New Issue—Full Book-Entry Only **Ratings:** Moody's: "Aa2"
Standard & Poor's: "AA"
(See "RATINGS" herein.)

In the opinion of Bond Counsel, assuming continuing compliance with certain requirements described herein, under laws, regulations, rulings and judicial decisions existing as of the date hereof, interest on the 2017 Bonds is not includable in gross income for federal income tax purposes. Such interest is also exempt from all present State of Nebraska personal income taxes. In the opinion of Bond Counsel, interest on the 2017 Bonds does not constitute an item of tax preference for purposes of determining the federal alternative minimum tax for individuals and corporations. See "TAX MATTERS" herein for a discussion of additional federal and State of Nebraska tax law considerations.

$220,195,000
OMAHA PUBLIC POWER DISTRICT (NEBRASKA)
Electric System Revenue Bonds, 2017 Series A

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

The Electric System Revenue Bonds, 2017 Series A (the "2017 Bonds") will be issued by the Omaha Public Power District (the "District") in fully registered form in the minimum denomination of $5,000 and any integral multiple thereof. Interest on the 2017 Bonds will be payable February 1, 2018, and each August 1 and February 1 thereafter. The 2017 Bonds are subject to optional redemption prior to maturity as described herein. The 2017 Bonds are issued for valid corporate purposes of the District, including advance refunding of a portion of the District's outstanding Electric System Revenue Bonds, 2011 Series B and 2012 Series A (collectively, the "Refunded Bonds") and paying the costs and expenses incurred in connection with the issuance of the 2017 Bonds. See "USE OF THE 2017 BOND PROCEEDS."

The 2017 Bonds, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the 2017 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2017 Bonds will be paid by the Bond Fund Trustee acting as the Paying Agent directly to DTC as the Bondholder thereof. Disbursement of such payments to DTC's Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Participants, as more fully described herein. Any purchaser as a Beneficial Owner of a 2017 Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such 2017 Bonds. See "BOOK-ENTRY SYSTEM."

Principal of and interest on the 2017 Bonds will be payable on a parity with the other Electric System Revenue Bonds of the District ("Outstanding Bonds") to be outstanding in the principal amount of $1,179,450,000 and any other Additional Bonds which hereafter may be issued under Resolution No. 1788, and will be payable from and secured by a pledge of and lien upon the revenues, income, receipts and profits of the Electric System, subject to the prior payment therefrom of the operations and maintenance expenses of the Electric System. See "SECURITY FOR THE 2017 BONDS." The 2017 Bonds shall not be obligations of the State of Nebraska or of any of its political subdivisions, other than the District, nor shall said State or any of its political subdivisions, other than the District, be liable for the payment of the principal of and interest on the 2017 Bonds. The District has no taxing power.

MATURITY SCHEDULE – See Inside Front Cover

The 2017 Bonds will be offered when, as and if issued and received by the Underwriters, subject to the approval of legality of Kutak Rock LLP, Bond Counsel. Certain legal matters will be passed upon for the District by Fraser Stryker PC LLO, Omaha, Nebraska, General Counsel to the District, and for the Underwriters by Squire Patton Boggs (US) LLP, Counsel to the Underwriters. It is expected that the 2017 Bonds in definitive form will be ready for delivery through the DTC book-entry system on or about December 20, 2017.

Morgan Stanley **Citigroup**

BofA Merrill Lynch **D.A. Davidson & Co.** **Drexel Hamilton, LLC**
Goldman Sachs & Co. LLC **J.P. Morgan** **RBC Capital Markets, LLC**
Wells Fargo Securities

December 5, 2017

$220,195,000
Electric System Revenue Bonds, 2017 Series A

Maturity Schedule

$88,795,000 Serial Bonds

Due February 1	Principal Amount	Rate	Yield	CUSIP[1]
2030	$5,355,000	5.000%	2.460%[c]	682001FN7
2031	5,625,000	5.000%	2.540%[c]	682001FP2
2032	5,265,000	5.000%	2.590%[c]	682001FQ0
2033	5,555,000	5.000%	2.640%[c]	682001FR8
2034	5,855,000	5.000%	2.690%[c]	682001FS6
2035	19,075,000	5.000%	2.730%[c]	682001FT4
2036	20,080,000	5.000%	2.750%[c]	682001FU1
2037	21,985,000	5.000%	2.780%[c]	682001FV9

$131,400,000 Term Bonds

Due February 1	Principal Amount	Rate	Yield	CUSIP[1]
2042	$92,715,000	5.000%	2.840%[c]	682001FX5
2042	38,685,000	4.000%	3.200%[c]	682001FW7

[c]Priced to December 1, 2027 par call date.

[1]CUSIP is a registered trademark of the American Bankers Association. CUSIP data contained herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitution for the CUSIP. Neither the District nor the Underwriters take any responsibility for the accuracy of CUSIP numbers herein, which are included solely for the convenience of owners of the 2017 Bonds.

OMAHA PUBLIC POWER DISTRICT

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

No dealer, broker, salesperson or any other person has been authorized by the District or its agents to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offering nor the solicitation of an offer to sell to any person in any state or other political jurisdiction in which such an offer or solicitation may not lawfully be made, or in any state in which said agents are not qualified. This Official Statement is not to be construed as a contract with the purchasers of the 2017 Bonds.

The information set forth herein has been furnished by the District or other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness. The information and expressions of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

THE 2017 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Securities Exchange Act of 1934, as amended, and the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "anticipate," "projected," "budget" or other similar words of similar import.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE DISTRICT NOR ANY OTHER PARTY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THEIR EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES UPON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THE DISTRICT WILL PROVIDE ANNUAL FINANCIAL STATEMENTS UPON REQUEST. COPIES OF ALL PERIODIC REPORTS MAY ALSO BE MADE AVAILABLE BY ANY OTHER MEANS MAINTAINED BY THE DISTRICT, OR ITS AGENTS, TO PROVIDE INFORMATION TO PERSONS WISHING TO RECEIVE IT. INFORMATION WILL ALSO BE PROVIDED AS DESCRIBED HEREIN UNDER THE HEADING "APPENDIXC—FORM OF CONTINUING DISCLOSURE UNDERTAKING." APPROPRIATE PERIODIC CREDIT INFORMATION WILL BE PROVIDED TO THE RATING AGENCIES RATING THE SECURITIES IN CONNECTION WITH THE RATING OF THE SECURITIES.

TABLE OF CONTENTS

Page

PURPOSE OF THE 2017 BONDS ... 1
USE OF THE 2017 BOND PROCEEDS ... 2
DESCRIPTION OF THE 2017 BONDS ... 2
General ... 2
Optional Redemption ... 3
Mandatory Sinking Fund Redemption ... 3
Selection of Bonds to be Redeemed ... 4
Notice of Call for Redemption ... 4
SECURITY FOR THE 2017 BONDS ... 4
Pledge and Rate Covenant ... 4
Reserve Account ... 5
Additional Bonds ... 5
SUMMARY OF OTHER DISTRICT DEBT ... 5
Subordinate Obligations ... 5
Other Debt Obligations of the District ... 6
THE DISTRICT ... 7
Nature of the District ... 7
Powers of the District ... 7
Government of the District ... 8
President and Vice Presidents ... 8
Employees and Human Resources ... 10
Defined Benefit Retirement Plan ... 10
Other Postemployment Benefits ("OPEB") ... 11
Defined Contribution Plans ... 11
Funds of the District ... 11
Taxes Applicable to the District ... 12
Nebraska Power Review Board ... 12
Certain Rights of Municipalities Served by the District ... 12
THE AREA SERVED ... 12
CAPITAL AND NUCLEAR FUEL EXPENDITURES ... 14
ELECTRIC RATES AND RATE REGULATION ... 15
THE ELECTRIC SYSTEM ... 18

Summary of Generating Facilities 18
Generating Facilities – Nebraska City Station 19
Generating Facilities - North Omaha Station 20
Generating Facilities - Fort Calhoun Station 20
Generating Facilities - Peaking Stations 23
Planned Generation Changes for Environmental Compliance 23
Alternative Power Supply 24
Future Generating Facilities 25
Fuel Supply 25
Transmission and Distribution System 26
General Facilities 27
Other Power Supply and Interconnections 27
Transmission Facilities 28
Insurance 29
Enterprise Risk Management 30
Rate Stabilization Fund 30
Liquidity 30
FACTORS AFFECTING THE DISTRICT AND THE ELECTRIC UTILITY INDUSTRY GENERALLY 30
General 30
Reliability 31
Environmental Issues - Air Quality Issues and the Clean Air Act Amendments of 1990 31
Environmental Issues - Hazardous and Toxic Materials Regulations 33
Environmental Issues - Clean Water Act 34
Environmental Issues - Solid Waste 34
Coal Supply in National Emergency 34
Demand-Side Management and Energy Efficiency 35
Nuclear Regulation 36
Impacts to the U.S. Nuclear Industry from Tsunami at Fukushima Daiichi Stations in Japan 36
Low-Level Nuclear Waste 36
High-Level Nuclear Waste Repository 36
OPERATING RESULTS 38
NET RECEIPTS FOR THE ELECTRIC SYSTEM 39
OPERATING REVENUES AND ENERGY SALES 40

OPERATIONS AND MAINTENANCE EXPENSES 41
DEBT SERVICE ON THE DISTRICT'S BONDS 42
MANAGEMENT'S DISCUSSION AND ANALYSIS 43
BOOK-ENTRY SYSTEM 43
General 43
DTC and Its Direct and Indirect Participants 43
Purchase of Ownership Interests 43
Transfers and Exchanges of Beneficial Ownership Interests 44
Notices and Consents 44
Payments of Principal, Interest and Redemption Price 44
Discontinuance of DTC Services 45
SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION NO. 1788 45
Electric System 46
Revenue Fund 46
Bond Fund 46
Reserve Account in the Bond Fund 46
Covenants 47
Additional Bonds 47
Separate System Bonds 48
Investment of Funds 48
Events of Default; Remedies 49
Amendments; Supplemental Resolutions 50
Defeasance 50
LEGAL PROCEEDINGS 50
RATINGS 51
CONTINUING DISCLOSURE 51
UNDERWRITING 51
TAX MATTERS 53
Exemption Under State Tax Law 54
Changes in Federal and State Tax Law 54
LEGAL APPROVALS 54
VERIFICATION OF MATHEMATICAL COMPUTATIONS 54
OFFICIAL STATEMENT 55
MISCELLANEOUS 55

APPENDIX A—FINANCIAL REPORT FROM DECEMBER 31, 2016 OMAHA PUBLIC POWER DISTRICT ANNUAL REPORT INCLUDING:

- INDEPENDENT AUDITORS' REPORT
- MANAGEMENT'S DISCUSSION AND ANALYSIS
- FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016 AND 2015 AND FOR EACH OF THE TWO YEARS IN THE PERIOD ENDED DECEMBER 31, 2016

APPENDIX B—PROPOSED FORM OF LEGAL OPINION OF KUTAK ROCK LLP, BOND COUNSEL

APPENDIX C—FORM OF CONTINUING DISCLOSURE UNDERTAKING

APPENDIX D—SCHEDULE OF REFUNDED BONDS

SUMMARY STATEMENT

This summary is subject in all respects to more complete information contained in this Official Statement. The offering of the 2017 Bonds to potential investors is made only by means of the entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement. Certain terms used in this summary shall have the same meanings as given thereto in this Official Statement.

PURPOSE OF THE 2017 BONDS

The 2017 Bonds are issued as $220,195,000 Electric System Revenue Bonds, 2017 Series A (the "2017 Bonds"). The 2017 Bonds will be issued in fully registered form in the minimum denomination of $5,000 and any integral multiple thereof. The 2017 Bonds are subject to optional redemption prior to maturity as described herein. The 2017 Bonds are issued for valid corporate purposes of the District, including advance refunding of a portion of the District's outstanding Electric System Revenue Bonds, 2011 Series B and 2012 Series A (collectively the "Refunded Bonds"), and paying the costs and expenses incurred in connection with the issuance of the 2017 Bonds.

PAYMENT OF INTEREST

Interest on the 2017 Bonds will be payable February 1, 2018 and each August 1 and February 1 thereafter until maturity or prior redemption.

AUTHORITY FOR ISSUANCE

The 2017 Bonds will be issued pursuant to Chapter 70, Article 6, Reissue Revised Statutes of the State of Nebraska ("State"), as amended ("Enabling Act"), and Resolution No. 1788 of the District adopted on January 20, 1972, as amended and supplemented ("Resolution No. 1788"), including specifically as amended by a series resolution (the "Series Resolution") of the District adopted on September 14, 2017 authorizing the 2017 Bonds.

SECURITY FOR THE 2017 BONDS

Principal of and interest on the 2017 Bonds will be payable on a parity with the other Electric System Revenue Bonds of the District to be outstanding in the principal amount of $1,179,450,000 and any other Additional Bonds which hereafter may be issued under Resolution No. 1788, and will be payable from and secured by a pledge of and lien upon the revenues, income, receipts and profits of the Electric System, subject to the prior payment therefrom of the operations and maintenance expenses of the Electric System. See "SECURITY FOR THE 2017 BONDS." The 2017 Bonds shall not be obligations of the State of Nebraska or of any of its political subdivisions, other than the District, nor shall said State or any of its political subdivisions, other than the District, be liable for the payment of the principal of and interest on the 2017 Bonds. The District has no taxing power.

RESERVE ACCOUNT

The Reserve Account Requirement under Resolution No. 1788 is an amount equal to the maximum amount required to be paid into the Interest Account from the Revenues of the Electric System in the current or any future calendar year to provide for the payment of the interest on the outstanding Electric System Revenue Bonds. The Reserve Account is currently fully cash funded. See "SECURITY FOR THE 2017 BONDS—Reserve Account."

REDEMPTION

At the option of the District, the 2017 Bonds shall be subject to optional redemption prior to their stated maturity on such dates, in whole or in part and at such prices as set forth under "DESCRIPTION OF THE 2017 BONDS—Optional Redemption." Any such redemption shall occur only upon notice mailed to the registered owner of each such 2017 Bond (which initially will be Cede & Co. for all of the 2017 Bonds) not less than 30 days prior to the date fixed for redemption together with the interest accrued thereon to the date fixed for redemption.

ELECTRIC RATES AND RATE REGULATION

The District's Board of Directors has the power and is required to fix, establish and collect adequate rates, tolls, rents and other charges for electrical energy. District rates for service are not subject, in the opinion of General Counsel for the District, to regulation by any federal or State of Nebraska regulatory body under existing laws, except as stated under the caption "THE DISTRICT—Nebraska Power Review Board" relative to the settlement of rate disputes between suppliers of electricity and except for the Federal Energy Regulatory Commission ("FERC") which has jurisdiction to resolve disputes regarding rates for wholesale transmission service. In Resolution No. 1788 the District covenants to fix rates and other charges adequate to provide revenues from the operation of the Electric System sufficient to pay the costs of operation and maintenance of the Electric System, and, in each calendar year, to pay the debt service requirements of all outstanding District debt, including the 2017 Bonds.

SENIOR DEBT SERVICE COVERAGE

The debt service coverage as defined by Resolution No. 1788, on the District's Outstanding Electric System Revenue Bonds was 2.20 times for the twelve months ended December 31, 2016.

ADDITIONAL BONDS

The District may issue additional parity Electric System Revenue Bonds for any of its corporate purposes, provided that, with respect to all Additional Bonds, other than certain refunding bonds, the Authorized District Officer files a certificate with the Bond Fund Trustee stating that the Net Receipts of the Electric System in each calendar year thereafter will be at least equal to 1.40 times the amounts to be paid in such year into the Bond Fund to pay principal and interest on (a) the Electric System Revenue Bonds to be outstanding after the issuance of such Bonds and (b) additional Electric System Revenue Bonds which the Authorized District Officer estimates will be required to be issued in the future to complete any generating facility for which Electric System Revenue Bonds have been or are then being issued. Net Receipts is generally defined as operating revenue less expenses of operations and maintenance (not including depreciation and amortization charges) plus certain investment income.

TAX MATTERS

In the opinion of Bond Counsel, assuming continuing compliance with certain requirements described herein, under laws, regulations, rulings and judicial decisions existing as of the date hereof, interest on the 2017 Bonds is not includable in gross income for federal income tax purposes and is also exempt from all present State of Nebraska personal income taxes. In such opinion of Bond Counsel, interest on the 2017 Bonds does not constitute an item of tax preference for purposes of determining the federal alternative minimum tax for individuals and corporations. See "TAX MATTERS."

RATINGS

Moody's Investors Service ("Moody's") and S&P Global Ratings ("S&P") have given the ratings of "Aa2" with a stable outlook and "AA," with a stable outlook respectively, to the 2017 Bonds. Such ratings reflect only the views of such organizations, and explanations of the significance of such ratings may be obtained only from the credit rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such credit rating agencies if in their judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2017 Bonds.

BOOK-ENTRY ONLY SYSTEM

The 2017 Bonds, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the 2017 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2017 Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., as the Paying Agent, directly to DTC as the Bondholder thereof. Disbursement of such payments to DTC's Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Participants, as more fully described herein. Any purchaser as a Beneficial Owner of a 2017 Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such 2017 Bond. See "BOOK-ENTRY SYSTEM."

This Summary Statement is subject in all respects to more complete information contained in this Official Statement. Certain terms used in this Summary Statement shall have the same meanings as given thereto in this Official Statement.

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT

OMAHA PUBLIC POWER DISTRICT (NEBRASKA)
$220,195,000 Electric System Revenue Bonds, 2017 Series A

The purpose of this Official Statement, which includes the cover page, the inside cover pages and appendices hereto, is to set forth information concerning Omaha Public Power District ("District" or "OPPD") and its $220,195,000 Electric System Revenue Bonds, 2017 Series A (the "2017 Bonds").

The 2017 Bonds are to be issued pursuant to Chapter 70, Article 6, Reissue Revised Statutes of the State of Nebraska ("State"), as amended ("Enabling Act"), and Resolution No. 1788 of the District adopted January 20, 1972, as amended by Resolution No. 5432 of the District adopted April 14, 2005 and Resolution No. 5882 of the District adopted October 13, 2011, as supplemented (collectively, "Resolution No. 1788"), including as specifically supplemented by a series resolution (the "Series Resolution") of the District adopted on September 14, 2017 authorizing the issuance of the 2017 Bonds. Principal of and interest on the 2017 Bonds will be payable on a parity with the other Electric System Revenue Bonds ("Outstanding Bonds") of the District to be outstanding in the principal amount of $1,179,450,000. The Outstanding Bonds, the 2017 Bonds and any Additional Bonds that may hereafter be issued pursuant to the District's Resolution No. 1788 are herein sometimes referred to as the "Bonds" or "Electric System Revenue Bonds." Certain provisions of Resolution No. 1788 are summarized herein under the heading "SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION NO. 1788." These summaries do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the full terms of Resolution No. 1788. Certain capitalized terms not otherwise defined herein will have the meanings assigned thereto in Resolution No. 1788.

The 2017 Bonds shall not be obligations of the State or of any of its political subdivisions, other than the District, nor shall the State or any of its political subdivisions, other than the District, be liable for the payment of the principal of and interest on the 2017 Bonds. The District has no taxing power.

PURPOSE OF THE 2017 BONDS

The 2017 Bonds will be issued as $220,195,000 Electric System Revenue Bonds, 2017 Series A. The 2017 Bonds are issued for valid corporate purposes of the District, including advance refunding of a portion of the District's outstanding Electric System Revenue Bonds, 2011 Series B and 2012 Series A as more fully identified in Appendix D hereto (the "Refunded Bonds") and paying the costs and expenses incurred in the issuance of the 2017 Bonds. See "USE OF THE 2017 BOND PROCEEDS."

USE OF THE 2017 BOND PROCEEDS

The estimated application of the 2017 Bond proceeds (total par amount of $220,195,000 plus net original issue premium of $37,561,048.25) is as follows:

Deposit to the Refunding Escrow(s) to defease the Refunded Bonds	$256,759,388.22
Deposit to the Construction Fund to pay costs of issuance	428,393.25
Underwriters' Discount	568,266.78
Total Bond Proceeds	$257,756,048.25

The proceeds of the 2017 Bonds, together with other funds held by the Bond Fund Trustee and available therefor (including, without limitation, amounts currently held in the Interest Account of the Bond Fund for payment of the Refunded Bonds in the amount of $3,848.166.66 and $921,600.00 of amounts held in the Reserve Account of the Bond Fund in excess of the amounts required to be held therein), will be deposited pursuant to separate Escrow Deposit Agreements between the District and The Bank of New York Mellon Trust Company, N.A., as Bond Fund Trustee and Escrow Agent, invested in securities unconditionally guaranteed by the United States of America maturing on or prior to the dates such funds are required to be expended and applied to the payment when due of principal of and interest on the Refunded Bonds, including the optional redemption at par of the Refunded Bonds on the date(s) set forth in Appendix D hereto. Proceeds of the Refunded Bonds presently on deposit in the Reserve Account of the Bond Fund will be retained therein to the extent required to meet the Reserve Account Requirement following issuance of the 2017 Bonds.

DESCRIPTION OF THE 2017 BONDS

General

The 2017 Bonds will be dated the Date of Delivery and will bear interest at the rates and mature on the dates set forth on the inside cover page of this Official Statement. The 2017 Bonds will be issued in fully registered form in the minimum denomination of $5,000 and any integral multiple thereof. Interest on the 2017 Bonds will be payable on February 1, 2018 and semiannually on each February 1 and August 1 thereafter. Interest and principal will be payable to the holders of record as of the 15th calendar day of the month preceding any payment date.

The 2017 Bonds, when issued, will be registered in the name of Cede & Co., as Bondholder and nominee for The Depository Trust Company ("DTC"), New York, New York. Purchases of beneficial interests in the 2017 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2017 Bonds will be paid by the Paying Agent directly to DTC as the Bondholder thereof. Disbursement of such payments to DTC's Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of DTC's Participants, as more fully described herein. Any purchaser as a Beneficial Owner of a 2017 Bond must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such 2017 Bond. See "BOOK-ENTRY SYSTEM."

The Bank of New York Mellon Trust Company, N.A. currently serves as Bond Fund Trustee and Paying Agent with respect to the Bonds.

Optional Redemption

At the option of the District, the 2017 Bonds shall be subject to redemption prior to their stated maturity on any date on or after December 1, 2027, at par, as a whole or in part (and in the event that less than all of the 2017 Bonds of any maturity are called for redemption, the particular 2017 Bonds of such maturity to be redeemed shall be selected by lot by the Bond Fund Trustee) upon notice mailed to the registered owner of each such 2017 Bond (which initially will be Cede & Co. for all of the 2017 Bonds) not less than 30 days prior to the date fixed for redemption together with the interest accrued thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The 2017 Bonds maturing on February 1, 2042 shall be subject to mandatory redemption by application of the sinking fund installments deposited in the Bond Retirement Account under Resolution No. 1788, on February 1 of each of the years and in the amounts set forth in the table below (the particular 2017 Bonds of the respective maturities to be redeemed shall be selected by lot), at a redemption price equal to the principal amount thereof, together with the interest accrued thereon to the date fixed for redemption:

5.000%Term Bonds Maturing February 1, 2042

Year	Amount
2038	$23,080,000
2039	24,200,000
2040	26,745,000
2041	9,115,000
2042*	9,575,000

*Final maturity.

4.000%Term Bonds Maturing February 1, 2042

Year	Amount
2041	$18,965,000
2042*	19,720,000

*Final maturity.

With respect to each such sinking fund redemption, the District, at its option, may also redeem 2017 Bonds by lot, upon notice mailed to the registered owner of each such 2017 Bond (which initially will be Cede & Co. for all of the 2017 Bonds) not less than 30 days prior to the date fixed for redemption, on any August 1, commencing August 1, 2037, at the principal amount thereof, together with interest accrued thereon to the date fixed for redemption. The aggregate principal amount of such 2017 Bonds which may be so redeemed on any August 1 shall equal the sinking fund installments deposited, since the preceding February 1, in the Bond Retirement Account in accordance with Resolution No. 1788 for the purpose of providing moneys to redeem the 2017 Bonds scheduled for redemption by sinking fund installments on the following February 1. The principal amount of such 2017 Bonds to be redeemed by sinking fund installments on the following February 1 shall be reduced by the aggregate principal amount of such 2017 Bonds so redeemed at the option of the District on the preceding August 1.

The District may solicit tenders for the purchase of 2017 Bonds subject to mandatory sinking fund redemption as set forth above. The purchase price of any such 2017 Bonds may not exceed the applicable redemption price. Said purchase price may be paid from the sinking fund installments on deposit in the Bond Retirement Account under Resolution No. 1788 to be used to otherwise redeem 2017 Bonds. Accrued interest payable upon the purchase of such 2017 Bonds may be paid from the Interest Account of the Bond Fund. Any 2017 Bonds so purchased shall be cancelled and the principal amount so purchased shall be applied as a credit against the next applicable required sinking fund installment.

Selection of Bonds to be Redeemed

If less than all of the 2017 Bonds of a particular maturity are redeemed, and so long as the book-entry only system remains in effect for the 2017 Bonds, the 2017 Bonds of such maturity to be redeemed shall be selected by lot by DTC in such manner as DTC shall determine. If the book-entry only system no longer remains in effect for the 2017 Bonds, selection for redemption of less than all of the 2017 Bonds of a particular maturity will be made by the Bond Fund Trustee by lot as provided in the Bond Resolution. If any of the 2017 Bonds to be redeemed are Bonds for which sinking fund installments have been established, the District shall select the dates and amounts by which such sinking fund installments are to be reduced.

Notice of Call for Redemption

Notice of call for any redemption of 2017 Bonds, identifying the 2017 Bonds or portions thereof to be redeemed, the date fixed for redemption and the places where the amounts due upon that redemption are payable, will be given by the Bond Fund Trustee on behalf of the District by mailing a copy of the redemption notice at least 30 days prior to the date fixed for redemption to the person in whose name the 2017 Bonds to be redeemed are registered on the registration books maintained by the Bond Fund Trustee ("Register") at the close of business on the fifteenth day preceding such mailing, at the address then appearing on the Register, provided that failure to receive notice by mail, or any defect in that notice as to any 2017 Bond, will not affect the validity of the proceedings for the redemption of any other 2017 Bond. So long as any 2017 Bond to be redeemed remains in book-entry form, the Bond Fund Trustee shall send such notice to DTC, or its nominee. See "BOOK-ENTRY SYSTEM."

Any failure of DTC to notify any DTC Participant, or of any DTC Participant to notify the Beneficial Owner, of any such notice will not affect the validity of the redemption of any 2017 Bond. If less than all of the 2017 Bonds are to be redeemed, the selection of the 2017 Bonds of a single maturity to be redeemed, or portions thereof in amounts of $5,000 or any integral multiple thereof, will, so long as the 2017 Bonds remain in book-entry form, be made by DTC, or any successor depository, and the DTC Participants through a lottery process. Otherwise, such selection will be made at random by the Bond Fund Trustee in such manner as the Bond Fund Trustee in its discretion may deem fair and appropriate.

SECURITY FOR THE 2017 BONDS

Pledge and Rate Covenant

The Bonds, including the 2017 Bonds, will be payable from and secured by a pledge of and lien upon the Revenues of the Electric System and other moneys pledged in Resolution No. 1788 to the payment thereof subject to a prior charge on the Revenues of the Electric System for the payment of operating and maintenance expenses of the Electric System. For additional information, see "SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION NO. 1788—Revenue Fund."

The District has covenanted that it will fix, establish and collect or cause to be fixed, established and collected adequate rates, tolls, rents and other charges for electric energy, and all other commodities, services and facilities sold, furnished or supplied through the properties of the Electric System or any part thereof, which rates, tolls, rents and charges shall be fair, reasonable and adequate to provide Revenues of the Electric System sufficient to pay the principal of and interest on all Bonds and the operations and maintenance expenses of the Electric System and to pay any other indebtedness payable from the revenues, income, receipts and profits of the Electric System.

The 2017 Bonds shall not be obligations of the State of Nebraska or of any of its political subdivisions, other than the District, nor shall said State or any of its political subdivisions, other than the District, be liable for the payment of the principal of and interest on the 2017 Bonds. The District has no taxing power.

Reserve Account

The Reserve Account Requirement under Resolution No. 1788 is an amount equal to the maximum amount required to be paid into the Interest Account from the Revenues of the Electric System in the current or any future calendar year to provide for the payment of the interest on the outstanding Electric System Revenue Bonds. The Reserve Account may be funded in whole or in part through cash or Reserve Account Cash Equivalents, which include, but are not limited to, sureties. The Reserve Account is currently fully funded with cash. The Reserve Account Requirement on all Outstanding Bonds after the 2017 Bonds have been issued will be $65,524,953.35.

Additional Bonds

Additional Bonds may be issued for any valid corporate purpose of the District including the refunding or purchase of Bonds, upon compliance with certain provisions as set forth in more detail under the caption "SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION NO. 1788—Additional Bonds." Prior to the issuance of any Additional Bonds (including the 2017 Bonds), other than certain refunding Bonds, an Authorized District Officer is required to file with the Bond Fund Trustee a certificate stating that the projected Net Receipts of the District in each calendar year following the issuance of the Additional Bonds then proposed to be issued shall be at least equal to 1.40 times the debt service requirement in such year for (a) all Bonds to be outstanding after the issuance of such Bonds and (b) any Additional Bonds which, in the opinion of the Authorized District Officer, will be required to complete payment of the costs of construction of any power generating station for which any Bonds have theretofore been issued or are then being issued. In making the projection of Net Receipts for each succeeding calendar year, the Authorized District Officer is required to use as a basis the Net Receipts of the District for the last calendar year for which an audit by independent accountants has been prepared and filed with the Bond Fund Trustee and may make adjustments thereto, including, but not limited to, giving effect to approved rate increases.

SUMMARY OF OTHER DISTRICT DEBT

Subordinate Obligations

The District may also issue notes and other obligations, provided that the lien thereof on the Revenues of the Electric System is subordinate to the lien of the Bonds on said Revenues. The Subordinated Bonds, CP Notes, Credit Agreement and Minibonds (as such terms are defined below) all have liens on the Revenues of the Electric System which are subordinate to the lien of the Bonds.

The District has also issued Electric System Subordinated Revenue Bonds from time to time in multiple series ("Subordinated Bonds"). These Subordinated Bonds provided financing for valid corporate purposes of the District including paying for costs of its capital additions program and paying the expenses incurred in connection with the issuance of the Subordinated Bonds. As of November 1, 2017, the principal amount of Subordinated Bonds outstanding was $337,120,000. With respect to certain of such Subordinated Bonds, a representative of a deceased bondholder of certain of the series of Subordinated Bonds may tender to the District for redemption up to $25,000 principal amount of Subordinated Bonds of that series owned by the deceased bondholder; currently, the aggregate principal amount of Subordinated Bonds that may be tendered for redemption in this manner is limited to $750,000 annually.

The District has a Commercial Paper Program ("CP Program"), which is comprised of subordinate notes of the District ("CP Notes") with maturities ranging from one to 270 days. The current authorized amount of the CP Notes is $150,000,000, all of which is outstanding as of the date hereof. The District's Board of Directors may, from time to time, authorize additional increases or decreases in the size of the CP Program. In addition, the District has entered into a Credit Agreement with Bank of America, N.A. ("Credit Agreement"), pursuant to which the District is entitled to draw up to $250,000,000 from time to time. The District has covenanted to retain drawing capacity under the Credit Agreement at least equal to the issued and outstanding amount of CP Notes. The Credit Agreement expires on October 1, 2018.

The District has issued small denomination debt ("Minibonds") from time to time in multiple series. The Minibonds outstanding are in current interest bearing and capital appreciation forms. As of November 1, 2017, the remaining Minibonds outstanding were in the aggregate principal amount of $22,930,600 (not including accreted interest). The outstanding Minibonds mature on October 1, 2021. Holders of the Minibonds may put back to the District for redemption on October 1 of each year an aggregate principal amount up to $1,000,000.

Other Debt Obligations of the District

Resolution No. 1788 permits the issuance of bonds to acquire or construct facilities for the generation, transmission or distribution of electric power and energy which shall be owned and operated as a Separate Electric System. Such bonds shall then be payable solely from the revenues or other income derived from the ownership or operation of such Separate Electric System. The District has designated 50% of the power output of Nebraska City Station Unit No. 2 ("NC2") as a Separate Electric System ("Separate System") and has issued Separate Electric System Revenue Bonds ("Separate System Bonds") to finance a portion of the costs of the Separate System. The power output associated with the Separate System is the subject of Participation Power Agreements ("PPAs") between the District and seven participating utilities. NC2 began commercial operation in May 2009. The PPAs require each of the participating utilities to pay its share of all costs of constructing, financing and operating the Separate System regardless of whether the Separate System is in operation. The Separate System Bonds are secured and payable solely from payments made under the PPAs and certain related security and such PPA payments and related security are not available to pay and do not secure the Bonds, including the 2017 Bonds. The principal amount of Separate System Bonds outstanding, as of November 1, 2017, is $215,215,000.

The District and other electric utilities are subject to numerous federal and state statutory and regulatory mandates. The Nebraska Legislature has enacted the Public Entities Mandated Project Charges Act, which authorizes public entities in the State of Nebraska to finance mandated projects related to electrical power generation, transmission or distribution, through the use of bonds secured exclusively by revenues from a separate customer charge. The District is evaluating the possibility of issuing bonds authorized by the Public Entities Mandated Project Charges Act. If issued by the District, such mandated project bonds would be secured solely by a separate customer charge, and such charge would not be available to pay and would not secure any other debt of the District, including the 2017 Bonds.

THE DISTRICT

Nature of the District

The District was created in August 1945 under the authority of the Enabling Act as a public corporation and political subdivision of the State of Nebraska. The laws of the State provide that the District, either alone or jointly with other entities lawfully empowered to do so, may acquire, by purchase, lease or otherwise, and may operate, improve and extend electric properties and facilities and otherwise carry on the business of generating, transmitting, and distributing electric power and energy within or beyond the boundaries of the District, and may also do such other things as are necessary for carrying on a fully integrated electric power business.

The District provides electric service in the City of Omaha, Nebraska, and adjacent territory comprising all of Douglas, Sarpy and Washington counties. It also serves a portion of Cass, Saunders, Dodge, Otoe, Nemaha, Johnson, Pawnee, Richardson, Burt and Colfax counties. The area also includes the community of Carter Lake, Iowa, which is served directly from the District's Omaha distribution system. The service area is approximately 5,000 square miles with an estimated population of 820,000[1] as of December 31, 2016. Omaha, with an estimated population of 446,970[2], from a 2016 Census Population Estimate, is the largest city in the State. The District serves 47 cities and villages at retail and five municipalities at wholesale.

For the twelve months ended December 31, 2016, the average number of customers served by the District included 323,784 residential, 45,537 commercial, 164 industrial and 15 customers located outside of the District's service area (i.e., off-system customers). For the twelve months ended December 31, 2016, the District's retail revenue (i.e., excluding wholesale and off-system customers) was derived 44% from sales to residential customers, 34% from sales to commercial customers and 22% from sales to industrial customers. The District's top ten customers represented 14% of 2016 retail revenues.

Powers of the District

The District is specifically authorized by the Enabling Act to borrow money and incur indebtedness for any corporate use or purpose, provided the moneys so borrowed shall be payable solely from the revenues, income, receipts and profits derived by the District from its ownership, operation and management of electric generating stations and systems, or from proceeds of sales of property. The District is specifically authorized to pledge all or any part of the revenues which the District may derive from the sale of electric energy as security for the payment of the principal and interest of its obligations.

Pursuant to the aforesaid authority, the resolution of the District authorizing any obligation may specify the particular revenues that are pledged, the terms and conditions to be performed by the District and the rights of the holders of such obligations. Refunding of outstanding obligations is also specifically authorized, as is the provision that all or part of the revenues may be paid into a special fund to be collected, held or disposed of, as provided in the resolution, and the resolution may provide for special depositaries for such funds. The District is prohibited by the Enabling Act from mortgaging its physical properties, except to secure loans from certain specified federal agencies. There is no mortgage on any of the physical properties of the District.

---

[1]Source: OPPD, estimated using District retail customer count and Global Insight Persons per Household rate.
[2]Source: US Census, Population Division, Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2016.

The District has no power of taxation, and no governmental authority has the power to levy or collect taxes to pay, in whole or in part, any indebtedness or obligation of or incurred by the District or upon which the District may be liable.

Government of the District

All corporate powers of the District are vested in a Board of Directors consisting of eight members. Each of the eight electoral subdivisions is required to be composed of substantially equal population and to be a compact and contiguous territory.

The present membership and officers of the Board of Directors[1] are:

	Number of Years Completed on Board	**Term Expires in January**	**Occupation or Profession**
Tim W. Gay – *Chair of the Board*	5	2021	Governmental Advisor
Thomas S. Barrett – *Vice Chair of the Board*	5	2019	Attorney at Law
Michael A. Mines – *Treasurer*	5	2019	Governmental Advisor, Small Business Owner
Michael J. Cavanaugh – *Secretary*	22	2019	Police Lieutenant, City of Omaha (Retired), Real Estate Investor-Manager
Anne L. McGuire	20	2021	Nurse Educator (Retired)
Craig Moody	1	2023	Business Owner
Mark E. Treinen	New	2019	Business Executive (Retired)
Richard M. Yoder	1	2023	Consultant

President and Vice Presidents

The management of the District is under the direction of its President and Chief Executive Officer ("CEO"). The District is organized under separate operating divisions that are assigned to the CEO or a Vice President. The District's CEO and Vice Presidents are as follows:

TIMOTHY J. BURKE, President and CEO. Mr. Burke began his career at OPPD in April 1997. He started at OPPD as Vice President of Energy Services, eventually becoming Vice President of Customer Service and Public Affairs. In that position, he oversaw Customer Service Operations, Customer Sales and Service, Customer Strategy, Economic Development, Corporate Safety and Technical Training, Corporate Marketing and Communications, Operations Analysis, Governmental Affairs, and Environmental and Regulatory Affairs. On May 10, 2015, he became President and CEO. Mr. Burke holds a Bachelor of Arts degree from Buena Vista University and a master's degree in Public Administration from Drake University. Mr. Burke attended the Massachusetts Institute of Technology Department of Nuclear Engineering and the Academy for Nuclear Training's Reactor Technology Program for Utility Executives.

[1]Richard Hurley, Board Treasurer, died on September 8, 2017, serving only two years of his term on the Board of Directors. The Governor of the State of Nebraska appointed Mark Treinen as his replacement effective November 13, 2017. Michael Mines was appointed to the position of Treasurer.

L. JAVIER FERNANDEZ, Vice President, Financial Services and Chief Financial Officer. Mr. Fernandez joined OPPD in June 2017 as Vice President of Financial Services and Chief Financial Officer. Mr. Fernandez came to OPPD from the Bonneville Power Administration, U.S. Department of Energy, in Portland, Oregon. He had been with the federal power marketing organization since 2012, most recently serving as Executive Vice President and Chief Financial Officer. Mr. Fernandez holds a bachelor's degree in Economics from Instituto Tecnológico Autónomo de México in Mexico City, a master's degree in Business Administration from Yale University, a Utility Management Certificate from Willamette University, and a Utility Executive Certificate from the University of Idaho.

KATHLEEN W. BROWN, Vice President, Business Technology and Building Services. Ms. Brown joined OPPD in January 2016 as Vice President of Business Technology and Building Services. Ms. Brown has over 20 years of prior business technology experience in the retail and manufacturing industries including Best Buy, Oriental Trading Company and most recently at Warren Distribution where she was Vice President of Human Capital and Business Systems. Ms. Brown earned masters' degrees in Management Information Systems and Business Administration with an emphasis in Human Capital Management from Bellevue University. She holds a Bachelor of Arts degree from the University of Wisconsin, Madison.

JULI A. COMSTOCK, Vice President, Customer Service. Ms. Comstock joined OPPD in 1988 as an Accountant in Financial Accounting and Reporting. Prior to becoming Vice President of Customer Service, Ms. Comstock served as Division Manager of Customer Service Operations. In that role, she oversaw OPPD's activities in meter reading, billing, payment, customer service, payment processing, and field collection activities, as well as the technology that supports those activities. In her current role as Vice President, Ms. Comstock oversees Customer Service Operations, Customer Sales and Service, and demand-side management and energy efficiency programs. Ms. Comstock holds a Master of Science degree in Leadership from Bellevue University and a bachelor's degree in Business Administration with a major in Accounting from the University of Nebraska-Lincoln.

MOHAMAD I. DOGHMAN, Vice President, Energy Delivery and Chief Compliance Officer. Mr. Doghman joined OPPD in 1989 as a Senior Engineer in the Engineering Division. Since then, he has served in many engineering, operation, and management positions including Principal Engineer, Manager of Substation Operations, Manager of System Protection, Division Manager of Engineering, and currently serves as Vice President of Energy Delivery, overseeing planning, engineering, construction, operation, and maintenance of the power grid. Mr. Doghman holds a Bachelor of Science degree in Electrical Engineering from the University of Nebraska-Lincoln, a master's degree in Electrical Engineering from the University of Missouri at Columbia, and an Executive Master's degree in Business Administration from the University of Nebraska-Omaha. Mr. Doghman attended the Massachusetts Institute of Technology Department of Nuclear Engineering and the Academy for Nuclear Training's Reactor Technology Program for Utility Executives.

MARY J. FISHER, Vice President, Energy Production and Nuclear Decommissioning, effective December 1, 2017. Ms. Fisher joined OPPD in 2015 as division manager – Corporate Planning & Analysis in the Financial Services Business Unit. She led integrated resource planning, as well as load and financial forecasting functions, and later transitioned to the role of Senior Director Fort Calhoun Station Decommissioning after the board decision to cease operations at Fort Calhoun Station. Before joining OPPD, Ms. Fisher's career included 20 years of experience with Xcel Energy, where she performed a broad range of vice president, director and manager roles. Ms. Fisher will be assuming the energy production responsibilities from Mr. Jon Hansen, after his retirement on January 1, 2018. Ms. Fisher holds a bachelor's degree in Metallurgical Engineering from the Colorado School of Mines.

JON T. HANSEN, Vice President, Energy Production and Marketing. Mr. Hansen began his OPPD career in 1983 as an Engineer in the Production Operations Division. He has served in various engineering and leadership positions in the area of power generation. Mr. Hansen was promoted to Vice President of Energy Production and Marketing in March 2010 and oversees the Production Operations, Production Engineering and Fuels, and Energy Marketing and Trading divisions. In 2015, Mr. Hansen assumed responsibility for Nuclear Oversight in addition to his other duties. Mr. Hansen holds a bachelor's degree in Mechanical Engineering and an Executive Master's degree in Business Administration from the University of Nebraska-Omaha. Mr. Hansen attended the Massachusetts Institute of Technology Department of Nuclear Engineering and the Academy for Nuclear Training's Reactor Technology Program for Utility Executives. On August 2, 2017, Mr. Hansen announced that he will be retiring as of January 1, 2018 after serving the District for 35 years.

LISA A. OLSON, Vice President, Public Affairs. Ms. Olson joined OPPD in April 2011 as Division Manager of Corporate Marketing and Communications. In June 2015, Ms. Olson was named Vice President of Public Affairs. Ms. Olson is responsible for overseeing OPPD's corporate brand, as well as corporate communications, social media, customer marketing and education, market research, data segmentation, economic development, legislative and regulatory affairs and environmental affairs. Prior to joining OPPD, Ms. Olson was in leadership positions at Infogroup and First Data, and served as Public Information Officer for Nebraska's Department of Economic Development. Ms. Olson has a bachelor's degree in Journalism from the University of Nebraska-Lincoln.

MARTHA A. SEDKY, Vice President, Human Capital. Ms. Sedky was promoted to Vice President of Human Capital in December of 2016, after serving OPPD for five years as Division Manager of Human Resources. Ms. Sedky oversees OPPD's Human Capital functions, including Labor and Compliance, Compensation and Benefits, Talent Management, Business Partnering, HC Administration Services, Workforce Development, and Nuclear HC. Ms. Sedky joined OPPD with more than 25 years of experience in the Human Resources field, including several leadership positions. She held progressively responsible positions with Parker Hannifin Corporation, Evenflo Company, and Kansas City Power & Light. Ms. Sedky holds a master's degree in Educational Leadership from Western Michigan University and a bachelor's degree in Business Administration from Nazareth College, both located in Kalamazoo, Michigan.

Employees and Human Resources

The District employed 1,841 employees in its 13 county service area as of September 30, 2017. The District's clerical, professional, craft and administrative employees are represented by two local unions of the International Brotherhood of Electrical Workers ("IBEW") and one local union from the International Association of Machinists and Aerospace Workers ("IAM & AW"). Under Nebraska law, unions and their members are not permitted to strike or otherwise hinder, delay, limit or suspend the continuity or efficiency of any public utility service. The District has a long-standing cooperative working relationship with the three labor unions representing their respective bargaining units. In 2017, the District executed five-year agreements with IBEW Local 1483, IBEW Local 763 and IAM & AW Local 31, which expire May 31, 2022.

Defined Benefit Retirement Plan

The District provides a defined benefit retirement plan for its employees financed by the District and employee contributions. Employees hired prior to January 1, 2013 (prior to June 1, 2013, for Local 763 members), were eligible to elect either a traditional monthly benefit or a cash balance benefit from the retirement plan. Those hired on or after January 1, 2013 (on or after June 1, 2013, for Local 763 members), are eligible for a cash balance benefit only. To ensure funds will be available to pay future benefits, an actuarial report is completed each year to project retirement plan assets and the liability for future benefits. According to the January 1, 2017 preliminary valuation review, the plan's funded status was 69.0% based on the ratio of the actuarial value of assets of the plan to the actuarial accrued liability of the plan. The District funded the annual required contribution ("ARC") of $50.7 million for the year ending December 31, 2016. The market value of the plan investments was $905.2 million and $870.0 million as of December 31, 2016 and December 31, 2015, respectively.

Other Postemployment Benefits ("OPEB")

The District has two separate plans for post-employment health care benefits. OPEB Plan A provides post-employment health care benefits for all qualified members. OPEB Plan B provides post-employment health care premium coverage for the District's share of the premiums for employees hired on or after December 31, 2007. OPEB Plan A also provides post-employment life insurance benefits to qualifying employees.

To ensure funds will be available to pay future benefits, an actuarial report is completed each year to project the OPEB plans' assets and the liabilities for future benefits. According to the January 1, 2017 preliminary valuation review, OPEB Plan A's funded status was 33.5% based on the ratio of the actuarial value of assets of the plan to the actuarial accrued liability of the plan. The District funded the OPEB Plan A ARC of $21.8 million for the year ending December 31, 2016. The market value of the plan investments was $134.1 million and $123.0 million as of December 31, 2016 and December 31, 2015, respectively. According to the January 1, 2017 preliminary valuation review, OPEB Plan B's funded status was 173.5% based on the ratio of the actuarial value of assets of the plan to the actuarial accrued liability of the plan. The District funded the OPEB Plan B ARC of $29,200 for the year ending December 31, 2016. The market value of the plan investments was $3.7 million and $3.6 million as of December 31, 2016 and December 31, 2015, respectively.

Defined Contribution Plans

OPPD sponsors two Defined Contribution Retirement Savings Plans, a 401(k) ("401(k) Plan") and a 457 ("457 Plan"). Both the 401(k) Plan and 457 Plan are open to all full-time employees and allow contributions by employees that are partially matched by OPPD. The 401(k) Plan's and 457 Plan's assets and income are held in an external trust account in the employee's name. The matching share of contributions was $5,989,000 and $6,210,000 for the years ended December 31, 2016 and 2015, respectively. The employer maximum annual match on employee contributions was $3,500 per employee for the years ended December 31, 2016 and 2015. Beginning in 2018, the employer maximum annual match will increase from $3,500 to $4,000 per employee.

Funds of the District

All of the District's funds are under the control of the Board of Directors, subject to the requirements of the authorizing debt resolutions of the District and State statutes. Each Director is a public officer, with an oath filed with the Secretary of State. The Treasurer has control of the District's funds and is required to maintain a surety bond, in an amount as required by statute, which is filed with the Secretary of State. The District is required by law to have its accounts audited annually by independent, certified public accountants, in accordance with generally accepted government auditing standards, and to file a copy of such audit with the Auditor of Public Accounts of the State and the Nebraska Power Review Board ("NPRB"). The District follows, on a voluntary basis, insofar as possible for a governmental subdivision, the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission ("FERC").

The balance sheets of the District as of December 31, 2016 and 2015 and the related statements of revenues, expenses and changes in net position and of cash flows are set forth in Appendix A.

Taxes Applicable to the District

In the opinion of Fraser Stryker PC LLO, General Counsel to the District ("General Counsel"), the District is not liable for federal or State income or ad valorem taxes. However, as required by State law, the District makes payments in lieu of taxes annually to the County Treasurer of each county in which it sells electricity at retail equal to 5.0% of its gross revenues derived from sales within the incorporated cities and villages in such county.

The District is subject to State Sales and Use Tax on certain labor charges and nearly all material purchases. Under current State law, purchases of coal, oil, gas, nuclear fuel and water, when used for generating purposes, are exempt from State Sales and Use Tax. The State Sales and Use Tax rate is 5.5%. Various municipalities within the District's service area have also imposed a local sales and use tax.

Nebraska Power Review Board

In 1963, the Nebraska Legislature passed Chapter 70, Article 10, Reissue Revised Statutes of 1943 of Nebraska, as amended, establishing the NPRB. The NPRB consists of five members appointed by the Governor subject to approval by the Legislature. The statute declares that it is the policy of the State to avoid and eliminate conflict and competition between retail suppliers of electricity and to facilitate the settlement of rate disputes between suppliers of electricity at wholesale. Subject to approval of the NPRB, retail suppliers of electricity in adjoining areas are authorized to enter into written agreements with each other specifying either the service area or customers which each shall serve. Where agreements cannot be reached, the NPRB will determine the matter after a hearing. With NPRB approval, the District has entered into service area agreements with all other suppliers whose territories adjoin that of the District. The construction of any transmission lines or related facilities outside the District's service territory generally carrying more than 700 volts or the construction of most electric generation facilities is subject to the approval of the NPRB. Since the establishment of the NPRB, the District has received NPRB approval for the construction of all facilities requiring such approval.

Certain Rights of Municipalities Served by the District

Nebraska law contains provisions pertaining to the acquisition by a city or village ("Municipality") through negotiation or condemnation of a public power district's electric distribution system, or any part or parts thereof, situated within or partly within such Municipality. To date, no Municipality has exercised such rights with respect to the District.

THE AREA SERVED

The District provides electric service to retail and wholesale electric consumers in the City of Omaha and within a 5,000 square mile area (including all or parts of 13 counties) paralleling the eastern border of the State along the Missouri River. The area includes the community of Carter Lake, Iowa (population: 3,784[1]), which is served directly from the District's Omaha distribution system. The District operates a fully integrated generation, transmission and distribution system having strong interconnections with all of its neighboring utilities.

---

[1]Source: US Census, population estimate as of July 1, 2016.

The District and Omaha are located in the central part of the continental United States. As such, the Omaha metropolitan area is a principal rail center, a key terminal on the Missouri River, a major Midwest air center and is served by two interstate highway systems, I-80 and I-29. Omaha is a major health care, food processing, transportation, marketing, insurance, and industrial center in the Midwest. In 2016, the District's retail revenues from energy sales within the City of Omaha were 79% of total retail revenues from all incorporated cities served. The following table summarizes several key economic statistics from 2012 to 2016.

			Total Building Permits[1]		
Year	**Estimated Population District Service Area**[2]	**Net Taxable Sales City of Omaha (millions)**[3]	**Douglas County**	**Omaha Combined Statistical Area (CSA)**[4]	**Omaha-Council Bluffs Median Household Income**[5]
2016	820,000	$8,984	1,638	3,044	$52,672
2015	810,000	$8,763	1,673	3,059	$58,249
2014	799,000	$8,758	1,481	2,502	$57,357
2013	789,000	$8,543	1,694	2,877	$56,953
2012	784,000	$8,046	1,388	2,339	$56,727

The greater Omaha area is home to the headquarters of four Fortune 500 companies: Berkshire Hathaway Inc., Union Pacific Railroad, Kiewit Corporation, and Mutual of Omaha. In addition, a number of companies from various industry sectors are also headquartered in the Omaha area, including Werner Enterprises, Inc., TD Ameritrade, HDR, Inc., Infogroup Inc., Omaha Steaks International, Inc., and Valmont Industries, Inc.

[1]Source: Provided by the Greater Omaha Chamber, includes all single family, multi family, and non-residential (new construction) permits. It does not include non-residential-tenant improvements.
[2]Source: OPPD, estimated using District retail customer count and Global Insight Persons per Household rate.
[3]Source: Provided by the Greater Omaha Chamber, Non-motor vehicle sales tax, Nebraska Department of Revenue.
[4]The Omaha CSA includes data gathered from the cities of: Omaha, Council Bluffs (IA), Bellevue, Blair, Fremont, Gretna, LaVista, Louisville, Plattsmouth, Papillion, Springfield, and Wahoo. It also includes the following counties: Cass, Dodge, Douglas, Harrison (IA), Pottawattamie (IA), Sarpy, and Washington.
[5]Source: Provided by the Greater Omaha Chamber, 2011-2015 American Community Survey (ACS) 5 Year Estimates for the Omaha Metropolitan Statistical Area (MSA) and the 2016 ACS 1 Year Estimate for the Omaha MSA, US Census Bureau.

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

Year	**City of Omaha Employment**[1]	**City of Omaha Unemployment Rate**[2]	**Nebraska Unemployment Rate**[3]	**United States Unemployment Rate**[4]
2016	221,213	3.3%	3.2%	4.9%
2015	220,479	3.2%	3.0%	5.3%
2014	223,992	3.5%	3.3%	6.2%
2013	218,955	4.1%	3.8%	7.4%
2012	217,177	4.4%	4.0%	8.1%

CAPITAL AND NUCLEAR FUEL EXPENDITURES

The District continually analyzes Electric System requirements and makes long-range recommendations and estimates of capital expenditures necessary to serve the growing loads with a reliable and economic power supply. The following table lists the District's actual capital expenditures and nuclear fuel expenditures, including Allowance for Funds used During Construction, for the years 2016 and 2015. The District financed its Capital and Nuclear Fuel Programs with revenues from operations, investment income, financing proceeds and cash on hand. For additional information regarding future generating facilities, see "THE ELECTRIC SYSTEM—Future Generating Facilities."

	2016	**2015**
	(millions)	
CAPITAL PROGRAM:		
Total Transmission and Distribution Plant	$82.1	$80.9
Total General Plant	11.8	12.5
Total Production Plant	$48.7[5]	$115.4
Total Capital Program	$142.6	$208.8
NUCLEAR FUEL PROGRAM:		
Total Nuclear Fuel Program[6]	$17.4	$17.6

[1]Source: Nebraska Department of Labor, Labor Force-Employment for the City of Omaha (not seasonally adjusted).
[2]Source: Nebraska Department of Labor, Labor Force-Unemployment for the City of Omaha (not seasonally adjusted).
[3]Source: Nebraska Department of Labor, Labor Force-Unemployment for the State of Nebraska (not seasonally adjusted).
[4]Source: Bureau of Labor Statistics, Labor Force-Unemployment for the United States (not seasonally adjusted).
[5]The $60 million variation in Total Plant Production between 2015 and 2016 can be attributed to additional construction at Nebraska City Station, North Omaha Station, and Fort Calhoun Station.
[6]Nuclear fuel expenditures will be zero in 2017 as a result of the Fort Calhoun Station decommissioning.

ELECTRIC RATES AND RATE REGULATION

The District's Board of Directors has the sole authority to establish and adjust electric service rates. It is the opinion of General Counsel to the District that District rates for electric service are not subject to regulation by any federal or State regulatory body under existing laws, except, (i) in the event of a dispute between retail electric suppliers concerning rates for service between such suppliers, the NPRB is given jurisdiction to hold hearings and make recommendations which shall be advisory only (see "THE DISTRICT—Nebraska Power Review Board") and (ii) FERC has jurisdiction to resolve disputes regarding rates for wholesale transmission services.

Under the Enabling Act, the District's Board of Directors has the power to and is:

> ". . . required to fix, establish and collect adequate rates, tolls, rents and other charges, for electrical energy . . . and for any and all other commodities, including ethanol, services, or facilities sold, furnished, or supplied by the district, which rates, tolls, rents and charges shall be fair, reasonable, nondiscriminatory and so adjusted as in a fair and equitable manner to confer upon and distribute among the users and consumers of commodities and services furnished or sold by the district the benefits of a successful and profitable operation and conduct of the business of the district."

Residential customers of the District paid an average of 11.47 and 11.07 cents per kilowatt-hour ("kWh") during the twelve months ended December 31, 2016 and 2015, respectively. These rates compare with the national residential average of 12.55 and 12.65 for 2016 and 2015 as reported by the Energy Information Administration ("EIA"). The District's average annual use per residential customer was 11,135 kWh and 10,806 kWh for the twelve months ended December 31, 2016 and 2015, respectively.

The District serves customers within three major rate classes: Residential, Commercial, and Industrial. The information presented in the following table represents varying usage levels, monthly electric service bills and the average charge per kWh for each of these classes under approved basic rate schedules including a Fuel and Purchased Power Adjustment ("FPPA") and exclusive of sales tax:

	Billing Demand (kilowatt "kW")	Monthly Consumption (kWh)	Rate	Winter Monthly Electric Service Bill	Winter Average Charge Per kWh (cents)	Summer Monthly Electric Service Bill	Summer Average Charge Per kWh (cents)
Residential							
		250	110	$43.08	17.23	$45.14[1]	18.06
		500	110	64.83	12.97	74.44	14.89
		750	110	86.58	11.54	101.66	13.55
		1,000	110	108.33	10.83	128.89	12.89
		2,500	110	201.16	8.05	292.22	11.69
Commercial							
	12		230	157.53	10.50	174.13	11.61
	30		230	472.34	7.87	603.84	10.06
	50		231	1,071.23	8.57	1,231.23	9.85
	100		231	2,435.56	8.12	2,819.56	9.40
	500		231	14,052.86	7.03	16,597.86	8.30
Industrial							
	1,000		232	26,881.31	6.72	32,611.31	8.15
	2,000		232	59,285.31	6.24	72,905.31	7.67
	5,000		240	172,140.28	6.89	172,140.28	6.89

General Rate Adjustment. There was no general rate increase in 2017. The District implemented general rate adjustments of 4.0%, and 1.6% in January 2016 and 2015, respectively.

Rate Restructuring. In December 2015, the Board of Directors approved a residential and small commercial rate restructuring. Beginning on June 1, 2016 and continuing on January 1 of each year until 2019, the fixed monthly service charge will be increased for each of the relevant rate classes. For residential customers, the service charge will increase over that period from a monthly amount of $15.00 up to $30.00 while the small commercial class will increase from $18.00 up to $33.00. The 2019 fixed monthly service charge amounts are intended to reflect all customer and distribution costs based on a cost of service basis. A corresponding reduction in the energy charge will make each phase of the restructuring revenue neutral to the District. For customers in these rate classes the restructure will serve to help stabilize revenues in a period of low to flat sales growth, will more equitably assign costs, and will provide an improved pricing foundation to adapt to evolving changes in usage patterns and effects of new technologies. In order to assist low-usage/low-income customers' transition to the new rate structure, the District is offering the Low Usage/Low-Income ("LULI") Credit Program. LULI is available when a customer is Low-Income Home Energy Assistance Program ("LIHEAP") qualified and their monthly usage is below 600kWh. LIHEAP is a federally funded program administered by each state designed to help people with limited incomes offset the cost of heating and cooling their homes. The LULI monthly credit began at $2.50 on June 1, 2016 and increases over time to a level of $7.50 on January 1, 2018 and decrease to $5.00 on January 1, 2019. The LULI program expires on May 31, 2020.

Fuel and Purchased Power Adjustment. The District has a FPPA charge that is automatically adjusted annually effective January 1 of each year. This charge reflects forecasted changes in the cost of fuel and purchased power from those included in the general base rates. Effective January 1, 2014, the

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

Board approved Resolution No. 5981 which revised the FPPA formula to include consumable materials costs. There was no change to the FPPA in 2017. The FPPA remained at $0.159 per kWh. The FPPA rate is designed to recover the actual fuel and purchased power costs associated with serving retail customers. It is set in advance of the calendar year based on expected fuel and purchased power costs. The FPPA rate also includes the under (or over) recovered balance from prior years so that ultimately customers are ensured of paying the actual cost of fuel and purchased power.

[Remainder of Page Intentionally Left Blank]

THE ELECTRIC SYSTEM

Summary of Generating Facilities

The District's power requirements are provided from its generating facilities, leased generation and purchases of power. The District's all-time peak load is 2,468,300 kW, set on August 1, 2011. The following table reflects the District's generation facilities displayed by energy source.

	Initial Date in Service	Capability[2] (kW)	% of Total	Net Production[1] Amount (MWh)	Net Production[1] % of Total	Availability Factor[1]
Coal:						
Nebraska City Station Unit 1	1979	655,900	24.0	4,025,318.1	24.1	81.1
Nebraska City Station Unit 2[3, 5]	2009	664,200	24.3	5,060,879.9	30.2	98.5
North Omaha Station[4]	multiple	264,600	9.7	2,029,760.4	12.1	73.4
Subtotal Coal		1,584,700	58.0	11,115,958.4	66.4	
Nuclear:						
Fort Calhoun Station[9]	1973	0	0.0	3,423,068.8	20.5	87.0
Oil/Natural Gas:						
Cass County Station	2003	322,800	11.8	28,253.0	0.2	88.7
Jones Street Station	1973	122,600	4.5	(123.2)	0.0	95.3
North Omaha Station[4,8]	multiple	292,800	10.7	19,630.8	0.1	73.4
Sarpy County Station[6]	multiple	316,500	11.6	52,766.6	0.3	95.0
Subtotal Oil/Natural Gas		1,054,700	38.6	100,527.2	0.6	
Other:						
Elk City Station (Methane Gas)		6,280	0.2	49,199.0	0.3	
Total Owned Accredited Generation		2,645,680	96.8	14,688,753.4	87.8	
Purchased/Leased Generation:						
City of Tecumseh, Nebraska (Oil)		6,500	0.2	332.5		
Western Area Power Administration (Hydro)		82,000	3.0	380,010.0		
Accredited Wind Generation[7]		60	0.0	0.0		
Subtotal Purchased/Leased Generation		88,560	3.2	380,342.5	2.3	
Total Accredited Generation		2,734,240	100.0	15,069,095.9		
Wind[7]						
Valley (District-owned)[10]		0		770.8		
Ainsworth		10,000		29,735.3		
Broken Bow I		18,000		70,262.0		
Crofton Bluffs		13,650		57,222.9		
Elkhorn Ridge		25,000		81,251.2		
Flat Water		60,000		216,682.8		
Petersburg		40,500		162,134.2		
Broken Bow II		43,900		199,825.0		
Prairie Breeze		200,600		841,240.9		
Grande Prairie[11]		400,000		0.0		
Total Non-accredited Generation		811,650		1,659,125.1	9.9	
Total Generation Produced				16,728,221.0	100.00	

[1]Actual net production and availability factor as of December 31, 2016.
[2]Maximum 2017 summer accredited net capability.
[3]50% of the output is sold to seven participating utilities through long-term Participation Power Agreements.
[4]Station consists of five units placed in service in 1954, 1957, 1959, 1963, and 1968. North Omaha Units 1, 2, and 3 have been converted to natural gas fired peaking units.
[5]Nebraska City Station Unit 2 capacity derated approximately 27,000 kW after turbine failure and rotor modification. The turbine rotor was replaced in April 2017 and the accredited capability should increase in 2018.
[6]Station consists of five units placed in service in 1972, 1996 and 2000.
[7]Nameplate capacity. Wind accredited summer 2017 capability is 60.2 MW.
[8]North Omaha Station additional summer capability using natural gas supplied on a firm basis.
[9]Fort Calhoun Station ceased operations in October 2016.
[10]The Valley wind turbine is inoperable and was decommissioned in August 2017.
[11]Grande Prairie wind farm began commercial operation on December 1, 2016 but the District did not start purchasing generation until July 1, 2017.

Generating Facilities – Nebraska City Station

Nebraska City Station ("NCS"), located approximately five miles southeast of Nebraska City, Nebraska, consists of two steam generator units, NCS Unit No. 1 ("NC1"), and NCS Unit No. 2 ("NC2"), equipped for coal firing.

Recent Developments. NC1 completed a scheduled five-week maintenance and inspection outage in March 2016. Major projects completed during this outage were replacement of the upper economizer tubing and header, replacement of the cold reheater inlet header, partial replacement of condenser tubing, and isophase duct repairs. The District recently completed retrofitting NC1 with dry sorbent injection and activated carbon injection emissions control systems. These retrofits are in compliance with the Mercury and Air Toxics Standard ("MATS") which was effective April 16, 2016. No new emissions control equipment was required for NC2 to comply with MATS. For additional information, see "THE ELECTRIC SYSTEM—Planned Generation Changes for Environmental Compliance."

NC2 was removed from service on November 28, 2014, due to significant vibration on the High Pressure/Intermediate Pressure ("HP/IP") section of the turbine which was caused by failure of the 10th stage stationary diaphragm. After opening the HP/IP turbine it was discovered that rotating stages 9 through 11 of the IP turbine were severely damaged, along with significant damage to the adjacent stationary diaphragms. The IP turbine was repaired and the unit was returned to commercial operation on March 12, 2015. In order to facilitate a timely return to service, the damaged rotor was repaired with significant modifications. The modified design resulted in a 27 MW reduction in capability. The District replaced the repaired turbine during a planned outage in April 2017 in order to restore the lost capability. The additional cost of the turbine replacement was reimbursed from insurance proceeds, less the insurance deductible. Other major projects completed during the NC2 six week maintenance and inspection outage included replacement of the cold end air preheater baskets, replacement of one catalyst layer in the selective catalytic reduction system, and partial replacement of the main steam and hot reheat piping. At the end of the outage, the boiler was chemically cleaned for the first time since it began commercial operation in 2009.

The District owns, operates, and maintains NC2. Fifty percent of the station's output is used by the District to meet customer load requirements. The District has executed long-term Participation Power Agreements ("PPA") with seven public power and municipal utilities located in Nebraska, Missouri and Minnesota ("Participants") for the remaining 50% of the unit's output. The Participants' rights to receive, and obligations to pay costs related to, this remaining 50% of the output of NC2 is herein referred to as the Separate System. The District has issued Separate System Bonds to finance the costs of NC2 allocable to the Separate System. Such Separate System Bonds are payable solely from the revenues or other income derived from the ownership or operation of such Separate System, which revenue and other income do not and will not secure any other debt of the District, including the Bonds. Under the terms of each PPA, a Participant agrees to purchase its share of the output on a "take or pay" basis even if the power is not available, delivered to or taken by the Participant. Each Participant is subject to a step-up provision which requires, in the event of a default by another Participant, that the Participant shall pay a share of any deficit in funds resulting from the default. The District is obligated to take the first 50,000 kW of any power not taken by a defaulting Participant prior to any other Participant having to step-up and purchase additional power.

The Participants and their percentage share of NC2's output are as follows:

Participants	Percentage Share
Central Minnesota Municipal Power Agency	2.17
City of Grand Island, Nebraska, Utilities Department	5.00
City of Independence, Missouri, Power & Light Department	8.33
Falls City, Nebraska, Utilities	0.83
Missouri Joint Municipal Electric Utility Commission	8.33
Nebraska City, Nebraska, Utilities	1.67
Nebraska Public Power District	23.67
Participants' Total	50.00
Omaha Public Power District	50.00
NC2 Total	100.00

Generating Facilities - North Omaha Station

North Omaha Station ("NOS"), located in the north section of the city of Omaha, consists of five steam generator units equipped for coal and natural gas firing. Several maintenance and inspection outages were completed at NOS during the last few years to improve station safety, efficiency, and reliability.

The District's Board of Directors, in June 2014, approved changes to its generation portfolio, including NOS, to comply with existing and future environmental regulations. The Board of Directors approved the retirement of NOS units 1, 2 and 3 ("NO1, NO2 and NO3", respectively) in 2016. These units were retired from coal and are available for generation using natural gas for capacity purposes. As a result of the Board action related to FCS in June 2016 (see "GENERATING FACILITIES–Fort Calhoun Station"), the District will use existing natural gas generating capability for NO1, NO2, and NO3 through at least 2018 to provide capacity during peak demand periods.

Other approved changes include the retrofitting of NOS Unit 4 ("NO4") and NOS Unit 5 ("NO5") with dry sorbent injection and activated carbon injection emissions control systems which were compliant with MATS on April 16, 2016. For additional information, see "THE ELECTRIC SYSTEM—Planned Generation Changes for Environmental Compliance."

Recent Developments. NO4 and NO5 completed maintenance and inspection outages in March and April 2017 to improve station safety, efficiency, and reliability. In October 2017, a potential ground was discovered in the NO3 generator rendering the unit inoperable until it is repaired. Further testing in November 2017 revealed that the grounding issue is limited to the generator rotor field. NO3 provides 86 MW of accredited summer capacity for the District. Inspections are underway to identify the scope of the repairs. The District is exploring all options to repair the generator rotor field winding ground(s) during the spring of 2018 to maintain the accredited summer capacity.

Generating Facilities - Fort Calhoun Station

Fort Calhoun Station ("FCS") was a nuclear electric generating station with a pressurized water reactor situated along the Missouri River approximately 20 miles north of the City of Omaha in the vicinity of Fort Calhoun, Nebraska. The District ceased operations at FCS on October 24, 2016.

Decommissioning Decision. At its June 16, 2016 meeting, the Board approved Management's recommendation that the District cease the generation of electricity at FCS by the end of 2016. The recommendation to cease operations at FCS resulted from the District's ongoing resource planning process and stems from the assessment that continuing to operate FCS will result in costs materially in excess of the cost of obtaining power from other sources. The District has, in the near term, replaced the generation capability otherwise available from FCS by purchasing low cost capacity from other Southwest Power Pool participants and by utilizing existing NO1, NO2 and NO3 steam units with natural gas to provide peak power. In the longer term, the District will develop a plan, through its integrated resource plan, to replace the previous generation capability of FCS. Management's recommendation to the Board concluded that ceasing operations at FCS is expected to avoid the need for further general rate increases through 2021. The decision to decommission FCS has several significant favorable financial implications to the District. Ceasing operations is expected to result in an improved competitive position, stable debt service coverage and increased liquidity, as well as reduced regulatory and financial risks.

Decommissioning Options. Commercial reactors that cease operations in the United States have two primary decommissioning options both of which must be completed within 60 years following cessation of operations (i) safe storage ("SAFSTOR"), which would involve monitoring the de-fueled facility before completion of decontamination and dismantling of the site to a condition no longer requiring nuclear licensing and (ii) immediate dismantling ("DECON"), which would involve the prompt commencement of decontamination and dismantling of the site. The total estimated cost in 2016 dollars to decommission FCS using the SAFSTOR methodology was $1,348.9 million as of December 31, 2016. Included in this cost estimate are three main categories: License Termination, Spent Fuel Management and Site Restoration. As part of the June 2016 meeting, the Board voted to place FCS in a SAFSTOR condition once commercial operations ceased, and the cost estimates reflected below are, consequently, based on implementation of the SAFSTOR model. Over the decommissioning period, FCS will continue to be subject to Nuclear Regulatory Commission ("NRC") authority until meeting the requirement for unrestricted use release of the facility prior to 2076. According to the NRC, this release allows the site to be considered for any use. An updated site specific study was completed in early 2017 and is discussed below.

Decommissioning Costs. The aggregate estimated cost of decommissioning FCS has been estimated by the District based on currently available information and in accordance with NRC requirements. Based on the 2017 site specific study and current assumptions, the District's estimate of the accounting-based decommissioning liability for the NRC-required obligations is $1,249.6 million in 2016 dollars. The District's current estimate of the aggregate costs of decommissioning FCS, based on the best information available to the District currently, is $1,348.9 million in 2016 dollars. The total cost includes monies anticipated to be spent for operating license termination, interim spent fuel storage and site restoration activities. All of the District's cost estimates are based on information currently available to the District, but all of such estimates remain subject to change, and the District can make no guarantee as to the District's ability to decommission FCS for the amounts estimated. As of September 30, 2017, the District has incurred $105.3 million in decommissioning costs.

Decommissioning Trust Funds. As required by the NRC, the District maintains an external trust fund to accumulate moneys for the future decommissioning of FCS. The District began its decommissioning accrual and funding in July 1983 which moved to a NRC required fund in 1990 ("1990 Plan"). The market value of the 1990 Plan's decommissioning fund was $285.8 million as of December 31, 2016.

In 1992, the District began accumulating funds in a separate decommissioning fund based on the difference between the site specific study's estimated cost to fully decommission FCS and the NRC's regulated formula based cost to decommission the radiated portions of FCS ("1992 Plan"). The market value of the 1992 Plan's decommissioning fund was $96.3 million as of December 31, 2016. The District began to add additional funds to the 1992 Plan in 2017. As of September 30, 2017, the District has contributed an additional $110.3 million to the 1992 Plan in 2017.

Accounting and Financial Consequences of Decommissioning. Ceasing total FCS operations has significant accounting consequences. Specifically, the District incurred a one-time, non-cash impairment charge in 2016 of $959.6 million for its FCS related assets. The FCS regulatory asset for recovery costs incurred in 2012 and 2013 was not included in the impairment but will instead continue to be amortized through 2023 as these costs benefit current and future ratepayers. An additional decommissioning liability and regulatory asset were recorded in 2016 related to the revised estimate of the NRC required decommissioning obligations. The regulatory asset was established to match the recovery of the decommissioning expenses with the decommissioning funding amounts collected through retail rates. As of December 31, 2016, the balance of the regulatory asset was $864.1 million.

Recent Decommissioning Developments. OPPD submitted the site specific decommissioning cost estimate and post shutdown activities report to the NRC in the first quarter of 2017, and the required public hearing was conducted by the NRC on May 31, 2017.

Regulatory. In December 2016, the NRC transitioned oversight of FCS from the Reactor Oversight Process ("ROP") to the provisions of the Decommissioning Power Reactor Inspection Program. The objectives of the decommissioning inspection program are to verify that decommissioning activities are being conducted safely, that spent fuel is being stored safely, and that site operations and license termination activities are in conformance with applicable regulatory requirements, licensee commitments, and management controls. The NRC will maintain regulatory oversight until a release for unrestricted use of the site is achieved.

Operating Services Agreements. The District entered into an Operating Services Agreement and a Licensing Agreement (the "Exelon Operating Agreement," and the "Exelon Licensing Agreement," respectively, and, collectively, the "Exelon Agreements") with Exelon Generation Company, LLC ("Exelon") in August 2012, for operational and managerial support services and in order to license Exelon's proprietary, confidential Exelon Nuclear Management Model and related management systems for the benefit of FCS. The original term of each of the Exelon Agreements was 20 years. The Exelon Operating Agreement was terminated in June 2017 due to the District's decision to decommission FCS. Upon the termination of the Exelon Operating Agreement, the District was required to make a payment to Exelon of approximately $5 million. The Exelon Licensing Agreement currently remains in place, but may be terminated at any time at no additional termination cost to the District. OPPD anticipates cessation of the Licensing Agreement by December 31, 2017.

Decommissioning Vendor. The District entered into an agreement with Energy Solutions in February 2017 for decommissioning support services. OPPD retains the license and management responsibility for the facility, while benefitting from the advisory services provided by Energy Solutions. The agreement includes both on-site and off-site support by personnel across multiple disciplines as needs are identified, including the safe characterization, packaging, transportation and disposal of nuclear material.

Security. As part of NRC oversight, regulatory attention in the area of nuclear security continues throughout decommissioning. The first change to the physical security plan, related to decommissioning, was submitted to the NRC in March 2017. This submittal was followed by an Access Control and Protective Strategy inspection, which included observation of a Force on Force Exercise. The next NRC inspection of the Access Control program is scheduled for April 2018.

Emergency Preparedness. The District conducts full scale Radiological Emergency Preparedness Exercises required by the NRC and Federal Emergency Management Agency ("FEMA") regulations every other year. In addition, the District conducts self-evaluated exercises in the years that NRC/FEMA evaluated exercises are not conducted. The exercises demonstrate that the District, the States of Nebraska and Iowa, and local organizations have adequate radiological emergency preparedness plans. These plans include criteria for the evacuation of people in the vicinity of FCS. The NRC evaluated the October 2017 graded emergency exercise in conjunction with the annual inspection of the FCS Emergency Preparedness program. The results verified that the FCS emergency plan continues to provide the necessary protection of the health and safety of the public. As part of FCS decommissioning, OPPD has submitted the FCS Permanently Defueled Emergency Plan ("PDEP") to the NRC for approval, which is anticipated to be approved in late 2017 or early 2018. The PDEP will significantly reduce the scope of the FCS emergency preparedness in 2018.

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

Generating Facilities - Peaking Stations

In addition to the converted units at North Omaha, the District owns three oil/natural gas peaking stations which provided less than 1% of net generation in 2016.

Cass County Station. Cass County Station ("CCS"), located near Murray, Nebraska, consists of two combustion turbine units equipped for natural gas firing, primarily used for peaking purposes. The combustion turbine units are tied into two natural gas transportation pipeline systems enhancing competition between fuel suppliers. The District is planning to upgrade the control systems for both units in 2018.

Jones Street Station. Jones Street Station ("JSS"), located near downtown Omaha, consists of two combustion turbine units equipped for oil firing, primarily used for peaking purposes and during situations when natural gas is not available to the other peaking stations.

Sarpy County Station. Sarpy County Station ("SCS"), located in Bellevue, Nebraska, consists of five combustion turbine units equipped for oil or natural gas firing, primarily used for peaking purposes. The ability to operate SCS on oil provides fuel diversity in situations when natural gas may not be available. In May 2017, SCS Unit 4 was returned to service after significant repairs to one of the engines. The District is planning to upgrade the control systems for SCS Unit 4 in the fall of 2017 and Unit 5 in early 2018.

For additional information regarding the above mentioned generating facilities, see "FACTORS AFFECTING THE DISTRICT AND THE ELECTRIC UTILITY INDUSTRY GENERALLY."

Planned Generation Changes for Environmental Compliance

The District continually monitors local, state and federal agencies for environmental rules that may change the operations of, or require modifications to, the District's facilities. As a result, the District performed an extensive assessment of its resources due to the elevated impact and uncertainty surrounding current and expected future environmental issues and related regulations. Several resource options and portfolios were evaluated to comply with existing and future environmental requirements. The District's Board of Directors received a briefing on the resource options evaluation in May 2014. Management then recommended a portfolio option that included: retiring NO1, NO2 and NO3, and retrofitting NO4 and NO5 and NC1 with dry sorbent injection and activated carbon injection in 2016; continuing additional load reductions through demand-side management and energy efficiency to achieve a 300 MW total reduction by 2023; and refueling NO4 and NO5 to natural gas in 2023. The District's Board of Directors reviewed and approved this recommendation in June 2014. As of April 2016, dry sorbent injection and activated carbon injection were installed and in operation for NO4 and NO5 as well as NC1. As a result of the Board action related to FCS in June 2016 (see "GENERATING FACILITIES–Fort Calhoun Station"), the District will use existing natural gas generating capability for NO1, NO2, and NO3 through at least 2018 to provide capacity during peak demand periods. The District will continue to monitor environmental rules and make further recommendations as necessary. For additional information regarding environmental issues, see "FACTORS AFFECTING THE DISTRICT AND THE ELECTRIC UTILITY INDUSTRY GENERALLY—Environmental Issues."

Alternative Power Supply

Targets for Renewable Energy Portfolio and Energy Efficiency. In January 2009, the District announced a voluntary plan to increase the utilization of renewable generation resources and to reduce overall energy demand. The current goal is to provide 30% of its retail sales from renewable sources by 2018. As of July 1, 2017, the District had 817,930 kW of renewable generation nameplate capacity ("Capacity") primarily through power purchase agreements representing approximately 30% of retail energy sales. In addition to the existing renewable Capacity resources, the District is currently participating in an additional board-approved wind generation project (see "THE ELECTRIC SYSTEM—Future Generating Facilities").

Wind Generation. The District's alternative power supply includes 811,650 kW of wind Capacity as of September 2017. The majority of this generation is provided through the District's participation in twenty-year and twenty-five-year purchased power agreements to purchase output from the wind projects listed below. As of September 2017, the District has the following commitment amounts for its power purchase agreements:

Wind Farm	Location	Initial Contract Year	Total Size (kW)	District's Share (kW)	Contract Type	Commitment Amount (thousands)	Final Year
Ainsworth[1,2]	Ainsworth, NE	2005	59,400	10,000	Take-or-pay[3]	$15,938	2025
Elkhorn Ridge	Bloomfield, NE	2009	80,000	25,000	Take-and-pay[4]	$11,577[5]	2029
Flat Water	Humboldt, NE	2010	60,000	60,000	Take-and-pay	0	2030
TPW Petersburg	Petersburg, NE	2011	40,500	40,500	Take-and-pay	0	2031
Crofton Bluffs[1]	Crofton, NE	2012	42,000	13,650	Take-and-pay	0	2032
Broken Bow I[1]	Broken Bow, NE	2012	80,000	18,000	Take-and-pay	0	2032
Broken Bow II[1]	Broken Bow, NE	2014	75,000	43,900	Take-and-pay	0	2039
Prairie Breeze	Petersburg, NE	2014	200,600	200,600	Take-and-pay	0	2039
Grande Prairie	O'Neill, NE	2017	400,000	400,000	Take-and-pay	0	2037

[1]The District is a participant with Nebraska Public Power District.

[2]In the event another power purchaser defaults, the District is obligated, through a step-up provision, to pay a share of any deficit in funds resulting from the default. In the event NPPD receives any financial incentive payments from the United States Department of Energy ("DOE") pursuant to the Renewable Energy Production Incentive ("REPI") program, the District will be entitled to its share of such payments.

[3]The District is obligated under the agreement to make payments for purchased power even if the power is not available, delivered to, or taken by the District.

[4]The District is obligated under the agreement to make payments for purchased power only when the power is made available to the District.

[5]Includes fixed demand charges.

Methane Gas Generation. The Elk City Station, located near Elk City, Nebraska, is a renewable energy station that uses methane gas from the Douglas County Landfill to produce electricity. The capacity of the Elk City Station methane gas facility is 6,400 kW and the facility has an accredited net capability of 6,280 kW.

Future Generating Facilities

Future Wind Generating Facilities. The District entered into a twenty-year purchase power agreement with Sholes Wind, LLC in June 2017 to purchase up to 160,000 kW of wind generated energy from the Sholes Wind Energy Center located in Wayne County, NE. The new wind farm is expected to be operational by December 2019, and the District is obligated to purchase the output on a take-and-pay basis.

Fuel Supply

Fossil – Coal. The District currently has term contracts with Peabody Coal Sales and Arch Coal Sales, both expiring in 2018. The District finalized an agreement for the purchase of additional spot coal in 2018 and 2019. Rail transportation services are provided under a contract with Union Pacific Railroad Company for the delivery of all coal through 2020. The District owns approximately 57 miles of rail line extending from NCS to Lincoln, Nebraska ("Rail Spur"). The Rail Spur provides competitive access to NCS from Union Pacific Railroad Company and Burlington Northern Santa Fe Railroad Company, as well as rail access to other third-party shippers. In order to maintain the Rail Spur, the District has a rail maintenance contract with Kelly-Hill Company through 2020.

The District targets an approximate 42-day coal supply for NCS. The average price per ton for coal delivered and the total amount delivered to the District's NCS for 2016 and 2015 were as follows:

Year Ended	Average Price	Tons
2016	$22.65	5,241,951
2015	$22.91	4,861,801

The District also targets an approximate 42-day coal supply for NOS. The average price per ton for coal delivered and the total amount delivered to the District's NOS for 2016 and 2015 were as follows:

Year Ended	Average Price	Tons
2016	$20.82	1,186,488
2015	$21.76	2,061,835

The coal for both NCS and NOS is delivered to the sites by seven District-owned unit-trains totaling 1,018 coal cars.

Fossil – Oil. As of December 31, 2016, the District had approximately 213,698 gallons of No. 2 oil in storage at JSS and approximately 694,835 gallons of No. 2 oil in storage at SCS. The oil in storage provides sufficient fuel to operate the District's oil-burning peaking units at their full load summer capability for approximately 26 hours at SCS and 20 hours at JSS. The District has access to pipeline terminals in the area for immediate replenishment, if needed. Oil consumption is expected to be less than one million gallons per year with the addition of the NCS natural gas pipeline discussed below in "Fossil –

Natural Gas." It is anticipated that less than 1% of the energy generated by the District for each of the next ten years will be produced with oil.

Fossil – Natural Gas. Natural gas from the Metropolitan Utilities District ("MUD") is available on an interruptible basis for power station fuel at NOS and SCS. Firm natural gas contracts have been negotiated for the start-up process at NOS, and to generate electricity at NO1, NO2, and NO3 for the summers of 2017 and 2018. CCS and NCS are located outside of MUD's service territory and therefore do not receive natural gas services from MUD. CCS is connected to two natural gas transportation pipeline systems, Northern Natural Gas Company and Natural Gas Pipeline Company of America adjacent to the CCS site. These interconnections enhance competitive pricing between the two pipeline systems. The District has firm natural gas transportation for CCS during the summer months, and interruptible transportation available year round. A natural gas pipeline was constructed and placed in operation from Nebraska City Utilities to NCS to provide fuel for start-up in lieu of oil. In addition, the District contracts natural gas storage for hedging purposes.

Nuclear. Due to the decommissioning of FCS, the District has terminated the remaining nuclear fuel contracts and sold the remaining nuclear fuel inventory.

In June 1983, the District and the Department of Energy ("DOE") entered into a contract for the disposal of the District's spent nuclear fuel. Under the adjusted terms of the contract, the District is subject to a fee of one mill per kWh on net electricity generated and sold from FCS. This one mill ($0.001) fee is paid on a quarterly basis to the DOE. On November 19, 2013, the United States Court of Appeals for the District of Columbia Circuit entered an order requiring the Secretary of Energy to submit to Congress a proposal to reduce the nuclear waste fund fee levy to zero until such a time as either (1) the Secretary completes a fee adequacy study that complies with the Nuclear Waste Policy Act or (2) Congress enacts an alternative waste management plan. The DOE temporarily ceased collection of the one mill per net kWh fee effective May 16, 2014. To date, the total amount paid to the DOE is $113,990,000.

The District is responsible for the storage of spent fuel until the government takes delivery. It is unclear, at this time, when a DOE spent fuel disposal facility will be operational. The District completed construction of an on-site dry cask storage facility to meet interim storage needs for the spent fuel bundles. As part of the decommissioning of FCS, an analysis is being conducted to determine the best alternative for interim fuel storage at FCS. The District expects this analysis to be completed by early 2018. For additional information regarding spent nuclear fuel, see "FACTORS AFFECTING THE DISTRICT AND THE ELECTRIC UTILITY INDUSTRY GENERALLY—High-Level Nuclear Waste Repository."

Transmission and Distribution System

The District maintains a network of transmission lines that interconnect its generating stations and adjacent utilities to the various transmission and distribution substations serving the load of the District. In general, this network provides at least two alternate sources of supply to each load point on the system. A summary of the various transmission lines, as of December 31, 2016, making up this network follows.

Voltage	**Number of Circuit Miles**
345 kV	418
161 kV	422
69 kV	489
Total	1,329

The distribution system includes approximately 6,850 miles of overhead distribution lines, 854 miles of street light overhead circuits, 4,795 miles of underground cable, 1,800 miles of street light underground circuits, and 279 miles of underground conduit system which delivers power to the District's retail customers. The distribution system includes overhead and underground lines, low-voltage transformers, meters and service facilities for operating and maintaining the system.

The distribution system support facilities include service centers located in Papillion, Elkhorn, Syracuse and Omaha. These service centers are supported by area offices throughout the District's service territory and include office, garage, storeroom and service facilities.

The District is subject to oversight by the North American Electric Reliability Corporation ("NERC") which ensures the reliability and protection of the District's Transmission system. Regarding compliance to the NERC Reliability Standards, the District's Regional Entity, the Midwest Reliability Organization ("MRO"), has not identified any OPPD violations in 2017, and the District does not anticipate any violations during the remainder of 2017.

General Facilities

Among the general property of the District are general office and local office buildings, transportation and special mechanized equipment, furniture, office, computer, laboratory, shop equipment and tools, a communication system, and other items necessary for conduct of the District's business and operation and maintenance of its system.

Other Power Supply and Interconnections

Purchased Power. As a result of the Board decision to cease operations at FCS (see "GENERATING FACILITIES – Fort Calhoun Station"), the District executed 240 MW of capacity contracts in 2016. The MW value of the capacity contracts will reduce through 2021 and ultimately expire by 2022. In addition to the capacity contracts that have been executed, the District has multiple purchase power agreements for wind generation, see "ALTERNATIVE POWER SUPPLY – Wind Generation." The District's last Integrated Resource Plan was completed and filed with Western Area Power Authority in February 2017. It recommended that the District purchase additional wind generation over the next five years, see "FUTURE GENERATING FACILITIES – Future Wind Generating Facilities."

Western Area Power Administration ("WAPA"). The District has a power supply contract with WAPA through December 31, 2020. A conditional extension of this contract through December 31, 2050 was executed in 2012. The extension is conditional upon execution of a new firm electric service contract between WAPA and the District for the term of January 1, 2021 through December 31, 2050. The contract obligates WAPA to provide firm power and energy to the District up to defined maximums. This formula currently provides for a maximum of 17,294 kW of capacity and energy for the peak load month during the winter season of November through April and a maximum of 47,826 kW of capacity and energy for the peak load month during the summer season of May through October. The contract also provides for delivery of a maximum of 24,906 kW of capacity and energy for the peak load month to Offutt Air Force Base during the winter season of November through April and a maximum of 33,497 kW of capacity and energy for the peak load month during the summer season of May through October. The District has the option to purchase other types of energy from WAPA, when available. WAPA may also, at its discretion, reduce summer amounts of power by up to 5% by giving a minimum of five years written notice in advance of such action.

Southwest Power Pool ("SPP"). On April 1, 2009, the District became a member of the Southwest Power Pool. SPP provides the District with Reliability Coordination Services, Reserve Sharing Group

Services, Real-Time Balancing Market, Generation Reserves Sharing, Balancing Authority Services and Planning Authority Services. On March 1, 2014, SPP commenced an Integrated Marketplace ("IM"). The IM integrates the previous real-time Energy Imbalance Market with Day-Ahead Energy and Ancillary Services and Transmission Congestion Rights Markets. In the new IM, SPP also became a Balancing Authority relieving the District of these responsibilities.

The IM provides a more transparent market by which load is served by the most efficient and economical generation, while maintaining the reliability of the grid. The market mechanism rewards low cost, flexible and reliable providers of electricity. The District continues to work in the SPP member driven process looking for ways to improve the IM's structure and design.

Enabling Agreements. The District is a party to three enabling agreements: the Western Systems Power Pool ("WSPP") enabling agreement which has more than 300 participants; the North American Energy Markets Association ("NAEMA") enabling agreement with more than 100 participants; and the Omaha Public Power District Power Purchase and Sale Agreement ("PPSA") for entities that are not WSPP or NAEMA members. More than 20 entities have executed the District's PPSA.

Transmission Facilities

Open Access Transmission Tariff. On April 1, 2009, the District became a transmission owning member of SPP and all of the District's transmission facilities were placed under the SPP Open Access Transmission Tariff. The District no longer grants new transmission service requests under its own transmission tariff. Transmission services granted prior to becoming a member of SPP remain on the District's tariff as 'Grandfathered Agreements' for the original term of service. Any extension of service will be under the SPP Tariff. New generation interconnection requests to connect to the District's transmission facilities must be submitted to SPP for approval.

Interconnection Agreements. The District is part of a network of transmission lines known as the Eastern Interconnection. The District's transmission facilities are physically interconnected to the transmission facilities of the neighboring utilities. These connections are managed under interconnection agreements with each utility. These interconnections are capable of supplying capacity under emergency conditions in excess of the capacity of District generation. In addition to emergency energy service, the District can utilize these interconnections to provide for firm and participation power purchases and sales, short-term power and interchange of energy, and transmission and ancillary services. These services can be purchased under an Open Access Transmission Tariff or under an enabling agreement. The tariff or enabling agreement specifies the terms and conditions of purchases or sales and allows transactions to take place at market-based prices.

SPP Transmission Planning. The SPP transmission planning process identifies transmission projects across the SPP footprint that are expected to relieve congestion on the region's transmission system and improve reliability on the nation's energy grid. This process identified the need for a 345-kilovolt ("kV") power line that was built by the District and Transource Missouri/Kansas City Power and Light ("Midwest Transmission Project"). This transmission project connects a substation at the NCS to Sibley, Missouri. The new line was completed and energized in December 2016. The District will receive reimbursement for project costs over a 32-year period under the FERC approved SPP tariff.

The SPP transmission planning process has also identified the need for a 161kV transmission line and a 69kV transmission line interconnecting the District's transmission system to the City of Fremont, Nebraska ("Elkhorn River Valley Transmission Project"). The need is driven by system reliability and long-term growth in the load served by the City of Fremont and the load served by the District in the Fremont area. The District will design and construct the 23 miles of transmission and assume full ownership of the transmission line following construction, which is scheduled for completion in October 2018. The District and the City of Fremont will share the costs of the line. The District's share will be 40% of the total cost. Additionally, the District will receive reimbursement for one-third of its costs for the 161kV portion of the transmission system over a 32-year period under the FERC approved SPP tariff.

Other Transmission Projects. Seven miles of an existing twenty-mile 345kV transmission line will be reconstructed as a result of damage from a major storm with high winds and tornados on June 16, 2017. The line will be reconstructed from Southwest Omaha to the Platte River. The new segment of the line will replace existing wood structures with steel structures to increase system capacity and improve resiliency. The reconstruction is expected to be completed by June 2018 before summer peak loads. FEMA reimbursement will be requested, which would cover a portion of the expenses.

OPPD has a need to construct five miles of new 161kV transmission line between two substations in the Papillion area to provide necessary capacity and reliability to support new and expanding businesses and residential growth in the area. The Sarpy Transmission Project is planned for construction in 2019 with completion by the end of that year.

The District has initiated a four-year project to upgrade communications circuits now leased from local telecommunications providers. The telecommunications providers plan to discontinue support of these aging facilities provided to the District. The facilities, used mostly to ensure reliability and the ability to monitor and control energy delivery facilities, will be replaced primarily with fiber optic facilities added to transmission lines across the OPPD territory. Upgrades will take place over the next three years ending in 2020.

Insurance

The District maintains an insurance program designed to furnish protection against losses having an adverse effect on its financial position or operational capabilities. The District continually reviews its risks of loss and modifies the insurance program as warranted.

A $750 million property insurance policy is maintained by the District insuring physical damage on real and personal property (with the exception of FCS which is covered under a separate policy) subject to varying deductibles with a minimum deductible of $250,000 and a maximum deductible of $2 million. The District self-insures transmission and distribution lines and District-owned vehicles.

The District has primary commercial nuclear public liability insurance satisfying the NRC's financial protection requirements under the Price-Anderson Act for any third-party personal injury or property damage claims resulting from a nuclear incident. Under the current law, each reactor licensee may be assessed up to $127.3 million per reactor for claims and legal costs (but not more than $18.9 million per year) for a nuclear incident at any commercial power reactor facility in the United States when the primary commercial insurance has been exhausted. The limit under the primary insurance policy is $450 million.

The District currently maintains $1.06 billion nuclear property damage and decontamination insurance covering FCS, subject to a deductible of $2.5 million per occurrence. However, the deductible increases to $10 million if damages are a result of a water, wind or earth movement event. As a condition of license, the NRC requires each power reactor licensee to carry minimum nuclear property and decontamination insurance coverage of at least $1.06 billion.

The District self-insures most non-nuclear public liability risks. Under the Nebraska Political Subdivisions Tort Claims Act, the total amount recoverable for claims is $1 million for any one person and $5 million for all claims arising out of a single occurrence. The District maintains a $10 million excess liability policy providing coverage beyond the District's self-insured retained limits for occurrences arising outside the parameters of the Nebraska Political Subdivisions Tort Claims Act or for situations subject to federal jurisdiction.

The District maintains a $25 million fiduciary and employee benefit policy which protects District employees having fiduciary responsibilities in connection with the defined benefit retirement plan or the defined contribution plans. The policy is subject to a $250,000 deductible.

Other types of insurance in force include excess workers' compensation, directors and officers, cyber, faithful performance, crime, and a bond on the District's Treasurer.

Enterprise Risk Management

The District maintains an Enterprise Risk Management ("ERM") program to help ensure strategic objectives are achieved. The program specifies risk management standards, management responsibilities, and controls to help ensure risk exposures are properly identified and managed within agreed upon risk tolerance levels. Specific risk-mitigation plans and procedures are maintained and reviewed periodically to provide focused and consistent efforts to mitigate various risk exposures.

Several cross-functional risk committees and an Executive ERM Committee, which includes the senior management team and legal counsel, are utilized to discuss and analyze the potential risks that could hinder the achievement of the District's strategic objectives. Additionally, the District has established criteria for risk escalation and oversight. The District's risks are evaluated periodically and will be escalated to the appropriate oversight levels, up to and including the Board of Directors, when applicable. An overview of the ERM program is provided to the Board of Directors annually.

Rate Stabilization Fund

This fund is used to stabilize rates through the transfer of funds to operations as necessary. Since there is no funding requirement, this fund also may be used to provide additional liquidity for operations as necessary. The December 31, 2016 fund balance was $42 million.

Liquidity

The District employs a probabilistic model that assists in determining a minimum level of liquidity to be maintained. The model employs a two-step process. The first step calculates the base level of liquidity needed to meet operational needs. The second step calculates the risk-impacted level of liquidity needed based on material risks affecting the District. The sum of the base and risk-impacted liquidity levels determines the minimum total liquidity level. As of December 31, 2016, the minimum target level of liquidity was approximately $219.0 million, or 100 days cash on hand, and the actual cash balance held by the District was $401.9 million or 184 days cash on hand.

FACTORS AFFECTING THE DISTRICT AND THE ELECTRIC UTILITY INDUSTRY GENERALLY

General

The electric utility industry in general has been affected by regulatory changes, market developments, and other factors which have impacted, and will continue to impact, the financial condition and competitiveness of electric utilities, such as the District. Such factors discussed in more detail in the following sections, include: (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory, and legislative requirements; (b) changes resulting from energy efficiency and demand-side management programs on the timing and use of electric energy; (c) increased regulation of nuclear generating stations in the United States resulting from the earthquake and tsunami damage to certain nuclear generating stations in Japan; and (d) nuclear waste disposal.

Additional factors affecting the utility industry include: (a) other federal and state legislative and regulatory changes; (b) increased competition from independent power producers; (c) ”self-generation” by certain industrial and commercial customers; (d) issues relating to the ability to issue tax-exempt obligations; (e) severe restrictions on the ability to sell electricity from generation projects financed with outstanding tax-exempt obligations to nongovernmental entities; (f) changes in projected future load requirements; (g) increases in costs; (h) shifts in the availability and relative costs of different fuels; (i) climate change and the potential contributions made to climate change by coal-fired and other fossil-fueled generating units; and (j) issues relating to internet and data security. Any of these general factors and the factors discussed below could have an effect on the financial condition of the District.

Reliability

The District is a member of MRO and NERC as an owner, an operator, and a user of transmission and generation facilities. Both the MRO and NERC are reliability organizations responsible for the development of and compliance with reliability standards for applicable interconnected utilities. The District is required to follow and adhere to the reliability standards to ensure safe operation of the Bulk Electric System. The District has programs dedicated to maintain reliability of the transmission and distribution facilities including vegetation management, inspections, and identification and proactive replacement of poor condition equipment.

Environmental Issues - Air Quality Issues and the Clean Air Act Amendments of 1990

The following includes Environmental Protection Agency (“EPA”) rules that recently have been finalized or proposed and their projected impact on the District:

Greenhouse Gas Regulation. There is substantial uncertainty regarding how the federal government will address global warming/climate change in the coming years. On October 23, 2015, the EPA published a final rule regulating the emission of carbon dioxide (“CO_2”) from existing fossil-fuel fired electric generating units under section 111 of the Clean Air Act. Also on October 23, 2015, the EPA published a final rule for new, modified, or reconstructed fossil fuel-fired electric utility generating units under section 111 of the Clean Air Act. These regulations in the aggregate are known as the Clean Power Plan (“CPP”). The CPP required states to meet interim and final emissions targets on a state-wide basis starting in 2022. The goal was to reduce CO_2 emissions from electric generating units by 32% below 2005 levels by the year 2030.

Numerous legal challenges to the CPP have been filed and consolidated in the United States Court of Appeals for the District of Columbia Circuit. On February 9, 2016, the U.S. Supreme Court entered an order staying the implementation of the CPP pending further proceedings. Oral arguments were heard before the District of Columbia Circuit Court on September 27, 2016. On April 3, 2017, the EPA published in the Federal Register a notice that stated it is withdrawing the proposed rules it issued in 2015 in conjunction with the Clean Power Plan, namely, the rules setting federal plan requirements, creating model trading rules, and adding design details to the Clean Energy Incentive Program. On October 10, 2017, the EPA issued a Notice of Proposed Rulemaking, proposing to repeal the CPP. The public has until January 28, 2018 to submit comments. The EPA has indicated an intent to issue an Advanced Notice of Proposed Rulemaking to seek comment on whether it will promulgate a replacement rule for existing units. The

District will continue to monitor the regulation and evaluate compliance options as new information is available.

Cross-State Air Pollution Rule ("CSAPR"). The EPA published CSAPR requiring 28 designated states, including Nebraska, to significantly improve air quality by reducing generating station emissions contributing to ozone and fine particle pollution in other states. Specifically, the rule, effective January 1, 2015, requires significant reductions in sulfur dioxide ("SO_2") and nitrous oxide ("NOx") emissions crossing state lines.

The final CSAPR rule established a cap-and-trade system with state and unit specific allowance allocations to achieve the desired emission reductions for SO_2 and NO_X. Implementation of Phase I of the final rule began in 2015 and implementation of Phase II began in 2017. As a result of NO1, NO2, and NO3 ceasing coal-fired generation, the District will likely not need to purchase additional allowances to comply with CSAPR.

Mercury and Air Toxics Standard ("MATS"). The EPA issued MATS, which places strict limitations on emissions of mercury, non-mercury metallic hazardous air pollutants, and acid gases. Compliance with the new rule was necessary by April 16, 2015 for NC2. Compliance was achieved with minor changes including a new mercury monitoring system and increasing the Activated Carbon Injection ("ACI") rate from the originally permitted injection rate. At NO4, NO5, and NC1, compliance was necessary by April 16, 2016. The District retrofitted NO4, NO5, and NC1 with Dry Sorbent Injection and ACI. In June 2014, the Board of Directors approved changes to its generation portfolio to comply with existing and future environmental regulations. During the June 2014 meeting, the Board approved the retirement from coal-fired generation of NO1, NO2, and NO3 in 2016. As a result of the Board action to cease operations at FCS in June 2016, the District will use existing natural gas generating capability for NO1, NO2, and NO3 through at least 2018 to provide capacity during peak demand periods and as such, these units will not be subject to the MATS regulation.

National Ambient Air Quality Standard ("NAAQS") for Ozone. On October 1, 2015, the EPA announced that the new ozone standard would be set at 70 parts per billion ("ppb") from 75 ppb. Nebraska and the Omaha metro area continue to remain in attainment with the standard.

National Ambient Air Quality Standard for one-hour SO_2. On June 2, 2010, the EPA strengthened the NAAQS for SO_2. Following long delays in issuing the area designations, the EPA was sued and on March 2, 2015, the U.S. District Court for the Northern District of California accepted as an enforceable order an agreement between the EPA and Sierra Club and Natural Resources Defense Council to resolve litigation concerning the deadline for completing the designations. The court's order directed the EPA to complete designations in three additional rounds: the first round by July 2, 2016, the second round by December 31, 2017, and the final round by December 31, 2020.

In the second round of area designations to be completed by December 31, 2017, the EPA identified NCS as one of the sources in Nebraska as meeting the criteria established in the court's order. On August 19, 2015, the District submitted modeling protocol information to the Nebraska Department of Environmental Quality ("NDEQ") for NCS SO_2 emissions. The NDEQ used this information to perform modeling, which indicated that Otoe County is in attainment with the SO_2 NAAQS. The State of Nebraska submitted this information to the EPA on September 18, 2015, recommending that Otoe County be designated as attainment. On July 1, 2016, the EPA published the final designations and agreed with the State of Nebraska recommendation.

On September 22, 2016, the District was notified by NDEQ and EPA that the historical ambient SO_2 monitor for Douglas County was not located in an acceptable location to conform to the 1-hour SO_2

NAAQS data requirements rule. On December 28, 2016, a new monitor was placed into operation on the southwest corner of the North Omaha Station property. Final designation for Douglas County will be completed by December 31, 2020 following three years of monitoring. To date, the monitor continues to show attainment with the standard.

Regional Haze. On April 20, 2017, the NDEQ submitted its required Regional Haze State Implementation Plan Five-Year Progress Report on emission reductions to remedy visibility impairments at Class I areas such as Hercules Glades Wilderness Area in Missouri and the Badlands and Wind Cave National Parks in South Dakota. The Five-Year Progress Report claims sufficient progress based on the existing emission reductions from the District's units. This includes the staged shutdown of NO1, NO2, and NO3 from coal generation in 2016, the retrofit of NO4 and NO5 with MATS controls and their refueling to natural gas by 2023. The Five-Year Progress Report also takes credit for the use of best available retrofit technology for NC1 based on the installation of low NO_X burners with over fire air technology in 2010, existing controls for particulate matter, and the continued use of low sulfur coal for SO_2 control. The Five-Year Progress Report also referenced the existing emission controls at NC2 operational since 2009. As a result, it is not expected to require any changes or additions to the commitments the District has made to meet these regulatory requirements.

EPA Information Request and Notice. In 2010, the District received a request for information issued under the federal Clean Air Act from the EPA's Region 7 regarding projects undertaken at NC1 and NOS since 1987. The District has responded to the initial and subsequent information requests. By letter dated August 28, 2014, EPA Region 7 sent a Notice of Violation ("NOV") to the District alleging that the District violated the Clean Air Act by undertaking four projects at NC1 in 1997, 1999, 2002, and 2007. The District believes it has complied with all regulations relative to the projects in question. The EPA would have to establish the allegations in the NOV in court. In general, if 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 that occurred on or before November 2, 2015 and $95,284 per day for each violation that occurred after November 2, 2015 as a result of the Civil Monetary Penalty Inflation Adjustment Rule effective January 15, 2017 and a requirement to install pollution control equipment. The District has engaged in discussions with the EPA regarding this matter. In early November 2017, an agreement that suspended the running of the government's statutory time period for filing a court action expired without a request for renewal by the EPA. The District makes no representation as to the significance, if any, of the EPA's decision to allow the tolling agreement to expire. The District cannot determine at this time whether it will have any future financial obligation with respect to the NOV.

Environmental Issues - Hazardous and Toxic Materials Regulations

Chemical Reporting. The electric utility industry is subject to the Emergency Planning and Community Right-to-Know Act ("EPCRA"), the Toxic Substances Control Act regulations ("TSCA") and the Resource Conservation & Recovery Act ("RCRA"), including applicable programs delegated to the NDEQ by the EPA. The District conducts environmental audits to monitor compliance with these regulations in conjunction with the proper management and disposal of applicable hazardous, toxic, and low-level radioactive wastes.

The four major provisions of the EPCRA are emergency planning, emergency release notification, hazardous chemical storage reporting requirements, and toxic chemical release inventory. The emergency planning section of the law is designed to help communities prepare for and respond to emergencies involving hazardous substances. Specifically, the District annually reports the presence, location, and amount of hazardous substances at its facilities to local emergency responders and to local and state emergency planning committees. The District also annually reports the amounts of EPCRA chemicals that it releases to the environment at its coal-fired electric generating facilities to the State Emergency Response

Commission and the EPA via the Toxics Release Inventory ("TRI"). The TRI is a publicly available EPA database that contains information on toxic chemical releases and other waste management activities reported annually by certain covered industry groups as well as federal facilities. Accidental or emergency releases of EPCRA chemicals above threshold amounts are reported to local agencies as well as the National Response Center.

The District manages TSCA waste (mainly asbestos and polychlorinated biphenyls from electrical transmission and distribution equipment) through a process involving reporting, sampling and analysis, and appropriate waste management to ensure compliance. RCRA waste is managed by characterizing, packaging and shipping radioactive and solid wastes to the District's approved waste vendors to ensure compliance and minimize liability associated with waste disposal. In order to ensure compliance, the District remains active in reviewing applicable regulatory changes and modifying facility environmental management plans accordingly. Pollution prevention efforts have been effective in reducing environmental liabilities and reducing operating costs.

Environmental Issues - Clean Water Act

316(b) Fish Protection Regulations. On May 19, 2014, the EPA issued the final rule under Section 316(b) Rule of the Clean Water Act. The final rule went into effect in October 2014. Facilities are required to choose one of seven options to reduce fish impingement. The cost impact of the final rule is being assessed. Facilities will also need to study the effects of entrainment and develop compliance strategies. The District received new National Pollution Discharge Elimination System permits effective January 1, 2016 which dictated the compliance schedule and studies necessary to comply with the rule. The District commenced Entrainment Characterization Studies at FCS, NOS, and NCS in April 2016. The District commenced Comprehensive Technical Feasibility and Cost Evaluation Studies and Non-Water Quality Environmental Impacts Studies in January 2017. Additional studies necessary to determine the Best Technology Available will occur over the next 22 months and cost for compliance is not expected to be substantial at this time.

Environmental Issues - Solid Waste

Coal Combustion Residuals ("CCR") Regulations. On April 17, 2015, the EPA promulgated technical requirements for CCR landfills and surface impoundments for the safe disposal of coal combustion residuals under Subtitle D of the RCRA. The regulations provide design criteria, operating criteria, groundwater monitoring requirements, closure requirements, and recordkeeping and notification requirements associated with CCR landfills and surface impoundments. The regulation became effective on October 19, 2015 and the District is in compliance with the requirements. The District continues to assess and implement compliance strategies associated with this regulation by required dates. On September 14, 2017, EPA granted two petitions for the reconsideration of the CCR rule stating that it will give the existing rule a "hard look" and consider improvements that may help states tailor their CCR permitting programs. The cost of compliance with this regulation is not expected to be substantial.

Coal Supply in National Emergency

The District closely monitors national events and trends in order to plan for adequate coal inventories and continued reliable generating capacity in the event of a national emergency. Should such a national emergency occur without warning, normal operations and inventories of the District have built-in contingencies to provide electric service for extended periods of time. Such contingencies include targeting a 42-day supply of coal inventories and maintaining electrical grid interconnections with other utilities. Additionally, the District utilizes Powder River Basin coal, where reserves are extensive.

On October 10, 2017, the DOE proposed the Grid Resiliency Pricing Rule, which directs FERC to take final action within 60 days to ensure that certain reliability and resilience attributes of fuel secure electric generation resources are fully valued. The proposed rule would define fuel secure as generation resources with 90 days of fuel supply on site.

Demand-Side Management and Energy Efficiency

The District continues to evaluate, develop and operate commercial, industrial, and residential demand-side management and energy efficiency programs primarily focused on reducing the District's peak demand. In June 2014, the District committed to a goal of reducing 300 MW of demand by 2023. As of September 30, 2017, the District had approximately 112 MW of demand response available and invested in approximately 20.1 MW of capacity provided by energy efficiency measures since the new program goals were established in 2014. These programs will continue to provide demand reductions over the measures' useful lives. The District's current plans are to continue to work towards the District's 300 MW goal by 2023, see "THE ELECTRIC SYSTEM—Planned Generation Changes for Environmental Compliance."

For commercial and industrial customers, the District offers various programs including turn-key projects which include commissioning, energy efficiency equipment upgrades, ground loop heat pump systems, technical support, and customer service. The Energy Efficiency Partner Custom Program uses the DOE's Energy Efficiency and Conservation Strategy to help customers improve comfort and minimize energy use. The Energy Efficiency Partner Prescriptive Program offers incentives for higher efficiency equipment such as heating and air conditioning equipment and lighting. In addition, the District has several load curtailment and customer-owned generation rates. These load curtailment rates offer customers credits to curtail their capacity and energy use.

In addition to commercial and industrial OPPD Demand-Side Management and Energy Efficiency Programs, the District is a partner with the EPA Energy Star Program. For commercial customers, the District offers training for the EPA's Portfolio Manager Tool used to evaluate and benchmark the energy performance of office buildings. Commercial customers, architects, engineers, and government officials are invited to participate in occasional meetings to share innovative energy efficiency strategies with guest speakers and to focus on the Energy Star Program.

The District also has several residential programs designed to help customers lower their bills and provide the District with demand savings. In the spring of 2012, the District implemented the Cool Smart Program which reduces peak demands by managing air conditioning units during peak periods. This program utilizes radio controlled switches to cycle (turn-off/on) air conditioning units to reduce peak load for small increments of time. Customers receive a one-time payment of $30 to join and $20 per year thereafter to continue to participate on the program. As of September 30, 2017, there were approximately 41,260 customers actively participating in the program representing 59 MW of controllable peak demand. In June 2015, the District initiated the new HVAC Smart Program which incents customers to purchase air conditioning and heat pump systems with a Seasonal Energy Efficiency Rating of 15 and higher. As part of the HVAC Smart Program, OPPD also provides a rebate for Certified High Performance Homes ("CHPH"). To qualify for the CHPH rebates, new homes must obtain a Home Energy Rating System ("HERS") score of 65 or lower. The HERS score is a rating measure that was created to measure home efficiency by the Residential Energy Service Network. As of September 30, 2017, OPPD paid out 501 CHPH rebates and 1,682 HVAC rebates.

Nuclear Regulation

The District is subject to continuing regulation by the NRC in connection with the decommissioning of FCS. NRC regulations require extensive review of both the radiological and environmental aspects of this facility. The NRC from time to time requires that the design of the nuclear generating station or certain components of FCS be reanalyzed using newly developed data and techniques and, if changes are necessary or desirable, requires modifications to FCS or its components as a condition of its operating license. The District has incurred and expects to continue to incur expenditures as a result of these requirements. For additional information regarding the nuclear industry, see "THE ELECTRIC SYSTEM—Generating Facilities—Fort Calhoun Station."

Impacts to the U.S. Nuclear Industry from Tsunami at Fukushima Daiichi Stations in Japan

Following the March 11, 2011, earthquake and resulting tsunami that affected the Fukushima Daiichi Stations in Japan, the District and the nuclear industry adopted a strategy to ensure that the lessons learned in Japan were applied at America's nuclear generating stations. This strategy addresses the major problems encountered in Japan (the loss of power to maintain effective cooling) by stationing another layer of backup equipment in multiple locations, both at generating station sites and at new regional response centers. To further strengthen generating stations' ability to withstand extreme events, the NRC identified a number of new requirements for implementation at the nuclear facilities.

FCS completed the implementation requirements associated with NRC Order EA-12-051 regarding Spent Fuel Pool Instrumentation. Subsequently, the NRC approved a recension regarding NRC Order EA-12-051 and EA-21-049, due to the decommissioning of FCS, related to Diverse and Flexible Coping Strategies implementation. This removed the requirement to fully implement the strategies, but still requires maintenance of associated facilities and equipment. The revised implementation strategy calls for a total forecasted spending of $170,000 in 2017. Costs forecasted in 2017 are for potential NRC audits, audit support, project closeout, equipment maintenance, and membership fees for the regional response centers. The NRC also concluded that while the March 12, 2012 request for information order related to post-Fukushima hazard reevaluations was still applicable to FCS, no further regulatory actions are necessary or likely to be developed for FCS.

Low-Level Nuclear Waste

FCS generated three classes of low-level radioactive waste. Waste classified as Class A is the least radioactive and Classes B and C have successively higher levels of radioactivity. The District utilizes Energy Solutions near Clive, Utah for the disposal of Class A waste. The District's previous low-level radioactive waste storage facility discontinued accepting Class B and Class C waste in July 2008. The District retains the capacity to store Class B and Class C waste on-site at FCS, however the District is beginning to ship this waste as part of decommissioning. An increase in radioactive waste shipments is expected as FCS initiates decommissioning activities in 2017 and subsequent years. The District will continue to evaluate potential off-site storage and disposal options as they become available.

High-Level Nuclear Waste Repository

Under the federal Nuclear Waste Disposal Act of 1982, the federal government assumed responsibility for the permanent disposal of spent nuclear fuel and greater than Class C waste. Under the terms of a contract with the District, whereby the District was to pay a fee of one mill per net kWh on net electricity generated and sold, the DOE was to begin accepting spent nuclear fuel and greater than Class C waste by January 1998. At this time, it is unclear when a DOE facility will be operational. The U.S. Court of Appeals for the D.C. Circuit ruled in November 2013 that the DOE could not continue to collect the one mill per net kWh fee in light of the DOE's termination of the Yucca Mountain repository program. The DOE temporarily ceased collection of the fee effective May 16, 2014 until the DOE complies with the Nuclear Waste Policy Act of 1982 or Congress enacts an alternative used fuel management plan.

The District remains responsible for the safe storage of spent nuclear fuel and greater than Class C waste until the federal government takes delivery. The District completed construction of a dry cask storage facility on-site to meet long-term storage needs for the spent fuel bundles. The total cost of the construction and the initial loading of ten storage casks was approximately $23 million. As part of the decommissioning of FCS, an analysis is being conducted to determine the best alternative for interim fuel storage at FCS. The District expects this analysis to be completed in 2018. For additional information regarding nuclear fuel, see "THE ELECTRIC SYSTEM—Fuel Supply—*Nuclear.*"

In June 2006, the District entered into a settlement agreement with the DOE under which the DOE will reimburse the District for allowable costs associated with the storage of spent fuel at the District's nuclear power station pending the DOE fulfilling its contractual obligation to accept such fuel for permanent storage. The settlement agreement provides for a defined procedure for determining future reimbursable costs. To date, the District has received $28 million in reimbursements which covered allowed costs incurred from 1998 through 2010 for cask loading and transfer as well as necessary facility upgrades. Additional claims by the District, thereafter, are expected to be submitted under the settlement agreement when costs are incurred.

[Remainder of Page Intentionally Left Blank]

OPERATING RESULTS

The following table lists the District's operating results for the nine months ended September 30, 2017 and September 30, 2016, along with the years ended December 31, 2016 and December 31, 2015. The operating results for the nine months ended September 30, 2017 and September 30, 2016 were derived from the unaudited condensed financial statements. The operating results for the years ended December 31, 2016 and 2015 were derived from the audited financial statements contained in Appendix A of this Official Statement. In the opinion of management, the unaudited condensed financial statements as of September 30, 2017 and for the nine months ended September 30, 2017 and September 30, 2016 include all adjustments (consisting of only normal and recurring accruals) necessary for a fair presentation of the financial position, results of operations and cash flows for these periods.

Operating Revenues were lower in the first nine months of 2017 ("2017 period") than the first nine months of 2016 ("2016 period") due to a decrease in retail and off-system energy sales. Operations and Maintenance Expenses decreased in the 2017 period compared to the 2016 period primarily due to decreases in Fuel, Production, and Administrative and General expenses, partially offset by an increase in Purchased Power.

The OPPD Board of Directors approved a recommendation by management in June 2016 to cease operations at the Fort Calhoun Station (FCS). This decision resulted in write-offs of FCS-related assets and related contract termination fees in the amount of $959,575,000 and is recognized as a Special Item in the operating results.

	Nine Months Ended September 30,		Year Ended December 31,	
	2017	**2016**	**2016**	**2015**
	(millions)			
Operating Revenues	$871.7	$887.5	$1,126.5	$1,131.2
Operations and Maintenance Expenses	(479.1)	(630.0)	(823.9)	(841.9)
Depreciation and Amortization	(106.6)	(113.5)	(149.5)	(151.0)
Decommissioning	(110.8)	0.0	(17.6)	(5.2)
Payments in Lieu of Taxes	(26.2)	(26.5)	(34.1)	(32.2)
Operating Income	149.0	117.5	101.4	100.9
Other Income (Loss), net	28.8	14.5	12.3	22.9
Interest Expense	(63.4)	(66.2)	(87.9)	(91.5)
Net Income (Loss) before Special Item	114.4	65.8	25.8	32.3
Special Item	$(2.0)	$(965.8)	$(959.6)	$0.0
Net Income (Loss)	$112.4	$(900.0)	$(933.8)	$32.3
Net Position	$1,125.7	$1,047.2	$1,013.3	$1,947.2

NET RECEIPTS FOR THE ELECTRIC SYSTEM

The following table lists the District's net receipts for the electric system and debt service information for the nine months ended September 30, 2017 and September 30, 2016, along with the years ended December 31, 2016 and December 31, 2015. The net receipts for the nine months ended September 30, 2017 and September 30, 2016 were derived from the unaudited condensed financial statements. The net receipts for the years ended December 31, 2016 and 2015 were derived from the audited financial statements contained in Appendix A of this Official Statement.

As a result of the Board decision in June 2016 to cease operations at the FCS (and the consequent one-time, non-cash impairment charge of $959.6 million), there is a significant increase in the debt ratio at September 30, 2016 as compared to December 31, 2015.

	Nine Months Ended September 30,		Year Ended December 31,	
	2017	2016	2016	2015
	(millions)			
Operating Revenues[1]	$819.4	$833.5	$1,054.7	$1,066.8
Operations and Maintenance Expenses[1]	(436.5)	(581.5)	(768.2)	(791.0)
FCS Regulatory Recovery Amortization	(11.1)	0.0	(1.9)	0.0
Payments in Lieu of Taxes	(26.2)	(26.5)	(34.1)	(32.2)
Net Operating Revenues	345.6	225.5	250.5	243.6
Investment Income of Related Reserve Fund[2]	1.0	1.0	1.3	1.3
Net Receipts for Electric System[3]	$346.6	$226.5	$251.8	$244.9
Total Debt Service on Electric System Revenue Bonds[4]	$113.8	$114.4	$114.4	$114.1
Debt Service Coverage on Electric System Revenue Bonds[5]	N/A	N/A	2.20	2.14
Debt Ratio[6]	63.2%	65.2%	66.1%	51.0%

[1]Electric System Revenue Bonds are not secured by Separate Electric System revenues. Accordingly, revenues and expenses for the Separate Electric System were excluded from this calculation.
[2]Investment Income was income derived from investments in reserve accounts under the District's bond resolutions.
[3]Net Receipts as defined in Resolution No. 1788.
[4]Total Debt Service on Electric System Revenue Bonds is accrued on a calendar year basis. Interest funded from bond proceeds, when applicable, is not included in Total Debt Service.
[5]Debt Service Coverage on Electric System Revenue Bonds is equal to Net Receipts divided by Total Debt Service on Electric System Revenue Bonds and is not calculated for periods of less than one year.
[6]Debt Ratio is equal to Debt divided by the sum of Debt plus Net Position. Debt includes Electric System Revenue Bonds, Subordinated Bonds, CP Notes, and Minibonds. This ratio does not include Separate System Bonds as these bonds are secured by revenues of the Separate System.

OPERATING REVENUES AND ENERGY SALES

The following table lists a breakdown of the District's Operating Revenues and energy sales for the nine months ended September 30, 2017 and September 30, 2016, along with the years ended December 31, 2016 and December 31, 2015. The Operating Revenues for the nine months ended September 30, 2017 and September 30, 2016 were derived from the unaudited condensed financial statements. The Operating Revenues for the years ended December 31, 2016 and 2015 were derived from the audited financial statements contained in Appendix A of this Official Statement.

Total Operating Revenues were $871.7 million for the first nine months of 2017 ("2017 period"), which was $15.8 million or 1.8% lower than Operating Revenues during the first nine months of 2016 ("2016 period"). Off-System Sales Revenues were lower in the 2017 period primarily due to lower off-system sales prices and volumes.

	Nine Months Ended September 30,		Year Ended December 31,	
	2017	**2016**	**2016**	**2015**
	(millions)			
Operating Revenues				
Residential	$321.2	$325.8	$411.0	$383.1
Commercial	247.1	247.7	324.5	315.1
Industrial	161.8	158.6	210.9	201.8
Unbilled Revenues	2.8	9.3	6.8	(1.0)
Fuel and Purchased Power Adjustment	(1.6)	(6.2)	(6.1)	(19.2)
Provision for Rate Stabilization	0.0	0.0	(26.0)	25.0
Total Retail Revenues	731.3	735.2	921.1	904.8
Off-System Sales	117.4	129.7	175.5	195.5
Other Electric Revenues	23.0	22.6	29.9	30.9
Total Operating Revenues	$871.7	$887.5	$1,126.5	$1,131.2
Retail Sales (GWh):				
Residential	2,799	2,843	3,589	3,470
Commercial	2,772	2,798	3,684	3,631
Industrial	2,549	2,494	3,328	3,301
Unbilled Sales	(50)	7	64	(27)
Total Retail Sales	8,070	8,142	10,665	10,375
Annual Percentage Change	N/A	N/A	2.8%	(2.7%)
Off-System Sales (GWh)	4,115	5,441	7,238	7,841
System Peak Load (MW)	N/A	N/A	2,354	2,315
Annual Percentage Change	N/A	N/A	1.7%	1.0%

OPERATIONS AND MAINTENANCE EXPENSES

The following table lists a breakdown of the District's Operations and Maintenance Expenses for the nine months ended September 30, 2017 and September 30, 2016, along with the years ended December 31, 2016 and December 31, 2015. The Operations and Maintenance Expenses for the nine months ended September 30, 2017 and September 30, 2016 were derived from the unaudited condensed financial statements. The Operations and Maintenance Expenses for the years ended December 31, 2016 and 2015 were derived from the audited financial statements contained in Appendix A of this Official Statement.

Total Operations and Maintenance Expenses were $479.1 million for the first nine months of 2017 which was $150.9 million or 24.0% under the Operations and Maintenance Expenses during the first nine months of 2016. The most significant variances from the prior period were decreases in Fuel, Production and Administrative and General expenses, partially offset by increases in Purchased Power expense. Fuel and production expenses were lower due to the decision to cease operations at Fort Calhoun Station. Administrative and General expenses were lower primarily due to FCS employee benefit expenses being recorded as decommissioning expense.

	Nine Months Ended September 30,		**Year Ended December 31,**	
	2017	**2016**	**2016**	**2015**
	(millions)			
Operations and Maintenance				
Fuel	$124.6	$141.4	$186.8	$197.1
Purchased Power	114.7	84.0	119.5	107.7
Production	60.9	200.2	252.3	282.1
Transmission	27.4	27.2	35.7	33.0
Distribution	40.1	33.2	44.8	42.9
Customer Accounts	12.6	12.4	16.7	15.4
Customer Service and Information	10.4	11.3	15.2	16.4
Administrative and General	88.4	120.3	152.9	147.3
Total Operations and Maintenance	$479.1	$630.0	$823.9	$841.9

DEBT SERVICE ON THE DISTRICT'S BONDS

The following table shows by calendar year the future required debt service payments for the District's outstanding debt, excluding Separate System Bonds of the District, the CP Notes and debt that has been defeased by the District, including the Refunded Bonds. With respect to the Electric System Revenue Bonds and Subordinated Bonds, the District is required to make monthly deposits into the interest and principal accounts of their respective Bond Funds. All other subordinated debt service requirements are paid by the District on the dates due to holders. The District's CP Notes bear a variable interest rate with no scheduled amortization and therefore no CP Notes debt service is included in the table.

The debt service related to the 2017 Bonds will require monthly deposits into the interest and principal accounts of the Bond Fund related to the 2017 Bonds. To determine the debt service amount for each year, one-twelfth of the current year's February 1 principal payment is combined with eleven-twelfths of following year's February 1 principal payment. Similarly, one-sixth of the current year's February 1 interest payment is combined with the current year's August 1 interest payment and five-sixths of the following year's February 1 interest payment. The resulting calculation of debt service is used herein for purposes of computing debt service coverage.

Calendar Year	Electric System Revenue Bonds Debt Service Before Issuance of the 2017 Bonds	Less Debt Service on the Refunded Bonds[1]	Plus Debt Service on the 2017 Bonds	Total Electric System Revenue Bonds Debt Service After Issuance of the 2017 Bonds	Plus Debt Service on the Subordinated Bonds[2]	Total Debt Service
2017	$113,783	$353	$325	$113,755	$15,490	$129,245
2018	113,823	11,545	10,623	112,901	15,302	128,203
2019	113,832	11,545	10,623	112,910	15,242	128,152
2020	114,708	11,545	10,623	113,786	14,746	128,532
2021	80,310	11,545	10,623	79,388	50,034	129,422
2022	101,426	11,545	10,623	100,504	16,252	116,756
2023	101,510	11,545	10,623	100,588	16,129	116,717
2024	97,010	11,545	10,623	96,088	20,590	116,678
2025	95,966	11,545	10,623	95,044	21,607	116,651
2026	94,645	11,545	10,623	93,723	23,112	116,835
2027	94,775	11,545	10,623	93,853	22,820	116,673
2028	95,480	11,545	10,623	94,558	22,309	116,867
2029	95,707	17,003	15,532	94,235	21,817	116,052
2030	101,764	17,501	15,980	100,243	16,015	116,258
2031	88,865	16,912	15,392	87,345	29,214	116,559
2032	88,278	16,886	15,363	86,755	29,298	116,053
2033	89,167	16,906	15,386	87,647	28,367	116,014
2034	71,788	29,157	27,238	69,869	45,479	115,348
2035	71,761	30,319	28,362	69,804	45,468	115,272
2036	74,463	31,145	29,192	72,511	43,551	116,062
2037	96,486	31,217	29,264	94,532	21,629	116,161
2038	114,685	31,185	29,232	112,732	4,245	116,977
2039	57,768	32,407	30,453	55,814	25,018	80,832
2040	55,223	32,518	30,562	53,267	26,569	79,836
2041	47,129	32,523	30,562	45,168	25,682	70,850
2042	37,162	2,710	2,547	36,999	2,134	39,133
2043	26,058	-	-	26,058	-	26,058
2044	27,196	-	-	27,196	-	27,196
2045	21,716	-	-	21,716	-	21,716
2046	1,767	-	-	1,767	-	1,767

[1]The Refunded Bonds are described in Exhibit D hereto.

[2]Subordinate Lien Debt includes 2014AA, 2014BB, 2014CC, 2014DD and Minibonds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of financial activities prepared for the District's 2016 Annual Report can be found in Appendix A to this Official Statement and is adopted as if fully set forth herein.

BOOK-ENTRY SYSTEM

Portions of the information relating to the Book-Entry System under this heading have been furnished by The Depository Trust Company and have not been independently verified by the District or the Underwriters. Neither the Underwriters nor the District makes any representation whatsoever as to the accuracy, adequacy or completeness of such information.

General

The DTC, New York, New York, will act as securities depository for the 2017 Bonds. The 2017 Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond Certificate will be issued for each maturity of each series of the 2017 Bonds in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC and Its Direct and Indirect Participants

DTC, the world's largest depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchase of Ownership Interests

Purchases of the 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2017 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2017 Bonds, except in the event that use of the book-entry system for the 2017 Bonds is discontinued.

Transfers and Exchanges of Beneficial Ownership Interests

To facilitate subsequent transfers, all 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Notices and Consents

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2017 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2017 Bonds documents. For example, Beneficial Owners of 2017 Bonds may wish to ascertain that the nominee holding the 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of Principal, Interest and Redemption Price

Principal, redemption proceeds and interest payments on the 2017 Bonds will be made to Cede & Co, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Bond Fund Trustee, on each payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants on the payable date to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (or its nominee), the Bond Fund Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption proceeds (if applicable) and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Bond Fund Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is the responsibility of Direct and Indirect Participants.

The Beneficial Owners of the 2017 Bonds will rely on DTC's Direct or Indirect Participants for timely payments and other notices and for otherwise making available to the Beneficial Owner the rights of a Bondholder. No assurances can be provided that in the event of bankruptcy or insolvency of DTC or a Direct or Indirect Participant through which a Beneficial Owner holds beneficial interests in the 2017 Bonds, payment will be made by DTC or the Direct or Indirect Participant on a timely basis.

Discontinuance of DTC Services

DTC may discontinue providing its services as depository with respect to the 2017 Bonds at any time by giving reasonable notice to the District or the Bond Fund Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2017 Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository). In that event, 2017 Bond certificates will be printed and delivered

The District, the Bond Fund Trustee and the Paying Agent will not have any responsibility or obligation to Direct or Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (ii) the payment by DTC or any Direct or Indirect Participant of any amount with respect to the principal or redemption price of, or interest on, the 2017 Bonds; (iii) any notice which is permitted or required to be given to Bondholders under the Resolution; (iv) the selection by DTC or any Direct or Indirect Participant of any person to receive payment in the event of a partial redemption of the 2017 Bonds; or (v) any consent given or other action taken by DTC as Bondholder.

The information included under this heading "BOOK-ENTRY SYSTEM," other than in this paragraph and the preceding bold face paragraphs, has been provided by DTC. No representation is made by the District, the Bond Fund Trustee or the Underwriters as to the accuracy or adequacy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date thereof.

SUMMARY OF CERTAIN PROVISIONS OF RESOLUTION NO. 1788

The following is a brief summary of certain provisions of Resolution No. 1788 adopted by the District's Board of Directors on January 20, 1972 as amended by Resolution No. 5432 adopted by the District's Board of Directors on April 14, 2005 and effective as of March 4, 2009 and Resolution No. 5882 adopted by the District's Board of Directors on October 13, 2011 and effective as of February 6, 2015 (as so amended, "Resolution No. 1788") and is not to be considered as a full statement of the provisions thereof. The summary is qualified by reference to and is subject to the complete Resolution No. 1788, copies of which may be examined at the offices of the District and the Bond Fund Trustee.

Electric System

The term "Electric System" means the electric utility properties and assets, real and personal, tangible and intangible, of the District used or useful in the generation, transmission, distribution and sale of electric energy and business incidental thereto, including all additions and betterments to, and extensions of said properties, and shall not include any facilities for the generation, transmission and distribution of electric power and energy constructed or acquired by the District as a Separate Electric System with the proceeds of sale of bonds or other evidences of indebtedness (other than Bonds) which shall be payable solely from the revenues or other income derived from the ownership or operation of such Separate Electric System.

Revenue Fund

The District shall pay into the Revenue Fund, when and as collected, all revenues, income, receipts and profits received by the District from the sale, furnishing or supplying of electric energy and all other commodities, services and facilities sold, furnished or supplied by the District from or through the properties and facilities constituting the Electric System of the District, including all additions and betterments to, and extensions of, all such properties and facilities ("Revenues of the Electric System") and the proceeds received by the District directly or indirectly from the sale, lease or other disposition of any such properties or facilities. Moneys in the Revenue Fund may be used by the District for any lawful purpose of the District.

Bond Fund

The Bond Fund has been established for the payment of the Bonds and will be held by the Bond Fund Trustee. In each month, after providing for the expenses of operating and maintaining the Electric System in such month, the District will pay, out of the Revenues of the Electric System, into the Bond Fund for credit to the Interest Account, Principal Account and Bond Retirement Account therein, proportionate amounts of the next due interest, principal and sinking fund installments on each series of Bonds, respectively, which in the aggregate shall be sufficient to meet the principal and interest payments on the Bonds when due. The District may deliver in lieu of such cash deposits, noncallable Investment Securities (limited as described in the paragraph "Investment of Funds" herein maturing on or prior to the next occurring payment from the applicable account of the Bond Fund. Such Investment Securities delivered to the Bond Fund Trustee pursuant to this paragraph shall be valued at an amount equal to the principal plus interest payable at maturity with respect to the Investment Security.

Reserve Account in the Bond Fund

The Reserve Account Requirement is an amount equal to the maximum amount required to be paid into the Interest Account in the Bond Fund in any calendar year to provide for the payment of interest on the Bonds then outstanding.

The Reserve Account Requirement may be funded in whole or in part through Reserve Account Cash Equivalents. "Reserve Account Cash Equivalent" means a letter of credit, insurance policy, surety, guarantee or other security arrangement which Reserve Account Cash Equivalent shall have such terms necessary to maintain the rating assigned to the Bonds and able to be drawn upon at any time that cash could be withdrawn from the Reserve Account. Each Reserve Account Cash Equivalent will be accompanied by an opinion of Bond Counsel that acceptance of and any payment of funds from such Reserve Account Cash Equivalent will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Upon the issuance of Additional Bonds, the amount in the Reserve Account will be increased to the amount of the new Reserve Account Requirement either from the proceeds of such Additional Bonds or by making payments to such Account within the next ensuing five-year period. Amounts in excess of the Reserve Account Requirement may be transferred to the District's Revenue Fund.

Covenants

The District has covenanted in Resolution No. 1788, among other things:

(1) That the District will fix, establish and collect or cause to be fixed, established and collected adequate rates, tolls, rents and other charges for electric energy and all other commodities, services and facilities sold, furnished or supplied through the properties of the Electric System or any part thereof, which rates, tolls, rents and charges shall be fair, reasonable and adequate to provide Revenues of the Electric System sufficient to pay the principal of and interest on all Bonds and the operations and maintenance expenses of the Electric System and to pay any other indebtedness payable from the revenues, income, receipts and profits of the Electric System.

(2) That the District will not at any time create or permit to accrue or to exist any lien or other encumbrance upon the Revenues of the Electric System or upon the properties of the Electric System unless adequate provision is made in the agreement or other instrument creating such lien so that the Bonds shall constitute a lien upon all such revenues, moneys, funds and other property prior to any such lien or other encumbrance.

(3) That the District will not sell, lease or otherwise dispose of all or any part of the properties of the Electric System for a consideration other than money, and, if payment thereof be deferred, the District shall retain a prior lien or charge on the income and revenues from the property sold, leased or otherwise disposed of until payment of such consideration, plus the costs and expenses of the District in servicing such deferred payment sales, is made in full.

(4) That the District will keep, or cause to be kept, the works, generating stations and facilities comprising the properties of the Electric System insured and will carry such other insurance, with responsible insurers with policies payable to the District, against fire and other risks, accidents or casualties at least to the extent and of the kinds that is usually carried by corporations operating like properties in the same area.

Additional Bonds

(1) The District may issue Additional Bonds, including refunding Bonds, for any of its corporate purposes, provided that an Authorized District Officer shall file with the Bond Fund Trustee a certificate stating that the Net Receipts of the Electric System in each calendar year thereafter will be at least equal to 1.40 times the amounts to be paid in such year into the Bond Fund to pay principal and interest on (a) the Bonds to be outstanding after the issuance of such Additional Bonds and (b) any Additional Bonds which in the opinion of an Authorized District Officer will be required to be issued in the future to complete any generating facility for which Additional Bonds have been or are then being issued. Debt service on any such Bonds to be issued in the future shall be estimated by an Authorized District Officer on a level debt service basis over a period ending not later than the final maturity date of the Additional Bonds theretofore or then being issued for such generating facility and on the basis of an interest rate equal to the average interest rate for the Bonds then being issued.

The "Net Receipts" for any year are the operating revenues of the Electric System less (i) operations and maintenance expenses, exclusive of depreciation or amortization of property values or property losses and (ii) taxes, or payments in lieu of taxes, plus the income from the investment of the Reserve Account for the Bonds.

To compute the Net Receipts for each year, an Authorized District Officer shall use as a basis the Net Receipts of the Electric System during the last year for which an independent audit has been prepared and shall adjust such Net Receipts as follows:

(A) To reflect changes in rates which have gone into effect since the beginning of the year for which the audit was made.

(B) To reflect such Authorized District Officer's estimate of the net increase over, or net decrease under, the Net Receipts of the Electric System for the year for which the audit was made by reason of (i) changes in the amounts payable under existing power sales contracts, (ii) additional general operating income from sales to customers (other than other electric utilities and public authorities) under existing rate schedules for the various classes of customers or as such schedules may be revised under a program of changes which has been adopted by the Board of Directors of the District, (iii) projected revisions in labor, wages, salary, fuel, machinery, equipment and supply costs, (iv) projected revisions in production, transmission and distribution and administration costs associated with increases in sales of power and energy and the acquisition of new facilities, (v) the projected cost of purchasing power and (vi) such other projections of revenues and expenses as the Authorized District Officer deems reasonable and proper.

(2) The District may also issue Additional Bonds to refund Bonds, provided that principal and interest payments are not increased in any year in which any Bonds not refunded are to be outstanding.

(3) The District also reserves the right to issue junior lien indebtedness.

Separate System Bonds

The District may issue evidences of indebtedness, other than Bonds, to acquire or construct facilities for the generation, transmission or distribution of electric power and energy, which facilities shall be a Separate Electric System and which evidences of indebtedness shall not be a charge upon or payable from the Revenues of the Electric System but shall be payable solely from the revenues or other income derived from the ownership or operation of such Separate Electric System.

Investment of Funds

The District may invest moneys in the Revenue Fund and the Bond Fund in Investment Securities, which are defined in Resolution No. 1788 as any of the following which at the time are legal investments under the laws of the State of Nebraska for the funds proposed to be invested: (i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America; (ii) senior debt obligations rated in the Highest Rating Category issued by (A) a federally chartered corporation or entity (for example, Fannie Mae, the Federal Home Loan Mortgage Corporation, the Resolution Funding Corporation or the Federal Home Loan Banks) or (B) the World Bank; (iii) any written repurchase agreement ("Repurchase Agreement") entered into with a qualified financial institution, provided that the unsecured short-term obligations of the qualified financial institution are rated no lower than the Highest Rating Category and the obligations of the qualified financial institution under the

Repurchase Agreement must be collateralized by Government Obligations; (iv) investments in a money market fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, having assets, comprised solely of the type of securities described in (i) or (ii) above, of at least $100 million, and having a rating of "Aaa-mf, AAAm" or "AAAm-G" by a nationally recognized rating agency; and (v) commercial paper and other corporate debt obligations, each rated no lower than the Second Highest Rating Category.

"Highest Rating Category" means, with respect to an Investment Security, that the Investment Security is, at the time it is acquired, rated by at least one Rating Agency rating the Investment Security in the highest rating category given by that Rating Agency for that general category of security. By way of example, the Highest Rating Category for debt established by S&P and Fitch, Inc. Fitch is "AAA" for a term greater than one year, with corresponding ratings by Moody's of "Aaa."

"Second Highest Rating Category" means, with respect to an Investment Security, that the Investment Security is, at the time it is acquired, rated by at least one Rating Agency rating such Investment Security in the second-highest rating category given by that Rating Agency for that general category of security. By way of example, the Second Highest Rating Category for debt established by S&P and Fitch is "AA" for a term greater than one year, with corresponding ratings by Moody's of "Aa."

Moneys in the Bond Fund may be invested in Investment Securities described in (i), (ii), (iii) and (iv).

Events of Default; Remedies

The happening of one or more of the following events constitutes an Event of Default: (i) default in the performance of any obligations with respect to payments into the Revenue Fund; (ii) default in the payment of the principal of, and premium, if any, on any Bonds either at maturity or when called for redemption; (iii) default for 30 days in the payment of interest or any sinking fund installment on any Bonds; (iv) default for 90 days in the observance and performance of any other of the covenants, conditions and agreements of the District contained in Resolution No. 1788; (v) the sale or conveyance of any properties of the Electric System except as permitted by Resolution No. 1788 or the voluntary forfeiture of any license, franchise or other privilege necessary or desirable in the operation of the Electric System; and (vi) certain events in connection with the bankruptcy, insolvency or reorganization of the District.

After the occurrence of an Event of Default and prior to the curing of such Event of Default, the Bondholders may elect a Bondholders' Committee. The Bondholders' Committee or the Bond Fund Trustee may take possession and control of the business and property of the Electric System and proceed to operate the same and to collect and receive the income therefrom so long as necessary to restore all payments of interest and principal to a current status. The Bondholders' Committee or the Bond Fund Trustee also shall be entitled to have appointed a receiver of the business and property of the Electric System, including all tolls, rents, revenues, income, receipts, profits and benefits.

No Bondholder has any right to institute suit to enforce any provision of Resolution No. 1788 or the execution of any trust thereunder (except to enforce the payment of principal or interest installments as they mature), unless the Bond Fund Trustee has been requested by the holders of not less than 20% aggregate principal amount of the Bonds then outstanding to exercise the powers granted it by Resolution No. 1788 or to institute such suit and, unless the Bond Fund Trustee has refused or failed, within 60 days after the receipt of such request and after having been offered adequate security and indemnity, to comply with such request.

Amendments; Supplemental Resolutions

Resolution No. 1788 may be amended by the District with the consent of the holders of at least 66-⅔% of the Bonds then outstanding. However, without the consent of the holder of each Bond affected thereby, no amendment may be made to Resolution No. 1788 which will permit the creation by the District of a lien on the Revenues of the Electric System prior to or on a parity with the lien of the Bonds, extend the time of payment of the principal of or the interest on any Bond or reduce the principal amount thereof or the rate of interest thereon or the premium payable upon the redemption thereof or advance the redemption date, give any Bond any preference over any other Bond or reduce the percentage of Bonds required to amend Resolution No. 1788.

Without the consent of any holder of Bonds, the District may adopt supplemental resolutions for the following purposes: to authorize the issuance of Additional Bonds; to add to the covenants of the District contained in, or to surrender any rights reserved to or conferred upon the District by Resolution No. 1788; to add to the restrictions contained in Resolution No. 1788 upon the issuance of additional indebtedness; to confirm as further assurance any pledge under Resolution No. 1788 of the Revenues of the Electric System; to qualify Resolution No. 1788 under the United States Trust Indenture Act of 1939; otherwise to modify any of the provisions of Resolution No. 1788 (but no such modification may become effective while any Bonds outstanding at the time of adoption of the supplemental resolution remain outstanding); or, with the consent of the Bond Fund Trustee, to cure any ambiguity or defect or inconsistent provision in Resolution No. 1788.

Defeasance

The obligations of the District under Resolution No. 1788 shall be fully discharged and satisfied as to any Bond, and such Bond shall no longer be deemed to be outstanding thereunder, when payment of the principal of and the applicable redemption premium, if any, on such Bond, plus interest to the due date thereof, (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided by irrevocably depositing with the Bond Fund Trustee in trust exclusively for such payment (i) moneys sufficient to make such payments or (ii) noncallable Investment Securities or noncallable full faith and credit direct and general obligations of any state, or noncallable unlimited tax full faith and credit direct and general obligations of any political subdivision of any state, provided that such obligations of such state or political subdivision are rated in either of the two highest rating categories by two nationally recognized bond rating agencies and are legal investments for fiduciaries in the State of Nebraska, maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment, and, except for the purposes of such payment from such moneys or Investment Securities, such Bond shall no longer be secured by or entitled to the benefits of Resolution No. 1788, provided that, with respect to Bonds which by their terms may be redeemed or otherwise prepaid prior to the stated maturities thereof, no deposit under (b) above shall constitute such discharge and satisfaction unless such Bond shall have been irrevocably called or designated for redemption on the first date thereafter, such Bond may be redeemed in accordance with the provisions thereof, and notice of such redemption shall have been given or irrevocable provision shall have been made for the giving of such notice.

LEGAL PROCEEDINGS

There is not now pending or threatened litigation of any nature seeking to restrain or enjoin, or in any manner questioning, the issuance and delivery of the 2017 Bonds, the proceedings and authority under which the 2017 Bonds are issued or affecting the validity of the 2017 Bonds thereunder, the power and authority of the District to fix and establish and collect adequate rates, tolls, rents or other charges for electric energy and all other commodities, services and facilities sold, furnished or supplied by the District, the proceedings and authority under which the District's present rates, tolls and other charges are made and the right and authority of the District to conduct its electrical business or operate any of its properties now constructed or contemplated to be constructed; and neither the corporate existence nor the boundaries of the District nor the title of its present officers to their respective offices is being contested.

Additionally, on July 17, 2014, four District retirees filed a civil action against the District in the District Court of Douglas County, Nebraska. The suit alleges that the District violated the legal rights of retirees when it eliminated an electric service rate discount that applied to retirees and active employees. The plaintiffs seek class action status and demand reinstatement of the discounted electric rate, money damages, and attorney fees. The District will vigorously defend the lawsuit. An unfavorable outcome would not materially impact the District's financial position. The District is engaged in routine litigation incidental to the conduct of its business. In the opinion of its General Counsel, the aggregate amounts recoverable from the District relative to such litigation are not material.

RATINGS

Moody's Investors Service and Standard & Poor's Ratings Services have given the ratings of "Aa2" and "AA" respectively, to the 2017 Bonds. Such ratings reflect only the views of such organizations, and explanations of the significance of such ratings may be obtained only from the credit rating agencies. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such credit rating agencies if in their judgment circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

The Series Resolution authorizing the 2017 Bonds includes the District's undertaking ("Undertaking") for the benefit of the holders of the 2017 Bonds to send certain financial information and operating data to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board or certain other repositories of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) ("Rule"). See "APPENDIX C—FORM OF CONTINUING DISCLOSURE UNDERTAKING."

A failure by the District to comply with the Undertaking will not constitute an event of default with respect to the 2017 Bonds, although any holder would have any available remedy at law or in equity, including seeking specific performance by court order, to cause the District to comply with its obligations under the Undertaking. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2017 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2017 Bonds and their market price. The District has not, in the past five years, failed to comply in any material respect with its prior continuing disclosure undertakings pursuant to the Rule. The District notes, however, that certain of the District's 2016 Annual Financial Information, although timely and correctly filed by the District with the Municipal Securities Rulemaking Board, was, for reasons unknown to the District, not linked on the EMMA website to the CUSIP numbers associated with the District's Series 2014 CC Bonds. The District has corrected the mistake and caused the missing information to be associated with the Series 2014 CC CUSIP numbers.

UNDERWRITING

The 2017 Bonds are being purchased by the underwriters shown on the cover page hereof, for which Morgan Stanley & Co. LLC and Citigroup Global Markets Inc. are acting as Senior Managers (collectively, the "Underwriters"). The Underwriters have agreed to purchase the 2017 Bonds from the District at a price of $257,187,781.47, which is the principal amount of $220,195,000.00 plus net original issue premium of $37,561,048.25 less Underwriters' discount of $568,266.78. The 2017 Bonds may be offered and sold to certain dealers (including underwriters and other dealers depositing such 2017 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

Morgan Stanley & Co. LLC, an underwriter of the 2017 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2017 Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL will purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), one of the underwriters of the 2017 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WF A"), for the distribution of certain municipal securities offerings, including the 2017 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2017 Bonds with WF A. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities; LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the 2017 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

TAX MATTERS

In General. In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered at the time of original issuance of the 2017 Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the 2017 Bonds (including original issue discount treated as interest) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and continuing compliance by the District with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the 2017 Bonds. Failure to comply with such requirements could cause interest on the 2017 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2017 Bonds. The District has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the 2017 Bonds.

Notwithstanding Bond Counsel's opinion that interest on the 2017 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, such interest will be included in adjusted current earnings of certain corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to such adjustment and prior to deduction for certain net operating losses).

The accrual or receipt of interest on the 2017 Bonds may otherwise affect the federal income tax liability of the owners of the 2017 Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the 2017 Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the 2017 Bonds.

Tax Treatment of Original Issue Premium. Certain of the 2017 Bonds were sold at a premium (collectively, the "Premium Bonds"). An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. An initial purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the 2017 Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made after March 31, 2007 to any bondholder who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the 2017 Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Exemption Under State Tax Law

In Bond Counsel's further opinion, under existing laws, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the 2017 Bonds is exempt from all present State of Nebraska income taxes.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the 2017 Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2017 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2017 Bonds or the market value thereof would be impacted thereby. Purchasers of the 2017 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2017 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

LEGAL APPROVALS

All of the legal proceedings in connection with the authorization and issuance of the 2017 Bonds are subject to the approval of Kutak Rock LLP, Omaha, Nebraska, Bond Counsel. Certain legal matters in connection with the 2017 Bonds are subject to the approval of Fraser Stryker PC LLO, Omaha, Nebraska, General Counsel to the District and Squire Patton Boggs (US) LLP, Counsel to the Underwriters. Certain of the fees of Bond Counsel and Counsel to the Underwriters are contingent upon the issuance and sale of the 2017 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Causey Demgen & Moore P.C., a firm of independent public accountants, will deliver to the District, on or before the date of issuance of the 2017 Bonds, its verification report indicating that it has verified certain information provided by the District and the Underwriters with respect to the Refunded Bonds and the 2017 Bonds. Included in the scope of Causey Demgen & Moore P.C.'s procedures will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Investment Securities to be held in escrow for the benefit of the holders of the Refunded Bonds to pay, when due, the principal of and interest on the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the 2017 Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder.

The verification performed by Causey Demgen & Moore P.C. will be solely based upon data, information and documents that the District and the Underwriters caused to be provided to Causey Demgen & Moore P.,C. The Causey Demgen & Moore P.C. report of its verification will state that Causey Demgen & Moore P.C. has no obligation to update the report because of events occurring, or data or information coming to its attention, subsequent to the date of the report.

OFFICIAL STATEMENT

The information contained in this Official Statement has been obtained from records of the District and from other sources believed to be reliable, but the accuracy and completeness of the information are not guaranteed. All references to and explanations and summaries of statutes, resolutions, contracts, and other documents contained herein are qualified in their entirety by reference to said statutes and documents for a full and complete description of their respective provisions. Any statements contained herein involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The execution, delivery, and distribution of this Official Statement have been duly authorized by the Board of Directors of the District.

MISCELLANEOUS

The references herein to the laws of the State of Nebraska and Resolution No. 1788, the Series Resolution and the Supplemental Resolution and other resolutions and contracts are brief outlines of certain provisions thereof. Such outlines do not purport to be complete, and reference is made to the laws of the State of Nebraska, to Resolution No. 1788, to the Series Resolution and to the Supplemental Resolution and to such other resolutions and contracts for full and complete statements of such provisions.

Any statements made in this Official Statement involving matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Certain capitalized terms not otherwise defined herein will have the meanings assigned thereto in Resolution No. 1788, as applicable.

BOARD OF DIRECTORS
OMAHA PUBLIC POWER DISTRICT

By /s/ L. Javier Fernandez
Vice President and Chief Financial Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

FINANCIAL REPORT FROM DECEMBER 31, 2016

[THIS PAGE INTENTIONALLY LEFT BLANK]

Omaha Public Power District
2016 Financial Report

Table of Contents

Management's Discussion and Analysis (Unaudited) 2
Report of Management 18
Independent Auditors' Report 19
Statements of Net Position 21
Statements of Revenues, Expenses and Changes in Net Position 23
Statements of Cash Flows 24
Notes to Financial Statements 25
Required Supplementary Information 62
Notes to Required Supplementary Information 63

Management's Discussion and Analysis (Unaudited)

USING THIS FINANCIAL REPORT

The Financial Report for the Omaha Public Power District (OPPD or Company) includes the Management's Discussion and Analysis, Financial Statements, Notes to Financial Statements, Required Supplementary Information and Notes to Required Supplementary Information. The Financial Statements consist of the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The Financial Statements have been prepared in accordance with generally accepted accounting principles (GAAP) for proprietary funds of governmental entities. Questions concerning any of the information provided in this report should be directed to Investor Relations, 402-636-3286.

Management's Discussion and Analysis (MD&A) – This unaudited information provides an objective and easily readable analysis of OPPD's financial activities based on currently known facts, decisions or conditions. In the MD&A, financial managers present both short-term and long-term analyses of the Company's activities. The MD&A should be read in conjunction with the Financial Statements, Required Supplementary Information and related Notes. This document contains forward-looking statements based on current plans.

Statement of Net Position – This statement reports resources with service capacity (assets) and obligations to sacrifice resources (liabilities). Deferrals result from outflows and inflows of resources that have already taken place but are not recognized in the financial statements as expenses and revenues because they relate to future periods. Net Position is the residual interest in the Company. On the Statement of Net Position, the sum of assets and deferred outflows equals the sum of liabilities, deferred inflows and net position. This statement facilitates the assessment and evaluation of liquidity, financial flexibility and capital structure.

Statement of Revenues, Expenses and Changes in Net Position – All revenues and expenses are accounted for in this statement. This statement measures the activities for the year and can be used to determine whether the revenues, rates, fees and other charges are adequate to recover expenses.

Statement of Cash Flows – This statement reports all cash receipts and payments summarized by net changes in cash from operating, capital and related financing, and investing activities.

Notes to Financial Statements (Notes) – These notes provide additional detailed information to support the Financial Statements.

Required Supplementary Information and Notes to Required Supplementary Information – This information provides additional detailed disclosures as required by the Governmental Accounting Standards Board.

ORGANIZATION

OPPD is a fully integrated, publicly owned electric utility governed by an elected board of eight directors. The Company serves an estimated population of 820,000 in a 13-county, 5,000-square-mile service area in southeast Nebraska.

FINANCIAL POSITION

As discussed in Note 3 to the financial statements, in 2016 OPPD elected to change the method of accounting related to ash landfills and the closure and postclosure care costs to be incurred in the future. This resulted in the application of GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs* (GASB 18), by recognizing the cumulative effect of adoption as of January 1, 2015.

The following table summarized the financial position as of December 31 (in thousands).

Condensed Statements of Net Position

	2016	2015
Current Assets	$ 921,231	$ 839,274
Other Long-Term Assets and Special Purpose Funds	1,692,455	1,007,537
Capital Assets	2,561,394	3,389,679
Total Assets	5,175,080	5,236,490
Deferred Outflows of Resources	265,988	192,677
Total Assets and Deferred Outflows	$ 5,441,068	$ 5,429,167
Current Liabilities	$ 371,957	$ 257,466
Long-Term Liabilities	4,013,641	3,208,379
Total Liabilities	4,385,598	3,465,845
Deferred Inflows of Resources	42,141	16,168
Net Position	1,013,329	1,947,154
Total Liabilities, Deferred Inflows and Net Position	$ 5,441,068	$ 5,429,167

Total Assets and Deferred Outflows

Total Assets in 2016 decreased $61,410,000 or 1.2% from 2015, primarily due to a decision by the Board of Directors in June 2016 to cease operations at the Fort Calhoun Station (FCS). Capital assets decreased $828,285,000 or 24.4% from 2015 due to the FCS decision, which resulted in an impairment of the FCS-related assets. Other Long-Term Assets and Special Purpose Funds increased $684,918,000 or 68.0% over 2015, primarily due to the addition of a Board-approved regulatory asset for decommissioning costs.

Deferred Outflows of Resources in 2016 increased $73,311,000 or 38.0% over 2015, primarily due to the change in the expected earnings on the pension plan.

Total Liabilities, Deferred Inflows and Net Position

Total liabilities in 2016 increased $919,753,000 or 26.5% over 2015, primarily due to the additional decommissioning cost liability related to the decision to cease operations at FCS.

Deferred Inflows of Resources in 2016 increased $25,973,000 or 160.6% over 2015, primarily due to an increase in the Rate Stabilization Reserve.

Net Position in 2016 decreased $933,825,000 or 48.0% from 2015, primarily due to the decision to cease operations at FCS, which resulted in an impairment of the FCS-related assets.

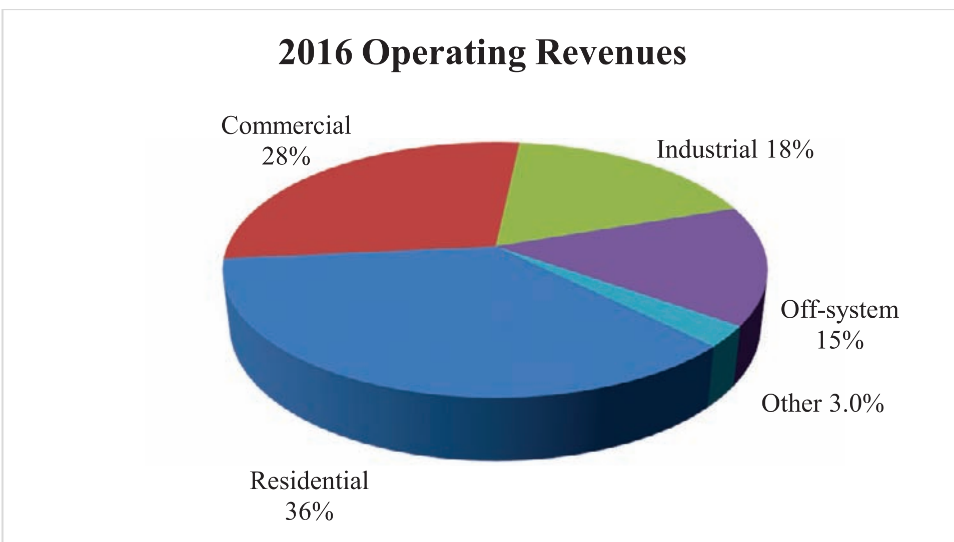
RESULTS OF OPERATIONS

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

Operating Results	2016	2015
Operating Revenues	$ 1,126,476	$ 1,131,235
Operating Expenses	(1,025,117)	(1,030,374)
Operating Income	101,359	100,861
Other Income	12,305	22,929
Interest Expense	(87,914)	(91,468)
Net Income (Loss) Before Special Item	25,750	32,322
Special Item	(959,575)	-
Net Income (Loss)	$ (933,825)	$ 32,322

Operating Revenues

The following chart illustrates 2016 operating revenues by category and percentage of the total.

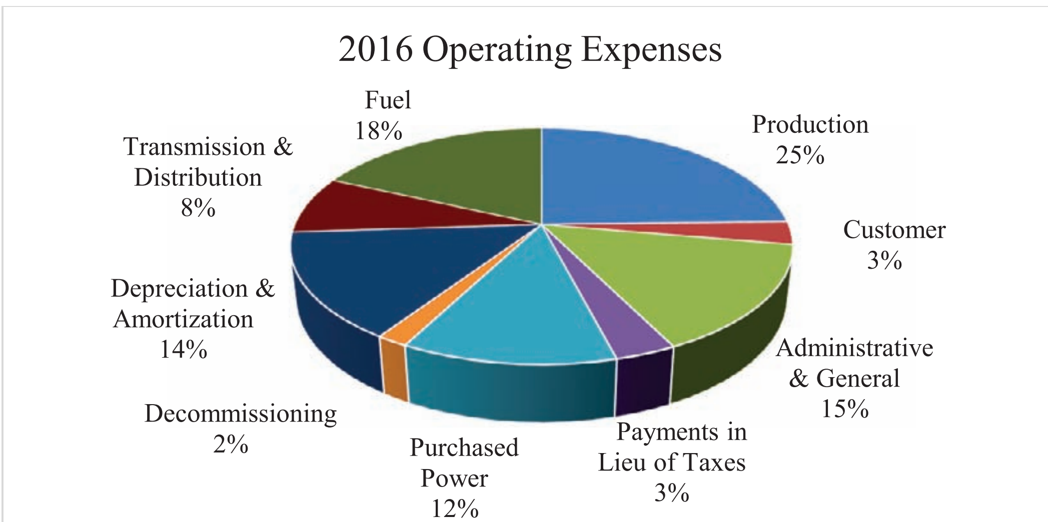


2016 Compared to 2015 – Total operating revenues were $1,126,476,000 for 2016, a decrease of $4,759,000 or 0.4% from 2015 operating revenues of $1,131,235,000.

- Revenues from retail sales were $921,052,000 for 2016, an increase of $16,259,000 or 1.8% over 2015 revenues of $904,793,000. The increase in retail revenues was primarily due to warmer than normal summer weather, which was partially offset by a transfer to the Rate Stabilization Reserve.
- Revenues from off-system sales were $175,506,000 for 2016, a decrease of $20,006,000 or 10.2% from 2015 revenues of $195,512,000. The decrease was primarily due to lower sales volumes and prices in the off-system marketplace.
- Other Electric Revenues include connection charges, late payment charges, rent from electric property, wheeling fees and miscellaneous revenues. These revenues were $29,918,000 for 2016, a decrease of $1,012,000 or 3.3% from 2015 revenues of $30,930,000.

Operating Expenses

The following chart illustrates 2016 operating expenses by expense classification and percentage of the total.



2016 Compared to 2015 – Total operating expenses were $1,025,117,000 for 2016, a decrease of $5,257,000 or 0.5% from 2015 operating expenses of $1,030,374,000.

- Fuel expense decreased $10,313,000 or 5.2% from 2015, primarily due to reduced generation at the North Omaha Station and Nebraska City Station Unit 1 (NC1) partially offset by increased generation at Nebraska City Station Unit 2 (NC2).
- Purchased Power expense increased $11,839,000 or 11.0% over 2015, primarily due to additional renewable energy purchases.
- Production expenses decreased $29,837,000 or 10.6% from 2015, due to reduced operations and maintenance expense at FCS.
- Transmission expense increased $2,686,000 or 8.1% over 2015, primarily due to increased outside service costs and increased transmission fees.
- Distribution expense increased $1,835,000 or 4.3% over 2015, primarily due to increased payroll costs.
- Customer Accounts expense increased $1,329,000 or 8.6% over 2015, primarily due to adjustments for the provision for uncollectible accounts.
- Customer Service and Information decreased $1,191,000 or 7.3% from 2015, primarily due to decreased outside service costs.
- Administrative and General expense increased $5,570,000 or 3.8%, primarily due to increased outside service costs and increased employee benefit costs.

- Depreciation and Amortization expense decreased $1,487,000 or 1.0%, primarily due to ceasing operations at FCS in October 2016.
- Decommissioning expense increased $12,415,000 or 240.6% due to the transitioning of FCS to decommissioning.
- Payments in Lieu of Taxes expense increased 1,897,000 or 5.9%, primarily due to higher retail revenues.

Other Income (Expenses)

Other income (expenses) totaled $12,305,000 in 2016, a decrease of $10,624,000 from 2015 income (expenses) of $22,929,000.

Other – Net totaled $2,229,000 in 2016, a decrease of $6,113,000 from 2015, primarily due to a reduction of grants from the Federal Emergency Management Agency.

Allowances for Funds Used During Construction (AFUDC) totaled $7,380,000 in 2016, a decrease of $1,094,000 from 2015, due to lower construction balances subject to AFUDC.

A variety of products and services are offered to provide value both to the customer and the Company. These products and services totaled $3,739,000 in 2016, a decrease of $548,000 from 2015. These products include Geothermal Loop Heat Exchangers, ECO 24/7 services and Residential Surge Protection.

Interest Expense

Interest expense was $87,914,000 for 2016, a decrease of $3,554,000 from 2015, primarily due to lower interest payments related to debt refunding activity in 2016 and 2015.

Net Income (Loss) Before Special Item

Net income before the Special Item was $25,750,000 or $6,572,000 lower than 2015 primarily due to Rate Stabilization Reserve adjustments. Changes to the Rate Stabilization Reserve resulted in operating revenues and net income decreasing $26,000,000 in 2016 and increasing $25,000,000 in 2015.

Special Item

The Board decision to cease operations at FCS resulted in an impairment and the recognition of a Special Item. This includes the write-off of FCS-related assets and related contract termination fees in the amount of $959,575,000.

Net Income (Loss)

Net loss after the Special Item was $933,825,000, primarily due to the Board decision to cease operations at FCS.

CAPITAL PROGRAM

The Company's utility plant assets include production, transmission and distribution (T&D), and general plant facilities. As a result of the Board of Directors' decision in June 2016 to cease operations at FCS, the related assets were determined to be impaired as of June 30, 2016. The following table summarizes the balance of capital assets as of December 31 (in thousands).

Capital Assets	**2016**	**2015**
Electric plant	$ 4,305,055	$ 5,487,554
Nuclear fuel - at amortized cost	-	87,387
Accumulated depreciation and amortization	(1,743,661)	(2,185,262)
Total utility plant - net	$ 2,561,394	$ 3,389,679

Electric system requirements, including the identification of future capital investments, are reviewed annually to ensure current and future load requirements are serviced by a reliable and diverse power supply. Capital investments are financed with revenues from operations, bond proceeds, investment income and cash on hand.

The following table shows actual capital program expenditures, including allowances for funds used during construction, for the last two years and budgeted expenditures for 2017 (in thousands).

	Budget	**Actual**	
Capital Program Expenditures	**2017**	**2016**	**2015**
Transmission and distribution	$ 80,000	$ 82,145	$ 80,862
Production	35,000	48,723	115,398
General	20,000	11,782	12,509
Total	$ 135,000	$ 142,650	$ 208,769

Actual and budgeted expenditures for 2015 through 2017 include the following:

- Transmission and distribution expenditures include a new 345-kilovolt transmission line from a substation near the Nebraska City Station to the Nebraska border as part of the Midwest Transmission Project. In addition, expenditures include a transmission system upgrade as part of the Elkhorn River Valley Transmission Project. T&D expenditures also include the installation of substation and distribution facilities to maintain system reliability, enhance efficiency and respond to load growth.

- Production expenditures include equipment to maintain reliability, enhance efficiency and comply with increasing environmental regulations. Budgeted expenditures include additional ash disposal facilities at the Nebraska City Station and replacement of the turbine rotor at NC2. Production expenditures at FCS through June 2016 include reinforcing beams that support equipment inside the reactor containment building and equipment for remote monitoring of the spent fuel pool. Due to the impairment of capital assets and the transition to decommissioning FCS beginning in November 2016, no additional FCS expenditures will be eligible for capitalization at FCS.

- General plant expenditures include facility upgrades and fleet vehicle purchases. Additional budgeted expenditures include telecommunications equipment and information technology upgrades for cyber security and the outage and field service management systems.

CASH AND LIQUIDITY

Cash Flows

There was an increase in cash and cash equivalents of $5,802,000 during 2016 and a decrease of $6,062,000 during 2015.

The following table illustrates the cash flows by activities for the years ended December 31 (in thousands).

Cash Flows	2016	2015
Cash Flows from Operating Activities	$ 301,851	$ 262,088
Cash Flows from Capital and Related Financing Activities	(271,220)	(226,865)
Cash Flows from Investing Activities	(24,829)	(41,285)
Change in Cash and Cash Equivalents	$ 5,802	$ (6,062)

Cash flows from operating activities consist of transactions involving changes in current assets, current liabilities and other transactions that affect operating income.

- Cash flows for 2016 increased $39,763,000 over 2015 primarily as the result of an increase in cash received from retail customers.

Cash flows from capital and related financing activities consist of transactions involving long-term debt and the acquisition and construction of capital assets.

- Cash flows used for 2016 increased $44,355,000 over 2015, primarily due to a decrease in proceeds from long-term borrowing, partially offset by decreased debt principal payments and a decrease in the cash used for acquisition and construction of capital assets.

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

- Cash flows used for 2016 decreased $16,456,000 over 2015, primarily due to decreased investment purchases and an increase in investment income.

Financing

Sufficient liquidity is maintained to ensure working capital is available for normal operational needs and unexpected but predictable risk events. OPPD's liquidity includes cash, marketable securities and a line of credit. Bond offerings also provide a significant source of liquidity for capital investments not funded by revenues from operations.

The financing plan optimizes the debt structure to ensure capital needs are financed, liquidity needs are achieved and the Company's strong financial position is maintained. The 2017 financing plan does not include any bond issues. The Company will continue to monitor refunding opportunities to achieve any potential interest cost savings for customer-owners.

One Electric System Revenue Bond issue totaling $183,340,000 was completed in 2016. The proceeds from the bonds were used for the refunding of previously issued Electric System Revenue Bonds. The lower interest rates on the new debt decreased the debt service payments. Repayments of $43,065,000 of Electric System Revenue Bonds and $127,000 of Minibonds were made in 2016.

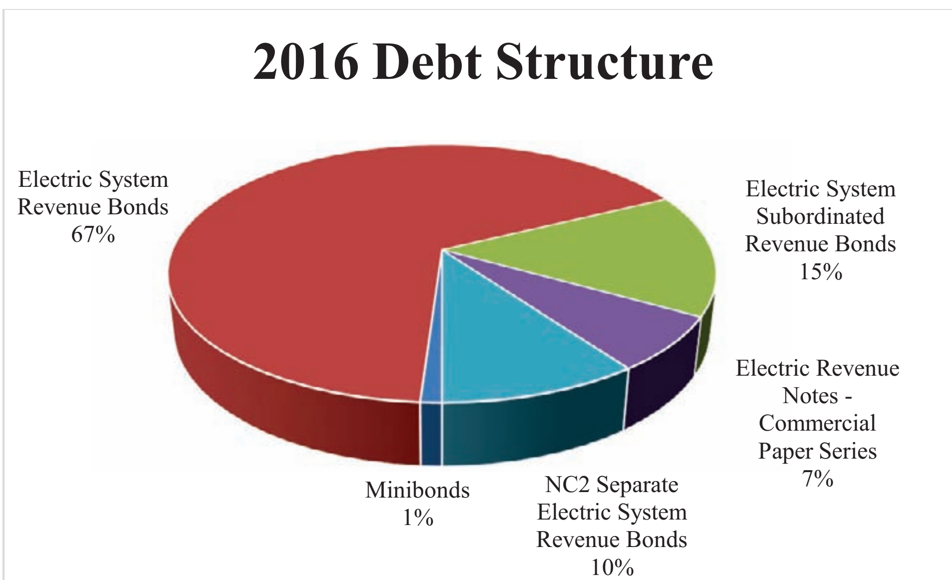
The Company issued $103,685,000 of NC2 Separate Electric System Revenue Bonds in 2016. The bonds were used for the refunding of previously issued NC2 Separate Electric Revenue Bonds. There was a principal payment of $3,190,000 made on February 1, 2016, for NC2 Separate Electric System Revenue Bonds.

Three Electric System Revenue Bonds totaling $447,200,000 were issued in 2015. The proceeds from these bonds were used for refunding $364,840,000 of previously issued Electric System Revenue Bonds and financing $82,360,000 in new capital expenditures. Repayments of $40,465,000 of Electric System Revenue Bonds and $135,000 of Minibonds were made in 2015.

The Company issued $114,245,000 of NC2 Separate Electric System Revenue Bonds in 2015. The bonds were used for the refunding of previously issued NC2 Separate Electric System Revenue Bonds. There was a principal payment of $3,080,000 made on February 2, 2015, for NC2 Separate Electric System Revenue Bonds.

The Company renewed a Credit Agreement for $250,000,000 in 2015 that expires on October 1, 2018. The Credit Agreement supports the Commercial Paper Program in addition to providing another source of working capital, if needed. There were no amounts outstanding under this Credit Agreement as of December 31, 2016 or 2015. There was $150,000,000 of commercial paper outstanding as of December 31, 2016 and 2015.

The following chart illustrates the debt structure and percentage of the total as of December 31, 2016.



Details of the Company’s debt balances and activity are included in Note 6 in the Notes to Financial Statements.

Debt Service Coverage for Electric System Revenue Bonds

Debt service coverage for the Electric System Revenue Bonds was 2.20 and 2.14 in 2016 and 2015, respectively. OPPD's senior lien bond indenture provides that additional bonds may not be issued unless estimated net receipts for each future year shall equal or exceed 1.4 times the debt service on all Electric System Revenue Bonds outstanding, including the additional bonds being issued. Transactions in 2016 and 2015 for the NC2 Separate Electric System were not included in the calculation because the Electric System Revenue Bonds are not secured by the revenues from the NC2 Separate System. The Company is in compliance with all debt covenants.

Debt Ratio

The debt ratio is a measure of financial solvency and represents the share of debt to total capitalization (debt and net position). This ratio does not include the NC2 Separate Electric System Revenue Bonds since this debt is secured by revenues of the NC2 Participation Power Agreements. The debt ratio was 66.1% and 51.0% at December 31, 2016 and 2015, respectively. The increase in the debt ratio is attributable to the write-off of the FCS assets.

Ratings

High credit ratings allow the Company to borrow funds at more favorable interest rates. Both quantitative (financial strength) and qualitative (business and operating characteristics) factors are considered by the credit rating agencies in establishing a company's credit rating. The ratings received from Standard & Poor's Ratings Services (S&P) and Moody's Investors Service (Moody's), independent bond rating agencies for the latest bond issues, were among the highest ratings granted to electric utilities and confirm the agencies' assessment of the Company's strong ability to meet its debt service requirements. Moody's and S&P affirmed OPPD's senior lien debt and subordinated ratings, and both have stable outlooks for OPPD's credit ratings.

The following table summarizes credit ratings in effect on December 31, 2016.

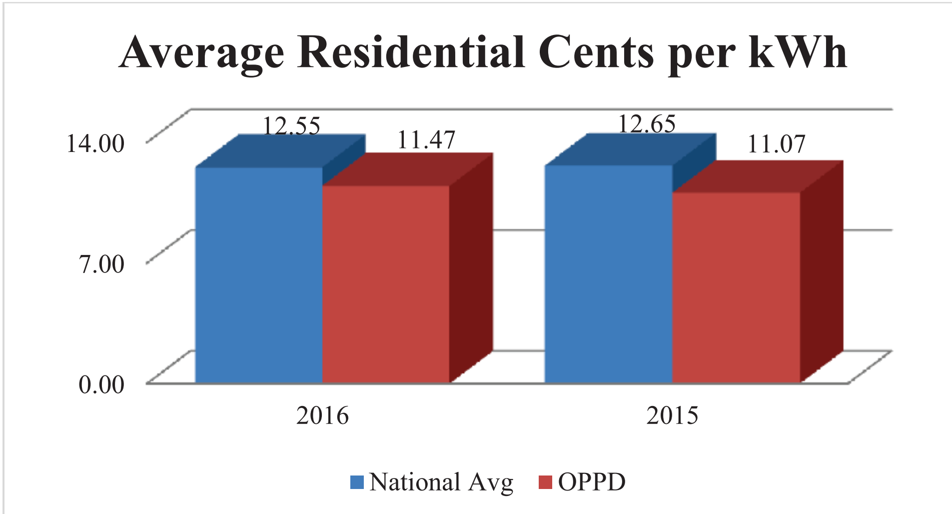
	S&P	Moody's
Electric System Revenue Bonds	AA	Aa2
Electric System Subordinated Revenue Bonds	AA-	Aa3
Electric System Revenue Notes - Commercial Paper Series	A-1+	P-1
Minibonds *	AA-	Aa3
NC2 Separate Electric System Revenue Bonds (2006A) *	A+	A1
NC2 Separate Electric System Revenue Bonds (2008A, 2015A, 2016A)	A+	A1

* *Payment of the principal and interest on the Minibonds and the NC2 Separate System Revenue Bonds 2006 Series A, when due, is insured by financial guaranty bond insurance policies.*

ELECTRIC RATES

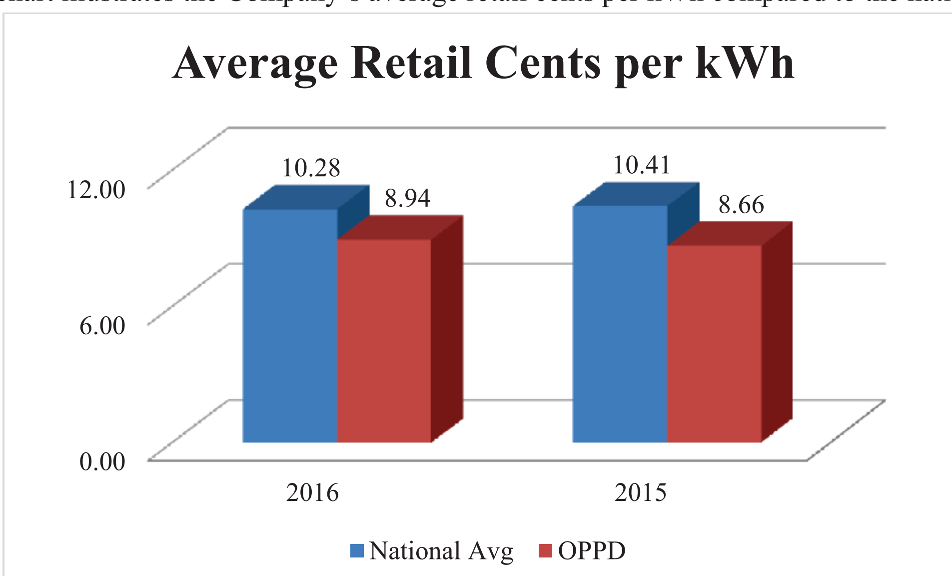
The Company strives to manage costs to align with the mission of providing affordable, reliable and environmentally sensitive energy services to our customers. Residential customers paid an average of 11.47 and 11.07 cents per kilowatt-hour (kWh) in 2016 and 2015, respectively. The national average residential cents per kWh according to the Energy Information Administration (EIA), U.S. Department of Energy, was 12.55 for 2016 (preliminary year-to-date December 2016) and 12.65 cents per kWh for 2015. Based on the preliminary EIA data for 2016, OPPD residential rates were 8.6% below the national average.

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



Retail customers paid an average of 8.94 and 8.66 cents per kWh in 2016 and 2015, respectively. The national average retail cents per kWh according to the EIA, was 10.28 for 2016 (preliminary year-to-date December 2016) and 10.41 cents per kWh for 2015. Based on the preliminary EIA data for 2016, OPPD retail rates were 13.0% below the national average.

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



There was a general rate adjustment of 4.0% implemented in January 2016 and 1.6% implemented in January 2015. There was a 0.6% decrease to the FPPA rate in January 2016 and no adjustment to the FPPA rate in 2015. The Board approved a rate restructuring plan that was implemented in June 2016. The restructuring plan included an increase to the fixed service charge and a reduction to the variable charge for energy usage. This plan is revenue neutral to OPPD. There were no general rate or FPPA adjustments in January 2017. The Company has committed to no general rate adjustments through 2021.

RISK MANAGEMENT

Risk Management Practices

An Enterprise Risk Management (ERM) program ensures the Company's objectives are met by specifying risk management standards, management responsibilities, and controls to help ensure risk exposures are properly identified and managed within agreed upon risk tolerance levels. Specific risk-mitigation plans and procedures are maintained and periodically reviewed to provide focused and consistent efforts to mitigate various risk exposures. Several cross-functional risk committees and an Executive ERM Committee, which includes the senior management team and legal counsel, are utilized to discuss and analyze the potential risks that could hinder the achievement of the Company's objectives. Additionally, the Company has established criteria for risk escalation and oversight. The risks are evaluated periodically and will be escalated to the appropriate oversight levels, up to and including the Board of Directors, when applicable. An overview of the ERM program is provided to the Board of Directors on an annual basis.

OPPD participates in the wholesale marketplace with other electric utilities and power marketers. The Company must be able to offer energy at competitive prices and maintain reliability to successfully compete in this market. Energy market prices may fluctuate substantially in a short period of time due to changes in the supply and demand of electricity, fuel and environmental-related commodities. Policies provide guidelines for transacting in the marketplace with the intent to mitigate price changes. A Cross-Functional Risk Committee is responsible for identifying, measuring and mitigating various risk exposures related to power marketing and fuel purchase activities.

Fuel expense represents a significant cost and affects the ability to generate and market competitively priced power. To maintain a diverse portfolio of power supply, OPPD uses various fuel types for generation. Fuel policies were established to mitigate volumetric risk associated with the forecasted use of fuel for OPPD's generation. This also mitigates price fluctuations in the cost of fuels by having an adequate supply.

A Rate Stabilization Reserve was established in 1999 to assist in stabilizing retail electric rates. The Company added an additional $26,000,000 to the reserve in December 2016. The balance of the reserve was $42,000,000 and $16,000,000 as of December 31, 2016 and 2015, respectively. The balance of the fund was $33,000,000 and $16,000,000 as of December 31, 2016 and 2015, respectively.

The Company promotes ethical business practices and the highest standards in the reporting and disclosure of financial information. The Sarbanes-Oxley Act (Act) is intended to strengthen corporate governance of publicly traded companies. As a public utility, the Company is not required to comply with the Act, but the application of these requirements, where appropriate, ensures continued public trust in OPPD, protects the interest of its stakeholders and is a sound business practice. One of the most significant requirements of the Act pertains to management's documentation and assessment of internal controls. The Company's management assesses internal controls for significant business processes that impact financial reporting. This assessment includes documenting procedures, risks and controls for these processes, and assessing the effectiveness and operation of the internal controls. In addition, the Company contracts with an independent third party to administer the receipt, communication and retention of employee concerns regarding business and financial practices.

Other Reserves

Other reserves are maintained to recognize potential liabilities that arise in the normal course of business. Additional information about other reserves follows.

- The Workers' Compensation and Public Liability Reserves are established for the estimated liability for current workers' compensation and public liability claims.

- The Incurred But Not Presented Reserve is an insurance reserve that is required by state law because the Company is self-insured for health care costs. The reserve is based on health insurance claims that have been incurred but not yet presented for payment.

- The Uncollectible Accounts Reserve was established for estimated uncollectible accounts from retail sales and property claims.

REGULATORY AND ENVIRONMENTAL UPDATES

SPP Integrated Marketplace and Transmission Access

OPPD became a transmission-owning member of SPP on April 1, 2009, and all of the Company's transmission facilities were placed under the SPP Open Access Transmission Tariff (OATT). In addition to tariff administration services, SPP also provides reliability coordination services, generation reserve sharing, energy market services, balancing authority services and planning authority services.

The SPP Real-Time Energy Imbalance Market (Day 1 Market) was expanded into a Day 2 Market in 2014. The SPP Day 2 Market, also known as the Integrated Marketplace (IM), includes the Day-Ahead Market, Real-Time Market, Ancillary Services Market and Transmission Congestion Rights Market. OPPD actively participates in the IM. It 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.

As the regional transmission expansion planning authority, SPP determines which transmission projects are needed in the footprint to meet the reliability, economic, and public policy needs. One of SPP's regional transmission priority projects was the 180-mile, 345-kilovolt power line (Midwest Transmission Project) built by OPPD and Kansas City Power & Light that runs from an OPPD substation near the Nebraska City Station to Sibley, Missouri. This project is expected to relieve congestion on the region's transmission system, improve reliability on the nation's energy grid, and improve opportunities for wind energy interconnection. Construction was completed in December of 2016.

The Elkhorn River Valley Transmission Project is a joint effort between OPPD and the Fremont Department of Utilities to connect an OPPD substation in Blair with a substation in Fremont. The line route was announced in 2015 and will be in service by October 2018. The purpose of this SPP project is to support the growing demand for electricity and improve reliability. A portion of the project will receive funding under the SPP OATT.

Environmental Matters

Environmental matters can have a significant impact on operations and financial results. OPPD complies with all applicable local, state and federal environmental rules and regulations. The items mentioned below include proposed, enacted or enforceable laws, rules and regulations.

The Environmental Protection Agency (EPA) published the Cross-State Air Pollution Rule (CSAPR) requiring designated states, including Nebraska, to significantly improve air quality by reducing generating station emissions contributing to ozone and fine particle pollution in other states. Specifically, the rule requires significant reductions in sulfur dioxide (SO_2) and nitrous oxide (NO_X) emissions crossing state lines.

The final CSAPR rule established a cap-and-trade system with state- and unit-specific allowance allocations to achieve the desired emission reductions for SO_2 and NO_X. Implementation of Phase I of the final rule began in 2015, and implementation of Phase II begins in 2017. In June 2014, the Board of Directors approved changes to its generation portfolio to comply with existing and future environmental regulations. This included the retirement of the coal-fired generation at North Omaha Station Units 1, 2, and 3 (NO1, NO2, and NO3). The Board of Directors' authorization in June 2016 to cease operations at FCS resulted in the decision to continue to utilize NO1, NO2 and NO3 on natural gas for capacity purposes. In 2016, OPPD complied with the CSAPR rule with allocated allowances and did not have to purchase any additional allowances. The CSAPR Phase II that becomes effective in 2017 will not impact OPPD.

The EPA issued regulations under Section 316(b) Rule of the Clean Water Act (316(b) Rule). The 316 (b) Rule is designed to reduce fish mortality associated with the use of once-through cooling by power generating stations. Facilities are required to choose one of seven options to reduce fish impingement. The cost impact of the final rule is being assessed. Facilities will need to study the effects of entrainment and develop compliance strategies. OPPD has begun various studies, however, the cost is not expected to be material at this time.

The EPA issued the Mercury and Air Toxics Standard (MATS) which places strict limitations on emissions of mercury, non-mercury metallic hazardous air pollutants and acid gases. Compliance with the new rule was necessary by April 16, 2015, for NC2 and April 16, 2016, for North Omaha Station Units 4 and 5 (NO4 and NO5) and NC1. NO1, NO2, and NO3 were repurposed from coal to natural gas prior to April 16, 2016, which results in this standard no longer applying to these units. No new emissions control equipment was required to comply with the new requirements for NC2 although a new mercury monitoring system was installed. OPPD retrofitted NO4, NO5 and NC1 with basic emission controls. Dry Sorbent Injection (DSI) and Activated Carbon Injection (ACI) are being used on all of these units to comply with the MATS rule.

In October 2015, the EPA published two final rules regulating the emission of carbon dioxide (CO_2) from new, modified, reconstructed or existing fossil-fuel-fired electric generating units under section 111 of the Clean Air Act. These regulations are known as the Clean Power Plan (CPP). The CPP requires states to meet interim and final emissions targets on a state-wide basis starting in 2022. The goal is to reduce CO_2 emissions from electric generating units by 32% below 2005 levels by the year 2030. Numerous legal challenges to the CPP have been filed and consolidated in the United States Court of Appeals for the District of Columbia Circuit. On February 9, 2016, the U.S. Supreme Court entered an order staying the implementation of the CPP pending further proceedings. On March 28, 2017, the President issued an Executive Order directing the EPA to start the process of re-evaluating and rewriting the CPP. On April 3, 2017, the EPA published in the Federal register a notice that stated it is withdrawing proposed rules it issued in 2015 in conjunction with the CPP. The EPA explained that it was withdrawing the proposed rules in light of the March 28 executive order. The cost of compliance will not be known until judicial proceedings have been concluded and OPPD can evaluate the final regulatory requirements and its options related thereto.

OPPD has received and responded to requests for information from the EPA relating to compliance with the Clean Air Act at the North Omaha and NC1 stations. OPPD received a Notice of Violation (NOV) from the EPA in August 2014 alleging a violation of the Clean Air Act by undertaking certain projects at NC1. The Company believes it has complied with all regulations relative to the projects in question and has discussed the matters with EPA. The EPA would have to establish the allegations in the NOV in court. If the EPA establishes a Clean Air Act violation in court, and subject to possible appellate court review, remedies can include civil penalties 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.

Renewable Capability including Purchased Power Contracts

Renewable portfolio standards are currently mandated in several states but not in Nebraska. The Board of Directors established a long-term goal of providing at least 30 percent of retail energy sales from renewable energy sources. The addition of the Grande Prairie wind facility in 2017 will add an additional 400 megawatts (MW) of capability and will further the progress of meeting this goal by 2018.

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

		Capability
OPPD-Owned Generation		
	Elk City Station (landfill-gas)	6.3
	Subtotal OPPD-Owned Generation	6.3
Purchased Wind Generation*		
	Ainsworth	10.0
	Elkhorn Ridge	25.0
	Flat Water	60.0
	Petersburg	40.5
	Crofton Bluffs	13.6
	Broken Bow I	18.0
	Broken Bow II	43.9
	Prairie Breeze	200.6
	Subtotal Purchased Wind Generation	411.6
Total Renewable Generation as of December 31, 2016		417.9
2017 Purchased Wind Generation		
	Grande Prairie	400.0
Total Expected Renewable Generation as of December 31, 2017		817.9

* *Wind generation listed in ascending order of contract year signing*

Federal Energy Legislation

The 114th Congress completed its two-year legislative session in December 2016, and some legislation important to the electric industry was enacted into law. Legislative language addressing cybersecurity information sharing was completed. This language provides a framework to facilitate timely and actionable information sharing, on a voluntary basis, between the federal government and electric utilities in regards to cyber threats. Additional language addressing the regulation of coal combustion residuals (CCR) was included in the Water Infrastructure Improvements for the Nation Act. The Act's CCR provisions allow for implementation of the federal CCR rule through a state- or federal-based permit program instead of having enforcement by citizen suits.

Comprehensive energy legislation was also introduced, but it was not enacted. This included provisions that addressed energy efficiency, vegetation management, energy workforce, hydropower, and various other areas. Congress also continued its oversight of the U.S. Environmental Protection Agency and other federal agencies regarding energy and environmental issues.

Lastly, 2016 ended with the election of a new President and both chambers of Congress kept their current majority party for another two years. There likely will be a focus on energy and environmental policy in 2017. OPPD continues to monitor the status of energy and environmental legislation in Congress and provides input through public power industry groups and the Nebraska Congressional Delegation.

State of Nebraska Energy Legislation

The Nebraska Legislature enacted Legislative Bill 824 (L.B. 824) during the 2016 session. This bill removes the requirements of a certified renewable export facility (CREF) and the power purchase agreement requirement. A privately developed renewable energy generation facility is exempt from the Power Review Board requirements and regulations. The private entity has no eminent domain rights and the facility cannot be condemned by another entity under eminent domain. The private entity will comply with any decommissioning requirements by the local governmental entity having jurisdiction and all costs of decommissioning will be paid by the private entity.

Fort Calhoun Station Update

The Nuclear Regulatory Commission (NRC) placed FCS into a special category of its inspection manual, Chapter 0350, in December 2011. This Chapter is for nuclear stations that are in extended shutdowns with performance issues. OPPD contracted with Exelon Generation Company, LLC, (Exelon) to provide operating and managerial support services. Station operations resumed in December 2013 and the station was removed from Chapter 0350 status in March 2015. In June 2016, the OPPD Board of Directors approved a recommendation by management to cease operations at FCS by December 31, 2016, and begin the decommissioning process using the safe storage ("SAFSTOR") methodology. The decision was made after a review of the Company's generation resource portfolio and resulted in an impairment of FCS-related assets. The station ceased operations on October 24, 2016, and notice was provided to Exelon in December 2016 to terminate the Operating Services Agreement. Upon completion of a third-party, site-specific cost study, OPPD recorded an increase to the decommissioning liability. The Board of Directors also approved a regulatory asset to match the decommissioning expense with the decommissioning funding amounts collected through retail rates. Ceasing FCS operations will result in an improved competitive position, stable debt service coverage and reduced financial risks.

SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions could affect the reported amounts of assets and liabilities as of the date of the financial statements, the reported amounts of revenues and expenses during the reporting period, and the disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates.

These estimates could materially impact the financial statements and disclosures based on varying assumptions that could be used. The financial and operating environment may have a significant effect on the operation of the business and on the results reported through the application of accounting measures used in preparing the financial statements and related disclosures, even if the nature of the accounting policies has not changed.

The following is a list of accounting policies that are significant to OPPD's financial condition and results of operation and require management's most significant, subjective or complex judgments. Each of these has a higher likelihood of resulting in materially different reported amounts under different conditions or using different assumptions.

Accounting Policies	**Judgments/Uncertainties Affecting Application**
Nuclear Decommissioning	• Cost estimates for future decommissioning • Availability of facilities for waste disposal • Approved methods for waste disposal
Environmental Matters	• Approved methods for cleanup • Governmental regulations and standards • Cost estimates for future remediation options
Regulatory Mechanisms and Cost Recovery	• External regulatory requirements • Anticipated future regulatory decisions and their impact
Retirement Plan and Other Postemployment Benefits (OPEB)	• Assumptions used in computing the Net Pension Liability and OPEB actuarial liability, including expected rate of return on Plan assets • Plan design
Self-Insurance Reserves for Claims for Employee-related Healthcare Benefits, Workers' Compensation and Public Liability	• Cost estimates for claims • Assumptions used in computing the liabilities
Uncollectible Accounts Reserve	• Economic conditions affecting customers • Assumptions used in computing the liabilities
Unbilled Revenue	• Estimates for customer energy use and prices
Depreciation and Amortization Rates of Assets	• Estimates for approximate useful lives

Report of Management

The management of Omaha Public Power District (OPPD) is responsible for the preparation of the following financial statements and for their integrity and objectivity. These financial statements conform to generally accepted accounting principles and, where required, include amounts which represent management's best judgments and estimates. OPPD's management also prepared the other information in this Annual Report and is responsible for its accuracy and consistency with the financial statements.

To fulfill its responsibility, management maintains strong internal controls, supported by formal policies and procedures that are communicated throughout the company. Management also maintains a staff of internal auditors who evaluate the adequacy of and investigate the adherence to these controls, policies and procedures. OPPD is committed to conducting business with integrity, in accordance with the highest ethical standards, and in compliance with all applicable laws, rules and regulations. A Code of Ethics has been adopted for the Senior Executive and Financial Officers and the Controller, stating their responsibilities and standards for professional and ethical conduct.

Our independent auditors have audited the financial statements and have rendered an unmodified opinion as to the statements' fairness of presentation, in all material respects, in conformity with accounting principles generally accepted in the United States of America. During the audit, they considered internal controls over financial reporting as required by generally accepted auditing standards.

The Board of Directors pursues its oversight with respect to OPPD's financial statements through the Audit Committee, which is comprised solely of non-management directors. The committee meets periodically with the independent auditors, internal auditors and management to ensure that all are properly discharging their responsibilities. The committee reviews the annual audit plan and any recommendations the independent auditors have related to the internal control structure. The Board of Directors, on the recommendation of the Audit Committee, engages the independent auditors who have unrestricted access to the Audit Committee.

Timothy J. Burke

Timothy J. Burke
President and Chief Executive Officer

Independent Auditor's Report

To the Board of Directors
Omaha Public Power District
Omaha, Nebraska

We have audited the accompanying financial statements of Omaha Public Power District (OPPD), which comprise the statements of net position as of December 31, 2016 and 2015, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise OPPD's financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to OPPD's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OPPD's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OPPD as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 3 to the financial statements, in 2016 OPPD elected to change its method of accounting related to ash landfills maintained by OPPD and the closure and postclosure care costs to be incurred in the future. This resulted in the application of GASB Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs, by recognizing the cumulative effect of adoption as of January 1, 2015. Our opinion is not modified with respect to this matter.

As discussed in Note 13 to the financial statements, in June 2016 OPPD's Board of Directors approved a recommendation by management to cease operations at Fort Calhoun Station, OPPD's nuclear generation facility, by December 31, 2016. This approval was a triggering event resulting in an impairment charge and contract termination fees being recorded in the statement of revenues, expenses and changes in net position as a "Special Item" for the year ended December 31, 2016. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 14 through 25 and the schedule of changes in net pension liability and related ratios, schedule of contributions, and related notes within the Required Supplementary Information section on pages 62 and 63 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Omaha, Nebraska
April 28, 2017

Statements of Net Position
as of December 31, 2016 and 2015

ASSETS	2016	2015
	(thousands)	
CURRENT ASSETS		
Cash and cash equivalents	$ 13,649	$ 7,847
Electric system revenue fund	114,116	99,636
Electric system revenue bond fund	97,814	92,667
Electric system subordinated revenue bond fund	5,666	5,683
Electric system construction fund	221,247	257,077
NC2 separate electric system revenue fund	14,080	12,563
NC2 separate electric system revenue bond fund	18,013	13,076
NC2 separate electric system capital costs fund	9,486	1,925
Accounts receivable - net	131,425	116,376
Fossil fuels - at average cost	28,328	31,661
Nuclear materials - held for sale	12,453	-
Materials and supplies - at average cost	77,896	143,319
Regulatory asset - FCS decommissioning	147,000	
Other (Note 2)	30,058	57,444
Total current assets	921,231	839,274
SPECIAL PURPOSE FUNDS - at fair value		
Electric system revenue bond fund - net of current	41,083	48,783
Segregated fund - rate stabilization (Note 4)	33,000	16,000
Segregated fund - other (Note 4)	36,317	34,945
Electric system construction fund - net of current	20,481	-
Decommissioning funds (Note 4)	382,134	373,334
Total special purpose funds	513,015	473,062
UTILITY PLANT - at cost		
Electric plant	4,305,055	5,487,554
Less accumulated depreciation and amortization	1,743,661	2,185,262
Electric plant - net	2,561,394	3,302,292
Nuclear fuel - at amortized cost	-	87,387
Total utility plant - net	2,561,394	3,389,679
OTHER LONG-TERM ASSETS		
Regulatory assets (Note 2)	1,173,653	525,729
Other (Note 2)	5,787	8,746
Total other long-term assets	1,179,440	534,475
TOTAL ASSETS	5,175,080	5,236,490
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refunded debt	90,333	71,931
Unrealized pension contributions and (gain)/loss (Note7)	172,695	117,074
Ash landfill	2,960	3,672
Total deferred outflows of resources	265,988	192,677
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 5,441,068	$ 5,429,167

See notes to financial statements

LIABILITIES	2016	2015
	(thousands)	
CURRENT LIABILITIES		
Electric system revenue bonds (Note 6)	$ 45,595	$ 43,065
Electric system subordinated revenue bonds (Note 6)	95	95
NC2 separate electric system revenue bonds (Note 6)	3,245	3,190
Accounts payable	82,624	95,218
Accrued payments in lieu of taxes	33,022	31,185
Accrued interest	39,376	41,214
Accrued payroll	25,471	26,597
NC2 participant deposits	9,343	9,342
Decommissioning	124,685	-
Other (Note 2)	8,501	7,560
Total current liabilities	371,957	257,466
LIABILITIES PAYABLE FROM SEGREGATED FUNDS (Note 2)	35,626	30,495
LONG-TERM DEBT (Note 6)		
Electric system revenue bonds - net of current	1,412,770	1,470,660
Electric system subordinated revenue bonds - net of current	337,185	337,280
Electric revenue notes - commercial paper series	150,000	150,000
Minibonds	29,816	29,338
NC2 separate electric system revenue bonds - net of current	215,215	222,720
Total long-term debt	2,144,986	2,209,998
Unamortized discounts and premiums	193,225	163,421
Total long-term debt - net	2,338,211	2,373,419
OTHER LIABILITIES		
Decommissioning costs	1,124,912	375,915
Net pension liability (Note 7)	487,177	407,174
Other (Note 2)	27,715	21,376
Total other liabilities	1,639,804	804,465
COMMITMENTS AND CONTINGENCIES (Note 15)		
TOTAL LIABILITIES	4,385,598	3,465,845
DEFERRED INFLOWS OF RESOURCES		
Rate Stabilization Reserve (Note 8)	42,000	16,000
Unamortized gain on refunded debt	141	168
Total deferred inflows of resources	42,141	16,168
NET POSITION		
Net investment in capital assets	595,498	1,378,685
Restricted	50,183	50,069
Unrestricted	367,648	518,400
Total net position	1,013,329	1,947,154
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 5,441,068	$ 5,429,167

Statements of Revenues, Expenses and Changes in Net Position for the Years Ended December 31, 2016 and 2015

	2016	2015
	(thousands)	
OPERATING RESULTS		
Retail sales	$ 921,052	$ 904,793
Off-system sales	175,506	195,512
Other electric revenues	29,918	30,930
Total operating revenues	1,126,476	1,131,235
OPERATING EXPENSES		
Operations and Maintenance		
Fuel	186,766	197,079
Purchased power	119,511	107,672
Production	252,312	282,149
Transmission	35,681	32,995
Distribution	44,750	42,915
Customer accounts	16,718	15,389
Customer service and information	15,205	16,396
Administrative and general	152,914	147,344
Total operations and maintenance	823,857	841,939
Depreciation and amortization	149,546	151,033
Decommissioning	17,576	5,161
Payments in lieu of taxes	34,138	32,241
Total operating expenses	1,025,117	1,030,374
OPERATING INCOME (LOSS)	101,359	100,861
OTHER INCOME (EXPENSES)		
Contributions in aid of construction	17,918	15,063
Reduction of plant costs recovered through contributions in aid of construction	(17,918)	(15,063)
Decommissioning funds - investment income	9,374	4,078
Decommissioning funds - reinvestment	(13,929)	(4,078)
Investment income	3,512	1,826
Allowances for funds used during construction	7,380	8,474
Products and services - net	3,739	4,287
Other - net (Note 11)	2,229	8,342
Total other income - net	12,305	22,929
INTEREST EXPENSE	87,914	91,468
NET INCOME (LOSS) BEFORE SPECIAL ITEM	25,750	32,322
SPECIAL ITEM	(959,575)	-
NET INCOME (LOSS)	(933,825)	32,322
NET POSITION, BEGINNING OF YEAR	1,947,154	1,914,832
NET POSITION, END OF YEAR	$ 1,013,329	$ 1,947,154

See notes to financial statements

Statements of Cash Flows
for the Years Ended December 31, 2016 and 2015

	2016	2015
	(thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from retail customers	$ 984,598	$ 948,559
Cash received from off-system counterparties	149,706	167,704
Cash received from insurance companies	-	2,500
Cash received from sale of nuclear fuel	787	-
Cash paid to operations and maintenance suppliers	(542,825)	(556,105)
Cash paid to off-system counterparties	(102,470)	(90,994)
Cash paid to employees	(155,644)	(177,926)
Cash paid in lieu of taxes and other taxes	(32,301)	(31,650)
Net cash provided from (used for) operating activities	301,851	262,088
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	343,220	634,169
Principal reduction of debt	(350,057)	(530,500)
Interest paid on debt	(132,127)	(135,497)
Acquisition and construction of capital assets	(145,451)	(202,760)
Proceeds from NC2 participants	10,400	4,384
Contributions in aid of construction and other reimbursements	19,973	12,782
Acquisition of nuclear fuel	(17,178)	(9,443)
Net cash provided from (used for) captial and related financing activities	(271,220)	(226,865)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,245,734)	(1,255,019)
Maturities and sales of investments	1,217,839	1,216,779
Purchases of investments for decommissioning funds	(308,730)	(236,039)
Maturies and Sales of investments in decommissioning funds	299,949	230,879
Investment income	11,847	2,115
Net cash provided from (used for) investing activities	(24,829)	(41,285)
CHANGE IN CASH AND CASH EQUIVALENTS	5,802	(6,062)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,847	13,909
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 13,649	$ 7,847
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES		
Operating income	$ 101,359	$ 100,861
Reconcile of operating income to net cash provided from (used for) operating activities:		
Depreciation, amortization and decommissioning	147,691	156,194
Amortization of nuclear fuel	21,693	21,048
Changes in assets and liabilities:		
Accounts receivable	(33,233)	2,225
Fossil fuels	3,333	5,257
Materials and supplies	594	(5,734)
Accounts payable	(17,237)	(8,960)
Accrued payments in lieu of taxes	1,837	592
Accrued payroll	(1,125)	(9,445)
SPP deposit	1,000	2,000
Rate stabilization reserve	26,000	(25,000)
Regulatory asset for FCS - recovery costs	12,363	12,433
Regulatory asset for FCS - decommissioning costs	(4,985)	(2,580)
Regulatory asset for FCS - FPPA	6,115	19,166
Regulatory asset for FCS - outage costs	12,087	(21,110)
Other	24,359	15,141
Net cash provided from (used for) operating activities	$ 301,851	$ 262,088
NONCASH CAPITAL ACTIVITIES		
Utility plant additions from outstanding liabilities	$ 11,216	$ 21,373

Notes to Financial Statements
as of and for the Years Ended December 31, 2016 and 2015

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. As a result of the Board decision in June 2016 to cease operations at Fort Calhoun Station (FCS), the related assets were determined to be impaired and the regulatory assets for outage and depreciation costs were written off. There were no other write-downs of remaining regulatory assets for the year ended December 31, 2016. There were no write-downs of remaining regulatory assets for the year ended December 31, 2015. See Utility Plant and Regulatory Assets and Liabilities sections of Note 1 and Note 13.

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 4). 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.

Accounts Receivable – Accounts Receivable includes outstanding amounts from customers and an estimate for unbilled revenues. As estimate is made for the Reserve for Uncollectible Accounts for retail customers based on an analysis of Accounts Receivable, economic conditions affecting customers and historical write-offs net of recoveries. Additional amounts may be included based on the credit risks of significant parties. Accounts Receivable includes $49,881,000 and $43,129,000 in unbilled revenues as of December 31, 2016 and 2015, respectively. Accounts Receivable was reported net of the Reserve for Uncollectible Accounts of $1,500,000 and $900,000 as of December 31, 2016 and 2015, respectively.

Nuclear Materials Held for Sale – The Company maintains nuclear fuel held for sale which is valued at fair market value (Note 13).

Materials and Supplies – The Company maintains inventories that are valued at average cost. FCS materials and supplies are valued at the lower of cost or fair market value (Note 13).

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 $25,617,000 and $400,270,000 as of December 31, 2016 and 2015, respectively.

The following table summarizes electric plant balances as of December 31, 2015, activity for 2016 and balances as of December 31, 2016, (in thousands).

	2015	Additions	Retirements	Impairments	2016
Electric plant	$ 5,487,554	$ 139,821	$ (29,644)	$ (1,292,676)	$ 4,305,055
Less accumulated depreciation and amortization	2,185,262	153,974	(31,573)	(564,002)	1,743,661
Electric plant - net	$ 3,302,292	$ (14,153)	$ 1,929	$ (728,674)	$ 2,561,394

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 3.4% for both years ended December 31, 2016 and 2015.

Long-lived assets, such as property, plant and equipment are periodically reviewed for impairment or whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When the magnitude of the decline in service utility is significant and not part of the asset's normal life cycle, the asset is considered impaired.

As a result of the Board decision in June 2016 to cease operations at FCS, the Electric Plant in Service in the amount of $852,237,000 and the Accumulated Depreciation Reserve in the amount of $564,002,000 were written off as of December 31, 2016, in accordance with GAAP, and recorded to the Special Item in the Statements of Revenues, Expenses and Changes in Net Position. There were no other write-downs for impairments for both years ended December 31, 2016 and 2015 (Note 13).

Contributions in Aid of Construction (CIAC) – Payments are received from customers for construction costs, primarily relating to the expansion of the electric system. FERC guidelines are followed in recording CIAC. These guidelines direct the reduction of utility plant assets by the amount of contributions received toward the construction of utility plant. CIAC is recorded as other income and offset by an expense in the same amount representing the recovery of plant costs. 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.

The following table summarizes the sources of CIAC as of December 31 (in thousands).

	2016	2015
Transmission and distribution	$ 14,678	$ 9,082
Nebraska City Station Unit (NC2) turbine replacement	1,769	-
NC2 participants	1,495	5,981
FCS dry cask storage	(24)	-
Total	$ 17,918	$ 15,063

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 3.3% and 3.1% for the years ended December 31, 2016 and 2015, respectively. Depreciation is calculated using the following estimated lives:

- Generation 40 to 70 years
- Transmission and Distribution 15 to 75 years
- General 6 to 25 years

Amortization of nuclear fuel is based on the cost thereof, and is recorded as nuclear fuel expense of $21,771,000 and $21,048,000 for the years ended December 31, 2016 and 2015, respectively. Amortization was prorated by fuel assembly in accordance with the thermal energy that each assembly produced through October 2016 (Note 13).

The FCS regulatory asset for recovery costs incurred in 2012 and 2013 were deferred as a regulatory asset based on Board approval. These recovery costs were not included in the impairment, but will continue to be amortized (and collected through retail rates) through 2023 as these costs benefit current and future ratepayers. The amortization was $1,854,000 and $0 for the years ended December 31, 2016 and 2015, respectively. Prior to the transition to decommission FCS in November 2016, this expense was amortized as an operating expense (Note 13).

Intangible assets are amortized over their expected useful life. Amortization of intangible assets is included with depreciation and amortization expense in these financial statements. The amortization was $5,855,000 and $5,971,000 for the years ended December 31, 2016 and 2015, respectively.

NC2 was placed in commercial operation in 2009. Half of the unit's output is sold under 40-year Participation Power Agreements (PPAs). Certain participants funded their share of construction costs with NC2 Separate Electric System Revenue Bonds. These participants are billed for the debt service related to these bonds. The amounts recovered for debt service for the electric plant construction and other costs are included in off-system sales revenues. The revenues related to principal repayment will equal related depreciation and other deferred NC2 expenses over the 40-year term of the PPAs. A regulatory asset was established to equate expenses and the amount included in off-system sales revenues for principal repayment in order to maintain revenue neutrality in the interim years. This regulatory asset will increase annually until 2030 when principal repayments begin exceeding depreciation and other deferred expenses. After 2030, the regulatory asset will be reduced annually by recognizing deferred depreciation and other deferred expenses until its elimination in 2049, which is the end of the initial term of the PPAs.

In 2004, the Board of Directors approved a change in the depreciation estimate for FCS production plant assets to 2043. This estimate was 10 years beyond the term of FCS's 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 was recorded each year as a regulatory asset in deferred charges until June 30, 2016. The Regulatory Asset for FCS Deferred Depreciation in the amount of $79,793,000 was written off as of December 31, 2016, as a result of the Board decision to cease operations at FCS and recorded to the Special Item in the Statements of Revenues, Expenses and Changes in Net Position (Note 13).

Also as a result of the Board decision in June 2016 to cease operations at FCS, there was a write-off of the accumulated depreciation reserve related to FCS assets. The write-off was $564,002,000 as of December 31, 2016, and recorded to the Special Item in the Statements of Revenues, Expenses and Changes in Net Position (Note 13).

The Board of Directors approved a resolution in June 2014 for the Future Power Generation Plan (Plan). The Plan included changes to the generation portfolio, including the retirement in 2016 of North Omaha Station Units 1, 2 and 3 (NO1, NO2 and NO3), to comply with existing and future environmental regulations. The estimated useful lives of NO1, NO2 and NO3 were reduced as a result of the planned future retirement. This change in estimate resulted in additional depreciation expense of $2,629,000 and $9,923,000 for the years ended December 31, 2016 and 2015, respectively (Note 14).

NO1, NO2 and NO3 will be utilized for capacity purposes on natural gas through 2018 as a result of the Board decision in June 2016 to cease operations at FCS. NO1 and NO2 have been fully depreciated as of April 2016. The useful life of NO3 was extended through 2018 beginning in July 2016 (Note 14).

Nuclear Fuel Disposal Costs – Permanent disposal of spent nuclear fuel is the responsibility of the federal government under an agreement entered into with the Department of Energy (DOE). Under the agreement, there was a fee of one mill per kilowatt-hour on net electricity generated and sold from FCS. The collection of this fee was suspended in May 2014 until the DOE completes a fee adequacy study that complies with the Nuclear Waste Policy Act or until Congress enacts an alternative fuel management plan. As a result of the suspension, there were no nuclear fuel disposal fees paid in 2016 or 2015.

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.

Nuclear Decommissioning – Based on the decommissioning plan established in 1983, the Board of Directors approved the collection of nuclear decommissioning costs using an independent engineering study of the costs to decommission FCS. The Company established a Decommissioning Funding Plan for FCS in 1990 in compliance with Nuclear Regulatory Commission (NRC) regulations. Its purpose is to accumulate funds to decommission the radiated portions of FCS as defined by the NRC. The NRC's funding requirement is based on a defined cost formula and adjusted annually. The Company established a Supplemental Decommissioning Funding Plan for

FCS in 1992 to accumulate funds to fully decommission FCS. This includes funds for additional costs beyond the NRC minimum that are needed to decommission the radiated plant, the fuel facility and the non-radiated plant.

Based on cost estimates, inflation rates and fund earnings projections, no funding was necessary from 2001 through 2013 for either plan. However, an analysis by the Company and an outside consultant determined that additional funding was needed for the Supplemental Decommissioning Fund beginning in 2014 to meet the estimated cost to fully decommission FCS. OPPD temporarily suspended funding for the Supplemental Decommissioning Fund in September 2015 to reduce expenditures and the related impact on rates. In December 2015, the Board of Directors authorized the use of regulatory accounting to match the decommissioning expense to the amount funded. The annual funding amount was $0 and $5,161,000 for the years ended December 31, 2016 and 2015, respectively (Note 13). Funding resumed in January 2017. The Supplemental Decommissioning Fund was reduced by $575,000 for the 2016 expenditures incurred after ceasing operations and beginning the decommissioning process at FCS.

The estimated current cost to decommission the plant for the NRC required obligations is $1,249,597,000 as of December 31, 2016. This estimated cost is based upon a third-party, site-specific cost study completed in February 2017 (Note 13). The decommissioning cost liability, which includes a current and long-term portion in the Statements of Net Position, will be adjusted annually for inflation and any significant changes in the cost estimate.

Decommissioning funds are reported at fair value. Investment income was $9,374,000 and $4,078,000 for the years ended December 31, 2016 and 2015, respectively. The fair value of the decommissioning funds increased $99,000 and decreased $4,594,000 for the years ended December 31, 2016 and 2015, respectively.

Pension – Information about the fiduciary net position of the OPPD Retirement Plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported for purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense. Benefit payments are recognized when distributed in accordance with the benefit terms. Investments are reported at fair value (Note 7).

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.

The Company adopted the GASB accounting standards for the financial accounting and reporting of pension plans in 2015. These standards required the Company to recognize a liability for the net pension obligation on the Statement of Net Position. In December 2014, the Board of Directors authorized the use of regulatory accounting for pension costs to establish a regulatory asset to match the pension expense to the amounts funded and the cost recovery through rates.

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 NRC and enhance operations. These recovery costs are being amortized over a ten-year period which commenced in 2013 with FCS's return to service as they continue to benefit future ratepayers (Note 13).

In 2004, the Board of Directors approved a change in the depreciation estimate for FCS production assets to 2043. This estimate was ten years beyond the term of the operating license. The regulatory asset for FCS depreciation was written off as a result of the Board decision to cease operations at FCS and recorded to the Special Item in the Statements of Revenues, Expenses and Changes in Net Position (Note 13).

As previously noted, an NC2 regulatory asset was established to maintain revenue neutrality for transactions with participants who funded their share of construction costs with NC2 Separate Electric System Revenue Bonds. NC2 depreciation and other deferred expenses will equal the amount included in off-system sales revenue for principal repayments.

A Planned Nuclear Refueling Outage (Outage), as defined by OPPD, is a regularly scheduled refueling outage at FCS. These Outages were periodically completed to maintain and enhance the performance and efficiency of station operations, which benefited 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 were deferred as a regulatory asset and amortized to expense over the subsequent operating cycle. There was an outage at FCS in April 2015 and the remaining balance of this FCS outage deferral was fully amortized to expense in 2016.

The Board of Directors also 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.

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. This regulatory asset represents the rights to additional revenues based on incurred expenses due to under-recoveries of fuel and purchased power costs. This regulatory asset or FPPA, included in Other Current Assets, was $2,118,000 and $8,233,000 as of December 31, 2016 and 2015, respectively (Note 2). The FPPA regulatory assets were reduced for customer collections of $8,233,000 and $27,399,000 for the years ended December 31, 2016 and 2015, respectively.

The Board of Directors authorized the use of regulatory accounting for the unfunded supplemental decommissioning costs in December 2015. The use of regulatory accounting allows the matching of decommissioning expense to the amounts funded. The unfunded portion of the liability based on NRC-required obligations was recorded as a Deferred Decommissioning Regulatory Asset. Upon completion of a third-party, site-specific cost study, the decommissioning liability increased, which resulted in an increase to the regulatory asset (Note 13).

The following table summarizes the balances of regulatory assets as of December 31, 2015, activity for 2016 and balances as of December 31, 2016, (in thousands).

	2015	Additions	Reductions	2016
Regulatory asset - pension	$ 290,100	$ 39,383	$ (15,001)	$ 314,482
Regulatory asset for FCS - recovery costs	117,449	-	(14,835)	102,614
Regulatory asset for FCS - depreciation	74,628	5,165	(79,793)	-
Regulatory asset - NC2	45,650	4,449	(4,169)	45,930
Regulatory asset - FCS outage costs	21,110	1,986	(23,096)	-
Regulatory asset - financing costs	10,812	1,542	(3,382)	8,972
Regulatory asset - FPPA	8,233	2,118	(8,233)	2,118
Regulatory asset - FCS decommissioning costs	2,580	896,989	(35,476)	864,093
Total	$ 570,562	$ 951,632	$ (183,985)	$ 1,338,209

Regulatory liabilities are deferred inflows of resources and include the Rate Stabilization Reserve. This reserve was established to help maintain stability in OPPD's long-term rate structure (Note 8). In December 2016, there was a transfer of $26,000,000 to the reserve and a transfer of $25,000,000 from the reserve in 2015. The balance of the Rate Stabilization Reserve was $42,000,000 and $16,000,000 as of December 31, 2016 and 2015, respectively.

Special Item – As a result of the June 2016 Board decision to cease operations at FCS, the related assets were considered impaired and recorded as a Special Item. A Special Item is defined as a significant transaction or other event within the control of management that is either unusual in nature or infrequent in occurrence. This event qualifies as a Special Item as the transaction was deemed to be infrequent in occurrence.

Net Position – Net position is reported in three separate components on the Statements 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.

Environmental Matters - OPPD operates ash landfills at the North Omaha Power Station and the Nebraska City Power Station locations. Closure and postclosure care financial assurance information is provided to the Nebraska Department of Environmental Quality on an annual basis as required by law. There is no current or proposed GASB statement providing accounting treatment for closure and postclosure care costs of these ash landfills. In connection with the adoption of GASB Statement No. 76, *the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* (GASB 76), the Company reassessed its accounting treatment related to ash landfills and closure and postclosure care costs to be incurred in the future. The Company concluded the application of analogous authoritative literature within GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs* (GASB 18), which was appropriate to this situation as the accounting treatment for this situation is not specified in authoritative GAAP. As a result, effective January 1, 2016, the Company changed its method of accounting for this situations to apply the provisions of GASB 18, which requires retrospective application upon adoption to the earliest year presented in the financial statements.

The adoption of the statement resulted in OPPD recognizing a liability for closure and postclosure care costs while amortizing those costs to match the expense and benefit from the use of the landfill. This will allow OPPD to align better with industry practices (Note 3).

There were no pollution remediation obligations identified as of December 31, 2016 and 2015.

Recent Accounting Pronouncements, adopted – GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68 and No. 73 (GASB 82)*, in March 2016. This Statement addresses issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Company early adopted this statement effective January 1, 2015. The adoption affected the presentation of the Required Supplementary Information, but did not affect OPPD's financial position, results of operations or cash flows.

In 2016, the Company has adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72), issued in February 2015 effective for reporting periods beginning after June 15, 2015. The implementation of this statement enhanced the financial statement note disclosures. This statement had no impact on OPPD's financial position, results of operations or cash flows (Notes 4, 5).

GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, in June 2015. The provisions of this statement increase the consistency in how GAAP is applied. It has three main purposes: (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature. The implementation of this pronouncement resulted in the Company applying the clarified GAAP hierarchy as it considered relevant accounting literature to apply to various events during the year ended December 31, 2016. The Company adopted GASB 76 effective January 1, 2016 (Note 3).

Recent Accounting Pronouncements, not yet adopted - GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in June 2015. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This statement is effective for reporting periods beginning after June 15, 2017. The impact to OPPD's financial reporting is being evaluated.

GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, in November 2016, effective for reporting periods beginning after June 15, 2018. The objective of this Statement is to provide guidance on the recognition and measurement of certain Asset Retirement Obligations (AROs), including obligations that may not have been previously reported. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. GASB 83 excludes ash landfills from this guidance. This Statement requires that recognition occur when the liability is both incurred and can be reasonably estimated. The impact to OPPD's financial statements is being evaluated.

2. ASSETS AND LIABILITIES DETAIL BALANCES

Current Assets - Other

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

	2016	2015
Regulatory asset for FCS - recovery costs	14,836	14,836
Prepayments	8,779	7,530
Deposit with SPP	3,000	4,000
Regulatory asset for FPPA	2,118	8,233
Regulatory asset for financing costs	602	654
Interest receivable	570	602
Sulfur dioxide allowance inventory	134	378
Commodity derivative instruments (Note 9)	19	97
Regulatory asset for FCS - outage costs	-	21,110
Other	-	4
Total	$ 30,058	$ 57,444

Other Long-Term Assets - Regulatory Assets

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

	2016	2015
Regulatory asset - FCS decommissioning costs (net of current)	$ 717,093	$ 2,580
Regulatory asset - pension	314,482	290,100
Regulatory asset - FCS recovery costs (net of current)	87,778	102,613
Regulatory asset - NC2	45,930	45,650
Regulatory asset - financing costs (net of current)	8,370	10,158
Regulatory asset - depreciation	-	74,628
Total	$ 1,173,653	$ 525,729

Other Long-Term Assets - Other

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

	2016	2015
Job Orders	$ 3,439	$ 4,766
Other	2,348	3,980
Total	$ 5,787	$ 8,746

Current Liabilities - Other

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

	2016	2015
Unearned revenue	2,278	2,307
Ash Landfill (Note 3)	2,211	349
Auction revenue rights (Note 9)	1,236	766
Deposits	572	501
Payroll taxes and other employee liabilities	338	361
Other	1,866	3,276
Total	$ 8,501	$ 7,560

Liabilities Payable from Segregated Funds

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

	2016	2015
Customer deposits	$ 21,608	$ 21,982
Transmission project	3,620	-
Incurred but not presented reserve (IBNP)	3,483	3,574
Customer advances for construction	2,668	2,439
Other	4,247	2,500
Total	$ 35,626	$ 30,495

Other Liabilities - Other

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

	2016	2015
Unearned revenues (net of current)	$ 15,062	$ 6,463
Ash Landfill (net of current) (Note 3)	7,884	9,960
Workers' compensation reserve	1,399	1,545
Capital purchase agreement	1,209	1,469
Public liability reserve	308	121
Other	1,853	1,818
Total	$ 27,715	$ 21,376

3. ACCOUNTING PRINCIPLE CHANGE

OPPD operates ash landfills at the North Omaha Power Station and the Nebraska City Station locations. Closure and postclosure care financial assurance information is provided to the Nebraska Department of Environmental Quality on an annual basis as required by law. In connection with the adoption of GASB 76, as discussed in Note 1, the Company reassessed its accounting treatment related to ash landfills maintained by the Company and the closure and postclosure care costs to be incurred in the future. The Company concluded the application of analogous authoritative literature within GASB 18 was appropriate for this situation as the accounting treatment for this situation is not specified in authoritative GAAP. As a result, effective January 1, 2016, the Company changed its method of accounting for this situation to apply the provisions of GASB 18, which requires retrospective application upon adoption to the earliest year presented in the financial statements.

Assumptions used in determining the liability for the ash landfill are as follows:

- Landfill profiles based on periodic state provided surveys completed every 5 years
- Escalation factors used in interim reporting periods
- Top area and side slope area closure costs per acre

The adoption of the statement resulted in OPPD recognizing a liability for closure and postclosure care costs while amortizing those costs to match the expense and benefit from the use of the landfill. This will allow OPPD to align better with industry practices.

Charges for ash landfill depletion for years prior to 2015 are reflected in the 2015 beginning net position balance. The adjustment to the January 1, 2015 Net Position for prior year's depletion was $6,681,000. The result of adopting GASB 18 is presented below for OPPD's 2015 financial statements.

Statements of Net Position

	(As Reported) 2015	*(As Originally Reported)* 2015
	(thousands)	
Utility Plant		
Accumulated depreciation and amortization	$ (2,185,262)	$ (2,183,267)
Total utility plant - net	**3,389,679**	**3,391,674**
Deferred Outflows of Resources		
Ash landfill	3,672	-
Total deferred outflows of resources	**192,677**	**189,005**
Current Liabilities		
Ash landfill	349	-
Total Current Liabilities	**257,466**	**257,117**
Other Liabilities		
Ash landfill	9,960	-
Total other liabilities	**804,465**	**794,505**
Net Position		
Net investment in capital assets	1,378,685	1,380,680
Unrestricted	518,400	525,037
Total net position	**$ 1,947,154**	**$ 1,955,786**

Statements of Revenues, Expenses and Changes in Net Position

	(As Reported) 2015	*(As Originally Reported)* 2015
	(thousands)	
Operating Expenses		
Fuel	$ 197,079	$ 195,128
Total operations and maintenance	**841,939**	**839,988**
Change in Net Position		
Net income	32,322	34,273
Net position, beginning of year	**$ 1,914,832**	**$ 1,921,513**
Net position, end of year	**$ 1,947,154**	**$ 1,955,786**

Statements of Cash Flows

	(As Reported) 2015	(As Originally Reported) 2015
	(thousands)	
Cash Flows From Operating Activities		
Cash paid to operations and maintenance suppliers	$ 556,105	$ 554,110
Net cash provided from operating activities	**262,088**	**264,083**
Cash Flows From Capital and Related Financing Activities		
Acquisition and construction of capital assets	202,760	204,755
Net cash used for capital and relation financing activities	**(226,865)**	**(228,860)**
Reconciliation of Operating Income to Net Cash Provided From Operating Activities		
Operating income	100,861	102,812
Other	15,141	15,185
Net cash provided from operating activities	**$ 262,088**	**$ 264,083**

4. 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 Statements of Net Position.

Electric System Revenue Bond Fund, Electric System Subordinated Revenue Bond Fund and NC2 Separate Electric System Revenue Bond Fund – These funds are to be used for the retirement of their respective revenue bonds and the payment of the related interest and reserves as required. Investments with maturity dates within the next year are designated as current.

Electric System Construction Fund and NC2 Separate Electric System Capital Costs Fund – These funds are to be used for capital improvements, additions and betterments to and extensions of their respective electric system.

Segregated Fund – Rate Stabilization – This fund is to be used to help stabilize rates through the transfer of funds to operations as necessary. Since there is no funding requirement for the Rate Stabilization Reserve, this fund also may be used to provide additional liquidity for operations as necessary (Note 8).

Segregated Fund – Other – This fund represents assets held for payment of customer deposits, refundable advances, OPPD's self-insured health insurance plans (Note 7) and certain other liabilities.

The following table summarizes the balances of the Segregated Fund - Other as of December 31 (in thousands).

	2016	2015
Customer deposits and advances	$ 24,384	$ 24,699
Self-insurance	6,711	6,577
Other	5,222	3,669
Total	$ 36,317	$ 34,945

Decommissioning Funds – These funds are for the costs to decommission FCS. 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).

	2016	2015
Decommissioning Trust - 1990 Plan	$ 285,838	$ 278,674
Decommissioning Trust - 1992 Plan	96,296	94,660
Total	$ 382,134	$ 373,334

The above table includes interest receivables for the Decommissioning Trust Plans of $536,000 and $666,000 for December 31, 2016 and 2015, respectively.

Fair Value of Investments – Fair values in most cases are externally provided by the trustees that manage the funds. The trustees frequently utilize third-party pricing services to assist in their valuations (Note 5). The fair value of investments was as follows as of December 31 (in thousands).

	2016		2015	
Investment Type	**Fair Value**	**Weighted Average Maturity (Years)**	**Fair Value**	**Weighted Average Maturity (Years)**
Money market	$ 66,472	-	$ 39,686	-
U.S. government securities	579,195	0.9	661,255	1.6
Mutual funds	207,444	-	198,764	-
Commercial paper	69,272	0.1	506	0.5
Corporate bonds and other debentures	70,518	1.7	54,812	0.4
Total	$ 992,901		$ 955,023	
Portfolio weighted average maturity		0.7		1.2

The above table excludes interest receivables related to the Decommissioning Trusts of $536,000 and $666,000 for December 31, 2016 and 2015, respectively.

Interest Rate Risk – The investment in relatively short-term securities reduces interest rate risk, as evidenced by its portfolio weighted average maturity of 0.7 and 1.2 years as of December 31, 2016 and 2015, respectively. In addition, OPPD is a buy-and-hold investor, which minimizes interest rate risk.

Credit Risk – OPPD's investment policy complies 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, 2016 and 2015.

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, 2016 and 2015. All investment securities are delivered under contractual trust agreements.

5. FAIR VALUE MEASUREMENTS

OPPD accounts for fair value in accordance with GASB 72, which defines fair value, establishes methods for measuring fair value by applying one of three observable valuation approaches (market approach, income approach and cost approach) and establishes required disclosures about fair measurements.

Fair value is the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

GASB 72 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities and the lowest priority to unobservable inputs. Financial assets and liabilities are classified in their entirety based on the lowest level input that is significant to the fair value measurement. The three levels of fair value hierarchy defined in GASB 72 are as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs are other than quoted market prices in the active markets included in Level 1, which are either directly or indirectly observable for the asset or liability as of the reporting date. Level 2 inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Pricing inputs include significant inputs that are unobservable and cannot be corroborated by market data. Level 3 assets and liabilities are valued based on internally developed models and assumptions or methodologies using significant unobservable inputs.

The fair value of investments in most cases is externally provided by the trustees that manage the funds. The trustees frequently utilize third-party pricing services to assist in their valuations.

The following tables summarize in accordance with the fair value hierarchy the Company's assets that are accounted for and reported at fair value on a recurring basis by level as of December 31, 2016 and 2015 (in thousands):

	2016			
	Total	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 66,473	$ -	$ 66,473	$ -
Mutual funds	107,532	107,532	-	-
U.S. government securities	579,195	-	579,195	-
Corporate bonds and other debentures	70,518	-	70,518	-
Commercial paper	69,272	-	69,272	-
Total fair value measurement by level	**$ 892,990**	**$ 107,532**	**$ 785,458**	**$ -**
Investments measured at the net asset value (NAV)				
Mutual funds	$ 99,911			
Total investments measured at fair value	**$ 992,901**			

	2015			
	Total	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 39,686	$ -	$ 39,686	$ -
Mutual funds	103,272	103,272	-	-
U.S. government securities	661,255	-	661,255	-
Corporate bonds	54,812	-	54,812	-
Commercial paper	506	-	506	-
Total fair value measurement by level	**$ 859,531**	**$ 103,272**	**$ 756,259**	**$ -**
Investments measured at NAV				
Mutual funds	$ 95,492			
Total investments measured at fair value	**$ 955,023**			

VALUATION METHODOLOGIES

Money Market Funds: The fair value of shares in money market funds are valued with an NAV of $1, which approximates fair value. They are priced on inputs obtained from Bloomberg, a pricing service whose prices are obtained from direct feeds from exchanges that are either directly or indirectly observable. The Fund's investment in money market are included as Level 2 assets.

Mutual Funds Measured at Fair Value: Mutual funds are priced using active market exchanges, and sources include Interactive Data Pricing and Reference Data LLC. The fair values of shares in mutual funds are based on inputs that are quoted prices in active markets for identical assets and; therefore, have been categorized as Level 1 assets.

U.S. Government Securities: The fair value of U.S. government securities is derived from quoted prices on similar assets in active or non-active markets, from other observable inputs such as interest rates, yield curves, or credit spreads, and inputs that are derived from or corroborated by observable market data. U.S. treasury and other federal agency securities and corporate bonds held in the Fund are included as Level 2 assets.

Corporate Bonds and Other Debentures: For fixed-income securities, multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validation in addition to checks for unusual daily movements. The fair values of fixed-income securities are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences. Corporate bonds held in the Fund are included as Level 2 assets.

Commercial Paper: The fair value of commercial paper is priced according to recent transactions, as the carrying value of the commercial paper approximated its fair value due to the short maturity. Commercial Paper is included as a Level 2 asset.

Investments Measured at NAV - The following tables summarize the fair value measurement of investments calculated at NAV per share (or its equivalent) as of December 31 (in thousands).

	2016			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Mutual funds	$ 99,911	None	Daily	N/A
Total investments measured at NAV	**$ 99,911**			

	2015			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Mutual funds	$ 95,492	None	Daily	N/A
Total investments measured at NAV	**$ 95,492**			

Mutual Funds: This investment includes one mutual fund that invests in fixed income securities including treasuries, agencies, corporate debt, mortgage-backed securities and some non-U.S. debt. The fair value of these investments have been determined using the NAV per share (or its equivalent) of the investment.

6. DEBT

The proceeds of debt issued are utilized primarily to finance the construction program. Favorable market conditions in 2016 and 2015 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, 2015, activity for 2016 and balances as of December 31, 2016, (in thousands).

	2015	Additions	Retirements	2016
Electric system revenue bonds	$ 1,513,725	$183,340	$ (238,700)	$ 1,458,365
Electric system subordinated revenue bonds	337,375	-	(95)	337,280
Electric revenue notes - commercial paper series	150,000	-	-	150,000
Minibonds	29,338	605	(127)	29,816
NC2 separate electric system revenue bonds	225,910	103,685	(111,135)	218,460
Total	$ 2,256,348	$ 287,630	$ (350,057)	$ 2,193,921

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, respectively in both 2016 and 2015.

The following table summarizes outstanding Electric System Revenue Bonds as of December 31, 2016, (in thousands).

Issue	Maturity Dates	Type	Interest Rates	Amount
2008 Series A	2018	Serial	4.6%	$ 2,900
2010 Series A	2022 - 2041	Term	5.431%	120,000
2011 Series A	2017 - 2024	Serial	3.125% - 5.0%	59,095
2011 Series B	2029	Serial	3.625%	350
2011 Series B	2030 - 2042	Term	4.0% - 5.0%	103,360
2011 Series C	2017 - 2030	Serial	2.5% - 5.0%	119,165
2012 Series A	2030 - 2034	Serial	4.0%	63,065
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
2015 Series A	2022 - 2034	Serial	2.85% - 5.0%	38,630
2015 Series A	2035 - 2045	Term	4.0% - 5.0%	54,375
2015 Series B	2017 - 2034	Serial	2.0% - 5.0%	223,495
2015 Series B	2035 - 2039	Term	4.0%	36,555
2015 Series C	2032 - 2043	Serial	3.5% - 5.0%	94,145
2016 Series A	2023 - 2039	Serial	3.0% - 5.0%	183,340
Total				$ 1,458,365

The following table summarizes outstanding Electric System Revenue Bonds as of December 31, 2015, (in thousands).

Issue	Maturity Dates	Type	Interest Rates	Amount
2008 Series A	2018	Serial	4.6%	$ 2,900
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	2016 - 2024	Serial	3.125% - 5.0%	95,360
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	2016 - 2030	Serial	2.5% - 5.0%	125,965
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
2015 Series A	2022 - 2034	Serial	2.85% - 5.0%	38,630
2015 Series A	2035 - 2045	Term	4.0% - 5.0%	54,375
2015 Series B	2017 - 2034	Serial	2.0% - 5.0%	223,495
2015 Series B	2035 - 2039	Term	4.0%	36,555
2015 Series C	2032 - 2043	Serial	3.5% - 5.0%	94,145
Total				$ 1,513,725

OPPD issued $183,340,000 of Electric System Revenue Bonds, 2016 Series A on August 24, 2016. The 2016 Series A Bonds were used to refund all of the 2009 Series A Bonds, a portion of the 2011 Series B Bonds and a portion of the 2012 Series A Bonds. The refunding reduced total debt service payments over the life of the bonds by $30,353,000 and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $22,094,000. A principal payment of $43,065,000 was made on February 1, 2016, for the Electric System Revenue Bonds.

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 A and B Bonds were used to finance new capital expenditures and refund the remaining 2005 Series B Bonds, a portion of the 2007 Series A and a portion of the 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 (difference between the present values of the old and new debt service payments) of $25,377,000. The Company issued $94,145,000 of Electric System Revenue Bonds, 2015 Series C on February 26, 2015. The 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. A principal payment of $40,465,000 was made on February 2, 2015, for the Electric System Revenue Bonds.

Electric System Revenue Bonds from the following series, with outstanding principal in the amount of $568,785,000 as of December 31, 2016, were legally defeased: 1992 Series B, 1993 Series B, 2005 Series B, 2007 Series A, 2008 Series A, 2009 Series A, 2011 Series B and 2012 Series A. Electric System Revenue Bonds from the following series, with outstanding principal amounts of $392,410,000 as of December 31, 2015, were legally defeased: 1992 Series B, 1993 Series B, 2005 Series B, 2007 Series A and 2008 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 February 6, 2015, 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**
2017	$ 45,595	$ 71,514
2018	47,495	69,545
2019	49,720	67,328
2020	51,980	64,947
2021	55,445	62,371
2022-2026	208,895	365,978
2027-2031	274,350	262,212
2032-2036	263,165	166,252
2037-2041	321,330	81,265
2042-2046	140,390	12,887
Total	$ 1,458,365	$ 1,224,299

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.

Moody's Investors Service and Standard & Poor's Rating Services rated the Electric System Subordinated Revenue Bonds as Aa3 and AA-, respectively in both 2016 and 2015.

The following table summarizes outstanding Electric System Subordinated Revenue Bonds as of December 31, 2016, (in thousands).

Issue	Maturity Dates	Type	Interest Rates	Amount
2014 Series AA	2017 - 2032	Serial	2.0% - 5.0%	$ 57,175
2014 Series AA	2028 - 2036	Term	2.25% - 5.25%	98,275
2014 Series BB	2041 - 2042	Term	4.0%	49,205
2014 Series CC	2031 - 2035	Serial	4.0%	29,280
2014 Series CC	2036 - 2038	Term	4.0%	79,115
2014 Series DD	2040	Serial	3.625%	24,230
Total				$ 337,280

The following table summarizes outstanding Electric System Subordinated Revenue Bonds as of December 31, 2015, (in thousands).

Issue	Maturity Dates	Type	Interest Rates	Amount
2014 Series AA	2016 - 2032	Serial	2.0% - 5.0%	$ 57,270
2014 Series AA	2028 - 2036	Term	2.25% - 5.25%	98,275
2014 Series BB	2041 - 2042	Term	4.0%	49,205
2014 Series CC	2031 - 2035	Serial	4.0%	29,280
2014 Series CC	2036 - 2038	Term	4.0%	79,115
2014 Series DD	2040	Serial	3.625%	24,230
Total				$ 337,375

On February 1, 2016, a principal payment of $95,000 was made for the Electric System Subordinated Revenue Bonds. There were no principal payments due for the Electric System Subordinated Revenue Bonds in 2015.

At December 31, 2016, OPPD had no outstanding defeased Electric System Subordinated Revenue Bonds. Electric System Subordinated Revenue Bonds, 2006 Series B, with an outstanding principal amount of $25,000,000 as of December 31, 2015 were legally defeased. 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.

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

	Principal	Interest
2017	$ 95	$ 13,385
2018	1,095	13,368
2019	1,090	13,330
2020	825	13,833
2021	-	13,817
2022-2026	23,840	66,961
2027-2031	46,040	58,558
2032-2036	136,335	41,163
2037-2041	103,315	14,161
2042	24,645	493
Total	$ 337,280	$ 249,069

Electric Revenue Notes - Commercial Paper Series – The outstanding balance of Commercial Paper was $150,000,000 as of December 31, 2016 and 2015. The average borrowing rate was 0.5% and 0.1% for the years ended December 31, 2016 and 2015, respectively. A Credit Agreement with Bank of America, N.A., includes a covenant to retain drawing capacity at least equal to the issued and outstanding amount of Commercial Paper Notes. The Credit Agreement will expire on October 1, 2018. Commercial Paper is classified as Long-Term Debt due to the existence of this Credit Agreement and OPPD's intent and ability to refinance Commercial Paper on a long-term basis.

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 2016 other than redemptions for the annual put option. The principal and interest on these bonds is insured by a municipal bond insurance policy.

The following table summarizes outstanding Minibond balances at December 31 (in thousands).

Principal	2016	2015
2001 Minibonds, due 2021	$ 23,055	$ 23,182
Accreted interest on capital appreciation Minibonds	6,761	6,156
Total	$ 29,816	$ 29,338

Credit Agreement – OPPD has a Credit Agreement with the Bank of America, N.A., for $250,000,000 which will expire on October 1, 2018. The Credit Agreement includes a financial 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, 2016 and 2015.

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."

Moody's Investors Service rated the NC2 Separate Electric System Revenue Bonds as A1 in 2016 and 2015. Standard & Poor's Rating Services rated the NC2 Separate Electric System Revenue Bonds as A+ and A in 2016 and 2015, respectively.

The following table summarizes outstanding NC2 Separate Electric System Revenue Bonds as of December 31, 2016, (in thousands).

Issue	Maturity Dates	Type	Interest Rates	Amount
2006 Series A	2017	Serial	3.85%	$ 1,130
2008 Series A	2017 - 2018	Serial	4.25% - 4.45%	1,020
2015 Series A	2017 - 2035	Serial	2.0% - 5.0%	58,450
2015 Series A	2036 - 2046	Term	3.5% - 5.25%	54,175
2016 Series A	2018 - 2036	Serial	3.0% - 5.0%	33,530
2016 Series A	2037 - 2049	Term	5.0%	70,155
Total				$ 218,460

The following table summarizes outstanding NC2 Separate Electric System Revenue Bonds as of December 31, 2015, (in thousands).

Issue	Maturity Dates	Type	Interest Rates	Amount
2006 Series A	2016 - 2026	Serial	3.8% - 4.2%	$ 15,050
2006 Series A	2027 - 2049	Term	4.25% - 5.0%	95,110
2008 Series A	2016 - 2018	Serial	4.05% - 4.45%	1,505
2015 Series A	2016 - 2035	Serial	2.0% - 5.0%	60,070
2015 Series A	2036 - 2046	Term	3.5% - 5.25%	54,175
Total				$ 225,910

OPPD issued $103,685,000 of NC2 Separate Electric System Revenue Bonds, 2016 Series A on April 13, 2016. These bonds were used for refunding a portion of the 2006 Series A Bonds. The refunding reduced total debt service payments over the life of the bonds by $8,076,000 and resulted in an economic gain of $9,474,000. A principal payment of $3,190,000 was made on February 1, 2016, for the NC2 Separate Electric System Revenue Bonds.

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. A principal payment of $3,080,000 was made on February 2, 2015, for the NC2 Separate Electric System Revenue Bonds.

The NC2 Separate Electric System Revenue Bonds, 2006 Series A and 2008 Series A, with outstanding principal amounts of $125,190,000 as of December 31, 2016, were legally defeased. The NC2 Separate Electric System Revenue Bonds, 2008 Series A, with outstanding principal amounts of $17,245,000 as of December 31, 2015, were legally defeased. 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.

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

	Principal	Interest
2017	$ 3,245	$ 10,602
2018	3,220	10,493
2019	3,350	10,354
2020	3,495	10,199
2021	3,655	10,044
2022-2026	21,060	47,292
2027-2031	26,880	41,343
2032-2036	33,810	34,323
2037-2041	39,910	25,381
2042-2046	46,745	14,515
2047-2049	33,090	2,418
Total	$ 218,460	$ 216,964

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 gain or loss on refunded debt at December 31 (in thousands).

2016		2015	
Carrying Amount	Fair Value	Carrying Amount	Fair Value
$ 2,387,146	$ 2,533,075	$ 2,419,769	$ 2,710,514

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.

7. BENEFIT PLANS FOR EMPLOYEES AND RETIREES

RETIREMENT PLAN

The Company adopted and implemented the provisions of GASB 68 and GASB 82 in 2015.

Plan Description and Benefits Provided – The Omaha Public Power District Retirement Plan (Retirement Plan) is a single-employer, defined benefit plan, which provides retirement and death benefits to Plan members and their beneficiaries. The Retirement Plan covers all full-time employees as they are not covered by Social Security. The Retirement Plan was established and may be amended at the direction of OPPD's Board of Directors and is administered by the Company. Ad-hoc cost-of-living adjustments may be provided to retirees and beneficiaries at the discretion of the Board of Directors.

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). Employees have the option to retire before the age of 65 if they meet eligibility requirements based on age and years of service. The Retirement Plan was amended as of January 1, 2008 to add a Cash Balance provision (as defined) to allow members the choice between the Traditional and Cash Balance provision for calculating benefits. Under the Cash Balance provision, members can receive the total vested value of their Cash Balance Account at separation from employment with OPPD. Employees were initially 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.

The following table summarizes the membership in the Retirement Plan as of January 1.

	2016	**2015**
Retirees and beneficiaries receiving benefits	1,992	1,915
Terminated Retirement Plan members entitled to, but not receiving, benefits	382	406
Active Retirement Plan members *	2,200	2,237
Total	4,574	4,558

**There were 341 and 320 members with the Cash Balance provision at December 31, 2016 and 2015, respectively.*

Contributions - Employees contributed 6.2% of their covered payroll to the Retirement Plan for the years ended December 31, 2016 and 2015. The contribution rate for employees is scheduled to remain at 6.2% unless the funded ratio (as defined) is 110% or more, in which case the contribution rate will be decreased in accordance with the Retirement Plan schedule. Employee contributions are immediately 100% vested. An employee's deferred retirement allowance is 100% vested after five years of continuous service (as defined). The Company is obligated to contribute the balance of the funds needed on an actuarially determined basis and has met this funding requirement. The annual required contribution (ARC) was fully funded in the amount of $50,711,000 and $46,568,000 for the years ended December 31, 2016 and 2015, respectively.

Actuarial Assumptions - The total pension liability in the January 1, 2016, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

The total pension liability must be determined using the Entry Age Normal (Level Percent of Pay) cost method per GASB 68. 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, if any, the unfunded actuarial accrued liability was amortized on a level basis (closed group) over 20 years for 2016. The amortization period of the unfunded actuarial accrued liability was changed from 15 years to a 20-year fresh start in 2015. The mortality table used for healthy participants was the RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2015 with generational projection for 2016, and the RP-2014 Aggregate table with generational projection using Scale MP-2014 for 2015.

The other actuarial assumptions for the valuations as of January 1, 2016 and 2015 were as follows:

- The method used for the asset valuation for the actuarially determined contribution was to blend the expected actuarial value of assets with the market value of assets using an 80:20 ratio.
- The average rate of compensation increase varies by age.
- There were no ad-hoc cost-of-living adjustments.
- The average rate of inflation was 3.0%.

The actuarial assumptions are based on a study of the experience of the covered group. The last actuarial experience study was performed during 2016 and resulted in a reduction of the discount rate from 7.75% to 7.0%. For purposes of GASB 68 disclosure in this report, the discount rate change will be incorporated into the January 1, 2017 measurement date and will be reported as of December 31, 2017.

Discount Rate - The discount rate used to determine the required funding contributions was 7.0% and 7.75% for 2016 and 2015, respectively. In accordance with the provisions of GASB 68, the discount rate used to measure the total pension liability was 7.75% for 2016 and 2015. The discount rate is determined using the expected long-term rate of return of each asset class, including inflation and additional yields due to active investment management. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that OPPD contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table summarizes the Target Allocation and Long-Term Expected Real Rate of Return, presented in geometric means, for each major Asset Class.

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return ***
Domestic equity	28.0%	5.2%
International developed equity	14.0	5.5
Emerging markets equity	10.0	7.4
Domestic core fixed income	23.0	1.6
Global fixed income	7.5	0.9
High yield	3.0	4.2
Treasury inflation protected securities	2.0	1.3
Emerging markets debt	5.0	4.6
Private real estate	7.5	3.9
Total	100%	

**Based on 2016 forward looking capital market assumptions.*

Total Pension Liability, Plan Fiduciary Net Position and Net Pension Liability - The total pension liability, plan fiduciary net position and net pension liability are determined in accordance with GASB 68. The amounts are based on the results of an actuarial valuation measurement date of January 1, 2016.

The following table shows the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the Measurement Period from January 1, 2015, to January 1, 2016, and the changes for the year ended December 31, 2016, (in thousands).

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
Balance recognized at 12/31/2015	**$ 1,310,737**	**$ 903,563**	**$ 407,174**
(Based on 1/1/2015 measurement date)			
Changes recognized for the fiscal year:			
Service cost	23,224		23,224
Interest on total pension liability	100,285		100,285
Changes in benefit terms	1,268		1,268
Difference between expected and actual	2,593		2,593
Contributions from employer		46,568	(46,568)
Contributions from employee		12,375	(12,375)
Net investment income		(11,465)	11,465
Benefit payments, including refunds of employee contributions	(81,441)	(81,441)	
Administrative expense		(111)	111
Net changes	45,929	(34,074)	80,003
Balance recognized at 12/31/2016	**$ 1,356,666**	**$ 869,489**	**$ 487,177**
(Based on 1/1/2016 measurement date)			

	2016	**2015**
Plan fiduciary net position as a percentage of the total pension liability	64.09%	68.94%
Actuarially determined contributions	$ 50,711	$ 46,568

Sensitivity – The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability for the year ending December 31, 2016, (in thousands). The information provided below is calculated based on the applicable governmental accounting standards, which require the presentation of the discount rate at the rate in effect as of the measurement date (1/1/2016).

	1% Decrease 6.75%		Discount Rate 7.75%		1% Increase 8.75%	
Total pension liability	$	1,512,714	$	1,356,666	$	1,224,990
Plan fiduciary net position		869,489		869,489		869,489
Net pension liability	$	643,225	$	487,177	$	355,501

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued Retirement Plan financial report and can be reviewed by contacting the Pension Administrator at Corporate Headquarters.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2016, OPPD recognized pension expense of $50,711,000.

The following table summarizes the reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources for the year ended December 31, 2016 (in thousands).

	Deferred Outflows		Deferred Inflows	
Difference between actual and expected experience				
• Measurement Date 1/1/2015	$	33,831	$	-
• Measurement Date 1/1/2016		1,974		-
Net difference between expected and actual earnings on pension plan investments				
• Measurement Date 1/1/2015		21,674		-
• Measurement Date 1/1/2016		64,505		-
Contribution made in fiscal year ending December 31, 2016		50,711		-
Total	$	172,695	$	-

The Company reported $50,711,000 as deferred outflows of resources related to pensions resulting from the contributions made subsequent to the measurement date. This amount will be recognized as pension expense in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense or as a reduction of the Net Pension Liability as follows (in thousands):

Year	Amount	
2017	$	31,747
2018	$	31,747
2019	$	31,746
2020	$	24,021
2021	$	2,722
Thereafter	$	-

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, 2016 and 2015.

Additional information is available in the Required Supplementary Information section following the notes.

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 Defined Contribution plans were established and may be amended at the direction of OPPD's Board of Directors and is administered 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 $5,989,000 and $6,210,000 for the years ended December 31, 2016 and 2015, respectively. The employer maximum annual match on employee contributions was $3,500 per employee for the years ended December 31, 2016 and 2015.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

There are two separate plans for Other Postemployment 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. The OPEB Plans were established and may be amended at the direction of OPPD's Board of Directors and is administered by the Company.

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. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

OPEB Plan A

Plan Description – OPEB Plan A (Plan A) provides postemployment 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, 2016, 1,810 of the 4,010 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 Actuarial Accrued Liability (AAL) is the present value of benefits attributable to past accounting periods.

The following table summarizes AAL and other OPEB Plan A information based on the actuarial valuation as of January 1 (in thousands).

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL Percentage of Covered Payroll ((b-a)/c)
2016	$ 125,241	$ 389,489	$ 264,248	32.2%	$ 200,905	131.5%
2015	$ 114,122	$ 372,894	$ 258,772	30.6%	$ 196,344	131.8%
2014	$ 100,580	$ 350,049	$ 249,469	28.7%	$ 194,100	128.5%

Annual OPEB Cost and Actuarial Assumptions – The annual OPEB cost and ARC for OPEB Plan A was \$21,842,000, \$23,228,000 and \$22,088,000 for the years ended December 31, 2016, 2015 and 2014, respectively. The decrease in 2016 was due to changes in assumptions. The increase in 2015 was due to higher trending health care costs. Accounting standards require recognition of an OPEB liability on the Statements 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, 2016, 2015 and 2014. Contributions by Plan A members were \$3,709,000, \$3,439,000 and \$3,187,000 for the years ended December 31, 2016, 2015 and 2014, respectively.

The actuarial assumptions and methods used for the valuations on January 1, 2016, 2015 and 2014, were as follows:

- The pre-Medicare health care trend rates ranged from 7.5% immediate to 4.5% ultimate in 2016, from 7.25% immediate to 5.0% ultimate in 2015, and from 7.5% immediate to 5.0% ultimate in 2014.
- The post-Medicare health care trend rates ranged from 8.4% immediate to 4.5% ultimate in 2016, and from 6.5% immediate to 5.0% ultimate in 2015 and 2014.
- The investment return (discount rate) used was 7.0% in 2016 and 7.5% in 2015 and 2014, 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 varies by age.
- 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 RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2015 with generational projection for 2016, RP-2014 Aggregate table with generational projection using Scale MP-2014 for 2015 and the Static Mortality Table for Annuitants and Non-Annuitants for 2014.

OPEB Plan B

Plan Description – OPEB Plan B (Plan B) provides postemployment 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, 2016, only 1 of the 813 Plan B members was receiving benefits.

Funded Status and Funding Progress – Funds are contributed, as needed, on an actuarially determined basis. Members do not contribute to Plan B.

The following table summarizes AAL and other OPEB Plan B information based on the actuarial valuations as of January 1 (in thousands).

	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded Accrued Liability (OAL) (a - b)	Funded Ratio (a/b)	Covered Payroll (c)	OAL Percentage of Covered Payroll ((a-b)/c)
2016	$ 3,614	$ 1,544	$ 2,070	234.1%	$ 61,761	3.4%
2015	$ 3,670	$ 2,244	$ 1,426	163.5%	$ 63,914	2.2%
2014	$ 3,509	$ 1,526	$ 1,983	230.0%	$ 50,727	3.9%

Annual OPEB Cost and Actuarial Assumptions – The OPEB Plan B ARC was $29,000, $297,000 and $145,000 for the years ended December 31, 2016, 2015 and 2014, respectively. The annual OPEB cost was $127,000, $402,000, and $250,000 for the years ended December 31, 2016, 2015 and 2014, respectively. There was an OPEB net asset of $740,000, $867,000, and $1,269,000 as of December 31, 2016, 2015 and 2014, respectively. Company contributions were $0 for the years ended December 31, 2016, 2015 and 2014.

The actuarial assumptions and methods used for the valuations on January 1, 2016, 2015 and 2014 were as follows:

- The investment return (discount rate) used was 5.25% in 2016, and 5.5% in 2015 and 2014, 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 RP-2014 Aggregate table projected back to 2006 using Scale MP-2014 and projected forward using Scale MP-2015 with generational projection for 2016, RP-2014 Aggregate table with generational projection using Scale MP-2014 for 2015 and the Static Mortality Table for Annuitants and Non-Annuitants for 2014.

SELF-INSURANCE HEALTH PROGRAM

Employee health care and life insurance benefits are provided to substantially all full-time employees. There were 1,824 and 2,039 full-time employees with medical coverage as of December 31, 2016 and 2015, 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 4). 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 $27,315,000 and $27,892,000 for the years ended December 31, 2016 and 2015, respectively.

The total cost of life and long-term disability insurance for full-time employees was $1,550,000 and $1,140,000 for the years ended December 31, 2016 and 2015, respectively.

The balance of the Incurred but Not Presented Reserve was $3,483,000 and $3,574,000 as of December 31, 2016 and 2015, respectively (Note 2).

Audited financial statements for the Defined Contribution Retirement Savings Plans and OPEB Plans may be reviewed by contacting the Pension Administrator at Corporate Headquarters.

8. ADDITIONS TO AND UTILIZATIONS OF RESERVES

The Rate Stabilization Reserve was increased by $26,000,000 for the year ended December 31, 2016. In 2015, the Board authorized the use of the Rate Stabilization Reserve to provide additional revenues for operations. There was a transfer of $25,000,000 from the reserve in December 2015. The balance of the reserve was $42,000,000 and $16,000,000 as of December 31, 2016 and 2015, respectively.

9. DERIVATIVES AND FINANCIAL INSTRUMENTS

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 $1,236,000 and $766,000 as of December 31, 2016, and 2015, 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, 2016, was 4,135,250 megawatt-hours. The balance of TCRs reported in other current assets was $19,000 and $97,000 as of December 31, 2016 and 2015, respectively (Note 2).

10. 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 (OATT) on April 1, 2009. In addition to tariff administration services, SPP also provides reliability coordination services, generation reserve sharing, energy market services, balancing authority services and planning authority services.

The SPP Real-Time Energy Imbalance Market (Day 1 Market) was expanded into a Day 2 Market in 2014. The SPP Day 2 Market, also known as the IM, includes the Day-Ahead Market, Real-Time Market, Ancillary Services

Market and Transmission Congestion Rights Market. OPPD actively participates in the IM. It provides a more transparent market by which load is served by the most efficient and economical generation while maintaining the reliability of the grid. The market mechanism rewards low-cost, flexible and reliable providers of electricity. OPPD's generation is in competition with other generation owners to serve load across the SPP footprint.

A 345-kilovolt power line identified by the SPP planning process was built by OPPD and Kansas City Power & Light (Midwest Transmission Project) running from a substation near the Nebraska City Station to Sibley, Missouri. This project was one of several priority projects as determined by SPP and is expected to relieve congestion on the region's transmission system and improve reliability on the nation's energy grid. Construction on the project was completed in December 2016. The project received funding under the SPP OATT.

The Elkhorn River Valley Transmission Project is a joint effort between OPPD and the Fremont Department of Utilities to connect an OPPD Substation in Blair with a substation in Fremont. The line route was announced in 2015 and will be in service by October 2018. The purpose of this SPP reliability project is to support the growing demand for electricity and improve reliability. A portion of the project will receive funding under the SPP OATT.

11. OTHER – NET

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

	2016	2015
Interest subsidies from the federal government	$ 2,040	$ 2,113
Grants from FEMA	245	6,000
Other	(56)	229
Total	$ 2,229	$ 8,342

12. RISK MITIGATION AND RECOVERIES

OPPD is exposed to various risks of loss related to general liability and property. The company procures commercial insurance, subject to certain limits and deductibles, to reduce the financial impact for claims arising from such matters. In 2016, the nuclear property insurance limits were reduced from $1,500,000,000 to $1,060,000,000, the minimum allowed by the NRC, and the nuclear accidental outage insurance was eliminated. There have been no other significant reductions in insurance coverage. Claims have not exceeded the limits of property or liability insurance in any of the three preceding years.

The following table summarizes the total claims liability, comprising claims received and medical claims incurred but not presented, at December 31, 2016, 2015, and 2014 (in thousands).

	2016	2015	2014
IBNP reserve	$ 3,483	$ 3,574	$ 3,012
Workers' compensation reserve	1,399	1,545	1,484
Public liability reserve	308	121	73
Total	$ 5,190	$ 5,240	$ 4,569

The following table summarizes the changes in the total claims liability during 2016, 2015, and 2014 (in thousands).

	2016	2015	2014
Claims liability, beginning of year	$ 5,240	$ 4,569	$ 4,122
Payments on Claims	(2,046)	(2,001)	(1,891)
Provision for Claims	1,996	2,672	2,338
Claims liability, end of year	$ 5,190	$ 5,240	$ 4,569

OPPD is eligible for disaster assistance from the Federal Emergency Management Agency (FEMA) when a disaster is declared for damage in the Company's 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 $0 and $9,181,000 as of December 31, 2016 and 2015, respectively. FEMA also declared disasters for storms during 2015 and 2014. The receivable for those disasters was $2,579,000 and $2,334,000 at December 31, 2016 and 2015, respectively.

The Company is entitled to insurance recoveries in connection with a turbine outage at NC2. The outage began in November 2014 and continued until March 2015. The Company is seeking damages from its insurance carrier. The Company has an outstanding receivable of $3,281,000 and $1,780,000 at December 31, 2016 and 2015, respectively.

13. FORT CALHOUN STATION

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 agreement with Exelon Generation Company, LLC, (Exelon) to provide operating and managerial support at FCS for 20 years. The Company remained the owner and licensed operator of the station while Exelon had day-to-day operational authority at FCS, subject to oversight by and decision-making authority of OPPD for licensed activities. Station operations resumed in December 2013, and the station was removed from Chapter 0350 status in March 2015. In June 2016, the OPPD Board of Directors approved a recommendation by management to cease operations at FCS by December 31, 2016, and begin the decommissioning process using the safe storage ("SAFSTOR") methodology. The decision was made after a review of the Company's generation resource portfolio, and the station ceased operations on October 24, 2016. Notice was provided to Exelon in December 2016 to terminate the Operating Services Agreement.

As a result of the Board decision to cease operations, the FCS assets were impaired as of June 30, 2016. The write-offs of FCS related assets and the related contract termination fees for the year ended December 31, 2016, were $959,575,000, which was recorded to the Special Item in the Statements of Revenues, Expenses and Changes in Net Position.

The following table summarizes the write-offs associated with the Special Item as of December 31, 2016 (in thousands).

Net electric plant	$ 728,674.00
Regulatory assets	79,793
Net nuclear fuel	70,419
Materials and supplies	64,597
Contract termination fees	15,216
Other	876
Total	**$ 959,575**

A portion of the nuclear fuel inventory was not included in the impairment as it is anticipated to be sold in 2017. As a result, it was reclassified as Nuclear Fuel Held for Sale and reported at fair value in Current Assets in the Statements of Net Position. The balance was $12,453,000 as of December 31, 2016.

A portion of the materials and supplies inventory was not included in the impairment as it is anticipated to be sold. As a result, it was reported at fair value in Current Assets in the Statements of Net Position. The balance was $3,748,000 as of December 31, 2016.

The FCS regulatory asset for recovery costs incurred in 2012 and 2013 were deferred as a regulatory asset based on Board approval. The deferral of the costs related to recovery was not included in the impairment, but will continue to be amortized (and collected through retail rates) through 2023 as these costs benefit current and future ratepayers.

FCS will utilize the SAFSTOR method of decommissioning, as described by the NRC, which allows a period of up to 60 years to fully decommission the facility. The total estimated cost in 2016 dollars to decommission FCS using the SAFSTOR methodology was $1,348,897,000 as of December 31, 2016. The estimated remaining cost to decommission the station in 2016 dollars for the NRC-required obligations was $1,249,597,000 as of December 31, 2016, which included $124,685,000 in Current Liabilities and $1,124,912,000 in Other Liabilities in the Statements of Net Position. The estimated cost was based on a third-party site-specific cost study completed in February 2017.

The major assumptions used in the cost estimate as the basis for the decommissioning liability for December 31, 2016, were as follows:

- Costs are provided in 2016 dollars
- Site facilities are based on a 2013 analysis and updated to include a new security building
- Personnel costs based on a single average salary, adjusted for headcount reductions
- Overhead costs for site and corporate support
- Recurring non-labor costs derived from the 2017 site budget, and adjusted for near-term or one-time costs
- Design conditions related to the vessel, internal components, control element assemblies, containment building structure and other miscellaneous equipment and material
- Transition activities including system draining and abandonment, water processing, warehouse cleanup, site modifications, scrap and salvage

A regulatory asset was approved to match the recovery of decommissioning expenses with the decommissioning funding amounts collected through retail rates. The balance of the regulatory asset was $864,093,000 as of December 31, 2016, which included $147,000,000 in Current Assets and $717,093,000 in Other Long-Term Assets in the Statements of Net Position. The balance of the decommissioning trust assets as of December 31, 2016 was $382,134,000.

As a result of the Board decision to cease operations at FCS, the Company incurred costs to terminate contracts with vendors and recorded these costs as part of the Special Item in 2016. Nuclear fuel contract termination fees of $9,450,000 were paid in 2016. The cancellation of the Operating Services Agreement with Exelon required OPPD to make a payment of $5,000,000 to terminate the agreement. The $5,000,000 was written off to the Special Item in 2016 as part of the decision to cease operations and was paid in February 2017. Other vendor contracts were also terminated as a result of this decision and these termination costs were included in the write-off noted above.

Employees located at FCS, and terminated as a result of the decision to cease operations, are eligible for an employee severance package. The package includes a lump-sum payment to eligible employees with a base of 12 weeks of pay based on current salary, plus an additional week of pay for each year of service up to a maximum of 52 weeks. Employees enrolled in the Company’s medical benefit plans are also eligible for a lump-sum payment of medical, dental and vision insurance coverage costs based on the number of weeks used in the severance calculation (as noted above). Retiring employees are only eligible for payment related to dental coverage. In 2016, 57 employees received severance payments totaling $3,220,000.

Severance costs are accrued as the benefits are earned and recognized ratably over the future service period. Severance costs are estimated to be paid to a total of approximately 496 employees in various waves of reductions through 2022. Severance costs of $7,708,000 were recorded as of December 31, 2016.

In 2016, OPPD established a Key Employee Performance Plan (KEPP) to help ensure that key positions remained staffed for continued safe operations. As part of the KEPP, certain key positions at FCS are eligible for a performance incentive. Performance incentives are paid to employees based on attainment of certain milestone dates which extend to 2019. In 2016, 82 employees received performance incentive payments totaling $1,775,000. Performance incentive costs are estimated to be paid to a total of approximately 134 employees. Performance incentive costs of $3,196,000 were recorded as of December 31, 2016.

14. NORTH OMAHA STATION

The Board of Directors approved a resolution in June 2014 for the Future Power-Generation Plan (Plan). The Plan included changes to the generation portfolio, including the retirement in 2016 of NO1, NO2 and NO3, to comply with existing and future environmental regulations. Other approved changes included the retrofitting of North Omaha Station Units 4 and 5 and Nebraska City Station Unit 1 (NC1) with basic emissions controls as well as load reductions through demand-side management programs. The estimated useful lives of NO1, NO2 and NO3 were reduced as a result of the planned future retirement. This change in estimate resulted in additional depreciation expense of $2,629,000 and $9,923,000 for the years ended December 31, 2016 and 2015, respectively.

As a result of the June 2016 Board resolution to cease operations at FCS, a decision was made to retain NO1, NO2 and NO3 using natural gas for capacity purposes through at least 2018. Subsequent to the resolution, OPPD completed its 2016 Integrated Resource Plan. This plan, filed with the Western Area Power Administration in late February 2017, reflects the retention of NO1, NO2 and NO3 on natural gas through December 31, 2021.

15. COMMITMENTS AND CONTINGENCIES

Commitments for the uncompleted portion of construction contracts were approximately $36,836,000 at December 31, 2016.

Power sales commitments that extend through 2027 were $48,265,000 as of December 31, 2016. Power purchase commitments that extend through 2020 were $53,146,000 as of December 31, 2016. These amounts do not include the Participation Power Agreements (PPAs) for OPPD's commitments for wind energy purchases or NC2, which are separately disclosed below.

The following table summarizes OPPD's commitments for wind purchase agreements as of December 31, 2016.

	Total Capacity (in MW)	OPPD Share (in MW)	Commitment Through	Amount (In thousands)
Ainsworth *	59.4	10.0	2025	$ 17,388
Elkhorn Ridge **	80.0	25.0	2029	12,337
	139.4	35.0		$ 29,725

* *This PPA is on a "take-or-pay" basis and the Company is obligated to make payments for purchased power even if the power is not available, delivered or taken by OPPD. 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. Included in this amount is OPPD's expected share of decommissioning costs.*

***This PPA is on a "take-and-pay" basis and require payments when the power is made available to OPPD. The commitment amount includes monthly fixed demand charges.*

There are no commitments for Crofton Bluffs, Broken Bow I and II, Flat Water, Petersburg and Prairie Breeze.

There are 40-year PPAs with seven public power and municipal utilities (the Participants) for the sale of half of the 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 that extend through 2019 with minimum future payments of $153,921,000 at December 31, 2016. The Company also has coal-transportation contracts that extend through 2020 with minimum future payments of $335,007,000 as of December 31, 2016. These contracts are subject to price adjustments.

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 10-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, 2016, OPPD's remaining commitment was $136,000.

Under the provisions of the Price-Anderson Act as of December 31, 2016, 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 has received and responded to requests for information from the Environmental Protection Agency (EPA) relating to compliance with the Clean Air Act at the North Omaha and NC1 stations. OPPD received a Notice of Violation (NOV) from the EPA in August 2014 alleging a violation of the Clean Air Act by undertaking certain projects at NC1. The Company believes it has complied with all regulations relative to the projects in question and has discussed the matters with EPA. The EPA would have to establish the allegations in the NOV in court. If the EPA establishes a Clean Air Act violation in court, which could be subject to possible appellate court review, remedies can include civil penalties 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.

The Company 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.

16. SUBSEQUENT EVENTS

The Company was notified in February 2017 by one of the wind providers that OPPD will receive a one-time rebate payment of $7,771,000 as part of the Nebraska Advantage Act. The PPA states that the Company is entitled to an equal share of any benefit of legislation adopted by the State of Nebraska that provides credits or incentives that can be applied to offset the cost of delivered energy. The rebate is due to OPPD in 2017.

OPPD accepted an insurance claim settlement for the NC2 turbine outage and received payment in January 2017 for $6,760,000. The turbine replacement project is scheduled to be completed during the spring 2017. Any differences between the actual costs and the settlement will be adjusted accordingly with the insurance carrier.

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

The following schedule shows the history of changes in Net Pension Liability as of December 31 using a January 1 measurement date (in thousands).

	2016	2015
Total Pension Liability		
Service cost	$ 23,224	$ 22,492
Interest on total pension liability	$ 100,285	$ 93,643
Changes of benefit terms	$ 1,268	$ -
Difference between expected and actual experience	$ 2,593	$ (5,328)
Changes of assumptions	$ -	$ 54,712
Benefit payments, including refunds of employee contributions	$ (81,441)	$ (79,681)
Net change in total pension liability	**$ 45,929**	**$ 85,838**
Total pension liability (beginning)	**$ 1,310,737**	**$ 1,224,899**
Total pension liability (ending) (a)	**$ 1,356,666**	**$ 1,310,737**
Plan Fiduciary Net Position		
Contributions from employer	$ 46,568	$ 53,008
Contributions from employee	$ 12,375	$ 11,720
Net investment income	$ (11,465)	$ 32,020
Benefit payments, including refunds of employee contributions	$ (81,441)	$ (79,681)
Administrative expense	$ (111)	$ (193)
Net change in plan fiduciary net position	**$ (34,074)**	**$ 16,874**
Plan fiduciary net position (beginning)	**$ 903,563**	**$ 886,689**
Plan fiduciary net position (ending) (b)	**$ 869,489**	**$ 903,563**
Net pension liability (ending) (a)-(b)	**$ 487,177**	**$ 407,174**
Plan fiduciary net position as a percentage of total pension liability	64.09%	68.94%
Covered-employee payroll	$ 200,905	$ 196,344
Net pension liability as a percentage of covered-employee payroll	242.49%	207.38%

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

Schedule of Contributions

The following table shows the history of Contributions as of December 31 using a January 1 measurement date (in thousands).

	2016	2015	2014
Actuarially determined contribution	$ 50,711	$ 46,568	$ 53,008
Contribution made in relation to the actuarially determined contribution	$ 50,711	$ 46,568	$ 53,008
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 200,905	$ 196,344	$ 194,100
Contributions as a percentage of payroll	25.24%	23.72%	27.31%

Schedule is intended to show information for 10 years. Additional years will be displayed when available.

Notes to Required Supplementary Information

Valuation Date: Actuarially determined contribution rates are calculated as of January 1; one-year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions used to Determined Contribution Rates

Actuarial Cost Method: Entry Age Normal with 20-year closed amortization period for unfunded liability

Asset Valuation Method: 5-year smoothing

Salary Increases: Varies by age

Investment Rate of Return: 7.00% for 2016, 7.75% for 2015 and earlier

Retirement Rates: Varies by age and service

Mortality Rates: RP-2014 Aggregate mortality table with generational projection using Scale MP-2014

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

PROPOSED FORM OF LEGAL OPINION OF KUTAK ROCK LLP, BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

KUTAK ROCK LLP

THE OMAHA BUILDING
1650 FARNAM STREET

OMAHA, NEBRASKA 68102-2186

402-346-6000
FACSIMILE 402-346-1148

www.kutakrock.com

ATLANTA
CHICAGO
DENVER
FAYETTEVILLE
IRVINE
KANSAS CITY
LITTLE ROCK
LOS ANGELES
MINNEAPOLIS
OKLAHOMA CITY
PHILADELPHIA
RICHMOND
ROGERS
SCOTTSDALE
SPOKANE
WASHINGTON, D.C.
WICHITA

December 20, 2017

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

OMAHA PUBLIC POWER DISTRICT (NEBRASKA)
$220,195,000 Electric System Revenue Bonds, 2017 Series A

Ladies and Gentlemen:

We have examined proceedings relating to the issuance by the Omaha Public Power District (the "District") of its $220,195,000 Electric System Revenue Bonds, 2017 Series A (the "2017 Bonds"). The 2017 Bonds are issued under the provisions of the hereinafter-described Authorizing Resolution.

The 2017 Bonds recite that they are issued for valid corporate purposes of the District under the authority of and in full compliance with the Constitution and laws of the State of Nebraska, including Chapter 70, Article 6 of the Nebraska Reissue Revised Statutes, as amended, and the Authorizing Resolutions.

We have examined the Constitution and statutes of the State of Nebraska and a certified transcript of the proceedings of the Board of Directors of the District authorizing or relating to the issuance of the 2017 Bonds, including the following resolutions adopted by the Board of Directors of the District:

1. Resolution No. 1788 adopted on January 20, 1972, as amended by Resolution No. 5432 adopted by the District on April 14, 2005 and Resolution No. 5882 adopted by the District on October 13, 2011 (Resolution No. 1788, Resolution No. 5432 and Resolution No. 5882 are herein collectively referred to as the "General Resolution") pursuant to which, along with certain series resolutions, the District has issued its Electric System Revenue Bonds (the "Electric System Revenue Bonds"); and

2. Resolution No. 6200, adopted on September 14, 2017, pursuant to which, along with the General Resolution, the District has issued the 2017 Bonds (Resolution No. 6200 and the General Resolution are herein collectively referred to as the "Authorizing Resolutions").

We have also reviewed such other documentation and certificates as we deem relevant and necessary in rendering this opinion.

Based on such examination, we are of the opinion that:

1. Pursuant to the Constitution and statutes of the State of Nebraska, the District is empowered to issue the 2017 Bonds. The 2017 Bonds (a) constitute valid and legally binding obligations of the District in accordance with their terms; (b) are issued on a parity with all other Electric System Revenue Bonds outstanding as of the date hereof and any bonds of the District which, pursuant to the Authorizing Resolution, may be hereafter issued on a parity with the 2017 Bonds and are payable solely from and secured by a pledge of and lien upon the Revenues of the District, as defined in the General Resolution, and the prior payment therefrom of the Operating Expenses of the Electric System, as defined in the General Resolution; and (c) are entitled to the benefits and security provided by the agreements and covenants contained in the Authorizing Resolution, which are valid, legally binding and enforceable upon the District according to their terms.

2. Under existing laws, regulations, rulings and judicial decisions, interest on the 2017 Bonds is not includable in gross income for federal income tax purposes. Interest on the 2017 Bonds does not constitute an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations by the Internal Revenue Code of 1986, as amended (the "Code") ; however, for the purpose of computing the alternative minimum tax imposed on certain corporations, interest on the Series 2017 Bonds will be included in the "adjusted current earnings" of such corporations, and such corporations are required to include in the calculation of alternative minimum taxable income 75% of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (determined without regard to this adjustment and prior to reduction for certain net operating losses). The opinions set forth in this paragraph are subject to continuing compliance by the District with covenants regarding federal tax law contained in the Authorizing Resolution. Failure to comply with such covenants could cause interest on the 2017 Bonds to be included in gross income retroactive to the date of issue of the 2017 Bonds. Although we are of the opinion that interest on the 2017 Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the 2017 Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deduction. We express no opinion regarding any such consequences.

3. Under existing laws, regulations and judicial decisions, interest on the 2017 Bonds is exempt from all present Nebraska state income taxes.

The obligations of the District contained in the 2017 Bonds and the Authorizing Resolution, and the enforceability thereof, are subject to general principles of equity which may permit the exercise of judicial discretion, the reasonable exercise in the future by the State of Nebraska and its governmental bodies of the police power inherent in the sovereignty of the State, applicable bankruptcy, insolvency, moratorium or similar laws relating to or affecting creditors' rights generally and the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. This letter is issued to and for the sole benefit of the above addressees and is issued for the sole purpose of the transaction specifically referred to herein. No person other than the above addressees may rely upon this letter without our express prior written consent. This letter may not be utilized by you for any other purpose whatsoever and may not be quoted by you without our express prior written consent. We have not assumed any responsibility with respect to the creditworthiness of the security for the 2017 Bonds, and our engagement as bond counsel with respect to the transaction referred to herein terminates upon the date of this letter. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

Following is substantially the text of a Section of the Omaha Public Power District Series Resolution comprising the District's continuing disclosure undertaking pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i).

Undertaking To Provide Ongoing Disclosure.

This Section constitutes the written undertaking for the benefit of the holders of the Authorized Bonds required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. § 240.15c2-12) (the "Rule"). Capitalized terms used in this Section and not otherwise defined in this Series Resolution shall have the meanings assigned such terms in subsection (d) hereof. It being the intention of the District that there be full and complete compliance with the Rule, this Section shall be construed in accordance with the written interpretative guidance and no action letters published from time to time by the Securities and Exchange Commission and its staff with respect to the Rule and in accordance with amendments to the Rule adopted or effective after the date hereof. The provisions of this Section may be modified in a Pricing Certificate as necessary or appropriate to reflect different or additional provisions of the Rule applicable to all or a portion of the Authorized Bonds.

The District, as an "obligated person" within the meaning of the Rule, undertakes to provide the following information to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as presented by the MSRB, as provided in this Section:

Annual Financial Information;

Audited Financial Statements, if any; and

Required Event Notices.

1. The District shall, while any Authorized Bonds are Outstanding, provide the Annual Financial Information on or before the date which is 180 days after the end of each fiscal year of the District (the "Report Date"), beginning with the fiscal year in which the applicable Series of Authorized Bonds is issued. If the District changes its fiscal year, it shall provide written notice of the change of fiscal year to the MSRB. It shall be sufficient if the District provides to the MSRB any or all of the Annual Financial Information by specific reference to documents previously provided to the MSRB or filed with the Securities and Exchange Commission and, if such a document is a final official statement within the meaning of the Rule, available from the MSRB.

If not provided as part of the Annual Financial Information, the District shall provide the Audited Financial Statements to the MSRB, when and if available, while any Authorized Bonds are Outstanding.

If a Notice Event occurs while any Authorized Bonds are Outstanding, the District shall provide a Required Event Notice in a timely manner (not in excess of 10 business days after the occurrence of such Notice Event) to the MSRB. Each Required Event Notice shall be so captioned and shall prominently state the date, title and CUSIP numbers of the Authorized Bonds.

The District shall provide in a timely manner to the MSRB notice of any failure by the District while any Authorized Bonds are Outstanding to provide to the MSRB Annual Financial Information on or before the Report Date.

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB and shall be in an electronic format as prescribed by the MSRB.

The following are the definitions of the capitalized terms used in this Section and not otherwise defined in this Series Resolution:

"*Annual Financial Information*" means the financial information or operating data with respect to the District, provided at least annually, of the type included in the final official statement with respect to the Authorized Bonds under the headings "CAPITAL AND NUCLEAR FUEL EXPENDITURES"; "ELECTRIC RATES AND RATE REGULATION"; "THE ELECTRIC SYSTEM"; "OPERATING RESULTS"; "NET RECEIPTS FOR THE ELECTRIC SYSTEM"; "OPERATING REVENUES AND ENERGY SALES"; "OPERATIONS AND MAINTENANCE EXPENSES"; "DEBT SERVICE ON THE DISTRICT'S BONDS"; and also "APPENDIX A—MANAGEMENT'S DISCUSSION AND ANALYSIS—FINANCIAL POSITION AND RESULTS OF OPERATIONS"; "—CAPITAL PROGRAMS"; and "—CASH AND LIQUIDITY." The financial statements included in the Annual Financial Information shall be prepared in accordance with generally accepted accounting principles ("GAAP") for governmental units as prescribed by the Governmental Accounting Standards Board ("GASB"). Such financial statements may, but are not required to be, Audited Financial Statements.

"*Audited Financial Statements*" means the District's annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State.

"*Notice Event*" means any of the following events with respect to the Authorized Bonds:

Principal and interest payment delinquencies;

Non-payment related defaults, if material;

Unscheduled draws on debt service reserves reflecting financial difficulties;

Unscheduled draws on credit enhancements reflecting financial difficulties;

Substitution of credit or liquidity providers, or their failure to perform;

Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Authorized Bonds or other material events affecting the tax-exempt status of the Authorized Bonds;

Modifications to rights of holders of the Authorized Bonds, if material;

Authorized Bond calls, if material, and tender offers;

Defeasances;

Release, substitution, or sale of property securing repayment of the Authorized Bonds, if material;

Rating changes;

Bankruptcy, insolvency, receivership or similar events relating to the District;

The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

Appointment of a successor or additional trustee or the change of name of a trustee, if material.

"*Required Event Notice*" means written or electronic notice of a Notice Event.

2. The continuing obligation hereunder of the District to provide Annual Financial Information, Audited Financial Statements, if any, and Required Event Notices shall terminate immediately once the Authorized Bonds no longer are Outstanding. This Section, or any provision hereof, shall be null and void in the event that the District obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Section, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Authorized Bonds, provided that the District shall have provided notice of such delivery and the cancellation of this Section to the MSRB.

This Section may be amended without the consent of the holders of the Authorized Bonds, but only upon the delivery to the District of an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the District's compliance with this Section and with the Rule, provided that the District shall have provided notice of such delivery and of the amendment to the MSRB. Any such amendment shall satisfy, unless otherwise permitted by the Rule, the following conditions:

The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the obligated person or type of business conducted;

This Section, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

The amendment does not materially impair the interests of holders of the Authorized Bonds, as determined either by parties unaffiliated with the District (such as nationally recognized bond counsel), or by approving vote of holders of the Authorized Bonds pursuant to the terms of the General Resolution at the time of the amendment.

The initial Annual Financial Information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change, if any, in the type of operating data or financial information being provided.

Any failure by the District to perform in accordance with this Section shall not constitute an "Event of Default" under the General Resolution, and the rights and remedies provided by the General Resolution upon the occurrence of an "Event of Default" shall not apply to any such failure. In the event of a breach by the District of any of its obligations under this Section, any owner of any interest in the Authorized Bonds may bring an action against the District for specific performance to cause the District to perform its obligations hereunder, but shall have no other remedy for such breach.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

SCHEDULE OF REFUNDED BONDS

2011 Series B

Maturity Date (February 1)	Amount Refunded	Interest Rate	Redemption Date (February 1)	CUSIP Numbers
2031	$12,150,000	4.00%	2021	681793 7H2
2036	32,315,000	5.00	2021	681793 7L3
2039	25,805,000	5.00	2021	681793 7Q2
2042	29,875,000	5.00	2021	681793 7K5

2012 Series A

Maturity Date (February 1)	Amount Refunded	Interest Rate	Redemption Date (February 1)	CUSIP Numbers
2037	$42,330,000	5.00%	2022	681793 8E8
2042	90,845,000	5.00	2022	681793 8F5

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

your energy partner®

OPPD

Omaha Public Power District

OMAHA PUBLIC POWER DISTRICT (NEBRASKA) • ELECTRIC SYSTEM REVENUE BONDS, 2017 SERIES A

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com