

CEO Message

We are living in the century of the consumer. Our customers are better informed, demand more of us and are more willing to share their views than at any time before. Providing great customer service is no longer optional. It is a must.

The Omaha Public Power District's commitment to maintaining the highest levels of communication and transparency has never been greater. Through last year's stakeholder process, we learned this is exactly what our customers and Board of Directors want.



We are determined to remain innovators and leaders in our industry while keeping our customers' rates low. We are boldly moving ahead with our plan to retire three coal-fired units at North Omaha Station in 2016. Next year will also see the retrofiting of three other coal-fired units with basic emissions controls. Two of those units will be switched to natural gas by 2023. These are some of the large-scale measures we are taking to provide reliable, yet diverse, generation to our customers.

Our generation portfolio is changing in other ways, as well. Through our strategic plan, we are committed to reducing load by 300 megawatts (MW) by 2023 through customer participation in our demand-side management efforts. And by 2018, 33 percent of our retail load will be served by renewable sources.

In June, we began an effort to realize our strategic rate target of at least 12.5 percent below the regional average. We are working to improve efficiencies and reduce costs companywide to provide greater value for our customers.

On May 8, we signed an agreement providing access to our Arbor Rail Line to Midwest Farmers Cooperative, who will build a rail-shuttle complex to handle grain and fertilizer shipments in the southeast part of the state.

On the generation side, our Nebraska City Station Unit 1 finished an historic run of 287 days of continuous service, a record for that unit. Fort Calhoun Station (FCS) completed its 27th refueling outage, and in April, the Nuclear Regulatory Commission returned FCS to normal reactor oversight.

At OPPD, our commitment to our customers remains the same – leading the way we power the future while providing affordable, reliable and environmentally sensitive energy services.

*Timothy J. Burke*  
Timothy J. Burke  
President and CEO

On May 11, Timothy J. Burke became the 12th CEO and President of the Omaha Public Power District, following the retirement of W. Gary Gates. He came to OPPD in 1997 as vice president of Energy Services and was most recently vice president of Customer Service and Public Affairs.

Board of Directors

Anne L. McGuire .....	Chair of the Board
Michael A. Mines.....	Vice Chair of the Board
Tim W. Gay.....	Treasurer
Thomas S. Barrett.....	Secretary
Michael J. Cavanaugh.....	Board Member
John K. Green.....	Board Member
Rich L. Hurley .....	Board Member
Fred J. Ulrich.....	Board Member
Timothy J. Burke .....	President Chief Executive Officer

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2015 MIDYEAR REPORT

Count on us

## Who We Are

OPPD is a fully integrated electric utility serving a 5,000-square-mile, 13-county region in eastern Nebraska. All corporate powers of OPPD are vested in a board of directors consisting of eight members representing areas of the service territory. OPPD generates revenues from a mix of retail sales, off-system sales and other electric products and services. Corporate headquarters is in Omaha, Neb., with generating plants, service centers and customer service locations strategically located throughout our service territory.

Our mission is to provide affordable, reliable and environmentally sensitive energy services to our customers.

## CFO Message

Operating revenues were lower in the first six months of 2015 (2015 period) compared to the first six months of 2014 (2014 period). Retail sales revenues were lower, primarily due to decreased residential and industrial energy sales. Off-system sales were lower due to decreased market prices and generating unit outages, which resulted in less energy being available for sale in the Southwest Power Pool Integrated Marketplace.



Operating expenses increased in the 2015 period compared to the 2014 period. Fuel expenses were lower due to the decreased generation associated with production outages at the Nebraska City Station Unit 2 (NC2) and the Fort Calhoun Station (FCS). Production (non-fuel) expenses were lower due to decreased maintenance expenses at North Omaha Station and Nebraska City Station Unit 1 that were partially offset by higher expenses at NC2 and FCS. Other operating expenses were higher in the 2015 period compared to the 2014 period, primarily due to higher administrative and general expenses, depreciation expenses and decommissioning expenses. Administrative and general expenses were higher due to

increased expenses for employee benefits. Depreciation expense was higher as a result of additional accelerated depreciation due to the upcoming retirement of North Omaha Station Units 1, 2 and 3. Decommissioning expenses were higher as a result of increased contributions to the FCS decommissioning funds.

Other income was lower in the 2015 period compared to the 2014 period due to a decrease in the allowance for funds used during construction. Net income decreased in the 2015 period compared to the 2014 period, primarily due to the decreases in retail and off-system sales revenue.

The decrease in cash and cash equivalents was less in the 2015 period compared to the 2014 period. Cash flows from operating activi-

ties were lower as a result of decreased cash received from retail customers and off-system sales. The favorable change in capital and financing activities is due to increased proceeds from bond financings during the 2015 period. Cash from investing activities was higher due to increased maturities and sales of investments compared to purchases.

Edward E. Easterlin  
Vice President and CFO

## Condensed Statements of Net Position

*In thousands - 2015 unaudited*

	<b>June 30 2015</b>	<b>December 31 2014</b>
Current Assets	<b>\$ 746,346</b>	\$ 770,999
Capital Assets	<b>3,363,140</b>	3,346,861
Other Long-Term Assets	<b>1,060,817</b>	752,621
Deferred Outflows of Resources	<b>132,035</b>	36,518
<b>Total Assets and Deferred Outflows</b>	<b><u>\$ 5,302,338</u></b>	<u>\$ 4,906,999</u>
Current Liabilities	<b>\$ 399,599</b>	\$ 402,506
Long-Term Liabilities	<b>2,968,713</b>	2,541,980
Deferred Inflows of Resources	<b>41,182</b>	41,000
<b>Total Liabilities and Deferred Inflows</b>	<b><u>3,409,494</u></b>	<u>2,985,486</u>
<b>Net Position</b>	<b><u>1,892,844</u></b>	<u>1,921,513</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b><u>\$ 5,302,338</u></b>	<u>\$ 4,906,999</u>

## Condensed Statements of Cash Flows

*In thousands - unaudited*

	<b>Six Months Ended June 30</b>	
	<b>2015</b>	<b>2014</b>
Cash Flows from Operating Activities	<b>\$ 38,483</b>	\$ 126,098
Cash Flows from Capital and Financing Activities	<b>(68,897)</b>	(153,344)
Cash Flows from Investing Activities	<b>20,632</b>	6,872
<b>Change in Cash and Cash Equivalents</b>	<b><u>\$ (9,782)</u></b>	<u>\$ (20,374)</u>

## Condensed Statements of Revenues, Expenses and Changes in Net Position

*In thousands - unaudited*

	<b>Six Months Ended June 30</b>	
	<b>2015</b>	<b>2014</b>
Retail Sales	<b>\$ 402,019</b>	\$ 415,101
Off-System Sales	<b>89,600</b>	106,036
Other Electric Revenues	<b>15,074</b>	15,445
<b>Total Operating Revenues</b>	<b><u>506,693</u></b>	<u>536,582</u>
Fuel and Purchased Power	<b>140,398</b>	145,448
Production (non-fuel)	<b>138,536</b>	143,545
Other Operating Expenses	<b>205,502</b>	188,934
Payments in Lieu of Taxes	<b>14,384</b>	14,486
<b>Total Operating Expenses</b>	<b><u>498,820</u></b>	<u>492,413</u>
<b>Operating Income</b>	<b><u>7,873</u></b>	<u>44,169</u>
Other Income	<b>9,384</b>	10,748
Interest Expense	<b>(45,926)</b>	(48,114)
<b>Net Income (Loss)</b>	<b><u>(28,669)</u></b>	<u>6,803</u>
Net Position, Beginning of Period	<b><u>1,921,513</u></b>	<u>1,869,588</u>
<b>Net Position, End of Period</b>	<b><u>\$ 1,892,844</u></b>	<u>\$ 1,876,391</u>

## Key Statistical Highlights

	<b>June 30</b>	
	<b>2015</b>	<b>2014</b>
Generating Capability <i>(in megawatts)</i>	<b>3,233.9</b>	3,232.1
System Peak Load <i>(twelve months ended, in megawatts)</i>	<b>2,291.1</b>	2,339.4
Net Generation <i>(six months ended, in megawatt-hours)</i>	<b>6,870,505</b>	7,818,097
Retail Energy Sales <i>(six months ended, in megawatt-hours)</i>	<b>4,957,685</b>	5,245,565
Off-System Energy Sales <i>(six months ended, in megawatt-hours)</i>	<b>3,232,036</b>	3,425,548
Cents/kWh – Retail Sales Revenue <i>(six months ended)</i>	<b>8.37</b>	8.11
Number of Customers <i>(six months ended, average)</i>	<b>363,592</b>	359,693