Statements of Net Position
as of December 31, 2014 and 2013

ASSETS	2014	2013
	(thousands)	
CURRENT ASSETS		
Cash and cash equivalents	**$ 13,909**	$ 92,852
Electric system revenue fund	**150,994**	29,962
Electric system revenue bond fund	**70,038**	73,961
Electric system subordinated revenue bond fund	**3,613**	6,440
Electric system construction fund	**155,887**	154,981
NC2 separate electric system revenue fund	**13,918**	13,852
NC2 separate electric system revenue bond fund	**8,632**	8,592
NC2 separate electric system capital costs fund	**2,402**	309
Accounts receivable - net	**118,760**	132,972
Fossil fuels - at average cost	**36,918**	28,910
Materials and supplies - at average cost	**137,584**	126,211
Other (Note 2)	**58,344**	31,840
Total current assets	**770,999**	700,882
SPECIAL PURPOSE FUNDS - at fair value		
Electric system revenue bond fund - net of current	**68,265**	55,681
Segregated fund - rate stabilization (Note 3)	**37,000**	32,000
Segregated fund - other (Note 3)	**33,938**	33,586
Decommissioning funds (Note 3)	**364,096**	346,118
Total special purpose funds	**503,299**	467,385
UTILITY PLANT - at cost		
Electric plant	**5,306,309**	5,186,399
Less accumulated depreciation and amortization	**2,048,628**	1,929,027
Electric plant - net	**3,257,681**	3,257,372
Nuclear fuel - at amortized cost	**89,180**	101,769
Total utility plant - net	**3,346,861**	3,359,141
OTHER LONG-TERM ASSETS (Note 2)	**249,322**	290,241
TOTAL ASSETS	**4,870,481**	4,817,649
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refunded debt	**36,518**	29,191
Accumulated change in fair value of hedging derivatives (Note 7)	**-**	119
Total deferred outflows of resources	**36,518**	29,310
TOTAL ASSETS AND DEFERRED OUTFLOWS	**$4,906,999**	$4,846,959

See notes to financial statements

LIABILITIES	2014	2013
	(thousands)	
CURRENT LIABILITIES		
Electric system revenue bonds (Note 4)	**$ 40,465**	$ 30,545
Electric revenue notes - commercial paper series (Note 4)	**150,000**	-
NC2 separate electric system revenue bonds (Note 4)	**3,080**	2,970
Subordinated obligation (Note 4)	**-**	442
Accounts payable	**86,680**	69,720
Accrued payments in lieu of taxes	**30,594**	30,769
Accrued interest	**39,291**	42,931
Accrued payroll	**36,041**	32,753
NC2 participant deposits	**9,350**	7,428
Other (Note 2)	**7,005**	4,847
Total current liabilities	**402,506**	222,405
LIABILITIES PAYABLE FROM SEGREGATED FUNDS (Note 2)	**30,200**	30,387
LONG-TERM DEBT (Note 4)		
Electric system revenue bonds - net of current	**1,431,365**	1,471,830
Electric system subordinated revenue bonds	**337,375**	346,270
Electric revenue notes - commercial paper series	**-**	150,000
Minibonds	**28,913**	28,495
NC2 separate electric system revenue bonds - net of current	**233,645**	236,725
Total long-term debt	**2,031,298**	2,233,320
Unamortized discounts and premiums	**104,092**	95,223
Total long-term debt - net	**2,135,390**	2,328,543
OTHER LIABILITIES		
Decommissioning costs	**364,096**	346,118
Other (Note 2)	**12,294**	12,918
Total other liabilities	**376,390**	359,036
COMMITMENTS AND CONTINGENCIES (Note 12)		
TOTAL LIABILITIES	**2,944,486**	2,940,371
DEFERRED INFLOWS OF RESOURCES		
Rate stabilization reserve (Note 6)	**41,000**	32,000
Uncollectible accounts reserve - off-system	**-**	5,000
Total deferred inflows of resources	**41,000**	37,000
NET POSITION		
Net investment in capital assets	**1,285,648**	1,254,740
Restricted	**48,239**	39,589
Unrestricted	**587,626**	575,259
Total net position	**1,921,513**	1,869,588
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	**$4,906,999**	$4,846,959

See notes to financial statements

Statements of Revenues, Expenses and Changes in Net Position
for the Years Ended December 31, 2014 and 2013

	2014	2013
	(thousands)	
OPERATING REVENUES		
Retail sales	**$ 873,605**	$ 942,291
Off-system sales	**223,055**	118,268
Other electric revenues	**29,798**	29,654
Total operating revenues	**1,126,458**	1,090,213
OPERATING EXPENSES		
Operations and maintenance		
Fuel	**208,533**	215,533
Purchased power	**93,977**	84,139
Production	**286,465**	265,124
Transmission	**29,195**	24,010
Distribution	**45,628**	44,180
Customer accounts	**16,160**	15,165
Customer service and information	**15,408**	15,126
Administrative and general	**137,153**	132,827
Total operations and maintenance	**832,519**	796,104
Depreciation and amortization	**140,485**	130,407
Decommissioning	**3,403**	-
Payments in lieu of taxes	**31,651**	31,827
Total operating expenses	**1,008,058**	958,338
OPERATING INCOME	**118,400**	131,875
OTHER INCOME (EXPENSES)		
Contributions in aid of construction	**6,512**	18,570
Reduction of plant costs recovered through contributions in aid of construction	**(6,512)**	(18,570)
Decommissioning funds - investment income	**14,575**	3,606
Decommissioning funds - reinvestment	**(14,575)**	(3,606)
Investment income (loss)	**2,519**	(339)
Allowances for funds used during construction	**13,998**	13,334
Products and services - net	**3,247**	3,228
Other - net (Note 9)	**9,105**	4,733
Total other income - net	**28,869**	20,956
INTEREST EXPENSE	**95,344**	97,555
NET INCOME	**51,925**	55,276
NET POSITION, BEGINNING OF YEAR	**1,869,588**	1,814,312
NET POSITION, END OF YEAR	**$1,921,513**	$1,869,588

See notes to financial statements

Statements of Cash Flows

for the Years Ended December 31, 2014 and 2013

	2014	2013
	(thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from retail customers	**$950,104**	$ 939,617
Cash received from off-system counterparties	**206,333**	108,453
Cash received from insurance companies	**-**	24,000
Cash paid to operations and maintenance suppliers	**(556,564)**	(620,474)
Cash paid to off-system counterparties	**(79,583)**	(82,808)
Cash paid to employees	**(162,126)**	(169,988)
Cash paid for in lieu of taxes and other taxes	**(31,826)**	(30,092)
Net cash provided from operating activities	**326,338**	168,708
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	**352,207**	-
Principal reduction of debt	**(380,370)**	(29,539)
Interest paid on debt	**(108,374)**	(97,285)
Acquisition and construction of capital assets	**(145,552)**	(166,052)
Proceeds from NC2 participants	**4,272**	3,560
Contributions in aid of construction and other reimbursements	**17,941**	19,953
Acquisition of nuclear fuel	**(9,253)**	(4,800)
Net cash used for capital and related financing activities	**(269,129)**	(274,163)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	**(792,067)**	(531,951)
Maturities and sales of investments	**657,856**	666,793
Purchases of investments for decommissioning funds	**(169,562)**	(204,516)
Maturities and sales of investments in decommissioning funds	**166,159**	204,516
Investment income	**1,462**	2,979
Net cash provided from (used for) investing activities	**(136,152)**	137,821
CHANGE IN CASH AND CASH EQUIVALENTS	**(78,943)**	32,366
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**92,852**	60,486
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 13,909**	$ 92,852
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES		
Operating income	**$118,400**	$ 131,875
Adjustments to reconcile operating income to net cash provided from operating activities		
Depreciation, amortization and decommissioning	**143,888**	130,407
Amortization of nuclear fuel	**23,600**	564
Changes in assets and liabilities		
Accounts receivable	**508**	3,191
Fossil fuels	**(8,008)**	17,575
Materials and supplies	**(11,375)**	(16,312)
Regulatory asset for FPPA	**20,147**	(15,169)
Accounts payable	**18,070**	(5,436)
Accrued payments in lieu of taxes	**(176)**	1,735
Accrued payroll	**3,288**	923
Debt retirement reserve	**-**	(17,000)
SPP deposit	**(4,000)**	-
Rate stabilization reserve	**9,000**	-
Regulatory asset for FCS receovery costs	**8,480**	(67,735)
Other	**4,516**	4,090
Net cash provided from operating activities	**$326,338**	$ 168,708
NONCASH CAPITAL ACTIVITIES		
Utility plant additions from outstanding liabilities	**$ 12,601**	$ 13,983

See notes to financial statements

Notes to Financial Statements

as of and for the Years Ended December 31, 2014 and 2013

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, 2014 and 2013.

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 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. Restricted cash and cash equivalents, if any, are included in the Special Purpose Fund balances. The cash amounts included in the Electric System Revenue Bond Fund were $5,459,000 and $0 as of December 31, 2014 and 2013, respectively. The cash amounts included in the Electric System Construction Fund were $1,044,000 and $0 as of December 31, 2014 and 2013, respectively.

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 $44,105,000 and $45,905,000 in unbilled revenues as of December 31, 2014 and 2013, respectively. Accounts Receivable was reported net of the Reserve for Uncollectible Accounts of $1,200,000 and $1,000,000 as of December 31, 2014 and 2013, respectively.

Utility Plant – Utility plant is stated at cost, which includes property additions, replacements of property units 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 $386,927,000 and $404,042,000 as of December 31, 2014 and 2013, respectively.

The following table summarizes electric plant balances as of December 31, 2013, activity for 2014 and balances as of December 31, 2014, (in thousands).

	2013	Additions	Retirements	2014
Electric plant	$5,186,399	$151,720	$(31,810)	$5,306,309
Less accumulated depreciation and amortization	1,929,027	150,315	(30,714)	2,048,628
Electric plant - net	$3,257,372	$ 1,405	$ (1,096)	$3,257,681

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 both the years ended December 31, 2014 and 2013.

The carrying amounts of long-lived assets are periodically reviewed for indication of impairment. 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, 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 of $6,512,000 and offset by an expense in the same amount representing the recovery of plant costs. CIAC primarily includes payments for transmission, distribution and generating station assets. 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 $1,501,000 and $5,091,000 for the years ended December 31, 2014 and 2013, 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 3.0% and 2.8% for the years ended December 31, 2014 and 2013, respectively.

Amortization of nuclear fuel is based on the cost thereof, and is recorded as nuclear fuel expense of $23,600,000 and $564,000 for the years ended December 31, 2014 and 2013, respectively. Amortization 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 $4,142,000 and $3,508,000 for the years ended December 31, 2014 and 2013, respectively.

NC2 was placed in commercial operation in 2009. Half of the unit's output is sold under 40-year Participation Power Agreements (PPA's). 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 PPA's. 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 PPA's.

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. The collection of this fee was suspended in May 2014 pending an evaluation of the fee adequacy by the DOE to ensure compliance with the Nuclear Waste Policy Act or until Congress enacts an alternative used fuel management plan. There were nuclear fuel disposal costs of $1,447,000 and $91,000 for the years ended December 31, 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, no funding was necessary from 2001 through 2013. However, an analysis by the Company and an outside consultant determined that additional funding was needed in 2014 to meet the estimated cost to fully decommission FCS. The annual funding amount was

$3,403,000 for 2014. 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 $8,475,000 and $6,477,000 for the years ended December 31, 2014 and 2013, respectively. The fair value of the decommissioning funds increased $6,100,000 and decreased $10,083,000 during 2014 and 2013, respectively. The present value of the total decommissioning cost estimate for FCS was $869,223,000 and $851,912,000 as of June 30, 2014 and 2013, 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 Planned Nuclear Refueling Outage (Outage), as defined by OPPD, is a regularly scheduled refueling outage at FCS. 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. 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 the planned April 2015 FCS refueling outage.

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, in 2013. There were FPPA under-recoveries of $2,873,000 and $35,124,000 for the years ended December 31, 2014 and 2013, respectively. The FPPA regulatory assets were reduced for customer collections of $23,020,000 and $19,955,000 in 2014 and 2013, respectively.

The regulatory asset for FPPA, included in Other Current Assets, was $27,399,000 and $23,020,000 as of December 31, 2014 and 2013, respectively (Note 2). The Regulatory Asset for FPPA, included in Other Long-Term Assets, was $0 and $24,526,000 as of December 31, 2014 and 2013, 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 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 regulatory assets as of December 31, 2013, activity for 2014 and balances as of December 31, 2014, (in thousands).

	2013	Additions	Reductions	2014
Regulatory asset for FCS - recovery costs	$138,362	$ 5,730	$(14,210)	$129,882
Regulatory asset for FCS - depreciation	61,190	6,651	-	67,841
Regulatory asset for NC2	41,257	2,638	-	43,895
Regulatory asset for FPPA	47,546	2,873	(23,020)	27,399
Regulatory asset for financing costs	16,287	2,938	(6,278)	12,947
	$304,642	$ 20,830	$(43,508)	$281,964

Regulatory liabilities are deferred inflows of resources and consist of reserves for rate stabilization and uncollectible accounts from off-system sales. 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. 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 acts as the central counterparty for all transactions that flow through its transmission organization and monitors corresponding credit requirements for its members. 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. Strong financial results enabled the Company to add an additional $4,000,000 to the Rate Stabilization Reserve in December 2014.

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

	2013	Additions	Reductions	2014
Rate Stabilization Reserve	$32,000	$ 9,000	$ -	$41,000
Uncollectible Accounts Reserve – Off-System	5,000	-	(5,000)	-
	$37,000	$ 9,000	$ (5,000)	$41,000

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 GAAP 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 – The Company has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These statements were simultaneously implemented in 2015. The implementation of these statements resulted in the recognition of a net pension liability of $338,000,000 on the statement of net position as of January 1, 2015. The implementation of these statements also resulted in the recognition of a deferred outflow of resources of $53,000,000 as of January 1, 2015, for pension contributions made subsequent to the measurement date of January 1, 2014. The Board of Directors authorized the use of regulatory accounting in December 2014 to establish a regulatory asset and levelize pension expenses to match the recovery of pension costs through rates. A regulatory asset of $285,000,000 was recorded as of January 1, 2015.

GASB issued Statement No. 72, Fair Value Measurement and Application in March 2015. The objective of this statement is to define fair value and describe how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. This statement is effective for reporting periods beginning after June 15, 2015. The impact of this statement on financial position, results of operations and note disclosures is being evaluated.

2. ASSETS AND LIABILITIES DETAIL BALANCES

Other Current Assets

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

	2014	2013
Regulatory asset for FPPA	$ 27,399	$ 23,020
Regulatory asset for FCS – recovery costs	14,566	-
Prepayments	8,139	5,475
Deposit with SPP	6,000	-
Sulfur dioxide allowance inventory	1,287	2,841
Commodity derivative instruments (Note 7)	629	53
Interest receivable	321	375
Other	3	76
Total	$ 58,344	$ 31,840

Other Long-Term Assets

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

	2014	2013
Regulatory asset for FCS – recovery costs (net of current)	$ 115,316	$ 138,362
Regulatory asset for FCS – depreciation	67,841	61,190
Regulatory asset for NC2	43,895	41,257
Regulatory asset for FPPA (net of current)	-	24,526
Regulatory asset for financing costs	12,947	16,287
Deposit with SPP	-	2,000
Other	9,323	6,619
Total	$ 249,322	$ 290,241

Other Current Liabilities

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

	2014	2013
Unearned revenues	$ 2,385	$ 3,310
Auction revenue rights (Note 7)	1,836	-
Deposits	1,043	1,022
Payroll taxes and other employee liabilities	466	475
Other	1,275	40
Total	$ 7,005	$ 4,847

Liabilities Payable from Segregated Funds

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

	2014	2013
Customer deposits	$ 21,346	$ 22,673
Customer advances for construction	3,343	3,342
Incurred but not presented reserve	3,012	2,374
Other	2,499	1,998
Total	$ 30,200	$ 30,387

Other Liabilities

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

	2014	2013
Unearned revenues (net of current)	$ 8,399	$ 8,757
Capital purchase agreement	1,716	1,951
Workers' compensation reserve	1,484	1,558
Public liability reserve	73	190
Other	622	462
Total	$ 12,294	$ 12,918

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. The fund included restricted cash from bond proceeds pending investment purchases of $5,459,000 and $0 as of December 31, 2014 and 2013, respectively.

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. The fund included restricted cash from bond proceeds of $1,044,000 and $0 as of December 31, 2014 and 2013, 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 (Note 1).

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 Fund - Other as of December 31 (in thousands).

	2014	2013
Customer deposits and advances	$24,864	$25,996
Self-insurance	5,791	5,135
Other	3,283	2,455
Total	$33,938	$33,586

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).

	2014	2013
Decommissioning Trust - 1990 Plan	$275,729	$264,758
Decommissioning Trust - 1992 Plan	88,367	81,360
Total	$364,096	$346,118

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.

	2014		2013	
Investment Type	**Fair Value**	**Weighted Average Maturity (Years)**	**Fair Value**	**Weighted Average Maturity (Years)**
Commercial paper	$ -	-	$ 52,425	0.5
Money market	21,807	-	1,160	-
Mutual funds	196,558	-	183,960	-
U.S. agencies	541,240	1.3	352,127	1.5
U.S. treasuries	61,735	3.3	65,414	3.3
Corporate bonds	23,456	1.5	23,645	2.5
World bank security notes	56,927	0.2	76,314	0.1
Total	$901,723		$755,045	
Portfolio weighted average maturity		1.0		1.2

The above table does not include restricted cash of $6,503,000 and $0 for December 31, 2014 and 2013, respectively, and interest receivables of $557,000 and $437,000 for December 31, 2014 and 2013, respectively.

Interest Rate Risk – The investment in relatively short-term securities reduces interest rate risk, as evidenced by its portfolio weighted average maturity of 1.0 and 1.2 years as of December 31, 2014 and 2013, respectively. 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. The Company was in full compliance with bond covenants and state statutes as of December 31, 2014 and 2013.

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, 2014 and 2013. All investment securities are delivered under contractual trust agreements.

4. DEBT

The proceeds of debt issued are utilized primarily to finance the construction program. Favorable market conditions in 2014 resulted in multiple refinancing activities. The Company is in compliance with all debt covenants.

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

	2013	Additions	Retirements	2014
Electric system revenue bonds	$1,502,375	$ -	$ (30,545)	$1,471,830
Electric system subordinated revenue bonds	346,270	337,375	(346,270)	337,375
Electric revenue notes – commercial paper series	150,000	-	-	150,000
Minibonds	28,495	563	(145)	28,913
NC2 separate electric system revenue bonds	239,695	-	(2,970)	236,725
Subordinated obligation	442	-	(442)	-
Total	$2,267,277	$337,938	$(380,372)	$2,224,843

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.

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 2014 and 2013, respectively.

The following table summarizes outstanding Electric System Revenue Bonds as of December 31, 2014, (in thousands).

Issue	Maturity Dates	Type	Interest Rates	Amount
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	2015 - 2024	Serial	3.125% - 5.0%	129,020
2011 Series B	2023 - 2029	Serial	3.25% - 5.0%	34,570
2011 Series B	2030 - 2042	Term	4.0% - 5.0%	103,360
2011 Series C	2015 - 2030	Serial	2.5% - 5.0%	132,770
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				**$1,471,830**

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	2030 - 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**

On February 1, 2014, a principal payment of $30,545,000 was made for the Electric System Revenue Bonds.

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.

Electric System Revenue Bonds, from the following series, with outstanding principal amounts of $102,170,000 as of December 31, 2014, were legally defeased: 1986 Series A, 1992 Series B, 1993 Series B and 2005 Series B. 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. 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 Statements 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**
2015	$ 40,465	$ 69,448
2016	43,065	67,573
2017	45,900	65,636
2018	47,815	63,656
2019	49,860	61,563
2020-2024	217,520	275,873
2025-2029	233,795	222,390
2030-2034	281,720	159,998
2035-2039	314,460	94,201
2040-2044	157,430	24,182
2045-2046	39,800	1,611
Total	$1,471,830	$1,106,131

The average interest rate for the Electric System Revenue Bonds was 4.8% for the years ended December 31, 2014 and 2013.

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 2014 Series AA and Series BB Electric System Subordinated Revenue Bonds. The 2014 Series AA Electric System Subordinated Revenue Bonds were used for the refunding of a portion of the 2007 Series AA Electric System Subordinated Revenue Bonds. The refunding reduced total debt service payments over the life of the bonds by $18,913,000 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $13,085,000. The 2014 Series BB Electric System Subordinated Revenue Bonds were used for the refunding of all of the 2005 Series B and 2006 Series C periodically issued Electric System Subordinated Revenue Bonds. The refunding reduced total debt service payments over the life of the bonds by $5,225,000 and resulted in an economic gain of $3,401,000.

On November 6, 2014, OPPD issued 2014 Series CC and Series DD Electric System Subordinated Revenue Bonds. The 2014 Series CC Electric System Subordinated Revenue Bonds were used for the refunding of the remainder of the 2007 Series AA Electric System Subordinated Revenue Bonds and the refunding of all of the 2005 Series A, 2006 Series B and 2007 Series A periodically issued Electric System Subordinated Revenue Bonds. The refunding reduced total debt service payments over the life of the bonds by $15,633,000 and resulted in an economic gain of $10,161,000. The 2014 Series DD Electric System Subordinated Revenue Bonds were used for the refunding of all of the 2006 Series A periodically issued Electric System Subordinated Revenue Bonds. The refunding reduced total debt service payments over the life of the bonds by $3,412,000 and resulted in an economic gain of $2,337,000.

Electric System Subordinated Revenue Bonds, from the following series, with outstanding principal amounts of $250,000,000 as of December 31, 2014, were legally defeased: 2005 Series A, 2006 Series B and 2007 Series AA. There were no Electric System Subordinated Revenue Bonds defeased in 2013. 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.

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

	Principal	Interest
2015	$ -	$ 11,445
2016	95	13,387
2017	95	13,385
2018	1,095	13,368
2019	1,090	13,330
2020-2024	8,490	68,526
2025-2029	47,215	62,735
2030-2034	73,675	49,913
2035-2039	132,185	23,435
2040-2042	73,435	4,377
Total	$337,375	$273,901

The average interest rate for the Electric System Subordinated Revenue Bonds was 4.0% and 4.5% for the years ended December 31, 2014 and 2013, respectively.

Electric Revenue Notes - Commercial Paper Series – The outstanding balance of Commercial Paper was $150,000,000 as of December 31, 2014 and 2013. The average borrowing rate was 0.1% for the years ended December 31, 2014 and 2013. 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 2014 other than redemptions for the annual put option. The average interest rate was 5.05% for the years ended December 31, 2014 and 2013. 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).

	2014	2013
2001 Minibonds, due 2021 (5.05%)	$23,317	$23,460
Accreted interest on capital appreciation Minibonds	5,596	5,035
Total	$28,913	$28,495

Subordinated Obligation – The final payment on the subordinated obligation of $482,000, including interest, was paid on April 1, 2014.

Credit Agreement – 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. There were no amounts outstanding under this Credit Agreement as of December 31, 2014 and 2013.

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
2015	$ 3,080	$ 11,381
2016	3,200	11,258
2017	3,330	11,128
2018	3,460	10,989
2019	3,605	10,842
2020-2024	20,490	51,667
2025-2029	25,600	46,405
2030-2034	32,345	39,494
2035-2039	41,035	30,552
2040-2044	45,355	19,696
2045-2049	55,225	6,931
Total	$236,725	$250,343

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, 2014 and 2013.

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

2014		2013	
Carrying Amount	Fair Value	Carrying Amount	Fair Value
$2,328,935	$2,693,725	$2,362,500	$2,436,199

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, 2014, 1,874 of the 4,622 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. Effective January 1, 2013, all new employees are only eligible for the Cash Balance provision. There were 320 members with the Cash Balance provision as of December 31, 2014.

Funded Status and Funding Progress – Employees contributed 6.2% of their covered payroll to the Retirement Plan for the years ended December 31, 2014 and 2013. The Company 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 (in thousands).

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAL)	Funded Ratio	Covered Payroll	UAL Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
2014	$905,700	$1,224,899	$319,199	73.9%	$194,100	164.5%
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%

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 $1,063,458,000, and the Underfunded PVAPB was $157,758,000 as of January 1, 2014. The funded ratio was 85.2% as of January 1, 2014.

Annual Pension Cost and Actuarial Assumptions - The annual pension cost and annual required contribution (ARC) was $53,008,000, $52,387,000 and $53,463,000 for the years ended December 31, 2014, 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, 2014, 2013 and 2012. Retirement Plan contributions by employees for their covered annual payroll were $11,713,000, $11,568,000 and $11,517,000 for the years ended December 31, 2014, 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 2014, 2013 and 2012. The disabled mortality table used was the Static Mortality Table for Annuitants and Non-Annuitants for 2014, 2013 and 2012.

The other actuarial assumptions for the valuations as of January 1, 2014, 2013 and 2012, 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.
- The average rate of inflation was 2.3%, 2.2% and 2.3%, respectively.

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, 2014 and 2013.

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 the Company. The 401k Plan's and 457 Plan's assets and income are held in an external trust account in each employee's name. The matching share of contributions was $6,209,000 and $6,932,000 for the years ended December 31, 2014 and 2013, respectively. The employer maximum annual match on employee contributions was $3,500 and $4,000 per employee for the years ended December 31, 2014 and 2013, respectively.

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. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

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. When members are retired and eligible for Medicare benefits, coverage moves from OPPD's Medical Plans to OPPD's Group Medicare Supplement and Part D Plans. As of January 1, 2014, 1,695 of the 3,964 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. The Company contributes the balance of the funds needed on an actuarially determined basis.

The 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	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAL)	Funded Ratio	Covered Payroll	UAL Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
2014	$100,580	$350,049	$249,469	28.7%	$194,100	128.5%
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%

Annual OPEB Cost and Actuarial Assumptions – The annual OPEB cost and ARC for OPEB Plan A was $22,088,000, $21,361,000 and $30,698,000 for the years ended December 31, 2014, 2013 and 2012, respectively. The increase from the prior year was due to higher trending health care costs. 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, 2014, 2013 and 2012. Contributions by Plan A members were $3,187,000, $3,098,000 and $2,819,000 for the years ended December 31, 2014, 2013 and 2012, respectively.

The actuarial assumptions and methods used for the valuations on January 1, 2014, 2013 and 2012, were as follows:

- The pre-Medicare health care trend rates ranged from 7.5% immediate to 5.0% ultimate in 2014 and from 8.0% immediate to 5.0% ultimate in 2013 and 2012.
- The post-Medicare health care trend rates ranged from 6.5% immediate to 5.0% ultimate in 2014 and from 7.5% immediate to 5.0% ultimate in 2013 and 2012.
- 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 2014, 2013 and 2012.

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 the Company'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, 2014, only 1 of the 669 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	Actuarial Accrued Liability	Overfunded Accrued Liability (OAL)	Funded Ratio	Covered Payroll	OAL Percentage of Covered Payroll
	(a)	(b)	(a-b)	(a/b)	(c)	((a-b)/c)
2014	$3,509	$1,526	$1,983	230.0%	$50,727	3.9%
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%

Annual OPEB Cost and Actuarial Assumptions – The OPEB Plan B ARC was $145,000, $47,000 and $0 for the years ended December 31, 2014, 2013 and 2012, respectively. The annual OPEB cost was $250,000, $148,000 and $96,000 for the years ended December 31, 2014, 2013 and 2012, respectively. There was an OPEB net asset of $1,269,000, $1,519,000 and $1,667,000 as of December 31, 2014, 2013 and 2012, respectively. Company contributions were $0 for the years ended December 31, 2014, 2013 and 2012.

The actuarial assumptions and methods used for the valuations on January 1, 2014, 2013 and 2012 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 2014, 2013 and 2012.

SELF-INSURANCE HEALTH PROGRAM

Employee health care and life insurance benefits are provided to substantially all full-time employees. There were 2,083 and 2,097 full-time employees with medical coverage as of December 31, 2014 and 2013, 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 $27,195,000 and $22,894,000 for the years ended December 31, 2014 and 2013, respectively.

The total cost of life and long-term disability insurance for full-time employees was $1,119,000 and $791,000 for the years ended December 31, 2014 and 2013, respectively.

The balance of the Incurred But Not Presented Reserve was $3,012,000 and $2,374,000 as of December 31, 2014 and 2013, respectively (Note 2).

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 Rate Stabilization Reserve was increased by $9,000,000 for the year ended December 31, 2014. There was a transfer of $5,000,000 from the Uncollectible Accounts Reserve – Off-System (Note 1). An additional Rate Stabilization Reserve adjustment of $4,000,000 decreased net revenue for the year ended December 31, 2014. There were no net revenue adjustments to the reserve for the year ended December 31, 2013. The balance of the reserve was $41,000,000 and $32,000,000 for the years ended December 31, 2014 and 2013, respectively.

The Debt Retirement Reserve was used to provide additional revenues and funding for capital expenditures in the amount of $17,000,000 for the year ended December 31, 2013. The balance of the reserve was $0 for the years ended December 31, 2014 and 2013.

7. DERIVATIVES AND FINANCIAL INSTRUMENTS

Natural Gas Hedging – 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 GAAP, the Company's natural gas futures contracts were evaluated to determine hedge effectiveness. The deferred cash flow hedges for any unrealized losses and the fair value of the commodity derivative instruments are reported on the Statements of Net Position. The fair value and deferred cash flows for these contracts are determined using published pricing benchmarks obtained through independent sources based on the pricing point at Henry Hub on their respective expiration date.

The net amount for commodity derivative instruments for natural gas hedging reported in other current assets was $0 and $53,000 as of December 31, 2014 and 2013, respectively (Note 2). There were $114,000 and $336,000 of realized losses for the years ended December 31, 2014 and 2013, respectively. Realized gains or losses from effective hedges are included in fuel expense. There were no open contracts as of December 31, 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.

Auction Revenue Rights (ARRs) – ARRs are financial instruments that entitle the owner to a share of the revenues generated in the applicable Transmission Congestion Rights (TCR) auctions. ARRs are allocated during annual and/or incremental monthly auctions and have the option of being converted into a TCR. OPPD is entitled to these financial payments as a substitute for firm (physical) transmission service. ARRs are accounted for at cost as they are not readily convertible to cash and therefore do not meet the definition of a derivative. The balance of ARRs, reported in current liabilities, was $1,836,000 and $0 as of December 31, 2014 and 2013, respectively (Note 2).

Transmission Congestion Rights – TCRs are financial instruments that entitle the holder to an offset to congestion charges on the transmission grid that take place in the day-ahead market. The Company utilizes TCRs to hedge against congestion differentials between OPPD generators and OPPD load in the SPP Integrated Marketplace (IM).

TCRs qualify for the normal purchases and sales exception under GASB guidance and are reported on a cost basis on the Statements of Net Position. The total notional amount of TCRs outstanding as of December 31, 2014, was 3,708,518 megawatt hours. The balance of TCRs reported in other current assets was $629,000 and $0 as of December 31, 2014 and 2013, respectively (Note 2).

The following table summarizes the commodity derivative instruments balances as of December 31 (in thousands).

	2014	2013
Natural gas hedging	$ -	$ 53
Transmission congestion rights	629	-
Total	$ 629	$ 53

8. REGIONAL TRANSMISSION ORGANIZATION

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 services market, balancing authority services and planning authority services.

The SPP Board of Directors approved expansion of the Real-Time Energy Imbalance Market (Day 1 Market) into a Day 2 Market. The SPP Day 2 Market, also known as the IM, includes the Day-Ahead Market, Real-Time Market, Ancillary Service Market and Transmission Congestion Rights Market. OPPD transitioned to the IM on March 1, 2014.

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.

9. OTHER - NET

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

	2014	2013
Grants from FEMA	$ 7,329	$1,588
Interest subsidies from the federal government	2,117	2,113
Health care subsidies from the federal government	75	811
Other	(416)	221
Total	$ 9,105	$4,733

10. LOSSES AND RECOVERIES

OPPD is eligible for disaster assistance from the Federal Emergency Management Agency (FEMA) when a disaster is declared for damage in our service area. The Missouri River flood (Flood Event) of 2011 was declared a disaster, and the Company was eligible for disaster assistance. The balance of the receivable from the Flood Event was $7,121,000 and $11,579,000 as of December 31, 2014 and 2013, respectively. FEMA also declared disasters for storms during 2014. The receivable for those disasters was $1,839,000 as of December 31, 2014.

11. 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. The Company 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. The station remains in Chapter 0350 status.

12. COMMITMENTS AND CONTINGENCIES

Commitments for the uncompleted portion of construction contracts were approximately $78,309,000 as of December 31, 2014.

Power sales commitments which extend through 2027 were $79,921,000 as of December 31, 2014. Power purchase commitments which extend through 2020 were $71,253,000 as of December 31, 2014. These amounts do not include the Participation Power Agreements (PPA's) for OPPD's commitments for wind energy purchases or NC2.

The following table summarizes OPPD's PPA's for wind purchase agreements as of December 31, 2014.

	Total Capacity (in MW)	OPPD Share (in MW)	Commitment Through	Amount (in thousands)
Ainsworth*	59.4	10.0	2025	$21,153
Elkhorn Ridge*	80.0	25.0	2029	12,810
Flat Water**	60.0	60.0	2030	115
Petersburg**	40.5	40.5	2031	317
Prairie Breeze**	200.6	200.6	2039	364
Total	440.5	336.1		$34,759

** These PPA's 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. In addition, the Company is obligated, through a step-up provision, to pay a share of any deficit in funds resulting from a default at the Ainsworth facility.*

***These PPA's are on a "take-and-pay" basis and require payments only when the power is made available to OPPD. There are no commitments for Crofton Bluffs or Broken Bow I and II.*

There are 40-year PPA's with seven public power and municipal utilities (the Participants) for the sale of half of the 691.2-megawatt 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 2018 with minimum future payments of $223,915,000 as of December 31, 2014. The Company also has coal-transportation contracts which extend through 2020 with minimum future payments of $505,858,000 as of December 31, 2014. These contracts are subject to price adjustments.

Contracts for uranium concentrate and conversion services are in effect through 2020 with estimated future payments of $54,731,000 as of December 31, 2014. Contracts for the enrichment of nuclear fuel are in effect through 2026 with estimated future payments of $131,470,000 as of December 31, 2014. Additionally, OPPD has contracts through 2022 for the fabrication of nuclear fuel assemblies with estimated future payments of $39,035,000 as of December 31, 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 December 31, 2014, OPPD's remaining commitment was $325,000.

Under the provisions of the Price-Anderson Act as of December 31, 2014, 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 recieved a Notice of Violation (NOV) from the EPA in August 2014 alleging a violation of the Clean Air Act by undertaking projects at Nebraska City Station Unit 1 (NC1) in 1997, 1999, 2002 and 2007. The Company believes it has complied with all regualtions relative to the projects in question. The EPA would have to establish the allegations in the NOV in court. If the 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. OPPD 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.

13. NORTH OMAHA STATION

The Board of Directors approved a resolution in June 2014 for the Future Power-Generation Plan (Plan). The Plan includes changes to the generation portfolio, including the retirement of North Omaha Station Units 1, 2 and 3 in 2016, to comply with existing and future environmental regulations. Other approved changes include the retrofitting of North Omaha Station Units 4 and 5 and NC1 with basic emission controls as well as load reductions through Demand-Side Management programs. The estimated useful lives of North Omaha Station Units 1, 2 and 3 were reduced as a result of the planned future retirement. This change in estimate resulted in additional depreciation expense of $5,400,000 for the year ended December 31, 2014.

14. SUBSEQUENT EVENTS

OPPD issued $93,005,000 of Electric System Revenue Bonds, 2015 Series A and $260,050,000 of Electric System Revenue Bonds, 2015 Series B on January 7, 2015. The 2015 Series B Bonds were used for the refunding of all the 2005 Series B Bonds and a portion of the 2007 Series A and 2008 Series A Bonds. The refunding reduced total debt service payments over the life of the bonds by $35,777,000 and resulted in an economic gain of $25,377,000.

OPPD issued $94,145,000 of Electric System Revenue Bonds, 2015 Series C on February 26, 2015. These bonds were used for the refunding of all of the remaining 2007 Series A Bonds. The refunding reduced total debt service payments over the life of the bonds by $12,275,000 and resulted in an economic gain of $7,321,000.

OPPD issued $114,245,000 of NC2 Separate Electric System Revenue Bonds, 2015 Series A on March 11, 2015. These bonds were used for the refunding of all of the 2005 Series A Bonds, and a portion of the 2008 Series A Bonds. The refunding reduced total debt service payments over the life of the bonds by $15,510,000 and resulted in an economic gain of $13,691,000.