

# STRATEGIC DIRECTION

2016 ANNUAL REPORT

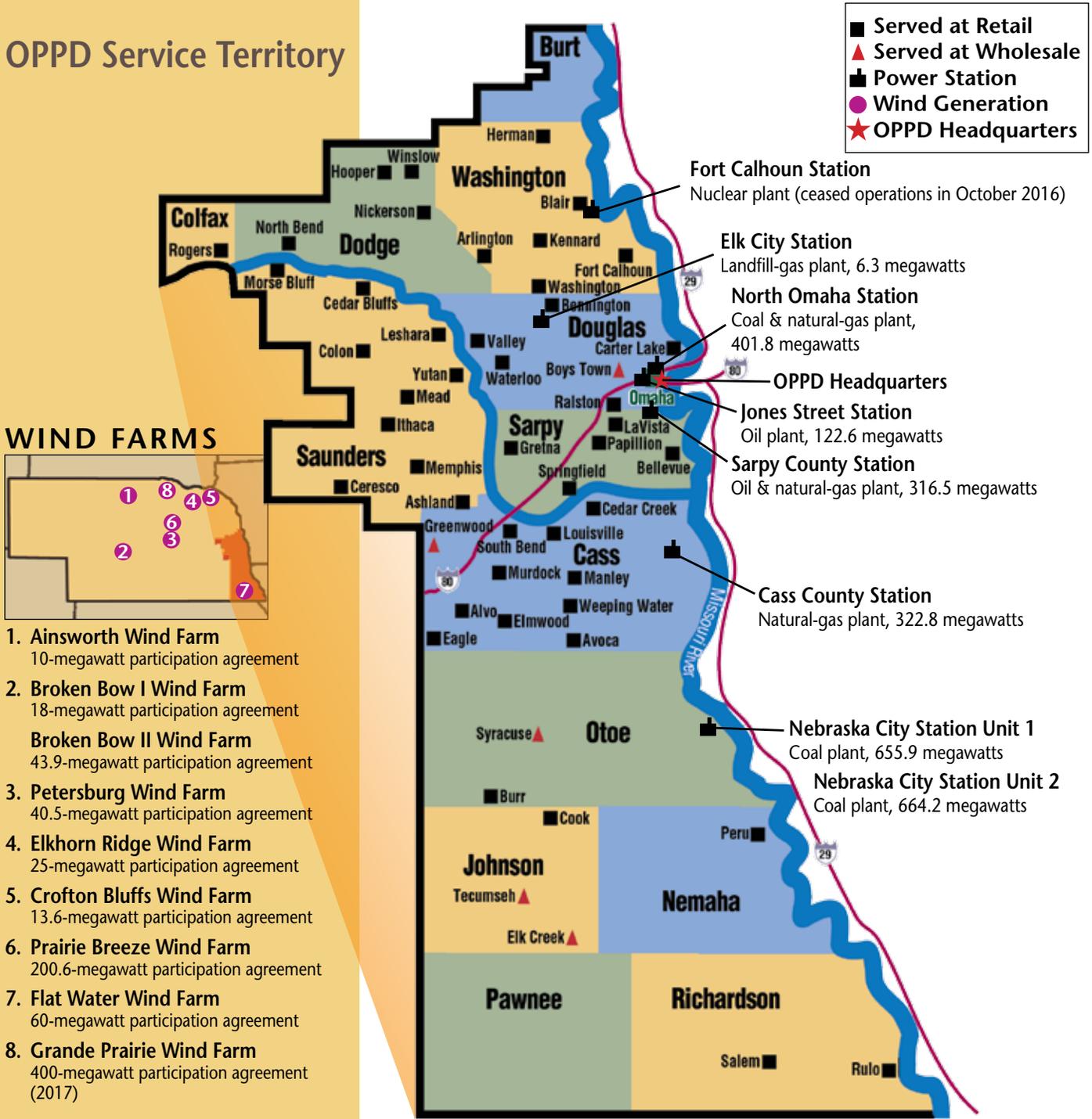


*your energy partner®*

**OPPD**

Omaha Public Power District

# OPPD Service Territory



## About OPPD

Omaha Public Power District is a publicly owned electric utility that serves an estimated population of 820,000 people, more than any other electric utility in the state.

Operating since 1946, the public utility is governed by an elected board of eight directors. While its headquarters is located in Omaha, Neb., OPPD has several other locations in its 13-county, 5,000-square-mile service area in southeast Nebraska.

OPPD operates baseload power facilities fueled by coal and natural gas, peaking units fueled by natural gas and oil, and renewable energy resources, including wind turbines and landfill-gas units.

After years of planning, OPPD launched the first phase of its Smart Grid project. Here, Bob Loges, line technician, and Josh Bernasek, automation technician, install communications equipment on lines in north Omaha.



Engineers Rick Stava, Videgla Sekpe and Jim Helmberger review plans for the smart grid technology installation.



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In 2016, Grande Prairie wind farm construction was completed. OPPD will purchase all 400 megawatts from the wind farm in 2017.

**On the cover**  
 Troubleshooter Jon White works through a snowstorm to restore service to a customer.

## Board Chair and CEO Message



President and CEO Timothy J. Burke (left) and Board Chair Tim W. Gay

The year 2016 was more eventful than any other year in Omaha Public Power District's history. It was a year that saw both the decisions to decommission the Fort Calhoun Nuclear Station and the implementation of a modified residential rate structure. This new rate structure helps ensure all customers contribute proportionately to the costs involved in producing and distributing electricity. Although difficult, these decisions – along with other cost-saving measures – strengthened OPPD's position as an industry leader.

What drove those decisions? Our Strategic Directives. Everything we do and every decision we make is dictated by the clear path laid out by the 15 directives.

Our Strategic Directives were developed through a series of public meetings and workshops between our senior management team and board of directors. They were adopted in November 2015. The directives provide a clear path for our organization and align everyone at OPPD to best serve our customer-owners both now and in the future.

We are proud of how we performed in 2016 and excited for what lies ahead. Through our Strategic Directives, we set our sights high, striving for no less than best-in-class status, and we're hitting our mark. Take safety for example. OPPD just had its safest year ever, thanks to a lot of hard work, training and mindfulness by our entire organization. At OPPD, each and every meeting and every job begins with a safety briefing. This makes sure safety is foremost on our minds and that we're all aligned around safety.

Another example is reliability, where we are again projected to rank in the top quartile of all utilities, thanks to initiatives such as our Ground Line Inspection and Treatment program and projects like the recently completed Midwest Transmission Project, which was a partnership with Kansas City Power & Light.

These tenets guide us to be good public power stewards. OPPD continues with its lean efforts and through 2016 has been able to save \$30.7 million through new processes that have been implemented across the company.

OPPD is transitioning to a supply chain structure to reduce the amount of money spent on materials and services, a move that will save millions in the coming years. In order to provide reliable electricity to our customers, obtaining the proper materials and equipment in a cost-effective manner is essential. The better OPPD can do in procurement, managing inventory and anticipating our needs, the more competitive we can be with rates.

It's no coincidence that our Strategic Directives begin with our mission: To provide affordable, reliable and environmentally sensitive energy services to our customers, and with our vision, Leading the Way We Power the Future.

Everything we do at OPPD starts there. Our mission and vision is as true today, as it was yesterday, as it will be tomorrow.

Timothy J. Burke  
President and CEO

Tim W. Gay  
Chair of the Board

## Board of Directors



**Tim W. Gay**  
Chair of the Board  
Governmental Advisor



**Thomas S. Barrett**  
Vice Chair of the Board  
Attorney at Law



**Rich L. Hurley**  
Treasurer  
Real Estate Broker



**Michael J. Cavanaugh**  
Board Member  
Omaha Police  
Lieutenant (retired)  
Real Estate Investor –  
Manager



**Anne L. McGuire**  
Board Member  
Nurse Educator  
(retired)



**Michael A. Mines**  
Board Member  
Governmental  
Advisor



**Craig C. Moody**  
Board Member  
Business Owner



**Rick M. Yoder**  
Board Member  
Consultant

## Senior Management



**Timothy J. Burke**  
President &  
Chief Executive Officer



**Kathleen W. Brown**  
Vice President –  
Business Technology  
& Building Services  
*Assistant Secretary*



**Juli A. Comstock**  
Vice President –  
Customer Service  
*Assistant Secretary*



**Mohamad I. Doghman**  
Vice President – Energy  
Delivery & Chief  
Compliance Officer  
*Assistant Secretary*



**Jon T. Hansen**  
Vice President –  
Energy Production  
& Marketing  
*Assistant Secretary*



**Lisa A. Olson**  
Vice President –  
Public Affairs  
*Assistant Secretary*



**Martha L. Sedky**  
Vice President –  
Human Capital  
*Assistant Secretary*



**Mary J. Fisher**  
Senior Director –  
Fort Calhoun Station  
Decommissioning



**Scott M. Focht**  
Director – Business  
Strategy & Development

OPPD is currently recruiting  
for the CFO position.

## Mission & Vision

Competitive Rates

Access to Credit Markets

Reliability

Customer Satisfaction

Safety

Environmental Stewardship

Employee Relations

Resource Planning

Ethics

Economic Development

Information Management and Security

Stakeholder Outreach and Communication

Retirement Plan Funding

Enterprise Risk Management

## Operations Review

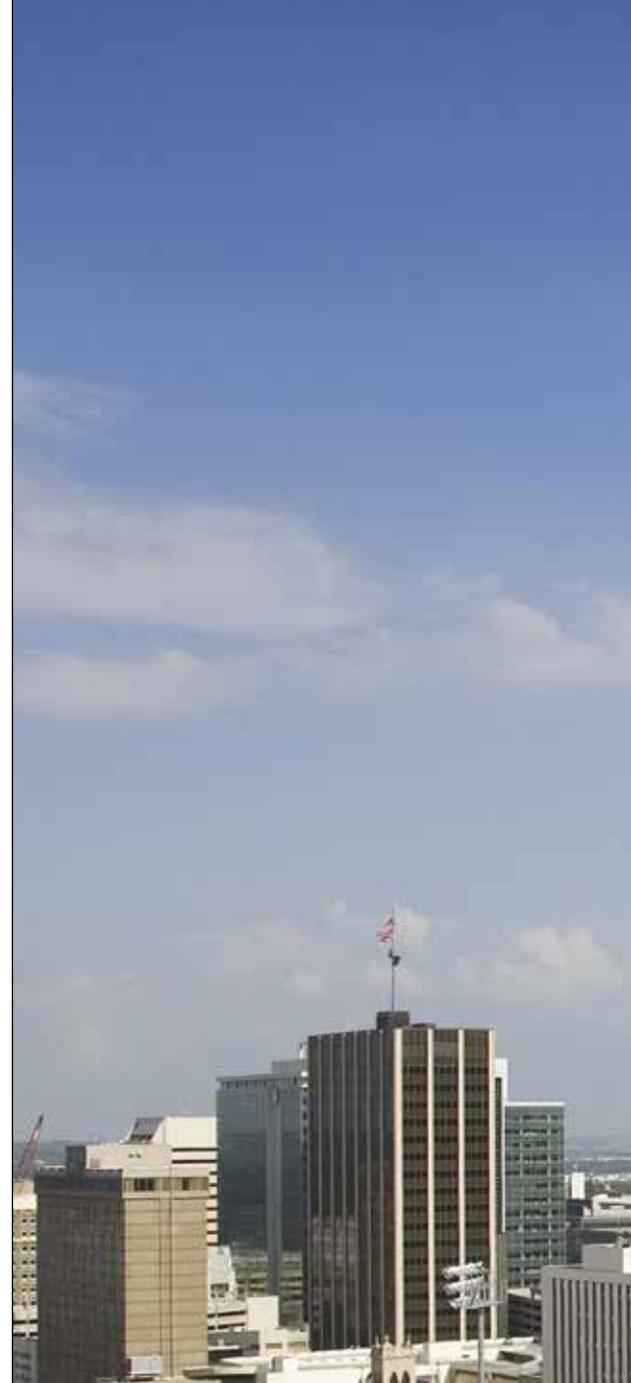
# MISSION & VISION

*To provide affordable, reliable and environmentally sensitive energy services to our customers.* This is OPPD's mission statement, and it drives our Strategic Directives.

Everything we do at OPPD starts with this and our vision, Leading the Way We Power the Future. As public power providers, these statements serve as guideposts for our responsibility to our customer-owners. It's a role we fill with pride. From the very earliest roots of public power – making sure Nebraska's rural areas had access to the same quality of life through electrification – to present-day decisions, we are strengthening our financial position and incorporating new and innovative technologies.

Our decisions are dictated by our mission and vision, and the rest of our Strategic Directives grow from there. OPPD is leading the way, driven by the energy and commitment of our employees to provide affordable, reliable and environmentally sensitive energy services to our customers. Those are the tenets OPPD strives to achieve each and every day. Our customers and stakeholders can count on us to bring our best and live our core values: we have a passion to serve, we honor our community, and we care about each other.

The following pages highlight some of the ways we are working for our customer-owners.





Above, downtown Omaha is just a small portion of the 5,000-square miles that OPPD serves. In fact, 4,570 miles cover rural areas. At left, OPPD began using drone technology to conduct aerial transmission line inspections to improve safety, bolster reliability and save money. Mark Gorseth, line maintenance technician, is one of three employees who completed training to earn a commercial operating license to operate the unmanned craft.

**Mission  
& Vision**

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**Customer  
Satisfaction**

**Safety**

**Environmental  
Stewardship**

**Employee  
Relations**

**Resource  
Planning**

**Ethics**

**Economic  
Development**

**Information  
Management  
and Security**

**Stakeholder  
Outreach and  
Communication**

**Retirement  
Plan Funding**

**Enterprise Risk  
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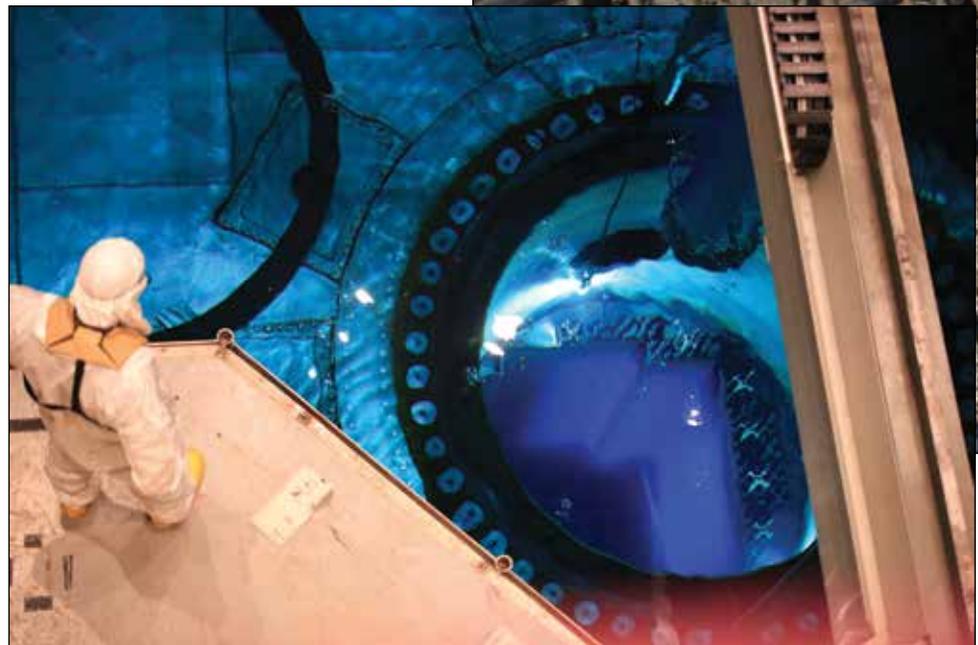
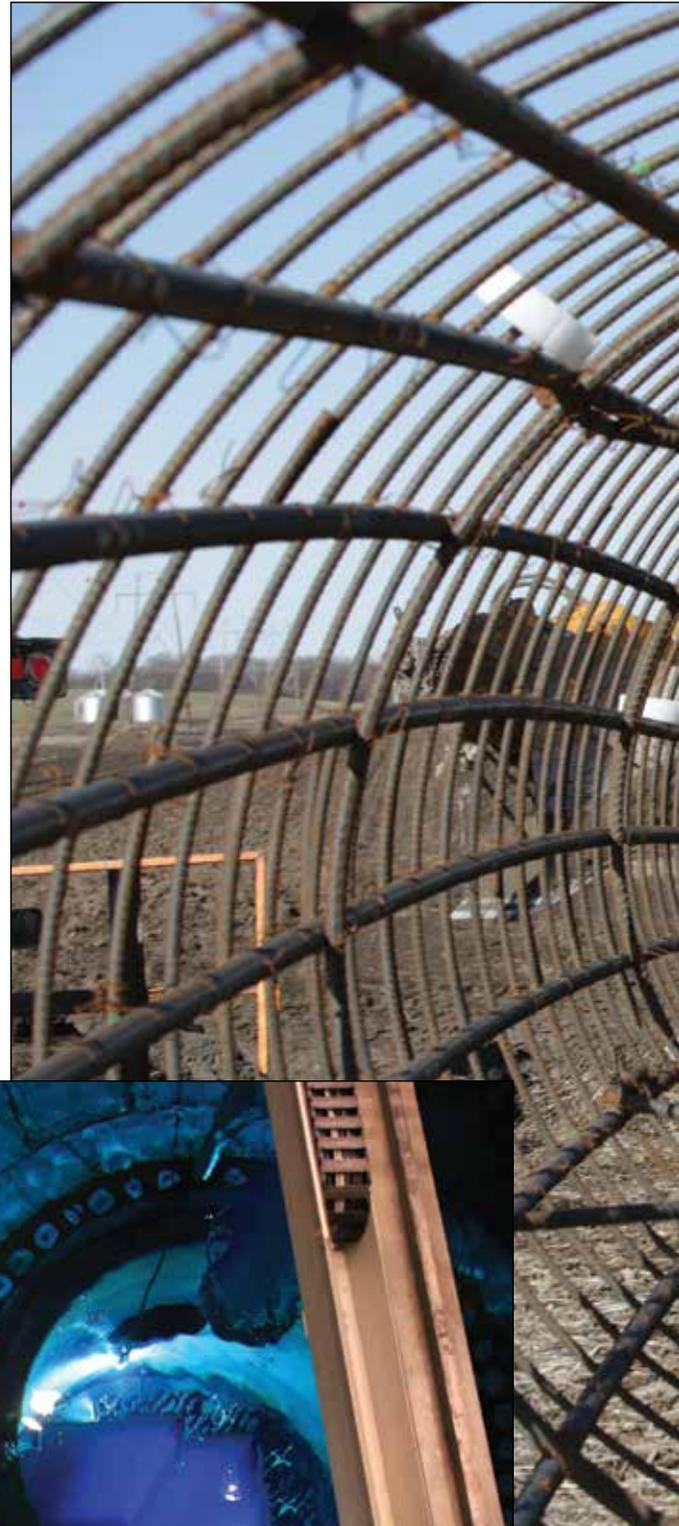
# COMPETITIVE RATES

OPPD's commitment to our customers is to provide affordable electricity. It is one of the main advantages of public power. Our Strategic Directive that addresses rates actually goes a step further to illustrate just how competitive our rates should be. It calls for OPPD's retail rates to be 20 percent below the West North Central Regional average.

That rate directive played a part in the difficult decision to cease operations at OPPD's nuclear facility, Fort Calhoun Station. Economics were one of the main factors in that decision and doing so enabled OPPD officials and the board of directors to announce there would be no general rate increase for the next five years.

For 2016, OPPD was already at 6.6 percent below the regional average.

After safely defueling OPPD's nuclear plant, personnel have shifted to the long-term decommissioning work.





As part of being good stewards of customer-owner resources, OPPD executed a cost-effective plan for its 45-mile portion of the Midwest Transmission Project. The cost of OPPD's portion came in below the national average per mile of line. Shown above is rebar for one of 267 transmission tower footings. The Southwest Power Pool will reimburse approximately 95 percent of the cost over 30 years.

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# RELIABILITY

Another area highlighted by OPPD's mission statement is reliability. It's one of the main things our customers value about our company. They expect us to be there when they need us – whether they've been with us for decades or are potential customers looking for the best place to locate their business. People depend on electricity to fuel their busy lives. Reliability has long been one of OPPD's highest priorities and an area of pride.

We measure our reliability through the System Average Interruption Duration Index (SAIDI), which is the total minutes an average customer is without power during the year. Our SAIDI number again outperformed our year-end goal and is projected to put us in the top quartile nationally for reliability.

One of the largest projects OPPD has undertaken in the last 10 years, the Midwest Transmission Project (MTP), was completed in late 2016. The 180-mile line will help ease congestion and increase capacity in the region. The 345-kilovolt transmission line was built in partnership with Kansas City Power & Light and was a priority project for the Southwest Power Pool, of which both utilities are members.

The first phase of smart grid and distribution automation began in the spring with the installation of infrastructure in a section of Omaha. Smart grid technologies will be able to rapidly communicate back and forth and allow quicker rerouting of power during outages. Other efforts to maintain reliability, such as the Ground Line Inspection and Treatment Program (GLIT) and tree trimming program, continued in 2016. Starting in 2017, OPPD will be using a drone to help inspect lines, allowing for better views of the transmission system than what was previously available with helicopters.



The Midwest Transmission Project was energized in December 2016. The 180-mile, 345-kilovolt transmission line will relieve energy flow congestion in the region.

Trimming keeps trees healthy and the transmission and distribution system reliable. At right, OPPD Forester Andy Clark conducts annual training for those who maintain the trees for the utility.



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# STAKEHOLDER Outreach and Communication

As a public power provider, OPPD values and seeks input from those we serve. Our stakeholder process is one we've used in recent years to gauge what our customer-owners want. In 2014, it was used to help determine what OPPD's fuel mix should look like and helped foster more renewables in the mix. The process was used again this year for the Integrated Resource Plan. This allows OPPD the flexibility to adjust as new technologies and new opportunities arise.

That's not the only way OPPD engages with customer-owners. We reach out and interact with the public through our Speakers Bureau. In 2016, OPPD engaged the public with more than 125 such Speakers Bureau events, mostly with schools, communities, and city and county governmental organizations. Also, OPPD's numerous employee resource groups are involved in the community through mentoring and volunteering efforts throughout the year.

OPPD also works to connect with tomorrow's employees through programs that encourage math, science and technical skills. One example was a partnership with Creighton University where energy technology students built an "EnergiPlant" charging station on the campus. Another example is the annual Marshmallow Challenge, where fifth-grade students in our service territory use marshmallows, spaghetti, masking tape and string to build the tallest, free-standing structure possible during National Engineer's Week. The event sparks creativity from young imaginations and encourages young people to consider a career in the energy field.

OPPD also connects with customers online. Through our various websites – oppd.com, oppdlistens.com, oppdthewire.com and stormandoutage.com – there were more than 4 million page views in 2016. Through these sites, customers can do everything from pay bills, be updated on outages and stay informed about the company and issues surrounding the industry.



Middle-schoolers get a hands-on look at how OPPD makes electricity with a little help from Engineer Tevi Lawson.

## Mission & Vision

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OPPD safety personnel spread the message of electrical safety to those who protect our communities, here to first responders from Sarpy County.



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## CORE VALUES

OPPD's core values are woven into each Strategic Directive. In 2016, a team of employees pinpointed our core values, common threads that have connected generations of OPPD employees. Today's employees continue to embody and exemplify these values: We have a passion to serve, we honor our community and we care about each other.

Sometimes they are obvious, like when Lori Lepine, a customer service representative, and Gabe Galas, a Securitas security officer, helped save a customer's life with their CPR training. Another example was the commitment to employees after the difficult decision to cease operations at Fort Calhoun Station. OPPD set up a 60-day program to help those employees find jobs outside the organization through training, coaching and job fairs.

Other times it is subtle but still evident, as with the hundreds of employees who volunteer their time and expertise in the community or help raise money for the Energy Assistance Program (EAP). This program provides assistance to customers struggling to pay their energy bills.

At OPPD, our core values are on display every day as they have been for the past 70 years. It has been through those values that we have, and will continue to fulfill our vision. *Leading the way we power the future.*



At left, Central Maintenance celebrated its 40th anniversary in 2016. The group includes workers from different crafts – steamfitters, general maintenance mechanics, machinists, electricians and more – tasked with maintaining all of OPPD’s generation facilities. This group shares a passion to serve and some remarkable safety records. Machinists, for example, have gone 17 years without a safety incident that caused time away.

## Mission & Vision

## Competitive

Journeyman Cable Splicer Erick York, left, advises Apprentice Cable Splicer Travis O’Dell on the next steps for completing a lead joint, as part of O’Dell’s second-year apprentice test.

