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 2015 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 2015 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.

OMAHA PUBLIC POWER DISTRICT (NEBRASKA)
$93,005,000 Electric System Revenue Bonds, 2015 Series A
$260,050,000 Electric System Revenue Bonds, 2015 Series B

Dated: Date of Delivery **Due:** February 1, as shown on the inside cover pages

The Electric System Revenue Bonds, 2015 Series A ("2015 A Bonds") and Electric System Revenue Bonds, 2015 Series B ("2015 B Bonds") (together, the "2015 Bonds") will be issued in fully registered form in the minimum denomination of $5,000 and any integral multiple thereof. Interest on the 2015 Bonds will be payable February 1, 2015 and each August 1 and February 1 thereafter. The 2015 Bonds are subject to optional redemption prior to maturity as described herein. The 2015 Bonds are issued for valid corporate purposes of the District, including reimbursing capital expenditures of the District, refunding all the District's 2005 Series B Bonds and a portion of the District's 2007 Series A and 2008 Series A Bonds (such refunded bonds, collectively, the "Refunded Bonds"), funding any required reserves and paying the costs and expenses incurred in connection with the issuance of the 2015 Bonds. Capital expenditures include expenses relating to production, transmission and distribution of electricity, and general plant projects.

The 2015 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 2015 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2015 Bonds will be paid by the Bond Fund Trustee acting as 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 the Participants, as more fully described herein. Any purchaser as a Beneficial Owner of a 2015 Bond must maintain an account with a broker or dealer who is, or acts through, a Participant to receive payment of the principal of and interest on such 2015 Bonds. See "BOOK-ENTRY SYSTEM."

Principal of and interest on the 2015 Bonds will be payable on a parity with the other Electric System Revenue Bonds of the District in the outstanding principal amount of $1,203,450,000 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 2015 BONDS." The 2015 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 2015 Bonds. The District has no taxing power.

The holder of each 2015 Bond will be deemed to have consented to certain amendments to the provisions of Resolution No. 1788, pursuant to which the 2015 Bonds are issued. Upon issuance of the 2015 Bonds, sufficient consents or deemed consents will have been received and the amendments to Resolution No. 1788 will become effective 30 days after issuance of the 2015 Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION NO. 1788—Amendments to Resolution No. 1788."

MATURITY SCHEDULE – See Inside Cover Pages

The 2015 Bonds are 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 2015 Bonds in definitive form will be ready for delivery through the DTC book-entry system on or about January 7, 2015.

J.P. Morgan **BofA Merrill Lynch**

Ameritas Investment Corp.	**Citigroup**	**D.A. Davidson & Co.**
Edward Jones	**Fidelity Capital Markets**	**Goldman, Sachs & Co.**
Morgan Stanley	**Piper Jaffray**	**Ramirez & Co., Inc.**
RBC Capital Markets		**Wells Fargo Securities**

December 12, 2014*

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* Except as to information as to actions taken by the Board of Directors of the District at its December 18, 2014 meeting, which is provided as of such date, and information under the headings "Generating Facilities – Nebraska City Station" and "Generating Facilities - Fort Calhoun Station," which is provided as of December 22, 2014.

$93,005,000
Electric System Revenue Bonds, 2015 Series A

Maturity Schedule

$38,630,000 Serial Bonds

Due February 1	Principal Amount	Rate	Yield	Price	CUSIP[2]
2022	$1,125,000	3.000%	1.930%	107.035%	682001CK6
2022	1,105,000	5.000%	1.930%	120.188%	682001CY6
2023	565,000	3.000%	2.080%	106.798%	682001CL4
2023	1,750,000	5.000%	2.080%	121.580%	682001CZ3
2024	2,420,000	5.000%	2.210%	122.807%	682001CM2
2025	2,545,000	5.000%	2.330%	122.776%[1]	682001CN0
2026	2,670,000	5.000%	2.440%	121.723%[1]	682001CP5
2027	2,995,000	2.850%	2.850%	100.000%	682001CQ3
2028	2,890,000	5.000%	2.610%	120.116%[1]	682001CR1
2029	3,255,000	3.000%	3.100%	98.865%	682001CS9
2030	3,130,000	5.000%	2.710%	119.182%[1]	682001CT7
2031	3,285,000	5.000%	2.760%	118.719%[1]	682001CU4
2032	3,660,000	3.000%	3.250%	96.743%	682001CV2
2033	3,560,000	3.125%	3.310%	97.497%	682001CW0
2034	3,675,000	5.000%	2.910%	117.341%[1]	682001DA7

$54,375,000 Term Bonds

Due February 1	Principal Amount	Rate	Yield	Price[1]	CUSIP[2]
2040	$26,225,000	5.000%	3.130%	115.354%	682001DB5
2045	20,000,000	4.000%	3.700%	102.396%	682001CX8
2045	8,150,000	5.000%	3.200%	114.730%	682001DC3

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[1] Priced to the first optional call date.
[2] CUSIP is a registered trademark of the American Bankers Association. CUSIP data contained herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. 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 2015 Bonds.

$260,050,000
Electric System Revenue Bonds, 2015 Series B

Maturity Schedule

$223,495,000 Serial Bonds

Due February 1	Principal Amount	Rate	Yield	Price	CUSIP[2]
2017	$6,230,000	5.000%	0.560%	109.110%	682001DD1
2018	1,075,000	3.000%	0.910%	106.306%	682001DE9
2018	22,465,000	5.000%	0.910%	112.340%	682001DU3
2019	5,000,000	2.000%	1.220%	103.085%	682001DF6
2019	23,480,000	5.000%	1.220%	114.951%	682001DV1
2020	1,025,000	3.000%	1.470%	107.443%	682001DG4
2020	29,625,000	5.000%	1.470%	117.173%	682001DW9
2021	650,000	3.000%	1.700%	107.462%	682001DH2
2021	32,540,000	5.000%	1.700%	118.944%	682001DX7
2022	600,000	2.000%	1.930%	100.459%	682001DJ8
2022	6,435,000	4.000%	1.930%	113.611%	682001DY5
2023	3,030,000	5.000%	2.080%	121.580%	682001DK5
2024	3,875,000	5.000%	2.210%	122.807%	682001DL3
2025	5,220,000	5.000%	2.330%	122.776%[1]	682001DM1
2026	2,300,000	2.750%	2.650%	100.839%[1]	682001ED0
2026	3,250,000	5.000%	2.440%	121.723%[1]	682001DN9
2027	6,150,000	2.850%	2.850%	100.000%	682001DP4
2028	4,480,000	5.000%	2.610%	120.116%[1]	682001DQ2
2029	7,090,000	4.000%	2.910%	109.043%[1]	682001DR0
2030	7,650,000	4.000%	2.960%	108.608%[1]	682001DS8
2031	34,465,000	5.000%	2.760%	118.719%[1]	682001DZ2
2032	5,505,000	5.000%	2.810%	118.257%[1]	682001EA6
2033	5,555,000	3.125%	3.310%	97.497%	682001EB4
2034	5,800,000	5.000%	2.910%	117.341%[1]	682001EC2

$36,555,000 Term Bonds

Due February 1	Principal Amount	Rate	Yield	Price[1]	CUSIP[2]
2039	$36,555,000	4.000%	3.600%	103.211%	682001DT6

[1]Priced to the first optional call date.

[2]CUSIP is a registered trademark of the American Bankers Association. CUSIP data contained herein is provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. 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 2015 Bonds.

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

DIRECTORS[1]

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

MANAGEMENT

W. GARY GATES	President and Chief Executive Officer
EDWARD E. EASTERLIN	Vice President - Financial Services and Chief Financial Officer
TIMOTHY J. BURKE	Vice President - Customer Service and Public Affairs
LOUIS P. CORTOPASSI	Site Vice President and Chief Nuclear Officer
MOHAMAD I. DOGHMAN	Vice President - Energy Delivery and Chief Compliance Officer
JON T. HANSEN	Vice President - Energy Production and Marketing
SHERRYE L. HUTCHERSON	Vice President - Corporate Services and Chief Administrative Officer

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.
New York, New York

[1] The Directors listed are those in office as of the date hereof. Certain of the members of the Board of Directors will change effective January 2015. See "THE DISTRICT—Government of the District."

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 2015 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 2015 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 2015 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 2015 BONDS

The 2015 Bonds are issued as $93,005,000 Electric System Revenue Bonds, 2015 Series A ("2015 A Bonds") and $260,050,000 Electric System Revenue Bonds, 2015 Series B ("2015 B Bonds" and, together with the 2015 A Bonds, "2015 Bonds"). The 2015 Bonds will be issued in fully registered form in the minimum denomination of $5,000 and any integral multiple thereof. Interest on the 2015 Bonds will be payable February 1, 2015 and each August 1 and February 1 thereafter. The 2015 Bonds are subject to optional redemption prior to maturity as described herein. The 2015 Bonds are issued for valid corporate purposes of the District, including reimbursing capital expenditures of the District, refunding all of the District's 2005 Series B Bonds and a portion of the District's 2007 Series A and 2008 Series A Bonds (such refunded bonds, collectively, the "Refunded Bonds"), funding any required reserves and paying the costs and expenses incurred in connection with the issuance of the 2015 Bonds. Capital expenditures include expenses relating to production, transmission and distribution of electricity, and general plant projects.

AMENDMENTS TO RESOLUTION NO. 1788

For a description of certain amendments to Resolution No. 1788 that will become effective 30 days after the issuance of the 2015 Bonds see "SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION NO. 1788—Amendments to Resolution No. 1788." The holder of each Bond issued on or after the date of the adoption of the amending resolution, including the holders of the 2015 Bonds, shall be deemed to have given written consent, for purposes of Resolution No. 1788, to the provisions of the amending resolution. The amendments to Resolution No. 1788 shall become effective 30 days after the Bond Fund Trustee provides notice to the District and the Bondholders that the Bond Fund Trustee has received written consents (if any) to such amendments that, in addition to the deemed written consents, comprise at least 66⅔% of the aggregate principal amount of the Outstanding Bonds on the date of such notice. Upon issuance of the 2015 Bonds, consents or deemed consents to the amendments to Resolution No. 1788 will comprise in excess of 66⅔% of the aggregate principal amount of the Outstanding Bonds, and the amendments to Resolution No. 1788 will become effective 30 days after the issuance of the 2015 Bonds. The Underwriters have not been requested to consent, and will not be consenting, to the amendments on behalf of any other holder of 2015 Bonds.

PAYMENT OF INTEREST

Interest on the 2015 Bonds will be payable February 1, 2015 and each August 1 and February 1 thereafter until maturity or prior redemption.

AUTHORITY FOR ISSUANCE

The 2015 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 November 13, 2014 authorizing the 2015 Bonds.

SECURITY FOR THE 2015 BONDS

Principal of and interest on the 2015 Bonds will be payable on a parity with the other Electric System Revenue Bonds of the District in the outstanding principal amount of $1,203,450,000 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 2015 BONDS." The 2015 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 2015 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 2015 BONDS—Reserve Account."

REDEMPTION

At the option of the District, the 2015 Bonds shall be subject to optional redemption prior to maturity on such dates, in such amounts and at such prices as set forth under "DESCRIPTION OF THE 2015 BONDS—Optional Redemption." Any such redemption shall occur only upon notice mailed to the registered owner of each such 2015 Bond (which initially will be Cede & Co. for all of the 2015 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. The 2015 Bonds are also subject to mandatory sinking fund redemption as described herein under the heading "DESCRIPTION OF THE 2015 BONDS—Mandatory Sinking Fund 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 2015 Bonds.

TOTAL DEBT SERVICE COVERAGE

The debt service coverage as defined by Resolution No. 1788, on the District's Outstanding Electric System Revenue Bonds for all of the District's debt issued under Resolution No. 1788 was 2.29 times for the twelve months ended October 31, 2014.

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 2015 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 2015 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 Standard & Poor's Ratings Services ("S&P") have given the ratings of "Aa2" and "AA," respectively, to the 2015 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 2015 Bonds.

BOOK-ENTRY ONLY SYSTEM	The 2015 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 2015 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2015 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 2015 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 2015 Bond. See "BOOK-ENTRY SYSTEM."

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)
$93,005,000 Electric System Revenue Bonds, 2015 Series A
$260,050,000 Electric System Revenue Bonds, 2015 Series B

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 $93,005,000 Electric System Revenue Bonds, 2015 Series A ("2015 A Bonds") and $260,050,000 Electric System Revenue Bonds, 2015 Series B ("2015 B Bonds" and, together with the 2015 A Bonds, the "2015 Bonds").

The 2015 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, as supplemented (together, "Resolution No. 1788") , including specifically by a series resolution (the "Series Resolution") of the District adopted on November 13, 2014 authorizing the issuance of the 2015 Bonds. Principal of and interest on the 2015 Bonds will be payable on a parity with the other Electric System Revenue Bonds ("Outstanding Bonds") of the District in the outstanding principal amount of $1,203,450,000. The Outstanding Bonds, the 2015 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.

For a description of certain amendments to Resolution No. 1788 that will become effective 30 days after the issuance of the 2015 Bonds, see "SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION NO. 1788—Amendments to Resolution No. 1788." The holder of each Bond issued on or after the date of the adoption of the amending resolution, including the holders of the 2015 Bonds, shall be deemed to have given written consent, for purposes of Resolution No. 1788, to the provisions of the amending resolution. The amendments to Resolution No. 1788 shall become effective 30 days after the Bond Fund Trustee provides notice to the District and the Bondholders that the Bond Fund Trustee has received written consents (if any) to such amendments that, in addition to the deemed written consents, comprise at least 66⅔% of the aggregate principal amount of the Outstanding Bonds on the date of such notice. Upon issuance of the 2015 Bonds, consents or deemed consents to the amendments to Resolution No. 1788 will comprise in excess of 66⅔% of the aggregate principal amount of the Outstanding Bonds, and the amendments to Resolution No. 1788 will become effective 30 days after the issuance of the 2015 Bonds. The Underwriters have not been requested to consent, and will not be consenting, to the amendments on behalf of any other holder of 2015 Bonds.

The 2015 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 2015 Bonds. The District has no taxing power.

PURPOSE OF THE 2015 BONDS

The 2015 A Bonds are issued as $93,005,000 Electric System Revenue Bonds, 2015 Series A. The proceeds of the 2015 A Bonds will be used for valid corporate purposes of the District including reimbursing capital expenditures, funding any required reserves and paying the costs and expenses incurred in the issuance of the 2015 A Bonds. The 2015 B Bonds are issued as $260,050,000 Electric System Revenue Bonds, 2015 Series B. The proceeds of the 2015 B Bonds will be used for valid corporate purposes of the District including the refunding of all of the District's outstanding 2005 Series B Bonds and a portion of the District's 2007 Series A and 2008 Series A Bonds, as more fully identified in Appendix E hereto (the "Refunded Bonds") and paying the costs and expenses incurred in the issuance of the 2015 B Bonds.

APPLICATION OF THE 2015 BOND PROCEEDS

The estimated application of the 2015 Bond proceeds (total par amount of $353,055,000 plus net original issue premium of $44,802,172.50) is as follows:

Deposit to the Refunding Escrow to defease the Refunded Bonds	$293,629,126.75
Deposit to the Construction Fund	100,000,000.00
Deposit to the Construction Fund to pay costs of issuance	531,729.41
Deposit to the Reserve Account[(1)]	2,959,821.26
Underwriters' Discount	736,495.08
Total Bond Proceeds	$397,857,172.50

[(1)]In addition, $13,101,255.00 in reserves for the Refunded Bonds will be retained in the Reserve Account for the benefit of the 2015 Bonds.

The proceeds of the 2015 B Bonds, together with other funds held by the Bond Fund Trustee and available therefor, will be deposited pursuant to two 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 optional redemption at par of the Refunded Bonds on the dates set forth in Appendix E hereto.

DESCRIPTION OF THE 2015 BONDS

General

The 2015 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 pages of this Official Statement. The 2015 Bonds will be issued in fully registered form in the minimum denomination of $5,000 and any integral multiple thereof. Interest on the 2015 Bonds will be payable on February 1, 2015 and semiannually on each August 1 and February 1 thereafter.

The 2015 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 2015 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2015 Bonds will be paid by the Bond Fund Trustee acting as 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 2015 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 2015 Bonds. For additional information, see “BOOK-ENTRY SYSTEM.”

Optional Redemption

At the option of the District, the 2015 A Bonds maturing on or after February 1, 2025 shall be subject to redemption prior to maturity on any date on or after August 1, 2024, at par, as a whole or in part, upon notice mailed to the registered owner of each such 2015 A Bond (which initially will be Cede & Co. for all of the 2015 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.

At the option of the District, the 2015 B Bonds maturing on or after February 1, 2025 shall be subject to redemption prior to maturity on any date on or after August 1, 2024, at par, as a whole or in part, upon notice mailed to the registered owner of each such 2015 B Bond (which initially will be Cede & Co. for all of the 2015 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.

Mandatory Sinking Fund Redemption

The 2015 A Bonds maturing on February 1, 2040 and February 1, 2045 shall be subject to mandatory redemption by application of the sinking fund installments deposited in the Bond Retirement Account under Resolution No. 1788, on February 1 of each of the years and in the amounts set forth in the table below (the particular 2015 A Bonds of the respective maturities to be redeemed shall be selected by lot), at a redemption price equal to the principal amount thereof, together with the interest accrued thereon to the date fixed for redemption:

Term 2015 A Bonds Maturing February 1, 2040

Year	Amount
2035	$3,855,000
2036	4,050,000
2037	4,250,000
2038	4,465,000
2039	4,685,000
2040*	4,920,000

Term 2015 A Bonds Maturing February 1, 2045 (4.000%)

Year	Amount
2041	$3,625,000
2042	3,800,000
2043	3,990,000
2044	4,190,000
2045*	4,395,000

*Final maturity.

Term 2015 A Bonds Maturing February 1, 2045 (5.000%)

Year	Amount
2041	$1,540,000
2042	1,590,000
2043	1,630,000
2044	1,670,000
2045*	1,720,000

*Final maturity.

The 2015 B Bonds maturing on February 1, 2039 shall be subject to mandatory redemption by application of the sinking fund installments deposited in the Bond Retirement Account under Resolution No. 1788, on February 1 of each of the years and in the amounts set forth in the table below (the particular 2015 B Bonds of the respective maturities to be redeemed shall be selected by lot), at a redemption price equal to the principal amount thereof, together with the interest accrued thereon to the date fixed for redemption:

Term 2015 B Bonds Maturing February 1, 2039

Year	Amount
2035	$ 5,965,000
2036	6,165,000
2037	11,445,000
2038	6,300,000
2039*	6,680,000

*Final maturity.

With respect to each such sinking fund redemption, the District, at its option, may also redeem 2015 Bonds by lot, upon notice mailed to the registered owner of each such 2015 Bond (which initially will be Cede & Co. for all of the 2015 Bonds) not less than 30 days prior to the date fixed for redemption, on any August 1, commencing August 1, 2034, at the principal amount thereof, together with interest accrued thereon to the date fixed for redemption. The aggregate principal amount of such 2015 Bonds which may be so redeemed on any August 1 shall equal the sinking fund installments deposited, since the preceding February 1, in the Bond Retirement Account in accordance with Resolution No. 1788 for the purpose of providing moneys to redeem the 2015 Bonds scheduled for redemption by sinking fund installments on the following February 1. The principal amount of such 2015 Bonds to be redeemed by sinking fund installments on the following February 1 shall be reduced by the aggregate principal amount of such 2015 Bonds so redeemed at the option of the District on the preceding August 1.

The District may solicit tenders for the purchase of 2015 Bonds subject to mandatory sinking fund redemption as set forth above. The purchase price of any such 2015 Bonds may not exceed the applicable redemption price. Said purchase price may be paid from the sinking fund installments on deposit in the Bond Retirement Account under Resolution No. 1788 to be used to otherwise redeem 2015 Bonds. Accrued interest payable upon the purchase of such 2015 Bonds may be paid from the Interest Account of the Bond Fund. Any 2015 Bonds so purchased shall be cancelled and the principal amount so purchased shall be applied as a credit against the next applicable required sinking fund installment.

Selection of Bonds to be Redeemed

If less than all of the 2015 Bonds of a particular maturity are redeemed, and so long as the book-entry only system remains in effect for the 2015 Bonds, the 2015 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 2015 Bonds, selection for redemption of less than all of the 2015 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 2015 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 2015 Bonds, identifying the 2015 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 2015 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 mailing, or any defect in that notice as to any 2015 Bond, will not affect the validity of the proceedings for the redemption of any other 2015 Bond. So long as any 2015 Bond to be redeemed remains in book-entry form, the Bond Fund Trustee shall send such notice to DTC, or its nominee. For additional information, 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 2015 Bonds. If less than all of the 2015 Bonds are to be redeemed, the selection of the 2015 Bonds to be redeemed, or portions thereof in amounts of $5,000 or any integral multiple thereof, will, so long as the 2015 Bonds remain in book-entry form, be made by DTC, or any successor depository, and the DTC participants as provided herein. Otherwise, such selection will be made by lot by the Bond Fund Trustee in such manner as the Bond Fund Trustee in its discretion may deem fair and appropriate.

SECURITY FOR THE 2015 BONDS

Pledge and Rate Covenant

The Bonds, including the 2015 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 2015 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 2015 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 2015 Bonds have been issued will be $71,642,515.86.

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 2015 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 plant 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 November 30, 2014, the principal amount of Subordinated Bonds outstanding was $337,375,000. 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, 2015.

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 November 30, 2014, the remaining Minibonds outstanding were in the aggregate principal amount of $23,317,400 (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. As of November 30, 2014, the principal amount of Separate System Bonds outstanding was $236,725,000. 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 2015 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.

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 2015 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 789,000 as of December 31, 2013. Omaha, with an estimated population of 421,600[(*)] as of the 2012 Census, 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, 2013, the average number of customers served by the District included 311,921 residential, 44,221 commercial, 193 industrial and 33 customers located outside of the District's service area (i.e., off-system customers). For the twelve months ended December 31, 2013, the District's retail revenue (i.e., excluding wholesale and off-system customers) was derived 43% from sales to residential customers, 34% from sales to commercial customers and 23% from sales to industrial customers. The District's top ten customers represented 13% of 2013 retail revenues.

For the twelve months ended December 31, 2012, the average number of customers served by the District included 308,516 residential, 43,589 commercial, 210 industrial and 35 customers located outside of the District's service area (i.e., off-system customers). For the twelve months ended December 31, 2012, the District's retail revenue (i.e., excluding wholesale and off-system customers) was derived 43% from sales to residential customers, 34% from sales to commercial customers and 23% from sales to industrial customers. The District's top ten customers represented 11% of 2012 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 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. Nebraska Legislative Bill LB646, as approved on May 8, 2013, required the District to create eight electoral subdivisions composed of substantially equal population and compact and contiguous territory, one for each director, by January 1, 2014. Consequently the District approved a Charter amendment with a new election subdivision map in 2014.

[(*)]Source: Omaha Chamber of Commerce

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 J. Cavanaugh - *Chair of the Board*	19	2019	Police Lieutenant, City of Omaha (Retired), Real Estate Investor - Manager
Anne L. McGuire - *Vice Chair of the Board*	17	2015	Nurse Educator (Retired)
John K. Green – *Treasurer*	27	2017	Attorney at Law
Michael A. Mines – *Secretary*	1	2019	Mines Government Relations - Principal
Thomas S. Barrett	1	2019	Attorney at Law
Tim W. Gay	1	2015	Governmental Advisor
Fred J. Ulrich	28	2017	Farmer, Cattle Rancher
Del D. Weber, Ph.D.	17	2015	Chancellor Emeritus, University of Nebraska at Omaha

Elections were held on November 4, 2014, for the subdivisions represented by Anne L. McGuire, Tim W. Gay and Del D. Weber (Ph.D.) whose current terms expire in January 2015. Dr. Weber did not seek re-election. The elections resulted in Anne L. McGuire, Tim W. Gay and Richard Hurley being elected or re-elected for six-year terms to the Board of Directors beginning in January 2015.

Management Team

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 each Vice President. The District's executive management team is as follows:

W. GARY GATES, *President & Chief Executive Officer*. Mr. Gates began his career at OPPD in September 1972. He joined the staff at Fort Calhoun Station ("FCS") two years later and held several positions in the nuclear organization, including reactor engineer, supervisor – Operations at FCS and manager – FCS. In May 1989, Mr. Gates was named executive assistant to the president, and he was appointed division manager – Nuclear Operations in February 1990. He was promoted to vice president with responsibility for OPPD's nuclear organization in November 1992. He became president and CEO in January 2004. Mr. Gates holds a bachelor's degree in nuclear engineering from Iowa State University, a master's degree in industrial engineering from the University of Nebraska and a master's degree in business administration from Creighton University. Mr. Gates has announced that he will retire in 2015 after 42 years of service. The Board of Directors has begun the formal search process for the next President and Chief Executive Officer of OPPD. Mr. Gates will remain with OPPD during the transition.

EDWARD E. EASTERLIN, *Vice President, Financial Services & 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.

TIMOTHY J. BURKE, *Vice President, Customer Service & Public Affairs*. Mr. Burke joined OPPD in April 1997 as vice president. He currently oversees Customer Service Operations, Customer Sales & Service, Economic Development, Safety and Technical Training, Corporate Marketing and Communications, Operations Analysis, Governmental Affairs and Environmental and Regulatory Affairs. 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.

LOUIS P. CORTOPASSI, *Site Vice President & Chief Nuclear Officer*. Mr. Cortopassi joined OPPD in September 2012 as Site Vice President and Chief Nuclear Officer. Before coming to OPPD, Mr. Cortopassi was Exelon's vice president of Mid-Atlantic Operations. Prior to joining Exelon, Mr. Cortopassi served as the plant manager of Palo Verde Nuclear Generating Station, owned by Arizona Public Service. In addition, Mr. Cortopassi has held leadership positions in operations at San Onofre Nuclear Generating Station, Millstone Nuclear Power Station, Indian Point Energy Center and Columbia Generating Station and served as a senior evaluator at the Institute of Nuclear Power Operations ("INPO"). Mr. Cortopassi held a senior reactor operator's license at the San Onofre Nuclear Generating Station. Mr. Cortopassi holds a bachelor's degree in business administration and finance from Georgia State University.

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 & Marketing*. Mr. Hansen began his OPPD career in 1983 as an engineer in the Production Operations Division. He was named supervisor of Peaking Plant Operations in April 1995 and supervisor of North Omaha Station ("NOS") Operations in October 1996. He was manager of NOS from 2002 to 2006, when he was named division manager of Production Operations. Mr. Hansen was promoted to vice president in March 2010 and oversees the Production Operations, Production Engineering & Fuels, and Energy Marketing & Trading divisions. 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.

SHERRYE L. HUTCHERSON, *Vice President, Corporate Services and Chief Administrative Officer*. Ms. Hutcherson began her career with OPPD in 1999 in Economic Development. In 2000 she was promoted to division manager – Market Research & Product Management. She was promoted to division manager – Customer Solutions in 2004 and was subsequently named division manager of Human Resources in 2007. Ms. Hutcherson was promoted to vice president in July 2011 and oversees Corporate

Services, which includes Material Management, Facilities Management, Information Technology, Sustainable Energy & Environmental Stewardship and Human Resources. Ms. Hutcherson holds a bachelor's degree from the University of Arkansas at Pine Bluff and a master's degree in business administration from Creighton University.

Employees and Human Resources

The District employed 2,247 employees in its 13 county service area as of December 31, 2013. 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 three-year agreement with IBEW Local 1483, IBEW Local 763 and IAM & AW Local 31 expiring May 31, 2015. Among other changes to the terms and conditions of the new agreements, full-time employees hired on or after January 1, 2013 (on or after June 1, 2013, for Local 763 members), are only eligible to receive a cash balance benefit from the retirement plan. The traditional monthly annuity benefit is no longer available to employees hired on or after January 1, 2013, for Local 1483 and Local 31 members and on or after June 1, 2013, for Local 763 members. In addition, the early retirement eligibility has been altered to meet an age and years of service minimum from a combined total of 70 to a combined total of 75.

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), are 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, 2014 valuation, the plan's funded status was 74% 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 $53.0 million for the year ending December 31, 2014. The market value of the plan investments was $887.2 million and $801.5 million as of December 31, 2013 and December 31, 2012, 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 postemployment health care benefits. OPEB Plan A is for employees hired prior to January 1, 2008 and OPEB Plan B is for employees hired on or after January 1, 2008. 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, 2014 valuation, OPEB Plan A's funded status was 29% 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 $22.1 million for the year ending December 31, 2014. The market value of the plan investments was $110.8 million and $89.5 million as of December 31, 2013 and December 31, 2012, 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, 2014 valuation, OPEB Plan B's funded status was 230% 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 $145,000 for the year ending December 31, 2014. The market value of the plan investments was $3.5 million and $3.6 million as of December 31, 2013 and December 31, 2012, 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 $6,932,000 and $7,128,000 for the years ended December 31, 2013 and 2012, respectively. The employer maximum annual match on employee contributions was $4,000 per employee for the years ended December 31, 2013 and 2012. The employer maximum annual match on employee contributions was reduced to $3,500 beginning in 2014.

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, 2013 and 2012 and the related statements of revenues, expenses and changes in equity and of cash flows are set forth in Appendix A. Unaudited condensed financial statements for the nine months ended September 30, 2014 and 2013 are set forth in Appendix B.

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.

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: 3,785), 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. The District's retail revenues from energy sales within the City of Omaha have averaged 81.1% of total retail revenues from all incorporated cities served over the past five years. The following table summarizes several key economic statistics.

Year	Estimated Population District Service Area[1]	Net Taxable Sales City of Omaha (millions)[2]	Building Permits[3] City of Omaha	Building Permits[3] Metropolitan Area[4]	Omaha-Council Bluffs Median Household Income[5]
2013	789,000	$10,445.4	2,252	5,338	$57,141
2012	784,000	9,813.3	2,038	4,332	54,158
2011	783,000	9,639.4	1,923	4,084	56,137
2010	771,000	9,242.7	1,821	4,092	56,975
2009	765,000	8,974.2	2,084	4,202	56,360

Sources:
[1] Estimated using District retail customer count and Global Insight Persons Per Household rate
[2] Omaha Chamber of Commerce, Nebraska Department of Revenue
[3] Omaha Chamber of Commerce, City of Omaha - Permits and Inspections; data includes permits over $25,000
[4] Information includes City of Omaha and surrounding areas
[5] Omaha Chamber of Commerce, United States Census Bureau estimates

The greater Omaha area is home to the headquarters of five Fortune 500 companies: Berkshire Hathaway Inc., Union Pacific Railroad, ConAgra Foods, Kiewit Corporation, and Mutual of Omaha. In addition, a number of companies from all 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.

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

Year	City of Omaha Employment	City of Omaha Unemployment Rate[1]	Nebraska Unemployment Rate[2]	United States Unemployment Rate[2]
2013	209,454	4.8%	3.9%	7.4%
2012	210,554	4.6	4.0	8.1
2011	204,670	5.1	4.5	8.9
2010	200,470	5.3	4.0	9.6
2009	228,413	4.9	4.7	9.3

[1] Source: City-data.com/city/Omaha-Nebraska.html
[2]Source: United States Department of Labor, Bureau of Labor Statistics

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 2013 and 2012. 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."

	2013	2012
	(millions)	
CAPITAL PROGRAM:		
Total Transmission and Distribution Plant	$54.5	$74.0
Total General Plant	21.1	16.6
Total Production Plant	83.5	89.6
Total Capital Program	$159.1	$180.2
NUCLEAR FUEL PROGRAM:		
Total Nuclear Fuel Program [1]	$0.0	$15.7

[1] There were no nuclear fuel purchases in 2013 due to FCS's outage.

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 10.68 and 10.12 cents per kilowatt hour ("kWh") during the twelve months ended December 31, 2013 and 2012, respectively. This compares with the national residential average of 12.12[(1)] and 11.88 cents per kWh, respectively, as reported by the Energy Information Administration ("EIA"). The District's average annual use per residential customer was 11,636 kWh and 11,633 kWh for the twelve months ended December 31, 2013 and 2012, respectively.

[(1)]Source: EIA preliminary year-to-date December 2013

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:

			Winter Rates		Summer Rates	
	Billing Demand (kW)	**Monthly Consumption (kWh)**	**Monthly Electric Service Bill**	**Average Charge Per kWh**	**Monthly Electric Service Bill**	**Average Charge Per kWh**
Residential	—	250	$34.34	13.74¢	[(1)]$36.66	14.66¢
	—	500	57.43	11.49	67.62	13.52
	—	750	80.52	10.74	96.51	12.87
	—	1,000	103.61	10.36	125.4	12.54
	—	2,500	201.48	8.06	298.72	11.95
Commercial	12	1,500	156.32	10.42	173.57	11.57
	30	6,000	491.2	8.19	629.2	10.49
	50	12,500	1,039.49	8.32	1,193.24	9.55
	100	30,000	2,365.12	7.88	2,734.12	9.11
	500	200,000	13,658.62	6.83	16,103.62	8.05
Industrial	1,000	400,000	25,805.31	6.45	31,255.31	7.81
	2,000	950,000	56,917.31	5.99	69,872.31	7.35
	5,000	2,500,000	158,197.00	6.33	158,197.00	6.33

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

General Rate Adjustment. No general rate adjustments were adopted for 2014. On December 18, 2014, the Board voted to approve a 1.6% rate increase effective January 1, 2015. The District implemented general rate adjustments of 7.3% and 4.5%, in January, 2013 and 2012, respectively.

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. 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. To the extent that actual fuel, purchased power, and consumable materials costs generated through the base rate and the FPPA rate are more or less than the actual costs incurred, the FPPA will be adjusted for over- or under-collected amounts. The under-collected balance at the end of 2013 totaled $49 million. In order to mitigate the cost impact on customers, the 2014 FPPA rate included $23 million of this under-collected amount and the Board approved the collection of the remaining $26 million in the 2015 and 2016 FPPA rates. The majority of these under-collected amounts are associated with fuel and purchased power costs incurred for replacement power due to the extended FCS outage in 2012 and 2013. As the Board directed on October 11, 2012, in Resolution No. 5925, the District used insurance proceeds received from Nuclear Electric Insurance Limited ("NEIL") to offset a portion of the then current costs. The net effect of including consumable materials costs, the mitigation strategy associated with the under-collected amounts, and the 2014 projected fuel, and purchased power costs resulted in a 2014 FPPA rate that was unchanged from the 2013 FPPA rate. The 2015 FPPA rate will remain unchanged at 0.215 cents per kWh. This rate includes current fuel and purchased power cost estimates and an estimated under-collected amount from prior years.

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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[1] (kW)	% of Total	Net Production[2] Amount (MWh)	Net Production[2] % of Total	Availability Factor[2]
Coal:						
Nebraska City Station Unit 1	1979	652,300	19.6	4,798,381.2	36.3	95.6
Nebraska City Station Unit 2[3]	2009	691,200	20.8	4,856,311.4	36.8	85.6
North Omaha Station[4]	multiple	513,000	15.4	3,295,149.0	24.9	87.5
Subtotal Coal		1,856,500	55.9	12,949,841.6	98.0	
Nuclear:						
Fort Calhoun Station	1973	478,600	14.4	61,346.9	0.5	2.1[5]
Oil/Natural Gas:						
Cass County Station	2003	324,400	9.8	82,621.0	0.6	80.6
Jones Street Station	1973	122,800	3.7	(408.0)	0.0	67.2
North Omaha Station[4]	multiple	128,500	3.9	-	-	87.5
Sarpy County Station[6]	multiple	315,000	9.5	65,700.8	0.5	97.4
Subtotal Oil/Natural Gas		890,700	26.8	147,913.8	1.1	
Other:						
Elk City Station (Methane Gas)		6,290	0.2	49,124.2	0.4	
Total Owned Accredited Generation		3,232,090	97.3	13,208,226.5	100.0	
Purchased/Leased Generation:						
City of Tecumseh, Nebraska (Oil)		6,500	0.20			
Western Area Power Administration (Hydro)		82,000	2.47			
Subtotal Purchased/Leased Generation		88,500	2.67			
Total Accredited Generation		3,320,590	100.0			
Wind:[7]						
Valley (District-owned)		660				
Ainsworth		10,000				
Broken Bow I		18,000				
Crofton Bluffs		13,600				
Elkhorn Ridge		25,000				
Flat Water		60,000				
Petersburg		40,500				
Broken Bow II		45,000				
Prairie Breeze		200,600				
Total Non-accredited Generation		413,360				

(1) Maximum 2014 summer net capability.

(2) Actual net production and availability factor as of December 31, 2013.

(3) 50% of the output is sold to seven participating utilities through long-term Participation Power Agreements.

(4) Station consists of five units placed in service in 1954, 1957, 1959, 1963 and 1968.

(5) Fort Calhoun Station was out of service from April 9, 2011 until December 21, 2013. Fort Calhoun Station availability factors were 86.3%, 98.4% and 27.0% for 2009, 2010 and 2011, respectively.

(6) Station consists of five units placed in service in 1972, 1996 and 2000.

(7) Nameplate capacity. Accredited generation is generation that is available or running during peak load hours. Wind and solar generation have intermittent fuel sources and provide little accredited capacity.

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.

NC1 completed a scheduled five week maintenance and inspection outage in late May, 2014. Major projects completed during this outage were the replacement of air preheater baskets, replacement of lower economizer inlet header, and installation of natural gas igniters. The District's Board of Directors recently approved changes to its generation portfolio, including NC1, to comply with existing and future environmental regulations. The District is in the process of retrofitting NC1 with dry sorbent injection and activated carbon injection emissions control systems to be in compliance with the Mercury and Air Toxics Standard by April 16, 2016. No new emissions control equipment is 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. The root cause is unknown and under investigation. 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 is being repaired and the unit is expected to return to commercial operation by the end of the first quarter in 2015. The District's expectation as to the restart of NC2 is based on the information known to the District as of the date hereof. Any additional damage discovery and repairs could delay the restart of NC2. As of the date hereof, it is anticipated that insurance proceeds will be available to defray a significant portion of the repair costs and that the outage will not have a material impact on the financial condition of the District.

The District invested $15 million for construction of a natural gas pipeline with associated equipment to allow startup and stabilization of NCS generating facilities using natural gas in lieu of fuel oil. The main pipeline to the station and installation of internal connections and equipment is complete for both units. System testing has progressed for both units and is nearly complete. The NC1 system is in service but cannot be fully commissioned until an outage is scheduled. The NC2 system has been tested and will be in service after installation of additional minor modifications. This will allow either unit to be started using either natural gas or fuel oil. The natural gas supply is projected to provide annual fuel savings of $3 million.

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 2013 and 2014 to improve station safety, efficiency, and reliability.

In January 2014, NOS Unit No. 4 ("NO4") was shut down for a turbine generator inspection and refurbishment outage, along with boiler chemical cleaning. During routine generator testing, a fault was discovered in the generator rotor. The work scope was expanded to rewind the generator rotor. The unit returned to service in April 2014. In March 2014, a maintenance and inspection outage was completed on NOS Unit No. 3 ("NO3"). The major project completed during this outage was replacement of sections of tubing in the upper and lower arch sections of the furnace.

NO4 was removed from service on July 16, 2014, with severe vibration experienced on the turbine generator. Upon inspection, damage to the high pressure/intermediate pressure rotor was found. Repairs were made and the unit was returned to service on August 17, 2014.

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 Nos. 1, 2 and 3 ("NO1, NO2 and NO3, respectively") in 2016. Other approved changes include the retrofitting of NO4 and NO5 with dry sorbent injection and activated carbon injection emissions control systems to be in compliance with the Mercury and Air Toxics Standard by April 16, 2016. For additional information, see "THE ELECTRIC SYSTEM—Planned Generation Changes for Environmental Compliance."

NOS received one of the industry's top recognitions in being named the 2013 Powder River Basin ("PRB") Coal Plant of the Year in the small plant category. This award is presented by the PRB Coal User's Group in promotion of safe, efficient, and economic use of PRB coal. NOS was recognized for its recent strides and efforts in combustible dust mitigation, emergency response procedures, fire detection and suppression, housekeeping, and area wash-down systems.

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. 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. For additional information regarding the Missouri River flood, see "THE ELECTRIC SYSTEM—2011 Missouri River Flood." 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. FCS has operated at a 96.4% capacity factor from January 1, 2014 through November 30, 2014. Since January 2014, there were three occasions in which FCS was shut down briefly to correct operational items. In all instances, the items were corrected and FCS resumed normal operation within a few days. The most recent occasion occurred when FCS automatically shut down on December 17, 2014 and returned to service on December 20, 2014.

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.

The NRC evaluates station performance by analyzing two distinct inputs: inspection findings resulting from the NRC's inspection program and performance indicators reported by the licensee. The NRC determines its regulatory response in accordance with an Action Matrix that provides for a range of actions commensurate with the significance of the performance indicators and inspection results. The Action Matrix has five columns ranging from Column 1 (Licensee Response-highest rating) to Column 5 (Unacceptable Performance-lowest rating). The actions of the matrix are graded such that the NRC becomes more engaged as licensee performance declines.

The following FCS summary of events outlines the post-2010 regulatory findings and actions affecting its current regulatory status. Prior to October 2010, FCS was in Column 1 of the ROP Action Matrix. On October 7, 2010, the NRC issued a yellow finding (substantial safety significance) due to a failure to maintain written procedures for combating a significant external flood. When the NRC issued the yellow finding, FCS moved from Column 1 to Column 3 (Degraded Cornerstone) resulting in increased levels of inspection by the NRC. On June 7, 2011, a fire occurred in an electrical switchgear room at FCS. In July 2011, the NRC issued a white finding due to failure of a component in a station protection system. On September 1, 2011, a mid-cycle report was issued by the NRC which moved FCS from Column 3 to Column 4 due to Multiple, Repetitive Degraded Cornerstones. On December 13, 2011, the NRC notified the District of a change to regulatory oversight of FCS, in accordance with NRC IMC 0350. The basis for the change was the number of significant findings over the previous two years including the aforementioned yellow and white findings in addition to the June 2011 fire in the electrical switchgear room which subsequently became a red finding in April 2012. Although FCS has restarted it remains under the NRC IMC 0350 regulatory status.

The ROP is not applicable to FCS while it remains under the NRC IMC 0350 inspection and review process. An NRC 0350 Oversight Panel will determine when FCS is able to move out of the IMC 0350 status and back into the ROP Action Matrix based upon FCS's operating performance and inspection results. An NRC inspection team was on-site in July 2014 to evaluate closed post-restart CAL items, the effectiveness of the Corrective Action Program and how findings were addressed by the District. As a result of the visit from the July inspection team, the NRC concluded that FCS had not fully substantiated the effectiveness of the Corrective Action Program. Additionally, the NRC has inspected and agreed to close 130 of the 180 items in the CAL resulting in closure of five of the ten sections of the CAL. Currently, the station expects another inspection team visit beginning in late January 2015. The results of this future inspection will dictate the schedule for the station's exit of IMC 0350 oversight status.

Additional post-restart activities. Following the restart of FCS, a number of activities including containment building internal structures, design and license basis and fire protection are being reviewed and acted on during the next few years. During the analysis for the Power Uprate Project, issues concerning internal structures in FCS's containment building were discovered. The District plans to resolve containment building internal structure concerns during the next two refueling outages. Full structural design margin restoration to certain beams and the reactor head stand are scheduled to occur during the 2015 refueling outage. Evaluation and restoration of the structural design margin for the containment internal structures and the reactor cavity will be completed during the 2016 refueling outage. The current estimated cost of resolving the internal structure deficiency is approximately $70 million, of which approximately $13 million has been spent to date.

During engineering and regulatory reviews and NRC inspections, the control and use of design and licensing basis information was identified as an area for improvement. A root cause analysis conducted in early 2013 documented necessary corrective actions. The District has completed the interim corrective actions required for the restart of FCS. This included additional training for appropriate personnel to ensure effective utilization of design and licensing basis information regarding operability evaluations and design changes to FCS. In addition, the District established an Engineering Assurance Group to review all engineering work to ensure quality and effective utilization of design and licensing basis information. As part of the post restart CAL, the District is performing a risk-focused reconstitution of the design and licensing basis and an updated safety analysis report. The pilot program was completed in 2014 with the entire reconstitution project to be completed in 2018 at a total cost of approximately $18 million.

FCS had previously been cited by the NRC for not being fully compliant with current fire protection regulations. FCS has committed to upgrading the Fire Protection Program to the National Fire Protection Association Standards. During 2014, procedure and licensing documentation efforts were undertaken to support the required physical plant modifications in 2015 and 2016. The 2014 costs were approximately $1.7 million. The current estimated cost of the 2015 and 2016 efforts, including physical modifications, is approximately $11 million.

Operations. The District developed a Plan for Sustained Improvement to address the NRC's performance concerns. The NRC will conduct additional inspections as part of its response to the change in FCS performance rating.

The District received authorization from its Board of Directors 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 $194 million through October 2014. Of this amount, $144 million were operations and maintenance costs which will be recovered through reclassification to a regulatory asset.

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 the 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 stations in the United States. The term of each of the Exelon Agreements is 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). The District may terminate the Exelon Operating Agreement at any time without cause during the term of such agreement upon 180 days' prior notice subject to a termination fee of $20 million and payment of certain additional termination costs. Termination for cause and certain other termination events are not subject to payment of a termination fee. The Exelon Licensing Agreement may be terminated at any time upon 6 months' prior notice without payment of a termination fee.

Pursuant to the Exelon Operating Agreement, Exelon provides day-to-day management of FCS and supports the District in adapting the Exelon licensed Management Model for use at FCS. The Exelon Operating Agreement provides that Exelon provides a team of Exelon employees (collectively, the "Exelon Team") initially consisting of 10 members to provide management services to FCS. Members of the Exelon Team are integrated into FCS's operations, and have day-to-day operational authority at FCS, subject to oversight by and decision-making authority of the District for licensed activities, as specified in the Exelon Operating Agreement. In addition, the Exelon Team has the ability to recommend and, with appropriate approval, implement changes in FCS's nuclear management, organizational structure and staffing, Nuclear Safety Review Board membership, budget, procedures and processes related to safety margins and performance at FCS. Members of the Exelon Team serve at the discretion of the District's Chief Executive Officer as provided in the Exelon Operating Agreement, and the District retains ultimate decision making authority for FCS. The remaining employees at FCS continue to be employees of the District. Under the Exelon Operating Agreement, Exelon also provides corporate management services, as it does for its owned nuclear power generation units. The Exelon Operating Agreement provides that Exelon is an independent contractor of the District, and that ultimate responsibility and authority for and control of FCS remains with the District.

The Exelon Operating Agreement provides for payment by the District to Exelon for services provided under the Exelon Operating Agreement in three categories: "reimbursable costs," a "management fee" and an "incentive fee." The Exelon Licensing Agreement provides for the payment by the District of an annual licensing fee. The maximum aggregate amounts payable to Exelon under the Exelon Agreements during calendar year 2014 total $26 million (which amount includes certain initial transition costs) plus certain reimbursable costs associated with the employment by Exelon of the Exelon Team. The maximum amount payable may be reduced in the event that Exelon does not qualify for the full amount of the incentive fee payable under the Exelon Operating Agreement. The minimum fee payable to Exelon under the Exelon Agreements during the term of the Exelon Agreements is approximately $20 million per year, assuming no incentive fees are earned and exclusive of reimbursable costs. Exelon's entitlement to the incentive fee is determined annually based on achievement of performance metrics established jointly each year by Exelon and the District. The components of the fees payable under the Exelon Operating Agreement and the Exelon Licensing Agreement escalate annually based on the factors set forth in the Exelon Agreements.

Power Uprate Project. The District initiated the process of uprating FCS by 17% in 2008, to achieve a new thermal output which would equate to an additional 75 megawatts ("MW") in base electrical output. This project was originally planned to be completed in 2013 but has been delayed because the additional capacity is not currently needed and resources were redirected to address regulatory findings at FCS. The Power Uprate Project focuses primarily on engineering and regulatory licensing issues along with upgrading selected equipment in the non-nuclear related portion of the facility. The Power Uprate Project is currently being reevaluated.

Security. Regulatory attention in the area of nuclear security remains high. All inspections and assessments that were delayed due to flooding conditions in 2011 have been successfully completed. Inspections involving security/safeguards of information and security force-on-force exercises were successfully completed in 2013. FCS Security has undergone one NRC Fitness for Duty inspection in 2014 with no significant issues.

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 adequate radiological emergency preparedness plans. These plans include criteria for the evacuation of people in the vicinity of FCS. The NRC evaluated the December 2013 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 2014 Annual Inspection has been completed with no material or significant findings.

Accreditation. INPO was formed in 1979 by nuclear operators in the United States to establish standards against which nuclear stations are measured. FCS training programs are reviewed periodically by INPO and the most recent evaluation was completed during the first quarter of 2014. The National Nuclear Accrediting Board at INPO renewed accreditation for the District's nuclear operations training programs in April 2012. The maintenance and technical training programs, including maintenance, chemistry, radiation protection and engineering support programs, were previously accredited by the National Nuclear Accrediting Board in March 2010. Accreditation renewal occurs every four years for each nuclear training program. The most recent Accreditation Team visit for maintenance, chemistry, radiation protection and engineering support programs occurred in November 2013. On March 19, 2014, the Accreditation Board placed the maintenance and technical training programs on probation. FCS executed a probation recovery plan which was validated by INPO as meeting expectations. FCS presented the actions taken during probation to ensure sustained improvement of its training programs to the INPO National Nuclear Accreditation Board on September 18, 2014. It was the determination of the Accreditation Board that FCS had taken the actions necessary to sustain performance. Subsequently, the maintenance and technical training programs were removed from probation and accreditation of the programs was renewed.

Decommissioning. 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 District began its decommissioning accrual and funding in July 1983.

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.

Utilizing the NRC defined cost formula, the District's minimum decommissioning amount is $441.0 million. The estimated cost to fully decommission FCS is $869.2 million. The market value of the two decommissioning funds was $346.1 million and $349.7 million as of December 31, 2013 and December 31 2012, respectively.

The District's 2013 funding analysis determined that no funding was needed to meet the NRC defined cost estimate. However, the analysis determined that additional funding is needed to meet the estimated cost to fully decommission FCS. The annual funding amounts are $3.4 million and $7.7 million for 2014 and 2015, respectively.

For additional information regarding the nuclear industry, see "FACTORS AFFECTING THE DISTRICT AND THE ELECTRIC UTILITY INDUSTRY GENERALLY."

Generating Facilities - Peaking Stations

The District owns three oil/natural gas peaking stations which provided less than 2% of net generation in 2013.

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 a major overhaul. This is the first major overhaul for this unit since it was commissioned over 18 years ago. The unit is expected to be returned to service in June 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 gas in 2023. The District's Board of Directors reviewed and approved this recommendation in June 2014. These actions could result in a rate increase of up to 2%. 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."

2011 Missouri River Flood

Due to the record snowfall in the Rocky Mountains and high water levels in Missouri River reservoirs, the Corps of Engineers released record amounts of water from the dams along the Missouri River in 2011. The release of such water caused flooding in areas near the Missouri River and impacted all of the District's coal and nuclear generating units and some of the District's transmission and distribution assets. Additionally, the flood event extended the refueling outage at FCS. In April 2011, the reactor at FCS was in cold shutdown for a planned refueling outage. In May 2011, outage activities were suspended to protect FCS facilities from rising river levels. In September 2011, water levels had receded enough to allow outage activities to resume and inspections for any flood damage to begin.

Flood Response Cost. The District incurred flood prevention/mitigation costs and property damage expenses at District facilities. The total amount of such costs was $60.0 million as of December 31, 2013. A portion of the flooding costs are recoverable through insurance reimbursements in addition to FEMA reimbursements. The District's insurance recovery of the non-nuclear property and mitigation cost was $12.6 million. The District has submitted claims to NEIL for recovery of FCS property damage and outage costs as a result of the flood. Negotiations with NEIL are ongoing. In addition, the District has recorded recoveries of $22.0 million from FEMA associated with the flood event and has received $20.4 million from FEMA through November 2014.

The District experienced higher than expected fuel costs and energy purchases during 2011, due to the flood and extended outage at FCS. The amount of such costs was $35.3 million. The District has submitted an additional claim to NEIL for the flood-related portion of the outage at FCS. Any claim recovery will be used to reduce the FPPA. For additional information regarding the FPPA, see "ELECTRIC RATES AND RATE REGULATION."

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. By the year 2020, the District's goal is to produce 10% of the energy provided to District customers with renewable generation resources. As of December 2013, the District had 174,000 kW of renewable generation nameplate capacity ("Capacity") primarily through purchased power agreements representing approximately 5% of retail generation sales. In May 2014, the District began receiving an additional 200,600 kW of renewable Capacity through a purchased power agreement with Prairie Breeze Wind Energy LLC. On October 1, 2014, the District began receiving an additional 45,000 kW of renewable Capacity through a purchased power agreement with NPPD to receive power from Broken Bow II Wind, LLC. 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, surpassing the District's goal.

Wind Generation. The District's alternative power supply includes 167,760 kW of wind Capacity as of December 2013. This Capacity increased to 413,360 kW in October 2014. 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 following wind farms.

						Commitment	
Wind Farm	**Location**	**Initial Contract Year**	**Total Size (kW)**	**District's Share (kW)**	**Contract Type**	**Amount (thousands)**	**Final Year**
Ainsworth [1],[2]	Ainsworth, NE	2005	59,400	10,000	Take-or-pay [3]	$25,414	2025
Elkhorn Ridge [1]	Bloomfield, NE	2009	80,000	25,000	Take-and-pay [4]	10,901 [5]	2029
Flat Water	Humboldt, NE	2010	60,000	60,000	Take-and-pay [4]	117	2030
TPW Petersburg	Petersburg, NE	2011	40,500	40,500	Take-and-pay [4]	322	2031
Crofton Bluffs [1]	Crofton, NE	2012	42,000	13,600	Take-and-pay [4]	0	
Broken Bow I [1]	Broken Bow, NE	2012	80,000	18,000	Take-and-pay [4]	0	
Broken Bow II [1]	Broken Bow, NE	2014	75,000	45,000	Take-and-pay [4]	0	
Prairie Breeze	Petersburg, NE	2014	200,600	200,600	Take-and-pay [4]	368	2039

(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.

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 capacity of the Elk City Station methane gas facility is 6,400 kW and the facility has an accredited net capability of 6,210 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 purchase power agreement was revised in September 2014. The new wind farm is expected to be operational by the end of 2015 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 Capacity to 819,600 kW and will 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 has also implemented sufficient demand side management programs to reduce system peak demand by 159 MW. 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. Additional 2014 spot coal contracts are in place with Cloud Peak Energy and Arch Coal Sales. Rail transportation services are provided under a contract with Union Pacific Railroad Company for the delivery of all coal through 2020. In 1998, the District purchased 57 miles of rail line extending from NCS to Lincoln, Nebraska ("Rail Spur"). The Rail Spur was purchased from the Burlington Northern Santa Fe Railway Company to provide competitive access to NCS. In order to maintain the Rail Spur, the District has a rail maintenance contract with Kelly-Hill Company through 2020. The new transportation and coal contracts established in 2013 are expected to result in significant savings over the next 7 years.

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 2013 and 2012 were as follows:

Year Ended	Average Price	Tons
2013	$25.34	5,182,864
2012	$29.95	5,465,929

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 2013 and 2012 were as follows:

Year Ended	Average Price	Tons
2013	$23.97	1,976,739
2012	$28.84	2,004,411

The coal for both NCS and NOS is delivered to the sites by seven District owned unit-trains totaling 1,032 coal cars owned by the District.

Fossil – Fuel Oil. As of October 31, 2014, the District had approximately 227,000 gallons of No. 2 fuel oil in storage at the JSS and approximately 807,000 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 30 hours at SCS and 21 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 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 transportation has been negotiated to be utilized during the station start-up process at NOS. The CCS is located outside of MUD's service territory and therefore does not receive natural gas services from MUD. As a result, natural gas storage is contracted for hedging purposes. The District is connected into two natural gas transportation pipeline systems, Northern Natural Gas Company and Natural Gas Pipeline Company of America, adjacent to the CCS site. These interconnections enhance competitive pricing between the two pipeline systems. The District has negotiated both firm and non-firm natural gas transportation for the CCS. The firm natural gas for CCS is for the summer months only.

The District has constructed a natural gas pipeline to NCS which will provide fuel for start-up in lieu of fuel oil. Internal connections and equipment have been installed on both units and are being commissioned. The NC1 system is in service but cannot be fully commissioned until an outage is scheduled. The NC2 system has been tested and will be in service after the installation of minor modifications. The District is able to purchase New York Mercantile Exchange natural gas futures contracts to hedge exposure to market price fluctuations for purchases of natural gas. Speculative hedging is prohibited by the District's Risk Management Policy. Due to the low use of natural gas, the District suspended the acquisition of natural gas hedging contracts in August 2011. The remaining legacy contracts expired in August 2014.

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 and 117,317 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 2016. A second contract was signed with Cameco Inc. in 2011 to provide additional requirements for 2012 through 2017. These two contracts will supply approximately 100% of the requirements for 2014 through 2016. Future remaining requirements for uranium will be met through either inventory, spot market purchases or as term contracts. Approximately 115,600 kilograms of converted uranium will be used in the next refueling outage at FCS in 2015. In 2009, the District began building a strategic nuclear fuel inventory that has reached the target level equivalent to one full refueling cycle (which is currently 18 months in length).

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. The nuclear fuel disposal costs were $1,124,000 and $4,073,000 for the years ended December 31, 2011 and 2010, respectively. No fees were paid in 2012 or 2013 due to the extended outage at FCS. Through October 2014, the District has paid a total of $113,990,000 in such fees 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. In May 2014, the DOE announced it would temporarily cease collection of the one mill per net kWh 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.

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 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 6,888 miles of overhead distribution lines, 857 miles of street light overhead circuits, 4,545 miles of underground cable, 1,717 miles of street light underground circuits and 274 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.

Facilities are constructed within the District to support load growth. The District will spend $22 million in 2014 to support large growth projects. This includes $11 million in 2014 to design and construct a five-year $25 million project in support of a customer with significant load growth. The five-year project requires additional transmission, substation and distribution facilities to support a new facility constructed by the customer.

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, the District received a notice of violation on twelve Critical Infrastructure Protection reliability standard requirements from its Regional Entity, the Midwest Reliability Organization ("MRO"). The District developed mitigation plans for eleven of the violations which were approved by the MRO and NERC. These violations are now closed. The District has requested the one potential remaining violation to be dismissed or have the MRO move it to a Compliance Exception process. Compliance with the NERC standards is mandatory, and the NERC has the authority to levy substantial penalties (a maximum of $1 million per violation, per day). The one aforementioned possible violation is believed to be minor in nature and it has not been determined whether and to what extent penalties will be assessed.

General Plant

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 2014 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 a fixed amount of monthly megawatt hours to OPPD up to a defined maximum. The maximum monthly allotment is based on a formula that uses several factors including OPPD system demand and OPPD monthly energy requirements. 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.

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 Southwest Power Pool ("SPP") transmission facilities, creating the SPP balancing authority area, which in turn is interconnected with other balancing areas to create the Eastern Interconnection. 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, economy and inadvertent interchange service, short-term power and interchange of energy for scheduled outages, 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.

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.

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. In addition to the Tariff Administration Services, SPP provides the District with Reliability Coordination Services, Generation Reserves Sharing, Energy Imbalance Services Market, 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 Consolidated 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's generation is in competition with other generation owners to serve load across the SPP footprint.

The District's transition into the IM over the first eight months has been successful. After the transition, the District continues to work in the SPP member driven process looking for ways to improve market structure and design. Financially, the District has not experienced any significant changes due to the transition to the IM.

A 345-kilovolt ("kV") power line being built by the District and Transource Missouri/Kansas City Power and Light (Midwest Transmission Project) will run from a substation at the NCS 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. The project's final route has been selected and construction is scheduled to begin in the summer of 2015 with a completion date of summer 2017. The project will receive funding under the SPP approved tariff.

The SPP transmission planning process has identified the need for a 161kV transmission line interconnecting the OPPD 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 OPPD in the Fremont area. OPPD 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. OPPD and the City of Fremont will share the costs of the line estimated to be $35 million. OPPD's share will be approximately $14 million or 40% of the total cost. Additionally, OPPD will receive reimbursement for one-third of its costs under the SPP approved tariff. This reimbursement will occur over a 32-year period.

The District is a member of the MRO and NERC. Both the MRO and NERC are reliability organizations responsible for the development of and compliance with reliability standards for applicable interconnected utilities.

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 $2.1 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. Of the $2.1 billion limit, $850 million is through a shared blanket policy with NPPD. 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. The District purchases outage insurance for Fort Calhoun Station. This insurance policy is intended to offset some of the additional expenses the District may incur should it experience an extended outage at FCS resulting from accidental property damage.

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 met by specifying risk management standards, management responsibilities, and controls to help ensure risk exposures are properly identified and managed. Specific risk-mitigation plans and procedures are maintained 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 risks will be evaluated periodically and escalated to the appropriate oversight levels 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. As of the date hereof the fund balance is $37.0 million. In the first quarter of 2014, this fund was increased from $32.0 million to its present $37.0 million with the elimination of a $5.0 million unfunded reserve for uncollectable accounts from off-system sales. The balance of the Rate Stabilization Fund was $32.0 million and $24.6 million as of December 31, 2013 and 2012, respectively.

Debt Retirement Fund

This fund is to be used for the retirement of outstanding debt and to assist in maintaining debt service coverage ratios at appropriate levels. The balance of the Debt Retirement Fund was $0 and $14 million as of December 31, 2013 and 2012, respectively. There are no plans currently 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 $200 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.

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. On June 2, 2014, the EPA issued a proposed new rule pursuant to section 111(d) of the Clean Air Act ("Clean Power Plan") that would establish state-by-state carbon dioxide (CO_2) emission reduction goals for existing fossil-fueled generating units. Under this proposed rule, the EPA would require states to meet CO_2 emission "goals" or targets on a state-wide basis starting in 2020. States could allow their fossil-fueled generating units to use a number of measures to meet those goals, including heat rate improvements, energy efficiency, unit retirements, and renewable energy. The EPA projects that the proposed rule will result in power sector emission reductions of 30% from 2005 levels by the year 2030. Fossil-fueled generating units in the state of Nebraska must meet goals that are calculated to be equivalent to reductions of 26% from 2012 levels by 2030. Individual state plans must be submitted to the EPA by June 30, 2016. Upon receiving a completed plan, the EPA is proposing a twelve month review period to determine whether a state plan is approved. Comments were received by the EPA through December 1, 2014. The cost impact of this proposed rule will be determined once the rule is completely reviewed and assessed.

Cross-State Air Pollution Rule ("CSAPR"). The EPA promulgated the Clean Air Interstate Rule ("CAIR") in 2005 under the authority of Title I of the federal Clean Air Act. CAIR required the reduction of nitrogen oxide ("NO_X") and sulfur dioxide ("SO_2") in 27 targeted states. Nebraska was not one of the CAIR targeted states. On July 6, 2010, the EPA proposed the Clean Air Transport Rule ("CATR") as a replacement for CAIR. This rule required 31 states, including Nebraska, and the District of Columbia to significantly improve air quality by reducing generating station emissions contributing to ozone and fine particle pollution in other states. Specifically, this proposal would have required significant reductions in SO_2 and NO_X emissions crossing state lines. Under the proposed rule, Nebraska would be required to reduce emissions of SO_2 and NO_X to meet micron fine particulate matter standards.

The final CATR was published in the Federal Register on August 8, 2011, with the name changed to CSAPR. The final rule established a cap-and-trade system with state and unit specific allowance allocations to achieve the desired emission reductions. The NO_X and SO_2 allowances under CSAPR were significantly lower than the proposed CATR allowances. Implementation of Phase I of the final rule was scheduled to begin in 2012 and implementation of Phase II in 2014. Due to the short implementation timeframe for Phase I, the rule was challenged in court. On December 30, 2011, the D.C. Circuit Court issued an order staying the CSAPR pending the Court's resolution of the petitions for review of the rule. The federal court ordered the EPA to continue administering the previously promulgated CAIR until a final decision could be made on the merits of CSAPR. On August 21, 2012, the federal court vacated CSAPR stating that the rule exceeds the EPA's statutory authority. On January 24, 2013, the United States Court of Appeals for the D.C. Circuit denied EPA's petition for rehearing of the Court's August 2012 decision to vacate the CSPAR. On March 29, 2013, the U.S. Solicitor General petitioned the Supreme Court to review the D.C. Circuit Court's decision on CSAPR. On June 24, 2013, the U.S. Supreme Court granted the United States' petition asking the Court to review the D.C. Circuit Court's decision on CSAPR. On September 4, 2013, the United States filed its opening merits brief with the Supreme Court challenging the D.C. Circuit decision on CSAPR. On December 10, 2013, the U.S. Supreme Court heard oral arguments in the review of the D.C. Circuit Court's invalidation of CSAPR. On April 29, 2014, the U.S. Supreme Court reversed the D.C. Circuit and upheld the CSAPR rule. On October 23, 2014, the D.C. Circuit Court lifted the stay on CSAPR and returned the rule to the EPA. Implementation of Phase I of the final rule begins in 2015 and implementation of Phase II begins in 2017. The District will evaluate compliance options to meet the 2015 targets, however, at this time neither cost nor time frame can be estimated.

Mercury and Air Toxics Standard ("MATS"). In March 2005, the EPA issued its final Clean Air Mercury Rule ("CAMR") for controlling mercury emissions from electric utility steam generating units. CAMR proposed a mercury cap-and-trade program for existing coal-fired generating stations, placed limits on new sources, and established two nationwide mercury caps – 38 tons in 2010 (Phase I) and 15 tons in 2018 (Phase II). On February 8, 2008, the U.S. Court of Appeals for the Second Circuit vacated CAMR. In the Court's opinion, EPA could not remove mercury as a hazardous air pollutant and substitute a cap-and-trade program without strict adherence to requirements of the Clean Air Act ("Act"). Thus, electric utility steam generating units were once again likely to be subject to Maximum Achievable Control Technology ("MACT") standards. This required EPA to evaluate appropriate MACT limits for source categories and propose a new regulatory program for mercury control. On December 24, 2009, EPA approved an Information Collection Request requiring all U.S. generating stations with coal- or oil-fired electric generating units to submit emissions information for use in developing air toxics emissions standards. On May 3, 2011, following the review of data collected, EPA promulgated a proposed rule for Utility Boiler MACT which places strict limitations on emissions of mercury, non-mercury metallic hazardous air pollutants and acid gases (hydrogen chloride or SO_2 as a surrogate). The MACT Rule was finalized on December 16, 2011 and the name was changed to MATS. On December 10, 2013, the D.C. Circuit Court heard challenges to the MATS rule. On April 15, 2014 the D.C. Circuit Court upheld the MATS rule. An additional year was granted by local permitting agencies to facilitate installation of pollution control equipment for NC1 and all units at NOS. As a result of the year extension, compliance with the new rule is necessary by April 16, 2015 for NC2 and April 16, 2016 for NC1 and all units at the NOS. Several industry groups and 21 states appealed the April 15, 2014 ruling by the U.S. Court of Appeals for the D.C. Circuit and on November 25, 2014, the U.S. Supreme Court agreed to review the MATS rule in 2015, potentially delaying compliance requirements. The District has modeled various generation options due to the impact of MATS and other environmental regulations. Testing of Dry Sorbent Injection and Activated Carbon Injection was performed at NC1 and NO5. Results indicate Dry Sorbent Injection and Activated Carbon Injection technology is a viable means of meeting MATS emission limits. As previously indicated, the District will be retrofitting NO4, NO5 and NC1 with basic emission controls (Dry Sorbent Injection and Activated Carbon Injection technology) by April 2016 (see "THE ELECTRIC SYSTEM—Planned Generation Changes for Environmental Compliance"). No new emissions control equipment is required on NC2 to comply with the new requirements, although a new mercury monitoring system is being installed. The activated carbon injection rate will need to be increased from current rates to comply with the new requirements. The estimated capital cost for installation of control equipment to comply with MATS is approximately $35 million.

Sulfur Dioxide ("SO_2") and Nitrogen Oxide ("NO_X") Emissions Allowances. The District has no fossil-fueled generating units requiring SO_2 emission reductions to comply with Phase I of the Act.

Phase II of the Act was effective January 1, 2000. Phase II governs SO_2 emissions and NO_X limits. Based on current projections, the District has sufficient allowances for SO_2 emissions ("Allowances") to cover the electric power needs of its customers. Currently, all of the District's coal-fired generating stations meet Phase II NO_X compliance plan requirements. This includes the two units, NC1 and NO4, which both became subject to stricter Phase II limits beginning January 1, 2008. SO_2 and NO_X emissions are monitored continuously and reported quarterly to the regulatory agencies to assure air quality standards are being met.

Best Available Retrofit Technology ("BART")/Regional Haze Rule. In July 2005, the EPA finalized the Regional Haze Rule which includes provisions addressing BART. BART required retrofit application of emission controls for industrial facilities emitting air pollutants that reduce visibility at federally protected parks and wilderness areas. On March 2, 2012, the EPA approved the portion of the Nebraska State Implementation Plan ("SIP") for BART including the provisions to install low NO_X burners with overfire air technology on NC1, which were installed in 2010. The District is fully compliant with the requirements of this rule.

National Ambient Air Quality Standard ("NAAQS") for Ozone. On November 25, 2014, the EPA proposed to strengthen the NAAQS for ground-level ozone, the main component of smog. The proposed range is 65 parts per billion ("ppb") to 70 ppb. Once published in the federal register, the EPA will take comments on this proposal for 90 days. The final rule is expected in the summer or fall of 2015. Depending on how low the value of the final standard is set, the Omaha Metropolitan Statistical Area could be at risk to be classified as "non-attainment" and further NO_X reductions could be required at NOS.

National Ambient Air Quality Standard ("NAAQS") for one-hour SO_2. On June 2, 2010, the EPA strengthened the NAAQS for SO_2. The EPA is revising the primary SO_2 standard by establishing a new one-hour standard emissions level. On May 13, 2014, the EPA issued guidance in the Federal Register regarding this rule which proposes to allow states to use either modeling or monitoring to assess the status with the one-hour SO_2 NAAQS. For those areas which will use monitoring data to determine attainment status, the new monitors must be operating by January 1, 2017, the first three years of data would be collected by January 1, 2020, and States must complete the designation process in 2020, with SIPs required by August 2022. If there is a nonattainment area, the attainment plan would need to demonstrate how the area would attain the standard by no later than February, 2026. For those areas which will use modeling data to determine attainment status, the state must submit their modeling results and updated designation recommendations by January 1, 2017. The EPA would issue final designations by December 1, 2017. State attainment plans must be submitted by August 2019. If there is a nonattainment area, the attainment plan would need to demonstrate how the area would attain the standard by no later than February, 2023. At this time, the Nebraska Department of Environmental Quality ("NDEQ") has not determined what method it will follow to meet the standard. In the event that the Omaha metropolitan area is designated nonattainment or, if required by further rulemaking, is identified as having modeled SO_2 levels greater than the standard, NOS could be required to reduce SO_2 emissions.

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 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. In July 2004, the EPA finalized 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. District stations affected by the 316(b) Rule include FCS, NOS and NC1 (NC2 uses a cooling tower rather than once-through cooling and, as such, is not impacted by this regulation). In July 2007, the EPA suspended rulemaking in response to the Second Circuit Court of Appeals decision in Riverkeeper, Inc. v. EPA. On March 28, 2011, the EPA re-proposed the rule to address both fish impingement and entrainment. To address fish impingement, facilities must either conduct monitoring to show the specified performance standards for impingement mortality of fish and shellfish have been met, or they may demonstrate to the permitting authority that the intake velocity meets the specified design criteria of less than 0.5 feet per second. NOS, NC1 and FCS all have greater than 0.5 feet per second intake velocity. To address fish entrainment, facilities must perform comprehensive fish studies, follow a public process, with opportunity for public input, by which the appropriate technology to reduce entrainment mortality would be implemented at each facility after considering site-specific factors. On May 19, 2014, the EPA issued the final 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 cost is not thought to be substantial at this time.

Energy Efficiency

The District continues to evaluate, develop and operate commercial, industrial and residential demand-side management programs focused on changing energy use patterns by providing incentives, working with the Nebraska energy office on code modifications, and providing educational resources. Over the past six years, these programs have resulted in a peak demand reduction of 159 MW. In total, the District expects to reduce demand 300 MW by 2023 through demand side management and energy efficiency, 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 Innovative Energy Efficiency Program uses the DOE's Energy Efficiency and Conservation Strategy to help customers improve comfort and minimize energy use. The District offers other 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 energy credit refunds to curtail their capacity and energy use.

Residential customers have a number of programs designed to help them identify areas of potential energy savings. The District implemented the residential Air Conditioning Management Program which reduces peak demands by managing air conditioning units during peak load periods. Through 2013, there were approximately 22,000 customers actively participating in the program representing 33 MW of controllable peak demand. The District is a partner in the EPA and DOE Energy Star Program ("Energy Star") and actively promotes its efforts to residential and commercial customers. The Energy Star for New Homes Program assists customers and builders with the identification of energy efficiency measures to include during new home construction. 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 quarterly meetings to share innovative energy efficiency strategies with guest speakers and to focus on the Energy Star Program.

The District was recognized by the EPA as an Energy Star Leader for improving energy efficiency by ten percent in the qualifying Leader group. The Leader group includes approximately 583,000 square feet of office space for the District's facilities.

Nuclear Regulation

The District is subject to continuing regulation by the NRC in connection with the operation 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. 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, OPPD 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 AC power
- Ensuring reliable hardened containment vents (Note: 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

OPPD provided responses to the NRC orders in February 2013 and provides an implementation status to the NRC on a six month basis. OPPD projects complete implementation by the end of the fall of 2016 refueling outage. OPPD completed walk-downs in 2013 which confirmed the protection of FCS from flooding and seismic hazards in the current design basis. OPPD 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. OPPD will submit the flooding hazards reevaluation using present-day methods and information in February 2015. Potential regulatory changes and costs are estimated to be $48 million.

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. In May 2014, the DOE announced it would temporarily cease 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.

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OPERATING RESULTS

The following table lists the District's operating results for the nine months ended September 30, 2014 and September 30, 2013, along with the years ended December 31, 2013 and December 31, 2012. The operating results for the nine months ended September 30, 2014 and 2013 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, 2013 and 2012 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 September 30, 2014 and for the nine months ended September 30, 2014 and 2013 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.

FCS was in an outage from April 2011 through December 21, 2013. This extended outage had an adverse impact on off-system sales revenues and operating expenses. OPPD lessened the impact on customer owners through insurance recoveries, the use of regulatory accounting and cost reductions. Operating Revenues were higher in the first nine months of 2014 ("2014 period") than the first nine months of 2013 ("2013 period") primarily due to increased Off-System Sales Revenues from the additional energy from FCS. Operations and Maintenance Expenses increased in the 2014 period compared to the 2013 period primarily due to higher outage maintenance expenses at the fossil stations and higher employee benefit expenses.

	Nine Months Ended September 30,		**Year Ended December 31,**	
	2014	**2013**	**2013**	**2012**
	(millions)			
Operating Revenues	$864.5	$826.1	$1,090.2	$1,048.0
Operations and Maintenance Expenses	(616.3)	(603.2)	(796.1)	(770.1)
Depreciation and Amortization	(100.4)	(96.6)	(130.4)	(128.8)
Decommissioning	(2.5)	0.0	0.0	0.0
Payments in Lieu of Taxes	(24.5)	(24.5)	(31.8)	(30.1)
Operating Income	120.8	101.8	131.9	119.0
Other Income, net	16.5	15.5	21.0	28.4
Interest Expense	(71.8)	(73.4)	(97.6)	(92.6)
Net Income	$65.5	$43.9	$55.3	$54.8
Net Position	$1,935.1	$1,858.2	$1,869.6	$1,814.3

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 nine months ended September 30, 2014 and September 30, 2013, along with the years ended December 31, 2013 and December 31, 2012. The net receipts for the nine months ended September 30, 2014 and 2013 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, 2013 and 2012 were derived from the audited financial statements contained in Appendix A of this Official Statement.

	Nine Months Ended September 30,		Year Ended December 31,	
	2014	2013	2013	2012
	(millions)			
Operating Revenues[(1)]	$806.7	$766.2	$1,018.8	$972.6
Operations and Maintenance Expenses[(1)]	(570.4)	(561.0)	(738.7)	(709.4)
Payments in Lieu of Taxes	(24.5)	(24.5)	(31.8)	(30.1)
Net Operating Revenues	211.8	180.7	248.3	233.1
Investment Income of Related Reserve Fund[(2)]	0.9	0.9	1.3	1.1
Net Receipts for Electric System[(3)]	$212.7	$181.6	$249.6	$234.2
Total Debt Service on Electric System Revenue Bonds[(4)]	$83.2	$82.8	$110.7	$105.7
Debt Service Coverage on Electric System Revenue Bonds[(5)]	N/A	N/A	2.25	2.21
Debt Ratio[(6)]	50.7%	52.2%	52.0%	53.1%

(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, 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 nine months ended September 30, 2014 and September 30, 2013, along with the years ended December 31, 2013 and December 31, 2012. The Operating Revenues for the nine months ended September 30, 2014 and 2013 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, 2013 and 2012 were derived from the audited financial statements contained in Appendix A of this Official Statement.

Total Operating Revenues were $864.5 million for the first nine months of 2014 ("2014 period"), which was $38.4 million or 4.6% over the Operating Revenues during the first nine months of 2013 ("2013 period"). Total Retail Revenues were lower in the 2014 period primarily due to a decrease in Fuel and Purchased Power Adjustment Revenues. Off-System Sales Revenues were higher in the 2014 period primarily due to the availability of power from the FCS.

	Nine Months Ended September 30,		Year Ended December 31,	
	2014	**2013**	**2013**	**2012**
	(millions)			
Operating Revenues				
Residential	$299.3	$302.0	$385.2	$362.1
Commercial	238.1	232.7	306.7	292.3
Industrial	159.1	161.1	213.7	197.2
Unbilled Revenues	1.3	6.9	4.5	4.5
Fuel and Purchased Power Adjustment	(17.8)	16.2	15.2	(3.2)
Provision for Debt Retirement	0.0	0.0	17.0	17.0
Total Retail Revenues	680.0	718.9	942.3	869.9
Off-System Sales	161.4	84.0	118.3	123.2
Other Electric Revenues	23.1	23.2	29.6	54.9
Total Operating Revenues	$864.5	$826.1	$1,090.2	$1,048.0
Retail Sales (GWh)				
Residential	$2,788	$2,808	$3,607	$3,595
Commercial	2,758	2,680	3,562	3,493
Industrial	2,679	2,712	3,607	3,670
Unbilled Sales	(95)	(58)	26	29
Total Retail Sales	$8,130	$8,142	$10,802	$10,787
Annual Percentage Change	N/A	N/A	0.1%	0.8%
Off-System Sales (GWh)	5,478	2,667	3,926	3,672
System Peak Load (MW)	N/A	N/A	2,339	2,452
Annual Percentage Change	N/A	N/A	(4.6%)	(0.7%)

OPERATIONS AND MAINTENANCE EXPENSES

The following table lists a breakdown of the District's Operations and Maintenance Expenses for the nine months ended September 30, 2014 and September 30, 2013, along with the years ended December 31, 2013 and December 31, 2012. The Operations and Maintenance Expenses for the nine months ended September 30, 2014 and 2013 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, 2013 and 2012 were derived from the District's audited financial statements contained in Appendix A of this Official Statement.

Total Operations and Maintenance Expenses were $616.3 million for the first nine months of 2014 which was $13.1 million or 2.2% over the Operations and Maintenance Expenses during the first nine months of 2013. The most significant variances from the prior period were in Production and Administrative and General expenses. Production expenses increased primarily due to maintenance outages at the fossil stations. Administrative and General expenses were higher primarily due to an increase in employee benefits expenses.

	Nine Months Ended September 30,		**Year Ended December 31,**	
	2014	**2013**	**2013**	**2012**
	(millions)			
Operations and Maintenance				
Fuel	$159.0	$159.7	$215.5	$236.5
Purchased Power	65.2	67.0	84.2	74.0
Production	208.1	201.1	265.1	228.6
Transmission	22.0	20.5	24.0	22.0
Distribution	35.0	33.4	44.2	37.1
Customer Accounts	11.8	11.1	15.2	13.9
Customer Service and Information	11.6	11.1	15.1	16.4
Administrative and General	103.6	99.3	132.8	141.6
Total Operations and Maintenance	$616.3	$603.2	$796.1	$770.1

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 2015 Bonds will require monthly deposits into the interest and principal accounts of the Bond Fund related to the 2015 Bonds. To determine the debt service amount for each year, one-twelfth of the principal payment of the current year's cash flow is combined with eleven-twelfths of the principal payment of the following year's cash flow. Similarly, one-sixth of the February 1 interest payment of the current year is combined with the August 1 interest payment and five-sixths of the following year's February 1 interest payment.

Calendar Year	Electric System Revenue Bonds Debt Service Before Issuance of the 2015 Bonds	Less Debt Service on the Refunded Bonds[1]	Plus Debt Service on the 2015 Bonds	Total Electric System Revenue Bonds Debt Service After Issuance of the 2015 Bonds	Plus Debt Service on the Subordinated Bonds[2]	Total Debt Service
2015	$111,531	$12,883	$15,793	$114,441	$14,374	$128,815
2016	112,440	19,092	21,772	115,120	14,357	129,477
2017	112,474	35,218	37,873	115,129	15,272	130,401
2018	112,513	40,102	42,759	115,170	15,320	130,490
2019	112,519	41,237	43,895	115,177	15,260	130,437
2020	113,400	42,258	44,912	116,054	14,764	130,818
2021	76,959	16,860	21,558	81,657	50,574	132,231
2022	98,384	10,622	15,505	103,267	16,255	119,522
2023	98,514	10,900	15,784	103,398	16,132	119,530
2024	94,010	12,013	16,901	98,898	20,592	119,490
2025	92,967	12,175	17,059	97,851	21,610	119,461
2026	91,474	12,523	17,583	96,534	23,114	119,648
2027	91,761	10,862	15,764	96,663	22,822	119,485
2028	92,283	12,897	17,984	97,370	22,311	119,681
2029	92,693	13,348	18,250	97,595	21,819	119,414
2030	98,770	37,669	42,553	103,654	16,018	119,672
2031	85,733	11,755	16,829	90,807	29,216	120,023
2032	85,326	8,991	13,891	90,226	29,300	119,526
2033	86,228	9,035	13,923	91,116	28,369	119,485
2034	68,849	8,927	13,812	73,734	45,481	119,215
2035	68,832	8,884	13,768	73,716	45,471	119,187
2036	71,355	13,492	18,376	76,239	43,554	119,793
2037	93,539	8,777	13,662	98,424	21,631	120,055
2038	111,840	8,429	13,310	116,721	4,247	120,968
2039	51,805	703	6,952	58,054	25,057	83,111
2040	49,316		6,373	55,689	26,574	82,263
2041	41,251		6,375	47,626	25,706	73,332
2042	31,287		6,374	37,661	2,136	39,797
2043	19,727		6,373	26,100		26,100
2044	20,819		6,376	27,195		27,195
2045	21,184		531	21,715		21,715
2046	1,767			1,767		1,767

[1] The Refunded Bonds are comprised of all of the District's 2005 Series B Bonds, and a portion of the District's 2007 Series A and 2008 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 2013 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 2015 Bonds. The 2015 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 2015 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 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2015 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 2015 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 2015 Bonds, except in the event that use of the book-entry system for the 2015 Bonds is discontinued.

Transfers and Exchanges of Beneficial Ownership Interests

To facilitate subsequent transfers, all 2015 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 2015 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 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015 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 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2015 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2015 Bonds documents. For example, Beneficial Owners of 2015 Bonds may wish to ascertain that the nominee holding the 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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, 2015 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, 2015 Bond certificates will be printed and delivered.

The District, the Bond Fund Trustee and the Bond Fund Trustee acting as 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 2015 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 2015 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 (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. On October 13, 2011, the District amended Resolution No. 1788 by the adoption of Resolution No. 5882 ("Supplemental

Resolution") by the District's Board of Directors. For additional information regarding the Supplemental Resolution, see "SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION NO. 1788—Amendments to Resolution No. 1788."

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" below) 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) direct obligations of the United States of America, and obligations of any agency or instrumentality thereof on which the full and timely payment of principal and interest is unconditionally guaranteed by the United States of America, which obligations are rated no lower than the Highest Rating Category; (iii) 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; (iv) 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; (v) 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 "AAAm" or "AAAm-G" by a nationally recognized rating agency; and (vi) 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 rated by each 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 rated by each 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) above. For additional information regarding investment securities, see "SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION NO. 1788—Amendments to Resolution No. 1788."

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.

Amendments to Resolution No. 1788

On October 13, 2011, the District amended Resolution No. 1788 by the adoption of Resolution No. 5882 ("Supplemental Resolution") by the District's Board of Directors. The amendments made to Resolution No. 1788 by the Supplemental Resolution will become effective 30 days after the issuance of the 2015 Bonds as outlined below. The Supplemental Resolution provides that the holder of each Bond issued on or after the date of the adoption of the Supplemental Resolution, October 13, 2011, including the 2015 Bonds, shall be deemed to have given written consent, for purposes of Resolution No. 1788, to the provisions of the Supplemental Resolution.

The provisions of the Supplemental Resolution shall become effective 30 days after the Bond Fund Trustee provides notice to the District and the Bondholders that the Bond Fund Trustee has received written consents (if any) to such amendments contained in the Supplemental Resolution, that, in addition to the deemed written consents, comprise at least 66⅔% of the aggregate principal amount of the Outstanding Bonds on the date of such notice. Upon issuance of the 2015 Bonds, consents or deemed consents to the Supplemental Resolution will comprise in excess of 66⅔% of the aggregate principal amount of the Outstanding Bonds, and the provisions of the Supplemental Resolution will become effective 30 days after the issuance of the 2015 Bonds. The Underwriters have not been requested to consent, and will not be consenting, to the amendments on behalf of any other holder of 2015 Bonds.

The following is a brief summary of certain provisions of the Supplemental Resolution 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 Supplemental Resolution, copies of which may be examined at the offices of the District and the Bond Fund Trustee.

Revisions to Definitions. Certain definitions in Resolution No. 1788 will be revised to read as follows:

> "*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 is "AAA" for a term greater than one year, with corresponding ratings by Moody's of "Aaa."
>
> "*Investment Securities*" shall mean any of the following which at the time are legal investments of the District under the laws of the State of Nebraska:
>
> (i) Government Obligations;
>
> (ii) Reserved;
>
> (iii) Senior debt obligations, all 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;
>
> (iv) any written repurchase agreement ("Repurchase Agreement") entered into with a Qualified Financial Institution, provided that:

(A) the unsecured short-term obligations of the Qualified Financial Institution are rated no lower than the Highest Rating Category;

(B) the obligations of the Qualified Financial Institution under the Repurchase Agreement must be collateralized by Government Obligations in an amount not less than the principal and accrued interest obligations under the Repurchase Agreement;

(C) the Collateral must be held by the Bond Fund Trustee or a third party acceptable to the Bond Fund Trustee; and

(D) the Qualified Financial Institution must grant a perfected security interest in the collateral to the Bond Fund Trustee or third party holding the collateral.

(v) 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 (iii) above, of at least $100 million, and having a rating of "Aaa-MF," "AAAm" or "AAAm-G" by a nationally recognized rating agency, including money market mutual funds from which the Bond Fund Trustee or its affiliates derive a fee for investment advisory or other services to the fund;

(vi) Commercial paper and other corporate debt obligations, each rated no lower than the Second Highest Rating Category.

"*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."

Investment of Funds. The District will be permitted to invest funds in the Bond Fund (including the Interest Account, Principal Account, Bond Retirement Account and Reserve Account) in Investment Securities described in (i)-(v) of the definition of "Investment Securities" set forth above.

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 2015 Bonds, the proceedings and authority under which the 2015 Bonds are issued or affecting the validity of the 2015 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 Standard & Poor's Ratings Services have given the ratings of "Aa2" and "AA," respectively, to the 2015 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 2015 Bonds includes the District's undertaking ("Undertaking") for the benefit of the holders of the 2015 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 2015 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 2015 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2015 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 2015 Bonds are being purchased by the Underwriters identified on the cover page of this Official Statement ("Underwriters"). The Underwriters have agreed to purchase the 2015 Bonds from the District at a price of $397,120,677.42, which is the principal amount of the 2015 Bonds plus net original issue premium of $44,802,172.50 less Underwriters' discount of $736,495.08. The 2015 Bonds may be offered and sold to certain dealers (including underwriters and other dealers depositing such 2015 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.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 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 will purchase

Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

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.

TAX MATTERS

In general. In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered at the time of original issuance of the 2015 Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the 2015 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 2015 Bonds. Failure to comply with such requirements could cause interest on the 2015 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2015 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 2015 Bonds.

Notwithstanding Bond Counsel's opinion that interest on the 2015 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 2015 Bonds may otherwise affect the federal income tax liability of the owners of the 2015 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 2015 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, and 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 2015 Bonds.

Tax Treatment of Original Issue Premium. Certain of the 2015 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 Series 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 Bonds or the market value thereof would be impacted thereby. Purchasers of the 2015 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 2015 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 2015 Bonds are subject to the approval of Kutak Rock LLP, Omaha, Nebraska, Bond Counsel. Certain legal matters in connection with the 2015 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 2015 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 2015 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 2015 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 2015 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

APPENDIX A

FINANCIAL REPORT FROM DECEMBER 31, 2013 OMAHA PUBLIC POWER DISTRICT

ANNUAL REPORT

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Omaha Public Power District

2013 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 and Notes to the Financial Statements. The basic 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 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 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 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.

Statistics – This unaudited section provides additional comparison information.

OVERVIEW

The financial position and results of operations were similar for 2013 and 2012. Fort Calhoun Station (FCS) was in an outage during both of these years and resumed operations on December 21, 2013. This extended outage had an adverse impact on off-system sales revenues and operating expenses. OPPD lessened the impact on customer-owners through insurance recoveries, the use of regulatory accounting and cost reductions. The most significant cost reductions in 2013 were from lower prices for coal transportation and reductions in employee benefit expenses. The following sections include more detailed information on financial activities.

FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following table summarizes OPPD's financial position as of December 31 (in thousands).

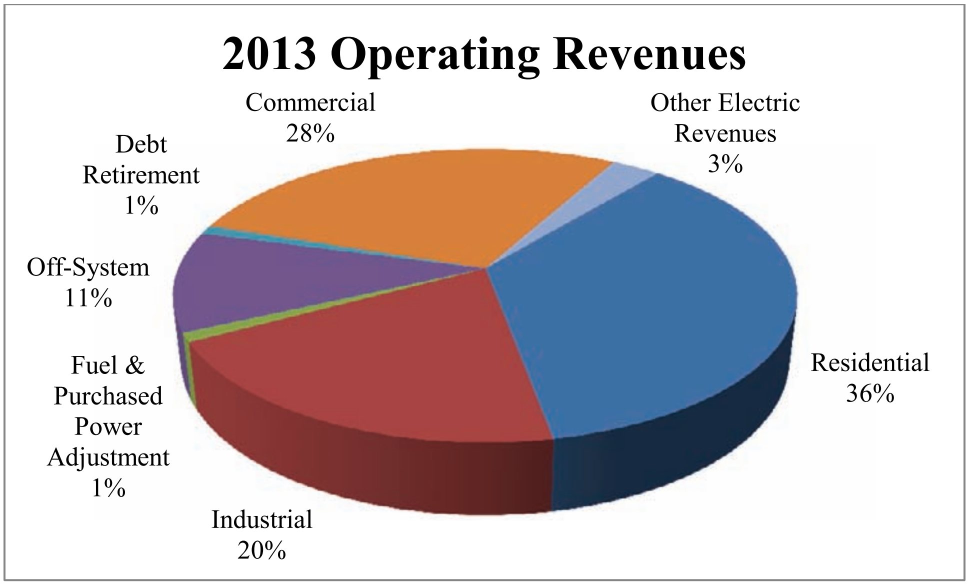
Condensed Statements of Net Position	**2013**	**2012**
Current Assets	$ 700,882	$ 809,696
Other Long-Term Assets and Special Purpose Funds	757,626	683,886
Capital Assets	3,359,141	3,342,731
Total Assets	4,817,649	4,836,313
Deferred Outflows of Resources	29,310	33,502
Total Assets and Deferred Outflows	$ 4,846,959	$ 4,869,815
Current Liabilities	$ 222,405	$ 385,947
Long-Term Liabilities	2,717,966	2,615,556
Total Liabilities	2,940,371	3,001,503
Deferred Inflows of Resources	37,000	54,000
Net Position	1,869,588	1,814,312
Total Liabilities, Deferred Inflows and Net Position	$ 4,846,959	$ 4,869,815

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

Operating Results	**2013**	**2012**
Operating Revenues	$ 1,090,213	$ 1,047,997
Operating Expenses	(958,338)	(928,961)
Operating Income	131,875	119,036
Other Income	20,956	28,418
Interest Expense	(97,555)	(92,625)
Net Income	$ 55,276	$ 54,829

Operating Revenues

The following chart illustrates 2013 operating revenues by category and percentage of the total. Other electric revenues include connection charges, late payment charges, rent from electric property, wheeling fees, insurance recoveries for prior years and miscellaneous revenues.



2013 Compared to 2012 – Total operating revenues were $1,090,213,000 for 2013, an increase of $42,216,000 or 4.0% over 2012 operating revenues of $1,047,997,000.

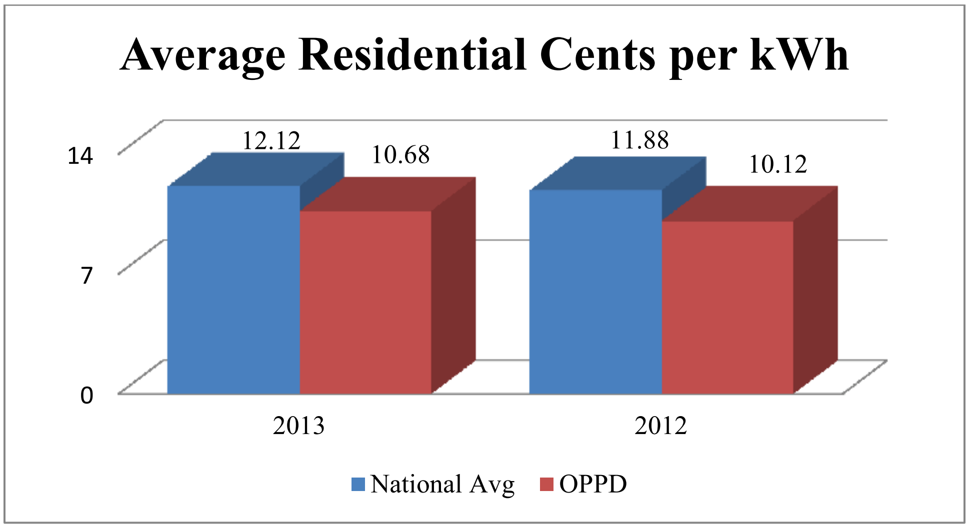
- Revenues from retail sales were $942,291,000 for 2013, an increase of $72,385,000 or 8.3% over 2012 revenues of $869,906,000. The change in retail revenues was primarily due to higher energy prices and an increase in the adjustment for the under-recovery of fuel and purchased power expenses.
- Revenues from retail sales included $17,000,000 in transfers from the Debt Retirement Reserve in both 2013 and 2012.
- Revenues from off-system sales were $118,268,000 for 2013, a decrease of $4,923,000 or 4.0% from 2012 revenues of $123,191,000. The decrease was primarily due to the expiration of a large participation sales contract.
- Other Electric Revenues were $29,654,000 for 2013, a decrease of $25,246,000 or 46.0% from 2012 revenues of $54,900,000. The decrease was primarily due to insurance recoveries received in 2012.

Cents per kWh

The Company strives to manage costs and maximize the public power advantage of low-cost and reliable service.

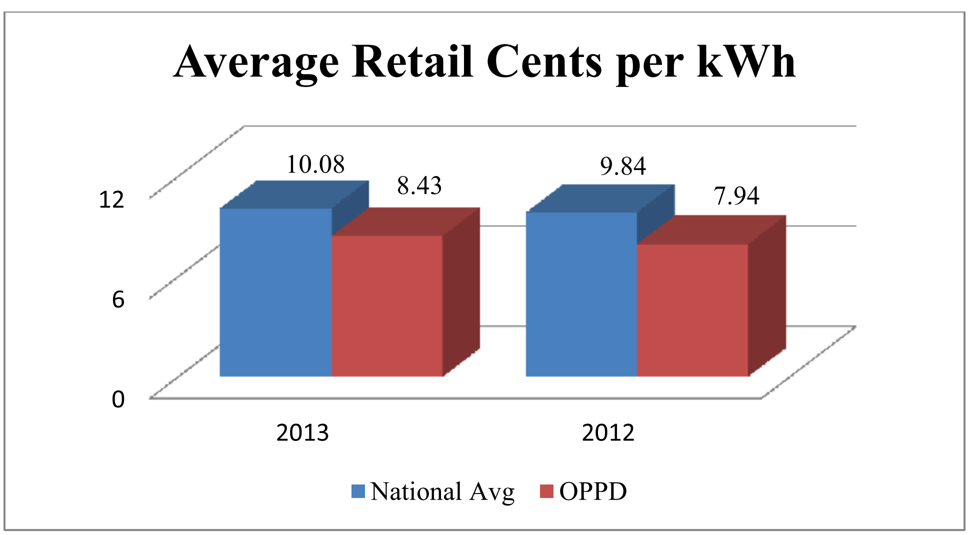
Residential customers paid an average of 10.68 and 10.12 cents per kilowatt-hour (kWh) in 2013 and 2012, respectively. The national average residential cents per kWh according to the Energy Information Administration (EIA), U.S. Department of Energy, was 12.12 for 2013 (preliminary year-to-date December 2013) and 11.88 cents per kWh for 2012. Based on the preliminary EIA data for 2013, OPPD residential rates were 11.9% 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 8.43 and 7.94 cents per kWh in 2013 and 2012, respectively. The national average retail cents per kWh according to the EIA, was 10.08 for 2013 (preliminary year-to-date December 2013) and 9.84 cents per kWh for 2012. Based on the preliminary EIA data for 2013, OPPD retail rates were 16.4% below the national average.

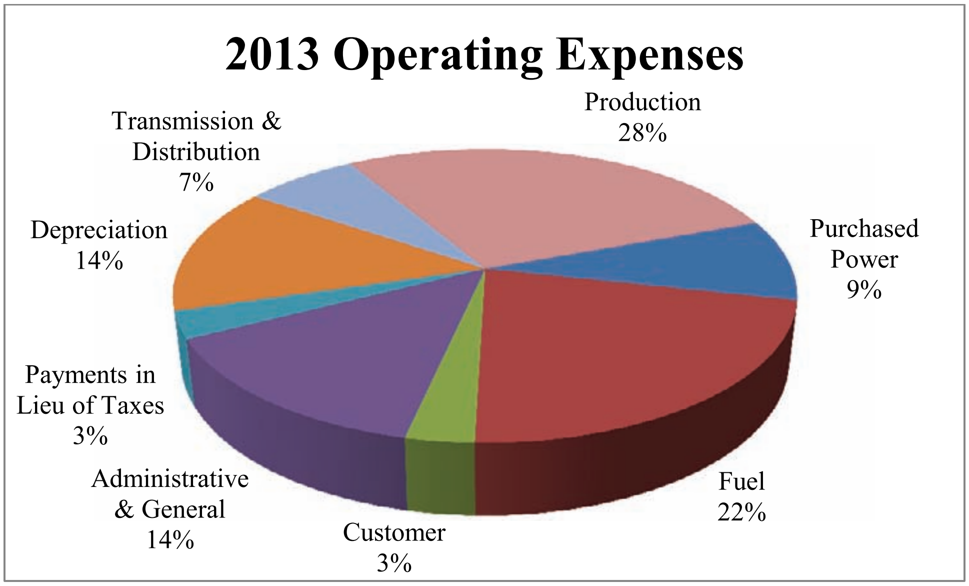
The following chart illustrates the Company's average retail cents per kWh compared to the national average.



General rate adjustments of 7.3% and 4.5% were implemented in January 2013 and 2012, respectively, due to increased operating costs. The adjustments to the Fuel and Purchased Power Adjustment (FPPA) were a decrease of 0.4% for 2013 and an increase of 1.4% for 2012. Cost-containment, the use of regulatory accounting and other risk management efforts have limited these rate adjustments. There were no rate adjustments implemented in January 2014.

Operating Expenses

The following chart illustrates 2013 operating expenses by expense classification and percentage of the total.



2013 Compared to 2012 - Total operating expenses were $958,338,000 for 2013, an increase of $29,377,000 or 3.2% over 2012 operating expenses of $928,961,000.

- Fuel expense decreased $21,024,000 or 8.9% from 2012, primarily due to lower coal transportation costs resulting from the renegotiation of the contract.
- Purchased Power expense increased $10,173,000 or 13.8% over 2012, primarily due to additional renewable energy purchases.
- Production expense increased $36,565,000 or 16.0% over 2012, primarily due to higher operations and maintenance expenses incurred at FCS.
- Transmission expense increased $2,014,000 or 9.2% over 2012, primarily due to higher transmission and regulatory expenses and fees.
- Distribution expense increased $7,107,000 or 19.2% over 2012, primarily due to additional charges for supporting services.
- Customer Accounts expense increased $1,216,000 or 8.7% over 2012, primarily due to additional credit card processing fees and postage expenses.
- Customer Service and Information expense decreased $1,234,000 or 7.5% from 2012, primarily due to decreased incentive payments for sustainability projects.

- Administration and General expense decreased $8,786,000 or 6.2% from 2012, primarily due to lower employee benefit costs.
- Depreciation and Amortization increased $1,613,000 or 1.3% over 2012, due to additional depreciation for capital additions.
- Payments in Lieu of Taxes expense increased $1,733,000 or 5.8% over 2012, due to higher retail revenues.

Other Income (Expenses)

Other income (expenses) totaled $20,956,000 in 2013, a decrease of $7,462,000 from 2012 other income (expenses) of $28,418,000. Other - net was $4,131,000 lower in 2013, primarily due to grants from the Federal Emergency Management Agency in 2012. Investment income was $2,380,000 lower than 2012 investment income of $2,041,000 due to an overall decrease in the fair market value of fixed income investments. Long-term interest rates have been rising resulting in lower bond prices and yields.

Allowances for Funds Used During Construction (AFUDC) totaled $13,334,000 in 2013, a decrease of $900,000 from 2012 AFUDC of $14,234,000 due to a lower interest rate.

A variety of products and services are offered, which provide value both to the customer and the Company. These products include Residential and Commercial Surge Protection, In-Home Electrical Protection Plan, ECO 24/7, Energy Information Services and Geothermal Loop Heat Exchanges. Offering these products and services provides opportunities to build strong relationships with customers by helping them efficiently and economically meet their energy needs.

Income from products and services was $3,228,000 for 2013, a decrease of $51,000 from 2012 income from products and services of $3,279,000. This decrease was primarily due to less income from the sale of Geothermal Loop Heat Exchange products.

Interest Expense

Interest expense was $97,555,000 for 2013, an increase of $4,930,000 over 2012 interest expense of $92,625,000. This increase was due to incurring a full year of interest expense for the 2012 Series A Electric System Revenue Bonds in 2013.

Net Income

Net income, after revenue adjustments for changes to the Debt Retirement Reserve, was $55,276,000 and $54,829,000 for 2013 and 2012, respectively. Changes to the Debt Retirement Reserve resulted in operating revenues and net income increasing by $17,000,000 in 2013 and 2012.

CAPITAL PROGRAM

The Company's utility plant assets include production, transmission and distribution, and general plant facilities. The following table summarizes the balance of capital assets as of December 31 (in thousands).

	2013	2012
Electric plant	$4,782,357	$4,692,215
Construction work in progress	404,042	394,415
Nuclear fuel - at amortized cost	101,769	100,765
Accumulated depreciation and amortization	(1,929,027)	(1,844,664)
Total utility plant - net	$3,359,141	$3,342,731

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. Certain capital expenditures were deferred, where possible, due to the FCS outage which concluded in 2013. Capital expenditures were $6,905,000 under budget for 2013.

The following table shows actual capital program expenditures, including allowances for funds used during construction, for the last two years and budgeted expenditures for 2014 (in thousands).

	Budget	Actual	
Capital Program	**2014**	**2013**	**2012**
Production	$ 72,746	$ 83,504	$ 89,537
Transmission and distribution	85,138	54,503	74,011
General	15,238	21,069	16,640
Total	$173,122	$159,076	$180,188

Production expenditures include equipment to comply with increasing environmental regulations. A natural gas pipeline and other equipment will be placed in service in 2014 at the Nebraska City Station to allow the use of natural gas as an alternative to fuel oil for a start-up and stabilization fuel source.

Transmission and distribution expenditures include the installation of new technologies and substation and distribution facilities to maintain system reliability, enhance efficiency and respond to load growth.

General plant expenditures include the purchase of construction and transportation equipment and information technology upgrades.

Significant capital projects planned for 2014, ordered by highest planned expenditures, include the following.

- Customer substation work – This is a project to support work being completed at Offutt Air Force Base.
- Fort Calhoun Station Remote Spent Fuel Pool Monitoring – This project will ensure continuous power at the station during extreme natural events.
- Fort Calhoun Station Security Force on Force structure improvements – This project will reinforce the physical protection of the plant.
- Fort Calhoun Station Internal Containment Structure beam reinforcements – This is the design of additional reinforcements prescribed by the Nuclear Regulatory Commission (NRC) to ensure the facility is protected against a catastrophic natural disaster.
- Distribution work – This is to support the business needs of a customer.
- Construction Equipment and Heavy Truck Replacement – This is normal replacement of general construction equipment.
- Sarpy County Station Unit No. 3 Overhaul – This is the overhaul of a gas unit at the station.

CASH AND LIQUIDITY

Cash Flows

There were increases in cash of $32,366,000 and $29,825,000 during 2013 and 2012, respectively. The following table illustrates the cash flows by activities for the years ended December 31 (in thousands).

Cash Flows	**2013**	**2012**
Cash Flows from Operating Activities	$ 168,708	$ 151,733
Cash Flows from Capital and Related Financing Activities	(274,163)	(8,072)
Cash Flows from Investing Activities	137,821	(113,836)
Change in Cash and Cash Equivalents	$ 32,366	$ 29,825

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 2013 increased $16,975,000 over 2012, primarily due to an increase in cash received from retail customers and insurance companies. This was partially offset by an increase in cash paid to off-system counterparties for additional wind energy.

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 2013 increased $266,091,000 over 2012, primarily due to proceeds from long-term borrowings in 2012 which reduced the cash flows used in 2012.

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

- Cash flows for 2013 increased $251,657,000 over 2012, primarily due to more maturities and sales of investments than purchases in 2013.

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.

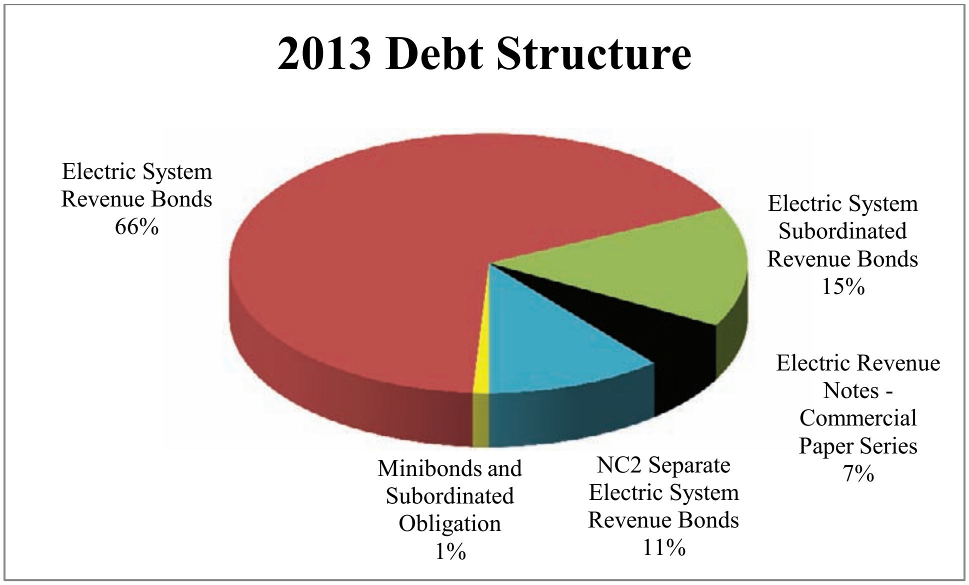
The financing plan optimizes the debt structure to ensure capital needs are financed, liquidity needs are achieved and the Company's strong financial position is maintained. The 2014 financing plan does not include any bond issues; however, the Company will continue to monitor refunding opportunities to achieve any potential interest cost savings for customer-owners.

There were no bond issuances in 2013. The Company made repayments of $26,125,000 of Electric System Revenue Bonds and $169,000 of Minibonds during 2013. Repayments for the Electric System Revenue Bonds included a principal payment of $9,385,000 for the early call of a portion of the 1993 Series C term bonds due February 1, 2014.

Two Electric System Revenue Bond issues totaling $499,370,000 were completed during 2012. An issue totaling $226,715,000 was used to refund outstanding bonds with higher interest rates, and a second issue totaling $272,655,000 was used to finance capital expenditures. In addition, repayments of $52,460,000 of Electric System Revenue Bonds, $460,000 of Electric System Subordinated Revenue Bonds and $143,000 of Minibonds were made in 2012. Repayments for the Electric System Revenue Bonds included principal payments of $8,850,000 for the early call of a portion of the 1993 Series C term bonds due February 1, 2013 and $13,990,000 for the early redemption of the 2002 Series B serial bonds due February 1, 2013.

The Company renewed a Credit Agreement for $250,000,000 in 2013. 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, 2013 or 2012. There was $150,000,000 of commercial paper outstanding as of December 31, 2013 and 2012.

The following chart illustrates the debt structure and percentage of the total as of December 31, 2013.



Debt Service Coverage for Electric System Revenue Bonds

Debt service coverage for the Electric System Revenue Bonds was 2.25 and 2.21 in 2013 and 2012, 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 2013 and 2012 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 52.0% and 53.1% as of December 31, 2013 and 2012, respectively.

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 changed its ratings for OPPD's senior lien debt from Aa1 to Aa2 and for subordinated debt from Aa2 to Aa3, primarily due to FCS challenges and potential environmental compliance costs for the fossil stations. Both Moody's and S&P have stable outlooks for OPPD's credit ratings.

The following table summarizes credit ratings in effect on December 31, 2013.

	S&P	Moody's
Electric System Revenue Bonds	AA	Aa2
Electric System Subordinated Revenue Bonds (including PIBs) *	AA-	Aa3
Electric Revenue Notes - Commercial Paper Series	A-1+	P-1
Minibonds *	AA-	Aa3
NC2 Separate Electric System Revenue Bonds (2005A, 2006A) *	A	A1
NC2 Separate Electric System Revenue Bonds (2008A)	A	A1

* *Payment of the principal and interest on the Electric System Subordinated Revenue Bonds, Minibonds and NC2 Separate Electric System Revenue Bonds 2005 Series A and 2006 Series A, when due, is insured by financial guaranty bond insurance policies. PIBs are Periodically Issued Bonds, which are another type of Electric System Subordinated Revenue Bond.*

RISK MANAGEMENT

Risk Management Practices

An Enterprise Risk Management (ERM) program is used to identify, quantify, prioritize and manage the risks of the Company. Specific risk-mitigation plans and procedures are maintained to provide focused and consistent efforts to mitigate various risk exposures. Several cross-functional risk committees are utilized to discuss and analyze potential risks that could hinder the achievement of OPPD's strategic objectives. Additionally, an Executive ERM Committee has been established to specifically discuss risk-related issues at the senior management level of the Company. An overview of the ERM program is provided to the Board of Directors annually.

Power marketing and fuel purchase activities are conducted within the normal course of business. Risks associated with power marketing and fuel contracting are managed within a risk management control framework. Fuel expense represents a significant portion of generation costs and affects the ability to generate and market competitively priced power. A risk-management working group is responsible for identifying, measuring and mitigating various risk exposures related to power marketing and fuel purchase activities.

OPPD participates in the wholesale marketplace with other electric utilities and power marketers for off-system energy sales. The Company must be able to offer energy at competitive prices and obtain transmission services 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. Counterparty credit risks are monitored closely on an ongoing basis. The Company's energy trading and marketing practices and processes have been modified for the implementation of the Integrated Marketplace in the Southwest Power Pool (SPP) in 2014. The risks associated with these changes have been identified and plans have been established for their mitigation.

A Rate Stabilization Reserve was established in 1999 to assist in stabilizing retail electric rates. Funds from this reserve were used to help finance higher fuel costs and unexpected energy purchases in 2011 due to the extended outage at FCS to lessen the impact on customer-owners. The fund was replenished with FPPA recoveries and insurance proceeds in 2013 and 2012. The balance of the fund was $32,000,000 and $24,612,000 as of December 31, 2013 and 2012, respectively. The balance of the reserve was maintained at $32,000,000 as of December 31, 2013 and 2012.

A Debt Retirement Reserve was established in 2003 to assist in managing the long-term risks associated with significant capital expenditures and related debt issuances. This reserve is used to meet challenges in retiring debt and maintaining adequate debt service coverage ratios. The reserve was used to provide additional revenues and funds of $17,000,000 each in 2013 and 2012. The balance of the fund was $0 and $14,000,000 as of December 31, 2013 and 2012, respectively. The balance of the reserve was $0 and $17,000,000 as of December 31, 2013 and 2012, 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 Uncollectible Accounts Reserve is established for estimated uncollectible accounts from both retail and off-system sales. Accounts Receivable is reported net of the $1,000,000 reserve for retail sales. A $5,000,000 reserve for off-system sales was established by the Board of Directors. This reserve is separately reported as a deferred inflow on the Statement of Net Position.
- 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.

REGULATORY AND ENVIRONMENTAL UPDATES

Fort Calhoun Station Update

FCS was taken out of service for a normal refueling outage in April 2011. Outage activities were suspended in June 2011 to protect facilities from rising river levels caused by the release of record amounts of water from dams along the Missouri River by the U.S. Army Corps of Engineers. 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. 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 Board of Directors authorized management to establish a regulatory asset for certain recovery costs, with amortization over a 10-year period commencing after the resumption of operations. Qualifying recovery costs will continue to be deferred until FCS's regulatory rating is increased to a more favorable NRC regulatory category. The balance of this regulatory asset was $138,362,000 and $70,627,000 as of December 31, 2013 and 2012, respectively.

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 imbalance market services and transmission planning services to OPPD and SPP's other transmission-owning members.

The SPP Board of Directors approved expansion of the current real-time Energy Imbalance Market (Day 1) into a Day 2 Market. The SPP Day 2 Market, also known as the Integrated Marketplace (IM), includes Day-Ahead Markets and Real-Time Markets. It also includes Ancillary Services and Transmission Congestion Rights Markets. The IM went live on March 1, 2014. SPP is now the Consolidated Balancing Authority, relieving OPPD 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. OPPD's generation is in competition with other generation owners to serve load across the SPP footprint. A cross-functional project team was launched in December 2011 to prepare for the IM. Individual task teams addressed related functional areas to ensure that systems, policies and personnel were ready for the transition and able to operate effectively in the new market.

A 180-mile 345-kilovolt power line being built by OPPD and Kansas City Power and Light (Midwest Transmission Project) 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; improve reliability on the nation's energy grid; and improve opportunities for wind energy distribution. The final route was selected in July of 2013 after a year-long process involving 20 public meetings. Construction is expected to begin in 2015 with a planned summer 2017 in-service date.

Renewable Capability including Purchased Power Contracts

Renewable portfolio standards are currently mandated in several states but not in Nebraska. The Board of Directors has established a proactive goal to provide 10% of retail energy from renewable sources by 2020. The percentage of renewable energy increased to 6.5% in 2013 from 5.3% in 2012 and is expected to increase to 15.1% in 2014. A purchased power contract with the Western Area Power Administration provides 86 MW of hydro power that is excluded from the goal.

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

		Capability
OPPD Owned Generation		
	Elk City Station (landfill-gas)	6.2
	Valley Station (wind)	0.7
	Subtotal OPPD Owned Generation	6.9
Purchased Wind Generation		
	Ainsworth	10.0
	Elkhorn Ridge	25.0
	Flat Water	60.0
	Petersburg	40.5
	Broken Bow I	18.0
	Crofton Bluffs	13.6
	Subtotal Purchased Wind Generation	167.1
Total Renewable Generation as of December 31, 2013		174.0
2014 Purchased Wind Generation		
	Broken Bow II	45.0
	Prairie Breeze	200.6
	Subtotal 2014 Purchased Wind Generation	245.6
2017 Purchased Wind Generation		
	Grande Prairie	400.0
Total Expected Renewable Generation as of December 31, 2017		819.6

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) finalized the Mercury and Air Toxics Standard (MATS) on December 16, 2011. Compliance with this rule will be necessary by April 16, 2015. An additional year was granted by local permitting agencies to allow for pilot testing, modeling, evaluation and to facilitate installation of pollution control equipment, if necessary. Various generation options have been modeled due to the impact of MATS and other environmental regulations. Pilot testing of Dry Sorbent Injection and Activated Carbon Injection has been conducted, and the results are being analyzed to determine the optimal generating options. The Washington D.C. Circuit Court heard challenges to the MATS rule on December 10, 2013.

The EPA published the Cross-State Air Pollution Rule (CSAPR) on August 8, 2011, to improve air quality by reducing power plant emissions contributing to ozone and fine-particle pollution in other states. Specifically, this proposal would have required significant reductions in sulfur dioxide (SO_2) and nitrogen oxides (NOx). CSAPR established a cap-and-trade system with state and unit specific allowance allocations to achieve desired emission reductions for SO_2 and NOx. Implementation of Phase I of the final rule was scheduled to begin in 2012, but the United States Court of Appeals for the District of Columbia issued an order on December 30, 2011, staying CSAPR pending judicial review. On August 21, 2012, the federal court vacated CSAPR stating the rule exceeds the statutory authority of the EPA. The U.S. Supreme Court heard oral arguments on December 10, 2013, in review of the federal court's invalidation of CSAPR. In the interim, the EPA will continue administering the Clean Air Interstate Rule (CAIR), the predecessor to CSAPR pending the promulgation of a valid replacement rule. The State of Nebraska is not covered by CAIR; therefore, OPPD remains unaffected at this time.

The EPA announced its plan to reduce carbon pollution from electric generating stations on September 20, 2013. The proposed standards are the first uniform national limits on the amount of carbon emissions that future stations will be allowed. The EPA will be engaging with states and others, including the power sector, environmental groups and the public, to identify approaches shown to reduce carbon emissions. A proposed rule for controlling carbon emissions from existing generating stations is expected in 2014 with a final rule expected in 2015. OPPD continually monitors local, state and federal agencies for rules that may change or require further reductions of emissions.

Federal Energy Legislation

The 113th Congress began its two-year legislative session in January 2013. During the previous Congress, the House of Representatives passed legislation that would block efforts by the EPA to regulate greenhouse gas emissions under the Clean Air Act. In 2012, the House of Representatives also passed legislation to block or delay other EPA regulatory proposals that are aimed primarily at fossil-fired electric generation facilities. The Senate did not pass similar legislation. Given the same leadership, the Senate will likely continue to block similar legislation passed by the House through the end of this Congressional Legislative Session, which ends in December 2014.

Efforts on energy legislation are likely to be very limited and would focus on market-based approaches that would help create jobs and grow the economy as well as possibly addressing the issue of long-term storage of high-level nuclear waste. Energy and environmental initiatives such as carbon cap-and-trade and climate change legislation could result in substantial rate increases if enacted into law. OPPD continues to monitor the status of energy and climate-change legislation in Congress and provides input through public power industry groups and the Nebraska Congressional Delegation.

State of Nebraska Energy Legislation

The Nebraska Legislature enacted Legislative Bill 646 (L.B. 646), Change Election Provisions for Public Power Districts during the 2013 session. L.B. 646 provides that public power districts create subdivisions substantially equal in population for its board elections. OPPD was the only district affected by this change. The Board of Directors changed from three to eight distinct district subdivisions in support of this legislation. The Nebraska Power Review Board approved the amendment to OPPD's charter, and the new subdivisions were effective January 1, 2014.

The Legislature also enacted Legislative Bill 388 (L.B. 388), Change Provisions Relating to Public Power and Provide for Construction of Certain Transmission Lines in 2012. L.B. 388 provides electric transmission owners, who belong to a Regional Transmission Organization (RTO), the right of first refusal to complete transmission projects in Nebraska that have been approved by the RTO. The purpose is to clarify that public power entities in Nebraska have the first right to construct, own and maintain approved transmission lines.

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.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that 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.

Those judgments could materially impact the financial statements and disclosures based on varying assumptions, which may be appropriate to use. In addition, 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**
Environmental Matters and Pollution Remediation Obligations	• Approved methods for cleanup • Governmental regulations and standards • Cost estimates for future remediation options
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	• Assumptions used in computing the 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.

W. Gary Gates

W. Gary Gates
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, 2013 and 2012, 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 audit 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 the Company'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 the Company'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, 2013 and 2012, 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.

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 18 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 audit 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

DELOITTE & TOUCHE LLP

Omaha, Nebraska

March 20, 2014

Statements of Net Position
as of December 31, 2013 and 2012

ASSETS	2013	2012
	(thousands)	
CURRENT ASSETS		
Cash and cash equivalents	**$ 92,852**	$ 60,486
Electric system revenue fund	**29,962**	-
Electric system revenue bond fund	**73,961**	56,960
Electric system subordinated revenue bond fund	**6,440**	6,440
Electric system construction fund	**154,981**	324,191
NC2 separate electric system revenue fund	**13,852**	13,827
NC2 separate electric system revenue bond fund	**8,592**	8,555
NC2 separate electric system capital costs fund	**309**	3,371
Accounts receivable - net	**132,972**	150,599
Fossil fuels - at average cost	**28,910**	46,485
Materials and supplies - at average cost	**126,211**	109,899
Other (Note 2)	**31,840**	28,883
Total current assets	**700,882**	809,696
SPECIAL PURPOSE FUNDS - at fair value		
Electric system revenue bond fund - net of current	**55,681**	60,484
Segregated fund - debt retirement (Note 3)	**-**	14,000
Segregated fund - rate stabilization (Note 3)	**32,000**	24,612
Segregated fund - other (Note 3)	**33,586**	34,819
Decommissioning funds (Note 3)	**346,118**	349,724
Total special purpose funds	**467,385**	483,639
UTILITY PLANT - at cost		
Electric plant	**5,186,399**	5,086,630
Less accumulated depreciation and amortization	**1,929,027**	1,844,664
Electric plant - net	**3,257,372**	3,241,966
Nuclear fuel - at amortized cost	**101,769**	100,765
Total utility plant - net	**3,359,141**	3,342,731
OTHER LONG-TERM ASSETS (Note 2)	**290,241**	200,247
TOTAL ASSETS	**4,817,649**	4,836,313
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refunded debt	**29,191**	33,000
Accumulated change in fair value of hedging derivatives (Note 7)	**119**	502
Total deferred outflows of resources	**29,310**	33,502
TOTAL ASSETS AND DEFERRED OUTFLOWS	**$ 4,846,959**	$ 4,869,815

See notes to financial statements

LIABILITIES	2013	2012
	(thousands)	
CURRENT LIABILITIES		
Electric system revenue bonds (Note 4)	**$ 30,545**	$ 26,125
Electric revenue notes - commercial paper series (Note 4)	**-**	150,000
NC2 separate electric system revenue bonds (Note 4)	**2,970**	2,865
Subordinated obligation (Note 4)	**442**	406
Accounts payable	**69,720**	91,758
Accrued payments in lieu of taxes	**30,769**	29,034
Accrued interest	**42,931**	39,366
Accrued payroll	**32,753**	31,830
NC2 participant deposits	**7,428**	8,926
Other (Note 2)	**4,847**	5,637
Total current liabilities	**222,405**	385,947
LIABILITIES PAYABLE FROM SEGREGATED FUNDS (Note 2)	**30,387**	31,684
LONG-TERM DEBT (Note 4)		
Electric system revenue bonds - net of current	**1,471,830**	1,502,375
Electric system subordinated revenue bonds	**346,270**	346,270
Electric revenue notes - commercial paper series	**150,000**	-
Minibonds	**28,495**	28,127
NC2 separate electric system revenue bonds - net of current	**236,725**	239,695
Subordinated obligation - net of current	**-**	442
Total long-term debt	**2,233,320**	2,116,909
Unamortized discounts and premiums	**95,223**	103,849
Total long-term debt - net	**2,328,543**	2,220,758
OTHER LIABILITIES		
Decommissioning costs	**346,118**	349,724
Other (Note 2)	**12,918**	13,390
Total other liabilities	**359,036**	363,114
COMMITMENTS AND CONTINGENCIES (Note 11)		
TOTAL LIABILITIES	**2,940,371**	3,001,503
DEFERRED INFLOWS OF RESOURCES		
Rate stabilization reserve (Note 6)	**32,000**	32,000
Debt retirement reserve (Note 6)	**-**	17,000
Uncollectible accounts reserve - off-system	**5,000**	5,000
Total deferred inflows of resources	**37,000**	54,000
NET POSITION		
Net investment in capital assets	**1,254,740**	1,380,992
Restricted	**39,589**	25,295
Unrestricted	**575,259**	408,025
Total net position	**1,869,588**	1,814,312
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	**$ 4,846,959**	$ 4,869,815

See notes to financial statements

Statements of Revenues, Expenses and Changes in Net Position
for the Years Ended December 31, 2013 and 2012

	2013	2012
	(thousands)	
OPERATING REVENUES		
Retail sales	**$ 942,291**	$ 869,906
Off-system sales	**118,268**	123,191
Other electric revenues	**29,654**	54,900
Total operating revenues	**1,090,213**	1,047,997
OPERATING EXPENSES		
Operations and maintenance		
Fuel	**215,533**	236,557
Purchased power	**84,139**	73,966
Production	**265,124**	228,559
Transmission	**24,010**	21,996
Distribution	**44,180**	37,073
Customer accounts	**15,165**	13,949
Customer service and information	**15,126**	16,360
Administrative and general	**132,827**	141,613
Total operations and maintenance	**796,104**	770,073
Depreciation and amortization	**130,407**	128,794
Payments in lieu of taxes	**31,827**	30,094
Total operating expenses	**958,338**	928,961
OPERATING INCOME	**131,875**	119,036
OTHER INCOME (EXPENSES)		
Contributions in aid of construction	**18,570**	13,066
Reduction of plant costs recovered through contributions in aid of construction	**(18,570)**	(13,066)
Decommissioning funds - investment income	**3,606**	12,833
Decommissioning funds - reinvestment	**(3,606)**	(12,833)
Investment income (loss).	**(339)**	2,041
Allowances for funds used during construction	**13,334**	14,234
Products and services - net	**3,228**	3,279
Other - net (Note 8)	**4,733**	8,864
Total other income - net	**20,956**	28,418
INTEREST EXPENSE	**97,555**	92,625
NET INCOME	**55,276**	54,829
NET POSITION, BEGINNING OF YEAR	**1,814,312**	1,759,483
NET POSITION, END OF YEAR	**$1,869,588**	$ 1,814,312

See notes to financial statements

Statements of Cash Flows
for the Years Ended December 31, 2013 and 2012

	2013	2012
	(thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from retail customers	**$ 939,617**	$ 897,540
Cash received from off-system counterparties	**108,453**	107,733
Cash received from insurance companies	**24,000**	17,656
Cash paid to operations and maintenance suppliers	**(620,474)**	(626,679)
Cash paid to off-system counterparties	**(82,808)**	(59,940)
Cash paid to employees	**(169,988)**	(156,361)
Cash paid for in lieu of taxes and other taxes	**(30,092)**	(28,216)
Net cash provided from operating activities	**168,708**	151,733
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	**-**	560,881
Principal reduction of debt	**(29,539)**	(289,085)
Interest paid on debt	**(97,285)**	(106,411)
Acquisition and construction of capital assets	**(166,052)**	(178,785)
Proceeds from NC2 participants	**3,560**	2,848
Contributions in aid of construction and other reimbursements	**19,953**	13,293
Acquisition of nuclear fuel	**(4,800)**	(10,813)
Net cash used for capital and related financing activities	**(274,163)**	(8,072)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	**(531,951)**	(860,586)
Maturities and sales of investments	**666,793**	743,528
Purchases of investments for decommissioning funds	**(204,516)**	(291,237)
Maturities and sales of investments in decommissioning funds	**204,516**	291,237
Investment income	**2,979**	3,222
Net cash provided from (used for) investing activities	**137,821**	(113,836)
CHANGE IN CASH AND CASH EQUIVALENTS	**32,366**	29,825
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**60,486**	30,661
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 92,852**	$ 60,486
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES		
Operating income	**$ 131,875**	$ 119,036
Adjustments to reconcile operating income to net cash provided from operating activities		
Depreciation and amortization	**130,407**	128,794
Amortization of nuclear fuel	**564**	-
Changes in assets and liabilities		
Accounts receivable	**3,191**	(25,849)
Fossil fuels	**17,575**	5,198
Materials and supplies	**(16,312)**	(8,289)
Regulatory asset for FPPA	**(15,169)**	3,237
Accounts payable	**(5,436)**	3,432
Accrued payments in lieu of taxes	**1,735**	1,878
Accrued payroll	**923**	2,493
Debt retirement reserve	**(17,000)**	(17,000)
Regulatory asset for FCS recovery costs	**(67,735)**	(70,627)
Other	**4,090**	9,430
Net cash provided from operating activities	**$ 168,708**	$ 151,733
NONCASH CAPITAL ACTIVITIES		
Utility plant additions from outstanding liabilities	**$ 13,983**	$ 30,590

See notes to financial statements

Notes to Financial Statements
as of and for the Years Ended December 31, 2013 and 2012

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, 2013 and 2012.

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 Revenue, 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. Cash and cash equivalents in the Special Purpose Funds are reported as investments.

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 $45,905,000 and $41,415,000 in unbilled revenues as of December 31, 2013 and 2012, respectively. Accounts Receivable was reported net of the Reserve for Uncollectible Accounts of $1,000,000 and $1,020,000 as of December 31, 2013 and 2012, respectively.

Utility Plant – Utility plant is stated at cost, which includes property additions, replacements of units of property 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 $404,042,000 and $394,415,000 as of December 31, 2013 and 2012, respectively.

The following table summarizes electric plant balances as of December 31, 2012, activity for 2013 and balances as of December 31, 2013 (in thousands).

	2012	Additions	Retirements	2013
Electric plant	$ 5,086,630	$ 163,887	$ (64,118)	$ 5,186,399
Less accumulated depreciation & amortization	1,844,664	146,910	(62,547)	1,929,027
Electric plant - net	$ 3,241,966	$ 16,977	$ (1,571)	$ 3,257,372

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 3.8% and 4.3% for the years ended December 31, 2013 and 2012, respectively.

The carrying amounts of long-lived assets for impairment are periodically reviewed. An asset is considered impaired when the magnitude of the decline in service utility is significant and not part of the normal life cycle of the capital asset. There were no write-downs for impairments for the years ended December 31, 2013 and 2012.

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 and offset by an expense in the same amount representing the recovery of plant costs. This allows for compliance with GASB Codification Section N50, *Nonexchange Transactions*, while continuing to follow FERC guidelines. CIAC from participants for the capital costs of Nebraska City Station Unit 2 (NC2) was $5,091,000 and $4,725,000 for the years ended December 31, 2013 and 2012, respectively.

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 2.8% and 2.9% for the years ended December 31, 2013 and 2012, respectively.

Amortization of nuclear fuel is based on the cost thereof, and 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, included with depreciation and amortization expense in these financial statements, was $3,508,000 and $4,669,000 for the years ended December 31, 2013 and 2012, 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 Fort Calhoun production plant assets to 2043. This estimate is ten years beyond the term of Fort Calhoun Station's (FCS) 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.

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 is a fee of one mill per kilowatt-hour on net electricity generated and sold from FCS. The spent nuclear fuel disposal costs are included in nuclear fuel amortization and are collected from customers as part of fuel costs. There were nuclear fuel disposal costs of $91,000 and $0 for the years ended December 31, 2013 and 2012, 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 – The Board of Directors has approved the collection of nuclear decommissioning costs based on an independent engineering study of the costs to decommission FCS. Based on cost estimates, inflation rates and fund earnings projections, no funding has been necessary since 2001. 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 $6,477,000 and $7,534,000 for the years ended December 31, 2013 and 2012, respectively. The fair value of the decommissioning funds decreased $10,083,000 and increased $5,299,000 during 2013 and 2012, respectively. The present value of the total decommissioning cost estimate for FCS was $851,912,000 and $733,314,000 as of June 30, 2013 and 2012, respectively.

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 Major Planned Production Outage (Outage), as defined by OPPD, is an outage with incremental operations and maintenance expenses of $5,000,000 or more. 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. In October 2013, 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. The first outage that will qualify for this regulatory accounting treatment is at FCS. Pre-outage costs are expected to be deferred commencing in 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. Additional fuel and purchased power expenses were incurred as a result of the extended outage at FCS. This resulted in FPPA under-recoveries of $35,124,000 and $45,375,000 for the years ended December 31, 2013 and 2012, respectively. The FPPA regulatory assets were reduced for customer collections of $19,955,000 and $11,969,000 in 2013 and 2012, respectively. FCS outage insurance recoveries of $36,643,000 further reduced this regulatory asset in 2012.

The Regulatory Asset for FPPA, included in Other Current Assets, was $23,020,000 and $19,955,000 as of December 31, 2013 and 2012, respectively (Note 2). The Regulatory Asset for FPPA, included in Other Long-Term Assets, was $24,526,000 and $12,422,000 as of December 31, 2013 and 2012, 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 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 Nuclear Regulatory Commission (NRC) and enhance operations. These costs will be amortized over a ten-year period which commenced in December 2013 with FCS's return to service.

The following table summarizes the balances of the Regulatory Assets as of December 31, 2012, activity for 2013 and balances as of December 31, 2013 (in thousands).

	2012	Additions	Reductions	2013
Regulatory asset for FCS - Recovery Costs	$ 70,627	$ 68,811	$ (1,076)	$ 138,362
Regulatory asset for FCS - depreciation	54,705	6,485	-	61,190
Regulatory asset for NC2	37,067	4,190	-	41,257
Regulatory asset for FPPA	32,377	35,124	(19,955)	47,546
Regulatory asset for financing costs	17,266	-	(979)	16,287
	$ 212,042	$ 114,610	$ (22,010)	$ 304,642

Regulatory liabilities, which are deferred inflows of resources, consist of reserves for debt retirement, rate stabilization and uncollectible accounts from off-system sales. The Debt Retirement Reserve was established for the retirement of outstanding debt and to help maintain debt service coverage ratios at appropriate levels (Note 6). The Rate Stabilization Reserve was established to help maintain stability in OPPD's long-term rate structure (Note 6). The Uncollectible Accounts Reserve - Off-System was established to recognize a loss contingency for uncollectible accounts from off-system sales customers based on the greater of $5,000,000 or an estimate (as defined) considering the previous year's accounts receivable balances for off-system sales customers.

The following table summarizes the balances of the Regulatory Liabilities as of December 31, 2012, activity for 2013 and balances as of December 31, 2013 (in thousands).

	2012	Additions	Reductions	2013
Rate stabilization reserve	$ 32,000	$ -	$ -	$ 32,000
Debt retirement reserve	17,000	-	(17,000)	-
Uncollectible accounts reserve - off-system	5,000	-	-	5,000
	$ 54,000	$ -	$ (17,000)	$ 37,000

Natural Gas Inventories and Contracts – Natural gas inventories are maintained for the Cass County Station. The weighted average cost of natural gas consumed is used to expense natural gas from inventories. OPPD is exposed to market price fluctuations on its purchases of natural gas. The Company may enter into futures contracts and purchase options to manage the risk of volatility in the market price of gas on anticipated purchase transactions (Note 7).

Net Position – Net Position is reported in three separate components on the Statement 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 accounting principles generally accepted in the United States of America 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 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this statement is to improve accounting and financial reporting for pensions. This statement requires governments to more comprehensively and comparably measure the annual costs of pension benefits. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. This statement is effective for reporting periods beginning after June 15, 2014. This statement will be implemented in 2015. The implementation of this statement will result in the recognition of a net pension liability for the statement of net position, a change in the pension expense calculation for the statement of revenues, expenses and changes in net position and additional note disclosures and required supplementary information.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The objective of this statement is to clarify accounting and financial reporting for pensions. This statement requires governments to recognize a beginning deferred outflow of resources for pension contributions made subsequent to the measurement date of the beginning net pension liability calculated under GASB Statement No. 68. This statement is effective for reporting periods beginning after June 15, 2014 and will be applied simultaneously with GASB Statement No. 68 in 2015.

2. ASSETS AND LIABILITIES DETAIL BALANCES

Other Current Assets

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

	2013	2012
Regulatory asset for FPPA	$ 23,020	$ 19,955
Prepayments	5,475	4,948
Sulfur dioxide allowance inventory	2,841	2,799
Interest receivable	375	642
Commodity derivative instruments (Note 7)	53	416
Other	76	123
Total	$ 31,840	$ 28,883

Other Long-Term Assets

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

	2013	2012
Regulatory asset for FCS - Recovery Costs	$ 138,362	$ 70,627
Regulatory asset for FCS - depreciation	61,190	54,705
Regulatory asset for NC2	41,257	37,067
Regulatory asset for FPPA	24,526	12,422
Regulatory asset for financing costs	16,287	17,266
Deposit with SPP	2,000	-
Sulfur dioxide allowance inventory	-	1,625
Other	6,619	6,535
Total	$ 290,241	$ 200,247

Other Current Liabilities

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

	2013	2012
Unearned revenues	$ 3,310	$ 2,441
Deposits	1,022	804
Payroll taxes and other employee liabilities	475	1,963
Other	40	429
Total	$ 4,847	$ 5,637

Liabilities Payable from Segregated Funds

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

	2013	2012
Customer deposits	$ 22,673	$ 24,293
Customer advances for construction	3,342	3,413
Incurred but not presented reserve	2,374	2,310
Other	1,998	1,668
Total	$ 30,387	$ 31,684

Other Liabilities

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

	2013	2012
Unearned revenues	$ 8,757	$ 9,219
Capital purchase agreement	1,951	2,175
Workers' compensation reserve	1,558	1,344
Public liability reserve	190	199
Other	462	453
Total	$ 12,918	$ 13,390

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 Statement 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 – Debt Retirement – This fund is to be used for the retirement of outstanding debt and to assist in maintaining debt service coverage ratios at appropriate levels. Since there is no funding requirement for the Debt Retirement Reserve, this fund also may be used to provide additional liquidity for operations as necessary. The balance of the Debt Retirement Fund was $0 and $14,000,000 as of December 31, 2013 and 2012, 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. This fund was used to help finance the higher fuel costs and unexpected energy purchases in 2011. Proceeds from the FCS outage insurance and customer collections for prior year FPPA under-recoveries were used to replenish this fund in 2013 and 2012. The balance of the Rate Stabilization Fund was $32,000,000 and $24,612,000 as of December 31, 2013 and 2012, respectively.

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 funds as of December 31 (in thousands).

	2013	2012
Segregated Fund - self-insurance	$ 5,135	$ 5,106
Segregated Fund - other	28,451	29,713
Total	$ 33,586	$ 34,819

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).

	2013	2012
Decommissioning Trust - 1990 Plan	$ 264,758	$ 267,278
Decommissioning Trust - 1992 Plan	81,360	82,446
Total	$ 346,118	$ 349,724

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.

	2013		2012	
Investment Type	**Fair Value**	**Weighted Average Maturity (Years)**	**Fair Value**	**Weighted Average Maturity (Years)**
Commercial paper	$ 52,425	0.5	$ -	-
Money market	1,160	-	25,825	-
Mutual funds	183,960	-	186,842	-
U.S. agencies	352,127	1.5	538,450	1.4
U.S. treasuries	65,414	3.3	126,902	2.2
Corporate bonds	23,645	2.5	18,548	3.3
World bank security notes	76,314	0.1	-	-
Total	$ 755,045		$ 896,567	
Portfolio weighted average maturity		1.2		1.2

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 years as of December 31, 2013 and 2012. 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. OPPD was in full compliance with bond covenants and state statutes as of December 31, 2013 and 2012.

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, 2013 and 2012. All investment securities are delivered under contractual trust agreements.

4. DEBT

The proceeds of debt issued are utilized primarily to finance the construction program.

The following table summarizes the debt balances as of December 31, 2012, activity for 2013 and balances as of December 31, 2013 (in thousands).

	2012	Additions	Retirements	2013
Electric system revenue bonds	$ 1,528,500	$ -	$ (26,125)	$ 1,502,375
Electric system subordinated revenue bonds	346,270	-	-	346,270
Electric revenue notes - commercial paper series	150,000	-	-	150,000
Minibonds	28,127	537	(169)	28,495
NC2 separate electric system revenue bonds	242,560	-	(2,865)	239,695
Subordinated obligation	848	-	(406)	442
Total	$ 2,296,305	$ 537	$ (29,565)	$ 2,267,277

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. OPPD will pay the Subordinated Obligation after second-tier debt.

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 in 2013 and Aa1 and AA in 2012.

The following table summarizes outstanding Electric System Revenue Bonds as of December 31, 2013, (in thousands).

Issue	Maturity Dates	Type	Interest Rates	Amount
1993 Series C	2014	Term	5.5%	$ 9,385
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	2014 - 2024	Serial	3.0% - 5.0%	143,375
2011 Series B	2023 - 2029	Serial	3.25% - 5.0%	34,570
2011 Series B	2031 - 2042	Term	4.0% - 5.0%	103,360
2011 Series C	2014 - 2030	Serial	2.5% - 5.0%	139,575
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				$ 1,502,375

The following table summarizes outstanding Electric System Revenue Bonds as of December 31, 2012 (in thousands).

Issue	Maturity Dates	Type	Interest Rates	Amount
1993 Series C	2013 - 2014	Term	5.5%	$ 27,620
2003 Series A	2013	Serial	3.8%	7,000
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	2014 - 2024	Serial	3.0% - 5.0%	143,375
2011 Series B	2023 - 2029	Serial	3.25% - 5.0%	34,570
2011 Series B	2031 - 2042	Term	4.0% - 5.0%	103,360
2011 Series C	2013 - 2030	Serial	2.0% - 5.0%	140,465
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				$ 1,528,500

On February 1, 2013, a principal payment of $16,740,000 was made for the Electric System Revenue Bonds. On August 1, 2013, a principal payment of $9,385,000 was made for the call of the 1993 Series C term bonds due February 1, 2014. Term bonds are subject to call every six months.

On February 1, 2012, a principal payment of $29,620,000 was made for the Electric System Revenue Bonds. On August 1, 2012, a principal payment of $8,850,000 was made for the call of the 1993 Series C term bonds due February 1, 2013. Term bonds are subject to call every six months. On November 1, 2012, a principal payment of $13,990,000 was made for the call of the 2002 Series B Electric System Revenue Bonds due on February 1, 2013. On October 10, 2012, OPPD issued 2012 Series A Electric System Revenue Bonds and Series B Electric System Revenue Bonds. The 2012 Series B Electric System Revenue Bonds were used for the refunding of portions of the 2005 Series B and 2006 Series A Bonds. The refunding reduced total debt service payments over the life of the bonds by $39,963,000 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $25,357,000.

Electric System Revenue Bonds, from the following series, with outstanding principal amounts of $325,780,000 as of December 31, 2013, were legally defeased: 1986 Series A, 1992 Series B, 1993 Series B, 2005 Series B and 2006 Series A. Electric System Revenue Bonds, from the following series, with outstanding principal amounts of $426,125,000 as of December 31, 2012, were legally defeased: 1986 Series A, 1992 Series B, 1993 Series B, 2003 Series A, 2005 Series B and 2006 Series

A. 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 Statement of Net Position.

OPPD's bond indenture, amended effective March 4, 2009, 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
2014	$ 30,545	$ 70,994
2015	40,465	69,448
2016	43,065	67,573
2017	45,900	65,636
2018	47,815	63,656
2019 - 2023	221,415	286,224
2024 - 2028	228,470	233,860
2029 - 2033	274,910	172,945
2034 - 2038	273,620	109,117
2039 - 2043	239,870	34,139
2044 - 2046	56,300	3,533
Total	$ 1,502,375	$ 1,177,125

The average interest rate for Electric System Revenue Bonds was 4.8% for the years ended December 31, 2013 and 2012.

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. The payment of the principal and interest on these bonds is insured by a municipal bond insurance policy.

The Electric System Subordinated Revenue Bonds include Periodically Issued Bonds (PIBs). Certain issues of the PIBs may be redeemed prior to maturity upon the death of the holder subject to certain conditions as outlined in the offering document.

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

	Principal	Interest
2014	$ -	$ 6,540
2015	-	6,540
2016	-	6,540
2017	-	6,540
2018	-	6,541
2019-2023	-	32,701
2024-2028	-	32,701
2029-2033	-	32,702
2034-2038	74,230	24,451
2039-2042	72,040	8,207
Total	$ 146,270	$ 163,463

The following table summarizes Electric System Subordinated Revenue Bond payments for the 2007 Series AA (in thousands).

	Principal	Interest
2014	$ -	$ 8,901
2015	-	8,902
2016	-	8,902
2017	-	8,902
2018	1,000	8,882
2019-2023	8,000	43,763
2024-2028	42,000	38,994
2029-2033	67,000	27,171
2034-2038	82,000	8,955
Total	$ 200,000	$ 163,372

The average interest rate for the Electric System Subordinated Revenue Bonds (PIBs and the 2007 Series AA) was 4.5% for the years ended December 31, 2013 and 2012.

Electric Revenue Notes - Commercial Paper Series – The outstanding balance of Commercial Paper was $150,000,000 as of December 31, 2013 and 2012. The average borrowing rates were 0.1% and 0.2% for the years ended December 31, 2013 and 2012, 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.

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 2013 other than redemptions for the annual put option. The average interest rates were 5.05% for the years ended December 31, 2013 and 2012. 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	**2013**	**2012**
2001 Minibonds, due 2021 (5.05%)	$ 23,460	$ 23,604
Accreted interest on capital appreciation minibonds	5,035	4,523
Total	$ 28,495	$ 28,127

Subordinated Obligation – The subordinated obligation is payable in annual installments of $482,000, which includes interest at 9.0%, through 2014.

Credit Agreements – OPPD has a Credit Agreement with the Bank of America, N.A., for $250,000,000 which will expire on October 1, 2015. The Credit Agreement includes a 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 December 31, 2013 and 2012.

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."

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

	Principal	**Interest**
2014	$ 2,970	$ 11,498
2015	3,080	11,381
2016	3,200	11,258
2017	3,330	11,128
2018	3,460	10,989
2019-2023	19,635	52,549
2024-2028	24,455	47,584
2029-2033	30,860	41,013
2034-2038	39,090	32,554
2039-2043	44,415	21,945
2044-2048	54,950	9,685
2049	10,250	256
Total	$ 239,695	$ 261,840

The payment of principal and interest on the 2005 Series A and 2006 Series A Bonds is insured by municipal bond insurance policies. The average interest rate for NC2 Separate Electric System Revenue Bonds was 4.8% for the years ended December 31, 2013 and 2012.

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

2013		2012	
Carrying Amount	Fair Value	Carrying Amount	Fair Value
$ 2,362,500	$ 2,436,199	$ 2,400,154	$ 2,875,955

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

Plan Description - All full-time employees are covered by the Omaha Public Power District Retirement Plan (Retirement Plan) as they are not covered by Social Security. It is a single-employer, defined benefit plan that provides retirement and death benefits to Retirement Plan members and beneficiaries. The Retirement Plan was established and may be amended at the direction of the Board of Directors and is administered by OPPD. Actuarial valuations are completed as of January 1 of each year. As of January 1, 2013, 1,821 of the 4,527 total participants were receiving benefits. 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). Under the Cash Balance provision (as defined), members can receive the total vested value of their Cash Balance Account at separation from employment. Employees were allowed to make a one-time irrevocable election to have benefits determined based on the Cash Balance provision instead of the Traditional provision. There were 213 members with the Cash Balance provision as of December 31, 2013. Effective January 1, 2013, all new employees are only eligible for the Cash Balance provision.

Funded Status and Funding Progress - Employees contributed 6.2% of their covered payroll to the Retirement Plan for the years ended December 31, 2013 and 2012. OPPD is obligated to contribute the balance of the funds needed on an actuarially determined basis.

The Actuarial Accrued Liability (AAL) is the present value of retirement benefits adjusted for assumptions for future increases in compensation and service attributable to past accounting periods. The funded ratio for the AAL assumes future compensation and service increases. The annual contributions to the Retirement Plan consist of the cost for the current period plus a portion of the Unfunded Accrued Liability.

The following table summarizes the AAL and other pension information based on the actuarial valuation as of January 1 (dollars 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)
2013	$ 852,552	$ 1,184,997	$ 332,445	71.9%	$ 188,675	176.2%
2012	$ 805,763	$ 1,155,410	$ 349,647	69.7%	$ 192,169	181.9%
2011	$ 771,588	$ 1,094,909	$ 323,321	70.5%	$ 187,285	172.6%

The Present Value of Accrued Plan Benefits (PVAPB) is the present value of benefits based on compensation and service to the date of the actuarial valuation. This is the amount the Retirement Plan would owe participants if the Retirement Plan were frozen on the valuation date. The PVAPB was $1,027,635,000, and the Underfunded PVAPB was $175,083,000 as of January 1, 2013. The funded ratio was 83.0% as of January 1, 2013.

Annual Pension Cost and Actuarial Assumptions - The annual pension cost and annual required contribution (ARC) was $52,387,000 and $53,463,000 for the years ended December 31, 2013 and 2012, respectively. Accounting standards require recognition of a pension liability on the Statement of Net Position for the amount of any unfunded ARC. Since the entire ARC was funded, there was no net pension obligation as of December 31, 2013 and 2012. Retirement Plan contributions by employees for their covered annual payroll were $11,568,000 and $11,517,000 for the years ended December 31, 2013 and 2012, respectively.

The Entry Age Normal (Level Percent of Pay) cost method was used to determine contributions to the Retirement Plan. 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, the unfunded actuarial accrued liability was amortized on a level basis (closed group) over 15 years. The healthy mortality table used was the Static Mortality Table for Annuitants and Non-Annuitants for 2013 and 2012 and the RP-2000 Combined Healthy Mortality Table projected to the valuation date for 2011. The disabled mortality table used was the Static Mortality Table for Annuitants and Non-Annuitants for 2013 and 2012 and the RP-2000 Disabled Retiree Mortality Table for 2011.

The other actuarial assumptions for the valuations as of January 1, 2013, 2012 and 2011, were as follows:

- The investment return (discount rate) was 7.75%.
- The average rate of compensation increase was 5.2%.
- There were no ad-hoc cost-of-living adjustments.

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, 2013 and 2012.

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 OPPD. The 401k 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 $6,932,000 and $7,128,000 for the years ended December 31, 2013 and 2012, respectively. The employer maximum annual match on employee contributions was $4,000 per employee for the years ended December 31, 2013 and 2012.

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.

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. OPPD's Medical Plan becomes a secondary plan when the members are retired and eligible for Medicare benefits. As of January 1, 2013, 1,666 of the 3,934 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. OPPD 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 A 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)
2013	$ 88,527	$ 322,995	$ 234,468	27.4%	$ 188,675	124.3%
2012	$ 68,130	$ 380,426	$ 312,296	17.9%	$ 192,169	162.5%
2011	$ 51,274	$ 360,200	$ 308,926	14.2%	$ 187,285	164.9%

Annual OPEB Cost and Actuarial Assumptions – The annual OPEB cost and ARC for OPEB Plan A was $21,361,000 and $30,698,000 for the years ended December 31, 2013 and 2012, respectively. The decrease from the prior year was due to plan design changes. Accounting standards require recognition of an OPEB liability on the Statement 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, 2013 and 2012. Contributions by Plan A members were $3,098,000 and $2,819,000 for the years ended December 31, 2013 and 2012, respectively.

The actuarial assumptions and methods used for the valuations on January 1, 2013, 2012 and 2011, were as follows:

- The pre-Medicare health care trend rates ranged from 8.0% initial to 5.0% ultimate.
- The post-Medicare health care trend rates ranged from 7.5% initial to 5.0% ultimate.
- 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 was 5.2%.
- 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 Static Mortality Table for Annuitants and Non-Annuitants for 2013 and 2012 and the RP-2000 Combined Healthy Mortality Table projected to the valuation date for 2011.

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 OPPD'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, 2013, only 1 of the 565 Plan B members was 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)
2013	$ 3,633	$ 1,033	$ 2,600	351.7%	$ 41,942	6.2%
2012	$ 3,507	$ 756	$ 2,751	463.9%	$ 33,193	8.3%
2011	$ 3,281	$ 486	$ 2,795	675.1%	$ 23,888	11.7%

Annual OPEB Cost and Actuarial Assumptions – There was no ARC for OPEB Plan B for the years ended December 31, 2013 and 2012. The annual OPEB cost was $148,000 and $96,000 for the years ended December 31, 2013 and 2012, respectively. There was an OPEB net asset of $1,519,000 and $1,667,000 as of December 31, 2013 and 2012, respectively.

The actuarial assumptions and methods used for the valuations on January 1, 2013, 2012 and 2011 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 Static Mortality Table for Annuitants and Non-Annuitants for 2013 and 2012 and the RP-2000 Combined Healthy Mortality Table projected to the valuation date for 2011.

SELF-INSURANCE HEALTH PROGRAM

Employee health care and life insurance benefits are provided to substantially all full-time employees. There were 2,097 and 2,110 full-time employees with medical coverage as of December 31, 2013 and 2012, 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 $22,894,000 and $23,107,000 for the years ended December 31, 2013 and 2012, respectively.

The total cost of life and long-term disability insurance for full-time employees was $791,000 and $1,015,000 for the years ended December 31, 2013 and 2012, respectively.

The balance of the Incurred But Not Presented Reserve was $2,374,000 and $2,310,000 as of December 31, 2013 and 2012, respectively.

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

The Debt Retirement Reserve was used to provide additional revenues and funding for capital expenditures and debt retirement in the amount of $17,000,000 for the years ended December 31, 2013 and 2012.

There were no net revenue adjustments from changes to the Rate Stabilization Reserve for the years ended December 31, 2013 and 2012.

7. DERIVATIVES

OPPD entered into natural gas futures contracts with the New York Mercantile Exchange (NYMEX) to hedge expected cash flows associated with purchases of natural gas for operations. As required by generally accepted accounting principles, the natural gas futures contracts were evaluated and determined to be effective hedges. Accordingly, the deferred cash flow hedges for the unrealized losses and the fair value of the commodity derivative instruments were reported on the Statement of Net Position.

The futures contracts were with NYMEX based on the notional amount of 80,000 and 280,000 Million Metric British Thermal Units (mmBtu) of natural gas with negative fair values and deferred cash outflows of $119,000 and $502,000 as of December 31, 2013 and 2012, respectively. The fair value and deferred cash outflows for these contracts were determined using published pricing benchmarks obtained through independent sources. All of these contracts will be settled based on the pricing point at Henry Hub on their respective expiration date. The accumulated decrease in fair value of hedging derivatives was reported in deferred outflows of resources.

The balance in the margin account of $172,000 was reported with the fair value of the derivative instruments. The net amount for commodity derivative instruments reported in other current assets was $53,000 and $416,000 as of December 31, 2013 and 2012, respectively (Note 2). There were realized losses of $336,000 and $1,176,000 for the years ended December 31, 2013 and 2012, respectively. Realized gains or losses from effective hedges are included in fuel expense.

The following table summarizes information regarding the NYMEX natural gas contracts outstanding, along with the deferred cash outflows of the aggregate contracts by maturity dates, as of December 31, 2013 (dollars in thousands).

Effective Date	Maturity Date	Reference Rate	Notional Amount (mmBtu)	Fair Value/ Change
Various	June 2014	Pay Average $5.578/mmBtu	10,000	$ (15)
Various	July 2014	Pay Average $5.626/mmBtu	40,000	(59)
Various	August 2014	Pay Average $5.670/mmBtu	30,000	(45)
		Total	80,000	$ (119)

Basis Risk – Basis risk is the risk that arises when variable rates or prices of a hedging derivative instrument and a hedged item are based on different reference rates. Location basis risk is created by purchasing natural gas at the Northern Natural Gas “Demarcation” pricing point and entering into the futures contract at the Henry Hub pricing point. Critical terms risk exists because the hedging instrument is a monthly transaction and the purchase of physical natural gas is typically a daily transaction. These two differences create the greatest amount of variation between the hedging instruments and the price paid for physical purchases.

Rollover Risk – Rollover risk is the risk that a hedging derivative instrument associated with a hedgeable item does not extend to the maturity of that hedgeable item. Rollover risk exists because the purchase of natural gas for the generation of electricity is an ongoing process whereas the hedges are only for the summer load months.

8. OTHER – NET

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

	2013	2012
Interest subsidies from the federal government	$ 2,113	$ 2,281
Grants from FEMA	1,588	5,082
Health care subsidies from the federal government	811	617
Other	221	884
Total	$ 4,733	$ 8,864

9. LOSSES AND RECOVERIES

Due to record snowfall in the Rocky Mountains and high water levels in the Missouri River Reservoirs, the United States Army Corps of Engineers released record amounts of water from dams along the Missouri River in 2011. This release of water caused flooding in areas near the Missouri River and impacted the operation of FCS. The reactor was in cold shut-down starting in April 2011 due to the start of a planned refueling outage. In June 2011, outage activities were suspended to protect FCS facilities from rising river levels. In September 2011, water levels had receded enough to allow outage activities to resume and inspections for any flood damage to begin.

The Missouri River flood (Flood Event) impacted all of the coal and nuclear generating units and some transmission and distribution structures. Estimated expenditures for the Flood Event were $840,000 and $11,493,000 for the years ended December 31, 2013 and 2012, respectively. These expenditures were partially offset by insurance recoveries and grants from the Federal Emergency Management Agency (FEMA). The balance of the FEMA receivable for the Flood Event was $11,579,000 and $19,941,000 as of December 31, 2013 and 2012, respectively.

Increased fuel costs and unexpected energy purchases were incurred due to the FCS extended outage, which resulted in FPPA under-recoveries for 2013 and 2012. Insurance recoveries of $36,643,000 were recognized in 2012 from an insurance policy for outages caused by accidental property damage at FCS. The insurance policy was acquired to mitigate the financial impact of qualifying outages, including additional fuel and purchased power expenses. The Board of Directors authorized the use of these insurance proceeds to reduce the FPPA regulatory asset, consistent with the objective of this policy. Insurance proceeds of $24,000,000 and $12,643,000 were received in January 2013 and October 2012, respectively.

Insurance recoveries for property damage to the North Omaha Station Unit 5 generator of $1,171,000 were recognized for the year ended December 31, 2013. Insurance recoveries for property damage from the breaker fire at FCS of $1,750,000 were recognized for the year ended December 31, 2012. The balance of receivables from insurance companies was $590,000 and $25,432,000 as of December 31, 2013 and 2012, respectively.

OPPD followed the provisions of GASB Codification Section 1400.196, *Insurance Recoveries,* which provides that insurance recoveries should be recognized only when realized or realizable (i.e., when the insurer has admitted or acknowledged coverage). Impairment losses should be reported net of the associated insurance recovery when the recovery and the loss occur in the same year; and, insurance recoveries reported in subsequent years should be reported as program revenue, nonoperating revenue, or extraordinary item, as appropriate.

The following table summarizes the adjustments for insurance recoveries and the impact on income and expenses for the years ended December 31 (in thousands).

	2013	**2012**
Increase in Other Electric Revenues	$ 9	$ 23,080
(Increase) Decrease in Operating Expenses	(494)	15,115
(Decrease) Increase in CIAC	(358)	2,108
Total	$ (843)	$ 40,303

10. 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. OPPD remains the owner and licensed operator of the station, while Exelon will have 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.

11. COMMITMENTS AND CONTINGENCIES

Commitments for the uncompleted portion of construction contracts were approximately $45,412,000 at December 31, 2013.

Power sales commitments which extend through 2027 were $100,743,000 as of December 31, 2013. Power purchase commitments which extend through 2020 were $94,994,000 as of December 31, 2013. 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, 2013.

	Total Capacity (in MW)	OPPD Share (in MW)	Commitment Through	Amount (In thousands)
Ainsworth *	59.4	10.0	2025	$ 26,619
Elkhorn Ridge *	80.0	25.0	2028	11,475
Flat Water **	60.0	60.0	2030	122
Petersburg **	40.5	40.5	2031	336
Prairie Breeze **	200.6	200.6	2038	360
	440.5	336.1		$ 38,912

The Ainsworth facility located near Ainsworth, Nebraska and the Elkhorn Ridge facility located near Bloomfield, Nebraska are owned by the Nebraska Public Power District. The Flat Water facility is located near Humboldt, Nebraska. The Petersburg facility is located near Petersburg, Nebraska. The Prairie Breeze facility is located near Elgin, Nebraska.

* *These PPAs are 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. For the Ainsworth agreement, OPPD is obligated, through a step-up provision, to pay a share of any deficit in funds resulting from the default.*

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

There are 40-year PPAs with seven public power and municipal utilities (the Participants) for the sale of half of the 684.6-megawatt (MW) 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 2017 with minimum future payments of $231,292,000 at December 31, 2013. The Company also has coal-transportation contracts which extend through 2020 with minimum future payments of $597,121,000 as of December 31, 2013. These contracts are subject to price adjustments.

Contracts for uranium concentrate and conversion services are in effect through 2016 with estimated future payments of $38,904,000 as of December 31, 2013. Contracts for the enrichment of nuclear fuel are in effect through 2026 with estimated future payments of $182,331,000 as of December 31, 2013. Additionally, OPPD has contracts through 2022 for the fabrication of nuclear fuel assemblies with estimated future payments of $47,227,000 as of December 31, 2013.

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. As of December 31, 2013, OPPD's remaining commitment was $434,000.

Under the provisions of the Price-Anderson Act as of December 31, 2013, OPPD 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 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.

12. SUBSEQUENT EVENTS

A PPA with Geronimo Energy was signed on January 28, 2014. This agreement was to purchase 400 MW of wind energy from the Grande Prairie wind farm. The wind farm is scheduled to begin commercial operations in 2016. Energy purchases by OPPD are expected to commence in 2017, when transmission services are available.

Statistics (Unaudited)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total Utility Plant (at year end) (in thousands of dollars)	**5,288,168**	5,187,395	5,027,093	4,865,417	4,678,449	4,561,815	4,259,501	4,166,997	3,656,433	3,363,909
Total Indebtedness (at year end) (in thousands of dollars)	**2,267,277**	2,296,305	2,085,540	2,011,969	1,937,704	1,902,403	1,866,472	1,565,807	1,133,171	894,020
Operating Revenues (in thousands of dollars)										
Residential	**385,171**	362,105	337,053	335,294	292,887	271,935	267,042	249,174	237,798	211,913
Commercial	**306,719**	292,296	274,102	284,400	265,668	238,496	228,060	213,314	204,314	194,684
Industrial	**213,742**	197,225	186,417	164,621	139,865	109,827	100,239	94,109	90,344	90,987
Off-System Sales	**118,268**	123,191	159,732	184,374	158,354	127,676	110,399	96,500	120,030	109,523
FPPA Revenue	**15,169**	(3,237)	35,345	269	—	—	—	—	—	—
Unbilled Revenues	**4,490**	4,517	(4,239)	1,232	7,449	3,391	1,742	2,527	630	(1,134)
Provision for Debt Retirement	**17,000**	17,000	24,000	(13,000)	13,000	20,000	27,000	(15,000)	—	(55,000)
Other Electric Revenues	**29,654**	54,900	29,352	29,160	22,743	16,648	15,771	36,204	13,436	15,342
Total	**1,090,213**	1,047,997	1,041,762	986,350	899,966	787,973	750,253	676,828	666,552	566,315
Operations & Maintenance Expenses (in thousands of dollars)	**796,104**	770,073	789,516	720,957	653,993	561,396	508,524	461,101	447,270	401,778
Payments in Lieu of Taxes (in thousands of dollars)	**31,827**	30,094	28,217	27,851	24,810	22,426	21,398	20,241	19,693	18,591
Net Operating Revenues before Depreciation and Amortization (in thousands of dollars)	**262,282**	247,830	224,029	237,542	221,163	204,151	220,331	195,486	199,589	145,946
Net Income (in thousands of dollars)	**55,276**	54,829	54,440	40,047	46,557	79,186	89,489	84,290	82,171	24,844
Energy Sales (in megawatt-hours)										
Residential	**3,607,439**	3,595,316	3,602,973	3,644,400	3,361,672	3,486,858	3,546,116	3,374,053	3,356,196	3,054,576
Commercial	**3,561,707**	3,492,745	3,481,459	3,777,092	3,672,982	3,758,853	3,750,634	3,577,436	3,535,036	3,369,713
Industrial	**3,606,611**	3,670,346	3,698,719	3,427,710	3,039,396	2,877,282	2,759,087	2,664,743	2,644,634	2,630,038
Off-System Sales	**3,925,574**	3,671,978	4,631,175	5,552,645	5,534,803	3,003,888	2,858,004	2,486,483	2,502,433	3,646,043
Unbilled Sales	**26,221**	28,558	(85,917)	(24,109)	74,416	50,374	13,858	9,628	21,285	6,890
Total	**14,727,552**	14,458,943	15,328,409	16,377,738	15,683,269	13,177,255	12,927,699	12,112,343	12,059,584	12,707,260
Number of Customers (average per year)										
Residential	**311,921**	308,516	308,412	303,374	299,813	296,648	293,642	289,713	282,310	275,854
Commercial	**44,221**	43,589	43,564	43,225	43,134	42,867	42,214	41,488	40,665	39,834
Industrial	**193**	210	206	154	151	142	134	132	133	135
Off-System	**33**	35	41	38	34	32	35	37	39	45
Total	**356,368**	352,350	352,223	346,791	343,132	339,689	336,025	331,370	323,147	315,868
Cents Per kWh (average)										
Residential	**10.68**	10.12	9.37	9.22	8.77	7.82	7.51	7.40	7.07	6.95
Commercial	**8.61**	8.40	7.89	7.54	7.29	6.36	6.07	5.99	5.77	5.76
Industrial	**5.96**	5.38	5.05	4.83	4.62	3.82	3.64	3.55	3.46	3.40
Retail	**8.43**	7.94	7.42	7.26	6.96	6.13	5.93	5.81	5.58	5.48
Generating Capability (at year end) (in megawatts)	**3,237.0**	3,208.8	3,222.7	3,224.7	3,223.9	2,548.8	2,548.8	2,544.1	2,542.5	2,540.5
System Peak Load (in megawatts)	**2,339.4**	2,451.6	2,468.3	2,402.8	2,316.4	2,181.1	2,197.4	2,271.9	2,223.3	2,143.8
Net System Requirements (in megawatt-hours)										
Generated	**13,209,542**	12,855,389	13,807,712	15,870,513	15,263,983	12,477,032	12,274,660	11,341,827	11,180,808	12,235,044
Purchased and Net Interchanged	**(1,819,871)**	(1,529,643)	(2,576,167)	(4,428,059)	(4,627,627)	(1,864,214)	(1,738,833)	(1,268,780)	(1,148,903)	(2,716,242)
Net	**11,389,671**	11,325,746	11,231,545	11,442,454	10,636,356	10,612,818	10,535,827	10,073,047	10,031,905	9,518,802

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APPENDIX B

OMAHA PUBLIC POWER DISTRICT

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Condensed Statement of Net Position
as of September 30, 2014

ASSETS	2014 (thousands)
CURRENT ASSETS	
Cash and cash equivalents	$ 106,084
Electric system revenue fund	29,987
Electric system revenue bond fund	55,656
Electric system subordinated revenue bond fund	1,700
Electric system construction fund	155,158
NC2 separate electric system revenue fund	13,917
NC2 separate electric system revenue bond fund	4,999
NC2 separate electric system capital costs fund	2,093
Accounts receivable - net	142,649
Fossil fuels - at average cost	34,331
Materials and supplies - at average cost	132,820
Other (Note 2)	22,569
Total current assets	701,963
SPECIAL PURPOSE FUNDS - at fair value	
Electric system revenue bond fund - net of current	54,734
Segregated fund - rate stabilization (Note 3)	37,000
Segregated fund - other (Note 3)	33,406
Electric system construction fund - net of current	405
Decommissioning funds (Note 3)	359,418
Total special purpose funds	484,963
UTILITY PLANT - at cost	
Electric plant	5,282,284
Less accumulated depreciation and amortization	2,016,811
Electric plant - net	3,265,473
Nuclear fuel - at amortized cost	94,556
Total utility plant - net	3,360,029
OTHER LONG-TERM ASSETS (Note 2)	288,351
TOTAL ASSETS	4,835,306
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized loss on refunded debt	32,090
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 4,867,396

See notes to condensed financial statements

LIABILITIES	2014 (thousands)
CURRENT LIABILITIES	
Electric system revenue bonds (Note 4)	$ 40,465
NC2 separate electric system revenue bonds (Note 4)	3,080
Accounts payable	79,707
Accrued payments in lieu of taxes	23,714
Accrued interest	17,239
Accrued payroll	29,139
NC2 participant deposits	7,430
Other (Note 2)	8,107
Total current liabilities	208,881
LIABILITIES PAYABLE FROM SEGREGATED FUNDS (Note 2)	29,424
LONG-TERM DEBT (Note 4)	
Electric system revenue bonds - net of current	1,431,365
Electric system subordinated revenue bonds	339,440
Electric revenue notes - commercial paper series	150,000
Minibonds	28,914
NC2 separate electric system revenue bonds - net of current	233,645
Total long-term debt	2,183,364
Unamortized discounts and premiums	100,011
Total long-term debt - net	2,283,375
OTHER LIABILITIES	
Decommissioning costs	359,418
Other (Note 2)	14,236
Total other liabilities	373,654
COMMITMENTS AND CONTINGENCIES (Note 9)	
TOTAL LIABILITIES	2,895,334
DEFERRED INFLOWS OF RESOURCES	
Rate stabilization reserve (Note 3)	37,000
NET POSITION	
Net investment in capital assets	1,195,154
Restricted	39,509
Unrestricted	700,399
Total net position	1,935,062
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 4,867,396

See notes to condensed financial statements

Condensed Statements of Revenues, Expenses and Changes in Net Position for the Nine Months Ended September 30, 2014 and 2013

	2014	2013
	(thousands)	
OPERATING REVENUES		
Retail sales	**$ 679,976**	$ 718,901
Off-system sales	**161,398**	83,998
Other electric revenues	**23,153**	23,279
Total operating revenues	**864,527**	826,178
OPERATING EXPENSES		
Operations and maintenance		
Fuel	**158,962**	159,665
Purchased power	**65,230**	66,982
Production	**208,080**	201,100
Transmission	**21,993**	20,483
Distribution	**34,996**	33,447
Customer accounts	**11,761**	11,154
Customer service and information	**11,599**	11,076
Administrative and general	**103,647**	99,278
Total operations and maintenance	**616,268**	603,185
Depreciation and amortization	**100,375**	96,649
Decommissioning	**2,556**	-
Payments in lieu of taxes	**24,506**	24,536
Total operating expenses	**743,705**	724,370
OPERATING INCOME	**120,822**	101,808
OTHER INCOME (EXPENSES)		
Contributions in aid of construction	**4,408**	16,435
Reduction of plant costs recovered through contributions in aid of construction	**(4,408)**	(16,435)
Decommissioning funds - investment income	**10,744**	(4,052)
Decommissioning funds - reinvestment	**(10,744)**	4,052
Investment income (loss)	**1,698**	(212)
Allowances for funds used during construction	**10,627**	9,991
Products and services - net	**2,018**	2,072
Other - net (Note 7)	**2,128**	3,630
Total other income - net	**16,471**	15,481
INTEREST EXPENSE	**71,819**	73,352
NET INCOME	**65,474**	43,937
NET POSITION, BEGINNING OF PERIOD	**1,869,588**	1,814,312
NET POSITION, END OF PERIOD	**$1,935,062**	$ 1,858,249

See notes to condensed financial statements

Condensed Statements of Cash Flows
for the Nine Months Ended September 30, 2014 and 2013

	2014	2013
	(thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from retail customers	**$ 723,047**	$ 699,621
Cash received from off-system counterparties	**142,438**	76,944
Cash received from insurance companies	**-**	24,000
Cash paid to operations and maintenance suppliers	**(413,570)**	(479,973)
Cash paid to off-system counterparties	**(55,352)**	(64,180)
Cash paid to employees	**(126,788)**	(132,190)
Cash paid for in lieu of taxes and other taxes	**(31,561)**	(29,826)
Net cash provided from operating activities	**238,214**	94,396
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	**214,501**	-
Principal reduction of debt	**(245,537)**	(29,396)
Interest paid on debt	**(103,196)**	(96,573)
Acquisition and construction of capital assets	**(110,977)**	(134,018)
Proceeds from NC2 participants	**3,204**	2,492
Contributions in aid of construction and other reimbursements	**6,823**	8,199
Acquisition of nuclear fuel	**(9,212)**	(4,800)
Net cash used for capital and related financing activities	**(244,394)**	(254,096)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	**(448,207)**	(384,129)
Maturities and sales of investments	**469,172**	565,987
Purchases of investments for decommissioning funds	**(118,394)**	(186,053)
Maturities and sales of investments in decommissioning funds	**115,838**	186,053
Investment income	**1,003**	2,409
Net cash provided from investing activities	**19,412**	184,267
CHANGE IN CASH AND CASH EQUIVALENTS	**13,232**	24,567
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**92,852**	60,486
CASH AND CASH EQUIVALENTS, END OF PERIOD	**$ 106,084**	$ 85,053
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES		
Operating income	**$ 120,822**	$ 101,808
Adjustments to reconcile operating income to net cash provided from operating activities		
Depreciation, amortization and decommissioning	**102,931**	96,649
Amortization of nuclear fuel	**17,686**	-
Changes in assets and liabilities		
Accounts receivable	**(19,645)**	(17,157)
Fossil fuels	**(5,422)**	6,735
Materials and supplies	**(6,609)**	(12,599)
Regulatory asset for FPPA	**17,803**	(16,211)
Accounts payable	**10,477**	(478)
Accrued payments in lieu of taxes	**(7,055)**	(5,290)
Accrued payroll	**(3,614)**	(2,750)
Rate stabilization reserve	**5,000**	-
Southwest Power Pool deposit	**(4,000)**	-
Regulatory asset for FCS recovery costs	**6,264**	(52,121)
Other	**3,576**	(4,190)
Net cash provided from operating activities	**$ 238,214**	$ 94,396
NONCASH CAPITAL ACTIVITIES		
Utility plant additions from outstanding liabilities	**$ 13,221**	$ 16,957

See notes to condensed financial statements

Notes to Condensed Financial Statements
As of September 30, 2014 and for the Nine Months ended September 30, 2014 and September 30, 2013 (Unaudited)

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 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 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 generating stations and inventory assets would be determined. There were no write-downs of regulatory assets for the nine months ended September 30, 2014 and 2013.

The unaudited 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 2013 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 condensed 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. Cash and cash equivalents in the Special Purpose Funds are reported as investments.

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 $47,199,000 in unbilled revenues as of September 30, 2014. Accounts Receivable was reported net of the Reserve for Uncollectible Accounts of $831,000 as of September 30, 2014.

Utility Plant – Utility plant is stated at cost, which includes property additions, replacements of units of property 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 the costs related to regulatory licenses, software licenses and other rights to use property. Electric plant includes construction work in progress of $416,135,000 as of September 30, 2014.

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 3.8% for the nine months ended September 30, 2014 and 2013.

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 and offset by an expense in the same amount representing the recovery of plant costs. This allows for compliance with GASB Codification Section N50, *Nonexchange Transactions,* while continuing to follow FERC guidelines.

Depreciation and Amortization – Depreciation for most 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 2.9% for the nine months ended September 30, 2014 and 2.8% for the nine months ended September 30, 2013.

Amortization of nuclear fuel is based on the cost thereof and 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 included with depreciation and amortization expense in these financial statements, was $3,123,000 and $2,579,000 for the nine months ended September 30, 2014 and 2013, 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 payments 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 Fort Calhoun production plant assets to 2043. This estimate is ten years beyond the term of Fort Calhoun Station's (FCS) 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.

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 spent nuclear fuel disposal costs were included in nuclear fuel amortization and were collected from customers as part of fuel costs. The collection of these fees was suspended in May 2014. There were nuclear fuel disposal costs of $1,447,000 and $0 for the nine months ended September 30, 2014, and 2013, 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 – The Board of Directors has approved the collection of nuclear decommissioning costs based on an independent engineering study of the costs to decommission FCS. Based on cost estimates, inflation rates and fund earnings projections, funding for 2014 is approximately $3,403,000. 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 $6,106,000 and $4,447,000 for the nine months ended September 30, 2014 and 2013, respectively. The fair value of the decommissioning funds increased $4,638,000 and decreased $8,498,000 for the nine months ended September 30, 2014 and 2013, respectively. The present value of the total decommissioning cost estimate for FCS was $869,223,000 as of June 30, 2014.

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 Major Planned Production Outage (Outage), as defined by OPPD, is an outage with incremental operations and maintenance expenses of $5,000,000 or more. 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. In October 2013, 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. The first outage that will qualify for this regulatory accounting treatment is at FCS. Outage costs are expected to be deferred commencing in 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. Additional fuel and purchased power expenses were incurred as a result of the extended outage at FCS, which ended in December 2013. This resulted in FPPA under-recoveries of $0 and $31,493,000 for the nine months ended September 30, 2014 and 2013, respectively. The FPPA regulatory assets were reduced for customer collections of $17,803,000 and $15,282,000 for the nine months ended September 30, 2014 and 2013, respectively.

The Regulatory Asset for FPPA, included in Other Current Assets, was $11,912,000 as of September 30, 2014 (Note 2). The Regulatory Asset for FPPA, included in Other Long-Term Assets, was $17,831,000 as of September 30, 2014 (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 and other deferred expenses for FCS and NC2. 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 the current operating license. NC2 was placed in commercial operation in May 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 Nuclear Regulatory Commission (NRC) and enhance operations. These costs are being amortized over a ten-year period which commenced in December 2013 with FCS's return to service.

The following table summarizes the balances of the Regulatory Assets as of December 31, 2013, activity for 2014 and balances as of September 30, 2014 (in thousands).

	2013	Additions	Reductions	2014
Regulatory asset for FCS - Recovery Costs	$ 138,362	$ 4,334	$ (10,598)	$ 132,098
Regulatory asset for FCS - depreciation	61,190	5,008	-	66,198
Regulatory asset for NC2	41,257	1,973	-	43,230
Regulatory asset for FPPA	47,546	-	(17,803)	29,743
Regulatory asset for financing costs	16,287	1,910	(3,666)	14,531
	$ 304,642	$ 13,225	$ (32,067)	$ 285,800

Regulatory liabilities, which are deferred inflows of resources, consist of the reserve for rate stabilization. The Rate Stabilization Reserve was established to help maintain stability in OPPD's long-term rate structure.

The Uncollectible Accounts Reserve - Off-System was established to recognize a loss contingency for uncollectible accounts from off-system sales customers. Credit risk for off-system energy transactions was reduced with the transition to Southwest Power Pool's (SPP) Integrated Marketplace (IM) on March 1, 2014. SPP is the central counterparty for all transactions that flow through its regional transmission organization and has increased credit requirements for membership. Any defaults are socialized over all members. The Board of Directors authorized the elimination of the Uncollectible Accounts Reserve – Off-System of $5,000,000 and an increase of $5,000,000 to the Rate Stabilization Reserve with the transition to the IM in March 2014.

The following table summarizes the balances of the Regulatory Liabilities as of December 31, 2013, activity for 2014 and balances as of September 30, 2014 (in thousands).

	2013	Additions	Reductions	2014
Rate stabilization reserve	$ 32,000	$ 5,000	$ -	$ 37,000
Uncollectible accounts reserve - off-system	5,000	-	(5,000)	-
	$ 37,000	$ 5,000	$ (5,000)	$ 37,000

Natural Gas Inventories and Contracts – Natural gas inventories are maintained for the Cass County Station. The weighted average cost of natural gas consumed is used to expense natural gas from inventories. OPPD is exposed to market price fluctuations on its purchases of natural gas. The Company may enter into futures contracts and purchase options to manage the risk of volatility in the market price of gas on anticipated purchase transactions (Note 6).

Net Position – Net Position is reported in three separate components on the Statement 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 accounting principles generally accepted in the United States of America 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 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27.* The objective of this statement is to improve accounting and financial reporting for pensions. This statement requires governments to more comprehensively and comparably measure the annual costs of pension benefits. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. This statement is effective for reporting periods beginning after June 15, 2014. This statement will be implemented in 2015. The implementation of this statement will result in the recognition of a net pension liability on the Statement of Net Position, a change in the pension expense calculation for the Statement of Revenues, Expenses and Changes in Net Position and additional note disclosures and required supplementary information.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* The objective of this statement is to clarify accounting and financial reporting for pensions. This statement requires governments to recognize a beginning deferred outflow of resources for pension contributions made subsequent to the measurement date of the beginning net pension liability calculated under GASB Statement No. 68. This statement is effective for reporting periods beginning after June 15, 2014 and will be applied simultaneously with GASB Statement No. 68 in 2015.

2. ASSETS AND LIABILITIES DETAIL BALANCES

Other Current Assets
The composition as of September 30, 2014 was as follows (in thousands):

Regulatory asset for FPPA	$11,912
Prepayments	7,344
Sulfur dioxide allowance inventory	1,717
Derivative instruments (Note 6)	1,181
Interest receivable	415
Total	$22,569

Other Long-Term Assets
The composition as of September 30, 2014 was as follows (in thousands):

Regulatory asset for FCS – Recovery Costs	$132,098
Regulatory asset for FCS – depreciation	66,198
Regulatory asset for NC2	43,230
Regulatory asset for FPPA – net of current	17,831
Regulatory asset for financing costs	14,531
Deposit with SPP	6,000
Other	8,463
Total	$288,351

Other Current Liabilities
The composition as of September 30, 2014 was as follows (in thousands):

Unearned revenues	$ 4,990
Deposits	527
Payroll taxes and other employee liabilities	419
Other	2,171
Total	$ 8,107

Liabilities Payable from Segregated Funds
The composition as of September 30, 2014 was as follows (in thousands):

Customer deposits	$21,736
Customer advances for construction	3,338
Incurred but not presented reserve	2,374
Other	1,976
Total	$29,424

Other Liabilities
The composition as of September 30, 2014 was as follows (in thousands):

Unearned revenues	$ 10,000
Capital purchase agreement	1,776
Workers' compensation reserve	1,772
Public liability reserve	231
Other	457
Total	$14,236

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 Statement 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. The balance of the Rate Stabilization Fund was $37,000,000 as of September 30, 2014. The Board of Directors authorized the elimination of the Uncollectible Accounts Reserve – Off-System of $5,000,000 and an increase of $5,000,000 to the Rate Stabilization Reserve in March 2014. An addition of $5,000,000 was added to the Segregated Fund - Rate Stabilization for the change in the related reserve in April 2014.

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 $33,406,000 as of September 30, 2014.

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 balance of the Decommissioning Funds was $359,418,000 as of September 30, 2014.

4. DEBT

The proceeds of debt are utilized primarily to finance the construction program.

Lien Structure – In the event of a default, subject to 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 the Senior Bonds. On February 3, 2014, a principal payment of $30,545,000 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 August 26, 2014, OPPD issued $155,545,000 of 2014 Series AA Electric System Subordinated Revenue Bonds and $49,205,000 of 2014 Series BB Electric System Subordinated Revenue Bonds. The proceeds of the bonds were used for the refunding of a portion of previously issued Electric System Subordinated Revenue Bonds.

Electric Revenue Notes – Commercial Paper Series – The outstanding balance of Commercial Paper was $150,000,000 as of September 30, 2014. The average borrowing rates were 0.1% and 0.2% for the nine months ended September 30, 2014 and 2013, 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.

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 Agreements – OPPD has a Credit Agreement with the Bank of America, N.A., for $250,000,000 which will expire on October 1, 2015. The Credit Agreement includes a 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 September 30, 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." On February 3, 2014, a principal payment of $2,970,000 was made for the NC2 Separate Electric System Revenue Bonds.

5. BENEFIT PLANS FOR EMPLOYEES AND RETIREES

OPPD provides health insurance, life insurance, retirement and other postemployment 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. The retirement and other postemployment benefit plans will have actuarial valuations completed for 2014.

6. DERIVATIVES

Natural Gas Hedging – OPPD enters into natural gas futures contracts with the New York Mercantile Exchange (NYMEX) to hedge expected cash flows associated with purchases of natural gas for operations. As required by generally accepted accounting principles, OPPD's natural gas futures contracts are evaluated for effectively hedging expected cash flows. Changes in the fair value of commodity derivative instruments that meet the criteria for effectiveness are reported as deferred cash flows on the Statement of Net Position.

The fair value and deferred cash flows for these contracts are determined using published pricing benchmarks obtained through independent sources. All of these contracts were settled based on the pricing point at Henry Hub on their respective expiration date. There were no open contracts as of September 30, 2014.

There were $114,000 and $336,000 of realized losses for the nine months ended September 30, 2014 and 2013, respectively. Realized gains or losses from effective hedges are included in fuel expense.

Transmission Congestion Rights (TCRs) – OPPD utilizes TCRs to hedge against congestion differentials between OPPD supply and OPPD load in the SPP IM. The IM began operations in March 2014. TCRs are financial instruments that entitle the holder to an offset to transmission congestion charges due to congestion on the transmission grid in the day-ahead market.

TCRs are not eligible for the cash flow hedge accounting treatment. These financial instruments were initially recorded at their estimated fair value on the Statement of Net Position. The related gains or losses associated with marking these derivatives to market are recognized in operating results. The total notional amount of TCRs outstanding as of September 30, 2014 was 16,010 MW. The carrying value of TCRs reported in other current assets was $1,181,000 as of September 30, 2014. There was $1,023,000 of realized gains recorded in operating results from changes in the TCRs' fair value for the nine months ended September 30, 2014.

Basis Risk – Basis risk is the risk that arises when variable rates or prices of a hedging derivative instrument and a hedged item are based on different reference rates. Location basis risk is created by purchasing natural gas at the Northern Natural Gas "Demarcation" pricing point and entering into the futures contract at the Henry Hub pricing point. Critical terms risk exists because the hedging instrument is a monthly transaction and the purchase of physical natural gas is typically a daily transaction. These two differences create the greatest amount of variation between the hedging instruments and the price paid for physical purchases.

Rollover Risk – Rollover risk is the risk that a hedging derivative instrument associated with a hedgeable item does not extend to the maturity of that hedgeable item. Rollover risk exists because the purchase of natural gas for the generation of electricity is an ongoing process whereas the hedges are for only the summer load months.

7. OTHER - NET

The composition for the nine months ended September 30 was as follows (in thousands):

	2014	2013
Interest subsidies from the federal government	$ 1,588	$ 1,584
Grants from FEMA	834	1,344
Health care subsidies from the federal government	56	611
Other	(350)	91
Total	$ 2,128	$ 3,630

8. 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 management support at FCS for 20 years. OPPD 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.

9. COMMITMENTS AND CONTINGENCIES

Commitments for the uncompleted portion of construction contracts were approximately $51,173,000 at September 30, 2014.

Power sales commitments which extend through 2027 were $83,890,000 as of September 30, 2014. Power purchase commitments which extend through 2020 were $73,735,000 as of September 30, 2014. 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 only for those wind purchase agreements that have a firm commitment as of September 30, 2014.

	Total Capacity (in MW)	OPPD Share (in MW)	Commitment Through	Amount (In thousands)
Ainsworth *	59.4	10.0	2025	$ 25,414
Elkhorn Ridge **	80.0	25.0	2029	10,901
Flat Water **	60.0	60.0	2030	117
Petersburg **	40.5	40.5	2031	322
Prairie Breeze **	201.0	201.0	2039	368
	440.9	336.5		$ 37,122

* *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. 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.*

The Ainsworth facility, located near Ainsworth, Nebraska, is owned by the Nebraska Public Power District. The Elkhorn Ridge facility is located near Bloomfield, Nebraska. The Flat Water facility is located near Humboldt, Nebraska. The Petersburg facility is located near Petersburg, Nebraska. The Prairie Breeze facility is located near Elgin, Nebraska.

There are 40-year PPAs with seven public power and municipal utilities (the Participants) for the sale of half of the 691.2-megawatt (MW) 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 2017 with minimum future payments of $143,853,000 at September 30, 2014. The Company also has coal-transportation contracts which extend through 2020 with minimum future payments of $529,291,000 as of September 30, 2014. These contracts are subject to price adjustments.

Contracts for uranium concentrate and conversion services are in effect through 2016 with estimated future payments of $36,930,000 as of September 30, 2014. Contracts for the enrichment of nuclear fuel are in effect through 2026 with estimated future payments of $131,470,000 as of September 30, 2014. Additionally, OPPD has contracts through 2022 for the fabrication of nuclear fuel assemblies with estimated future payments of $39,035,000 as of September 30, 2014.

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. As of September 30, 2014, OPPD's remaining commitment was $346,000.

Under the provisions of the Price-Anderson Act as of December 31, 2013, OPPD 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 received a letter, dated August 28, 2014, from Environmental Protection Agency (EPA). EPA Region 7 sent a Notice of Violation (NOV) to the Company alleging that OPPD violated the Clean Air Act by undertaking four projects at Nebraska City Station Unit 1 in 1997, 1999, 2002 and 2007. The Company believes it has complied with all regulations relative to the projects in question. EPA would have to establish the allegations in the NOV in court. The Company cannot determine at this time whether it will have any future financial obligation with respect to the NOV.

OPPD 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.

10. SUBSEQUENT EVENTS

On November 6, 2014, OPPD issued $108,395,000 of 2014 Series CC Electric System Subordinated Revenue Bonds and $24,230,000 of 2014 Series DD Electric System Subordinated Revenue Bonds. The proceeds of the bonds were used for refunding all the 2007 Series AA Electric System Subordinated Revenue Bonds and all of the 2005 Series A, 2006 Series A, 2006 Series B and 2007 Series A Periodically Issued Electric System Subordinated Revenue Bonds ("PIBs"). The refunding reduced total debt service payments over the life of the bonds by $19,045,000 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $12,495,000.

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APPENDIX C

KUTAK ROCK LLP

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WICHITA

January 7, 2015

Omaha Public Power District
444 South 16th Street Mall
Omaha, NE 68102-2247

OMAHA PUBLIC POWER DISTRICT (NEBRASKA)
$93,005,000 Electric System Revenue Bonds, 2015 Series A
$260,050,000 Electric System Revenue Bonds, 2015 Series B

Ladies and Gentlemen:

We have examined proceedings relating to the issuance by the Omaha Public Power District (the "District") of its Electric System Revenue Bonds, 2015 Series A ("2015 Bonds") and its $93,005,000 Electric System Revenue Bonds, 2015 Series A ("2015 A Bonds") and $260,050,000 Electric System Revenue Bonds, 2015 Series B ("2015 B Bonds" and, together with the 2015 A Bonds, the "2015 Bonds"). The 2015 Bonds are issued under the provisions of the hereinafter-described Authorizing Resolution.

The 2015 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 2015 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 (Resolution No. 1788 and Resolution No. 5432 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. 6017, adopted on November 13, 2014, pursuant to which, along with the General Resolution, the District has issued the 2015 Bonds (Resolution No. 6017 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 2015 Bonds. The 2015 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 2015 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 2015 Bonds is not includable in gross income for federal income tax purposes. Interest on the 2015 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 2015 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 2015 Bonds to be included in gross income retroactive to the date of issue of the 2015 Bonds. Although we are of the opinion that interest on the 2015 Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the 2015 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 2015 Bonds is exempt from all present Nebraska state income taxes.

The obligations of the District contained in the 2015 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 2015 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 2015 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 2015 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 2015 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 2015. 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 2015 Bonds are Outstanding.

(3) If a Notice Event occurs while any 2015 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 2015 Bonds.

(4) The District shall provide in a timely manner to the MSRB notice of any failure by the District while any 2015 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 2015 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 2015 Bonds or other material events affecting the tax-exempt status of the 2015 Bonds;

(vii) Modifications to rights of holders of the 2015 Bonds, if material;

(viii) 2015 Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the 2015 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 2015 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 2015 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 2015 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 2015 Bonds, as determined either by parties unaffiliated with the District (such as nationally recognized bond counsel), or by approving vote of holders of the 2015 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 2015 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

SCHEDULES OF REFUNDED BONDS

2005 Series B

Maturity Date	Amount Refunded	Interest Rate	Redemption Date	CUSIP Numbers
02/01/2017	$6,535,000	5.000%	02/01/2015	682001BF8
02/01/2018	2,240,000	5.000%	02/01/2015	682001BG6
02/01/2019	2,240,000	5.000%	02/01/2015	682001BH4
02/01/2020	2,240,000	5.000%	02/01/2015	682001BJ0
02/01/2021	2,240,000	5.000%	02/01/2015	682001BK7
02/01/2022	2,245,000	5.000%	02/01/2015	682001BL5

2007 Series A

Maturity Date	Amount Refunded	Interest Rate	Redemption Date	CUSIP Numbers
02/01/2018	$21,620,000	4.000%	02/01/2017	6817932S3
02/01/2019	24,580,000	4.100%	02/01/2017	6817932T1
02/01/2020	26,480,000	4.250%	02/01/2017	6817932U8
02/01/2021	29,150,000	5.000%	02/01/2017	6817932V6
02/01/2022	2,700,000	4.300%	02/01/2017	6817932W4
02/01/2025	1,255,000	4.400%	02/01/2017	6817932X2
02/01/2026	1,315,000	4.400%	02/01/2017	6817932Y0
02/01/2027	1,605,000	4.500%	02/01/2017	6817932Z7
02/01/2033	34,600,000	4.750%	02/01/2017	6817933A1
02/01/2039	5,235,000	5.000%	02/01/2017	6817933C7

2008 Series A

Maturity Date	Amount Refunded	Interest Rate	Redemption Date	CUSIP Numbers
02/01/2019	$ 1,800,000	4.800%	02/01/2018	6817933R4
02/01/2020	2,000,000	5.000%	02/01/2018	6817933S2
02/01/2021	1,700,000	5.100%	02/01/2018	6817933T0
02/01/2022	2,000,000	5.200%	02/01/2018	6817933U7
02/01/2023	3,000,000	5.250%	02/01/2018	6817933V5
02/01/2024	3,850,000	5.300%	02/01/2018	6817933W3
02/01/2025	3,950,000	5.400%	02/01/2018	6817933X1

2008 Series A

Maturity Date	Amount Refunded	Interest Rate	Redemption Date	CUSIP Numbers
02/01/2026	4,230,000	5.400%	02/01/2018	6817933Y9
02/01/2027	4,600,000	5.400%	02/01/2018	6817933Z6
02/01/2028	4,680,000	5.500%	02/01/2018	6817934A0
02/01/2033	27,580,000	5.500%	02/01/2018	6817934B8
02/01/2035	13,090,000	5.500%	02/01/2018	6817934C6
02/01/2039	29,620,000	5.500%	02/01/2018	6817934D4

OMAHA PUBLIC POWER DISTRICT (NEBRASKA) • ELECTRIC SYSTEM REVENUE BONDS, 2015 SERIES A AND 2015 SERIES B

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