

2 0 1 2 A N N U A L R E P O R T

RECHARGED



SERVICE AREA MAP



ABOUT OPPD

Omaha Public Power District is a publicly owned electric utility that serves a population of 780,455 people, more than any other electric utility in the state.

Founded in 1946 as a public entity, the business-managed utility is governed by an elected board of eight directors. While its headquarters is located in Omaha, Neb., OPPD has several other locations in its 13-county, 5,000-square-mile service area in southeast Nebraska.

The majority of OPPD's power comes from three baseload power plants: North Omaha Station and Nebraska City Station, both coal-fired plants, and Fort Calhoun Station, a nuclear power plant. Additional energy comes from three peaking plants and renewable energy resources, including a landfill-gas plant and wind turbines.

RECHARGED



Cable splicer Scott Hadfield works in an underground vault in downtown Omaha. Earlier in 2012, seven other cable splicers (shown on the cover) spent two weeks in New York City to restore hurricane damage.

In many ways, 2012 was a remarkable year for OPPD.

While perhaps not as dramatic as 2011, when the Missouri River flooded, 2012 was nonetheless a time of great uncertainty and significant challenges. OPPD emerged from that year recharged as an organization and recommitted to our customers, employees and communities. Thanks to the safe, diligent and creative work of our employees, we

ended 2012 stronger than when the year began.

We are fortunate to work with so many resourceful people at OPPD. Here are some ways our employees helped our customers and communities in 2012:

- The restart of Fort Calhoun Station continued moving forward.
- Summer temperatures hit a record high, but energy-efficiency and demand-side management programs helped prevent blackouts or brownouts that some utilities experienced.
- Commitment to renewable energy took big steps forward with the dedication of two new wind farms and our commitment to a third.
- We reduced operating costs and future interest expense to help offset pressures pushing electricity prices upward.

- Efforts to recruit the next generation of employees blossomed through partnerships.
- We were recognized for outstanding levels of customer satisfaction and for being an employer of choice in the Greater Omaha area.
- Because we are rooted in southeast Nebraska, employees increased their mentoring and volunteerism.
- One of our employees even rescued a family of four from a burning home.

Despite our best efforts, higher operational costs forced OPPD to raise retail rates by 6.9 percent, effective January 1, 2013. Without the diligent efforts of our employees and the sound business decisions by our managers, the increase could have been higher.

In the pages that follow, we shine a light on some of the resourceful employees and responsible decision-making that is helping recharge OPPD.

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CHAIRMAN AND CEO MESSAGE



Gary Gates, left, and Fred Ulrich

Employees recharged the utility in 2012. In this report, we share several snapshots of what was done across the utility. Our resourceful employees give us confidence to move forward in an industry that is in the midst of a dramatic evolution.

During 2012, OPPD senior management took a hard look at OPPD's future. Working with strategic planning experts, we created a new Corporate Strategic Plan. In developing the plan, we reviewed every aspect of what OPPD should and could become. We considered the increased concerns of the various stakeholders of our business. We considered different scenarios, ranging from higher nuclear compliance to political and economic drivers for increased environmental regulations. The senior management team then visited almost every OPPD work location to personally share the plan and the utility's new vision and mission.

Employees told us that they were on board with the plan. In fact, they also showed us in their performance throughout the year. Among the challenges employees faced last year was the continuing effort of restart and recovery of Fort Calhoun Station (FCS). Great progress has been made at FCS. One of the major steps was hiring Exelon Generation Company, LLC to manage the day-to-day operations of the plant. They've worked alongside numerous OPPD employees, focusing on improvement efforts to safely return FCS to a high-performing station.

To improve reliability, OPPD has partnered with Kansas City Power & Light on the Midwest Transmission Project, a proposed 150- to 190-mile high-voltage transmission line that will stretch from Nebraska City to Sibley, Mo. The two utilities are developing and constructing the line as part of a plan developed by the Southwest Power Pool (SPP), a regional transmission organization, to relieve congestion on the electric grid, enhance national security and advance renewable energy. Cost of the \$400 million project, scheduled to be in service by June 2017, will be shared by SPP utility members.

We are heading into the future with our eyes wide open, and we continue to value customer input, including our 12th consecutive ranking for highest among midsize utilities in the Midwest in J.D. Power & Associates 2012 Electric Utility Residential Customer Satisfaction StudySM.

As a publicly owned electric utility, we are always mindful of OPPD's responsibility to our customers, employees and communities. We appreciate the diligent efforts of our employees, our board and our customer-owners as we move forward.

Handwritten signature of Fred J. Ulrich in black ink.

Frederick J. Ulrich
Chairman of the Board

Handwritten signature of W. Gary Gates in black ink.

W. Gary Gates
President and CEO

BOARD OF DIRECTORS



The OPPD Board of Directors includes, from the left, Tim W. Gay, Anne L. McGuire, Michael A. Mines, Fred J. Ulrich, Michael J. Cavanaugh, Del D. Weber, Thomas S. Barrett and John K. Green.

Fred J. Ulrich
Chairman of the Board
Farmer, Cattle Rancher

Anne L. McGuire
Vice Chairman of the Board
Nurse Educator
(Retired)

Michael J. Cavanaugh
Treasurer
Police Lieutenant, City of Omaha (Retired)
Real Estate Investor – Manager

John K. Green
Secretary
Attorney at Law

Thomas S. Barrett
Board Member
Attorney at Law

Tim W. Gay
Board Member
Governmental Advisor

Michael A. Mines
Board Member
Governmental Advisor

Del D. Weber
Board Member
Chancellor Emeritus,
University of Nebraska
at Omaha

SENIOR MANAGEMENT



The OPPD senior management team includes, from the left, Jon T. Hansen, Louis P. Cortopassi, Mohamad I. Doghman, W. Gary Gates, Sherrye L. Hutcherson, Timothy J. Burke and Edward E. Easterlin.

W. Gary Gates
President
Chief Executive Officer

Edward E. Easterlin
Vice President –
Financial Services
Chief Financial Officer
*Assistant Treasurer,
Assistant Secretary*

Timothy J. Burke
Vice President –
Customer Service and
Public Affairs
Assistant Secretary

Louis P. Cortopassi
Site Vice President
Chief Nuclear Officer

Mohamad I. Doghman
Vice President –
Energy Delivery
Chief Compliance
Officer
Assistant Secretary

Jon T. Hansen
Vice President –
Energy Production and
Marketing
Assistant Secretary

Sherrye L. Hutcherson
Vice President –
Corporate Services
Chief Administrative Officer
Assistant Secretary

RELIABLE



Jake Lang knows all about the record heat wave that broiled southeastern Nebraska last July.

But Jake isn't a weather forecaster.

He's a line technician for OPPD, and he spent most of last July 35 feet up in the air in a bucket truck wearing about 30 pounds of protective gear.

Jake and his colleagues worked to make sure you had power when you wanted it. In our area, temperatures exceeded 90 degrees for 26 days that month.

Triple digits were reached on eight days. Unlike customers of other regional utilities, OPPD customers experienced no blackouts or brownouts during last summer's historic heat wave. This is in no small part thanks to Jake and dozens of other OPPD field workers.

In OPPD's generating plants, temperatures were so high that workers wore ice-filled vests to perform tasks near boiler areas. Other line technicians worked in underground vaults, where air was hot, dank and still.

No one complained – that's not what OPPD employees do. And there were no accidents thanks to a focus on safety and frequent water breaks.

Five months later, we asked Jake and his colleagues to restore power following a bone-chilling snowstorm that left 41,000 customers without power in the days



Line technician Jake Lang works from a bucket truck during the summer heat wave. At right, OPPD crews battled bitter cold to quickly restore service after a winter storm knocked out power to thousands. Top right, call center personnel fielded a record number of calls in 2012.



leading up to Christmas. Profuse sweating wasn't so much of a problem then – instead, they faced heavy snow and 40-mile-per-hour winds that lowered visibility and pushed temperatures well below freezing. But like their July efforts, OPPD's field workers strapped on their gear, spent the beginning of each job reviewing safety procedures and then gamely began their work. They worked around the clock until the last customer was restored.



RESILIENT

Safety is job one, two and three for the employees working to restart Fort Calhoun Station (FCS). OPPD partnered with Exelon Generation, an industry expert, to help lead the recovery efforts and to establish and sustain a high level of operating performance.

Under the direction of FCS Site Vice President Lou Cortopassi, these employees have revisited and rechecked several thousand activities while providing near-continual updates to inspection teams from the U.S. Nuclear Regulatory Commission (NRC). Lou emphasizes that employee behavior is the critical foundation for safe, effective management of the restart. Numerous successful meetings were held with NRC officials during 2012, and seven public meetings were held to make sure the community was informed about progress at the plant.

In 2012, the NRC approved our FCS restart plan, and the plant is scheduled to be in service in 2013. The order from the NRC is the culmination of over 18 months of dedicated, safe, hard work by OPPD employees and Exelon personnel.

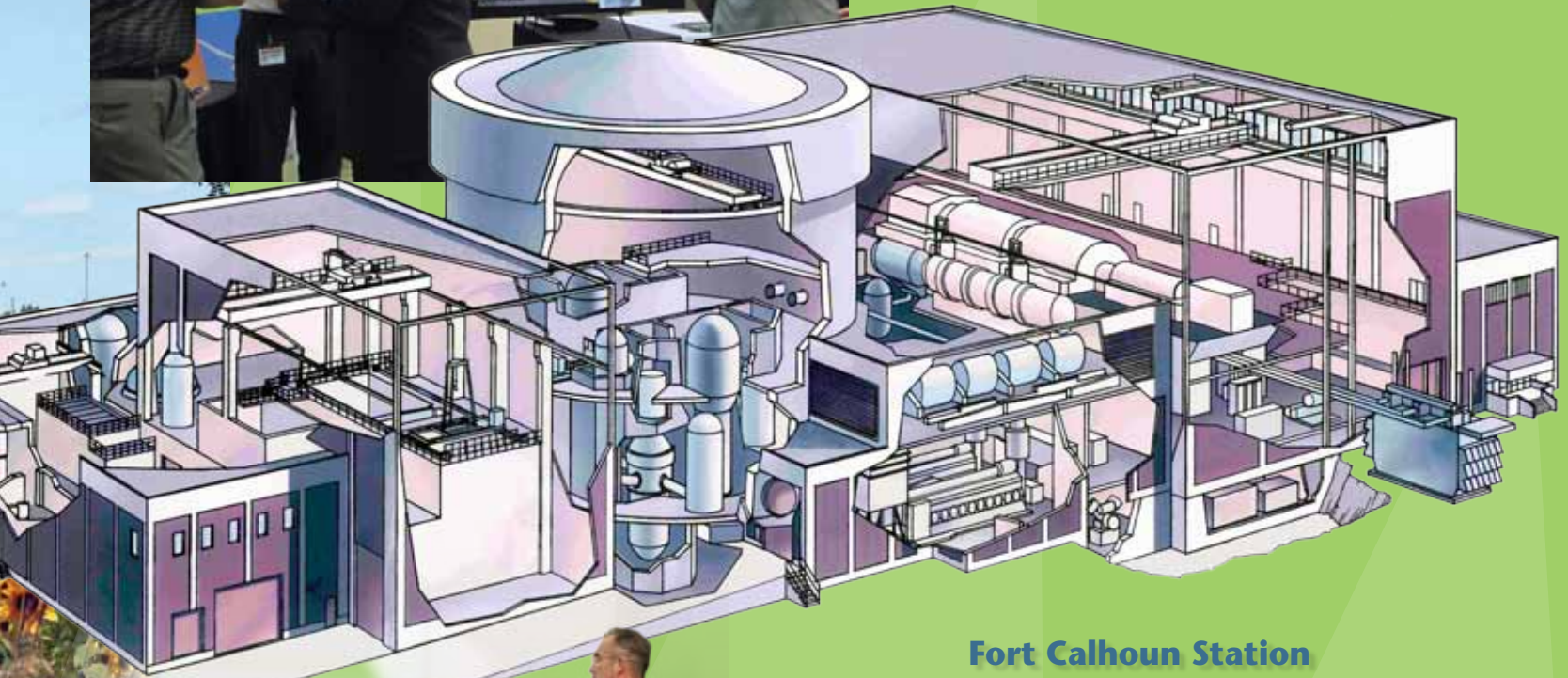


Safety remains the top priority as the Fort Calhoun Station recovery effort continues. Site Vice President Lou Cortopassi, above, leads the recovery effort for the plant, which is shown in the photo and cut-out diagram. At right, employees work in the Operations Control Center, the hub for restart activities.





OPPD has kept the public updated on FCS progress via public meetings and the corporate website. At oppd.com, the Integrated Performance Improvement Plan chart, shown below, contains links to plan details.



Fort Calhoun Station Integrated Performance Improvement Plan

Flooding Recovery Plan

Reactor Safety Review

Identifying and Correcting
Performance Deficiencies

Nuclear Safety Culture
Assessment

Corrective Action Program

Engineering/Maintenance
Issues

Integrated Performance
Improvement Plan



RENEWABLE

Few people know what the price of electricity will be in 2039. Dean Mueller and Christene Bywater, who work to build OPPD's sustainable energy portfolio, are two of those people. Christene and Dean helped negotiate a 25-year power-purchase agreement with Prairie Breeze Wind Energy, LLC, to support construction of a 200.6-megawatt (MW) wind farm near Elgin, Neb. OPPD will purchase all of the electricity produced by that facility, which is scheduled to become operational by 2014.

"We negotiated this contract with Prairie Breeze because wind energy prices were at an all-time low, they could build it quickly, and they were willing to lock in the price of power for 25 years," Dean said. "Knowing what the cost of power will be from Prairie Breeze is really important for our customers and OPPD. That kind of certainty is rare."

The Prairie Breeze project helps OPPD diversify its fuel mix by adding more wind to a portfolio that also includes coal, nuclear, natural gas and other sources.

Two other Nebraska wind farms dedicated in late 2012, Broken Bow and Crofton Bluffs, are already providing customers with pollution-free kilowatt-hours of electricity. This wind energy helps OPPD "green" its electricity supply. Several years ago, OPPD set a goal of having 10 percent of retail energy from pollution-free, renewable resources by 2020. Now, it looks like we'll attain that goal six years early, in 2014.





Far left, OPPD made huge strides with its renewable portfolio in 2012, thanks largely to work done by Christene Bywater and Dean Mueller.



Children explore nature at OPPD's Arboretum, a 26-acre site that helps educate visitors about proper tree planting and much more.

REFRESHING

When demand for something is nearly five times the available supply, that's an important market signal. OPPD experienced that in late 2012 when it sold nearly \$500 million of bonds. Investors placed orders for \$2.4 billion, a sign of their confidence in our business. Because demand for the bonds so far exceeded the supply, OPPD was able to leverage the high demand to obtain favorable interest rates to reduce borrowing costs by \$25.4 million over the lifetime of the new bonds. Reduced debt-service helps keep OPPD prices low.

Taking advantage of favorable financing opportunities is only one part of our efforts to manage costs and hold the line on rate adjustments. Our 2013 operating budget includes measures totaling \$103 million that are being used to reduce rates. Measures include drawing on funds in reserves, selling more power to other utilities and spreading the cost of the Fort Calhoun Station restart and recovery efforts over a 10-year period. We are making great progress on both sets of goals.

It also was refreshing to see how well our customers responded to a voluntary new program, the AC Management Program, which reduces electric demand during peak electric demand periods:

- We thought we would get 10,000 participants, but by year-end 12,600 had signed up.
- We projected the program would reduce electric demand by about 15 megawatts (MW), but it was closer to 20.



OPPD introduced the AC Management Program in 2012 to help reduce peak demand, which will result in cost savings for both the utility and its customers.



Employees worked hard to control costs in 2012. Senior Financial Analysts Francois Ngudia, left, and Brian Keenan help manage and oversee utility budgets. At right, employees and outside professionals helped orchestrate OPPD's bond sale.





- We estimated 60 customers would sign up each day, and when the program was unveiled, we realized about 100 per day.

Air conditioners use more electricity than any other home appliance during our hot, humid summer days. Nearly 100 OPPD employees participated in a pilot program a few years ago to help us create and refine the AC Management Program, which alternates when our participants' air conditioner compressors run for a limited number of days during a year.

"By strategically managing our air conditioner usage when peak demand is high, we can significantly reduce the demand for electricity when it is most expensive," explained Renee Jaksich, a product marketing specialist. Reducing this demand helps OPPD keep rates low.

Customers who signed up received an incentive and a promise: OPPD would only manage their air conditioners a limited number of days during a year, and it was possible OPPD would not have to manage their air conditioners at all. A lot would depend on the weather.

"The AC Management Program is a great example of how small changes by a number of people can add up to big savings," Renee said. OPPD met its goal of reducing overall electric demand by 50 MW in 2012. The AC Management program alone saved about 19 MW of peak electric demand.

RECRUITING

Lloyd Williams has a different perspective on life. Most work days, Lloyd views it from 35 feet up in the air, standing in a bucket truck or perched atop an OPPD distribution pole, working to maintain and repair equipment as a line technician. And he's trying to bring the next generation of line technicians up there with him.

Lloyd and another OPPD line technician, Angie Williams, let local high school students know about the line technician jobs that are available. OPPD partnered with the Omaha Public Schools and Metropolitan Community College to identify and recruit students with the interest and aptitude to work as a line technician. The outreach program helps OPPD recruit the next generation of field workers while also making its workforce more representative of the community. About 600 students attended presentations by Angie and Lloyd last year. About half were women or minorities.

"You really have to want to do this job," Lloyd told students. "You've got to want to go up that pole." Sometimes it's a long way up. Lloyd might be several hundred feet above ground when he works on high-voltage transmission lines.

Line technicians work in extreme temperatures, ranging from below zero to over 100 degrees. But the pay is good, the work is steady and the sense of accomplishment can't be beat, they told the students. Anyone who wants to work with their hands in a beautiful outdoor "office" should consider a career as a line technician.



Hundreds of high school students learned about the line technician career from Angie Williams, above, and Lloyd Williams, in the tan shirt, at right.



REBOUND



Job-creation remains difficult and slow in southeastern Nebraska as well as across the country.

That's one reason OPPD was so excited that Fidelity Investments decided to build a \$200 million, state-of-the-art data center in Papillion, Neb. Fidelity cited OPPD's low electric rates and high reliability as important factors in its decision. When operating in 2014, the data center will employ 30-35 associates.

"Fidelity Investments is an outstanding company," Nebraska Governor Dave Heineman said in late 2012 announcing the Fidelity decision. "I am especially pleased that the Nebraska Department of Economic

Development, in partnership with Sarpy County, the city of Papillion, Greater Omaha Economic Development Partnership and OPPD, were able to work together to meet Fidelity's needs."

Fidelity said the data center will be environmentally friendly, with construction designs that will outfit the project according to Leadership in Energy and Environmental Design (LEED) standards.

About 50 OPPD employees from 10 departments worked with various state, county and local agencies over the last two years to bring the Fidelity project to the area.

Low electricity rates factored into Fidelity Investments' decision to locate its data center in Sarpy County.



RECOGNITION

Electricity is the foundation of our society and economy. OPPD's customer-owners are particular about what they want from OPPD, and we work hard to meet their expectations. Nebraskans are among the most gracious people you will find: When you do a job well, they'll let you know. And when you come up short, they'll let you know about that, too.

We'd want it no other way. Last year, for the twelfth consecutive year, our residential customers gave OPPD a particularly strong vote of approval. No other utility has won this award for residential customer satisfaction for 12 years in a row.

Given the events that preceded the J.D. Power survey, including the Missouri River flooding of mid-2011, the customer recognition was even more meaningful. In their responses, customers said that OPPD was on the right track by providing solid value at a fair price, meeting their needs and the challenges that arose, and exceeding their expectations.

The survey identifies six major drivers of residential customer satisfaction – Power Quality & Reliability, Price, Billing & Payment, Corporate Citizenship, Communications and Customer Service. The Power Quality & Reliability component typically carries the most impact on overall customer satisfaction. OPPD has scored highest in its class for power quality and reliability in each of the last five years.





Our customers gave us another important recognition last year. Our business customers gave us the highest customer satisfaction score for a mid-sized electric utility in the Midwest. Some of the innovations we recently introduced, including a business customer call center, played an important role in reaching the top in the Midwestern region. Business customers have different concerns and needs than residential customers.

Serving customers the way they want to be served remains a guiding principle within OPPD. While we are grateful for customer recognition among our peer electric utilities, perhaps the most meaningful recognition we received last year was from the Urban League of Nebraska, which honored OPPD and four other local companies for their efforts to promote diversity and inclusiveness in the community. This award confirmed our view of the importance of building an inclusive community that embraces cultural differences.

OPPD received its twelfth straight J.D. Power and Associates award for customer satisfaction in 2012. Employees like Tom Burton, far left, who was named Engineer of the Year by OPPD Society of Engineers, and Austin Martinez of Customer Care Services strive to deliver high satisfaction in all interactions.



RELATIONSHIPS

OPPD has wide and deep roots in our community. The utility invests in the community in many ways: providing affordable vital services, creating good jobs, paying taxes, improving services and purchasing equipment and services locally whenever possible.

As a locally owned utility, OPPD invests in Main Street, not Wall Street. The recession continues to take a toll on Main Street. In fact, we're still recovering from the soft economy, as well as the devastating flood. Main Street continues to need our help, and we are upping our efforts to meet the community's needs.

One way we help meet local needs is with employee volunteerism. Spirited involvement with charitable and civic causes improves the quality of life for all of us. Our employees show their love for and loyalty to southeastern Nebraska every day in many ways: serving on boards, mentoring students, coaching youth sports teams, and raising money for good causes. Here are a few snapshots:

- OPPD employees donated over \$350,000 for the annual United Way drive last year.
- Employees volunteered to judge the annual Power Drive competition, where students combine their energy and automotive smarts in a fun and educational way.
- As part of an employee mentoring program, Marty Wetenkamp donated trees and planted them along the banks of the Missouri River near his hometown



Employees support numerous community efforts, including volunteering at Power Drive Rallies. At left, Rhonda Weyant received recognition for her mentoring efforts.





Left, Marty Wetenkamp helped restore a park destroyed by the 2011 flood. Below center, employees participated in a Washington County parade.



of Plattsmouth, revitalizing an area devastated by the 2011 flooding.

OPPD employees also rallied to support one of their own last year, raising over \$28,000 to help pay for a lung transplant for an employee's spouse.

Beyond volunteerism and charitable giving, OPPD employees improve our quality of life by the passion and creativity they bring to their work:

- The new mobile applications developed by employees allow customers to report power outages and check on estimated restoration times.
- Employees developed energy-efficiency programs that appealed to customers. Enrollments surpassed expectations, and customers reported the programs made saving money easier than ever.
- Employees provided ideas to save money and serve customers better while not cutting corners on safety.

OPPD has a long and deep connection to the people and communities of southeastern Nebraska. Because of our employees, the quality of our service remains high, while the price of our product remains low. The specific needs of an area or a neighborhood can change over time. What doesn't change are the values and behaviors that guide our employees and our organization.



RESPONSIBLE

OPPD employee Tevi Lawson defines “customer service” broadly. And there’s a family of four with two dogs in midtown Omaha that is alive today because of Tevi.

Last July, as Tevi was working in the field, he saw the rear deck of a home on fire. People were in the basement, unaware of the fire. Tevi knocked on the door, but no one answered. His knocking became more vigorous and finally someone answered. “Get out! Get out!” Tevi yelled. Finally, the homeowner understood, bringing two other adults, a young girl and two dogs out of the house. Tevi dialed 911 on his cell phone. The group, dazed but with adrenaline pumping through their bodies, moved to the curb and watched as the house was destroyed.

Tevi exemplifies the best our employees have to offer – safety, courage, concern for others and a willingness to act.

For his actions, Tevi received the President’s Award from OPPD President Gary Gates. Tevi, a distribution engineer who joined OPPD in 2011, said the act was nothing special. “I was just providing customer service,” he said on receiving the award.





Engineer Tevi Lawson earned the OPPD President's Award for his heroic efforts one day while working in the field.



INVESTOR RELATIONS AND CORPORATE INFORMATION

Corporate Headquarters

Energy Plaza
444 South 16th Street Mall
Omaha, Nebraska 68102-2247
402-636-2000
www.oppd.com

General Counsel

Fraser Stryker PC LLO
Omaha, Nebraska

Financial Advisor

Barclays Capital Inc.
New York, New York

Consulting Engineer

SAIC Energy, Environment
& Infrastructure, LLC
McLean, Virginia

Independent Auditors

Deloitte & Touche LLP
Omaha, Nebraska

Bond Counsel

Kutak Rock LLP
Omaha, Nebraska

Commercial Paper Holders

Issuing and Paying Agent
The Bank of New York Mellon Trust Company, N.A.
New York, New York

Senior, Subordinate and Separate System Bondholders

You may contact OPPD with questions about OPPD debt at:

Finance & Investor Relations
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102-2247
Email: finfo@oppd.com
402-636-3286

The Trustee and Paying Agent on OPPD's Senior Lien Debt, Subordinated Revenue Bonds and Separate System Revenue Bonds is The Bank of New York Mellon Trust Company, N.A. You may contact The Bank of New York Mellon Trust Company, N.A. directly at:

The Bank of New York Mellon Trust Company, N.A.
Global Corporate Trust
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602

Email: corporate.bond.research@bankofny.com
Bondholder Relations: 800-254-2826

OPPD Minibond Holders

OPPD is the Paying Agent, Transfer Agent and Registrar on OPPD's Minibonds. OPPD Minibond Administration provides information and assistance to Minibond holders regarding:

- *Interest Payments*
Interest on Current Interest-Bearing Minibonds is paid on April 1 and October 1 each year.
- *Ownership Transfer*
Minibond Transfer Information Forms can be obtained via www.oppd.com or by contacting the Minibond Administrator.
- *Optional Early Redemption*
- *Replacement of Lost Minibond Certificate*

Minibond Administrator

You may contact the Minibond Administrator at:

Minibond Administrator
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102-2247
Email: minibonds@oppd.com
Omaha, Nebraska area: 402-636-3286
Outstate Nebraska: 800-428-5584

Available Financial Information

In compliance with Securities and Exchange Commission Rule 15c2-12, information regarding OPPD is available through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System. Copies of its most recent annual reports, interim reports and official statements also are available upon request at finfo@oppd.com or at the following address:

Finance Division
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102-2247

Financial information in the annual report also is available at www.oppd.com

2012 OPPD FINANCIAL REPORT

2012 Financial Report CD

Management's Discussion
and Analysis (Unaudited)

Report of Management

Independent Auditors'
Report

Statements of Net Position

Statements of Revenues,
Expenses and Changes
in Net Position

Statements of Cash Flows

Notes to Financial
Statements

Statistics (Unaudited)





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