

Board Chair and CEO Message



W. Gary Gates and Anne L. McGuire

What separates a good utility company from a great utility company? At OPPD, we believe there are essential elements. A great utility must be reliable, affordable, experienced, responsible and dedicated. We strive every day to encompass those elements in our plans, decisions and actions to continue making OPPD a great utility that customers can count on.

In terms of reliability, OPPD successfully transitioned into the Southwest Power Pool Integrated Marketplace, changing how the utility markets and manages the electricity it produces. The Integrated Marketplace means better use of generation and transmission on a broader regional basis. At the same time, we continue to move ahead on construction of the Nebraska portion of the Midwest Transmission Project, a 180-mile transmission line that will run from near Nebraska City to Sibley, Missouri. This project will alleviate congestion on the grid and enhance electrical reliability for customers throughout the region.

Along with reliability, providing affordable energy remains a vital part of our mission. A 1.6 percent average rate increase was implemented in January 2015 to help our financial position remain strong. Operating revenues in 2014 were \$1.1 billion, with operating expenses of \$1 billion. Historically low interest rates, coupled with OPPD's solid credit quality, allowed OPPD to refinance more than \$300 million in outstanding bonds in 2014. These actions will result in substantial savings and help keep our customers' rates affordable.

In June, the Board of Directors approved a plan to significantly rebalance the future generation portfolio. Three of the oldest generating units at North Omaha Station will be retired in 2016. The remaining two North Omaha Station units and Nebraska City Station Unit 1 will be retrofitted with basic emission controls. The plan also includes reducing electrical demand by at least 300 megawatts by 2023 through customer participation in Demand-Side Management programs. This will involve a combination of new programs and the expansion of some existing programs. We believe this is the responsible thing to do moving forward, allowing us to reduce emissions and to comply with new federal environmental standards. Just as importantly, the Future Power-Generation Plan positions OPPD to remain one of the nation's industry leaders in its commitment to renewable energy.

These things are made possible because of the experience and dedication of all the hard-working men and women who make up OPPD. Their efforts allowed us to safely respond to numerous storms to ensure our customers' power was restored as quickly as possible. In addition, the dedicated efforts of employees allowed Fort Calhoun Station (FCS) to operate reliably in 2014 after its successful restart in late 2013. Attention now turns to the first FCS refueling outage since the 2011 flood, and that outage is scheduled for later this spring.

Our efforts have one overriding goal. That goal is to meet the needs of our customer-owners. We will continue to do all we can to provide affordable, reliable and environmentally sensitive energy services to our customers now and in the future. You can count on it.

Handwritten signature of W. Gary Gates in black ink.

W. Gary Gates
President and CEO

Handwritten signature of Anne L. McGuire in black ink.

Anne L. McGuire
Chair of the Board