluated later based

on the availability of additional information from Japan, the types of regulatory actions required, and the outcome of Tier 1 activities.

There are eight Tier 1 recommendations that are considered to have the highest priority and the greatest safety benefit. The Commission has directed the NRC staff to engage stakeholders (communities, states, and nuclear station operators) to develop the scope, approach and acceptance criteria for these items. Given the technical complexity of some of the issues, some of the Tier 1 recommendations will take several years to complete.

On March 12, 2012, the NRC issued three orders requiring safety enhancements related to the eight recommended actions in Tier 1:

- Developing mitigation strategies to respond to extreme natural events resulting in the loss of alternating current ("AC") power
- Ensuring reliable hardened containment vents (this issue is not applicable to FCS)
- Enhancing spent fuel pool instrumentation

The NRC has required that generating stations begin implementation of these safety enhancements immediately and complete implementation within two refueling outages or by December 31, 2016, whichever comes first.

In addition, the NRC issued formal Requests for Information to generating station operators asking for their specific plans for how they will:

- Reevaluate earthquake and flooding hazards using present-day methods and information
- Conduct walk-downs (inspections) of facilities to ensure protection against hazards in their current design basis
- Reevaluate emergency communications systems and staffing levels

The District provided responses to the NRC orders in February 2013 and provides an implementation status to the NRC on a six month basis. The District completed walk-downs in 2013 which confirmed the protection of FCS from flooding and seismic hazards in the current design basis. The District completed a reevaluation of seismic hazards in 2014 using present-day methods and information and determined that the FCS design basis continues to ensure protection against seismic hazards. A reevaluation of emergency communications systems was conducted in 2012 and additional communications equipment was procured in 2013 and 2014. The District submitted the flooding hazard reevaluation using present-day methods and information in February 2015. The NRC is currently in the process of a reviewing the submittal with an expected completion in the fourth quarter 2016. Total Fukushima compliance costs were $23.0 million through December 31, 2015. The final implementation calls for additional spending of $27.0 million in 2016 and $1.9 million in 2017. Once the District sends written correspondence to the NRC notifying the NRC of the District's intent to permanently cease operations at FCS, it is expected the District will incur additional expenditures to place the spent fuel pool in a safe condition in an effort to decommission the facility. Based on the District's decision to cease operations, it is expected these expenditures will be less than the forecasted amounts of $27.0 million in 2016 and $1.9 million in 2017.

Low-Level Nuclear Waste

FCS generates three classes of low-level radioactive waste. Waste classified as Class A is the least radioactive and Classes B, and C have successively higher levels of radioactivity. The District utilizes Energy Solutions near Clive, Utah for the disposal of Class A waste. The District's previous

low-level radioactive waste storage facility discontinued accepting Class B and Class C waste in July 2008. The District is currently storing, and has the ability to continue through the current license period to store, Class B and Class C waste on-site at FCS. The District will continue to evaluate potential off-site storage and disposal options as they become available.

High-Level Nuclear Waste Repository

Under the federal Nuclear Waste Disposal Act of 1982, the federal government assumed responsibility for the permanent disposal of spent nuclear fuel. Under the terms of a contract with the District, whereby the District was to pay a fee of one mill per net kWh on net electricity generated and sold, the DOE was to begin accepting spent nuclear fuel by January 1998. At this time it is unclear when a DOE facility will be operational. The U.S. Court of Appeals for the D.C. Circuit ruled in November 2013 that the DOE could not continue to collect the one mill per net kWh fee in light of the DOE's termination of the Yucca Mountain repository program. The DOE temporarily ceased collection of the fee effective May 16, 2014 until the DOE complies with the Nuclear Waste Policy Act of 1982 or Congress enacts an alternative used fuel management plan.

The District remains responsible for the safe storage of spent nuclear fuel until the federal government takes delivery. The District completed construction of a dry cask storage facility on-site to meet long-term storage needs for the spent fuel bundles. The total cost of the construction and the initial loading of ten storage casks was approximately $23 million. This facility can be expanded and along with the existing spent fuel pool storage racks will provide the necessary on-site storage through the end of operating life of FCS should DOE fail to begin accepting spent nuclear fuel. For additional information regarding nuclear fuel, see "THE ELECTRIC SYSTEM—Fuel Supply—*Nuclear*."

In June 2006, the District entered into a settlement agreement with the DOE under which the DOE will reimburse the District for allowable costs associated with the storage of spent fuel at the District's nuclear power station pending the DOE fulfilling its contractual obligation to accept such fuel for permanent storage. The settlement agreement provides for a defined procedure for determining future reimbursable costs. To date, the District has received $28 million in reimbursements which covered allowed costs incurred from 1998 through 2010 for cask loading and transfer as well as necessary facility upgrades. Additional claims by the District, thereafter, are expected to be submitted under the settlement agreement when costs are incurred.

OPERATING RESULTS

The following table lists the District's operating results for the six months ended June 30, 2016 and June 30, 2015, along with the years ended December 31, 2015 and December 31, 2014. The operating results for the six months ended June 30, 2016 and 2015 were derived from the unaudited condensed financial statements contained in Appendix B of this Official Statement. The operating results for the years ended December 31, 2015 and 2014 were derived from the audited financial statements contained in Appendix A of this Official Statement. In the opinion of management, the unaudited condensed financial statements as of June 30, 2016 and for the six months ended June 30, 2016 and 2015 include all adjustments (consisting of only normal and recurring accruals) necessary for a fair presentation of the financial position, results of operations and cash flows for these periods.

Operating Revenues were higher in the first six months of 2016 ("2016 period") than the first six months of 2015 ("2015 period") primarily due to an increase in retail energy sales. Operations and Maintenance Expenses increased in the 2016 period compared to the 2015 period primarily due to increased Purchase Power and Administrative and General expenses.

The OPPD Board of Directors approved a recommendation by management in June 2016 to cease operations at the Fort Calhoun Station (FCS) by December 31, 2016. This decision resulted in write-offs of FCS related assets and FCS related contract termination fees at June 30, 2016 in the amount of $1,034,001,000 and is recognized as a Special Item in the operating results.

	Six Months Ended June 30,		**Year Ended December 31,**	
	2016	**2015**	**2015**	**2014**
	(millions)			
Operating Revenues	$533.3	$506.7	$1,131.2	$1,126.5
Operations and Maintenance Expenses	(411.4)	(405.4)	(840.0)	(832.5)
Depreciation and Amortization	(76.6)	(75.2)	(151.0)	(140.5)
Decommissioning	0.0	(3.9)	(5.2)	(3.4)
Payments in Lieu of Taxes	(15.0)	(14.4)	(32.2)	(31.7)
Operating Income	30.3	7.8	102.8	118.4
Other Income (Loss), net	11.2	9.4	22.9	28.8
Interest Expense	(44.8)	(45.9)	(91.5)	(95.3)
Net Income (Loss) before Special Item	(3.3)	(28.7)	34.3	51.9
Special Item	$(1,034.0)	0.0	0.0	0.0
Net Income (Loss)	$(1,037.3)	$(28.7)	$34.3	$51.9
Net Position	$918.5	$1,892.8	$1,955.8	$1,921.5

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NET RECEIPTS FOR THE ELECTRIC SYSTEM

The following table lists the District's net receipts for the electric system and debt service information for the six months ended June 30, 2016 and June 30, 2015, along with the years ended December 31, 2015 and December 31, 2014. The net receipts for the six months ended June 30, 2016 and 2015 were derived from the unaudited condensed financial statements contained in Appendix B of this Official Statement. The net receipts for the years ended December 31, 2015 and 2014 were derived from the audited financial statements contained in Appendix A of this Official Statement.

As a result of the Board decision in June 2016 to cease operations at FCS, there is a significant increase in the debt ratio at June 30, 2016.

	Six Months Ended June 30,		Year Ended December 31,	
	2016	2015	2015	2014
	(millions)			
Operating Revenues[1]	$497.5	$477.9	$1,067.0	$1,054.3
Operations and Maintenance Expenses[1]	(377.4)	(383.8)	(789.1)	(776.1)
Payments in Lieu of Taxes	(15.0)	(14.4)	(32.2)	(31.7)
Net Operating Revenues	105.1	79.7	245.7	246.5
Investment Income of Related Reserve Fund[2]	0.7	0.6	1.3	1.3
Net Receipts for Electric System[3]	$105.8	$80.3	$247.0	$247.8
Total Debt Service on Electric System Revenue Bonds[4]	$57.3	$57.1	$114.1	$110.9
Debt Service Coverage on Electric System Revenue Bonds[5]	N/A	N/A	2.16	2.23
Debt Ratio[6]	68.4%	51.8%	50.9%	50.8%

(1)Electric System Revenue Bonds are not secured by Separate Electric System revenues. Accordingly, revenues and expenses for the Separate Electric System were excluded from this calculation.
(2)Investment Income was income derived from investments in reserve accounts under the District's bond resolutions.
(3)Net Receipts as defined in Resolution No. 1788.
(4)Total Debt Service on Electric System Revenue Bonds is accrued on a calendar year basis. Interest funded from bond proceeds, when applicable, is not included in Total Debt Service.
(5)Debt Service Coverage on Electric System Revenue Bonds is equal to Net Receipts divided by Total Debt Service on Electric System Revenue Bonds and is not calculated for periods of less than one year.
(6)Debt Ratio is equal to Debt divided by the sum of Debt plus Net Position. Debt includes Electric System Revenue Bonds, Subordinated Bonds, PIBs, CP Notes, Minibonds and the Subordinated Obligation. This ratio does not include Separate System Bonds as these bonds are secured by revenues of the Separate System.

OPERATING REVENUES AND ENERGY SALES

The following table lists a breakdown of the District's Operating Revenues and energy sales for the six months ended June 30, 2016 and June 30, 2015, along with the years ended December 31, 2015 and December 31, 2014. The Operating Revenues for the six months ended June 30, 2016 and 2015 were derived from the unaudited condensed financial statements contained in Appendix B of this Official Statement. The Total Operating Revenues for the years ended December 31, 2015 and 2014 were derived from the audited financial statements contained in Appendix A of this Official Statement.

Total Operating Revenues were $533.3 million for the first six months of 2016 ("2016 period"), which was $26.6 million or 5.3% higher than Operating Revenues during the first six months of 2015 ("2015 period"). Off-System Sales Revenues were lower in the 2016 period primarily due to lower off-system sales prices.

	Six Months Ended June 30,		Year Ended December 31,	
	2016	2015	2015	2014
	(millions)			
Operating Revenues				
Residential	$171.5	$162.6	$383.1	$380.0
Commercial	147.9	145.4	315.1	311.9
Industrial	97.6	95.8	201.8	207.6
Unbilled Revenues	20.8	11.2	(1.0)	(1.8)
Fuel and Purchased Power Adjustment	(3.9)	(13.0)	(19.2)	(20.1)
Provision for Rate Stabilization	0.0	0.0	25.0	(4.0)
Provision for Debt Retirement	0.0	0.0	0.0	0.0
Total Retail Revenues	433.9	402.0	904.8	873.6
Off-System Sales	83.8	89.6	195.5	223.1
Other Electric Revenues	15.6	15.1	30.9	29.8
Total Operating Revenues	$533.3	$506.7	$1,131.2	$1,126.5
Retail Sales (GWh):				
Residential	1,634	1,615	3,470	3,560
Commercial	1,728	1,722	3,631	3,638
Industrial	1,563	1,596	3,301	3,501
Unbilled Sales	141	25	(27)	(39)
Total Retail Sales	5,066	4,958	10,375	10,660
Annual Percentage Change	N/A	N/A	(2.7%)	(1.3%)
Off-System Sales (GWh)	3,631	3,232	7,841	7,694
System Peak Load (MW)	N/A	N/A	2,291	2,291
Annual Percentage Change	N/A	N/A	(2.1%)	(2.1%)

OPERATIONS AND MAINTENANCE EXPENSES

The following table lists a breakdown of the District's Operations and Maintenance Expenses for the six months ended June 30, 2016 and June 30, 2015, along with the years ended December 31, 2015 and December 31, 2014. The Operations and Maintenance Expenses for the six months ended June 30, 2016 and 2015 were derived from the unaudited condensed financial statements contained in Appendix B of this Official Statement. The Operations and Maintenance Expenses for the years ended December 31, 2015 and 2014 were derived from the District's audited financial statements contained in Appendix A of this Official Statement.

Total Operations and Maintenance Expenses were $411.4 million for the first six months of 2016 which was $6.0 million or 1.5% over the Operations and Maintenance Expenses during the first six

months of 2015. The most significant variances from the prior period were in Purchased Power and Administrative and General expenses. Purchased Power expenses were higher due to more expensive energy purchased in June to cover production outages. Administrative and General expenses were higher primarily due to outside services to support long term cost reduction initiatives.

	Six Months Ended June 30,		Year Ended December 31,	
	2016	2015	2015	2014
	(millions)			
Operations and Maintenance				
Fuel	$89.0	$88.9	$195.1	$208.5
Purchased Power	53.7	51.5	107.7	94.0
Production	138.8	138.5	282.2	286.5
Transmission	15.5	16.1	33.0	29.2
Distribution	21.0	21.3	42.9	45.6
Customer Accounts	8.0	7.7	15.4	16.2
Customer Service and Information	7.0	6.8	16.4	15.4
Administrative and General	78.4	74.6	147.3	137.1
Total Operations and Maintenance	$411.4	$405.4	$840.0	$832.5

DEBT SERVICE ON THE DISTRICT'S BONDS

The following table shows by calendar year the future required debt service payments for the District's outstanding debt, excluding Separate System Bonds of the District, the CP Notes and debt that has been defeased by the District, including the Refunded Bonds. With respect to the Electric System Revenue Bonds and Subordinated Bonds, the District is required to make monthly deposits into the interest and principal accounts of their respective Bond Funds. All other subordinated debt service requirements are paid by the District on the dates due to holders. The District's CP Notes bear a variable interest rate with no scheduled amortization and therefore no CP Notes debt service is included in the table.

The debt service related to the 2016 Bonds will require monthly deposits into the interest and principal accounts of the Bond Fund related to the 2016 Bonds. To determine the debt service amount for each year, one-twelfth of the current year's February 1 principal payment is combined with eleven-twelfths of following year's February 1 principal payment. Similarly, one-sixth of the current year's February 1 interest payment is combined with the current year's August 1 interest payment and five-sixths of the following year's February 1 interest payment. The resulting calculation of debt service is used herein for purposes of computing debt service coverage.

Calendar Year	Electric System Revenue Bonds Debt Service Before Issuance of the 2016 Bonds	Less Debt Service on the Refunded Bonds[(1)]	Plus Debt Service on the 2016 Bonds	Total Electric System Revenue Bonds Debt Service After Issuance of the 2016 Bonds	Plus Debt Service on the Subordinated Bonds[(2)]	Total Debt Service
2016	$114,685	$ 3,390	$ 3,068	$114,363	$14,063	$128,426
2017	114,694	9,609	8,698	113,783	15,267	129,050
2018	114,734	9,609	8,698	113,823	15,315	129,138
2019	114,742	9,609	8,698	113,832	15,254	129,086
2020	115,619	9,609	8,698	114,708	14,760	129,468
2021	81,221	9,609	8,698	80,310	43,200	123,511
2022	102,832	26,714	25,308	101,426	16,255	117,681
2023	102,963	26,451	24,997	101,510	16,132	117,641
2024	98,463	26,246	24,793	97,010	20,592	117,602
2025	97,416	26,251	24,801	95,966	21,610	117,576
2026	96,099	25,979	24,525	94,645	23,114	117,759
2027	96,227	26,017	24,564	94,775	22,821	117,596
2028	96,934	25,643	24,188	95,480	22,311	117,791
2029	97,160	8,977	7,524	95,707	21,819	117,526
2030	103,219	7,350	5,895	101,764	16,018	117,781
2031	90,316	7,496	6,043	88,864	29,216	118,080
2032	89,729	7,556	6,104	88,278	29,300	117,578
2033	90,619	7,592	6,142	89,168	28,369	117,538
2034	73,238	7,705	6,255	71,788	45,481	117,269
2035	73,217	7,715	6,261	71,762	45,471	117,233
2036	75,917	7,976	6,520	74,462	43,554	118,015
2037	97,940	8,142	6,688	96,486	21,631	118,118
2038	116,221	8,091	6,555	114,685	4,247	118,932
2039	57,897	674	545	57,768	25,057	82,825
2040	55,223			55,223	26,574	81,797
2041	47,129			47,129	25,706	72,835
2042	37,162			37,162	2,136	39,298
2043	26,058			26,058		26,058
2044	27,196			27,196		27,196
2045	21,716			21,716		21,716
2046	1,767			1,767		1,767

[(1)]The Refunded Bonds are comprised of the District's outstanding 2009 Series A Bonds and a portion of the District's outstanding 2011 Series B and 2012 Series A Bonds.
[(2)]Subordinate Lien Debt includes 2014AA, 2014BB, 2014CC, 2014DD and Minibonds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of financial activities prepared for the District's 2015 Annual Report can be found in Appendix A to this Official Statement and is adopted as if fully set forth herein.

BOOK-ENTRY SYSTEM

Portions of the information relating to the Book-Entry System under this heading have been furnished by The Depository Trust Company and have not been independently verified by the District or the Underwriters. Neither the Underwriters nor the District makes any representation whatsoever as to the accuracy, adequacy or completeness of such information.

General

The DTC, New York, New York, will act as securities depository for the 2016 Bonds. The 2016 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond Certificate will be issued for each maturity of each series of the 2016 Bonds in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC and Its Direct and Indirect Participants

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's Participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of the Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Ownership Interests

Purchases of the 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their

ownership interests in the 2016 Bonds, except in the event that use of the book-entry system for the 2016 Bonds is discontinued.

Transfers and Exchanges of Beneficial Ownership Interests

To facilitate subsequent transfers, all 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices and Consents

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2016 Bonds documents. For example, Beneficial Owners of 2016 Bonds may wish to ascertain that the nominee holding the 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal, Interest and Redemption Price

Principal, redemption proceeds and interest payments on the 2016 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Bond Fund Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (or its nominee), the Bond Fund Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption proceeds (if applicable) and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the District or the Bond Fund

Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

The Beneficial Owners of the 2016 Bonds will rely on DTC's Direct or Indirect Participants for timely payments and other notices and for otherwise making available to the Beneficial Owner the rights of a Bondholder. No assurances can be provided that in the event of bankruptcy or insolvency of DTC or a Direct or Indirect Participant through which a Beneficial Owner holds beneficial interests in the 2016 Bonds, payment will be made by DTC or the Direct or Indirect Participant on a timely basis.

Discontinuance of DTC Services

DTC may discontinue providing its services as depository with respect to the 2016 Bonds at any time by giving reasonable notice to the District or the Bond Fund Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2016 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository). In that event, 2016 Bond certificates will be printed and delivered.

The District, the Bond Fund Trustee and the Paying Agent will not have any responsibility or obligation to Direct or Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (ii) the payment by DTC or any Direct or Indirect Participant of any amount with respect to the principal or redemption price of, or interest on, the 2016 Bonds; (iii) any notice which is permitted or required to be given to Bondholders under the Resolution; (iv) the selection by DTC or any Direct or Indirect Participant of any person to receive payment in the event of a partial redemption of the 2016 Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

The information included under this heading "BOOK-ENTRY SYSTEM," other than in this paragraph and the preceding bold face paragraphs, has been provided by DTC. No representation is made by the District, the Bond Fund Trustee or the Underwriters as to the accuracy or adequacy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date thereof.

SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION NO. 1788

The following is a brief summary of certain provisions of Resolution No. 1788 adopted by the District's Board of Directors on January 20, 1972 as amended by Resolution No. 5432 adopted by the District's Board of Directors on April 14, 2005 and effective as of March 4, 2009 and Resolution No. 5882 adopted by the District's Board of Directors on October 13, 2011 and effective as of February 6, 2015 (as so amended, "Resolution No. 1788") and is not to be considered as a full statement of the provisions thereof. The summary is qualified by reference to and is subject to the complete Resolution No. 1788, copies of which may be examined at the offices of the District and the Bond Fund Trustee.

Electric System

The term "Electric System" means the electric utility properties and assets, real and personal, tangible and intangible, of the District used or useful in the generation, transmission, distribution and sale of electric energy and business incidental thereto, including all additions and betterments to, and

extensions of said properties, and shall not include any facilities for the generation, transmission and distribution of electric power and energy constructed or acquired by the District as a Separate Electric System with the proceeds of sale of bonds or other evidences of indebtedness (other than Bonds) which shall be payable solely from the revenues or other income derived from the ownership or operation of such Separate Electric System.

Revenue Fund

The District shall pay into the Revenue Fund, when and as collected, all revenues, income, receipts and profits received by the District from the sale, furnishing or supplying of electric energy and all other commodities, services and facilities sold, furnished or supplied by the District from or through the properties and facilities constituting the Electric System of the District, including all additions and betterments to, and extensions of, all such properties and facilities ("Revenues of the Electric System") and the proceeds received by the District directly or indirectly from the sale, lease or other disposition of any such properties or facilities. Moneys in the Revenue Fund may be used by the District for any lawful purpose of the District.

Bond Fund

The Bond Fund has been established for the payment of the Bonds and will be held by the Bond Fund Trustee. In each month, after providing for the expenses of operating and maintaining the Electric System in such month, the District will pay, out of the Revenues of the Electric System, into the Bond Fund for credit to the Interest Account, Principal Account and Bond Retirement Account therein, proportionate amounts of the next due interest, principal and sinking fund installments on each series of Bonds, respectively, which in the aggregate shall be sufficient to meet the principal and interest payments on the Bonds when due. The District may deliver in lieu of such cash deposits, noncallable Investment Securities (limited as described in the paragraph "Investment of Funds" herein maturing on or prior to the next occurring payment from the applicable account of the Bond Fund. Such Investment Securities delivered to the Bond Fund Trustee pursuant to this paragraph shall be valued at an amount equal to the principal plus interest payable at maturity with respect to the Investment Security.

Reserve Account in the Bond Fund

The Reserve Account Requirement is an amount equal to the maximum amount required to be paid into the Interest Account in the Bond Fund in any calendar year to provide for the payment of interest on the Bonds then outstanding.

The Reserve Account Requirement may be funded in whole or in part through Reserve Account Cash Equivalents. "Reserve Account Cash Equivalent" means a letter of credit, insurance policy, surety, guarantee or other security arrangement which Reserve Account Cash Equivalent shall have such terms necessary to maintain the rating assigned to the Bonds and able to be drawn upon at any time that cash could be withdrawn from the Reserve Account. Each Reserve Account Cash Equivalent will be accompanied by an opinion of Bond Counsel that acceptance of and any payment of funds from such Reserve Account Cash Equivalent will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Upon the issuance of Additional Bonds, the amount in the Reserve Account will be increased to the amount of the new Reserve Account Requirement either from the proceeds of such Additional Bonds or by making payments to such Account within the next ensuing five-year period. Amounts in excess of the Reserve Account Requirement may be transferred to the District's Revenue Fund.

Covenants

The District has covenanted in Resolution No. 1788, among other things:

(1) That the District will fix, establish and collect or cause to be fixed, established and collected adequate rates, tolls, rents and other charges for electric energy and all other commodities, services and facilities sold, furnished or supplied through the properties of the Electric System or any part thereof, which rates, tolls, rents and charges shall be fair, reasonable and adequate to provide Revenues of the Electric System sufficient to pay the principal of and interest on all Bonds and the operations and maintenance expenses of the Electric System and to pay any other indebtedness payable from the revenues, income, receipts and profits of the Electric System.

(2) That the District will not at any time create or permit to accrue or to exist any lien or other encumbrance upon the Revenues of the Electric System or upon the properties of the Electric System unless adequate provision is made in the agreement or other instrument creating such lien so that the Bonds shall constitute a lien upon all such revenues, moneys, funds and other property prior to any such lien or other encumbrance.

(3) That the District will not sell, lease or otherwise dispose of all or any part of the properties of the Electric System for a consideration other than money, and, if payment thereof be deferred, the District shall retain a prior lien or charge on the income and revenues from the property sold, leased or otherwise disposed of until payment of such consideration, plus the costs and expenses of the District in servicing such deferred payment sales, is made in full.

(4) That the District will keep, or cause to be kept, the works, generating stations and facilities comprising the properties of the Electric System insured and will carry such other insurance, with responsible insurers with policies payable to the District, against fire and other risks, accidents or casualties at least to the extent and of the kinds that is usually carried by corporations operating like properties in the same area.

Additional Bonds

(1) The District may issue Additional Bonds, including refunding Bonds, for any of its corporate purposes, provided that an Authorized District Officer shall file with the Bond Fund Trustee a certificate stating that the Net Receipts of the Electric System in each calendar year thereafter will be at least equal to 1.40 times the amounts to be paid in such year into the Bond Fund to pay principal and interest on (a) the Bonds to be outstanding after the issuance of such Additional Bonds and (b) any Additional Bonds which in the opinion of an Authorized District Officer will be required to be issued in the future to complete any generating facility for which Additional Bonds have been or are then being issued. Debt service on any such Bonds to be issued in the future shall be estimated by an Authorized District Officer on a level debt service basis over a period ending not later than the final maturity date of the Additional Bonds theretofore or then being issued for such generating facility and on the basis of an interest rate equal to the average interest rate for the Bonds then being issued.

The "Net Receipts" for any year are the operating revenues of the Electric System less (i) operations and maintenance expenses, exclusive of depreciation or amortization of property values or property losses and (ii) taxes, or payments in lieu of taxes, plus the income from the investment of the Reserve Account for the Bonds.

To compute the Net Receipts for each year, an Authorized District Officer shall use as a basis the Net Receipts of the Electric System during the last year for which an independent audit has been prepared and shall adjust such Net Receipts as follows:

(A) To reflect changes in rates which have gone into effect since the beginning of the year for which the audit was made.

(B) To reflect such Authorized District Officer's estimate of the net increase over, or net decrease under, the Net Receipts of the Electric System for the year for which the audit was made by reason of (i) changes in the amounts payable under existing power sales contracts, (ii) additional general operating income from sales to customers (other than other electric utilities and public authorities) under existing rate schedules for the various classes of customers or as such schedules may be revised under a program of changes which has been adopted by the Board of Directors of the District, (iii) projected revisions in labor, wages, salary, fuel, machinery, equipment and supply costs, (iv) projected revisions in production, transmission and distribution and administration costs associated with increases in sales of power and energy and the acquisition of new facilities, (v) the projected cost of purchasing power and (vi) such other projections of revenues and expenses as the Authorized District Officer deems reasonable and proper.

(2) The District may also issue Additional Bonds to refund Bonds, provided that principal and interest payments are not increased in any year in which any Bonds not refunded are to be outstanding.

(3) The District also reserves the right to issue junior lien indebtedness.

Separate System Bonds

The District may issue evidences of indebtedness, other than Bonds, to acquire or construct facilities for the generation, transmission or distribution of electric power and energy, which facilities shall be a Separate Electric System and which evidences of indebtedness shall not be a charge upon or payable from the Revenues of the Electric System but shall be payable solely from the revenues or other income derived from the ownership or operation of such Separate Electric System.

Investment of Funds

The District may invest moneys in the Revenue Fund and the Bond Fund in Investment Securities, which are defined in Resolution No. 1788 as any of the following which at the time are legal investments under the laws of the State of Nebraska for the funds proposed to be invested: (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America; (ii) senior debt obligations rated in the Highest Rating Category issued by (A) a federally chartered corporation or entity (for example, Fannie Mae, the Federal Home Loan Mortgage Corporation, the Resolution Funding Corporation or the Federal Home Loan Banks) or (B) the World Bank; (iii) any written repurchase agreement ("Repurchase Agreement") entered into with a qualified financial institution, provided that the unsecured short-term obligations of the qualified financial institution are rated no lower than the Highest Rating Category and the obligations of the qualified financial institution under the Repurchase Agreement must be collateralized by Government Obligations; (iv) investments in a money market fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets, comprised solely of the type of securities described in (i) or (ii) above, of at least $100 million, and having a rating of "Aaa-mf, AAAm" or "AAAm-G" by a nationally recognized rating

agency; and (v) commercial paper and other corporate debt obligations, each rated no lower than the Second Highest Rating Category.

"Highest Rating Category" means, with respect to an Investment Security, that the Investment Security is, at the time it is acquired, rated by at least one Rating Agency rating the Investment Security in the highest rating category given by that Rating Agency for that general category of security. By way of example, the Highest Rating Category for debt established by S&P and Fitch, Inc. Fitch is "AAA" for a term greater than one year, with corresponding ratings by Moody's of "Aaa."

"Second Highest Rating Category" means, with respect to an Investment Security, that the Investment Security is, at the time it is acquired, rated by at least one Rating Agency rating such Investment Security in the second-highest rating category given by that Rating Agency for that general category of security. By way of example, the Second Highest Rating Category for debt established by S&P and Fitch is "AA" for a term greater than one year, with corresponding ratings by Moody's of "Aa."

Moneys in the Bond Fund may be invested in Investment Securities described in (i), (ii), (iii) and (iv).

Events of Default; Remedies

The happening of one or more of the following events constitutes an Event of Default: (i) default in the performance of any obligations with respect to payments into the Revenue Fund; (ii) default in the payment of the principal of, and premium, if any, on any Bonds either at maturity or when called for redemption; (iii) default for 30 days in the payment of interest or any sinking fund installment on any Bonds; (iv) default for 90 days in the observance and performance of any other of the covenants, conditions and agreements of the District contained in Resolution No. 1788; (v) the sale or conveyance of any properties of the Electric System except as permitted by Resolution No. 1788 or the voluntary forfeiture of any license, franchise or other privilege necessary or desirable in the operation of the Electric System; and (vi) certain events in connection with the bankruptcy, insolvency or reorganization of the District.

After the occurrence of an Event of Default and prior to the curing of such Event of Default, the Bondholders may elect a Bondholders' Committee. The Bondholders' Committee or the Bond Fund Trustee may take possession and control of the business and property of the Electric System and proceed to operate the same and to collect and receive the income therefrom so long as necessary to restore all payments of interest and principal to a current status. The Bondholders' Committee or the Bond Fund Trustee also shall be entitled to have appointed a receiver of the business and property of the Electric System, including all tolls, rents, revenues, income, receipts, profits and benefits.

No Bondholder has any right to institute suit to enforce any provision of Resolution No. 1788 or the execution of any trust thereunder (except to enforce the payment of principal or interest installments as they mature), unless the Bond Fund Trustee has been requested by the holders of not less than 20% aggregate principal amount of the Bonds then outstanding to exercise the powers granted it by Resolution No. 1788 or to institute such suit and, unless the Bond Fund Trustee has refused or failed, within 60 days after the receipt of such request and after having been offered adequate security and indemnity, to comply with such request.

Amendments; Supplemental Resolutions

Resolution No. 1788 may be amended by the District with the consent of the holders of at least 66⅔% of the Bonds then outstanding. However, without the consent of the holder of each Bond affected

thereby, no amendment may be made to Resolution No. 1788 which will permit the creation by the District of a lien on the Revenues of the Electric System prior to or on a parity with the lien of the Bonds, extend the time of payment of the principal of or the interest on any Bond or reduce the principal amount thereof or the rate of interest thereon or the premium payable upon the redemption thereof or advance the redemption date, give any Bond any preference over any other Bond or reduce the percentage of Bonds required to amend Resolution No. 1788.

Without the consent of any holder of Bonds, the District may adopt supplemental resolutions for the following purposes: to authorize the issuance of Additional Bonds; to add to the covenants of the District contained in, or to surrender any rights reserved to or conferred upon the District by Resolution No. 1788; to add to the restrictions contained in Resolution No. 1788 upon the issuance of additional indebtedness; to confirm as further assurance any pledge under Resolution No. 1788 of the Revenues of the Electric System; to qualify Resolution No. 1788 under the United States Trust Indenture Act of 1939; otherwise to modify any of the provisions of Resolution No. 1788 (but no such modification may become effective while any Bonds outstanding at the time of adoption of the supplemental resolution remain outstanding); or, with the consent of the Bond Fund Trustee, to cure any ambiguity or defect or inconsistent provision in Resolution No. 1788.

Defeasance

The obligations of the District under Resolution No. 1788 shall be fully discharged and satisfied as to any Bond, and such Bond shall no longer be deemed to be outstanding thereunder, when payment of the principal of and the applicable redemption premium, if any, on such Bond, plus interest to the due date thereof, (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided by irrevocably depositing with the Bond Fund Trustee in trust exclusively for such payment (i) moneys sufficient to make such payments or (ii) noncallable Investment Securities or noncallable full faith and credit direct and general obligations of any state, or noncallable unlimited tax full faith and credit direct and general obligations of any political subdivision of any state, provided that such obligations of such state or political subdivision are rated in either of the two highest rating categories by two nationally recognized bond rating agencies and are legal investments for fiduciaries in the State of Nebraska, maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment, and, except for the purposes of such payment from such moneys or Investment Securities, such Bond shall no longer be secured by or entitled to the benefits of Resolution No. 1788, provided that, with respect to Bonds which by their terms may be redeemed or otherwise prepaid prior to the stated maturities thereof, no deposit under (b) above shall constitute such discharge and satisfaction unless such Bond shall have been irrevocably called or designated for redemption on the first date thereafter, such Bond may be redeemed in accordance with the provisions thereof, and notice of such redemption shall have been given or irrevocable provision shall have been made for the giving of such notice.

LEGAL PROCEEDINGS

There is not now pending or threatened litigation of any nature seeking to restrain or enjoin, or in any manner questioning, the issuance and delivery of the 2016 Bonds, the proceedings and authority under which the 2016 Bonds are issued or affecting the validity of the 2016 Bonds thereunder, the power and authority of the District to fix and establish and collect adequate rates, tolls, rents or other charges for electric energy and all other commodities, services and facilities sold, furnished or supplied by the District, the proceedings and authority under which the District's present rates, tolls and other charges are made and the right and authority of the District to conduct its electrical business or operate any of its properties now constructed or contemplated to be constructed; and neither the corporate existence nor the boundaries of the District nor the title of its present officers to their respective offices is being contested.

Additionally, on July 17, 2014, four OPPD retirees filed a civil action against the District in the District Court of Douglas County, Nebraska. The suit alleges that the District violated the legal rights of retirees when it eliminated an electric service rate discount that applied to retirees and active employees. The plaintiffs seek class action status, and demand reinstatement of the discounted electric rate, money damages, and attorney fees. The District will vigorously defend the lawsuit. An unfavorable outcome would not materially impact the District's financial position. The District is engaged in routine litigation incidental to the conduct of its business. In the opinion of its General Counsel, the aggregate amounts recoverable from the District relative to such litigation are not material.

RATINGS

Moody's Investors Service and S&P Global Ratings have given the ratings of "Aa2" with a stable outlook and "AA," with a stable outlook, respectively, to the 2016 Bonds. Such ratings reflect only the views of such organizations, and explanations of the significance of such ratings may be obtained only from the credit rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such credit rating agencies if in their judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

The Series Resolution authorizing the 2016 Bonds includes the District's undertaking ("Undertaking") for the benefit of the holders of the 2016 Bonds to send certain financial information and operating data to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board or certain other repositories of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) ("Rule"). See "APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING."

A failure by the District to comply with the Undertaking will not constitute an event of default with respect to the 2016 Bonds, although any holder would have any available remedy at law or in equity, including seeking specific performance by court order, to cause the District to comply with its obligations under the Undertaking. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2016 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2016 Bonds and their market price. The District has not, in the past five years, failed to comply in any material respect with its prior continuing disclosure undertakings pursuant to the Rule.

UNDERWRITING

The 2016 Bonds are being purchased by Citigroup Global Markets Inc. and Morgan Stanley & Co. LLC (collectively, the "Underwriters"). The Underwriters have agreed to purchase the 2016 Bonds from the District at a price of $225,524,815.52, which is the principal amount of $183,340,000.00 plus net original issue premium of $42,679,196.10 less Underwriters' discount of $494,380.58. The 2016 Bonds may be offered and sold to certain dealers (including underwriters and other dealers depositing such 2016 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities.

Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

Citigroup Global Markets Inc., an underwriter of the 2016 Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. ("TMC") and UBS Financial Services Inc. ("UBSFS"). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the 2016 Bonds.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the 2016 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2016 Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 2016 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2016 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2016 Bonds that such firm sells.

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

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), one of the underwriters of the 2016 Bonds, has entered into an agreement (the "Distribution Agreement") with its affiliate, Wells Fargo Advisors, LLC ("WFA"), for the distribution of certain municipal securities offerings, including the 2016 Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2016 Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the 2016 Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

TAX MATTERS

In General. In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered at the time of original issuance of the 2016 Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the 2016 Bonds (including original issue discount treated as interest) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and continuing compliance by the District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the 2016 Bonds. Failure to comply with such requirements could cause interest on the 2016 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2016 Bonds. The District has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the 2016 Bonds.

Notwithstanding Bond Counsel's opinion that interest on the 2016 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to deduction for certain net operating losses).

The accrual or receipt of interest on the 2016 Bonds may otherwise affect the federal income tax liability of the owners of the 2016 Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the 2016 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the 2016 Bonds.

Tax Treatment of Original Issue Premium. Certain of the 2016 Bonds have been sold at a premium (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Tax Treatment of Original Issue Discount. Certain of the 2016 Bonds have been sold at an original issue discount (collectively, the "Discount Bonds"). The difference between the initial public offering prices, as set forth on the inside cover pages of the Official Statement, of such Discount Bonds

and their stated amounts to be paid at maturity, constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes, as described above.

The amount of original issue discount which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of such Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days which are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount which would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount which would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Purchasers of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the 2016 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the 2016 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Exemption Under State Tax Law

In Bond Counsel's further opinion, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2016 Bonds is exempt from all present State of Nebraska income taxes.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the 2016 Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2016 Bonds. It cannot be predicted whether any such

regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2016 Bonds or the market value thereof would be impacted thereby. Purchasers of the 2016 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2016 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

LEGAL APPROVALS

All of the legal proceedings in connection with the authorization and issuance of the 2016 Bonds are subject to the approval of Kutak Rock LLP, Omaha, Nebraska, Bond Counsel. Certain legal matters in connection with the 2016 Bonds are subject to the approval of Fraser Stryker PC LLO, Omaha, Nebraska, General Counsel to the District and Squire Patton Boggs (US) LLP, Counsel to the Underwriters. Certain of the fees of Bond Counsel and Counsel to the Underwriters are contingent upon the issuance and sale of the 2016 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C., a firm of independent public accountants, will deliver to the District, on or before the date of issuance of the 2016 Bonds, its verification report indicating that it has verified certain information provided by the District and the Underwriters with respect to the Refunded Bonds and the 2016 Bonds. Included in the scope of Causey Demgen & Moore P.C.'s procedures will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Investment Securities to be held in escrow for the benefit of the holders of the Refunded Bonds to pay, when due, the principal of and interest on the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the 2016 Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder.

The verification performed by Causey Demgen & Moore P.C. will be solely based upon data, information and documents that the District and the Underwriters caused to be provided to Causey Demgen & Moore P.C. The Causey Demgen & Moore P.C. report of its verification will state that Causey Demgen & Moore P.C. has no obligation to update the report because of events occurring, or data or information coming to its attention, subsequent to the date of the report.

OFFICIAL STATEMENT

The information contained in this Official Statement has been obtained from records of the District and from other sources believed to be reliable, but the accuracy and completeness of the information are not guaranteed. All references to and explanations and summaries of statutes, resolutions, contracts and other documents contained herein are qualified in their entirety by reference to said statutes and documents for a full and complete description of their respective provisions. Any statements contained herein involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The execution, delivery and distribution of this Official Statement have been duly authorized by the Board of Directors of the District.

MISCELLANEOUS

The references herein to the laws of the State of Nebraska and Resolution No. 1788, the Series Resolution and the Supplemental Resolution and other resolutions and contracts are brief outlines of certain provisions thereof. Such outlines do not purport to be complete, and reference is made to the laws of the State of Nebraska, to Resolution No. 1788, to the Series Resolution and to the Supplemental Resolution and to such other resolutions and contracts for full and complete statements of such provisions.

Any statements made in this Official Statement involving matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Certain capitalized terms not otherwise defined herein will have the meanings assigned thereto in Resolution No. 1788, as applicable.

BOARD OF DIRECTORS
OMAHA PUBLIC POWER DISTRICT

By *__/s/ Edward E. Easterlin__*
Vice President and Chief Financial Officer

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APPENDIX A

FINANCIAL REPORT FROM DECEMBER 31, 2015 OMAHA PUBLIC POWER DISTRICT

ANNUAL REPORT

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Omaha Public Power District

2015 Financial Report

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Management's Discussion and Analysis (Unaudited)

USING THIS FINANCIAL REPORT

The Financial Report for the Omaha Public Power District (OPPD or Company) includes this Management's Discussion and Analysis, Financial Statements, Notes to the Financial Statements, Required Supplementary Information and Notes to the Required Supplementary Information. The Financial Statements consist of the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The Financial Statements have been prepared in accordance with generally accepted accounting principles (GAAP) for proprietary funds of governmental entities. Questions concerning any of the information provided in this report should be directed to Investor Relations, 402-636-3286.

Management's Discussion and Analysis (MD&A) – This unaudited information provides an objective and easily readable analysis of OPPD's financial activities based on currently known facts, decisions or conditions. In the MD&A, financial managers present both short-term and long-term analyses of the Company's activities. The MD&A should be read in conjunction with the Financial Statements, Required Supplementary Information and related Notes. This document contains forward-looking statements based on current plans.

Statement of Net Position – This statement reports resources with service capacity (assets) and obligations to sacrifice resources (liabilities). Deferrals result from outflows and inflows of resources that have already taken place but are not recognized in the financial statements as expenses and revenues because they relate to future periods. Net Position is the residual interest in the Company. On the Statement of Net Position, the sum of assets and deferred outflows equals the sum of liabilities, deferred inflows and net position. This statement facilitates the assessment and evaluation of liquidity, financial flexibility and capital structure.

Statement of Revenues, Expenses and Changes in Net Position – All revenues and expenses are accounted for in this statement. This statement measures the activities for the year and can be used to determine whether the revenues, rates, fees and other charges are adequate to recover expenses.

Statement of Cash Flows – This statement reports all cash receipts and payments summarized by net changes in cash from operating, capital and related financing, and investing activities.

Notes to the Financial Statements (Notes) – These notes provide additional detailed information to support the Financial Statements.

Required Supplementary Information and Notes to the Required Supplementary Information – This information provides additional detailed pension disclosures.

ORGANIZATION

The Omaha Public Power District is a fully integrated, publicly owned electric utility governed by an elected board of eight directors. The Company serves an estimated population of 810,000 in a 13-county, 5,000-square-mile service area in southeast Nebraska.

FINANCIAL POSITION

The following table summarizes the financial position as of December 31 (in thousands).

Condensed Statements of Net Position	2015	2014
Current Assets	$ 839,274	$ 770,999
Other Long-Term Assets and Special Purpose Funds	1,007,537	752,621
Capital Assets	3,391,674	3,346,861
Total Assets	5,238,485	4,870,481
Deferred Outflows of Resources	189,005	36,518
Total Assets and Deferred Outflows	$ 5,427,490	$ 4,906,999
Current Liabilities	$ 257,117	$ 402,506
Long-Term Liabilities	3,198,419	2,541,980
Total Liabilities	3,455,536	2,944,486
Deferred Inflows of Resources	16,168	41,000
Net Position	1,955,786	1,921,513
Total Liabilities, Deferred Inflows and Net Position	$ 5,427,490	$ 4,906,999

The Governmental Accounting Standards Board (GASB) established GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These statements were simultaneously implemented by OPPD in 2015. The implementation of these statements and Board-authorized regulatory accounting resulted in several changes to the 2015 Statement of Net Position, as noted below.

Total Assets and Deferred Outflows

Total Assets in 2015 increased $368,004,000 or 7.6% over 2014 primarily due to an increase in Other Long-Term Assets. The change in Other Long-Term Assets resulted from the addition of a Board-approved regulatory asset associated with the new pension accounting standards.

Deferred Outflows of Resources in 2015 increased $152,487,000 over 2014 primarily due to the implementation of the new pension accounting standards.

Total Liabilities, Deferred Inflows and Net Position

Total Liabilities in 2015 increased $511,050,000 or 17.4% over 2014 primarily due to the addition of the Net Pension Liability to Long-Term Liabilities. Current Liabilities decreased due to the reclassification of commercial paper from current to long-term.

Deferred Inflows of Resources in 2015 decreased $24,832,000 from 2014 primarily due to the use of the Rate Stabilization Reserve.

Net Position in 2015 increased $34,273,000 or 1.8% over 2014 based on results of operations.

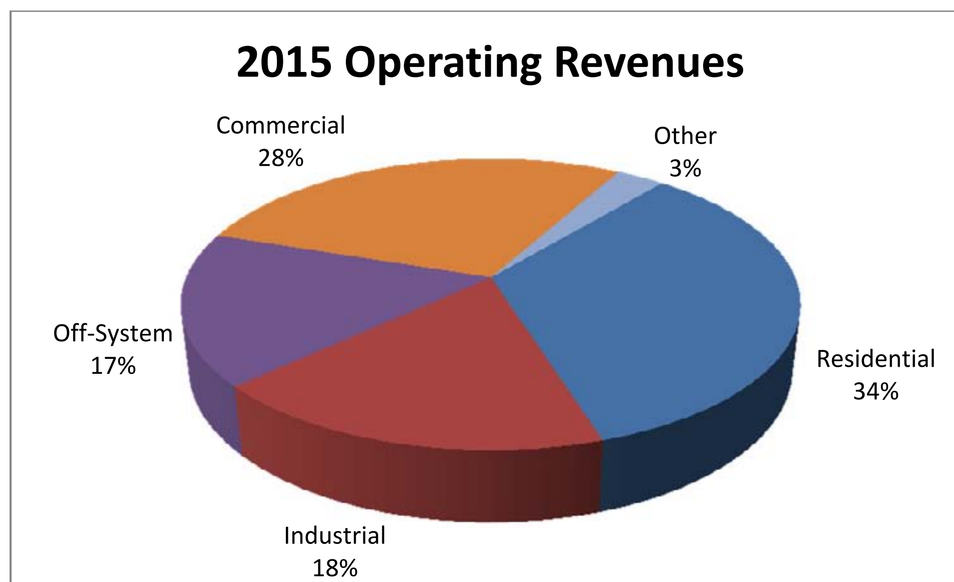
RESULTS OF OPERATIONS

The following table summarizes operating results for the years ended December 31 (in thousands).

Operating Results	2015	2014
Operating Revenues	$ 1,131,235	$ 1,126,458
Operating Expenses	(1,028,423)	(1,008,058)
Operating Income	102,812	118,400
Other Income	22,929	28,869
Interest Expense	(91,468)	(95,344)
Net Income	$ 34,273	$ 51,925

Operating Revenues

The following chart illustrates 2015 operating revenues by category and percentage of the total. Other revenues include the Fuel and Purchased Power Adjustment (FPPA), Rate Stabilization Reserve adjustments and Other Electric Revenues.



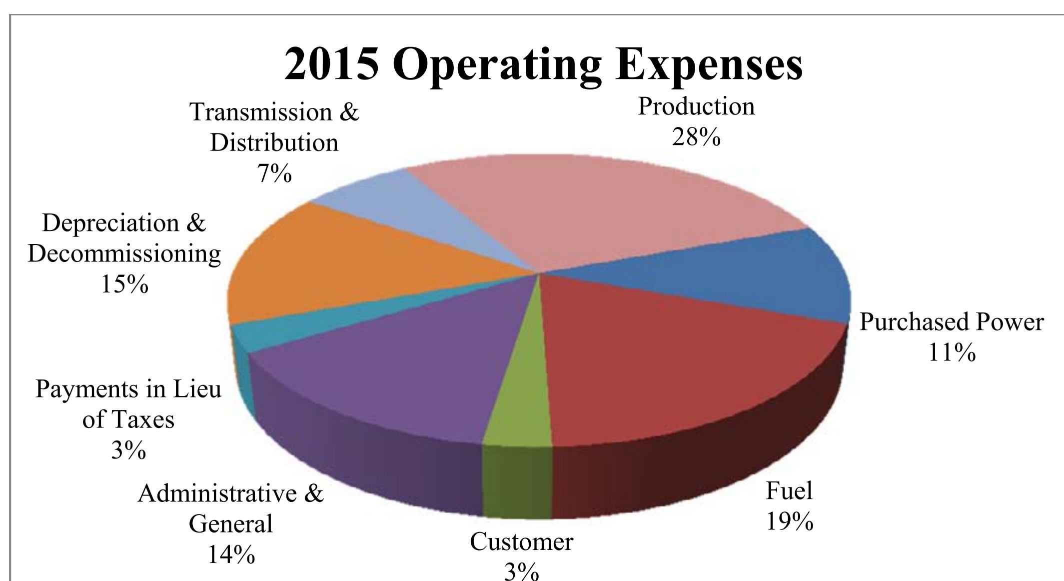
2015 Compared to 2014 – Total operating revenues were $1,131,235,000 for 2015, an increase of $4,777,000 or 0.4% over 2014 operating revenues of $1,126,458,000.

- Revenues from retail sales were $904,793,000 for 2015, an increase of $31,188,000 or 3.6% over 2014 revenues of $873,605,000. The change in retail revenues was primarily due to a transfer from the Rate Stabilization Reserve.

- Revenues from retail sales increased $25,000,000 for transfers from the Rate Stabilization Reserve in 2015 and decreased $4,000,000 for transfers to the Rate Stabilization Reserve in 2014.
- Revenues from off-system sales were $195,512,000 for 2015, a decrease of $27,543,000 or 12.3% from 2014 revenues of $223,055,000. The decrease was primarily due to lower sales prices in the off-system marketplace.
- Other Electric Revenues include connection charges, late payment charges, rent from electric property, wheeling fees, and miscellaneous revenues. These revenues were $30,930,000 for 2015, an increase of $1,132,000 or 3.8% over 2014 revenues of $29,798,000.

Operating Expenses

The following chart illustrates 2015 operating expenses by expense classification and percentage of the total.



2015 Compared to 2014 - Total operating expenses were $1,028,423,000 for 2015, an increase of $20,365,000 or 2.0% over 2014 operating expenses of $1,008,058,000.

- Fuel expense decreased $13,405,000 or 6.4% from 2014, primarily due to reduced generation at Nebraska City Station Unit 2 (NC2) and FCS.
- Purchased Power expense increased $13,695,000 or 14.6% over 2014, primarily due to additional renewable energy purchases and outages at NC2 and FCS.
- Production expense decreased $4,316,000 or 1.5% from 2014, due to lower maintenance and operating expenses at the North Omaha and Nebraska City stations. This was partially offset by an increase in operating expenses at FCS.
- Transmission expense increased $3,800,000 or 13.0% over 2014, primarily due to higher transmission fees and regulatory expenses.

- Distribution expense decreased $2,713,000 or 5.9% from 2014, primarily due to reduced outside and supporting service costs.
- Customer Accounts expense decreased $771,000 or 4.8% from 2014, primarily due to adjustments for the provision for uncollectible accounts.
- Customer Service and Information expense increased $988,000 or 6.4% over 2014, primarily due to customer incentives for energy demand reductions.
- Administrative and General expense increased $10,191,000 or 7.4% over 2014, primarily due to increased costs for outside services.
- Depreciation and Amortization expense increased $10,548,000 or 7.5% over 2014, due to additional depreciation for the North Omaha Station.
- Decommissioning expense increased $1,758,000 over 2014, due to additional funding for the Decommissioning Trust – 1992 Plan.
- Payments in Lieu of Taxes expense increased $590,000 or 1.9% over 2014, due to higher retail revenues.

Other Income (Expenses)

Other income (expenses) totaled $22,929,000 in 2015, a decrease of $5,940,000 from 2014 other income (expenses) of $28,869,000.

Allowances for Funds Used During Construction (AFUDC) totaled $8,474,000 in 2015, a decrease of $5,524,000 from 2014 AFUDC of $13,998,000 due to lower construction balances subject to AFUDC.

A variety of products and services are offered to provide value both to the customer and the Company. These products include Geothermal Loop Heat Exchangers, ECO 24/7 services and Residential Surge Protection. Income from products and services was $4,287,000 for 2015, an increase of $1,040,000 from 2014 income of $3,247,000. This increase was primarily due to additional income from ECO 24/7 services.

Interest Expense

Interest expense was $91,468,000 for 2015, a decrease of $3,876,000 from 2014 interest expense of $95,344,000. This decrease was primarily due to lower interest payments related to debt refundings in 2015 and 2014.

Net Income

Net income, after revenue adjustments for changes to the Rate Stabilization Reserve, was $34,273,000 and $51,925,000 for 2015 and 2014, respectively. Changes to the Rate Stabilization Reserve resulted in operating revenues and net income increasing $25,000,000 in 2015 and decreasing $4,000,000 in 2014.

CAPITAL PROGRAM

The Company's utility plant assets include production, transmission and distribution (T&D), and general plant facilities. The following table summarizes the balance of capital assets as of December 31 (in thousands).

Capital Assets	2015	2014
Electric plant	$ 5,487,554	$ 5,306,309
Nuclear fuel - at amortized cost	87,387	89,180
Accumulated depreciation and amortization	(2,183,267)	(2,048,628)
Total utility plant - net	$ 3,391,674	$ 3,346,861

Electric system requirements, including the identification of future capital investments, are routinely evaluated to ensure current and future load requirements are serviced by a reliable and diverse power supply. Capital investments are financed with revenues from operations, bond proceeds, investment income and cash on hand.

The following table shows actual capital program expenditures, including allowances for funds used during construction, for the last two years and budgeted expenditures for 2016 (in thousands).

	Budget	Actual	
Capital Program	2016	2015	2014
Production	$ 90,378	$ 115,398	$ 55,268
Transmission and distribution	90,245	80,862	81,390
General	49,823	12,509	17,209
Total	$ 230,446	$ 208,769	$153,867

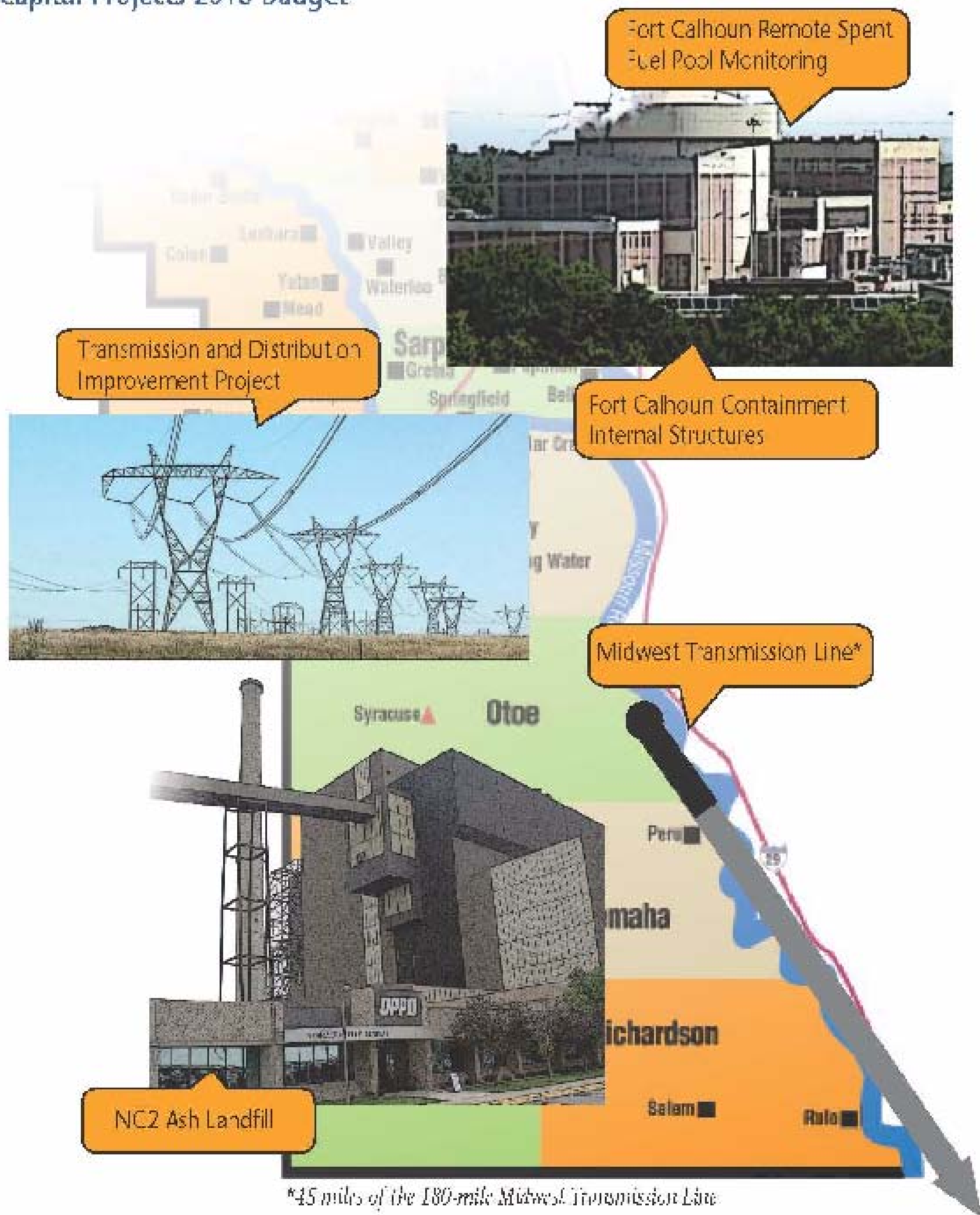
Actual and budgeted expenditures for 2014 through 2016 include the following:

- Production expenditures - equipment to maintain reliability, enhance efficiency and comply with increasing environmental regulations. Production expenditures at FCS include reinforcing beams that support equipment inside the reactor containment building and equipment for remote monitoring of the spent fuel pool. Expenditures at NC2 include additional ash disposal facilities.

- T&D expenditures – a new 345-kilovolt transmission line from Nebraska City Station Substation 3458 to the Nebraska border as part of the Midwest Transmission Project. T&D expenditures also include the installation of substation and distribution facilities to maintain system reliability, enhance efficiency and respond to load growth.

- General plant expenditures - information technology upgrades for cyber security and the Outage Management System.

Major Capital Projects 2016 Budget



*45 miles of the 180-mile Midwest Transmission Line

CASH AND LIQUIDITY

Cash Flows

There was a decrease in cash and cash equivalents of $6,062,000 and $78,943,000 during 2015 and 2014, respectively.

The following table illustrates the cash flows by activities for the years ended December 31 (in thousands).

Cash Flows	**2015**	**2014**
Cash Flows from Operating Activities	$ 264,083	$ 326,338
Cash Flows from Capital and Related Financing Activities	(228,860)	(269,129)
Cash Flows from Investing Activities	(41,285)	(136,152)
Change in Cash and Cash Equivalents	$ (6,062)	$ (78,943)

Cash flows from operating activities consist of transactions involving changes in current assets, current liabilities and other transactions that affect operating income.

- Cash flows for 2015 decreased $62,255,000 over 2014, primarily due to a decrease in cash received from off-system counterparties.

Cash flows from capital and related financing activities consist of transactions involving long-term debt and the acquisition and construction of capital assets.

- Cash flows used for 2015 decreased $40,269,000 from 2014, primarily due to an increase in proceeds from long-term borrowings which was partially offset by increases in the cash used for the principal reduction of debt and the acquisition and construction of capital assets.

Cash flows from investing activities consist of transactions involving purchases and maturities of investment securities and investment income.

- Cash flows used for 2015 decreased $94,867,000 over 2014, primarily due to more maturities and sales of investments which was partially offset by an increase in cash used for the purchase of investments.

Financing

Sufficient liquidity is maintained to ensure working capital is available for normal operational needs and unexpected but predictable risk events. OPPD’s liquidity includes cash, marketable securities and a line of credit. Bond offerings also provide a significant source of liquidity for capital investments not funded by revenues from operations.

The financing plan optimizes the debt structure to ensure capital needs are financed, liquidity needs are achieved and the Company’s strong financial position is maintained. The Company is evaluating the need to issue an up to an additional $60 million of new debt in 2016. In addition, the Board of Directors has authorized management to refinance up to $275 million in Electric System Revenue Bonds in 2016. The Company will continue to monitor refunding opportunities to achieve any potential interest cost savings for customer-owners.

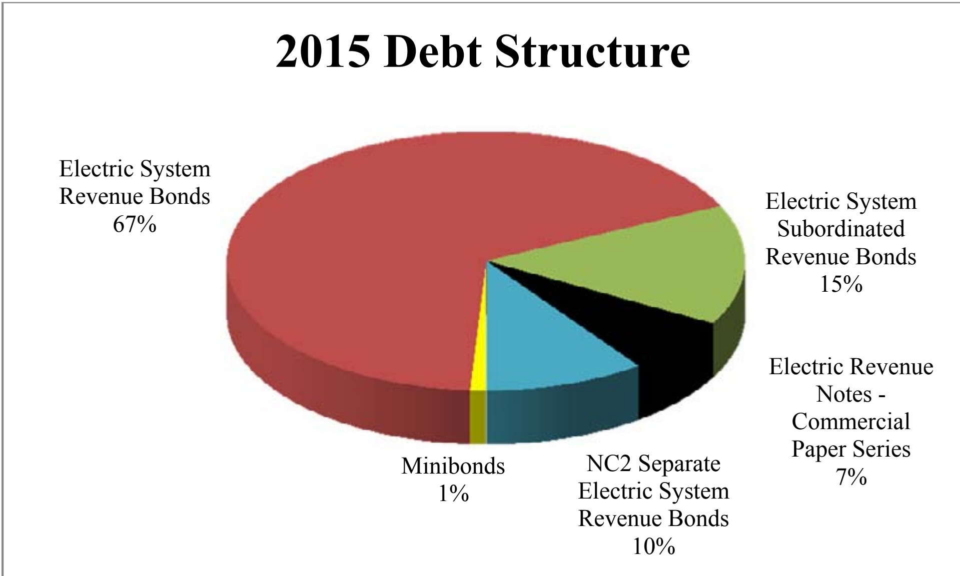
Three Electric System Revenue Bonds totaling $447,200,000 were issued in 2015. The proceeds from these bonds were used for refunding $364,840,000 of previously issued Electric System Revenue Bonds and financing $82,360,000 in new capital expenditures. Repayments of $40,465,000 of Electric System Revenue Bonds and $135,000 of Minibonds were made in 2015.

The Company issued $114,245,000 of NC2 Separate Electric System Revenue Bonds in 2015. The bonds were used for the refunding of previously issued NC2 Separate Electric System Revenue Bonds. There was a principal payment of $3,080,000 made on February 2, 2015 for NC2 Separate Electric System Revenue Bonds.

Four Electric System Subordinated Revenue Bond issues totaling $337,375,000 were completed during 2014. All four issues were used to refund outstanding bonds. The lower interest rates on the new debt decreased the debt service payments. Repayments of $30,545,000 of Electric System Revenue Bonds, $445,000 of Electric System Subordinated Revenue Bonds and $145,000 of Minibonds were made in 2014.

The Company renewed a Credit Agreement for $250,000,000 in 2015 which expires on October 1, 2018. This supports the Commercial Paper Program in addition to providing another source of working capital, if needed. There were no amounts outstanding under this Credit Agreement as of December 31, 2015 or 2014. There was $150,000,000 of commercial paper outstanding as of December 31, 2015 and 2014.

The following chart illustrates the debt structure and percentage of the total as of December 31, 2015.



Debt Service Coverage for Electric System Revenue Bonds

Debt service coverage for the Electric System Revenue Bonds was 2.16 and 2.23 in 2015 and 2014, respectively. OPPD's senior lien bond indenture provides that additional bonds may not be issued

unless estimated net receipts for each future year shall equal or exceed 1.4 times the debt service on all Electric System Revenue Bonds outstanding, including the additional bonds being issued. Transactions in 2015 and 2014 for the NC2 Separate Electric System were not included in the calculation because the Electric System Revenue Bonds are not secured by the Separate System. The Company is in compliance with all debt covenants.

Debt Ratio

The debt ratio is a measure of financial solvency and represents the share of debt to total capitalization (debt and net position). This ratio does not include the NC2 Separate Electric System Revenue Bonds since this debt is secured by revenues of the NC2 Participation Power Agreements. The debt ratio was 50.9% at December 31, 2015 and 2014.

Ratings

High credit ratings allow the Company to borrow funds at more favorable interest rates. Both quantitative (financial strength) and qualitative (business and operating characteristics) factors are considered by the credit rating agencies in establishing a company's credit rating. The ratings received from Standard & Poor's Ratings Services (S&P) and Moody's Investors Service (Moody's), independent bond rating agencies for the latest bond issues, were among the highest ratings granted to electric utilities and confirm the agencies' assessment of the Company's strong ability to meet its debt service requirements. Moody's and S&P affirmed OPPD's senior lien debt and subordinated ratings, and both have stable outlooks for OPPD's credit ratings.

The following table summarizes credit ratings in effect on December 31, 2015.

	S&P	Moody's
Electric System Revenue Bonds	AA	Aa2
Electric System Subordinated Revenue Bonds	AA-	Aa3
Electric Revenue Notes - Commercial Paper Series	A-1+	P-1
Minibonds *	AA-	Aa3
NC2 Separate Electric System Revenue Bonds (2006A) *	A	A1
NC2 Separate Electric System Revenue Bonds (2008A, 2015A)	A	A1

* *Payment of the principal and interest on the Minibonds and the NC2 Separate Electric System Revenue Bonds 2006 Series A, when due, is insured by financial guaranty bond insurance policies.*

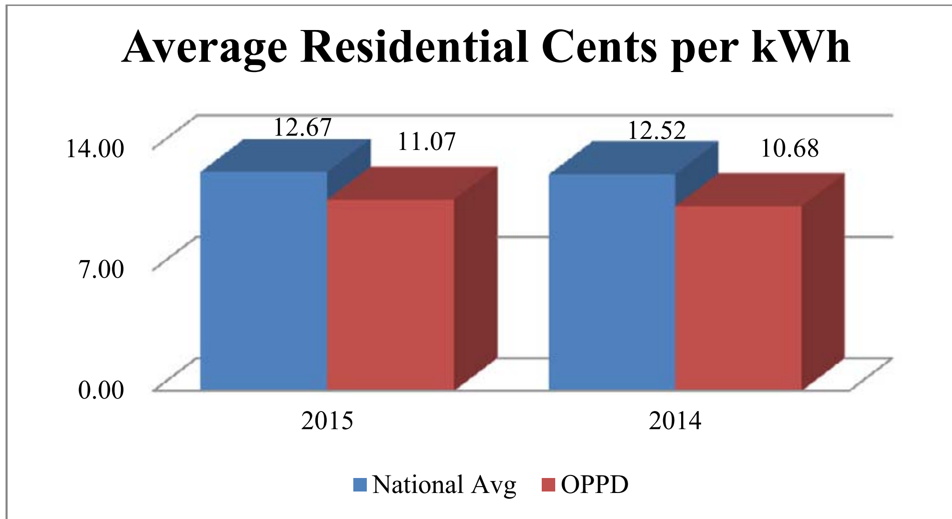
As of January 21, 2016, S&P upgraded their credit rating for the NC2 Separate Electric System Revenue Bonds (2006A, 2008A, 2015A) from A to A+.

RATES

The Company strives to manage costs to align with the mission of providing affordable, reliable and environmentally sensitive energy services to our customers. Residential customers paid an average of 11.07 and 10.68 cents per kilowatt-hour (kWh) in 2015 and 2014, respectively. The national average residential cents per kWh according to the Energy Information Administration (EIA), U.S. Department of Energy, was 12.67 for 2015 (preliminary year-to-date December 2015) and 12.52 cents per kWh for

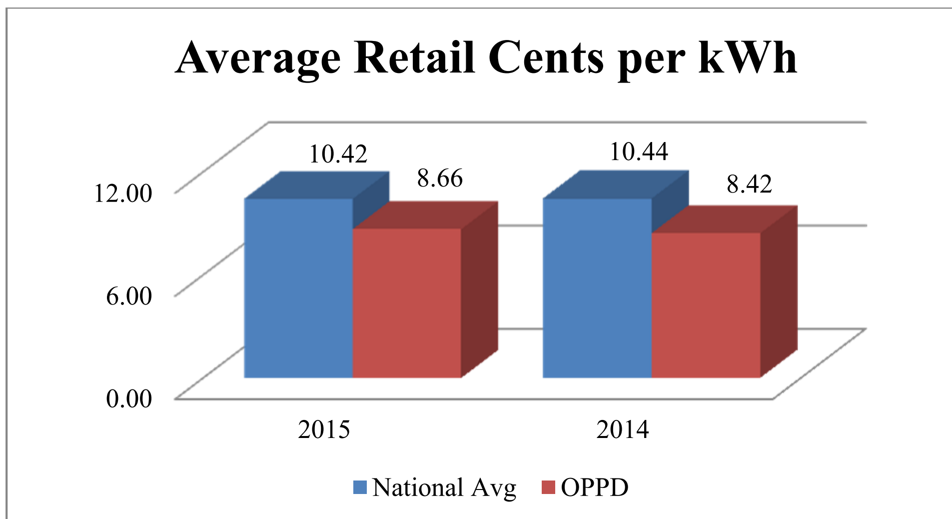
2014. Based on the preliminary EIA data for 2015, OPPD residential rates were 12.6% below the national average.

The following chart illustrates the Company's average residential cents per kWh compared to the national average.



Retail customers paid an average of 8.66 and 8.42 cents per kWh in 2015 and 2014, respectively. The national average retail cents per kWh according to the EIA, was 10.42 for 2015 (preliminary year-to-date December 2015) and 10.44 cents per kWh for 2014. Based on the preliminary EIA data for 2015, OPPD retail rates were 16.9% below the national average.

The following chart illustrates the Company's average retail cents per kWh compared to the national average.



There was a general rate adjustment of 1.6% implemented in January 2015 and no rate adjustment implemented in 2014. The 2015 rate adjustment was due to increased operating and benefit costs. There was no adjustment to the FPPA rate in 2015 and 2014. Cost-containment and the use of

regulatory accounting limited these rate adjustments. There was a 0.6% decrease to the FPPA rate and a 4.0% general rate adjustment implemented in January 2016.

RISK MANAGEMENT

Risk Management Practices

An Enterprise Risk Management (ERM) program, based on international risk management standards, is maintained to perform an oversight function of the Company's risk management activities to ensure its strategic objectives are achieved. The program specifies risk management standards, management responsibilities, and controls to ensure risk exposures are properly identified and managed within agreed upon risk tolerance levels. Specific risk-mitigation plans and procedures are maintained and reviewed periodically to provide focused and consistent efforts to mitigate various risk exposures. Several cross-functional risk committees and an Executive ERM Committee, which includes the senior management team and legal counsel, are utilized to discuss and analyze the potential risks that could hinder the achievement of strategic objectives. The Company has established criteria for risk escalation and oversight. Risks are evaluated periodically and will be escalated to the appropriate oversight levels, up to and including the Board of Directors, when applicable. An overview of the ERM program is provided to the Board of Directors on an annual basis.

OPPD participates in the wholesale marketplace with other electric utilities and power marketers. The Company must be able to offer energy at competitive prices and maintain reliability to successfully compete in this market. Energy market prices may fluctuate substantially in a short period of time due to changes in the supply and demand of electricity, fuel and environmental-related commodities. Energy trading and risk practices were modified for the implementation of the Integrated Marketplace (IM) in the Southwest Power Pool (SPP) in 2014.

Fuel procurement activities represent a significant portion of generation costs and affect the ability to generate and market competitively priced energy. Risks associated with power marketing and fuel procurement are managed within a risk management control framework. Risk management personnel and cross-functional risk committees are responsible for monitoring risk policy compliance and identifying, measuring and mitigating various risk exposures related to power marketing and fuel procurement activities.

A Rate Stabilization Reserve was established in 1999 to assist in stabilizing retail electric rates. The Board authorized the use of $25,000,000 of the Rate Stabilization Reserve to provide additional revenues for operations in December 2015. The balance of the reserve was $16,000,000 and $41,000,000 as of December 31, 2015 and 2014, respectively. The balance of the fund was $16,000,000 and $37,000,000 as of December 31, 2015 and 2014, respectively.

The Company promotes ethical business practices and the highest standards in the reporting and disclosure of financial information. The Sarbanes-Oxley Act (Act) is intended to strengthen corporate governance of publicly traded companies. As a public utility, the Company is not required to comply with the Act, but the application of these requirements, where appropriate, ensures continued public

trust in OPPD, protects the interest of its stakeholders and is a sound business practice. One of the most significant requirements of the Act pertains to management's documentation and assessment of internal controls. The Company's management assesses internal controls for significant business processes that impact financial reporting. This assessment includes documenting procedures, risks and controls for these processes and assessing the effectiveness and operation of the internal controls. In addition, the Company contracts with an independent third party to administer the receipt, communication and retention of employee concerns regarding business and financial practices.

Other Reserves

Other reserves are maintained to recognize potential liabilities that arise in the normal course of business. Additional information about other reserves follows.

- The Workers' Compensation and Public Liability Reserves are established for the estimated liability for current workers' compensation and public liability claims.
- The Incurred But Not Presented Reserve is an insurance reserve that is required by state law because the Company is self-insured for health care costs. The reserve is based on health insurance claims that have been incurred but not yet presented for payment.
- The Uncollectible Accounts Reserve was established for estimated uncollectible accounts from retail sales.

REGULATORY AND ENVIRONMENTAL UPDATES

SPP Integrated Marketplace and Transmission Access

OPPD became a transmission-owning member of SPP, and all of the Company's transmission facilities were placed under the SPP open access transmission tariff on April 1, 2009. In addition to tariff administration services, SPP also provides reliability coordination services, generation reserve sharing, energy market services, balancing authority services and planning authority services.

The SPP Real-Time Energy Imbalance Market (Day 1 Market) was expanded into a Day 2 Market in 2014. The SPP Day 2 Market, also known as the IM, includes the Day-Ahead Market, Real-Time Market, Ancillary Services Market and Transmission Congestion Rights Market. OPPD actively participates in the IM. It provides a more transparent market by which load is served by the most efficient and economical generation, while maintaining the reliability of the grid. The market mechanism rewards low cost, flexible and reliable providers of electricity. OPPD's generation is in competition with other generation owners to serve load across the SPP footprint.

A 345-kilovolt power line identified by the SPP planning process is being built by the Company and Kansas City Power & Light (Midwest Transmission Project) and will run from a substation at the Nebraska City Station to Sibley, Missouri. This project is one of several priority projects as determined by SPP and is expected to relieve congestion on the region's transmission system and improve

reliability on the nation's energy grid. Construction on the project has begun and the completion date is scheduled for December 2016. The project will receive funding under the SPP approved tariff.

The Elkhorn River Valley Transmission Project is a joint effort between OPPD and the Fremont Department of Utilities to connect OPPD Substation 1226 in Blair and Fremont Substation B. The line route was announced in 2015 and will be in service by October 2018. The purpose of this SPP reliability project is to support the growing demand for electricity and improve reliability. A portion of the project will receive funding under the SPP approved tariff.

Environmental Matters

Environmental matters can have a significant impact on operations and financial results. OPPD complies with all applicable state and federal environmental rules and regulations. The items mentioned below include proposed, enacted or enforceable laws, rules and regulations.

The Environmental Protection Agency (EPA) published the Cross-State Air Pollution Rule (CSAPR) requiring designated states, including Nebraska, to significantly improve air quality by reducing generating station emissions contributing to ozone and fine particle pollution in other states. Specifically, the rule requires significant reductions in sulfur dioxide (SO_2) and nitrous oxide (NO_X) emissions crossing state lines.

The final CSAPR rule established a cap-and-trade system with state and unit specific allowance allocations to achieve the desired emission reductions for SO_2 and NO_X. Implementation of Phase I of the final rule began in 2015 and implementation of Phase II begins in 2017. The Company utilized several compliance options, including the purchase of SO_2 allowances, to meet the 2015 targets.

The EPA issued regulations under Section 316(b) Rule of the Clean Water Act (316(b) Rule). The 316(b) Rule is designed to reduce fish mortality associated with the use of once-through cooling by power generating stations. Facilities are required to choose one of seven options to reduce fish impingement. The cost impact of the final rule is being assessed. Facilities will need to study the effects of entrainment and develop compliance strategies. OPPD plans to begin various studies in 2016, however, the cost is not expected to be material at this time.

The EPA issued the Mercury and Air Toxics Standards (MATS) which places strict limitations on emissions of mercury, non-mercury metallic hazardous air pollutants and acid gases. Compliance with the new rule was necessary by April 16, 2015 for NC2 and will be necessary by April 16, 2016 for North Omaha Station Units 4 and 5 (NO4&5) and Nebraska City Station Unit 1 (NC1). No additional emissions control equipment was required to comply with the new requirements for NC2, although a new mercury monitoring system has been installed. To meet the mercury limits of MATS, the Activated Carbon Injection (ACI) rate at NC2 was increased from the originally permitted injection rate. The additional ACI cost at NC2 was not materially significant. OPPD will be retrofitting NO4&5 and NC1 with basic emission controls. Dry Sorbent Injection and ACI will be used for NO4&5 and NC1. The Board of Directors, in June 2014, approved changes to its generation portfolio to comply

with existing and future environmental regulations. The Board of Directors approved the 2016 retirement of North Omaha Station Units 1, 2 and 3.

In August 2015, the EPA announced two final rules regulating the emission of carbon dioxide (CO_2) from new, modified or reconstructed, and existing fossil-fuel fired electric generating units under section 111 of the Clean Air Act. These regulations are known as the Clean Power Plan (CPP). The CPP requires states to meet interim and final emissions targets on a state-wide basis starting in 2022. The goal is to reduce CO_2 emissions from electric generating units by 32% below 2005 levels by the year 2030. In addition, the EPA issued a proposed rule which provides two possible programs to be used by states for compliance, either a mass-based program or a rate-based program. States could allow their fossil-fueled generating units to use a number of measures to meet those goals, such as heat rate improvements, unit retirements, and renewable energy. Final state plans, or initial state plans with a request to seek up to a two-year extension, must be submitted by September 6, 2016. If a state extension is approved, the final state plan must be submitted to the EPA by September 6, 2018. The cost of compliance will not be known until the state plan is finalized. The United States Supreme Court granted an emergency stay application for the CPP on February 9, 2016. This ruling blocks the implementation of the CPP pending the disposition of the applicants' petitions for review in the United States Court of Appeals for the District of Columbia Circuit. The Company will continue to monitor this situation and evaluate compliance options.

OPPD has received and responded to requests for information from the EPA relating to compliance with the Clean Air Act at the North Omaha and NC1 stations. OPPD received a Notice of Violation (NOV) from the EPA in August 2014 alleging a violation of the Clean Air Act by undertaking certain projects at NC1. The Company believes it has complied with all regulations relative to the projects in question and has discussed the matters with EPA. The EPA would have to establish the allegations in the NOV in court. If the EPA establishes a Clean Air Act violation in court, which could be subject to possible appellate court review, remedies can include civil penalties and a requirement to install pollution control equipment. OPPD cannot determine at this time whether it will have any future financial obligation with respect to the NOV.

Renewable Capability including Purchased Power Contracts

Renewable portfolio standards are currently mandated in several states but not in Nebraska. The Board of Directors established a policy that set a long-term goal of providing at least 30 percent of retail energy sales from renewable energy sources. The addition of the Grande Prairie wind facility in 2017 will add an additional 400 megawatts (MW) of capability.

The following table shows the renewable generation owned or purchased and future capability (in MW).

		Capability
OPPD-Owned Generation		
	Elk City Station (landfill-gas)	6.3
	Valley Station (wind)	0.7
	Subtotal OPPD Owned Generation	7.0
Purchased Wind Generation *		
	Ainsworth	10.0
	Elkhorn Ridge	25.0
	Flat Water	60.0
	Petersburg	40.5
	Crofton Bluffs	13.6
	Broken Bow I	18.0
	Broken Bow II	43.9
	Prairie Breeze	200.6
	Subtotal Purchased Wind Generation	411.6
Total Renewable Generation as of December 31, 2015		418.6
2017 Purchased Wind Generation		
	Grande Prairie	400.0
Total Expected Renewable Generation as of December 31, 2017		818.6

* *Wind generation listed in ascending order of contract year signing*

Federal Energy Legislation

The 114th Congress began its second session in January 2016. Enacted legislation in 2015 included a five-year transportation bill which included some tailored energy provisions and a bill which included a five-year extension of the solar investment and wind production tax credits. There is a three-year phase-out on the wind production tax credit. This legislation also included cybersecurity information sharing and a two-year postponement of the tax on high-cost, employer-sponsored health coverage under the Affordable Care Act.

Legislation was also introduced in 2015 related to energy efficiency, the long-term storage of high-level nuclear waste, grid security, and distributed generation. Most of these bills have become part of a comprehensive energy bill in both the House of Representatives and the Senate and could be addressed in 2016. Oversight of EPA's environmental rules will also continue. Further, tax reform will be discussed in 2016, which may address tax-exempt financing of municipal bonds. OPPD continues to monitor the status of legislation in Congress that can impact operations and provides input through public power industry groups and the Nebraska Congressional Delegation.

State of Nebraska Energy Legislation

The Nebraska Legislature enacted Legislative Bill 469 (L.B. 469), Provide Procedures and Reporting Requirements Relating to a State Plan on Carbon Dioxide Emissions, Require a Strategic State Energy Plan, and Provide Requirements for Meteorological Evaluation Towers, during the 2015 session. L.B. 469 provides that the State Energy Office will prepare a report for the legislature that assesses the effects of a state plan for regulating carbon dioxide emissions from the electric power sector.

The Nebraska Legislature enacted Legislative Bill 901 (L.B. 901), during the 2000 session, which implemented recommendations to determine whether retail competition would be beneficial for Nebraska ratepayers. Reports for the governor and legislature on the conditions in the electric industry indicating whether retail competition would be beneficial for Nebraska's citizens are prepared at the request of the Nebraska Power Review Board. All of the conditions for retail competition have not been met, based on the findings from the latest report, dated October 2010.

Fort Calhoun Station Update

The Nuclear Regulatory Commission (NRC) placed FCS into a special category of its inspection manual, Chapter 0350, in December 2011. This chapter is for nuclear stations that are in extended shutdowns with performance issues. OPPD contracts with Exelon Generation Company, LLC, the largest operator of nuclear stations in the United States, for operational and managerial support services. FCS resumed operations on December 21, 2013, after satisfactorily completing NRC requirements and inspections. The NRC removed the station from Chapter 0350 status in March 2015.

The Board of Directors authorized management to establish a regulatory asset for certain recovery costs, with amortization over a 10-year period which commenced after operations resumed. The balance of this regulatory asset was $117,449,000 and $129,882,000 as of December 31, 2015 and 2014, respectively.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions could affect the reported amounts of assets and liabilities as of the date of the financial statements, the reported amounts of revenues and expenses during the reporting period, and the disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates.

These estimates could materially impact the financial statements and disclosures based on varying assumptions that could be used. The financial and operating environment may have a significant effect on the operation of the business and on the results reported through the application of accounting measures used in preparing the financial statements and related disclosures, even if the nature of the accounting policies has not changed.

The following is a list of accounting policies that are significant to OPPD's financial condition and results of operation and require management's most significant, subjective or complex judgments. Each of these has a higher likelihood of resulting in materially different reported amounts under different conditions or using different assumptions.

Accounting Policies	**Judgments/Uncertainties Affecting Application**
Nuclear Plant Decommissioning	• Cost estimates for future decommissioning • Availability of facilities for waste disposal • Approved methods for waste disposal • Useful life of Fort Calhoun Station
Regulatory Mechanisms and Cost Recovery	• External regulatory requirements • Anticipated future regulatory decisions and their impact
Retirement Plan and Other Post Employment Benefits (OPEB)	• Assumptions used in computing the Net Pension Liability and OPEB actuarial liability, including expected rate of return on Plan assets • Plan design
Self-Insurance Reserves for Claims for Employee-related Healthcare Benefits, Workers' Compensation and Public Liability	• Cost estimates for claims • Assumptions used in computing the liabilities
Uncollectible Accounts Reserve	• Economic conditions affecting customers • Assumptions used in computing the liabilities
Unbilled Revenue	• Estimates for customer energy use and prices
Depreciation and Amortization Rates of Assets	• Estimates for approximate useful lives

Report of Management

The management of Omaha Public Power District (OPPD) is responsible for the preparation of the following financial statements and for their integrity and objectivity. These financial statements conform to generally accepted accounting principles and, where required, include amounts which represent management's best judgments and estimates. OPPD's management also prepared the other information in this Annual Report and is responsible for its accuracy and consistency with the financial statements.

To fulfill its responsibility, management maintains strong internal controls, supported by formal policies and procedures that are communicated throughout the company. Management also maintains a staff of internal auditors who evaluate the adequacy of and investigate the adherence to these controls, policies and procedures. OPPD is committed to conducting business with integrity, in accordance with the highest ethical standards, and in compliance with all applicable laws, rules and regulations. A Code of Ethics has been adopted for the Senior Executive and Financial Officers and the Controller, stating their responsibilities and standards for professional and ethical conduct.

Our independent auditors have audited the financial statements and have rendered an unmodified opinion as to the statements' fairness of presentation, in all material respects, in conformity with accounting principles generally accepted in the United States of America. During the audit, they considered internal controls over financial reporting as required by generally accepted auditing standards.

The Board of Directors pursues its oversight with respect to OPPD's financial statements through the Audit Committee, which is comprised solely of non-management directors. The committee meets periodically with the independent auditors, internal auditors and management to ensure that all are properly discharging their responsibilities. The committee reviews the annual audit plan and any recommendations the independent auditors have related to the internal control structure. The Board of Directors, on the recommendation of the Audit Committee, engages the independent auditors who have unrestricted access to the Audit Committee.

Timothy J. Burke
President and Chief Executive Officer

Edward E. Easterlin
Vice President and Chief Financial Officer

Independent Auditors' Report

To the Board of Directors
Omaha Public Power District
Omaha, Nebraska

We have audited the accompanying financial statements of Omaha Public Power District (OPPD), which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended and the related notes to the financial statements, which collectively comprise OPPD's financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of OPPD as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, OPPD adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of January 1, 2015. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page 2 through 19 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

DELOITTE & TOUCHE LLP

Omaha, Nebraska

March 15, 2016

Statements of Net Position
as of December 31, 2015 and 2014

ASSETS	2015	2014
	(thousands)	
CURRENT ASSETS		
Cash and cash equivalents	**$ 7,847**	$ 13,909
Electric system revenue fund	**99,636**	150,994
Electric system revenue bond fund	**92,667**	70,038
Electric system subordinated revenue bond fund	**5,683**	3,613
Electric system construction fund	**257,077**	155,887
NC2 separate electric system revenue fund	**12,563**	13,918
NC2 separate electric system revenue bond fund	**13,076**	8,632
NC2 separate electric system capital costs fund	**1,925**	2,402
Accounts receivable - net	**116,376**	118,760
Fossil fuels - at average cost	**31,661**	36,918
Materials and supplies - at average cost	**143,319**	137,584
Other (Note 2)	**57,444**	58,344
Total current assets	**839,274**	770,999
SPECIAL PURPOSE FUNDS - at fair value		
Electric system revenue bond fund - net of current	**48,783**	68,265
Segregated fund - rate stabilization (Note 3)	**16,000**	37,000
Segregated fund - other (Note 3)	**34,945**	33,938
Decommissioning funds (Note 3)	**373,334**	364,096
Total special purpose funds	**473,062**	503,299
UTILITY PLANT - at cost		
Electric plant	**5,487,554**	5,306,309
Less accumulated depreciation and amortization	**2,183,267**	2,048,628
Electric plant - net	**3,304,287**	3,257,681
Nuclear fuel - at amortized cost	**87,387**	89,180
Total utility plant - net	**3,391,674**	3,346,861
OTHER LONG-TERM ASSETS		
Regulatory assets (Note 2)	**525,729**	239,999
Other (Note 2)	**8,746**	9,323
Total other long-term assets	**534,475**	249,322
TOTAL ASSETS	**5,238,485**	4,870,481
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refunded debt	**71,931**	36,518
Accumulated change in fair value of hedging derivatives (Note 7)	**117,074**	
Total deferred outflows of resources	**189,005**	36,518
TOTAL ASSETS AND DEFERRED OUTFLOWS	**$ 5,427,490**	$ 4,906,999

See notes to financial statements

LIABILITIES	2015	2014
	(thousands)	
CURRENT LIABILITIES		
Electric system revenue bonds (Note 4)	**$ 43,065**	$ 40,465
Electric system subordinated revenue bonds (Note 4)	**95**	-
Electric revenue notes - commercial paper series (Note 4)	**-**	150,000
NC2 separate electric system revenue bonds (Note 4)	**3,190**	3,080
Accounts payable	**95,218**	86,680
Accrued payments in lieu of taxes	**31,185**	30,594
Accrued interest	**41,214**	39,291
Accrued payroll	**26,597**	36,041
NC2 participant deposits	**9,342**	9,350
Other (Note 2)	**7,211**	7,005
Total current liabilities	**257,117**	402,506
LIABILITIES PAYABLE FROM SEGREGATED FUNDS (Note 2)	**30,495**	30,200
LONG-TERM DEBT (Note 4)		
Electric system revenue bonds - net of current	**1,470,660**	1,431,365
Electric system subordinated revenue bonds - net of current	**337,280**	337,375
Electric revenue notes - commercial paper series	**150,000**	-
Minibonds	**29,338**	28,913
NC2 separate electric system revenue bonds - net of current	**222,720**	233,645
Total long-term debt	**2,209,998**	2,031,298
Unamortized discounts and premiums	**163,421**	104,092
Total long-term debt - net	**2,373,419**	2,135,390
OTHER LIABILITIES		
Decommissioning costs	**375,915**	364,096
Net pension liability (Note 5)	**407,174**	-
Other (Note 2)	**11,416**	12,294
Total other liabilities	**794,505**	376,390
COMMITMENTS AND CONTINGENCIES (Note 12)		
TOTAL LIABILITIES	**3,455,536**	2,944,486
DEFERRED INFLOWS OF RESOURCES		
Rate stabilization reserve (Note 6)	**16,000**	41,000
Unamortized gain on refunded debt	**168**	—
Total deferred inflows of resources	**16,168**	41,000
NET POSITION		
Net investment in capital assets	**1,380,680**	1,285,648
Restricted	**50,069**	48,239
Unrestricted	**525,037**	587,626
Total net position	**1,955,786**	1,921,513
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	**$ 5,427,490**	$ 4,906,999

See notes to financial statements

Statements of Revenues, Expenses and Changes in Net Position
for the Years Ended December 31, 2015 and 2014

	2015	2014
	(thousands)	
OPERATING REVENUES		
Retail sales	**$ 904,793**	$ 873,605
Off-system sales	**195,512**	223,055
Other electric revenues	**30,930**	29,798
Total operating revenues	**1,131,235**	1,126,458
OPERATING EXPENSES		
Operations and maintenance		
Fuel	**195,128**	208,533
Purchased power	**107,672**	93,977
Production	**282,149**	286,465
Transmission	**32,995**	29,195
Distribution	**42,915**	45,628
Customer accounts	**15,389**	16,160
Customer service and information	**16,396**	15,408
Administrative and general	**147,344**	137,153
Total operations and maintenance	**839,988**	832,519
Depreciation and amortization	**151,033**	140,485
Decommissioning	**5,161**	3,403
Payments in lieu of taxes	**32,241**	31,651
Total operating expenses	**1,028,423**	1,008,058
OPERATING INCOME	**102,812**	118,400
OTHER INCOME (EXPENSES)		
Contributions in aid of construction	**15,063**	6,512
Reduction of plant costs recovered through contributions in aid of construction	**(15,063)**	(6,512)
Decommissioning funds - investment income	**4,078**	14,575
Decommissioning funds - reinvestment	**(4,078)**	(14,575)
Investment income	**1,826**	2,519
Allowances for funds used during construction	**8,474**	13,998
Products and services - net	**4,287**	3,247
Other - net (Note 9)	**8,342**	9,105
Total other income - net	**22,929**	28,869
INTEREST EXPENSE	**91,468**	95,344
NET INCOME	**34,273**	51,925
NET POSITION, BEGINNING OF YEAR	**1,921,513**	1,869,588
NET POSITION, END OF YEAR	**$1,955,786**	$ 1,921,513

See notes to financial statements

Statements of Cash Flows
for the Years Ended December 31, 2015 and 2014

	2015	2014
	(thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from retail customers	**$ 948,559**	$ 950,104
Cash received from off-system counterparties	**167,704**	206,333
Cash received from insurance companies	**2,500**	-
Cash paid to operations and maintenance suppliers	**(554,110)**	(556,564)
Cash paid to off-system counterparties	**(90,994)**	(79,583)
Cash paid to employees	**(177,926)**	(162,126)
Cash paid for in lieu of taxes and other taxes	**(31,650)**	(31,826)
Net cash provided from operating activities	**264,083**	326,338
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	**634,169**	352,207
Principal reduction of debt	**(530,500)**	(380,370)
Interest paid on debt	**(135,497)**	(108,374)
Acquisition and construction of capital assets	**(204,755)**	(145,552)
Proceeds from NC2 participants	**4,384**	4,272
Contributions in aid of construction and other reimbursements	**12,782**	17,941
Acquisition of nuclear fuel	**(9,443)**	(9,253)
Net cash used for capital and related financing activities	**(228,860)**	(269,129)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	**(1,255,019)**	(792,067)
Maturities and sales of investments	**1,216,779**	657,856
Purchases of investments for decommissioning funds	**(236,039)**	(169,562)
Maturities and sales of investments in decommissioning funds	**230,879**	166,159
Investment income	**2,115**	1,462
Net cash used for investing activities	**(41,285)**	(136,152)
CHANGE IN CASH AND CASH EQUIVALENTS	**(6,062)**	(78,943)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**13,909**	92,852
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 7,847**	$ 13,909
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES		
Operating income	**$ 102,812**	$ 118,400
Adjustments to reconcile operating income to net cash provided from operating activities		
Depreciation, amortization and decommissioning	**156,194**	143,888
Amortization of nuclear fuel	**21,048**	23,600
Changes in assets and liabilities		
Accounts receivable	**2,225**	508
Fossil fuels	**5,257**	(8,008)
Materials and supplies	**(5,734)**	(11,375)
Accounts payable	**(8,960)**	18,070
Accrued payments in lieu of taxes	**592**	(176)
Accrued payroll	**(9,445)**	3,288
SPP deposit	**2,000**	(4,000)
Rate stabilization reserve	**(25,000)**	9,000
Regulatory asset for FPPA	**19,166**	20,147
Regulatory asset for FCS - decommissioning costs	**(2,580)**	-
Regulatory asset for FCS - recovery costs	**12,433**	8,480
Regulatory asset for FCS - outage costs	**(21,110)**	-
Other	**15,185**	4,516
Net cash provided from operating activities	**$ 264,083**	$ 326,338
NONCASH CAPITAL ACTIVITIES		
Utility plant additions from outstanding liabilities	**$ 21,373**	$ 12,601

See notes to financial statements

Notes to Financial Statements
as of and for the Years Ended December 31, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business – The Omaha Public Power District (OPPD or Company), a political subdivision of the state of Nebraska, is a public utility engaged in the generation, transmission and distribution of electric power and energy and other related activities. The Board of Directors is authorized to establish rates. OPPD is generally not liable for federal and state income or ad valorem taxes on property; however, payments in lieu of taxes are made to various local governments.

Basis of Accounting – The financial statements are presented in accordance with generally accepted accounting principles (GAAP) for proprietary funds of governmental entities. Accounting records are maintained generally in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) and all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

OPPD applies the accounting policies established in the GASB Codification Section Re10, *Regulated Operations.* This guidance permits an entity with cost-based rates to include costs in a period other than the period in which the costs would be charged to expense by an unregulated entity if it is probable that these costs will be recovered through rates charged to customers. This guidance also permits an entity to defer revenues by recognizing liabilities to cover future expenditures. The guidance applies to OPPD because the rates of the Company’s regulated operations are established and approved by the governing board.

If, as a result of changes in regulation or competition, the ability to recover these assets and to satisfy these liabilities would not be assured, OPPD would be required to write off or write down such regulatory assets and liabilities, unless some form of transition cost recovery continues through established rates. In addition, any impairment to the carrying costs of deregulated plant and inventory assets would be determined. There were no write-downs of regulatory assets for the years ended December 31, 2015 and 2014. See Regulatory Assets and Liabilities section of Note 1.

Classification of Revenues and Expenses – Revenues and expenses related to providing energy services in connection with the Company’s principal ongoing operations are classified as operating. All other revenues and expenses are classified as non-operating and reported as other income (expenses) on the Statements of Revenues, Expenses and Changes in Net Position.

Revenue Recognition – Electric operating revenues are recognized as earned. Meters are read and bills are rendered on a cycle basis. Revenues earned after meters are read are estimated and accrued as unbilled revenues at the end of each accounting period.

Cash and Cash Equivalents – The operating fund account is called the Electric System Revenue Fund (Note 3). Highly liquid investments for the Electric System Revenue Fund with an original maturity of three months or less are considered to be cash equivalents. Restricted cash and cash equivalents, if any, are included in the Special Purpose Fund balances. The cash amounts included in the Electric System Revenue Bond Fund were $0 and $5,459,000 as of December 31, 2015 and 2014,

respectively. The cash amounts included in the Electric System Construction Fund were $0 and $1,044,000 as of December 31, 2015 and 2014, respectively.

Accounts Receivable – Accounts Receivable includes outstanding amounts from customers and an estimate for unbilled revenues. An estimate is made for the Reserve for Uncollectible Accounts for retail customers based on an analysis of Accounts Receivable and historical write-offs net of recoveries. Additional amounts may be included based on the credit risks of significant parties. Accounts Receivable includes $43,129,000 and $44,105,000 in unbilled revenues as of December 31, 2015 and 2014, respectively. Accounts Receivable was reported net of the Reserve for Uncollectible Accounts of $900,000 and $1,200,000 as of December 31, 2015 and 2014, respectively.

Utility Plant – Utility plant is stated at cost, which includes property additions, replacements of property units and betterments. Maintenance and replacement of minor items are charged to operating expenses. Costs of depreciable units of electric plant retirements are eliminated from electric plant accounts by charges, less salvage plus removal expenses, to the accumulated depreciation account. Electric plant includes both tangible and intangible assets. Intangible assets include costs related to regulatory licenses, software licenses and other rights to use property. Electric plant includes construction work in progress of $400,270,000 and $386,927,000 as of December 31, 2015 and 2014, respectively.

The following table summarizes electric plant balances as of December 31, 2014, activity for 2015 and balances as of December 31, 2015, (in thousands).

	2014	Additions	Retirements	2015
Electric plant	$ 5,306,309	$ 205,677	$ (24,432)	$ 5,487,554
Less accumulated depreciation & amortization	2,048,628	159,069	(24,430)	2,183,267
Electric plant - net	$ 3,257,681	$ 46,608	$ (2)	$ 3,304,287

Allowances for funds used during construction (AFUDC), approximates OPPD's current weighted average cost of debt. AFUDC was capitalized as a component of the cost of utility plant. These allowances for both construction work in progress and nuclear fuel were computed at 3.4% and 3.8% for the years ended December 31, 2015 and 2014, respectively.

Long-lived assets, such as property, plant and equipment are periodically reviewed for impairment or whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When the magnitude of the decline in service utility is significant and not part of the asset's normal life cycle, the asset is considered impaired. There were no write-downs for impairments for the years ended December 31, 2015 and 2014.

Contributions in Aid of Construction (CIAC) – Payments are received from customers for construction costs primarily relating to the expansion of the electric system. FERC guidelines are followed in recording CIAC. These guidelines direct the reduction of utility plant assets by the amount of contributions received toward the construction of utility plant. CIAC is recorded as other income of $15,063,000 and offset by an expense in the same amount representing the recovery of plant costs. CIAC primarily includes payments for transmission, distribution and generating station assets. This

allows for compliance with GASB Codification Section N50, *Nonexchange Transactions*, while continuing to follow FERC guidelines.

The following table summarizes the sources of CIAC as of December 31 (in thousands).

	2015	2014
Transmission and distribution	$ 9,082	$ 4,990
Nebraska City Station Unit 2 (NC2) participants	5,981	1,501
Fort Calhoun Station (FCS) dry cask storage	-	21
Total	$ 15,063	$ 6,512

Depreciation and Amortization – Depreciation for assets is computed on the straight-line basis at rates based on the estimated useful lives of the various classes of property. Depreciation expense for depreciable property averaged approximately 3.1% and 3.0% for the years ended December 31, 2015 and 2014, respectively.

Amortization of nuclear fuel is based on the cost thereof, and is recorded as nuclear fuel expense of $21,048,000 and $23,600,000 for the years ended December 31, 2015 and 2014, respectively. Amortization is prorated by fuel assembly in accordance with the thermal energy that each assembly produces.

Intangible assets are amortized over their expected useful life. Amortization of intangible assets is included with depreciation and amortization expense in these financial statements. The amortization was $5,971,000 and $4,142,000 for the years ended December 31, 2015 and 2014, respectively.

NC2 was placed in commercial operation in 2009. Half of the unit's output is sold under 40-year Participation Power Agreements (PPAs). Certain participants funded their share of construction costs with NC2 Separate Electric System Revenue Bonds. These participants are billed for the debt service related to these bonds. The amounts recovered for debt service for the electric plant construction and other costs are included in off-system sales revenues. The revenues related to principal repayment will equal related depreciation and other deferred NC2 expenses over the 40-year term of the PPAs. A regulatory asset was established to equate expenses and the amount included in off-system sales revenues for principal repayment in order to maintain revenue neutrality in the interim years. This regulatory asset will increase annually until 2030 when principal repayments begin exceeding depreciation and other deferred expenses. After 2030, the regulatory asset will be reduced annually by recognizing deferred depreciation and other deferred expenses until its elimination in 2049, which is the end of the initial term of the PPAs.

In 2004, the Board of Directors approved a change in the depreciation estimate for FCS production plant assets to 2043. This estimate is ten years beyond the term of FCS's current operating license. A regulatory asset was established for the difference in depreciation expense resulting from the use of the estimated economic life of the asset versus the license term. The reduction in depreciation expense will be recorded each year as a regulatory asset in deferred charges until 2033. The regulatory asset will be reduced through the recognition of depreciation expense over the assets' remaining economic life in the years 2034 through 2043.

The Board of Directors approved a resolution in June 2014 for the Future Power-Generation Plan (Plan). The Plan includes changes to the generation portfolio, including the retirement in 2016 of North Omaha Station Units 1, 2 and 3, to comply with existing and future environmental regulations. The estimated useful lives of North Omaha Station Units 1, 2 and 3 were reduced as a result of the planned future retirement. This change in estimate resulted in additional depreciation expense of $9,923,000 and $5,400,000 for the years ended December 31, 2015 and 2014, respectively.

Nuclear Fuel Disposal Costs – Permanent disposal of spent nuclear fuel is the responsibility of the federal government under an agreement entered into with the Department of Energy (DOE). Under the agreement, there was a fee of one mill per kilowatt-hour on net electricity generated and sold from FCS. The collection of this fee was suspended in May 2014 until the DOE completes a fee adequacy study that complies with the Nuclear Waste Policy Act or until Congress enacts an alternative fuel management plan. The spent nuclear fuel disposal costs, if any, are included in nuclear fuel amortization and are collected from customers as part of fuel costs. There were nuclear fuel disposal costs of $0 and $1,447,000 for the years ended December 31, 2015 and 2014, respectively.

The agreement required the federal government to begin accepting high-level nuclear waste by January 1998; however, the DOE does not have a storage facility. In May 1998, the United States Court of Appeals confirmed the DOE's statutory obligation to accept spent fuel by 1998, but rejected the request that a move-fuel order be issued. In March 2001, OPPD, along with a number of other utilities, filed suit against the DOE in the United States Court of Federal Claims alleging breach of contract.

In 2006, the DOE agreed to reimburse OPPD for allowable costs for managing and storing spent nuclear fuel and high-level waste incurred due to the DOE's delay in accepting waste. Applications are submitted periodically to the DOE for reimbursement of costs incurred for the storage of high-level nuclear waste and any reimbursements are included in CIAC.

Nuclear Decommissioning – Based on the decommissioning plan established in 1983, the Board of Directors approved the collection of nuclear decommissioning costs using an independent engineering study of the costs to decommission FCS. The Company established a Decommissioning Funding Plan for FCS in 1990 in compliance with Nuclear Regulatory Commission (NRC) regulations. Its purpose is to accumulate funds to decommission the radiated portions of FCS as defined by the NRC. The NRC's funding requirement is based on a defined cost formula and adjusted annually. The Company established a Supplemental Decommissioning Funding Plan for FCS in 1992 to accumulate funds to fully decommission FCS including funds for additional costs beyond the NRC minimum that are needed to decommission the radiated plant, the fuel facility and the non-radiated plant.

Based on cost estimates, inflation rates and fund earnings projections, no funding was necessary from 2001 through 2013 for either plan. However, an analysis by the Company and an outside consultant determined that additional funding was needed for the Supplemental Decommissioning Fund beginning in 2014 to meet the estimated cost to fully decommission FCS. OPPD temporarily suspended funding for the Supplemental Decommissioning Fund in September 2015 to reduce expenditures and the related impact on rates. In December 2015, the Board of Directors authorized the use of regulatory accounting to match the decommissioning expense to the amount funded. It is

anticipated the supplemental decommissioning funding will resume in 2017. The annual funding amount was $5,161,000 and $3,403,000 for 2015 and 2014, respectively.

Decommissioning funds are reported at fair value. The decommissioning cost liability is adjusted for investment income and changes in fair value, resulting in no impact on net income. Investment income was $8,672,000 and $8,475,000 for the years ended December 31, 2015 and 2014, respectively. The fair value of the decommissioning funds decreased $4,594,000 and increased $6,100,000 during 2015 and 2014, respectively. The present value of the total decommissioning cost estimate for FCS was $883,954,000 and $869,223,000 as of June 30, 2015 and 2014, respectively.

Pension – Information about the fiduciary net position of the OPPD Retirement Plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported for purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. Benefit payments are recognized when distributed in accordance with the benefit terms. Investments are recorded at fair value (Note 5).

Regulatory Assets and Liabilities – Rates for regulated operations are established and approved by the Board of Directors. The provisions of GASB Codification Section Re10, *Regulated Operations,* are applied. This guidance provides that regulatory assets are rights to additional revenues or deferred expenses, which are expected to be recovered through customer rates over some future period. Regulatory liabilities are reductions in earnings (or costs recovered) to cover future expenditures.

A Planned Nuclear Refueling Outage (Outage), as defined by OPPD, is a regularly scheduled refueling outage at FCS. These Outages are periodically completed to maintain and enhance the performance and efficiency of station operations, which benefits the station over the next operating cycle of production. The Board of Directors authorized regulatory accounting treatment for qualifying Outage costs to allow the use of the defer-and-amortize method. Eligible Outage costs will be deferred as a regulatory asset and amortized to expense over the subsequent operating cycle. FCS completed a major maintenance and refueling outage in June 2015. The balance of the FCS outage deferral was $21,110,000 as of December 31, 2015.

A Fuel and Purchased Power Adjustment (FPPA) was implemented in the retail rate structure in 2010. The Board of Directors authorized the use of regulatory accounting to maintain revenue neutrality by matching retail revenues attributed to fuel and purchased power costs with the actual costs incurred. There were FPPA under-recoveries of $8,233,000 and $2,873,000 for the years ended December 31, 2015 and 2014, respectively. The FPPA regulatory assets were reduced for customer collections of $27,399,000 and $23,020,000 in 2015 and 2014, respectively.

The regulatory asset for FPPA, included in Other Current Assets, was $8,233,000 and $27,399,000 as of December 31, 2015 and 2014, respectively (Note 2). This regulatory asset represented the rights to additional revenues based on incurred expenses due to under-recoveries of fuel and purchased power costs.

Additional regulatory assets included in Other Long-Term Assets consist of deferred financing costs, deferred pension costs and other deferred expenses for FCS and NC2. In 2004, the Board of Directors approved a change in the depreciation estimate for FCS production assets to 2043. This estimate is ten

years beyond the term of the current operating license. NC2 was placed in commercial operation in 2009. As previously noted, certain NC2 expenses were deferred to maintain revenue neutrality from transactions with participants who funded their share of construction costs with NC2 Separate Electric System Revenue Bonds.

The Board of Directors authorized the use of regulatory accounting for debt issuance costs in 2012 because of new accounting standards which would have required these costs to be expensed in the period incurred. These costs are amortized over the life of the associated bond issues consistent with the rate methodology. The Board of Directors also authorized the use of regulatory accounting in 2012 for significant, unplanned operations and maintenance costs at FCS incurred to address concerns from the NRC and enhance operations. These costs are being amortized over a ten-year period which commenced in 2013 with FCS's return to service.

The Company adopted the GASB accounting standards for the financial accounting and reporting of pension plans in 2015. These standards required the Company to recognize a liability for the pension obligation on the Statement of Net Position. In December 2014, the Board of Directors authorized the use of regulatory accounting for pension costs to establish a regulatory asset to match the pension expense to the amounts funded and the cost recovery through rates.

The Board of Directors authorized the use of regulatory accounting for the unfunded supplemental decommissioning costs in December 2015. The use of regulatory accounting allows the matching of decommissioning expense to the amounts funded. It is anticipated the funding will resume in 2017.

The following table summarizes the balances of regulatory assets as of December 31, 2014, activity for 2015 and balances as of December 31, 2015, (in thousands).

	2014	Additions	Reductions	2015
Regulatory asset for pension	$ -	$ 290,100	$ -	$ 290,100
Regulatory asset for FCS - recovery costs	129,882	2,349	(14,782)	117,449
Regulatory asset for FCS - depreciation	67,841	6,787	-	74,628
Regulatory asset for NC2	43,895	1,755	-	45,650
Regulatory asset for FCS - outage costs	-	38,058	(16,948)	21,110
Regulatory asset for financing costs	12,947	2,434	(4,569)	10,812
Regulatory asset for FPPA	27,399	8,233	(27,399)	8,233
Regulatory asset for FCS - decommissioning costs	-	2,580	-	2,580
Total	$ 281,964	$ 352,296	$ (63,698)	$ 570,562

Regulatory liabilities are deferred inflows of resources and consist of the Rate Stabilization Reserve. This reserve was established to help maintain stability in OPPD's long-term rate structure (Note 6). In October 2015, the Board of Directors authorized a transfer from the Rate Stabilization Reserve to provide additional revenues for operations. There was a transfer of $25,000,000 from the reserve in December 2015. The balance of the Rate Stabilization Reserve was $16,000,000 and $41,000,000 as of December 31, 2015 and 2014, respectively.

Net Position – Net Position is reported in three separate components on the Statements of Net Position. Net Investment in Capital Assets is the net position share attributable to net utility plant assets reduced by outstanding related debt. Restricted is the share of net position that has usage restraints imposed by law or by debt covenants, such as certain revenue bond funds and segregated funds, net of related liabilities. Unrestricted is the share of net position that is neither restricted nor invested in capital assets.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements – The Company has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* (GASB 68). These statements were simultaneously implemented in 2015. The implementation of these statements resulted in the recognition of a net pension liability of $338,210,000 on the Statements of Net Position as of January 1, 2015. The implementation of these statements also resulted in the recognition of a deferred outflow of resources of $53,008,000 as of January 1, 2015, for pension contributions made subsequent to the measurement date of January 1, 2014. In December 2014, the Board of Directors authorized the use of regulatory accounting for pension costs to establish a regulatory asset to match the pension expense to the amounts funded and the cost recovery through rates. A regulatory asset of $285,202,000 was recorded as of January 1, 2015. The prior period was not restated as the information was not readily available.

GASB issued Statement No. 72, *Fair Value Measurement and Application* in February 2015. The objective of this statement is to define fair value and describe how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This statement is effective for reporting periods beginning after June 15, 2015. The Company does not anticipate the implementation will have a material impact on OPPD's financial reporting.

GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in June 2015. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This statement is effective for reporting periods beginning after June 15, 2017. The impact to OPPD's financial reporting is being evaluated.

GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* in June 2015. The objective of this statement is to identify the hierarchy of GAAP. This statement is effective for reporting periods beginning after June 15, 2015. The Company does not anticipate the implementation will have a material impact on OPPD's financial reporting as the company already follows this hierarchy.

2. ASSETS AND LIABILITIES DETAIL BALANCES

Current Assets - Other

The composition as of December 31 was as follows (in thousands):

	2015	2014
Regulatory asset for FCS - outage costs	$ 21,110	$ -
Regulatory asset for FCS - recovery costs	14,836	14,566
Regulatory asset for FPPA	8,233	27,399
Prepayments	7,530	8,139
Deposit with SPP	4,000	6,000
Regulatory asset for financing costs	654	-
Interest receivable	602	321
Sulfur dioxide allowance inventory	378	1,287
Commodity derivative instruments (Note 7)	97	629
Other	4	3
Total	$ 57,444	$ 58,344

Other Long-Term Assets - Regulatory Assets

The composition as of December 31 was as follows (in thousands):

	2015	2014
Regulatory asset for pension	$ 290,100	$ -
Regulatory asset for FCS - recovery costs (net of current)	102,613	115,316
Regulatory asset for FCS - depreciation	74,628	67,841
Regulatory asset for NC2	45,650	43,895
Regulatory asset for financing costs (net of current)	10,158	12,947
Regulatory asset for FCS - decommissioning costs	2,580	-
Total	$ 525,729	$ 239,999

Other Long-Term Assets – Non-Regulatory Assets

The composition as of December 31 was as follows (in thousands):

	2015	2014
Job Orders	4,766	4,145
Other	3,980	5,178
Total	$ 8,746	$ 9,323

Current Liabilities - Other

The composition as of December 31 was as follows (in thousands):

	2015	2014
Unearned revenues	$ 2,307	$ 2,385
Auction revenue rights (Note 7)	766	1,836
Deposits	501	1,043
Payroll taxes and other employee liabilities	361	466
Other	3,276	1,275
Total	$ 7,211	$ 7,005

Liabilities Payable from Segregated Funds

The composition as of December 31 was as follows (in thousands):

	2015	2014
Customer deposits	$ 21,982	$ 21,346
Incurred but not presented reserve	3,574	3,012
Customer advances for construction	2,439	3,343
Other	2,500	2,499
Total	$ 30,495	$ 30,200

Other Liabilities - Other

The composition as of December 31 was as follows (in thousands):

	2015	2014
Unearned revenues (net of current)	$ 6,463	$ 8,399
Workers' compensation reserve	1,545	1,484
Capital purchase agreement	1,469	1,716
Public liability reserve	121	73
Other	1,818	622
Total	$ 11,416	$ 12,294

3. FUNDS AND INVESTMENTS

Funds of OPPD were as follows:

Electric System Revenue Fund and NC2 Separate Electric System Revenue Fund – These funds are to be used for operating activities for their respective electric system. Cash and cash equivalents in the Electric System Revenue Fund are shown separately from investments on the Statements of Net Position.

Electric System Revenue Bond Fund, Electric System Subordinated Revenue Bond Fund and NC2 Separate Electric System Revenue Bond Fund – These funds are to be used for the retirement of their respective revenue bonds and the payment of the related interest and reserves as required. Investments with maturity dates within the next year are designated as current. The fund included restricted cash from bond proceeds pending investment purchases of $0 and $5,459,000 as of December 31, 2015 and 2014, respectively.

Electric System Construction Fund and NC2 Separate Electric System Capital Costs Fund – These funds are to be used for capital improvements, additions and betterments to and extensions of their respective electric system. The fund included restricted cash from bond proceeds of $0 and $1,044,000 as of December 31, 2015 and 2014, respectively.

Segregated Fund – Rate Stabilization – This fund is to be used to help stabilize rates through the transfer of funds to operations as necessary. Since there is no funding requirement for the Rate Stabilization Reserve, this fund also may be used to provide additional liquidity for operations as necessary (Notes 1, 6).

Segregated Fund – Other – This fund represents assets held for payment of customer deposits, refundable advances, certain other liabilities and funds set aside for terminal removal costs for NC2 and OPPD's self-insured health insurance plans (Note 5).

The following table summarizes the balances of the Segregated Fund - Other as of December 31 (in thousands).

	2015	2014
Customer deposits and advances	$ 24,699	$ 24,864
Self-insurance	6,577	5,791
Other	3,669	3,283
Total	$ 34,945	$ 33,938

Decommissioning Funds – These funds are for the costs to decommission FCS when its operating license expires. The Decommissioning Funds are held by an outside trustee in compliance with the decommissioning funding plans approved by the Board of Directors. The 1990 Plan was established in accordance with NRC regulations for the purpose of discharging the obligation to decommission FCS. The 1992 Plan was established to retain funds in excess of NRC minimum funding requirements based on an independent engineering study which indicated that decommissioning costs would exceed the NRC minimum requirements.

The following table summarizes the balances of the Decommissioning Funds as of December 31 (in thousands).

	2015	2014
Decommissioning Trust - 1990 Plan	$ 278,674	$ 275,729
Decommissioning Trust - 1992 Plan	94,660	88,367
Total	$ 373,334	$ 364,096

Fair Value of Investments – These values were determined based on quotes received from trustees' market valuation services.

The following table summarizes OPPD's investments as of December 31 (in thousands). The weighted average maturity was based on the face value for investments.

	2015		2014	
		Weighted Average		Weighted Average
Investment Type	**Fair Value**	**Maturity (Years)**	**Fair Value**	**Maturity (Years)**
Commercial paper	$ 506	0.5	$ -	-
Money market	39,301	-	21,807	-
Mutual funds	199,149	-	196,558	-
U.S. agencies	551,542	1.6	541,240	1.3
U.S. treasuries	109,713	1.5	61,735	3.3
Corporate bonds	19,186	0.7	23,456	1.5
World bank security notes	35,626	0.2	56,927	0.2
Total	$ 955,023		$ 901,723	
Portfolio weighted average maturity		1.2		1.0

The above table does not include restricted cash of $0 and $6,503,000 for December 31, 2015 and 2014 respectively, and interest receivables of $666,000 and $557,000 for December 31, 2015 and 2014, respectively.

Interest Rate Risk – The investment in relatively short-term securities reduces interest rate risk, as evidenced by its portfolio weighted average maturity of 1.2 and 1.0 years as of December 31, 2015 and 2014, respectively. In addition, OPPD is a buy-and-hold investor, which minimizes interest rate risk.

Credit Risk – The investment policy is to comply with bond covenants and state statutes for governmental entities, which limit investments to investment-grade fixed income obligations. The Company was in full compliance with bond covenants and state statutes as of December 31, 2015 and 2014.

Custodial Credit Risk – Bank deposits were entirely insured or collateralized with securities held by OPPD or by its agent in OPPD's name at December 31, 2015 and 2014. All investment securities are delivered under contractual trust agreements.

4. DEBT

The proceeds of debt issued are utilized primarily to finance the construction program. Favorable market conditions in 2015 and 2014 resulted in multiple refinancing activities. The Company is in compliance with all debt covenants.

The following table summarizes the debt balances as of December 31, 2014, activity for 2015 and balances as of December 31, 2015, (in thousands).

	2014	Additions	Retirements	2015
Electric system revenue bonds	$ 1,471,830	$ 447,200	$ (405,305)	$ 1,513,725
Electric system subordinated revenue bonds	337,375	-	-	337,375
Electric revenue notes - commercial paper series	150,000	-	-	150,000
Minibonds	28,913	560	(135)	29,338
NC2 separate electric system revenue bonds	236,725	114,245	(125,060)	225,910
Total	$ 2,224,843	$ 562,005	$ (530,500)	$ 2,256,348

Lien Structure – In the event of a default, subject to the terms and conditions of debt covenants, OPPD is required to satisfy all Electric System Revenue Bond obligations before paying second-tier bonds and notes which are Electric System Subordinated Revenue Bonds, Electric Revenue Notes – Commercial Paper Series and Minibonds.

Electric System Revenue Bonds – These bonds are payable from and secured by a pledge of and lien upon the revenues of the Electric System, subject to the prior payment therefrom of the operations and maintenance expenses of the Electric System. The Electric System Revenue Bonds are Senior Bonds.

Moody's Investors Service and Standard & Poor's Rating Services rated the Electric System Revenue Bonds as Aa2 and AA, respectively in both 2015 and 2014.

The following table summarizes outstanding Electric System Revenue Bonds as of December 31, 2015, (in thousands).

Issue	Maturity Dates	Type	Interest Rates	Amount
2008 Series A	2018	Serial	4.6%	$ 2,900
2009 Series A	2023 - 2029	Serial	4.0% - 4.75%	25,700
2009 Series A	2030 - 2039	Term	5.0%	59,300
2010 Series A	2022 - 2041	Term	5.431%	120,000
2011 Series A	2016 - 2024	Serial	3.125% - 5.0%	95,360
2011 Series B	2023 - 2029	Serial	3.25% - 5.0%	34,570
2011 Series B	2030 - 2042	Term	4.0% - 5.0%	103,360
2011 Series C	2016 - 2030	Serial	2.5% - 5.0%	125,965
2012 Series A	2023 - 2034	Serial	4.0% - 5.0%	139,480
2012 Series A	2035 - 2042	Term	5.0%	133,175
2012 Series B	2017 - 2034	Serial	3.0% - 5.0%	141,295
2012 Series B	2038 - 2046	Term	3.75% - 5.0%	85,420
2015 Series A	2022 - 2034	Serial	2.85% - 5.0%	38,630
2015 Series A	2035 - 2045	Term	4.0% - 5.0%	54,375
2015 Series B	2017 - 2034	Serial	2.0% - 5.0%	223,495
2015 Series B	2035 - 2039	Term	4.0%	36,555
2015 Series C	2032 - 2043	Serial	3.5% - 5.0%	94,145
Total				$ 1,513,725

The following table summarizes outstanding Electric System Revenue Bonds as of December 31, 2014, (in thousands).

Issue	Maturity Dates	Type	Interest Rates	Amount
2005 Series B	2017 - 2022	Serial	5.0%	$ 17,740
2007 Series A	2018 - 2027	Serial	4.0% - 5.0%	108,705
2007 Series A	2029 - 2043	Term	4.75% - 5.0%	136,295
2008 Series A	2018 - 2028	Serial	4.6% - 5.5%	34,710
2008 Series A	2029 - 2039	Term	5.5%	70,290
2009 Series A	2023 - 2029	Serial	4.0% - 4.75%	25,700
2009 Series A	2030 - 2039	Term	5.0%	59,300
2010 Series A	2022 - 2041	Term	5.431%	120,000
2011 Series A	2015 - 2024	Serial	3.125% - 5.0%	129,020
2011 Series B	2023 - 2029	Serial	3.25% - 5.0%	34,570
2011 Series B	2030 - 2042	Term	4.0% - 5.0%	103,360
2011 Series C	2015 - 2030	Serial	2.5% - 5.0%	132,770
2012 Series A	2023 - 2034	Serial	4.0% - 5.0%	139,480
2012 Series A	2035 - 2042	Term	5.0%	133,175
2012 Series B	2017 - 2034	Serial	3.0% - 5.0%	141,295
2012 Series B	2038 - 2046	Term	3.75% - 5.0%	85,420
Total				$ 1,471,830

OPPD issued $93,005,000 of Electric System Revenue Bonds, 2015 Series A and $260,050,000 of Electric System Revenue Bonds, 2015 Series B on January 7, 2015. The 2015 Series A and B Bonds were used to finance new capital expenditures and refund the remaining 2005 Series B Bonds, a portion of the 2007 Series A and a portion of the 2008 Series A Bonds. The refunding reduced total debt service payments over the life of the bonds by $35,777,000 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $25,377,000. A principal payment of $40,465,000 was made on February 2, 2015, for the Electric System Revenue Bonds. The Company issued $94,145,000 of Electric System Revenue Bonds, 2015 Series C on February 26, 2015. The bonds were used for the refunding of all of the remaining 2007 Series A Bonds. The refunding reduced total debt service payments over the life of the bonds by $12,275,000 and resulted in an economic gain of $7,321,000.

On February 1, 2014, a principal payment of $30,545,000 was made for the Electric System Revenue Bonds.

Electric System Revenue Bonds from the following series, with outstanding principal amounts of $392,410,000 as of December 31, 2015, were legally defeased: 1992 Series B, 1993 Series B, 2005 Series B, 2007 Series A and 2008 Series A. Electric System Revenue Bonds from the following series, with outstanding principal amounts of $102,170,000 as of December 31, 2014, were legally defeased: 1986 Series A, 1992 Series B, 1993 Series B and 2005 Series B. Defeased bonds are funded by government securities in irrevocable escrow accounts. Accordingly, the bonds and the related government securities escrow accounts are not included in the Statements of Net Position.

OPPD's bond indenture, amended effective February 6, 2015, provides for certain restrictions, the most significant of which are:

- Additional bonds may not be issued unless estimated net receipts (as defined) for each future year equal or exceed 1.4 times the debt service on all Electric System Revenue Bonds outstanding, including the additional bonds being issued or to be issued in the case of a power plant (as defined) being financed in increments.

- The Electric System is required to be maintained by the Company in good condition.

The following table summarizes Electric System Revenue Bond payments (in thousands).

	Principal	Interest
2016	$ 43,065	$ 70,098
2017	45,595	68,168
2018	47,495	66,106
2019	49,720	63,890
2020	51,980	61,508
2021-2025	218,790	275,633
2026-2030	258,645	219,105
2031-2035	284,325	154,114
2036-2040	326,825	84,782
2041-2045	166,900	19,896
2046	20,385	408
Total	$ 1,513,725	$ 1,083,708

The average interest rate for Electric System Revenue Bonds was 4.7% and 4.8% for the years ended December 31, 2015 and 2014, respectively.

Electric System Subordinated Revenue Bonds – These bonds are payable from and secured by a pledge of revenues of the Electric System, subject to the prior payment of the operations and maintenance expenses of the Electric System and the prior payment of the Electric System Revenue Bonds.

Moody's Investors Service and Standard & Poor's Rating Services rated the Electric System Subordinated Revenue Bonds as Aa3 and AA-, respectively in both 2015 and 2014.

The following table summarizes outstanding Electric System Subordinated Revenue Bonds as of December 31, 2015 and 2014, (in thousands).

Issue	Maturity Dates	Type	Interest Rates	Amount
2014 Series AA	2016 - 2032	Serial	2.0% - 5.0%	$ 57,270
2014 Series AA	2028 - 2036	Term	2.25% - 5.25%	98,275
2014 Series BB	2041 - 2042	Term	4.0%	49,205
2014 Series CC	2031 - 2035	Serial	4.0%	29,280
2014 Series CC	2036 - 2038	Term	4.0%	79,115
2014 Series DD	2040	Serial	3.625%	24,230
Total				$ 337,375

OPPD issued 2014 Series AA and Series BB Electric System Subordinated Revenue Bonds on August 26, 2014. The 2014 Series AA Electric System Subordinated Revenue Bonds were used for the refunding of a portion of the 2007 Series AA Electric System Subordinated Revenue Bonds. The refunding reduced total debt service payments over the life of the bonds by $18,913,000 and resulted in an economic gain of $13,085,000. The 2014 Series BB Electric System Subordinated Revenue Bonds were used for the refunding of all of the 2005 Series B and 2006 Series C periodically issued Electric System Subordinated Revenue Bonds. The refunding reduced total debt service payments over the life of the bonds by $5,225,000 and resulted in an economic gain of $3,401,000.

On November 6, 2014, OPPD issued 2014 Series CC and Series DD Electric System Subordinated Revenue Bonds. The 2014 Series CC Electric System Subordinated Revenue Bonds were used for the refunding of the remainder of the 2007 Series AA Electric System Subordinated Revenue Bonds and the refunding of all of the 2005 Series A, 2006 Series B and 2007 Series A periodically issued Electric System Subordinated Revenue Bonds. The refunding reduced total debt service payments over the life of the bonds by $15,633,000 and resulted in an economic gain of $10,161,000. The 2014 Series DD Electric System Subordinated Revenue Bonds were used for the refunding of all of the 2006 Series A periodically issued Electric System Subordinated Revenue Bonds. The refunding reduced total debt service payments over the life of the bonds by $3,412,000 and resulted in an economic gain of $2,337,000.

Electric System Subordinated Revenue Bonds, from the following series, with outstanding principal amounts of $25,000,000 as of December 31, 2015, were legally defeased: 2006 Series B. Electric System Subordinated Revenue Bonds, from the following series, with outstanding principal amounts of $250,000,000 as of December 31, 2014, were legally defeased: 2005 Series A, 2006 Series B and 2007 Series AA. Defeased bonds are funded by government securities in irrevocable escrow accounts. Accordingly, the bonds and the related government securities escrow accounts are not included in the Statements of Net Position.

The following table summarizes Electric System Subordinated Revenue Bonds payments (in thousands).

	Principal	Interest
2016	$ 95	$ 13,387
2017	95	13,385
2018	1,095	13,368
2019	1,090	13,330
2020	825	13,835
2021-2025	15,230	67,937
2026-2030	50,020	60,626
2031-2035	102,215	46,132
2036-2040	117,505	18,486
2041-2042	49,205	1,970
Total	$ 337,375	$ 262,456

The average interest rate for the Electric System Subordinated Revenue Bonds was 4.0% for both years ended December 31, 2015 and 2014.

Electric Revenue Notes - Commercial Paper Series – The outstanding balance of Commercial Paper was $150,000,000 as of December 31, 2015 and 2014. The average borrowing rate was 0.1% for the years ended December 31, 2015 and 2014. A Credit Agreement with Bank of America, N.A., includes a covenant to retain drawing capacity at least equal to the issued and outstanding amount of Commercial Paper Notes. The Credit Agreement will expire on October 1, 2018. Commercial Paper is classified as Long-Term Debt due to the existence of this Credit Agreement and OPPD's intent and ability to refinance Commercial Paper on a long-term basis.

Minibonds – Minibonds consist of current interest-bearing and capital appreciation Minibonds. The Minibonds may be redeemed prior to their maturity dates at the request of a holder, subject to certain conditions as outlined in the Minibond Official Statement. There were no Minibond maturities in 2015 other than redemptions for the annual put option. The average interest rate was 5.05% for the years ended December 31, 2015 and 2014. The principal and interest on these bonds is insured by a municipal bond insurance policy.

The following table summarizes outstanding Minibond balances at December 31 (in thousands).

Principal	2015	2014
2001 Minibonds, due 2021 (5.05%)	$ 23,182	$ 23,317
Accreted interest on capital appreciation Minibonds	6,156	5,596
Total	$ 29,338	$ 28,913

Credit Agreement – OPPD has a Credit Agreement with the Bank of America, N.A., for $250,000,000 which will expire on October 1, 2018. The Credit Agreement includes a financial covenant to retain drawing capacity at least equal to the issued and outstanding amount of Commercial Paper Notes. There were no amounts outstanding under this Credit Agreement as of December 31, 2015 and 2014.

NC2 Separate Electric System Revenue Bonds – Participation Power Agreements were executed with seven public power and municipal utilities for half of the output of NC2. The participants' rights to receive, and obligations to pay costs related to, half of the output is the "Separate System."

Moody's Investors Service and Standard & Poor's Rating Services rated the NC2 Separate Electric System Revenue Bonds as A1 and A, respectively in 2015 and 2014. Standard & Poor's Rating Services upgraded their credit rating for NC2 Separate Electric System Revenue Bonds from A to A+ as of January 21, 2016.

The following table summarizes outstanding NC2 Separate Electric System Revenue Bonds as of December 31, 2015, (in thousands).

Issue	Maturity Dates	Type	Interest Rates	Amount
2006 Series A	2016 - 2026	Serial	3.8% - 4.2%	$ 15,050
2006 Series A	2027 - 2049	Term	4.25% - 5.0%	95,110
2008 Series A	2016 - 2018	Serial	4.05% - 4.45%	1,505
2015 Series A	2016 - 2035	Serial	2.0% - 5.0%	60,070
2015 Series A	2036 - 2046	Term	3.5% - 5.25%	54,175
Total				$ 225,910

The following table summarizes outstanding NC2 Separate Electric System Revenue Bonds as of December 31, 2014, (in thousands).

Issue	Maturity Dates	Type	Interest Rates	Amount
2005 Series A	2015 - 2031	Serial	4.0% - 4.75%	$ 25,835
2005 Series A	2027 - 2046	Term	5.0%	80,465
2006 Series A	2015 - 2026	Serial	3.75% - 4.2%	16,095
2006 Series A	2027 - 2049	Term	4.25% - 5.0%	95,110
2008 Series A	2015 - 2028	Serial	3.8% - 5.4%	8,430
2008 Series A	2029 - 2039	Term	5.6% - 5.8%	10,790
Total				$ 236,725

OPPD issued $114,245,000 of NC2 Separate Electric System Revenue Bonds, 2015 Series A on March 11, 2015. These bonds were used for the refunding of all of the 2005 Series A Bonds, and a portion of the 2008 Series A Bonds. The refunding reduced total debt service payments over the life of the bonds by $15,510,000 and resulted in an economic gain of $13,691,000. A principal payment of $3,080,000 was made on February 2, 2015, for the NC2 Separate Electric System Revenue Bonds.

NC2 Separate Electric System Subordinated Revenue Bonds, from the following series, with outstanding principal amounts of $17,245,000 as of December 31, 2015, were legally defeased: 2008 Series A. There were no Separate Electric System Subordinated Revenue Bonds defeased as of December 31, 2014. Defeased bonds are funded by government securities in irrevocable escrow accounts. Accordingly, the bonds and the related government securities escrow accounts are not included in the Statements of Net Position.

The following table summarizes NC2 Separate Electric System Revenue Bond payments (in thousands).

	Principal	Interest
2016	$ 3,190	$ 10,823
2017	3,245	10,728
2018	3,340	10,612
2019	3,480	10,463
2020	3,635	10,303
2021-2025	20,735	48,895
2026-2030	26,065	43,416
2031-2035	32,740	36,629
2036-2040	39,890	27,917
2041-2045	45,330	17,182
2046-2049	44,260	4,426
Total	$ 225,910	$ 231,394

The average interest rate for NC2 Separate Electric System Revenue Bonds was 4.8% for both years ended December 31, 2015 and 2014.

Fair Value Disclosure – The following table summarizes the aggregate carrying amount and fair value of long-term debt, including the current portion and excluding unamortized gain or loss on refunded debt at December 31 (in thousands).

2015		2014	
Carrying Amount	Fair Value	Carrying Amount	Fair Value
$ 2,419,769	$ 2,710,514	$ 2,328,935	$ 2,693,725

The estimated fair value amounts were determined using rates that are currently available for issuance of debt with similar credit ratings and maturities. As market interest rates decline in relation to the issuer's outstanding debt, the fair value of outstanding debt financial instruments with fixed interest rates and maturities will tend to rise. Conversely, as market interest rates increase, the fair value of outstanding debt financial instruments will tend to decline. Fair value will normally approximate carrying amount as the debt financial instrument nears its maturity date. The use of different market assumptions may have an effect on the estimated fair value amount. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that bondholders could realize in a current market exchange.

5. BENEFIT PLANS FOR EMPLOYEES AND RETIREES

RETIREMENT PLAN

The Company has adopted and implemented the provisions of GASB 68 in 2015. The prior period was not restated as the information was not readily available.

Plan Description and Benefits Provided – The Omaha Public Power District Retirement Plan (Retirement Plan) is a single-employer, defined benefit plan, which provides retirement and death benefits to Plan members and their beneficiaries. The Retirement Plan covers all full-time employees as they are not covered by Social Security. The Retirement Plan was established and may be amended at the direction of OPPD's Board of Directors and is administered by the Company. Ad-hoc cost-of-living adjustments may be provided to retirees and beneficiaries at the discretion of the Board of Directors.

Generally, employees at the normal retirement age of 65 are entitled to annual pension benefits equal to 2.25% of their average compensation (as defined) times years of credited service (as defined) under the Traditional provision (as defined). Employees have the option to retire before the age of 65 if they meet eligibility requirements based on age and years of service. The Retirement Plan was amended as of January 1, 2008 to add a Cash Balance provision (as defined) to allow members the choice between the Traditional and Cash Balance provision for calculating benefits. Under the Cash Balance provision, members can receive the total vested value of their Cash Balance Account at separation from employment with OPPD. Employees were initially allowed to make a one-time irrevocable election to have benefits determined based on the Cash Balance provision instead of the Traditional provision. Effective January 1, 2013, all new employees are only eligible for the Cash Balance provision.

The following table summarizes the membership in the Retirement Plan as of January 1.

	2015	2014
Retirees and beneficiaries receiving benefits	1,915	1,874
Terminated Retirement Plan members entitled to but not receiving benefits	406	479
Active Retirement Plan members [1]	2,237	2,269
Total	4,558	4,622

[1] *There were 320 and 213 members with the Cash Balance provision at December 31, 2015 and 2014, respectively.*

Contributions - Employees contributed 6.2% of their covered payroll to the Retirement Plan for the years ended December 31, 2015 and 2014. The contribution rate for employees is scheduled to remain at 6.2% unless the funded ratio (as defined) is 110% or more, in which case the contribution rate will be decreased in accordance with the Retirement Plan schedule. Employee contributions are immediately 100% vested. An employee's deferred retirement allowance is 100% vested after five years of continuous service (as defined). The Company is obligated to contribute the balance of the funds needed on an actuarially determined basis and has met this funding requirement. The annual required contribution (ARC) was fully funded in the amount of $46,568,000 and $53,008,000 for the years ended December 31, 2015 and 2014, respectively.

Actuarial Assumptions - The total pension liability in the January 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

The total pension liability must be determined using the Entry Age Normal (Level Percent of Pay) cost method per GASB 68. Under this actuarial method, an allocation to past service and future service is made by spreading the costs over an employee's career as a level percentage of pay. The actuarial value of Retirement Plan assets was determined using a method which smoothes the effect of short-term volatility in the market value of investments over approximately five years. Ad-hoc cost-of-living adjustments are provided to retirees and beneficiaries at the discretion of the Board of Directors and are amortized in the year for which the increase is authorized. Except for the liability associated with cost-of-living adjustments, if any, the unfunded actuarial accrued liability was amortized on a level basis (closed group) over 20 years for 2015. The amortization period of the unfunded actuarial accrued liability was changed from 15 years to a 20-year fresh start in 2015. The mortality table for healthy participants was updated from the Static Mortality Table for Annuitants and Non-Annuitants in 2014 to the RP-2014 Aggregate table with generational projection using Scale MP-2014 for 2015.

The other actuarial assumptions for the valuations as of January 1, 2015 and 2014 were as follows:

- The method used for the asset valuation for the actuarially determined contribution was to blend the expected actuarial value of assets with the market value of assets using an 80:20 ratio.
- The average rate of compensation increase varies by age.
- There were no ad-hoc cost-of-living adjustments.
- The average rate of inflation was3.0%.

The actuarial assumptions are based on a study of the experience of the covered group. The last actuarial experience study was performed in 2010. The study will be updated in 2016 with any changes reflected in next year's results.

Discount Rate - The discount rate used to measure the total pension liability was 7.75%. The discount rate is determined using the expected long-term rate of return of each asset class, including inflation and additional yields due to active investment management. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that OPPD contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table summarizes the Target Allocation and Long-Term Expected Real Rate of Return, presented in geometric means, for each major Asset Class.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	28%	5.1%
International Developed Equity	14	5.4
Emerging Markets Equity	10	7.1
Domestic Core Fixed Income	23	1.5
Global Fixed Income	12	0.6
High Yield	3	3.7
Treasury Inflation Protected Securities	5	0.9
Emerging Markets Debt	5	4.4
Total	100%	

Total Pension Liability, Plan Fiduciary Net Position and Net Pension Liability - The total pension liability, plan fiduciary net position and net pension liability are determined in accordance with GASB 68. The amounts are based on the results of an actuarial valuation measurement date of January 1, 2015.

The following table shows the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the Measurement Period from January 1, 2014 to January 1, 2015 and the changes as of December 31 (in thousands).

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
Balance recognized at 1/1/2015	**$ 1,224,899**	**$ 886,689**	**$ 338,210**
(Based on 1/1/2014 measurement date)			
Changes recognized for the fiscal year:			
Service cost	22,492		22,492
Interest on total pension liability	93,643		93,643
Difference between expected and actual experience	(5,328)		(5,328)
Changes of assumptions	54,712		54,712
Contributions from employer		53,008	(53,008)
Contributions from employee		11,720	(11,720)
Net investment income		32,020	(32,020)
Benefit payments, including refunds of employee contributions	(79,681)	(79,681)	
Administrative expense		(193)	193
Net changes	85,838	16,874	68,964
Balance recognized at 12/31/2015	**$ 1,310,737**	**$ 903,563**	**$ 407,174**
(Based on 1/1/2015 measurement date)			

	2015	2014
Plan fiduciary net position as a percentage of the total pension liability	68.94%	72.39%
Actuarially determined contributions	$ 46,568	$ 53,008

Sensitivity – The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for the fiscal year ending December 31, 2015, (in thousands).

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Total Pension Liability	$ 1,462,747	$ 1,310,737	$ 1,182,537
Plan Fiduciary Net Position	903,563	903,563	903,563
Net Pension Liability	$ 559,184	$ 407,174	$ 278,974

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Retirement Plan financial report and can be reviewed by contacting the Pension Administrator at Corporate Headquarters.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2015, OPPD recognized pension expense of $46,568,000.

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources for the year ended December 31, 2015 (in thousands).

	Deferred Outflows	Deferred Inflows
Difference between actual and expected experience	$ 41,608	$ -
Net difference between expected and actual earnings on pension plan investments	28,898	-
Contribution made during the ended December 31, 2015	46,568	-
Total	$ 117,074	$ -

The Company reported $46,568,000 as deferred outflows of resources related to pensions resulting from the contributions made subsequent to the measurement date. This amount will be recognized as pension expense in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense or as a reduction of the Net Pension Liability as follows (in thousands):

Year	Amount
2016	$ 15,002
2017	$ 15,002
2018	$ 15,002
2019	$ 15,001
2020	$ 7,777
Thereafter	$ 2,722

Other employee benefit obligations are provided to allow certain current and former employees to retain the benefits to which they would have been entitled under the Retirement Plan, except for federally mandated limits and to provide supplemental pension benefits. The related pension expense, fund balance and employee benefit obligation were not material for the years ended December 31, 2015 and 2014.

Additional information is available in the Required Supplementary Information section following the notes.

DEFINED CONTRIBUTION RETIREMENT SAVINGS PLAN – 401(k)/457

OPPD sponsors a Defined Contribution Retirement Savings Plan – 401(k) (401k Plan) and a Defined Contribution Retirement Savings Plan – 457 (457 Plan). Both the 401k Plan and 457 Plan cover all full-time employees and allow contributions by employees that are partially matched by the Company. The 401k Plan's and 457 Plan's assets and income are held in an external trust account in each employee's name. The matching share of contributions was $6,210,000 and $6,209,000 for the years ended December 31, 2015 and 2014, respectively. The employer maximum annual match on employee contributions was $3,500 per employee for the years ended December 31, 2015 and 2014.

POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

There are two separate plans for Other Post Employment Benefits (OPEB). OPEB Plan A provides post-employment health care and life insurance benefits to qualifying members. OPEB Plan B provides post-employment health care premium coverage for the Company's share to qualifying members who were hired after December 31, 2007. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

OPEB Plan A

Plan Description – OPEB Plan A (Plan A) provides post-employment health care benefits to retirees, surviving spouses, and employees on long-term disability and their dependents and life insurance benefits to retirees and employees on long term disability. Health care benefits are based on the coverage elected by Plan a members. When members are retired and eligible for Medicare benefits, coverage moves from OPPD's Medical Plans to OPPD's Group Medicare Supplement and Part D Plans. As of January 1, 2015, 1,745 of the 3,982 total members were receiving benefits.

Funded Status and Funding Progress – Plan a members are required to pay a monthly premium based on the elected coverage and the respective premium cost share. The Company contributes the balance of the funds needed on an actuarially determined basis.

The Actuarial Accrued Liability (AAL) is the present value of benefits attributable to past accounting periods.

The following table summarizes AAL and other OPEB Plan an information based on the actuarial valuation as of January 1 (in thousands).

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL Percentage of Covered Payroll ((b-a)/c)
2015	$ 114,122	$ 372,894	$ 258,772	30.6%	$ 196,344	131.8%
2014	$ 100,580	$ 350,049	$ 249,469	28.7%	$ 194,100	128.5%
2013	$ 88,527	$ 322,995	$ 234,468	27.4%	$ 188,675	124.3%

Annual OPEB Cost and Actuarial Assumptions – The annual OPEB cost and ARC for OPEB Plan A was $23,228,000, $22,088,000 and $21,361,000 for the years ended December 31, 2015, 2014 and 2013, respectively. The increases were due to higher trending health care costs. Accounting standards require recognition of an OPEB liability on the Statements of Net Position for the amount of any unfunded ARC. Since the entire ARC was funded, there was no net OPEB obligation as of December 31, 2015, 2014 and 2013. Contributions by Plan A members were $3,439,000, $3,187,000 and $3,098,000 for the years ended December 31, 2015, 2014 and 2013, respectively.

The actuarial assumptions and methods used for the valuations on January 1, 2015, 2014 and 2013, were as follows:

- The pre-Medicare health care trend rates ranged from 7.25% immediate to 5.0% ultimate in 2015, from 7.5% immediate to 5.0% ultimate in 2014 and from 8.0% immediate to 5.0% ultimate in 2013.
- The post-Medicare health care trend rates ranged from 6.5% immediate to 5.0% ultimate in 2015 and 2014 and from 7.5% immediate to 5.0% ultimate in 2013.
- The investment return (discount rate) used was 7.5%, which was based on OPPD's expected long-term return on assets used to finance the payment of plan benefits.
- The average rate of compensation increase used varies by age.
- The actuarial cost method used was the Projected Unit Credit.
- Amortization for the initial unfunded AAL and OPEB Plan changes was determined using a period of 30 years and the increasing method at a rate of 3.0% per year.
- Amortization for all changes (including gains/losses, assumption and plan provisions) after the initial year were determined using a closed period of 15 years and the level dollar method.
- The mortality table used for healthy participants was the RP-2014 Aggregate table with generational projection using Scale MP-2014 for 2015 and the Static Mortality Table for Annuitants and Non-Annuitants for 2014 and 2013.

OPEB Plan B

Plan Description – OPEB Plan B (Plan B) provides post-employment health care premium coverage for the Company's share for retirees and surviving spouses and their dependents to qualifying members who were hired after December 31, 2007. Benefits are based on the coverage elected by the Plan B

members and the balance in the member's hypothetical account, which is a bookkeeping account. The hypothetical accounts are credited with $10,000 upon commencement of full-time employment, $1,000 annually on the member's anniversary date and interest income at 5.0% annually. Plan B benefits are for the payment of OPPD's share of the members' health care premiums. Plan benefits will continue until the member and eligible spouse cease to be covered under the Company's Medical Plan, the member's hypothetical account is depleted or Plan B terminates, whichever occurs first. Benefits are forfeited for any member who fails to retire or who retires but does not immediately commence payments. As of January 1, 2015, only 2 of the 760 Plan B members were receiving benefits.

Funded Status and Funding Progress – Funds are contributed, as needed, on an actuarially determined basis. Members do not contribute to Plan B.

The following table summarizes AAL and other OPEB Plan B information based on the actuarial valuations as of January 1 (in thousands).

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Overfunded Accrued Liability (OAL) (a - b)	Funded Ratio (a/b)	Covered Payroll (c)	OAL Percentage of Covered Payroll ((a-b)/c)
2015	$ 3,670	$ 2,244	$ 1,426	163.5%	$ 63,914	2.2%
2014	$ 3,509	$ 1,526	$ 1,983	230.0%	$ 50,727	3.9%
2013	$ 3,633	$ 1,033	$ 2,600	351.7%	$ 41,942	6.2%

Annual OPEB Cost and Actuarial Assumptions – The OPEB Plan B ARC was $297,000, $145,000 and $47,000 for the years ended December 31, 2015, 2014 and 2013, respectively. The annual OPEB cost was $402,000, $250,000 and $148,000 for the years ended December 31, 2015, 2014 and 2013, respectively. There was an OPEB net asset of $867,000, $1,269,000 and $1,519,000 as of December 31, 2015, 2014 and 2013, respectively. Company contributions were $0 for the years ended December 31, 2015, 2014 and 2013.

The actuarial assumptions and methods used for the valuations on January 1, 2015, 2014 and 2013 were as follows:

- The investment return (discount rate) used was 5.5%, which was based on OPPD's expected long-term return on assets used to finance the payment of plan benefits.
- The actuarial cost method used was Projected Unit Credit.
- Amortization for gains/losses was determined using a closed period of 15 years and the level dollar method.
- The mortality table for healthy participants was the RP-2014 Aggregate table with generational projection using Scale MP-2014 for 2015 and was the Static Mortality Table for Annuitants and Non-Annuitants for 2014 and 2013.

SELF-INSURANCE HEALTH PROGRAM

Employee health care and life insurance benefits are provided to substantially all full-time employees. There were 2,039 and 2,083 full-time employees with medical coverage as of December 31, 2015 and

2014, respectively. An Administrative Services Only (ASO) Health Insurance Program is used to account for the health insurance claims. With respect to the ASO program, reserves sufficient to satisfy both statutory and OPPD-directed requirements have been established to provide risk protection (Note 3). Additionally, private insurance has been purchased to cover claims in excess of 125% of expected aggregate levels and $450,000 per member.

Health care expenses for full-time employees (reduced by premium payments from participants) were $27,892,000 and $27,195,000 for the years ended December 31, 2015 and 2014, respectively.

The total cost of life and long-term disability insurance for full-time employees was $1,140,000 and $1,119,000 for the years ended December 31, 2015 and 2014, respectively.

The balance of the Incurred but Not Presented Reserve was $3,574,000 and $3,012,000 as of December 31, 2015 and 2014, respectively (Note 2).

Audited financial statements for the Retirement Plan, Defined Contribution Retirement Savings Plans and OPEB Plans may be reviewed by contacting the Pension Administrator at Corporate Headquarters.

6. ADDITIONS TO AND UTILIZATIONS OF RESERVES

In October 2015, the Board authorized the use of the Rate Stabilization Reserve to provide additional revenues for operations. There was a transfer of $25,000,000 from the reserve in December 2015. The Rate Stabilization Reserve increased by $9,000,000 for the year ended December 31, 2014. The balance of the reserve was $16,000,000 and $41,000,000 for the years ended December 31, 2015 and 2014, respectively.

7. DERIVATIVES AND FINANCIAL INSTRUMENTS

Auction Revenue Rights (ARRs) –ARRs are financial instruments that entitle the owner to a share of the revenues generated in the applicable Transmission Congestion Rights (TCR) auctions. ARRs are allocated during annual and/or incremental monthly auctions and have the option of being converted into a TCR. OPPD is entitled to these financial payments as a substitute for firm (physical) transmission service. ARRs are accounted for at cost as they are not readily convertible to cash and therefore do not meet the definition of a derivative. The balance of ARRs, reported in current liabilities, was $766,000 and $1,836,000 as of December 31, 2015 and 2014, respectively (Note 2).

Transmission Congestion Rights – TCRs are financial instruments that entitle the holder to an offset to congestion charges on the transmission grid that take place in the day-ahead market. The Company utilizes TCRs to hedge against congestion differentials between OPPD generators and OPPD load in the SPP Integrated Marketplace (IM).

TCRs qualify for the normal purchases under GASB guidance and are reported on a cost basis on the Statements of Net Position. The total notional amount of TCRs outstanding as of December 31, 2015 was 5,294,146 megawatt hours. The balance of TCRs reported in other current assets was $97,000 and $629,000 as of December 31, 2015 and 2014, respectively (Note 2).

8. REGIONAL TRANSMISSION ORGANIZATION

OPPD became a transmission-owning member of SPP, and all of the Company's transmission facilities were placed under the SPP open access transmission tariff on April 1, 2009. In addition to tariff administration services, SPP also provides reliability coordination services, generation reserve sharing, energy market services, balancing authority services and planning authority services.

The SPP Real-Time Energy Imbalance Market (Day 1 Market) was expanded into a Day 2 Market in 2014. The SPP Day 2 Market, also known as the IM, includes the Day-Ahead Market, Real-Time Market, Ancillary Services Market and Transmission Congestion Rights Market. OPPD actively participates in the IM. It provides a more transparent market by which load is served by the most efficient and economical generation, while maintaining the reliability of the grid. The market mechanism rewards low cost, flexible and reliable providers of electricity. OPPD's generation is in competition with other generation owners to serve load across the SPP footprint.

A 345-kilovolt power line identified by the SPP planning process is being built by the Company and Kansas City Power & Light (Midwest Transmission Project) and will run from a substation at the Nebraska City Station to Sibley, Missouri. This project is one of several priority projects as determined by SPP and is expected to relieve congestion on the region's transmission system and improve reliability on the nation's energy grid. Construction on the project has begun and the completion date is scheduled for December 2016. The project will receive funding under the SPP approved tariff.

The Elkhorn River Valley Transmission Project is a joint effort between OPPD and the Fremont Department of Utilities to connect OPPD Substation 1226 in Blair and Fremont Substation B. The line route was announced in 2015 and will be in service by October 2018. The purpose of this SPP reliability project is to support the growing demand for electricity and improve reliability. A portion of the project will receive funding under the SPP approved tariff.

9. OTHER – NET

The following table summarizes the composition of other – Net for the years ended December 31 (in thousands).

	2015	2014
Grants from FEMA	$ 6,000	$ 7,329
Interest subsidies from the federal government	2,113	2,117
Other	229	(341)
Total	$ 8,342	$ 9,105

10. LOSSES AND RECOVERIES

OPPD is eligible for disaster assistance from the Federal Emergency Management Agency (FEMA) when a disaster is declared for damage in our service area. The Missouri River flood (Flood Event) of 2011 was declared a disaster and the Company was eligible for disaster assistance. The balance of the receivable from the Flood Event was $9,181,000 and $7,121,000 as of December 31, 2015 and 2014,

respectively. FEMA also declared disasters for storms during 2015 and 2014. The receivable for those disasters was $2,334,000 and $1,839,000 at December 31, 2015 and 2014, respectively.

The Company is entitled to insurance recoveries in connection with a turbine outage at NC2. The outage began in November 2014 and continued until March 2015. The Company is seeking damages from its insurance carrier. Recoveries from insurance are subject to a deductible. The Company has an outstanding receivable associated with the repair costs of $1,780,000 at December 31, 2015.

11. NUCLEAR REGULATORY COMMISSION OVERSIGHT

The NRC placed FCS into a special category of their inspection manual, Chapter 0350, in December 2011. This Chapter is for nuclear plants that are in extended shutdowns with performance issues. In August 2012, the Board of Directors authorized management to enter into a long-term operating service agreement with Exelon Generation Company, LLC, and (Exelon) to provide operating and managerial support at FCS for 20 years. The Company remains the owner and licensed operator of the station, while Exelon has day-to-day operational authority at FCS, subject to oversight by and decision-making authority of OPPD for licensed activities. The Exelon Nuclear Management Model is being used to improve and sustain performance at FCS. Operations resumed in December 2013. The station was removed from Chapter 0350 status in March 2015.

12. COMMITMENTS AND CONTINGENCIES

Commitments for the uncompleted portion of construction contracts were approximately $84,086,000 at December 31, 2015.

Power sales commitments which extend through 2027 were $63,159,000 as of December 31, 2015. Power purchase commitments which extend through 2020 were $59,382,000 as of December 31, 2015. These amounts do not include the Participation Power Agreements (PPAs) for OPPD’s commitments for wind energy purchases or NC2.

The following table summarizes OPPD's PPAs for wind purchase agreements as of December 31, 2015.

	Total Capacity (in MW)	OPPD Share (in MW)	Commitment Through	Amount (in thousands)
Ainsworth *	59.4	10.0	2025	$ 19,259
Elkhorn Ridge *	80.0	25.0	2029	12,200
Flat Water **	60.0	60.0	2030	108
Petersburg **	40.5	40.5	2031	298
Prairie Breeze **	200.6	200.6	2039	349
Total	440.5	336.1		$ 32,214

* *This PPA is on a "take-or-pay" basis and the Company is obligated to make payments for purchased power even if the power is not available, delivered or taken by OPPD. In addition, the Company is obligated, through a step-up provision, to pay a share of any deficit in funds resulting from a default.*

***These PPAs are on a "take-and-pay" basis and require payments only when the power is made available to OPPD.*

There are no commitments for Crofton Bluffs or Broken Bow I and II.

There are 40-year PPAs with seven public power and municipal utilities (the Participants) for the sale of half of the net capacity of NC2. The Participants have agreed to purchase their respective shares of the output on a "take-or-pay" basis even if the power is not available, delivered to or taken by the Participants. The Participants are subject to a step-up provision, whereby in the event of a Participant default, the remaining Participants are obligated to pay a share of any deficit in funds resulting from the default. There is an NC2 Transmission Facilities Cost Agreement with the Participants that addresses the cost allocation, payment and cost recovery for delivery of their respective power.

OPPD has coal supply contracts which extend through 2018 with minimum future payments of $165,640,000 at December 31, 2015. The Company also has coal-transportation contracts which extend through 2020 with minimum future payments of $407,234,000 as of December 31, 2015. These contracts are subject to price adjustments.

Contracts for uranium concentrate and conversion services are in effect through 2020 with estimated future payments of $49,672,000 as of December 31, 2015. Contracts for the enrichment of nuclear fuel are in effect through 2026 with estimated future payments of $130,237,000 as of December 31, 2015. There are contracts for the fabrication of nuclear fuel assemblies that are in effect through 2022 with estimated future payments of $32,545,000 as of December 31, 2015.

There is a 20-year operating agreement with Exelon for operational and managerial support services at FCS. The Company remains the owner and licensed operator. The Company may terminate the agreement at any time without cause during the term of the agreement upon 180 days' prior notice subject to a termination fee of $20,000,000 and payment of certain additional termination costs. Termination for cause and certain other termination events are not subject to payment of a termination fee.

In 2007, OPPD and the Metropolitan Community College (MCC) executed an Educational Services Agreement for $1,000,000 of educational services (as defined in the Agreement) over a ten-year period. If OPPD has not purchased the educational services by the end of the term, MCC shall have the right to extend the Agreement for an additional five years. The remaining commitment was $220,000 at December 31, 2015.

Under the provisions of the Price-Anderson Act as of December 31, 2015, the Company and all other licensed nuclear power plant operators could each be assessed for claims and legal costs in the event of a nuclear incident in amounts not to exceed a total of $127,318,000 per reactor per incident with a maximum of $18,963,000 per incident in any one calendar year. These amounts are subject to adjustment every five years in accordance with the Consumer Price Index.

OPPD has received and responded to requests for information from the EPA relating to compliance with the Clean Air Act at the North Omaha and Nebraska City Station Unit 1 (NC1) stations. OPPD received a Notice of Violation (NOV) from the EPA in August 2014 alleging a violation of the Clean Air Act by undertaking certain projects at NC1. The Company believes it has complied with all regulations relative to the projects in question and has discussed the matters with EPA. The EPA would have to establish the allegations in the NOV in court. If the EPA establishes a Clean Air Act violation in court, which could be subject to possible appellate court review, remedies can include civil penalties and a requirement to install pollution control equipment. OPPD cannot determine at this time whether it will have any future financial obligation with respect to the NOV.

The Company is engaged in routine litigation incidental to the conduct of its business and, in the opinion of Management, based upon the advice of General Counsel, the aggregate amounts recoverable or payable, taking into account amounts provided in the financial statements, are not significant.

13. NORTH OMAHA STATION

The Board of Directors approved a resolution in June 2014 for the Future Power-Generation Plan (Plan). The Plan includes changes to the generation portfolio, including the retirement in 2016 of North Omaha Station Units 1, 2 and 3, to comply with existing and future environmental regulations. Other approved changes include the retrofitting of North Omaha Station Units 4 and 5 and NC1 with basic emissions controls as well as load reductions through demand-side management programs. The estimated useful lives of North Omaha Station Units 1, 2 and 3 were reduced as a result of the planned future retirement. This change in estimate resulted in additional depreciation expense of $9,923,000 and $5,400,000 for the years ended December 31, 2015 and 2014, respectively.

14. SUBSEQUENT EVENTS

The NC2 turbine repair in 2015, stemming from the November 2014 turbine incident, resulted in a reduction of the unit’s net energy output (Note 10). An analysis was performed, and a replacement of the turbine in 2017 was determined to be the optimal solution to recover the lost output. An additional insurance claim was filed for this replacement. The Company received notice in January 2016 that the turbine replacement costs to be incurred were approved by the insurance carrier. The turbine

replacement cost is in addition to the repairs already incurred. The exact cost of the claim is still being determined.

The Company will issue $103,685,000 of NC2 Separate Electric System Revenue Bonds in April 2016. The bonds were used for the advance refunding of the callable portions of the 2006 Series A NC2 Separate Electric System Revenue Bonds.

The United States Supreme Court granted an emergency stay application for the EPA's Clean Power Plan (CPP) on February 9, 2016. This ruling blocks the implementation of the CPP pending the disposition of the applicants' petitions for review in the United States Court of Appeals for the District of Columbia Circuit. The Company will continue to monitor this situation and evaluate compliance options.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability and Related Ratios

The following table shows the history of changes in Net Pension Liability as of December 31 using a January 1 measurement date (in thousands).

		2015
Total Pension Liability		
Service cost	$	22,492
Interest on total pension liability	$	93,643
Difference between expected and actual experience	$	(5,328)
Changes of assumptions	$	54,712
Benefit payments, including refunds of employee contributions	$	(79,681)
Net change in total pension liability	**$**	**85,838**
Total pension liability (beginning)	**$**	**1,224,899**
Total pension liability (ending)	**$**	**1,310,737**
Plan Fiduciary Net Position		
Contributions from employer	$	53,008
Contributions from employee	$	11,720
Net investment income	$	32,020
Benefit payments, including refunds of employee contributions	$	(79,681)
Administrative expense	$	(193)
Net change in plan fiduciary net position	**$**	**16,874**
Plan fiduciary net position (beginning)	**$**	**886,689**
Plan fiduciary net position (ending)	**$**	**903,563**
Net pension liability (ending)	**$**	**407,174**
Plan fiduciary net position as a percentage of total pension liability		68.94%
Covered-employee payroll	$	196,344
Net pension liability as a percentage of covered-employee payroll		207.38%

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

Schedule of Contributions

The following table shows the history of Contributions as of December 31 using a January 1 measurement date (in thousands).

		2015		2014
Actuarially determined contribution	$	46,568	$	53,008
Contribution made in relation to the actuarially determined contribution	$	46,568	$	53,008
Contribution deficiency (excess)	$	-	$	-
Covered-employee payroll	$	196,344	$	194,100
Contributions as a percentage of payroll		23.72%		27.31%

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Valuation Date: Actuarially determined contribution rates are calculated as of January 1; 1-year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determined Contribution Rates

Actuarial Cost Method: Entry Age Normal with 20-year closed amortization period for unfunded liability

Asset Valuation Method: 5-year smoothing.

Salary Increases: Vary by age

Investment Rate of Return: 7.75%, net of pension plan investment expense, including inflation.

Retirement Rates: Vary by age and service.

Mortality Rates: RP-2014 Aggregate mortality table with generational projection using Scale MP-2014.

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APPENDIX B

OMAHA PUBLIC POWER DISTRICT

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Condensed Statement of Net Position (unaudited)
as of June 30, 2016

ASSETS	2016 (thousands)
CURRENT ASSETS	
Cash and cash equivalents	$ 23,313
Electric system revenue fund	46,066
Electric system revenue bond fund	76,496
Electric system subordinated revenue bond fund	5,619
Electric system construction fund	240,557
NC2 separate electric system revenue fund	14,019
NC2 separate electric system revenue bond fund	15,428
NC2 separate electric system capital costs fund	4,981
Accounts receivable - net	137,923
Fossil fuels - at average cost	33,638
Materials and supplies - at average cost (Note 14)	77,207
Other (Note 2)	40,736
Total current assets	715,983
SPECIAL PURPOSE FUNDS - at fair value	
Electric system revenue bond fund - net of current	42,810
Segregated fund - rate stabilization (Note 3)	16,000
Segregated fund - other (Note 3)	35,258
Decommissioning funds (Note 3)	387,263
Total special purpose funds	481,331
UTILITY PLANT - at cost	
Electric plant (Note 14)	4,291,031
Less accumulated depreciation and amortization (Note 14)	1,774,071
Electric plant - net	2,516,960
Nuclear fuel - at amortized cost (Note 14)	35,140
Total utility plant - net	2,552,100
OTHER LONG-TERM ASSETS	
Regulatory asset - pension	296,984
Regulatory asset - other (Notes 2 & 14)	564,899
Other (Note 2)	6,933
Total other long-term assets	868,816
TOTAL ASSETS	4,618,230
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on refunded debt	72,936
Pension	112,639
Total deferred outflows of resources	185,575
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 4,803,805

See notes to condensed financial statements

Condensed Statement of Net Position (unaudited)
as of June 30, 2016

LIABILITIES	**2016** (thousands)
CURRENT LIABILITIES	
Electric system revenue bonds (Note 4)	$ 45,595
Electric system subordinated revenue bonds	95
NC2 separate electric system revenue bonds (Note 4)	3,245
Accounts payable	118,828
Accrued payments in lieu of taxes	14,673
Accrued interest	39,352
Accrued payroll	37,607
NC2 participant deposits	9,354
Other (Note 2)	9,382
Total current liabilities	278,131
LIABILITIES PAYABLE FROM SEGREGATED FUNDS (Note 2)	30,820
LONG-TERM DEBT (Note 4)	
Electric system revenue bonds - net of current	1,425,065
Electric system subordinated revenue bonds	337,185
Electric revenue notes - commercial paper series	150,000
Minibonds	29,628
NC2 separate electric system revenue bonds - net of current	215,215
Total long-term debt	2,157,093
Unamortized discounts and premiums	169,280
Total long-term debt - net	2,326,373
OTHER LIABILITIES	
Decommissioning costs (Note 14)	808,635
Net pension liability	409,623
Other (Note 2)	15,580
Total other liabilities	1,233,838
TOTAL LIABILITIES	3,869,162
DEFERRED INFLOWS OF RESOURCES	
Rate stabilization reserve (Note 3)	16,000
Unamortized gain on refunded debt	155
Total deferred inflows of resources	16,155
NET POSITION	
Net investment in capital assets	577,299
Restricted	29,404
Unrestricted	311,785
Total net position	918,488
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 4,803,805

See notes to condensed financial statements

Condensed Statements of Revenues, Expenses and Changes in Net Position (unaudited) for the Six Months Ended June 30, 2016 and 2015

	2016	2015
	(thousands)	
OPERATING REVENUES		
Retail sales	**$ 433,883**	$ 402,019
Off-system sales	**83,830**	89,600
Other electric revenues	**15,558**	15,074
Total operating revenues	**533,271**	506,693
OPERATING EXPENSES		
Operations and maintenance		
Fuel	**89,026**	88,908
Purchased power	**53,753**	51,489
Production	**138,805**	138,536
Transmission	**15,508**	16,069
Distribution	**20,968**	21,334
Customer accounts	**8,033**	7,667
Customer service and information	**6,963**	6,749
Administrative and general	**78,366**	74,624
Total operations and maintenance	**411,422**	405,376
Depreciation and amortization	**76,524**	75,189
Decommissioning	**-**	3,871
Payments in lieu of taxes	**15,017**	14,384
Total operating expenses	**502,963**	498,820
OPERATING INCOME	**30,308**	7,873
OTHER INCOME (EXPENSES)		
Contributions in aid of construction	**4,462**	7,942
Reduction of plant costs recovered through contributions in aid of construction	**(4,462)**	(7,942)
Decommissioning funds - investment income	**13,929**	2,126
Decommissioning funds - reinvestment	**(13,929)**	(2,126)
Investment income (loss)	**3,371**	1,207
Allowances for funds used during construction	**5,065**	4,876
Products and services - net	**1,534**	1,629
Other - net (Note 9)	**1,221**	1,672
Total other income - net	**11,191**	9,384
INTEREST EXPENSE	**44,796**	45,926
NET LOSS BEFORE SPECIAL ITEM	**(3,297)**	(28,669)
SPECIAL ITEM (Note 14)	**(1,034,001)**	-
NET LOSS	**(1,037,298)**	(28,669)
NET POSITION, BEGINNING OF PERIOD	**1,955,786**	1,921,513
NET POSITION, END OF PERIOD	**$ 918,488**	$ 1,892,844

See notes to condensed financial statements

Condensed Statements of Cash Flows (unaudited) for the Six Months Ended June 30, 2016 and 2015

	2016	2015
	(thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from retail customers	**$ 424,994**	$ 428,870
Cash received from off-system counterparties	**78,177**	77,710
Cash paid to operations and maintenance suppliers	**(257,388)**	(279,689)
Cash paid to off-system counterparties	**(45,923)**	(46,983)
Cash paid to employees	**(71,272)**	(88,875)
Cash paid for in lieu of taxes and other taxes	**(31,530)**	(30,938)
Net cash provided from operating activities	**97,058**	60,095
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	**11,412**	633,922
Principal reduction of debt	**(50,610)**	(530,365)
Interest paid on debt	**(51,709)**	(87,515)
Acquisition and construction of capital assets	**(104,841)**	(100,796)
Proceeds from NC2 participants	**4,800**	1,936
Contributions in aid of construction and other reimbursements	**14,416**	5,127
Acquisition of nuclear fuel	**-**	(5,077)
Net cash used for capital and related financing activities	**(176,532)**	(82,768)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	**(546,232)**	(694,745)
Maturities and sales of investments	**640,005**	710,483
Purchases of investments for decommissioning funds	**(110,121)**	(105,060)
Maturities and sales of investments in decommissioning funds	**110,121**	101,189
Investment income	**1,167**	1,024
Net cash provided from investing activities	**94,940**	12,891
CHANGE IN CASH AND CASH EQUIVALENTS	**15,466**	(9,782)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**7,847**	13,909
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 23,313**	$ 4,127
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES		
Operating income	**$ 30,308**	$ 7,873
Adjustments to reconcile operating income to net cash provided from operating activities		
Depreciation, amortization and decommissioning	**76,524**	79,060
Amortization of nuclear fuel	**13,118**	8,005
Changes in assets and liabilities		
Accounts receivable	**(36,008)**	(5,441)
Fossil fuels	**(1,977)**	9,072
Materials and supplies	**376**	(3,832)
Regulatory asset for FPPA	**3,934**	13,045
Accounts payable	**26,357**	8,301
Accrued payments in lieu of taxes	**(17,290)**	(16,555)
Accrued payroll	**11,011**	1,322
Southwest Power Pool deposit	**(6,000)**	(6,000)
Regulatory asset for FCS recovery costs	**7,418**	5,015
Regulatory asset for FCS decommissioning	**(3,871)**	0
Regulatory asset for FCS outage costs	**12,087**	(35,680)
Other	**(18,929)**	(4,090)
Net cash provided from operating activities	**$ 97,058**	$ 60,095

See notes to condensed financial statements

Notes to Condensed Financial Statements (unaudited)
As of June 30, 2016 and for the Six Months Ended June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business – The Omaha Public Power District (OPPD or Company), a political subdivision of the state of Nebraska, is a public utility engaged in the generation, transmission and distribution of electric power and energy and other related activities. The Board of Directors is authorized to establish rates. OPPD is generally not liable for federal and state income or ad valorem taxes on property; however, payments in lieu of taxes are made to various local governments.

Basis of Accounting – The financial statements are presented in accordance with generally accepted accounting principles (GAAP) for proprietary funds of governmental entities. Accounting records are maintained generally in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) and all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

OPPD applies the accounting policies established in the GASB Codification Section Re10, *Regulated Operations.* This guidance permits an entity with cost-based rates to include costs in a period other than the period in which the costs would be charged to expense by an unregulated entity if it is probable that these costs will be recovered through rates charged to customers. This guidance also permits an entity to defer revenues by recognizing liabilities to cover future expenditures. The guidance applies to OPPD because the rates of the Company's regulated operations are established and approved by the governing board.

If, as a result of changes in regulation or competition, the ability to recover these assets and to satisfy these liabilities would not be assured, OPPD would be required to write off or write down such regulatory assets and liabilities, unless some form of transition cost recovery continues through established rates. In addition, any impairment to the carrying costs of deregulated plant and inventory assets would be determined. As a result of the Board decision in June 2016 to cease operations at the Fort Calhoun Station (FCS), the regulatory assets for the FCS outage and the FCS depreciation were written off. There were no other write-downs of the remaining regulatory assets for the six months ended June 30, 2016 and 2015. See Regulatory Assets and Liabilities section of Note 1 and Note 14.

The unaudited condensed financial statements reflect all adjustments (consisting of normal and recurring adjustments), which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. These condensed financial statements should be read in conjunction with the financial statements and related notes included in OPPD's 2015 Annual Report.

The results of operations for any partial fiscal year period are not necessarily indicative of the results to be expected for other periods or the full fiscal year.

Classification of Revenues and Expenses – Revenues and expenses related to providing energy services in connection with the Company's principal ongoing operations are classified as operating. All other

revenues and expenses are classified as non-operating and reported as other income (expenses) on the Statements of Revenues, Expenses and Changes in Net Position.

Revenue Recognition – Electric operating revenues are recognized as earned. Meters are read and bills are rendered on a cycle basis. Revenues earned after meters are read are estimated and accrued as unbilled revenues at the end of each accounting period.

Cash and Cash Equivalents – The operating fund account is called the Electric System Revenue Fund (Note 3). Highly liquid investments for the Electric System Revenue Fund with an original maturity of three months or less are considered to be cash equivalents. Restricted cash and cash equivalents, if any, are included in the Special Purpose Fund balances.

Accounts Receivable – Accounts Receivable includes outstanding amounts from customers and an estimate for unbilled revenues. An estimate is made for the Reserve for Uncollectible Accounts for retail customers based on an analysis of Accounts Receivable and historical write-offs net of recoveries. Additional amounts may be included based on the credit risks of significant parties. Accounts Receivable includes $63,882,000 in unbilled revenues as of June 30, 2016. Accounts Receivable was reported net of the Reserve for Uncollectible Accounts of $827,000 as of June 30, 2016.

Utility Plant – Utility plant is stated at cost, which includes property additions, replacements of property units and betterments. Maintenance and replacement of minor items are charged to operating expenses. Costs of depreciable units of electric plant retirements are eliminated from electric plant accounts by charges, less salvage plus removal expenses, to the accumulated depreciation account. Electric plant includes both tangible and intangible assets. Intangible assets include costs related to software licenses and other rights to use property. Electric plant includes construction work in progress of $163,930,000 as of June 30, 2016. The Board decision to cease operations at FCS resulted in an impairment to utility plant balances at June 30, 2016 (Note 14).

Allowances for funds used during construction (AFUDC), approximates OPPD's current weighted average cost of debt. AFUDC was capitalized as a component of the cost of utility plant. These allowances for both construction work in progress and nuclear fuel were computed at 3.4% for the six months ended June 30, 2016 and June 30, 2015.

Contributions in Aid of Construction (CIAC) – Payments are received from customers for construction costs primarily relating to the expansion of the electric system. FERC guidelines are followed in recording CIAC. These guidelines direct the reduction of utility plant assets by the amount of contributions received toward the construction of utility plant. CIAC is recorded as other income of $4,462,000 as of June 30, 2016 and offset by an expense in the same amount representing the recovery of plant costs. CIAC primarily includes payments for transmission, distribution and generating station assets. This allows for compliance with GASB Codification Section N50, *Nonexchange Transactions*, while continuing to follow FERC guidelines.

Depreciation and Amortization – Depreciation for assets is computed on the straight-line basis at rates based on the estimated useful lives of the various classes of property. Depreciation expense for depreciable property averaged approximately 3.1% for the six months ended June 30, 2016 and June 30, 2015.

Amortization of nuclear fuel is based on the cost thereof, and is recorded as nuclear fuel expense of $13,118,000 and $8,005,000 for the six months ended June 30, 2016 and 2015, respectively. Amortization is prorated by fuel assembly in accordance with the thermal energy that each assembly produces.

Intangible assets are amortized over their expected useful life. Amortization of intangible assets is included with depreciation and amortization expense in these financial statements. The amortization was $3,112,000 and $2,872,000 for the six months ended June 30, 2016 and 2015, respectively.

Nebraska City Station Unit 2 (NC2) was placed in commercial operation in 2009. Half of the unit's output is sold under 40-year Participation Power Agreements (PPAs). Certain participants funded their share of construction costs with NC2 Separate Electric System Revenue Bonds. These participants are billed for the debt service related to these bonds. The amounts recovered for debt service for the electric plant construction and other costs are included in off-system sales revenues. The revenues related to principal repayment will equal related depreciation and other deferred NC2 expenses over the 40-year term of the PPAs. A regulatory asset was established to equate expenses and the amount included in off-system sales revenues for principal repayment in order to maintain revenue neutrality in the interim years. This regulatory asset will increase annually until 2030 when principal repayments begin exceeding depreciation and other deferred expenses. After 2030, the regulatory asset will be reduced annually by recognizing deferred depreciation and other deferred expenses until its elimination in 2049, which is the end of the initial term of the PPAs.

In 2004, the Board of Directors approved a change in the depreciation estimate for the Fort Calhoun Station (FCS) production plant assets to 2043. This estimate is ten years beyond the term of FCS's current operating license. A regulatory asset was established for the difference in depreciation expense resulting from the use of the estimated economic life of the asset versus the license term. The reduction in depreciation expense was recorded each year as a regulatory asset in deferred charges until June 30, 2016. The regulatory asset for FCS depreciation was written off as a result of the Board decision to cease operations at FCS (Note 14).

The Board of Directors approved a resolution in June 2014 for the Future Power-Generation Plan (Plan). The Plan includes changes to the generation portfolio, including the retirement in 2016 of North Omaha Station Units 1, 2 and 3, to comply with existing and future environmental regulations. The estimated useful lives of North Omaha Station Units 1, 2 and 3 were reduced as a result of the planned future retirement. This change in estimate resulted in additional depreciation expense of $3,063,000 for the six months ended June 30, 2016. As a result of the Board decision in June 2016 to cease operations at FCS, North Omaha Station Units 1, 2 and 3 will be utilized for capacity purposes through 2018. North Omaha Station Units 1 and 2 have been fully depreciated as of April 2016. The useful life of North Omaha Station Unit 3 will be extended through 2018 beginning in July 2016 (Note 13).

Nuclear Fuel Disposal Costs – Permanent disposal of spent nuclear fuel is the responsibility of the federal government under an agreement entered into with the Department of Energy (DOE). Under the agreement, there was a fee of one mill per kilowatt-hour on net electricity generated and sold from FCS. The collection of this fee was suspended in May 2014 until the DOE completes a fee adequacy study that complies with the Nuclear Waste Policy Act or until Congress enacts an alternative fuel management plan. As a result of the suspension, no fees were collected in 2016 or 2015.

The agreement required the federal government to begin accepting high-level nuclear waste by January 1998; however, the DOE does not have a storage facility. In May 1998, the United States Court of Appeals confirmed the DOE's statutory obligation to accept spent fuel by 1998, but rejected the request that a move-fuel order be issued. In March 2001, OPPD, along with a number of other utilities, filed suit against the DOE in the United States Court of Federal Claims alleging breach of contract.

In 2006, the DOE agreed to reimburse OPPD for allowable costs for managing and storing spent nuclear fuel and high-level waste incurred due to the DOE's delay in accepting waste. Applications are submitted periodically to the DOE for reimbursement of costs incurred for the storage of high-level nuclear waste.

Nuclear Decommissioning – Based on the decommissioning plan established in 1983, the Board of Directors approved the collection of nuclear decommissioning costs using an independent engineering study of the costs to decommission FCS. The Company established a Decommissioning Funding Plan for FCS in 1990 in compliance with Nuclear Regulatory Commission (NRC) regulations. Its purpose is to accumulate funds to decommission the radiated portions of FCS as defined by the NRC. The NRC's funding requirement is based on a defined cost formula and adjusted annually. The Company established a Supplemental Decommissioning Funding Plan for FCS in 1992 to accumulate funds to fully decommission FCS including funds for additional costs beyond the NRC minimum that are needed to decommission the radiated plant, the fuel facility and the non-radiated plant.

Based on cost estimates, inflation rates and fund earnings projections, no funding was necessary from 2001 through 2013 for either plan. However, an analysis by the Company and an outside consultant determined that additional funding was needed for the Supplemental Decommissioning Fund beginning in 2014 to meet the estimated cost to fully decommission FCS. OPPD temporarily suspended funding for the Supplemental Decommissioning Fund in September 2015 to reduce expenditures and the related impact on rates. In December 2015, the Board of Directors authorized the use of regulatory accounting to match the decommissioning expense to the amount funded. The regulatory asset was written off as a result of the June 2016 Board decision to cease operations at FCS. It is anticipated the decommissioning funding will resume in 2017. The year-to-date funding amount was $0 and $3,870,600 as of June 30, 2016 and June 30, 2015, respectively (Note 14).

Decommissioning funds are reported at fair value. The decommissioning cost liability is adjusted for investment income and changes in fair value, resulting in no impact on net income. Investment income was $4,281,000 and $4,060,000 for the six months ended June 30, 2016 and 2015, respectively. The fair value of the decommissioning funds decreased $9,649,000 and increased $1,933,000 for the six months ended June 30, 2016 and 2015, respectively. The estimated current cost to decommission the plant for the NRC required obligations is $808,635,000 as of June 30, 2016. The decommissioning liability will be revised, if needed, upon a site specific cost study anticipated to be completed later in 2016 (Note 14).

Regulatory Assets and Liabilities – Rates for regulated operations are established and approved by the Board of Directors. The provisions of GASB Codification Section Re10, *Regulated Operations,* are applied. This guidance provides that regulatory assets are rights to additional revenues or deferred expenses, which are expected to be recovered through customer rates over some future period. Regulatory liabilities are reductions in earnings (or costs recovered) to cover future expenditures.

A Planned Nuclear Refueling Outage (Outage), as defined by OPPD, is a regularly scheduled refueling outage at FCS. These Outages are periodically completed to maintain and enhance the performance and efficiency of station operations, which benefits the station over the next operating cycle of production. The Board of Directors authorized regulatory accounting treatment for qualifying Outage costs to allow the use of the defer-and-amortize method. Eligible Outage costs will be deferred as a regulatory asset and amortized to expense over the subsequent operating cycle. There was an outage at FCS in April 2015 and the remaining balance of this FCS outage deferral was written off as a result of the June 2016 Board decision to cease operations at FCS (Note 14).

In 2004, the Board of Directors approved a change in the depreciation estimate for FCS production assets to 2043. This estimate is ten years beyond the term of the current operating license. The regulatory asset for FCS depreciation was written off as a result of the Board decision to cease operations at FCS (Note 14).

A Fuel and Purchased Power Adjustment (FPPA) was implemented in the retail rate structure in 2010. The Board of Directors authorized the use of regulatory accounting to maintain revenue neutrality by matching retail revenues attributed to fuel and purchased power costs with the actual costs incurred. There were FPPA under-recoveries of $8,233,000 and $2,873,000 for the years ended December 31, 2015 and 2014, respectively. The FPPA regulatory assets were reduced for customer collections of $3,934,000 and $13,045,000 for the six months ended June 30, 2016 and 2015, respectively.

The regulatory asset for FPPA, included in Other Current Assets, was $4,299,000 as of June 30, 2016 (Note 2). This regulatory asset represented the rights to additional revenues based on incurred expenses due to under-recoveries of fuel and purchased power costs.

Additional regulatory assets included in Other Long-Term Assets consist of deferred financing costs, deferred pension costs and other deferred expenses for FCS and NC2. NC2 was placed in commercial operation in 2009. As previously noted, certain NC2 expenses were deferred to maintain revenue neutrality from transactions with participants who funded their share of construction costs with NC2 Separate Electric System Revenue Bonds.

The Board of Directors authorized the use of regulatory accounting for debt issuance costs in 2012 because of new accounting standards which would have required these costs to be expensed in the period incurred. These costs are amortized over the life of the associated bond issues consistent with the rate methodology. The Board of Directors also authorized the use of regulatory accounting in 2012 for significant, unplanned operations and maintenance costs at FCS incurred to address concerns from the NRC and enhance operations. These costs are being amortized over a ten-year period which commenced in 2013 with FCS's return to service (Note 14).

The Company adopted the GASB accounting standards for the financial accounting and reporting of pension plans in 2015. These standards required the Company to recognize a liability for the pension obligation on the Statement of Net Position. In December 2014, the Board of Directors authorized the use of regulatory accounting for pension costs to establish a regulatory asset to match the pension expense to the amounts funded and the cost recovery through rates.

The Board of Directors authorized the use of regulatory accounting for the unfunded supplemental decommissioning costs in December 2015. The use of regulatory accounting allows the matching of decommissioning expense to the amounts funded. It is anticipated the funding will resume in 2017 (Note 14).

The following table summarizes the balances of regulatory assets as of December 31, 2015, activity for 2016 and balances as of June 30, 2016, (in thousands) (Note 14).

	December 31 2015	Additions	Reductions	June 30 2016
Regulatory asset for pension	$ 290,100	$ 7,500	$ (616)	$ 296,984
Regulatory asset for FCS-recovery costs	117,449	-	(7,418)	110,031
Regulatory asset for FCS - depreciation	74,628	5,165	(79,793)	-
Regulatory asset for NC2	45,650	1,356	(1,163)	45,843
Regulatory asset for FCS - outage costs	21,110	1,986	(23,096)	-
Regulatory asset for financing costs	10,812	586	(1,806)	9,592
Regulatory asset for FPPA	8,233	-	(3,934)	4,299
Regulatory asset for FCS-decommissioning costs	2,580	418,792	(6,451)	414,921
Total	$ 570,562	$ 435,385	$(124,277)	$ 881,670

Regulatory liabilities are deferred inflows of resources and consist of the Rate Stabilization Reserve. This reserve was established to help maintain stability in OPPD's long-term rate structure (Note 6). The balance of the Rate Stabilization Reserve was $16,000,000 as of June 30, 2016.

Net Position – Net Position is reported in three separate components on the Statements of Net Position. Net Investment in Capital Assets is the net position share attributable to net utility plant assets reduced by outstanding related debt. Restricted is the share of net position that has usage restraints imposed by law or by debt covenants, such as certain revenue bond funds and segregated funds, net of related liabilities. Unrestricted is the share of net position that is neither restricted nor invested in capital assets.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements – GASB issued Statement No. 72, *Fair Value Measurement and Application* in February 2015. The objective of this statement is to define fair value and describe how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This statement is effective for reporting periods beginning after June 15, 2015. OPPD is in the process of implementing this guidance for its annual reporting period ending December 31, 2016.

GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in June 2015. The objective of this statement is to improve accounting and financial

reporting by state and local governments for postemployment benefits other than pensions. This statement is effective for reporting periods beginning after June 15, 2017. The impact to OPPD's financial reporting is currently being evaluated.

GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* in June 2015. The objective of this statement is to identify the hierarchy of GAAP. This statement is effective for reporting periods beginning after June 15, 2015. The Company does not anticipate the implementation will have a material impact on OPPD's financial reporting as the Company already follows this hierarchy.

2. ASSETS AND LIABILITIES DETAIL BALANCES

Other Current Assets
The composition as of June 30, 2016 was as follows (in thousands):

Regulatory Asset FCS Recovery	$14,836
Prepayments	10,037
Deposit with SPP	10,000
Regulatory Asset for FPPA	4,299
Regulatory Asset Finance Costs	552
Interest Receivable	605
Allowance Inventory	268
Regulatory Asset NC2 Finance Costs	102
Commodity derivative instruments (Note 7)	37
Total	$40,736

Long-Term Assets - Regulatory Assets - Other
The composition as of June 30, 2016 was as follows (in thousands):

Regulatory Asset - Pension	$296,984
Regulatory Asset for FCS - Recovery Costs Net of Current	95,195
Regulatory Asset for NC2	45,843
Regulatory Asset for Financing Costs	8,939
Regulatory Asset for FCS - Decommissioning	414,921
Total	$861,882

Other Long-Term Assets
The composition as of June 30, 2016 was as follows (in thousands):

Job Orders	$4,606
Other	2,327
Total	$6,933

Other Current Liabilities
The composition as of June 30, 2016 was as follows (in thousands):

Unearned Revenues	$2,352
ARRs/TCRs	2,591
Deposits	636
Payroll taxes and other employee liabilities	361
Other	3,442
Total	$9,382

Liabilities Payable from Segregated Funds
The composition as of June 30, 2016 was as follows (in thousands):

Customer deposits	$21,676
Incurred but not presented reserve	3,574
Customer advances for construction	2,666
Other	2,904
Total	$30,820

Other Liabilities
The composition as of June 30, 2016 was as follows (in thousands):

Unearned revenues	$10,640
Worker's compensation reserve	1,577
Capital purchase agreement	1,341
Public Liability Reserve	225
Other	1,796
Total	$15,579

3. FUNDS AND INVESTMENTS

Funds of OPPD were as follows:

Electric System Revenue Fund and NC2 Separate Electric System Revenue Fund – These funds are to be used for operating activities for their respective electric system. Cash and cash equivalents in the Electric System Revenue Fund are shown separately from investments on the Statements of Net Position.

Electric System Revenue Bond Fund, Electric System Subordinated Revenue Bond Fund and NC2 Separate Electric System Revenue Bond Fund – These funds are to be used for the retirement of their respective revenue bonds and the payment of the related interest and reserves as required. Investments with maturity dates within the next year are designated as current.

Electric System Construction Fund and NC2 Separate Electric System Capital Costs Fund – These funds are to be used for capital improvements, additions and betterments to and extensions of their respective electric system.

Segregated Fund – Rate Stabilization – This fund is to be used to help stabilize rates through the transfer of funds to operations as necessary. Since there is no funding requirement for the Rate

Stabilization Reserve, this fund also may be used to provide additional liquidity for operations as necessary (Notes 1, 6). The balance of the Rate Stabilization Fund was $16,000,000 as of June 30, 2016.

Segregated Fund – Other – This fund represents assets held for payment of customer deposits, refundable advances, certain other liabilities and funds set aside for terminal removal costs for NC2 and OPPD's self-insured health insurance plans (Note 5). The balance of the segregated funds was $35,258,000 as of June 30, 2016.

Decommissioning Funds – These funds are for the costs to decommission FCS. The Decommissioning Funds are held by an outside trustee in compliance with the decommissioning funding plans approved by the Board of Directors. The 1990 Plan was established in accordance with NRC regulations for the purpose of discharging the obligation to decommission FCS. The 1992 Plan was established to retain funds in excess of NRC minimum funding requirements based on an independent engineering study which indicated that decommissioning costs would exceed the NRC minimum requirements. The balance of the Decommissioning Funds was $387,263,000 as of June 30, 2016 (Note 14).

Investments are measured at fair market value using a combination of Level 1 and Level 2 inputs in accordance with GAAP. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are quoted prices for similar assets in active markets or markets that are not active.

4. DEBT

The proceeds of debt issued are utilized primarily to finance the construction program. Favorable market conditions in 2015 resulted in multiple refinancing activities. The Company is in compliance with all debt covenants.

Lien Structure – In the event of a default, subject to the terms and conditions of debt covenants, OPPD is required to satisfy all Electric System Revenue Bond obligations before paying second-tier bonds and notes which are Electric System Subordinated Revenue Bonds, Electric Revenue Notes – Commercial Paper Series and Minibonds.

Electric System Revenue Bonds – These bonds are payable from and secured by a pledge of and lien upon the revenues of the Electric System, subject to the prior payment therefrom of the operations and maintenance expenses of the Electric System. The Electric System Revenue Bonds are Senior Bonds. On February 1, 2016, a principal payment of $43,065,000 was made for the Electric System Revenue Bonds.

Electric System Subordinated Revenue Bonds – These bonds are payable from and secured by a pledge of revenues of the Electric System, subject to the prior payment of the operations and maintenance expenses of the Electric System and the prior payment of the Electric System Revenue Bonds. On February 1, 2016, a principal payment of $95,000 was made for the Electric System Subordinated Revenue Bonds.

Electric Revenue Notes - Commercial Paper Series – The outstanding balance of Commercial Paper was $150,000,000 as of June 30, 2016. The average borrowing rate was 0.3% and 0.1% for the six months ended June 30, 2016 and June 30, 2015, respectively. A Credit Agreement with Bank of America,

N.A., includes a covenant to retain drawing capacity at least equal to the issued and outstanding amount of Commercial Paper Notes. The Credit Agreement will expire on October 1, 2018. Commercial Paper is classified as Long-Term Debt due to the existence of this Credit Agreement and OPPD's intent and ability to refinance Commercial Paper on a long-term basis.

Minibonds – Minibonds consist of current interest-bearing and capital appreciation Minibonds. The Minibonds may be redeemed prior to their maturity dates at the request of a holder, subject to certain conditions as outlined in the Minibond Official Statement.

Credit Agreement – OPPD has a Credit Agreement with the Bank of America, N.A., for $250,000,000 which will expire on October 1, 2018. The Credit Agreement includes a financial covenant to retain drawing capacity at least equal to the issued and outstanding amount of Commercial Paper Notes. The Company is in compliance with the Credit Agreement covenants. There were no amounts outstanding under this Credit Agreement as of June 30, 2016.

NC2 Separate Electric System Revenue Bonds – Participation Power Agreements were executed with seven public power and municipal utilities for half of the output of NC2. The participants' rights to receive, and obligations to pay costs related to, half of the output is the "Separate System." A principal payment of $3,190,000 was made on February 1, 2016, for the NC2 Separate Electric System Revenue Bonds. OPPD issued $103,685,000 of NC2 Separate Electric System Revenue Bonds 2016 Series A on April 13, 2016. The proceeds of the bonds were used for the refunding of a portion of previously issued NC2 Separate Electric System Revenue Bonds.

5. BENEFIT PLANS FOR EMPLOYEES AND RETIREES

OPPD provides health insurance, life insurance, retirement and other post-employment benefits for qualifying employees and retirees. OPPD is self-insured for health insurance claims and reserves have been established to satisfy both statutory and OPPD-directed requirements. With respect to the retirement and other post-employment benefit plans, the Company has adopted and implemented the provisions of GASB 68 in 2015. Pension expense of $26,350,000 and OPEB expense of $11,750,000 was recorded as of June 30, 2016 based on the 2015 actuarial valuations. The 2016 actuarial valuations of these plans will be completed later this year.

6. ADDITIONS TO AND UTILIZATIONS OF RESERVES

In October 2015, the Board authorized the use of the Rate Stabilization Reserve to provide additional revenues for operations. There was a transfer of $25,000,000 from the reserve in December 2015. The balance of the reserve was $16,000,000 as of June 30, 2016.

7. DERIVATIVES AND FINANCIAL INSTRUMENTS

Auction Revenue Rights (ARRs) –ARRs are financial instruments that entitle the owner to a share of the revenues generated in the applicable Transmission Congestion Rights (TCR) auctions. ARRs are allocated during annual and/or incremental monthly auctions and have the option of being converted into a TCR. OPPD is entitled to these financial payments as a substitute for firm (physical) transmission service. ARRs are accounted for at cost as they are not readily convertible to cash and therefore do not

meet the definition of a derivative. The balance of ARRs, reported in current liabilities, was $2,592,000 as of June 30, 2016 (Note 2).

Transmission Congestion Rights (TCRs) – TCRs are financial instruments that entitle the holder to an offset to congestion charges on the transmission grid that take place in the day-ahead market. The Company utilizes TCRs to hedge against congestion differentials between OPPD generators and OPPD load in the SPP Integrated Marketplace (IM).

TCRs qualify for the normal purchases under GASB guidance and are reported on a cost basis on the Statements of Net Position. The total notional amount of TCRs outstanding as of June 30, 2016 was 8,971,632 megawatt hours. The balance of TCRs reported in other current assets was $37,000 as of June 30, 2016 (Note 2).

8. REGIONAL TRANSMISSION ORGANIZATION

OPPD became a transmission-owning member of SPP, and all of the Company's transmission facilities were placed under the SPP open access transmission tariff on April 1, 2009. In addition to tariff administration services, SPP also provides reliability coordination services, generation reserve sharing, energy market services, balancing authority services and planning authority services.

The SPP Real-Time Energy Imbalance Market (Day 1 Market) was expanded into a Day 2 Market in 2014. The SPP Day 2 Market, also known as the IM, includes the Day-Ahead Market, Real-Time Market, Ancillary Services Market and Transmission Congestion Rights Market. OPPD actively participates in the IM. It provides a more transparent market by which load is served by the most efficient and economical generation, while maintaining the reliability of the grid. The market mechanism rewards low cost, flexible and reliable providers of electricity. OPPD's generation is in competition with other generation owners to serve load across the SPP footprint.

A 345-kilovolt power line identified by the SPP planning process is being built by the Company and Kansas City Power & Light (Midwest Transmission Project) and will run from a substation at the Nebraska City Station to Sibley, Missouri. This project is one of several priority projects as determined by SPP and is expected to relieve congestion on the region's transmission system and improve reliability on the nation's energy grid. Construction on the project has begun and the completion date is scheduled for December 2016. The project will receive funding under the SPP approved tariff.

The Elkhorn River Valley Transmission Project is a joint effort between OPPD and the Fremont Department of Utilities to connect OPPD Substation 1226 in Blair and Fremont Substation B. The line route was announced in 2015 and will be in service by October 2018. The purpose of this SPP reliability project is to support the growing demand for electricity and improve reliability. A portion of the project will receive funding under the SPP approved tariff.

9. OTHER – NET

The following table summarizes the composition of Other – net for the six months ended June 30 (in thousands).

	2016	2015
Interest subsidies from the federal government	$ 953	$ 1,063
Grants from FEMA	191	562
Other	79	24
Total	$ 1,223	$ 1,649

10. LOSSES AND RECOVERIES

The Company is entitled to insurance recoveries in connection with a turbine outage at NC2. The outage began in November 2014 and continued until March 2015. Repair of the turbine resulted in a reduction of the unit's net energy output. The Company is seeking damages from its insurance carrier.

An analysis was performed, and a replacement of the turbine in 2017 was determined to be the optimal solution to recover the lost output. An additional insurance claim was filed for this replacement. The Company received notice in January 2016 that the turbine replacement costs to be incurred were approved by the insurance carrier. The turbine replacement cost is in addition to the repairs already incurred. The exact cost of the claim is still being determined. Recoveries from insurance are subject to a deductible. The Company has an outstanding receivable associated with the repair and replacement costs of $2,248,000 at June 30, 2016.

11. NUCLEAR REGULATORY COMMISSION OVERSIGHT

The NRC placed FCS into a special category of their inspection manual, Chapter 0350, in December 2011. This Chapter is for nuclear plants that are in extended shutdowns with performance issues. In August 2012, the Board of Directors authorized management to enter into a long-term operating service agreement with Exelon Generation Company, LLC, (Exelon) to provide operating and managerial support at FCS for 20 years. The Company remains the owner and licensed operator of the station, while Exelon has day-to-day operational authority at FCS, subject to oversight by and decision-making authority of OPPD for licensed activities. The Exelon Nuclear Management Model is being used to improve and sustain performance at FCS. Operations resumed in December 2013. The station was removed from Chapter 0350 status in March 2015 (Note 14).

12. COMMITMENTS AND CONTINGENCIES

Commitments for the uncompleted portion of construction contracts were approximately $57,708,000 at June 30, 2016.

Power sales commitments which extend through 2027 were $55,104,000 as of June 30, 2016. Power purchase commitments which extend through 2020 were $54,011,000 as of June 30, 2016. These amounts

do not include the Participation Power Agreements (PPAs) for OPPD's commitments for wind energy purchases or NC2.

In January 2016, the forecasting fee for wind purchase agreements between OPPD and Prairie Breeze, TPW Petersburg, and Flat Water were negotiated and resulted in no commitments. The following table summarizes OPPD's PPAs for wind purchase agreements as of June 30, 2016.

	Total Capacity (in MW)	OPPD Share (in MW)	Commitment Through	Amount (in thousands)
Ainsworth *	59.4	10.0	2025	$ 17,875
Elkhorn Ridge **	80.0	25.0	2029	12,113
Total	139.4	35.0		$ 29,988

* *This PPA is on a "take-or-pay" basis and the Company is obligated to make payments for purchased power even if the power is not available, delivered or taken by OPPD. In addition, the Company is obligated, through a step-up provision, to pay a share of any deficit in funds resulting from a default.*

** *This PPA is on a "take-and-pay basis and the Company is obligated under the agreement to make payments for purchased power only when the power is made available to the district.*

There are no commitments for Crofton Bluffs, Broken Bow I and II, Flat Water, TPW Petersburg, or Prairie Breeze. Negotiations in January 2016 for previously included commitments at Flat Water, TPW Petersburg, and Prairie Breeze resulted in no future commitments.

There are 40-year PPAs with seven public power and municipal utilities (the Participants) for the sale of half of the net capacity of NC2. The Participants have agreed to purchase their respective shares of the output on a "take-or-pay" basis even if the power is not available, delivered to or taken by the Participants. The Participants are subject to a step-up provision, whereby in the event of a Participant default, the remaining Participants are obligated to pay a share of any deficit in funds resulting from the default. There is an NC2 Transmission Facilities Cost Agreement with the Participants that addresses the cost allocation, payment and cost recovery for delivery of their respective power.

OPPD has coal supply contracts which extend through 2018 with minimum future payments of $130,364,000 at June 30, 2016. The Company also has coal-transportation contracts which extend through 2020 with minimum future payments of $362,831,000 as of June 30, 2016. These contracts are subject to price adjustments.

Contracts for uranium concentrate and conversion services are in effect through 2020 with estimated future payments of $41,097,000 as of June 30, 2016. Contracts for the enrichment of nuclear fuel are in effect through 2026 with estimated future payments of $115,804,000 as of June 30, 2016. There are contracts for the fabrication of nuclear fuel assemblies that are in effect through 2022 with estimated future payments of $26,322,000 as of June 30, 2016 (Note 14).

There is a 20-year operating agreement with Exelon for operational and managerial support services at FCS. The Company remains the owner and licensed operator. The Company may terminate the agreement at any time without cause during the term of the agreement upon 180 days' prior notice subject to a termination fee of $20,000,000 and payment of certain additional termination costs. Termination for cause and certain other termination events are not subject to payment of a termination fee. While the maximum termination fee is $20,000,000, the terms of the agreement will require the Company to make a payment to Exelon of approximately $5,000,000 to terminate the operating agreement (Note 14).

OPPD has employee performance incentives related to the Board decision to cease operations at FCS. These agreements extend to 2019 and have milestones dates for employees to be eligible for payment. The balance of these commitments were $8,349,000 as of June 30, 2016.

In 2007, OPPD and the Metropolitan Community College (MCC) executed an Educational Services Agreement for $1,000,000 of educational services (as defined in the Agreement) over a ten-year period. If OPPD has not purchased the educational services by the end of the term, MCC shall have the right to extend the Agreement for an additional five years. The remaining commitment was $156,000 at June 30, 2016.

Under the provisions of the Price-Anderson Act as of March 31, 2015, the Company and all other licensed nuclear power plant operators could each be assessed for claims and legal costs in the event of a nuclear incident in amounts not to exceed a total of $127,318,000 per reactor per incident with a maximum of $18,963,000 per incident in any one calendar year. These amounts are subject to adjustment every five years in accordance with the Consumer Price Index.

OPPD has received and responded to requests for information from the EPA relating to compliance with the Clean Air Act at the North Omaha and Nebraska City Station Unit 1 (NC1) stations. OPPD received a Notice of Violation (NOV) from the EPA in August 2014 alleging a violation of the Clean Air Act by undertaking certain projects at NC1. The Company believes it has complied with all regulations relative to the projects in question and has discussed the matters with EPA. The EPA would have to establish the allegations in the NOV in court. If the EPA establishes a Clean Air Act violation in court, which could be subject to possible appellate court review, remedies can include civil penalties and a requirement to install pollution control equipment. OPPD cannot determine at this time whether it will have any future financial obligation with respect to the NOV.

The Company is engaged in routine litigation incidental to the conduct of its business and, in the opinion of Management, based upon the advice of General Counsel, the aggregate amounts recoverable or payable, taking into account amounts provided in the financial statements, are not significant.

13. NORTH OMAHA STATION

The Board of Directors approved a resolution in June 2014 for the Future Power-Generation Plan (Plan). The Plan includes changes to the generation portfolio, including the retirement in 2016 of North Omaha Station Units 1, 2 and 3, to comply with existing and future environmental regulations. Other approved changes include the retrofitting of North Omaha Station Units 4 and 5 and NC1 with basic emissions controls as well as load reductions through demand-side management programs. The estimated useful lives of North Omaha Station Units 1, 2 and 3 were reduced as a result of the planned future retirement.

This change in estimate resulted in additional depreciation expense of $3,063,000 for the six months ended June 30, 2016. As a result of the Board decision in June 2016 to cease operations at FCS, North Omaha Station Units 1, 2 and 3 will be utilized for capacity purposes through 2018. North Omaha Station Units 1 and 2 have been fully depreciated as of April 2016. The useful life of North Omaha Station Unit 3 will be extended through 2018 beginning in July 2016.

14. FORT CALHOUN STATION

The OPPD Board of Directors approved a recommendation by management in June 2016 to cease operations at FCS by December 31, 2016, and begin the decommissioning process using the safe storage ("SAFSTOR") methodology. The decision was made after a review of the District's generation resource portfolio. As a result of the Board decision, the FCS assets were impaired as of June 30, 2016. Based on information currently available, the Company estimates a shutdown date of October 24, 2016.

The write-offs of FCS related assets and the related contract termination fees at June 30, 2016 were $1,034,001,000. This includes $807,713,000 of net electric plant, $59,512,000 of net nuclear fuel, $65,735,000 of materials and supplies inventory, $95,267,000 in related regulatory assets for depreciation, outage costs, and decommissioning costs, and $5,774,000 of contract termination fees.

The FCS regulatory asset for recovery costs incurred in 2012 and 2013 were deferred as a regulatory asset based on Board approval. The deferral of the costs related to recovery was not included in the impairment, but will instead continue to be amortized (and collected through retail rates) through 2023 as these costs benefit current and future ratepayers.

FCS will utilize the SAFSTOR method of decommissioning, as described by the Nuclear Regulatory Commission (NRC), which allows a period of up to 60 years to fully decommission the facility. The total estimated cost in 2016 dollars to decommission FCS using the SAFSTOR methodology is $1,256,408,000 as of June 30, 2016. The estimated current cost to decommission the facility for the NRC required obligations is $808,635,000 as of June 30, 2016. An additional decommissioning liability and regulatory asset were recorded as of June 30, 2016 for $414,921,000 related to the revised estimate of the NRC required decommissioning obligations. The regulatory asset was established to match the recovery of decommissioning expenses with the decommissioning funding amounts collected through retail rates. The decommissioning liability and related regulatory asset will be revised, if needed, upon a site specific cost study anticipated to be completed in 2017. The balance of the decommissioning trust assets as of June 30, 2016 was $387,263,000.

As a result of the Board decision to cease operations at FCS, the Exelon Operating Agreement requires the Company to make a payment to Exelon of approximately $5,000,000 to terminate the Operating Services Agreement. Other vendor contracts will also be terminated as a result of this decision and an estimate for these terminations has been included in the write-off noted above.

15. SUBSEQUENT EVENTS

The Company is expected to issue $183,340,000 of Electric System Revenue Bonds in August 2016. The bonds will be used for the advance refunding of the callable portions of the 2009 Series A, 2011 Series B, and 2012 Series A Electric System Revenue Bonds.

APPENDIX C

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WICHITA

August 24, 2016

Omaha Public Power District
444 South 16th Street Mall
Omaha, NE 68102-2247

$183,340,000
OMAHA PUBLIC POWER DISTRICT (NEBRASKA)
Electric System Revenue Bonds, 2016 Series A

Ladies and Gentlemen:

We have examined proceedings relating to the issuance by the Omaha Public Power District (the "District") of its $183,340,000 Electric System Revenue Bonds, 2016 Series A (the "2016 Bonds"). The 2016 Bonds are issued under the provisions of the hereinafter-described Authorizing Resolution.

The 2016 Bonds recite that they are issued for valid corporate purposes of the District under the authority of and in full compliance with the Constitution and laws of the State of Nebraska, including Chapter 70, Article 6 of the Nebraska Reissue Revised Statutes, as amended, and the Authorizing Resolutions.

We have examined the Constitution and statutes of the State of Nebraska and a certified transcript of the proceedings of the Board of Directors of the District authorizing or relating to the issuance of the 2016 Bonds, including the following resolutions adopted by the Board of Directors of the District:

1. Resolution No. 1788 adopted on January 20, 1972, as amended by Resolution No. 5432 adopted by the District on April 14, 2005 and Resolution No. 5882 adopted by the District on October 13, 2011 (Resolution No. 1788, Resolution No. 5432 and Resolution No. 5882 are herein collectively referred to as the "General Resolution") pursuant to which, along with certain series resolutions, the District has issued its Electric System Revenue Bonds (the "Electric System Revenue Bonds"); and

2. Resolution No. 6101, adopted on February 11, 2016, pursuant to which, along with the General Resolution, the District has issued the 2016 Bonds (Resolution No. 6101 and the General Resolution are herein collectively referred to as the "Authorizing Resolutions").

We have also reviewed such other documentation and certificates as we deem relevant and necessary in rendering this opinion.

Based on such examination, we are of the opinion that:

1. Pursuant to the Constitution and statutes of the State of Nebraska, the District is empowered to issue the 2016 Bonds. The 2016 Bonds (a) constitute valid and legally binding obligations of the District in accordance with their terms; (b) are issued on a parity with all other Electric System Revenue Bonds outstanding as of the date hereof and any bonds of the District which, pursuant to the Authorizing Resolution, may be hereafter issued on a parity with the 2016 Bonds and are payable solely from and secured by a pledge of and lien upon the Revenues of the District, as defined in the General Resolution, and the prior payment therefrom of the Operating Expenses of the Electric System, as defined in the General Resolution; and (c) are entitled to the benefits and security provided by the agreements and covenants contained in the Authorizing Resolution, which are valid, legally binding and enforceable upon the District according to their terms.

2. Under existing laws, regulations, rulings and judicial decisions, interest on the 2016 Bonds is not includable in gross income for federal income tax purposes. Interest on the 2016 Bonds does not constitute an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations by the Internal Revenue Code of 1986, as amended (the "Code") ; however, for the purpose of computing the alternative minimum tax imposed on certain corporations, interest on the Series 2016 Bonds will be included in the "adjusted current earnings" of such corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). The opinions set forth in this paragraph are subject to continuing compliance by the District with covenants regarding federal tax law contained in the Authorizing Resolution. Failure to comply with such covenants could cause interest on the 2016 Bonds to be included in gross income retroactive to the date of issue of the 2016 Bonds. Although we are of the opinion that interest on the 2016 Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the 2016 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deduction. We express no opinion regarding any such consequences.

3. Under existing laws, regulations and judicial decisions, interest on the 2016 Bonds is exempt from all present Nebraska state income taxes.

The obligations of the District contained in the 2016 Bonds and the Authorizing Resolution, and the enforceability thereof, are subject to general principles of equity which may permit the exercise of judicial discretion, the reasonable exercise in the future by the State of Nebraska and its governmental bodies of the police power inherent in the sovereignty of the State, applicable bankruptcy, insolvency, moratorium or similar laws relating to or affecting creditors' rights generally and the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. This letter is issued to and for the sole benefit of the above addressees and is issued for the sole purpose of the transaction specifically referred to herein. No person other than the above addressees may rely upon this letter without our express prior written consent. This letter may not be utilized by you for any other purpose whatsoever and may not be quoted by you without our express prior written consent. We have not assumed any responsibility with respect to the creditworthiness of the security for the 2016 Bonds, and our engagement as bond counsel with respect to the transaction referred

to herein terminates upon the date of this letter. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Very truly yours,

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APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

Following is substantially the text of a Section of the Omaha Public Power District Series Resolution comprising the District's continuing disclosure undertaking pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i).

***Undertaking To Provide Ongoing Disclosure**.*

(a) This Section constitutes the written undertaking for the benefit of the holders of the 2016 Bonds required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the "Rule"). Capitalized terms used in this Section and not otherwise defined in this Series Resolution shall have the meanings assigned such terms in subsection (d) hereof. It being the intention of the District that there be full and complete compliance with the Rule, this Section shall be construed in accordance with the written interpretative guidance and no-action letters published from time to time by the Securities and Exchange Commission and its staff with respect to the Rule and in accordance with amendments to the Rule adopted or effective after the date hereof. The provisions of this Section may be modified in a Pricing Certificate as necessary or appropriate to reflect different or additional provisions of the Rule applicable to all or a portion of the 2016 Bonds.

(b) The District, as an "obligated person" within the meaning of the Rule, undertakes to provide the following information to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as presented by the MSRB, as provided in this Section:

(1) Annual Financial Information;

(2) Audited Financial Statements, if any; and

(3) Required Event Notices.

(c) (1) The District shall, while any 2016 Bonds are Outstanding, provide the Annual Financial Information on or before the date which is 180 days after the end of each fiscal year of the District (the "Report Date"), beginning with fiscal year 2016. If the District changes its fiscal year, it shall provide written notice of the change of fiscal year to the MSRB. It shall be sufficient if the District provides to the MSRB any or all of the Annual Financial Information by specific reference to documents previously provided to the MSRB or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the MSRB.

(2) If not provided as part of the Annual Financial Information, the District shall provide the Audited Financial Statements to the MSRB when and if available while any 2016 Bonds are Outstanding.

(3) If a Notice Event occurs while any 2016 Bonds are Outstanding, the District shall provide a Required Event Notice in a timely manner (not in excess of 10 business days after the occurrence of such Notice Event) to the MSRB. Each Required Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the 2016 Bonds.

(4) The District shall provide in a timely manner to the MSRB notice of any failure by the District while any 2016 Bonds are Outstanding to provide to the MSRB Annual Financial Information on or before the Report Date.

(5) All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB and shall be in an electronic format as prescribed by the MSRB.

(d) The following are the definitions of the capitalized terms used in this Section and not otherwise defined in this Series Resolution:

(1) "Annual Financial Information" means the financial information or operating data with respect to the District, provided at least annually, of the type included in the final official statement with respect to the Bonds under the headings "CAPITAL AND NUCLEAR FUEL EXPENDITURES"; "ELECTRIC RATES AND RATE REGULATION"; "THE ELECTRIC SYSTEM"; "OPERATING RESULTS"; "NET RECEIPTS FOR THE ELECTRIC SYSTEM"; "OPERATING REVENUES AND ENERGY SALES"; "OPERATIONS AND MAINTENANCE EXPENSES"; "DEBT SERVICE ON THE DISTRICT'S BONDS"; and also "APPENDIX A—MANAGEMENT'S DISCUSSION AND ANALYSIS—FINANCIAL POSITION AND RESULTS OF OPERATIONS"; "—CAPITAL PROGRAMS"; and "—CASH AND LIQUIDITY." The financial statements included in the Annual Financial Information shall be prepared in accordance with generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB"). Such financial statements may, but are not required to be, Audited Financial Statements.

(2) "*Audited Financial Statements*" means the District's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

(3) "*Notice Event*" means any of the following events with respect to the 2016 Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the 2016 Bonds or other material events affecting the tax-exempt status of the 2016 Bonds;

(vii) Modifications to rights of holders of the 2016 Bonds, if material;

(viii) 2016 Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the 2016 Bonds, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar events relating to the District;

(xiii) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(4) "*Required Event Notice*" means written or electronic notice of a Notice Event.

(e) (1) The continuing obligation hereunder of the District to provide Annual Financial Information, Audited Financial Statements, if any, and Required Event Notices shall terminate immediately once the 2016 Bonds no longer are Outstanding. This Section, or any provision hereof, shall be null and void in the event that the District obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Section, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the 2016 Bonds, provided that the District shall have provided notice of such delivery and the cancellation of this Section to the MSRB.

(2) This Section may be amended without the consent of the holders of the 2016 Bonds, but only upon the delivery to the District of an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the District's compliance with this Section and with the Rule, provided that the District shall have provided notice of such delivery and of the amendment to the MSRB. Any such amendment shall satisfy, unless otherwise permitted by the Rule, the following conditions:

(i) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person or type of business conducted;

(ii) This Section, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) The amendment does not materially impair the interests of holders of the 2016 Bonds, as determined either by parties unaffiliated with the District (such as

nationally recognized bond counsel), or by approving vote of holders of the 2016 Bonds pursuant to the terms of the General Resolution at the time of the amendment.

The initial Annual Financial Information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change, if any, in the type of operating data or financial information being provided.

(f) Any failure by the District to perform in accordance with this Section shall not constitute an "Event of Default" under the General Resolution, and the rights and remedies provided by the General Resolution upon the occurrence of an "Event of Default" shall not apply to any such failure. In the event of a breach by the District of any of its obligations under this Section, any owner of any interest in the 2016 Bonds may bring an action against the District for specific performance to cause the District to perform its obligations hereunder, but shall have no other remedy for such breach.

APPENDIX E

SCHEDULE OF REFUNDED BONDS

2009 Series A

Maturity Date (February 1)	Amount Refunded	Interest Rate	Redemption Date (February 1)	CUSIP Numbers
2023	$ 3,500,000	4.00%	2019	681793 4F9
2024	3,200,000	4.20	2019	681793 4G7
2025	3,500,000	4.30	2019	681793 4H5
2026	3,700,000	4.45	2019	681793 4J1
2027	3,700,000	4.55	2019	681793 4K8
2028	3,900,000	4.65	2019	681793 4L6
2029	4,200,000	4.75	2019	681793 4M4
2034	25,000,000	5.00	2019	681793 4N2
2039	34,300,000	5.00	2019	681793 4P7

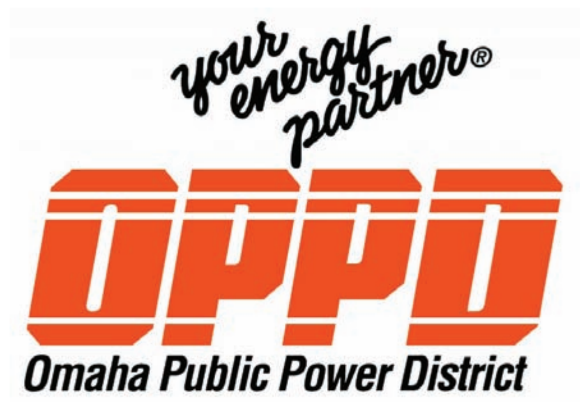
2011 Series B

Maturity Date (February 1)	Amount Refunded	Interest Rate	Redemption Date (February 1)	CUSIP Numbers
2023	$4,260,000	5.00%	2021	681793 7A7
2024	4,470,000	5.00	2021	681793 7B5
2025	1,120,000	3.25	2021	681793 7C3
2025	3,575,000	5.00	2021	681793 7M1
2026	4,910,000	5.00	2021	681793 7D1
2027	490,000	3.50	2021	681793 7E9
2027	4,665,000	5.00	2021	681793 7N9
2028	5,405,000	5.00	2021	681793 7F6
2029	5,325,000	5.00	2021	681793 7P4

2012 Series A

Maturity Date (February 1)	Amount Refunded	Interest Rate	Redemption Date (February 1)	CUSIP Numbers
2023	$10,900,000	5.00%	2022	681793 7S8
2024	9,905,000	5.00	2022	681793 7T6
2025	10,190,000	5.00	2022	681793 7U3
2026	10,660,000	5.00	2022	681793 7V1
2027	11,060,000	5.00	2022	681793 7W9
2028	11,650,000	5.00	2022	681793 7X7
2029	12,050,000	5.00	2022	681793 7Y5

OMAHA PUBLIC POWER DISTRICT (NEBRASKA) • ELECTRIC SYSTEM REVENUE BONDS, 2016 SERIES A



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