CEO Message

Omaha Public Power District employees experienced a host of new challenges the first half of the year – from protecting our assets from floodwaters to managing impacts that new federal legislation will have on our operations. We view this time as an opportunity to strengthen our business, as we continue our mission to deliver energy services that exceed the expectations of our customers.

To relieve pressure caused by historic late-May rainfalls and abundant snowmelt, the Army Corps of Engineers increased releases from Gavins Point Dam on the Missouri River through July, when the corps began scaling back releases.

With three power plants along the river – and transmission, distribution and substation equipment nearby – OPPD employees worked incredibly hard on flood-protection efforts as the river swelled well beyond its banks. Employees filled sandbags and built berms around facilities. They installed aqua berms around buildings, raised rail lines, hardened substations, inspected transmission lines, kept customers informed, and much, much more.

Flood-protection efforts worked well to protect our $3 billion in assets that were in harm's way. Now the flood-recovery and cleanup phase is under way, and we have a long way to go.

OPPD is implementing coordinated recovery plans for our power plants and transmission and distribution system. Among the plans is the Fort Calhoun Station flooding recovery plan, which was submitted to the Nuclear Regulatory Commission in mid-August. The detailed plan serves as a roadmap for the successful restart of the plant, which has been in cold shutdown since April 9, when the plant's scheduled refueling and maintenance outage started. The outage was halted due to rising floodwaters.

Despite the flood work, we continued to serve customers and improve our operations.

An initiative to improve our own energy efficiency bore fruit this year, as the Environmental Protection Agency recognized OPPD as an ENERGY STAR Leader for reducing load by 10 percent across our portfolio of buildings. With more than 580,000 square feet of office space, the improvement translates to more than 1.7 million kilowatt-hours that did not need to be generated last year.

And, at the August board meeting, OPPD was honored by J.D. Power and Associates for residential customer satisfaction for the 11th consecutive year. OPPD ranks highest among midsize utility companies in the Midwest region.

OPPD remains committed to serving customers and to meeting whatever challenges come our way.

W. Gary Gates

W. Gary Gates
President and CEO

Board of Directors

John K. Green	Chairman of the Board
N.P. Dodge Jr.	Vice Chairman of the Board
John R. Thompson	Treasurer
Michael J. Cavanaugh	Secretary
Anne L. McGuire	Board Member
Lloyd Scheve	Board Member
Fred J. Ulrich	Board Member
Del D. Weber	Board Member
W. Gary Gates	President Chief Executive Officer

On the cover: *Top,* Employees kept busy this summer fighting the flood. By mid-June, OPPD had used more than 33,000 tons of rock to raise rail lines nearly 50 inches to allow continued shipment of coal. *Middle,* The Fort Calhoun Station simulator receives a computerized digital control system upgrade, which replicates an upgrade in the actual control room. Pictured are Monte Seals, left, and Bob Johnston. *Bottom,* Engineers Mike Herzog and Sharyl McGuire adjust drawings.

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2011 Midyear Report

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Who We Are

OPPD is a fully integrated electric utility serving a 5,000-square-mile, 13-county region in eastern Nebraska. All corporate powers of OPPD are vested in a board of directors consisting of eight members representing areas of the service territory.

OPPD generates revenues from a mix of retail sales, off-system sales and other electric products and services. Corporate headquarters is in Omaha, Neb., with generating plants, service centers and customer service locations strategically located throughout our service territory.

Vision: To be recognized as the ideal utility.

Mission: Deliver energy services that exceed the expectations of our customers.

Core Values: Our success is built on our core values – safety, accountability, commitment, excellence, teamwork, engagement, respect and integrity.

CFO Message

Reliability and affordability serve as a core commitment to our customer-owners. OPPD met this commitment even as the region encountered an unprecedented flood event. Flood-related financial impacts were mitigated through effective risk-management practices, including internal cost reductions, insurance coverage and the potential fuel and purchased power adjustment in the rate structure.

In addition, much of OPPD's service territory was declared a national disaster in August, enabling federal assistance for a portion of the expenses not covered by insurance. The total financial impact of the flood will not be known until after the waters have receded.

OPPD has completed other significant activities in addition to the flood response. After some extensive analysis, the utility has elected to retain transmission-owning member status in the Southwest Power Pool (SPP). This decision was based on the addition of an integrated marketplace in the SPP system, a 20-year plan for substantial transmission projects in our service territory and the creation of a task force to address unintended consequences of the transmission cost allocation. These changes will provide access to a more reliable and robust transmission system.

OPPD's operating revenues were lower in the first six months of 2011 (2011 period) than the first six months of 2010 (2010 period), primarily due to fewer off-system energy sales. The extended outage at Fort Calhoun Station resulted in less power being available for sale to the off-system market. Retail revenues were higher in the 2011 period, due primarily to a $4 million increase in transfers from the Debt Retirement Reserve and a $5.9 million fuel and purchased power adjustment to recover additional expenses for the 2011 period.

Operating expenses increased in the 2011 period compared to the 2010 period. Purchased power expenses in the 2011 period were higher, due to the need to buy power that normally would have been produced by Fort Calhoun Station. Production and transmission expenses were higher, primarily due to resources used to protect OPPD's generating and transmission facilities from the flood event. These expenses were partially offset by estimated insurance recoveries of $6.9 million.

Other income in the 2011 period increased compared to the 2010 period due to allowance for funds used during construction (AFUDC) and other income. The increase in AFUDC was primarily for capital expenditures for Fort Calhoun Station, including the power uprate project. Other income increased due to subsidies from the federal government for Build America Bonds and the Early Retiree Reinsurance Program. Interest expense was higher in the 2011 period; however, a 2011 refunding of $143 million in revenue bonds will save customer-owners more than $9 million in future interest payments.

Financial results were mixed during the 2011 period due to the impacts of the flooding event. Net income for the 2011 period was more than $17 million lower than the 2010 period. Despite the challenges, OPPD remains positioned to meet the needs of our customer-owners. We are proactively managing expenditures through an estimated $9 million reduction in 2011 expenditures and are reviewing other potential budget reductions to maintain a strong financial position. The utility has effective risk-management practices in place, which have partially mitigated financial impacts in an effort to minimize the effect of the disaster on our customer-owners.

Financial strength is important to our operations and to our customers. This responsibility guides us, and we are committed to our mission to deliver energy services that exceed the expectations of our customers.

Edward E. Easterlin
Vice President and CFO

Condensed Balance Sheets

In Thousands

	June 30 2011 (Unaudited)	December 31 2010 (Audited)
Current Assets	$ 518,097	$ 631,861
Capital Assets	3,258,656	3,217,187
Other Long-Term Assets	570,648	564,841
Total Assets	**$ 4,347,401**	$ 4,413,889
Current Liabilities	$ 248,153	$ 274,943
Long-Term Liabilities	2,378,120	2,433,903
Total Liabilities	2,626,273	2,708,846
Equity	1,721,128	1,705,043
Total Liabilities and Equity	$ 4,347,401	$ 4,413,889

Condensed Statements of Cash Flows

In Thousands - Unaudited

	Six Months Ended June 30 2011	2010
Cash Flows from Operating Activities	$ 73,078	$ 91,380
Cash Flows from Capital and Financing Activities	(213,378)	(170,229)
Cash Flows from Investing Activities	146,543	105,652
Change in Cash and Cash Equivalents	$ 6,243	$ 26,803

Condensed Statements of Revenues, Expenses and Changes in Equity

In Thousands – Unaudited

	Six Months Ended June 30 2011	2010*
Retail Sales	$ 390,244	$ 374,873
Off-System Sales	86,583	104,142
Other Electric Revenues	13,914	14,682
Total Operating Revenues	490,741	493,697
Fuel and Purchased Power	152,790	145,096
Production (non-fuel)	112,616	104,419
Other Operating Expenses	163,608	163,206
Payments in Lieu of Taxes	12,625	12,337
Total Operating Expenses	441,639	425,058
Operating Income	49,102	68,639
Other Income	12,131	7,872
Interest Expense	(45,148)	(43,199)
Net Income	16,085	33,312
Equity, Beginning of Period	1,705,043	1,664,996
Equity, End of Period	$ 1,721,128	$ 1,698,308

June 2010 results were revised to reflect implementation of GASB 53, Accounting and Financial Reporting for Derivative Instruments.

Key Statistical Highlights

	June 30 2011	2010
Generating Capability *(in megawatts)*	**3,229.3**	3,224.7
System Peak Load *(twelve months ended, in megawatts)*	**2,366.3**	2,161.7
Net Generation *(six months ended, in megawatt-hours)*	**7,073,043**	8,043,780
Retail Energy Sales *(six months ended, in megawatt-hours)*	**5,083,997**	5,149,849
Off-System Energy Sales *(six months ended, in megawatt-hours)*	**2,480,961**	3,017,188
Cents/kWh – Retail Sales Revenue *(six months ended)*	**7.17**	6.97
Number of Customers *(six months ended, average)*	**349,785**	346,268