

CEO Message

With customers using less energy, historically low natural gas prices and the abundance of renewables impacting energy prices, we are in the midst of dramatic changes in the energy industry. The business-as-usual mindset is no longer an option, and we're taking significant steps to lead the way we power the future.



In June, Omaha Public Power District's Board of Directors voted unanimously to cease operations at Fort Calhoun Station by the end of 2016. It's the most difficult decision ever made in OPPD's history. But it was necessary. Challenging market conditions, the high operating costs that go into maintaining the country's smallest nuclear power station, and the lack of credit for existing nuclear generation in the proposed Clean Power Plan made it the right decision.

The decision means OPPD will be on track to achieve our goal of providing retail rates 20 percent below the regional average and anticipating no general rate increases for the next five years. A bold move, but one that is in line with maintaining the public power advantage.

OPPD is also undergoing cost-saving measures to better position ourselves for the future. That effort began last year, and we are currently in the second wave of a four-wave process in which more than 200 initiatives totaling \$86 million in cost reductions have been identified. These measures are being done without sacrificing customer service, the reliability of our services or the safety of our employees and customer-owners.

On June 1, OPPD's new rate structure went into effect. The new rate structure better reflects the fixed cost portion of providing electricity to customers and maintaining the infrastructure. The fixed cost portion used for decades in OPPD's rates had become outdated given the industry changes. This effort ensures our customers will continue to receive some of the country's most reliable and affordable electricity generation that they've come to expect.

OPPD continues to strive for financial stability and sustainability. An Innovation Team has been put in place to efficiently review and help implement employee ideas for process improvements, cost savings and new ways of doing business to meet the challenges of the new business environment.

Work also began in the field for the deployment of smart grid technology. Smart meters, capable of two-way communication and control between the devices and a central system, will be placed on some Omaha homes. The area chosen has a large amount of overhead distribution infrastructure. Equipment has been installed on lines and in substations in preparation for this venture into smart grid technology.

At OPPD, we are out front, taking the necessary steps to continue fulfilling our commitment to our customers: leading the way we power the future while providing affordable, reliable and environmentally sensitive energy services to our customers. Our promise is to do just that today, tomorrow and for future generations.

Timothy J. Burke
President and CEO

Board of Directors

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

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POWERING THE
FUTURE
2016 MIDYEAR REPORT

your energy partner
OPPD
Omaha Public Power District

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 an eight-member board of directors representing the service territory areas.

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 facilities, 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 higher in the first six months of 2016 (2016 period) compared to the first six months of 2015 (2015 period). Revenues from retail sales were higher due to an overall increase in energy sales. Off-system sales revenues were lower due to reduced market prices in the Southwest Power Pool Integrated Marketplace.

Operating expenses increased in the 2016 period compared to the 2015 period. Purchased power expenses were higher due to more expensive energy purchased in June



to cover production outages. Other operating expenses were higher in the 2016 period compared to the 2015 period primarily due to administrative and general expenses. These expenses were higher due to outside services to support long-term cost-reduction initiatives.

Other income was higher in the 2016 period compared to the 2015 period due to increased investment income. Net loss before special item in the 2016 period compared to the 2015 period was lower due to increased operating revenues.

The OPPD Board of Directors approved management's recommendation in June 2016 to cease Fort Calhoun Station (FCS) operations by December 31, 2016. As a result of the Board decision, the FCS assets were

impaired as of June 30, 2016. The write-offs of FCS assets and the related contract termination fees at June 30, 2016, were \$1.03 billion. This entry was classified as a special item on the Condensed Statement of Revenues, Expenses and Changes in Net Position. Net loss after special item was higher in the 2016 period compared to the 2015 period due to this impairment. The net loss related to the special item also reduced the net position on the Condensed Statement of Net Position.

The change in cash and cash equivalents increased in the 2016 period compared to the 2015 period. The increase is due to higher cash flows from operating and investing activities, which were partially offset by increased cash used for capital and financing

activities. The higher cash flows from operating activities was the result of a decrease in cash paid to employees and cash paid to operations and maintenance suppliers. The higher cash from investing activities was due to increased maturities and sales of investments compared to purchases. The decrease in cash flows from capital and financing activities is due to lower proceeds from bond financings during the 2016 period.

Edward E. Easterlin
Vice President and CFO

Condensed Statements of Net Position

In thousands - 2016 unaudited

	June 30 2016	December 31 2015
Current Assets	\$ 715,983	\$ 839,274
Capital Assets	2,552,100	3,391,674
Other Long-Term Assets	1,350,147	1,007,537
Deferred Outflows of Resources	185,575	189,005
Total Assets and Deferred Outflows	\$ 4,803,805	\$ 5,427,490
Current Liabilities	\$ 278,131	\$ 257,117
Long-Term Liabilities	3,591,031	3,198,419
Deferred Inflows of Resources	16,155	16,168
Total Liabilities and Deferred Inflows	3,885,317	3,471,704
Net Position	918,488	1,955,786
Total Liabilities, Deferred Inflows and Net Position	\$ 4,803,805	\$ 5,427,490

Condensed Statements of Cash Flows

In thousands - unaudited

	Six Months Ended June 30	
	2016	2015
Cash Flows from Operating Activities	\$ 97,058	\$ 60,095
Cash Flows from Capital and Financing Activities	(176,532)	(82,768)
Cash Flows from Investing Activities	94,940	12,891
Change in Cash and Cash Equivalents	\$ 15,466	\$ (9,782)

Condensed Statements of Revenues, Expenses and Changes in Net Position

In thousands - unaudited

	Six Months Ended June 30	
	2016	2015
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
Fuel and Purchased Power	142,779	140,398
Production (non-fuel)	138,805	138,536
Other Operating Expenses	206,362	205,502
Payments in Lieu of Taxes	15,017	14,384
Total Operating Expenses	502,963	498,820
Operating Income	30,308	7,873
Other Income	11,191	9,384
Interest Expense	(44,796)	(45,926)
Net Income (Loss) Before Special Item	(3,297)	(28,669)
Special Item	(1,034,001)	-
Net Income (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

Key Statistical Highlights

	June 30	
	2016	2015
Generating Capability (in megawatts)	3,006.7	3,233.9
System Peak Load (twelve months ended, in megawatts)	2,313.0	2,291.1
Net Generation (six months ended, in megawatt-hours)	7,258,484	6,870,505
Retail Energy Sales (six months ended, in megawatt-hours)	5,066,147	4,957,685
Off-System Energy Sales (six months ended, in megawatt-hours)	3,630,684	3,232,036
Cents/kWh – Retail Sales Revenue (six months ended)	8.64	8.37
Number of Customers (six months ended, average)	368,325	363,592