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 2018 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 2018 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.

$145,330,000
OMAHA PUBLIC POWER DISTRICT (NEBRASKA)
Electric System Revenue Bonds, 2018 Series A

Dated: Date of Delivery

Due: February 1, as shown on the inside cover page

The Electric System Revenue Bonds, 2018 Series A (the "2018 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 2018 Bonds will be payable February 1, 2019, and each August 1 and February 1 thereafter. The 2018 Bonds are subject to optional redemption prior to maturity as described herein. The 2018 Bonds are issued for valid corporate purposes of the District, including paying or reimbursing the District for capital expenditures, funding a portion of the Reserve Account and paying the costs and expenses incurred in connection with the issuance of the 2018 Bonds. See "USE OF THE 2018 BOND PROCEEDS."

The 2018 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 2018 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2018 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 2018 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 2018 Bonds. See "BOOK-ENTRY SYSTEM."

Principal of and interest on the 2018 Bonds will be payable on a parity with the other Electric System Revenue Bonds of the District ("Outstanding Bonds") outstanding, as of September 1, 2018, in the principal amount of $1,175,000,000 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 2018 BONDS." The 2018 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 2018 Bonds. The District has no taxing power.

MATURITY SCHEDULE – See Inside Front Cover

The 2018 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 2018 Bonds in definitive form will be ready for delivery through the DTC book-entry system on or about September 26, 2018.

J.P. Morgan **BofA Merrill Lynch**

Citigroup **Goldman, Sachs & Co.** **Morgan Stanley**

Piper Jaffray **RBC Capital Markets** **Wells Fargo Securities**

September 11, 2018

$145,330,000
ELECTRIC SYSTEM REVENUE BONDS, 2018 SERIES A

Maturity Schedule

$145,330,000 Serial Bonds

Due February 1	Principal Amount	Rate	Yield	CUSIP[1]
2023	$13,935,000	5.00%	2.090%	682001FY3
2024	13,975,000	5.00	2.200	682001FZ0
2025	14,765,000	5.00	2.320	682001GA4
2026	12,100,000	5.00	2.430	682001GB2
2027	13,830,000	5.00	2.520	682001GC0
2028	16,655,000	5.00	2.600	682001GD8
2029	15,720,000	5.00	2.680[C]	682001GE6
2030	5,320,000	5.00	2.750[C]	682001GF3
2033	2,620,000	3.25	3.370	682001GG1
2034	13,265,000	5.00	2.980[C]	682001GH9
2038	11,605,000	5.00	3.210[C]	682001GJ5
2039	11,540,000	5.00	3.230[C]	682001GK2

[C]Priced to February 1, 2028 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 2018 Bonds.

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

DIRECTORS

MICHAEL J. CAVANAUGH	Chair of the Board
ANNE L. MCGUIRE	Vice Chair of the Board
MICHAEL A. MINES	Treasurer
CRAIG C. MOODY	Secretary
THOMAS S. BARRETT	Board Member
TIM W. GAY	Board Member
MARK E. TREINEN	Board Member
RICHARD M. YODER	Board Member

PRESIDENT and VICE PRESIDENTS

TIMOTHY J. BURKE	President and Chief Executive Officer
L. JAVIER FERNANDEZ	Vice President - Financial Services and Chief Financial Officer
KATHLEEN W. BROWN	Vice President - Business Technology and Building Services
JULI A. COMSTOCK	Vice President - Customer Service
MOHAMAD I. DOGHMAN	Vice President - Energy Delivery and Chief Compliance Officer (Retiring December 2018)
MARY J. FISHER	Vice President – Energy Production and Nuclear Decommissioning
LISA A. OLSON	Vice President - Public Affairs
MARTHA L. SEDKY	Vice President - Human Capital
TROY R. VIA	Vice President – Energy Delivery (Effective September 2018)

GENERAL COUNSEL

FRASER STRYKER PC LLO
Omaha, Nebraska

BOND COUNSEL

KUTAK ROCK LLP
Omaha, Nebraska

FINANCIAL ADVISOR

BARCLAYS CAPITAL INC.
New York, New York

BOND FUND TRUSTEE/PAYING AGENT

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
Chicago, Illinois

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 2018 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 2018 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 "APPENDIX C—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.

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SUMMARY STATEMENT

This summary is subject in all respects to more complete information contained in this Official Statement. The offering of the 2018 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 2018 BONDS

The 2018 Bonds are issued as $145,330,000 Electric System Revenue Bonds, 2018 Series A (the "2018 Bonds"). The 2018 Bonds will be issued in fully registered form in the minimum denomination of $5,000 and any integral multiple thereof. The 2018 Bonds are subject to optional redemption prior to maturity as described herein. The 2018 Bonds are issued for valid corporate purposes of the District, including paying or reimbursing the District for capital expenditures, funding a portion of the Reserve Account and paying the costs and expenses incurred in connection with the issuance of the 2018 Bonds.

PAYMENT OF INTEREST

Interest on the 2018 Bonds will be payable February 1, 2019 and each August 1 and February 1 thereafter until maturity or prior redemption.

AUTHORITY FOR ISSUANCE

The 2018 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 July 12, 2018 authorizing the 2018 Bonds.

SECURITY FOR THE 2018 BONDS

Principal of and interest on the 2018 Bonds will be payable on a parity with the other Electric System Revenue Bonds of the District outstanding, as of September 1, 2018, in the principal amount of $1,175,000,000 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 2018 BONDS." The 2018 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 2018 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. A portion of the proceeds of the 2018 Bonds will be deposited in the Reserve Account upon issuance of the 2018 Bonds in order to meet the Reserve Account Requirement. See "SECURITY FOR THE 2018 BONDS—Reserve Account."

REDEMPTION

At the option of the District, the 2018 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 2018 BONDS—Optional Redemption." Any such redemption shall occur only upon notice mailed to the registered owner of each such 2018 Bond (which initially will be Cede & Co. for all of the 2018 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 2018 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 3.42 times for the twelve months ended December 31, 2017.

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 2018 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 2018 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 2018 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 2018 Bonds.
BOOK-ENTRY ONLY SYSTEM	The 2018 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 2018 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2018 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 2018 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 2018 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.

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OFFICIAL STATEMENT

OMAHA PUBLIC POWER DISTRICT (NEBRASKA)
$145,330,000 Electric System Revenue Bonds, 2018 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 $145,330,000 Electric System Revenue Bonds, 2018 Series A (the "2018 Bonds").

The 2018 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 July 12, 2018 authorizing the issuance of the 2018 Bonds. Principal of and interest on the 2018 Bonds will be payable on a parity with the other Electric System Revenue Bonds ("Outstanding Bonds") of the District outstanding, as of September 1, 2018, in the principal amount of $1,175,000,000. The Outstanding Bonds, the 2018 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 2018 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 2018 Bonds. The District has no taxing power.

PURPOSE OF THE 2018 BONDS

The 2018 Bonds will be issued as $145,330,000 Electric System Revenue Bonds, 2018 Series A. The 2018 Bonds are issued for valid corporate purposes of the District, including paying or reimbursing the District for capital expenditures, funding a portion of the Reserve Account and paying the costs and expenses incurred in the issuance of the 2018 Bonds. See "USE OF THE 2018 BOND PROCEEDS."

USE OF THE 2018 BOND PROCEEDS

The estimated application of the 2018 Bond proceeds (total par amount of $145,330,000 plus net original issue premium of $23,321,921.65) is as follows:

Deposit to the Construction Fund to fund District capital expenditures	$160,529,346.62
Deposit to the Construction Fund to pay costs of issuance	368,210.43
Deposit to the Reserve Account	7,220,650.00
Underwriters' Discount	533,714.60
Total Bond Proceeds	$168,651,921.65

DESCRIPTION OF THE 2018 BONDS

General

The 2018 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 2018 Bonds will be issued in fully registered form in the minimum denomination of $5,000 and any integral multiple thereof. Interest on the 2018 Bonds will be payable on February 1, 2019 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 2018 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 2018 Bonds will be made in book-entry only form. Accordingly, principal of and interest on the 2018 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 2018 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 2018 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 2018 Bonds shall be subject to redemption prior to their stated maturity on any date on or after February 1, 2028, at par, as a whole or in part (and in the event that less than all of the 2018 Bonds of any maturity are called for redemption, the particular 2018 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 2018 Bond (which initially will be Cede & Co. for all of the 2018 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.

Selection of Bonds to be Redeemed

If less than all of the 2018 Bonds of a particular maturity are redeemed, and so long as the book-entry only system remains in effect for the 2018 Bonds, the 2018 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 2018 Bonds, selection for redemption of less than all of the 2018 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 2018 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 2018 Bonds, identifying the 2018 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

2018 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 2018 Bond, will not affect the validity of the proceedings for the redemption of any other 2018 Bond. So long as any 2018 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 2018 Bond. If less than all of the 2018 Bonds are to be redeemed, the selection of the 2018 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 2018 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 2018 BONDS

Pledge and Rate Covenant

The Bonds, including the 2018 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 2018 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 2018 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. A portion of the proceeds of the 2018 Bonds will be deposited in the Reserve Account upon issuance of the 2018 Bonds in order to meet the Reserve Account Requirement. The Reserve Account Requirement on all Outstanding Bonds after the 2018 Bonds have been issued will be $62,166,886.69.

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 2018 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 June 30, 2018, the principal amount of Subordinated Bonds outstanding was $335,940,000. 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, 2019.

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 June 30, 2018, 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 2018 Bonds. The principal amount of Separate System Bonds outstanding, as of June 30, 2018, is $211,995,000.

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 2018 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 833,000[1] as of

[1]Source: OPPD, estimated using District retail customer count and Global Insight Persons per Household rate.

December 31, 2017. Omaha, with an estimated population of 466,893[1], 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, 2017, the average number of customers served by the District included 328,576 residential, 46,084 commercial, 157 industrial and 14 customers located outside of the District's service area (i.e., off-system customers). For the twelve months ended December 31, 2017, the District's retail revenue (i.e., excluding wholesale and off-system customers) was derived 43% from sales to residential customers, 32% from sales to commercial customers and 25% from sales to industrial customers. The District's top ten customers represented 14% of 2017 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.

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.

[1]Source: U.S. Census, Population Division, Annual Estimates of the Resident Population, April 1, 2010 to June 1, 2017.

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
Michael J. Cavanaugh – *Chair of the Board*	23	2019	Police Lieutenant, City of Omaha (Retired), Real Estate Investor-Manager
Anne L. McGuire – *Vice Chair of the Board*	21	2021	Nurse Educator (Retired)
Michael A. Mines – *Treasurer*	5	2019	Governmental Advisor, Small Business Owner
Craig Moody – *Secretary*	1	2023	Business Owner
Thomas S. Barrett	5	2019	Attorney at Law
Tim W. Gay	5	2021	Governmental Advisor
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.

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.

[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.

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 all aspects of customer operations; customer sales and service for all residential, commercial, industrial, governmental and infrastructure accounts; customer experience; and product development and management. 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. On July 2, 2018, Mr. Doghman announced that he will be retiring as of December 1, 2018, after serving the District for 30 years. Mr. Doghman will transition his role to Mr. Via who was named Vice President, Energy Delivery from September, until his retirement in December 2018.

MARY J. FISHER, Vice President, Energy Production and Nuclear Decommissioning. 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. Ms. Fisher became Vice President of Energy Production and Nuclear Decommissioning in December 2017. 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 holds a bachelor's degree in Metallurgical Engineering from the Colorado School of Mines.

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 2016, after serving OPPD for five years as Division Manager 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.

TROY R. VIA, Vice President. Mr. Via will transition into the role currently held by Mr. Doghman in charge of Energy Delivery, from September to December 2018. Mr. Via joined OPPD in September 2013, as Director of Energy Marketing and Trading. In May 2018, Mr. Via became the Director of Transmission and Distribution Centers. Mr. Via oversees the planning, operations, construction and maintenance of OPPD's transmission and distribution system. Mr. Via's career includes 20 years of experience in the utility industry, holding leadership positions at Dominion Resources and Aquila Energy, and working for the Kansas City Board of Trade in the Audits and Investigation division. Mr. Via has a bachelor's degree from the University of Central Missouri.

Employees and Human Resources

The District employed 1,846 employees in its 13 county service area as of December 31, 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 preliminary January 1, 2018 valuation review, the plan's funded status was 70.0% 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 $53.1 million for the year ending December 31, 2017. The market value of the plan investments was $1.02 billion and $905.2 million as of December 31, 2017 and December 31, 2016, 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 preliminary January 1, 2018 valuation review, OPEB Plan A's funded status was 37.0% 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 OPEB Plan A ARC of $22.6 million for the year ending December 31, 2017. The market value of the plan investments was $153.0 million and $134.1 million as of December 31, 2017 and December 31, 2016, respectively. According to the preliminary January 1, 2018 valuation review, OPEB Plan B's funded status was 125.0% 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 OPEB Plan B ARC of $123,000 for the year ending December 31, 2017. The market value of the plan investments was $4.1 million and $3.7 million as of December 31, 2017 and December 31, 2016, 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 $5,400,000 and $5,989,000 for the years ended December 31, 2017 and 2016, respectively. The employer maximum annual match on employee contributions was $3,500 per employee for the years ended December 31, 2017 and 2016. Beginning in 2018, the employer maximum annual match increased 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 District's accounts have been audited by Deloitte & Touche LLP through calendar year 2017. In 2018, the District initiated a general solicitation for auditing services. After evaluating responses to that general solicitation, the District elected to engage BKD LLP to provide auditing services commencing with calendar year 2018.

The balance sheets of the District as of December 31, 2017 and 2016 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: 3,787[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.

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

[1]Source: U.S. Census, population estimate as of July 1, 2017.

care, food processing, transportation, marketing, insurance, and industrial center in the Midwest. In 2017, 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 2013 to 2017.

Year	Estimated Population District Service Area[2]	Net Taxable Sales City of Omaha (billions)[3]	Total Building Permits[1] Douglas County	Total Building Permits[1] Omaha Combined Statistical Area (CSA)[4]	Omaha-Council Bluffs Median Household Income[5]
2017	833,000	$9.175	1,751	3,400	n/a
2016	820,000	$8.984	1,667	3,053	$62,247
2015	810,000	$8.763	1,673	3,059	$61,024
2014	799,000	$8.758	1,481	2,502	$57,527
2013	789,000	$8.543	1,694	2,877	$55,382

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, U.S. Census Bureau. 2012-2016 American Community Survey (ACS) 1-Year Estimates, "Table S1903: Median Income in the Past 12-months (in 2016 inflation-adjusted dollars (Omaha-Council Bluffs, NE-IA Metropolitan Statistical Area (MSA)," 2017 data not yet available.

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]
2017	222,160	3.2%	2.9%	4.4%
2016	220,515	3.2%	3.1%	4.9%
2015	220,391	3.2%	3.0%	5.3%
2014	223,485	3.5%	3.3%	6.2%
2013	218,766	4.1%	3.8%	7.4%

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 2017 and 2016. 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."

	2018[5]	2017 (millions)	2016
CAPITAL PROGRAM:			
Total Transmission and Distribution Plant	$ 94.0	$62.3	$ 82.1
Total General Plant	18.0	15.0	11.8
Total Production Plant	36.0	22.3	48.7
Total Capital Program	$148.0	$99.6	$142.6
NUCLEAR FUEL PROGRAM:			
Total Nuclear Fuel Program[6]	$ –	$ –	$17.4

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

[1]Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Survey for the City of Omaha (not seasonally adjusted).
[2]U.S. Bureau of Labor Statistics, Local Area Unemployment Survey for the City of Omaha (not seasonally adjusted).
[3]Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Survey for the State of Nebraska (not seasonally adjusted).
[4]Source: U.S. Bureau of Labor Statistics, Current Population Survey for the United States (not seasonally adjusted).
[5]Projected expenditures based on the 2018 Corporate Operating Plan.
[6]Nuclear fuel expenditures were zero in 2017 and 2018 as a result of the Fort Calhoun Station decommissioning.

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 11.49 and 11.47 cents per kilowatt-hour ("kWh") during the twelve months ended December 31, 2017 and 2016, respectively. These rates compare with the national residential average of 12.90 and 12.55 for 2017 and 2016 as reported by the Energy Information Administration ("EIA"). The District's average annual use per residential customer was 10,859 kWh and 11,084 kWh for the twelve months ended December 31, 2017 and 2016, 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:

				Winter		Summer	
	Billing Demand (kilowatt "kW")	**Monthly Consumption (kWh)**	**Rate**	**Monthly Electric Service Bill**	**Average Charge Per kWh (cents)**	**Monthly Electric Service Bill**	**Average Charge Per kWh (cents)**
Residential							
		250	110	$46.79	18.72	$48.54	19.42
		500	110	67.34	13.47	76.23	15.25
		750	110	87.87	11.72	101.84	13.58
		1,000	110	108.42	10.84	127.46	12.75
		2,500	110	196.26	7.85	281.15	11.25
Commercial							
	12	1,500	230	155.74	10.38	171.49	11.43
	30	6,000	230	454.96	7.58	579.46	9.66
	50	12,500	231	1,074.61	8.60	1,234.61	9.88
	100	30,000	231	2,443.66	8.15	2,827.66	9.43
	500	200,000	231	14,106.86	7.05	16,651.89	8.33
Industrial							
	1,000	400,000	232	26,989.31	6.75	32,719.31	8.18
	2,000	950,000	232	59,542.31	6.27	73,162.31	7.70
	5,000	2,500,000	240	172,815.28	6.91	172,815.28	6.91

General Rate Adjustment. There were no general rate increases in 2018 and 2017. The District implemented a general rate adjustment of 4.0% in January 2016.

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 600 kWh. 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 Board approved Resolution No. 5981 which revised the FPPA formula to include consumable materials costs. The FPPA rate is designed to recover the actual fuel and purchased power costs associated with serving retail customers and municipal service consumers. It is set in advance of the calendar year based on expected fuel and purchased power costs, although the District reserves the right to modify the FPPA at any time, with Board of Director approval, to reflect unusual variances from budgeted fuel and purchased power expenses. 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. The 2017 FPPA of $0.159 per kWh accounted for approximately 1.8% of total Retail revenue. The FPPA for 2018 increased to $0.186 per kWh.

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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[1] (kW)	% of Total	Net Production[2] Amount (MWh)	Net Production[2] % of Total	Availability Factor[2]
Coal:						
Nebraska City Station Unit 1	1979	654,300	22.6	4,433,832.4	31.1	96.7
Nebraska City Station Unit 2[3,5]	2009	691,000	23.8	4,269,005.0	29.9	86.2
North Omaha Station Units 4 and 5[4,8]	multiple	336,300	11.6	1,864,612.9	13.1	78.5
Subtotal Coal		1,681,600	58.0	10,567,450.3	74.1	
Oil/Natural Gas:						
Cass County Station	2003	322,800	11.1	17,097.5	0.1	88.0
Jones Street Station	1973	122,600	4.2	79.6	0.0	91.5
North Omaha Station Units 1 - 3[4]	multiple	241,600	8.3	47,604.8	0.3	78.5
Sarpy County Station[6]	multiple	316,500	10.9	79,658.3	0.6	90.5
Subtotal Oil/Natural Gas		1,003,500	34.6	144,440.3	1.0	
Other:						
Elk City Station (Methane Gas)		6,280	0.2	48,218.3	0.3	
Total Owned Accredited Generation		2,691,380	92.8	10,760,108.9	75.4	
Purchased/Leased Generation:						
City of Tecumseh, Nebraska (Oil)		6,500	0.2	473.4		
Western Area Power Administration (Hydro)		81,323	2.8	379,194.0		
Accredited Wind Generation[7]		120,700	4.2			
Subtotal Purchased/Leased Generation		208,523	7.2	379,667.4	2.7	
Total Accredited Generation		2,899,903	100.0	11,139,776.2		
Wind:[7]						
Ainsworth		10,000		27,365.7		
Broken Bow I		18,000		65,239.6		
Crofton Bluffs		13,650		52,309.3		
Elkhorn Ridge		25,000		75,457.1		
Flat Water		60,000		219,757.8		
Petersburg		40,500		159,480.6		
Broken Bow II		43,900		183,702.5		
Prairie Breeze		200,600		803,021.7		
Grande Prairie		400,000		1,540,933.4		
Total Non-accredited Generation		811,650		3,127,267.7	21.9	
Total Generation Produced				14,267,043.9	100.0	

[1] Maximum 2018 summer accredited net capability.
[2] Actual net production and availability factor as of December 31, 2017.
[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 increased in 2018.
[6] Station consists of five units placed in service in 1972, 1996 and 2000.
[7] Nameplate capacity. Wind accredited summer 2018 capability is 120.7 MW.
[8] North Omaha Station Units 4 and 5 gain additional incremental summer capability using natural gas supplied on a firm basis as a supplemental fuel.

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 maintenance and inspection outage in April 2018. The District completed retrofitting NC1 with dry sorbent injection and activated carbon injection emissions control systems in early 2016. 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 completed a maintenance and inspection outage in May 2018. 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 at a cost of $6.4 million 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. Subsequent testing in 2017 verified the restored capability of the unit. The cost of the initial repairs and the additional $5.9 million cost of the turbine replacement was reimbursed from insurance proceeds of $9.2 million. The District was responsible for the $2 million deductible, plus 10% of total damages claimed.

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 Fort Calhoun Station ("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 included retrofitting 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 May 2018 to improve station safety, efficiency, and reliability. In October 2017, a ground was discovered in the NO3 generator rotor rendering the unit inoperable until it was repaired. The generator rotor was repaired and the unit became available for operation in May 2018.

Generating Facilities - 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 2017 dollars to decommission FCS using the SAFSTOR methodology was $1,241.0 million as of December 31, 2017. 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. During the Board Committee meeting on September 11, 2018, the option of shifting from the SAFSTOR to the DECON decommissioning method was presented. The Board is considering recent analysis indicating that adoption of the DECON option may reduce the District's financial liability, and regulatory risk, by commencing decontamination activities sooner than anticipated under the SAFSTOR option. The Board will be given more details regarding shifting to the DECON strategy at the October 2018 Board meeting and will subsequently make a decision as to which decommissioning method to pursue. Over the decommissioning period, FCS will continue to be subject to NRC authority until meeting the requirement for unrestricted use release of the facility prior to 2076. According to the Nuclear Regulatory Commission (the "NRC"), this release allows the site to be considered for any use. An updated site specific study was completed in early 2018 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 2018 site specific study and current assumptions, the District's estimate of the accounting-based decommissioning liability for the NRC-required obligations is $1,175.3 million in 2017 dollars. The District's current estimate of the aggregate costs of decommissioning FCS, based on the best information available to the District currently, is $1,241.0 million in 2017 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 December 31, 2017, the District has incurred $136.5 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 $294.5 million as of December 31, 2017.

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 $126.8 million as of December 31, 2017. The District began to add additional funds to the 1992 Plan in 2017. As of December 31, 2017, the District has contributed an additional $147.5 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, 2017, the balance of the regulatory asset was $690.1 million. In 2017, a long-term asset of $65.5 million was recorded for the estimated recovery from the Department of Energy ("DOE") for costs related to spent fuel management activities.

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. An updated Annual Decommissioning Funding/Irradiated Fuel Management Status Report, and Triennial Nuclear Decommissioning Funding Plan for the Fort Calhoun Station Independent Spent Fuel Storage Installation ("ISFSI") was submitted in March 2018.

Regulatory. The NRC provides oversight of FCS under 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. In April 2018, NRC project management of FCS transitioned to the Office of Nuclear Material Safety and Safeguards ("NMSS"), Division of Decommissioning, Uranium Recovery, and Waste Programs ("DUWP") based upon the permanently shut down and defueled condition of the facility.

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 made a $5.0 million payment to Exelon. The Exelon Licensing Agreement was terminated in December 2017.

Decommissioning Vendor. In February 2017, the District entered into a five year agreement for support services with Energy Solutions, an international nuclear services company with expertise in all aspects of decommissioning, at an estimated cost of $5 million per year. 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. An NRC inspection of the Access Control program was completed in April 2018 with no violations identified.

Emergency Preparedness. As part of FCS decommissioning, the NRC approved the FCS Permanently Defueled Emergency Plan (PDEP) which was implemented in April 2018. The PDEP significantly reduced the scope of the FCS emergency preparedness plan criteria due to the significantly reduced risk of an accident impacting off-site areas. The District conducts full scale Radiological Emergency Preparedness Exercises required by the NRC regulations every other year. In addition, the District conducts self-evaluated exercises in the years that NRC evaluated exercises are not conducted. The exercises demonstrate that the District, has adequate radiological emergency preparedness plans. 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 fuel oil/natural gas peaking stations which provided less than 2% of net generation in 2017.

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 upgraded the control systems for both units in May 2018.

Jones Street Station. Jones Street Station ("JSS"), located near downtown Omaha, consists of two combustion turbine units equipped for fuel 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 fuel oil or natural gas firing, primarily used for peaking purposes. The ability to operate SCS on fuel oil provides fuel diversity in situations when natural gas may not be available. The District installed natural gas and fuel oil flowmeters on SCS Units 1 and 2 in November 2017 and April 2018 respectively. These new flowmeters will be used to comply with the Cross State Air Pollution Rule monitoring, which will allow more flexibility for unit operation. The District also upgraded the control systems for SCS Unit 4 in December 2017 and Unit 5 in March 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. This goal was met in 2017 with 33.5% of retail sales provided from renewable sources. As of June 30, 2018, the District had 817,930 kW of renewable generation nameplate capacity ("Capacity") primarily through power purchase agreements representing approximately 31% of retail energy sales. (For additional information regarding Alternative Power Supply, see "THE ELECTRIC SYSTEM—Future Generating Facilities").

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 December 31, 2017, the District had approximately 112,600 kW of demand response available and invested in approximately 21,900 kW 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 300,000 kW 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, onsite generation, technical support, and customer service. 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 Environmental Protection Agency ("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 December 31, 2017, there were approximately 42,200 customers actively participating in the program representing 60,000 kW of controllable peak demand.

In June 2015, the District initiated the new HVAC Smart Rebate Program for single and multi-family owners, 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 December 31, 2017, OPPD paid out 502 CHPH rebates and 1,981 HVAC rebates.

In November 2017, OPPD implemented a new residential load control program by partnering with NEST Labs, Inc. The program is the Nest Rush Hour Rewards program, which allows OPPD to utilize Nest thermostats to curtail participating residential customer cooling needs thus reducing peak load. The Rush Hour Rewards program is an optional program for customers who own Nest thermostats. Residential Nest thermostat owners are incentivized to participate in the program with a one-time $100 rebate incentive and an annual $20 annual participation incentive. Participating customers can be called to participate up to 15 times a summer, Monday-Friday excluding holidays for a period from 12:00 p.m. to 9:00 p.m. This program is similar to the Cool Smart program as it reduces peak air conditioner load. A customer can only participate in one of the two programs (Cool Smart or Nest) as they achieve a similar goal.

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Wind Generation. The District's alternative power supply includes 811,650 kW of wind capacity. 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 June 30, 2018, 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]	$15,207	2025
Elkhorn Ridge[1]	Bloomfield, NE	2009	80,000	25,000	Take-and-pay[4]	11,616[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	73,100	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

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 Facility. 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 October 2019, and the District is obligated to purchase the output on a take-and-pay basis.

Future Generating Facility. The District entered into a twenty-year purchase power agreement with a subsidiary of NextEra Energy in June 2018 to purchase 5,000 kW of solar generated energy for a community solar project. The community solar facility will be located in Washington County, Nebraska and is expected to be operational by June 2019. Participating OPPD customers are allowed to purchase shares in the solar facility, representing a fixed monthly volume of kWh generated from the solar facility. A participating District customer's community solar charge will be equal to the market-based rate multiplied by their subscription level. Each participating customer must also pay a deposit, which is refundable after participation for a minimum number of years, as set forth in the applicable rate schedule.

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[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.

Fuel Supply

Fossil – Coal. The District currently has term contracts with Peabody Coal Sales and Arch Coal Sales through 2019, and a contract with Blackjewel through 2020. 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 2017 and 2016 were as follows:

Year Ended	Average Price	Tons
2017	$23.84	5,283,608
2016	$22.65	5,241,951

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 2017 and 2016 were as follows:

Year Ended	Average Price	Tons
2017	$20.74	1,213,630
2016	$20.82	1,186,488

The coal for both NCS and NOS is delivered to the sites by seven District-owned unit-trains totaling 1,013 coal cars.

Fossil – Oil. As of December 31, 2017, the District had approximately 137,264 gallons of No. 2 fuel oil in storage at JSS and approximately 784,969 gallons of No. 2 fuel oil in storage at SCS. The fuel oil in storage provides sufficient fuel to operate the District's fuel oil-burning peaking units at their full load summer capability for approximately 29 hours at SCS and 13 hours at JSS. The District has access to pipeline terminals in the area for immediate replenishment, if needed. Fuel 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 summer of 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 remains responsible for the safe storage of spent nuclear fuel, and greater than Class C waste, until the federal government takes delivery. It is unclear, at this time, when a DOE spent fuel disposal facility will be operational. The District completed construction of a dry cask storage facility on-site to meet long-term storage needs for the spent fuel bundles. As part of the decommissioning of FCS, an analysis was conducted to determine the best alternative for interim fuel storage. In February 2018, the District entered into a contract with TN Americas, an Orano USA subsidiary in charge of logistics and storage systems, for used nuclear fuel, radioactive waste management and nuclear transportation. The contract with TN Americas is for materials and services to build the necessary structures for dry fuel storage and complete moves of all fuel into the ISFSI. This work is expected to be completed in 2020. 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, 2017 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 6,842 miles of overhead distribution lines, 852 miles of street light overhead circuits, 4,836 miles of underground cable, 1,805 miles of street light underground circuits, and 283 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 security of the District's Transmission system. The District's Regional Entity, the Midwest Reliability Organization ("MRO"), has not identified any OPPD violations in 2018, and the District does not anticipate any such violations at this time.

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 and an additional 111 MW of capacity contract in 2017 . The MW value of the capacity contracts will vary annually and ultimately expire by 2025. 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 planned for completion in early 2019. 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 were reconstructed as a result of damage from a major storm with high winds and tornados on June 16, 2017. The line was reconstructed from Southwest Omaha to the Platte River. The new segment of the line replaced existing wood structures with steel structures to increase system capacity and improve resiliency. The reconstruction was completed in May 2018. 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 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 $100 million. On April 7, 2018, the District received an exemption from the NRC to be removed from the assessment.

On April 7, 2018, the District also received an exemption from the NRC to reduce nuclear property damage and decontamination insurance limits below the previously required $1.06 billion. The District currently maintains $100 million nuclear property damage and decontamination insurance covering FCS, subject to a deductible of $250,000 per occurrence. However, the deductible increases to $10 million if damages are a result of a water, wind or earth movement event. 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 $35 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 cyber insurance policy with limits of $30 million. The policy indemnifies the District for all damages and claim expenses that the District is legally obligated to pay as a result of any cyber incident. In addition, the District maintains a $35 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, 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.

Cyber and Physical Security

The District's Board of Directors established a policy governing information management and security in 2015. The policy states that the District will establish 'Robust information management and security practices' critical to effective risk management, ensure regulatory compliance, business resiliency and customer-owner satisfaction. These practices will continue to safeguard and protect data, information and assets from inappropriate use, improper disclosure and unauthorized release by formalizing efforts around information security, customer privacy, records management, and compliance.

The District's Business Technology and Building Services division has built upon this strategic directive through the development of a cyber and physical security program to govern the implementation and management of security best practices and controls. These practices and controls are addressed through the creation of a Corporate Security Management System ("CSMS").

The CSMS addresses security over the organization and its critical operational objectives, assets, functions, services and products whether physical, cyber, information, human or financial. The CSMS focusses on alignment with the District's strategic directives and obligations both internal and external, including legal responsibilities. The overall goal of the CSMS is to enhance the security, preparedness, response, continuity and resilience of the District. To accomplish these goals, processes have been implemented to identify and communicate cyber security risks and develop mitigations for risk scenarios that could adversely affect the District's critical operations and functions.

Cyber Security. The District's Chief Executive Officer, Vice President of Business Technology and Building Services, and Director of Information Protection and Security actively participate in industry groups and work with government representatives to address best practices to protect cyber and physical infrastructure and ensure reliability of the electric system. These affiliations support continually improving information sharing, expanded tools, and cooperation in developing solutions to achieve higher levels of resilience.

The District reviews its cyber security program on a regular basis, internally and through external reviews. These reviews of processes and critical infrastructure best practices include evaluations conducted by the Department of Homeland Security and the North American Transmission Forum.

The District, through its disaster recovery and business resiliency programs, focuses on issues pertaining to cooperative planning, preparedness, resilience, and recovery related to events of regional and national significance that may affect the delivery of electricity.

To enhance cyber security awareness efforts, the District trains employees to recognize and report suspicious cyber activities and to adopt best practices for computer use and information protection and privacy. To the District's knowledge, as of the date hereof, the District has not been affected by a material breach of its cyber systems.

Physical Security. Physical security is critical to the operational and financial condition of the District. Physical security risks are constantly evolving. The District periodically undertakes evaluations of physical security risks to its operations, facilities, equipment and personnel. Such evaluations incorporate methodologies developed by the Departments of Defense and Homeland Security. The District strives to minimize physical risks (and, in circumstances where such risks materialize, to exhibit strong mitigation capabilities and resiliency) by promoting effective, best practices in connection with the District's internal operations and external oversight efforts.

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 June 30, 2018 fund balance was $50 million.

Decommissioning and Benefits Reserve Account

This fund is used to reduce future decommissioning and benefits liabilities. The fund is intended to be utilized to assist in funding future decommissioning expenses beyond what was established in the current decommissioning funding plan in any given year and future pension liabilities above the annual required contribution. Since there is no funding requirement, this fund also may be used to provide additional liquidity for operations as necessary, with Board approval. The December 31, 2017 fund balance was $0. The June 30, 2018 fund balance was $34.5 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 June 30, 2018, the District's minimum target level of liquidity was approximately $213.2 million, or 100 days cash on hand. The District used $177.2 million of cash to defease outstanding bonds in the aggregate principal amount of $177.2 million on August 24, 2018. Following the issuance of the 2018 Bonds, and the application of a portion of the proceeds thereof, to reimburse the District for previously incurred capital expenditures, the District expects to have in excess of 200 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 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 had until January 28, 2018 to submit comments. The EPA subsequently issued an Advanced Notice of Proposed Rulemaking on December 28, 2017 and took public comments through February 26, 2018 in consideration of a potential future replacement rule for existing units.

On August 21, 2018, the EPA released a pre-publication version of the proposed Affordable Clean Energy ("ACE") rule which would establish emission guidelines for states to develop plans to address greenhouse gas emissions from existing coal-fired power plants. The proposal would shift more responsibility to states to develop plans regulating greenhouse gas emissions from coal-fired power plants. 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. The agency will next consider the ozone standard under NAAQS in 2020 as part of the five-year review required under the Clean Air Act. The agency expressed its intent in a memorandum dated May 9, 2018 to expedite the NAAQS review so the next ozone standard proposed will reflect the priorities of the current EPA administration.

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. In January 2018, the EPA announced its intention to revisit the January 10, 2017 Regional Haze Rule revisions to streamline state regional haze planning obligations. Additionally, a presidential memorandum issued on April 12, 2018 directed the EPA to become more efficient and cost-effective in its implementation of the NAAQS and Regional Haze programs. As a result, federal review of the Regional Haze Progress Report is not expected to require any changes or additions to the commitments the District has made to meet these regulatory requirements. The District will continue to monitor potential changes to the Regional Haze program.

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 up to $97,229 per day for each violation that occurred after November 2, 2015 as a result of the Civil Monetary Penalty Inflation Adjustment Rule effective January 10, 2018 and a requirement to install pollution control equipment. The District has engaged in discussions with the EPA and Department of Justice regarding this matter and has entered into various tolling agreements, currently effective through November 15, 2018. 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 and finished the studies in August 2017. The District commenced Comprehensive Technical Feasibility and Cost Evaluation Studies and Non-Water Quality Environmental Impacts Studies in January 2017 and is expected to finish these studies by early 2019. The 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 2015 regulation has been subject to litigation in the District of Columbia Circuit Court. The District continues to assess and implement compliance strategies associated with this regulation by required dates.

On May 29, 2018, OPPD notified the NDEQ that Alternate Source Demonstration had been completed for the NC1, NC2, and NOS landfills. The NC2 landfill will continue under the detection monitoring program while the NC1 and NOS landfills will enter into Assessment Monitoring. 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 and provide additional flexibility for alternative performance standards. On March 1, 2018, EPA proposed the first of two rules to amend the CCR rule and allow for alternative performance standards for coal ash landfills with operating permits issued under an approved state or federal permit. EPA issued the final rule on July 30, 2018 and finalized two of the six proposed alternative performance standards. The first alternative standard permits states with approved coal ash programs, or EPA, to suspend groundwater monitoring requirements if evidence shows there is no migration potential for hazardous constituents to the uppermost aquifer during the landfill's active life. The second alternative provides for the issuance of technical certifications in lieu of a professional engineer. The agency noted that provisions not finalized in the first rule will be addressed in later rulemaking. 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. However, FERC issued an order on January 8, 2018 terminating the docket for the Grid Resiliency Pricing Rule stating that the proposed rule did not satisfy the Federal Power Act's legal requirements in Section 206. In the same order, FERC prepared a new docket to "specifically evaluate the resilience of the bulk power system in the regions operated by regional transmission organizations (RTO) and independent system operators (ISO)." The new docket requested those organizations to submit information to FERC regarding resilience. Subsequent information from the DOE continues to promote fuel-secure plants characterized as coal and nuclear-fired power plants as well as oil-fired and dual-fuel units with adequate storage onsite at electric utilities. The District will continue to monitor developments from FERC regarding grid resiliency.

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 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*."

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 continues decommissioning activities. 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 previously 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 was conducted to determine the best alternative for interim fuel storage. The District entered into a contract with TN Americas in February 2018 for materials and services to build the necessary structures for dry fuel storage and complete moves of all fuel into the ISFSI. Additional licensing services necessary for the eventual shipment of the FCS fuel from the ISFSI to the federal government's repository will be completed by December of 2021, completing the TN Americas contractual deliverables for the project. 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.

OPERATING RESULTS

The following table lists the District's operating results for the six months ended June 30, 2018 and 2017, along with the years ended December 31, 2017 and 2016. The operating results for the six months ended June 30, 2018 and 2017 were derived from the unaudited condensed financial statements. The operating results for the years ended December 31, 2017 and 2016 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 June 30, 2018 and for the six months ended June 30, 2018 and 2017 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.

The OPPD Board of Directors approved a recommendation by management in June 2016 to cease operations at the Fort Calhoun Station (FCS). The related assets were considered impaired and recorded as a Special Item in the operating results in 2016. Additional fair value adjustments of $1,972,000 related to Nuclear Fuel Held for Sale were recorded as a Special Item in 2017.

Operating Revenues were higher in the first six months of 2018 ("2018 period") than the first six months of 2017 ("2017 period") due to an increase in both Retail Revenues and Off-System Sales Revenues. Operations and Maintenance Expenses also increased in the 2018 period compared to the 2017 period primarily due to an increase in Purchased Power Expenses.

	Six Months Ended June 30,		Year Ended December 31,	
	2018	2017	2017	2016
	(millions)			
Operating Revenues	$ 570.4	$ 524.8	$ 1,104.3	$ 1,126.5
Operations and Maintenance Expenses	(350.9)	(304.2)	(653.3)	(823.9)
Depreciation and Amortization	(70.4)	(68.7)	(140.6)	(149.6)
Decommissioning	(75.5)	(73.5)	(147.4)	(17.6)
Payments in Lieu of Taxes	(16.0)	(15.2)	(34.0)	(34.1)
Operating Income	$ 57.6	$ 63.2	$ 129.0	$ 101.3
Other Income, net	7.2	15.6	34.5	12.3
Interest Expense	(41.0)	(42.3)	(84.3)	(87.9)
Net Income before Special Item	$ 23.8	$ 36.5	$ 79.2	$ 25.7
Special Item	-	(0.1)	(2.0)	(959.6)
Net Income (Loss)	$ 23.8	$ 36.4	$ 77.2	$ (933.9)
Net Position[1]	$ 1,114.5	$ 1,049.7	$ 1,090.5	$ 1,013.3

[1] Net Position was increased by $200,000 at the beginning of 2018 due to the implementation of a new GASB accounting standard.

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 six months ended June 30, 2018 and 2017, along with the years ended December 31, 2017 and 2016. The net receipts for the six months ended June 30, 2018 and 2017 were derived from the unaudited condensed financial statements. The net receipts for the years ended December 31, 2017 and 2016 were derived from the audited financial statements contained in Appendix A of this Official Statement.

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Year Ended December 31, 2017	Year Ended December 31, 2016
	(millions)			
Operating Revenues[1]	$534.2	$491.9	$1,034.5	$1,054.7
Operations and Maintenance Expenses[1]	(322.0)	(277.3)	(596.8)	(768.2)
Payments in Lieu of Taxes	(16.0)	(15.2)	(34.0)	(34.1)
Net Operating Revenues	196.2	199.4	403.7	252.4
FCS Reg Asset Recovery Amortization	(7.4)	(7.4)	(14.8)	(1.9)
Investment Income of Related Reserve Fund[2]	0.4	0.7	1.3	1.3
Net Receipts for Electric System[3]	$ 189.2	$ 192.7	$ 390.2	$ 251.8
Total Debt Service on Electric System Revenue Bonds[4]	$56.4	$56.9	$113.8	$114.4
Debt Service Coverage on Electric System Revenue Bonds[5]	N/A	N/A	3.42	2.20
Debt Ratio[6]	62.6%	64.8%	63.7%	66.1%

[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 six months ended June 30, 2018 and 2017, along with the years ended December 31, 2017 and 2016. The Operating Revenues for the six months ended June 30, 2018 and 2017 were derived from the unaudited condensed financial statements. The Operating Revenues for the years ended December 31, 2017 and 2016 were derived from the audited financial statements contained in Appendix A of this Official Statement.

Total Operating Revenues were $570.4 million for the 2018 period, which was $45.6 million or 8.7% over the Operating Revenues in the 2017 period, primarily due to higher residential and Off-System Sales Revenues. Off-System Sales Revenues were higher due to increased prices in the off-system marketplace.

	Six Months Ended June 30,		Year Ended December 31,	
	2018	2017	2017	2016
		(millions)		
Operating Revenues				
Residential	$ 192.7	$ 176.0	$ 409.2	$ 411.0
Commercial	154.6	149.0	324.7	324.5
Industrial	101.1	100.6	214.6	210.9
Unbilled Revenues	11.2	10.8	(1.0)	6.8
Fuel and Purchased Power Adjustment	(4.2)	(1.0)	6.7	(6.1)
Provision for Rate Stabilization	-	-	(8.0)	(26.0)
Provision for Decommissioning & Benefits Reserve	-	-	(34.5)	-
Total Retail Revenues	455.4	435.4	911.7	921.1
Off-System Sales	100.1	75.4	163.8	175.5
Other Electric Revenues	14.9	14.0	28.8	29.9
Total Operating Revenues	$ 570.4	$ 524.8	$ 1,104.3	$ 1,126.5
Retail Sales (GWh):				
Residential	1,843	1,644	3,568	3,589
Commercial	1,807	1,723	3,676	3,684
Industrial	1,628	1,609	3,394	3,328
Unbilled Sales	63	31	(20)	64
Total Retail Sales	5,341	5,007	10,618	10,665
Annual Percentage Change	N/A	N/A	-0.4%	2.8%
Off-System Sales (GWh)	2,926	2,737	5,701	7,238
System Peak Load (MW)	N/A	N/A	2,427	2,354
Annual Percentage Change	N/A	N/A	3.1%	0.2%

OPERATIONS AND MAINTENANCE EXPENSES

The following table lists a breakdown of the District's Operations and Maintenance Expenses for the six months ended June 30, 2018 and 2017, along with the years ended December 31, 2017 and 2016. The Operations and Maintenance Expenses for the six months ended June 30, 2018 and 2017 were derived from the unaudited condensed financial statements. The Operations and Maintenance Expenses for the years ended December 31, 2017 and 2016 were derived from the audited financial statements contained in Appendix A of this Official Statement.

Total Operations and Maintenance Expenses were $350.9 million for the 2018 period which was $46.7 million or 15.4% over the Operations and Maintenance Expenses during the 2017 period. The most significant variance was Purchased Power expense which increased primarily due to higher prices in the off-system marketplace.

	Six Months Ended June 30,		Year Ended December 31,	
	2018	**2017**	**2017**	**2016**
	(millions)			
Operations and Maintenance				
Fuel	$ 87.1	$ 74.4	$ 170.4	$ 186.8
Purchased Power	101.6	68.8	166.2	119.5
Production	40.8	40.4	79.1	252.3
Transmission	22.1	17.4	40.1	35.7
Distribution	23.6	26.8	49.9	44.8
Customer Accounts	9.3	8.5	18.0	16.7
Customer Service and Information	7.7	6.4	14.0	15.2
Administrative and General	58.7	61.5	115.6	152.9
Total Operations and Maintenance	$ 350.9	$ 304.2	$ 653.3	$ 823.9

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. 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 2018 Bonds will require monthly deposits into the interest and principal accounts of the Bond Fund related to the 2018 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 2018 Bonds[1]	Plus Debt Service on the 2018 Bonds	Total Electric System Revenue Bonds Debt Service After Issuance of the 2018 Bonds	Plus Debt Service on the Subordinated Bonds[2]	Total Debt Service
2018	$107,382	$1,905	$109,287	$15,302	$124,589
2019	99,736	7,221	106,957	15,242	122,199
2020	100,560	7,221	107,781	14,746	122,527
2021	67,169	7,221	74,390	50,034	124,424
2022	78,726	19,994	98,720	16,252	114,972
2023	78,533	20,554	99,087	16,129	115,216
2024	73,982	20,583	94,565	20,590	115,155
2025	76,107	17,471	93,578	21,607	115,185
2026	74,038	18,218	92,256	23,112	115,368
2027	72,021	20,268	92,289	22,820	115,109
2028	74,179	18,825	93,004	22,309	115,313
2029	84,499	8,424	92,923	21,817	114,740
2030	97,496	2,371	99,867	16,015	115,882
2031	85,147	1,906	87,053	29,214	116,267
2032	81,303	4,307	85,610	29,298	114,908
2033	71,969	14,206	86,175	28,367	114,542
2034	67,302	2,318	69,620	45,479	115,099
2035	68,511	1,157	69,668	45,468	115,136
2036	71,218	1,157	72,375	43,551	115,926
2037	81,392	11,794	93,186	21,629	114,815
2038	99,107	12,170	111,277	4,245	115,522
2039	54,683	1,010	55,693	25,018	80,711
2040	53,267	-	53,267	26,569	79,836
2041	45,168	-	45,168	25,682	70,850
2042	36,999	-	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]Debt service has been reduced as a result of the defeasance of $177,150,000 of bonds on August 24, 2018.
[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 2017 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 2018 Bonds. The 2018 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 the 2018 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 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2018 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 2018 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 2018 Bonds, except in the event that use of the book-entry system for the 2018 Bonds is discontinued.

Transfers and Exchanges of Beneficial Ownership Interests

To facilitate subsequent transfers, all 2018 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 2018 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 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 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 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2018 Bonds, such as redemptions, tenders, defaults and proposed amendments to the 2018 Bonds documents. For example, Beneficial Owners of 2018 Bonds may wish to ascertain that the nominee holding the 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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, 2018 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, 2018 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 2018 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 2018 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 66⅔% 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 2018 Bonds, the proceedings and authority under which the 2018 Bonds are issued or affecting the validity of the 2018 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 demand reinstatement of the discounted electric rate, money damages, and attorney fees. The Court has granted the Plaintiffs' motion for class certification. The District is vigorously defending 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", with a stable outlook respectively, to the 2018 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 2018 Bonds includes the District's undertaking ("Undertaking") for the benefit of the holders of the 2018 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 2018 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 2018 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2018 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. In addition, the District notes that the Standard & Poor's rating relative to the District's Separate Electric System Electric System Revenue Bonds (Nebraska City 2) 2006 Series A, 2008 Series A and 2015 Series A was upgraded from "A" to "A+" on January 21, 2016. Although notice of such upgrade was included as part of the Annual Financial Information filed on EMMA each year following the date of such rating upgrade (commencing with the report filed on April 21, 2016), the District did not file a separate Required Event Notice relative to such rating upgrade within 10 business days of the rating upgrade. The District will promptly make a corrective filing.

UNDERWRITING

The 2018 Bonds are being purchased by the underwriters shown on the cover page hereof, for which J.P. Morgan Securities LLC ("JPMS") and Merrill Lynch, Pierce, Fenner & Smith Incorporated are acting as Senior Managers (collectively, the "Underwriters"). The Underwriters have agreed to purchase the 2018 Bonds from the District at a price of $168,118,207.05, which is the principal amount of $145,330,000 plus net original issue premium of $23,321,921.65 less Underwriters' discount of $533,714.60. The 2018 Bonds may be offered and sold to certain dealers (including underwriters and other dealers depositing such 2018 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.

JPMS, as lead Underwriter of the 2018 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 may purchase 2018 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Citigroup Global Markets Inc., an underwriter of the 2018 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

Morgan Stanley & Co. LLC, an underwriter of the 2018 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 2018 Bonds.

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 2018 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") ("WFA"), for the distribution of certain municipal securities offerings, including the 2018 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation, with respect to the 2018 Bonds with WFA. 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 2018 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 2018 Bonds, under existing laws, regulations, rulings and judicial decisions, interest on the 2018 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 2018 Bonds. Failure to comply with such requirements could cause interest on the 2018 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2018 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 2018 Bonds.

Notwithstanding Bond Counsel's opinion that interest on the 2018 Bonds is not a specific preference item for purposes of the federal alternative minimum tax, for taxable years beginning before January 1, 2018, 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). No federal alternative minimum tax applies to corporations for taxable years beginning after December 31, 2017.

The accrual or receipt of interest on the 2018 Bonds may otherwise affect the federal income tax liability of the owners of the 2018 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 2018 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 2018 Bonds.

Tax Treatment of Original Issue Premium. Certain of the 2018 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.

Tax Treatment of Original Issue Discount. Some of the 2018 Bonds have an original yield above their interest rate (collectively, the "Discount Bonds"), and were sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount is treated as having accrued with respect to such Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each· accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (b) less the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date, with respect to when such original issue discount must be recognized as an item of gross income and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Recognition of Income Generally. Section 451 of the Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount and market discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the 2018 Bonds under the Code.

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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 Bonds or the market value thereof would be impacted thereby. Purchasers of the 2018 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 2018 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 2018 Bonds are subject to the approval of Kutak Rock LLP, Omaha, Nebraska, Bond Counsel. Certain legal matters in connection with the 2018 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 fees of Bond Counsel and Counsel to the Underwriters are contingent upon the issuance and sale of the 2018 Bonds.

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

APPENDIX A

FINANCIAL REPORT FROM DECEMBER 31, 2017

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Omaha Public Power District
2017 Financial Report

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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, noncapital financing, 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 833,000 in a 13-county, 5,000-square-mile service area in southeast Nebraska.

FINANCIAL POSITION

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

Condensed Statements of Net Position

	2017	2016
Current Assets	$ 995,921	$ 921,231
Other Long-Term Assets and Special Purpose Funds	1,674,979	1,692,455
Capital Assets	2,531,348	2,561,394
Total Assets	5,202,248	5,175,080
Deferred Outflows of Resources	294,319	265,988
Total Assets and Deferred Outflows	$ 5,496,567	$ 5,441,068
Current Liabilities	$ 489,434	$ 371,957
Long-Term Liabilities	3,829,185	4,013,641
Total Liabilities	4,318,619	4,385,598
Deferred Inflows of Resources	87,423	42,141
Net Position	1,090,525	1,013,329
Total Liabilities, Deferred Inflows and Net Position	$ 5,496,567	$ 5,441,068

Total Assets and Deferred Outflows

Total Assets in 2017 increased $27,168,000 or 0.5% over 2016, primarily due to an increase in Current Assets. The change in Current Assets resulted from increased investment purchases.

Deferred Outflows of Resources in 2017 increased $28,331,000 or 10.7% over 2016, primarily due to the change in the expected earnings on the pension plan and increases to the ash landfill liability.

Total Liabilities, Deferred Inflows and Net Position

Total liabilities in 2017 decreased $66,979,000 or 1.5% from 2016, primarily due to the advanced refunding of long-term bonds.

Deferred Inflows of Resources in 2017 increased $45,282,000 or 107.5% over 2016, primarily due to increases in the Rate Stabilization Reserve and the newly established Decommissioning and Benefits Reserve. The Rate Stabilization Reserve increased $8,000,000 over 2016. The Decommissioning and Benefits Reserve increased $34,500,000 over 2016.

Net Position in 2017 increased $77,196,000 or 7.6% over 2016 based on results of operations.

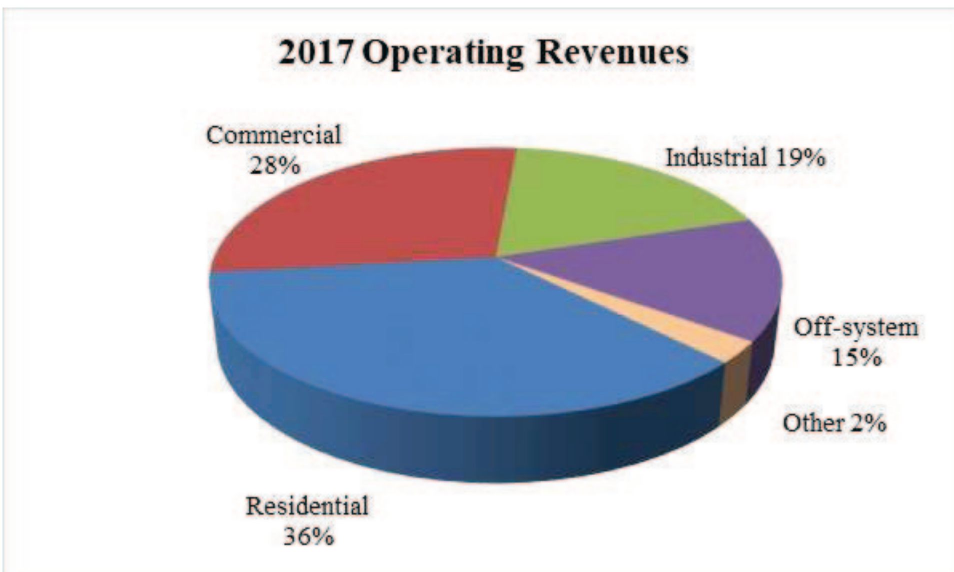
RESULTS OF OPERATIONS

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

Operating Results	2017	2016
Operating Revenues	$ 1,104,301	$ 1,126,476
Operating Expenses	(975,386)	(1,025,117)
Operating Income	128,915	101,359
Other Income	34,506	12,305
Interest Expense	(84,253)	(87,914)
Net Income Before Special Item	79,168	25,750
Special Item	(1,972)	(959,575)
Net Income (Loss)	$ 77,196	$ (933,825)

Operating Revenues

The following chart illustrates 2017 operating revenues by category and percentage of the total.



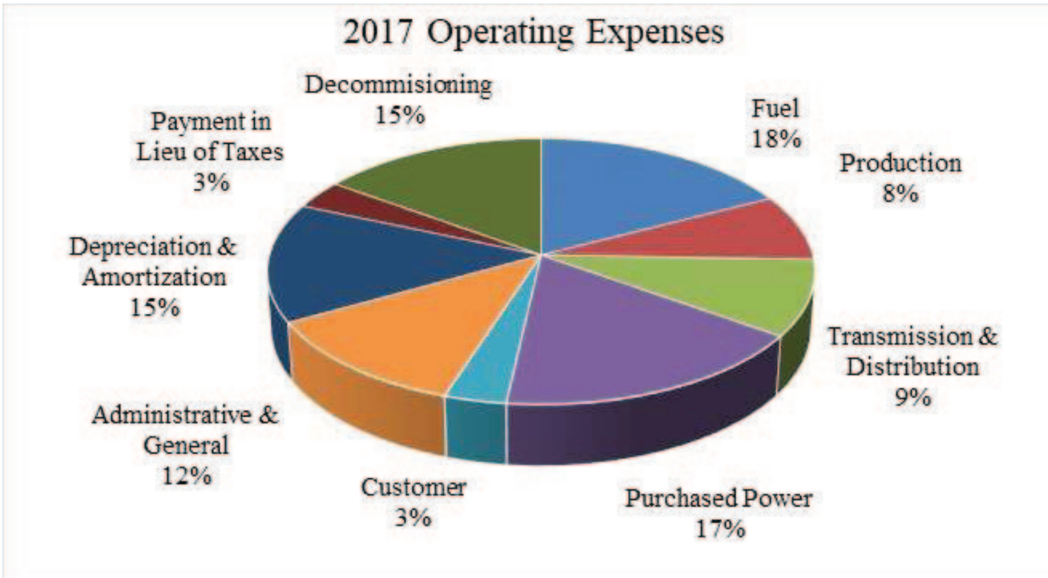
2017 Compared to 2016 – Total operating revenues were $1,104,301,000 for 2017, a decrease of $22,175,000 or 2.0% from 2016 operating revenues of $1,126,476,000.

- Revenues from retail sales were $911,733,000 for 2017, a decrease of $9,319,000 or 1.0% from 2016 revenues of $921,052,000. The decrease in retail revenues was primarily due to a transfer to the Decommissioning and Benefits Reserve and a decrease in unbilled revenues, which was partially offset by an increase in revenues for the Fuel and Purchased Power Adjustment and a lower transfer to the Rate Stabilization Reserve.
- Revenues from off-system sales were $163,762,000 for 2017, a decrease of $11,744,000 or 6.7% from 2016 revenues of $175,506,000. The decrease was primarily due to lower sales volumes 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 $28,806,000 for 2017, a decrease of $1,112,000 or 3.7% from 2016 revenues of $29,918,000.

Operating Expenses

The following chart illustrates 2017 operating expenses by expense classification and percentage of the total.



2017 Compared to 2016 – Total operating expenses were $975,386,000 for 2017, a decrease of $49,731,000 or 4.9% from 2016 operating expenses of $1,025,117,000.

- Fuel expense decreased $16,394,000 or 8.8% from 2016, primarily due to the decision to cease operations at Fort Calhoun Station (FCS) and decreased generation at Nebraska City Station Unit 2 (NC2), partially offset by increased generation at Nebraska City Station Unit 1 (NC1).
- Purchased Power expense increased $46,658,000 or 39.0% over 2016, primarily due to additional renewable energy purchases.
- Production expense decreased $173,209,000 or 68.6% from 2016, due to reduced operations and maintenance expense at FCS as the station transitioned to decommissioning in late 2016.
- Transmission expense increased $4,404,000 or 12.3% over 2016, primarily due to increased outside service costs, increased transmission fees and costs associated with storm events.
- Distribution expense increased $5,197,000 or 11.6% over 2016, primarily due to increased outside service costs and payroll costs associated with storm events.
- Customer Accounts expense increased $1,255,000 or 7.5% over 2016, primarily due to increased outside service costs and payment processing fees.
- Customer Service and Information expense decreased $1,170,000 or 7.7% from 2016, primarily due to decreased outside service costs and customer incentive payments.
- Administrative and General expense decreased $37,305,000 or 24.4% from 2016, primarily due to decreased employee benefit costs and outside service costs.
- Depreciation and Amortization expense decreased $8,911,000 or 6.0% from 2016, primarily due to ceasing operations at FCS.
- Decommissioning expense increased $129,893,000 or 739.0% over 2016, due to increased funding of the Decommissioning Trust.

- Payments in Lieu of Taxes expense decreased $149,000 or 0.4% from 2016, primarily due to lower retail revenues.

Other Income (Expenses)

Other income (expenses) totaled $34,506,000 in 2017, an increase of $22,201,000 over 2016 income (expenses) of $12,305,000.

Other – Net totaled $10,813,000 in 2017, an increase of $8,584,000 over 2016, primarily due to insurance proceeds and an increase in grants from the Federal Emergency Management Agency to be received in future years.

Allowances for Funds Used During Construction (AFUDC) totaled $2,988,000 in 2017, a decrease of $4,392,000 from 2016, 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 $3,903,000 in 2017, an increase of $164,000 over 2016. These products include Geothermal Loop Heat Exchangers, ECO 24/7 services and Residential Surge Protection.

Interest Expense

Interest expense was $84,253,000 for 2017, a decrease of $3,661,000 from 2016, primarily due to lower interest payments related to debt refunding activity in 2017 and 2016.

Net Income Before Special Item

Net income before the Special Item was $79,168,000 or $53,418,000 higher than 2016, primarily due to a decrease in operating expenses. Changes to the Rate Stabilization Reserve resulted in operating revenues and net income decreasing $8,000,000 and $26,000,000 in 2017 and 2016, respectively. Changes to the Decommissioning and Benefits Reserve resulted in operating revenues and net income decreasing $34,500,000 and $0 in 2017 and 2016, respectively.

Special Item

The Board decision to cease operations at FCS resulted in an impairment and the recognition of a Special Item. This included the fair value adjustments to the Nuclear Fuel Held for Sale in the amount of $1,972,000 for 2017 and the write-off of FCS-related assets and related contract termination fees in the amount of $959,575,000 for 2016.

Net Income (Loss)

Net income after the Special Item was $77,196,000 for 2017 compared to a net loss of $933,825,000 in 2016.

CAPITAL PROGRAM

The Company's utility plant assets include production, transmission and distribution, and general plant facilities. The following table summarizes the balance of capital assets as of December 31 (in thousands).

Capital Assets	2017	2016
Electric plant	$ 4,350,603	$ 4,305,055
Accumulated depreciation and amortization	(1,819,255)	(1,743,661)
Total utility plant - net	$ 2,531,348	$ 2,561,394

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 2018 (in thousands).

	Budget	Actual	
Capital Program	2018	2017	2016
Transmission and distribution	$ 94,000	$ 62,280	$ 82,145
Production	18,000	22,324	48,723
General	36,000	15,014	11,782
Total	$ 148,000	$ 99,618	$ 142,650

Actual and budgeted expenditures for 2016 through 2018 include the following:

- Transmission and Distribution expenditures include a new 345-kilovolt (kV) transmission line completed in 2017 as part of the Midwest Transmission Project and a new 161/69 kV transmission line currently under construction as part of the Elkhorn River Valley Transmission Project. Transmission and Distribution 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 a lime optimization system for NC2.

- General plant expenditures include fleet vehicles, construction equipment and information technology equipment. Additional budgeted expenditures include vehicles, telecommunications equipment and information technology upgrades.

Details of the Company's capital asset balances and activity are included in Note 1 in the Notes to Financial Statements.

CASH AND LIQUIDITY

Cash Flows

There was a decrease in cash and cash equivalents of $3,595,000 during 2017 and an increase of $5,802,000 during 2016.

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

Cash Flows	**2017**	**2016**
Cash Flows from Operating Activities	$ 367,874	$ 302,271
Cash Flows from Noncapital Financing Activities	-	4,828
Cash Flows from Capital and Related Financing Activities	(247,306)	(274,704)
Cash Flows from Investing Activities	(124,163)	(26,593)
Change in Cash and Cash Equivalents	$ (3,595)	$ 5,802

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 2017 increased $65,603,000 over 2016, primarily due to a decrease in cash paid to operations and maintenance suppliers.

Cash flows from noncapital financing activities consist of transactions involving proceeds from federal and state agencies, such as grants.

- Cash flows for 2017 decreased $4,828,000 from 2016, due to a decrease in cash received from federal and state agencies.

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 2017 decreased $27,398,000 from 2016, primarily due to a decrease in cash paid for the acquisition of nuclear fuel and interest paid on debt.

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

- Cash flows used for 2017 increased $97,570,000 over 2016, primarily due to increased purchases of investments, partially offset by the increase in maturities and sales of investments.

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 2018 financing plan does not include any bond issues.

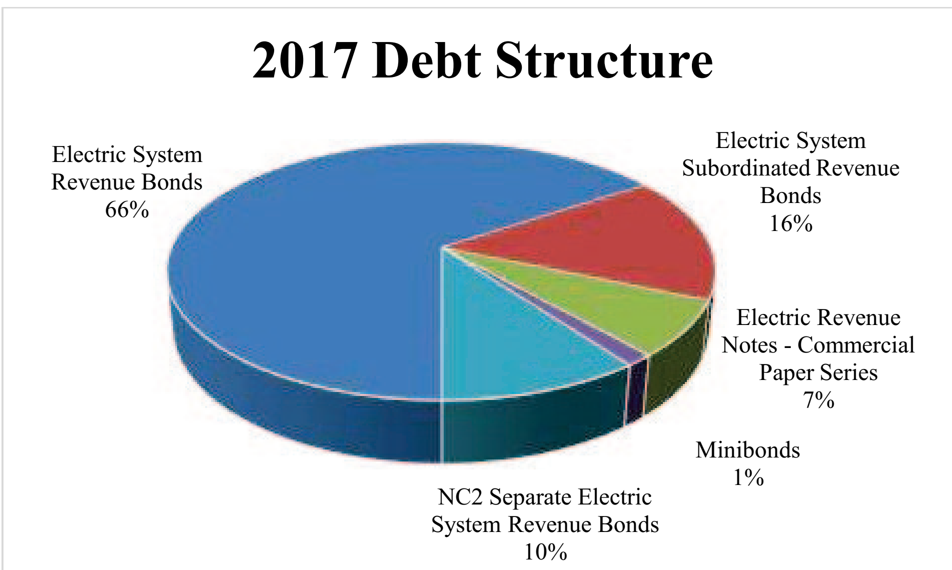
One Electric System Revenue Bond issue totaling $220,195,000 was completed in 2017. The proceeds were used to refund previously issued Electric System Revenue Bonds. The lower interest rates on the new debt decreased the debt service payments. Repayments of $45,595,000 of Electric System Revenue Bonds, $160,000 of Electric System Subordinated Revenue Bonds, $3,245,000 of NC2 Separate Electric System Revenue Bonds and $125,000 of Minibonds were made in 2017.

One Electric System Revenue Bond issue totaling $183,340,000 was completed in 2016. The proceeds were used to refund 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, $95,000 of Electric System Subordinated 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 to refund previously issued NC2 Separate Electric System Revenue Bonds. There was a principal payment of $3,190,000 made on February 1, 2016, for NC2 Separate Electric System Revenue Bonds.

The Company has in place a Credit Agreement for $250,000,000 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, 2017 or 2016. There was $150,000,000 of commercial paper outstanding as of December 31, 2017 and 2016.

The following chart illustrates the debt structure and percentage of the total as of December 31, 2017.



Details of the Company's debt balances and activity are included in Note 5 in the Notes to Financial Statements.

Debt Service Coverage for Electric System Revenue Bonds

Debt service coverage for the Electric System Revenue Bonds was 3.42 and 2.20 in 2017 and 2016, 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 2017 and 2016 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 Electric 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 Separate Electric System. The debt ratio was 63.7% and 66.1% at December 31, 2017 and 2016, respectively.

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, 2017.

	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 (2008A, 2015A, 2016A)	A+	A1

* *Payment of the principal and interest on the Minibonds, when due, is insured by a financial guaranty bond insurance policy.*

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 11.49 and 11.47 cents per kilowatt-hour (kWh) in 2017 and 2016, respectively. The national average residential cents per kWh according to the Energy Information Administration (EIA), U.S. Department of Energy, was 12.90 for 2017 (preliminary year-to-date December 2017) and 12.55 cents per kWh for 2016. Based on the preliminary EIA data for 2017, OPPD residential rates were 10.9% and 8.6% below the national average for 2017 and 2016, respectively.

Retail customers paid an average of 8.92 and 8.94 cents per kWh in 2017 and 2016, respectively. The national average retail cents per kWh according to the EIA, was 10.54 for 2017 (preliminary year-to-date December 2017) and 10.27 cents per kWh for 2016. Based on the preliminary EIA data for 2017, OPPD retail rates were 15.4% and 13.0% below the national average for 2017 and 2016, respectively.

There were no general rate or FPPA adjustments in January 2017. There was a general rate adjustment of 4.0% and an FPPA rate decrease of 0.6% implemented in January 2016. The Board approved a 5-year 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 was designed to be revenue neutral to OPPD.

There was an FPPA rate adjustment of 17.0% in January 2018 that amounted to an average increase of 0.3% to customers. There was no general rate adjustment implemented in January 2018. The Company has committed to no general rate adjustments through 2021.

RISK MANAGEMENT

Risk-Management Practices

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 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 annually.

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 market risk. 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 and price risk associated with the forecasted use of fuel for OPPD's generation.

A Rate Stabilization Reserve was established in 1999 to assist in stabilizing retail electric rates. The Company added an additional $8,000,000 and $26,000,000 to the reserve in December 2017 and 2016, respectively. The balance of the reserve was $50,000,000 and $42,000,000 as of December 31, 2017 and 2016, respectively. The balance of the fund was $50,000,000 and $33,000,000 as of December 31, 2017 and 2016, respectively.

A Decommissioning and Benefits Reserve was established in 2016 to assist in funding future decommissioning expenses beyond what was established in the current funding plan in any given year and future pension liabilities above the annual required contribution. The Company added $34,500,000 and $0 to the reserve in December 2017 and 2016, respectively. The balance of the reserve was $34,500,000 and $0 as of December 31, 2017 and 2016, respectively. The balance of the fund was $0 as of December 31, 2017 and 2016. The Company added $34,500,000 to the fund in 2018.

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 events that arise in the normal course of business. Additional information about other reserves follows.

- The Electric System Revenue Bond Fund contains a reserve in accordance with OPPD's bond indenture to maintain an amount in reserve equal to the maximum amount required to be paid in interest in any calendar year.

- 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

Southwest Power Pool (SPP) Integrated Marketplace and Transmission Planning

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, or 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 works with its members and stakeholders to develop transmission projects needed in the footprint to meet the reliability, economic, and public policy needs. One of SPP's regional transmission projects is the Elkhorn River Valley Transmission Project, which is a joint effort between OPPD and the City of Fremont to connect an OPPD substation in Blair with a substation in

Fremont. The 23-mile line, consisting of a 161-kV segment and a 69-kV segment, is under construction and is planned to be in service by the fourth quarter of 2018. Once complete, the line will be owned by the Company. This project is intended to support the growing demand for electricity and improve reliability. OPPD and the City of Fremont will share the costs of the project, with the Company paying 40% of the total costs. Additionally, a portion of the project will receive regional funding under the SPP OATT.

The SPP planning process also identified the need for a 345-kV power line that was built by the Company and Kansas City Power and Light. This transmission project connects a substation at the Nebraska City Station to Sibley, Missouri. The new line was completed and energized in December 2016. The project will receive regional 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 began in 2017. As a result of North Omaha Station Units 1, 2 and 3 (NO1, NO2, and NO3) ceasing coal-fired generation, the Company will likely not need to purchase additional allowances in the future to comply with CSAPR.

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 Company commenced Entrainment Characterization Studies at FCS, North Omaha Station (NOS), and Nebraska City Station (NCS) in April 2016. OPPD 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 year, and cost for compliance is not expected to be material at this time.

On April 17, 2015, the EPA promulgated technical requirements for the Coal Combustion Residuals (CCR) Regulations that impacted landfills and surface impoundments for the safe disposal of coal combustion residuals under Subtitle D of the Resource Conservation and Recovery Act. 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 Company is in compliance with the requirements. The Company continues to assess and implement compliance strategies associated with this regulation by required dates. On September 14, 2017, the EPA granted two petitions for the reconsideration of the CCR rule stating that it will review the existing rule and consider improvements that may help states tailor their CCR permitting programs. On March 15, 2018, the EPA proposed to amend the regulations for the disposal of CCR from electric utilities. The proposed rule establishes risk-based alternatives for implementing the CCR requirements, flexibility in meeting key prescriptive CCR requirements, and relief on uppermost aquifer location restrictions. The public has until April 30, 2018 to submit comments. The cost of compliance with this regulation is not expected to be material.

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 and Activated Carbon Injection are being used on all of these units to comply with the MATS rule.

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. On the same date, the EPA also 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 CPP. On October 10, 2017, the EPA issued a Notice of Proposed Rulemaking proposing to repeal the CPP. The public has until April 26, 2018, to submit comments. The EPA has indicated an intent to issue a replacement rule by publishing an Advanced Notice of Proposed Rulemaking, with the goal of seeking comment on whether it will promulgate a replacement rule for existing units and what elements the replacement rule would contain. The Company will continue to monitor the regulation and evaluate compliance options as new information is available.

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 Company established a goal of providing at least 50 percent of retail energy sales from renewable energy sources. The addition of the Grande Prairie wind facility in 2017 added an additional 400 megawatts (MW) of renewable capability and enabled the Company to meet the previous goal of 30% of retail energy sales from renewable energy sources. The addition of the Sholes Wind Energy Center in 2019 will add an additional 160 MW of renewable capability. In addition, the Company has a purchased power agreement with the Western Area Power Administration for up to 81.3 MW of hydro power.

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

		Capability
OPPD-Owned Generation		
	Elk City Station (landfill-gas)	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
	Grande Prairie	400.0
	Subtotal Purchased Wind Generation	811.6
Total Renewable Generation as of December 31, 2017		817.9
2019 Purchased Wind Generation		
	Sholes	160.0
Total Expected Renewable Generation as of December 31, 2019		977.9

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

Federal Energy Legislation

The 115th Congress started its two-year legislative session in January 2017. The only major legislation enacted in 2017 was tax reform, which included a provision to repeal the tax-exempt status of advance refunding of bonds. This provision took effect on January 1, 2018.

Comprehensive energy legislation was reintroduced, but it was not enacted. This included legislation that addressed energy efficiency, spent nuclear fuel, cyber security, energy workforce, Public Utility Regulatory Policies Act reform, hydropower, and various other areas.

Lastly, there has been an emphasis in the House of Representatives to look into modernizing energy laws. Several hearings were convened in 2017 to start the process, but no legislation has been enacted. 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 introduced three energy-related legislative bills (LB) during the 2017 session. LB 547 allowed for the private development of generation and transmission resources. LB 657 required public power districts to unbundle their rates. LB 660 allowed for customer choice in selecting an energy provider. These bills did not make it to the floor for discussion and were indefinitely postponed. OPPD continues to monitor the status of energy and environmental legislation in the Legislature and provides input, as needed.

Fort Calhoun Station Update

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. 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. 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.

The Operating Services Agreement with Exelon was terminated in June 2017 and the Licensing Agreement was terminated in December 2017. Ceasing FCS operations is expected to result in an improved competitive position, stable debt service coverage and reduced financial risks.

OPPD entered into an agreement with EnergySolutions Inc. (ESI) 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 ESI. The agreement included both on-site and off-site support by personnel across multiple disciplines as needs are identified, including advice on the safe characterization, packaging, transportation and disposal of nuclear material.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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 estimates and assumptions has not changed.

The following is a list of accounting estimates and assumptions 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.

Significant Accounting Estimates and Assumptions	**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 discount rate, health care trend rates and expected rate of return on Plan assets • Plan design
Self-Insurance Reserves for Claims for Employee-related Health Care 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 reserve
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 financial 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 Subcommittee, which is comprised solely of non-management directors. The subcommittee meets periodically with the independent auditors, internal auditors and management to ensure that all are properly discharging their responsibilities. The subcommittee 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 Subcommittee, engages the independent auditors who have unrestricted access to the Audit Subcommittee.

Timothy J. Burke
President and Chief Executive Officer

L. Javier Fernandez
Vice President and Chief Financial 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, 2017 and 2016, 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 the Company as of December 31, 2017 and 2016, 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.

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 12 through 23 and the schedule of changes in total pension liability and related ratios, schedule of contributions, and related notes within the Required Supplementary Information section on pages 61 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
March 29, 2018

Statements of Net Position
as of December 31, 2017 and 2016

ASSETS	2017	2016
	(thousands)	
CURRENT ASSETS		
Cash and cash equivalents	$ 10,054	$ 13,649
Electric system revenue fund	196,146	114,116
Electric system revenue bond fund	85,490	97,814
Electric system subordinated revenue bond fund	6,584	5,666
Electric system construction fund	222,858	221,247
NC2 separate electric system revenue fund	14,380	14,080
NC2 separate electric system revenue bond fund	17,896	18,013
NC2 separate electric system capital costs fund	6,738	9,486
Accounts receivable - net	130,511	131,425
Fossil fuels - at average cost	35,039	28,328
Nuclear fuel held for sale	-	12,453
Materials and supplies - at average cost	79,008	77,896
Regulatory asset - FCS decommissioning	156,000	147,000
Other (Note 2)	35,217	30,058
Total current assets	995,921	921,231
SPECIAL PURPOSE FUNDS - at fair value		
Electric system revenue bond fund - net of current	47,519	41,083
Segregated fund - rate stabilization (Note 3)	50,000	33,000
Segregated fund - other (Note 3)	42,009	36,317
Electric system construction fund - net of current	20,260	20,481
Decommissioning funds (Note 3)	421,257	382,134
Total special purpose funds	581,045	513,015
UTILITY PLANT - at cost		
Electric plant	4,350,603	4,305,055
Less accumulated depreciation and amortization	1,819,255	1,743,661
Total utility plant - net	2,531,348	2,561,394
OTHER LONG-TERM ASSETS		
Regulatory asset - FCS decommissioning - net of current (Note 2	534,068	717,093
Regulatory assets (Note 2)	483,716	456,560
Other (Note 2)	76,150	5,787
Total other long-term assets	1,093,934	1,179,440
TOTAL ASSETS	5,202,248	5,175,080
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on refunded debt	90,258	90,333
Unrealized pension contributions and losses (Note 6)	192,273	172,695
Ash landfill	11,788	2,960
Total deferred outflows of resources	294,319	265,988
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 5,496,567	$ 5,441,068

See notes to financial statements

LIABILITIES	2017	2016
	(thousands)	
CURRENT LIABILITIES		
Electric system revenue bonds (Note 5)	**$ 47,495**	$ 45,595
Electric system subordinated revenue bonds (Note 5)	**1,180**	95
Electrics revenue notes - commercial paper series (Note 5)	**150,000**	-
NC2 separate electric system revenue bonds (Note 5)	**3,220**	3,245
Accounts payable	**84,934**	82,624
Accrued payments in lieu of taxes	**32,933**	33,022
Accrued interest	**34,708**	39,376
Accrued payroll	**25,062**	25,471
Decommissioning	**89,665**	124,685
Other (Note 2)	**20,237**	17,844
Total current liabilities	**489,434**	371,957
LIABILITIES PAYABLE FROM SEGREGATED FUNDS (Note 2)	**30,334**	35,626
LONG-TERM DEBT (Note 5)		
Electric system revenue bonds - net of current	**1,352,150**	1,412,770
Electric system subordinated revenue bonds - net of current	**335,940**	337,185
Electric revenue notes - commercial paper series	**-**	150,000
Minibonds	**30,273**	29,816
NC2 separate electric system revenue bonds - net of current	**211,995**	215,215
Total long-term debt	**1,930,358**	2,144,986
Unamortized discounts and premiums	**195,838**	193,225
Total long-term debt - net	**2,126,196**	2,338,211
OTHER LIABILITIES		
Decommissioning - net of current	**1,085,668**	1,124,912
Pension liability (Note 6)	**547,945**	487,177
Other (Note 2)	**39,042**	27,715
Total other liabilities	**1,672,655**	1,639,804
COMMITMENTS AND CONTINGENCIES (Note 13)		
TOTAL LIABILITIES	**4,318,619**	4,385,598
DEFERRED INFLOWS OF RESOURCES		
Rate stabilization reserve (Note 7)	**50,000**	42,000
Decommissioning and benefits reserve (Note 7)	**34,500**	-
Unrealized pension gains (Note 6)	**2,810**	-
Unamortized gain on refunded debt	**113**	141
Total deferred inflows of resources	**87,423**	42,141
NET POSITION		
Net investment in capital assets	**619,895**	595,498
Restricted	**66,014**	50,183
Unrestricted	**404,616**	367,648
Total net position	**1,090,525**	1,013,329
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	**$ 5,496,567**	$ 5,441,068

See notes to financial statements

Statements of Revenues, Expenses and Changes in Net Position for the Years Ended December 31, 2017 and 2016

	2017	2016
	(thousands)	
OPERATING REVENUES		
Retail sales	**$ 911,733**	$ 921,052
Off-system sales	**163,762**	175,506
Other electric revenues	**28,806**	29,918
Total operating revenues	**1,104,301**	1,126,476
OPERATING EXPENSES		
Operations and Maintenance		
Fuel	**170,372**	186,766
Purchased power	**166,169**	119,511
Production	**79,103**	252,312
Transmission	**40,085**	35,681
Distribution	**49,947**	44,750
Customer accounts	**17,973**	16,718
Customer service and information	**14,035**	15,205
Administrative and general	**115,609**	152,914
Total operations and maintenance	**653,293**	823,857
Depreciation and amortization	**140,635**	149,546
Decommissioning	**147,469**	17,576
Payments in lieu of taxes	**33,989**	34,138
Total operating expenses	**975,386**	1,025,117
OPERATING INCOME	**128,915**	101,359
OTHER INCOME (EXPENSES)		
Contributions in aid of construction	**31,064**	17,918
Reduction of plant costs recovered through contributions in aid of construction	**(31,064)**	(17,918)
Decommissioning funds - investment income	**11,382**	9,374
Decommissioning funds - reinvestment	**-**	(13,929)
Investment income	**5,420**	3,512
Allowances for funds used during construction	**2,988**	7,380
Products and services - net	**3,903**	3,739
Other - net (Note 10)	**10,813**	2,229
Total other income - net	**34,506**	12,305
INTEREST EXPENSE	**84,253**	87,914
NET INCOME BEFORE SPECIAL ITEM	**79,168**	25,750
SPECIAL ITEM (Note 12)	**(1,972)**	(959,575)
NET INCOME (LOSS)	**77,196**	(933,825)
NET POSITION, BEGINNING OF YEAR	**1,013,329**	1,947,154
NET POSITION, END OF YEAR	**$ 1,090,525**	$ 1,013,329

See notes to financial statements

Statements of Cash Flows
for the Years Ended December 31, 2017 and 2016

	2017	2016
	(thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from retail customers	$ 976,173	$ 972,986
Cash received from off-system counterparties	177,446	149,706
Cash received from insurance companies	2,008	-
Cash received from sale of nuclear fuel	15,200	787
Cash received from other sources	5,425	5,643
Cash paid to operations and maintenance suppliers	(393,721)	(462,671)
Cash paid to off-system counterparties	(157,184)	(102,470)
Cash paid to employees	(142,088)	(155,658)
Cash paid to pension and OPEB obligations	(81,307)	(73,751)
Cash paid for in lieu of taxes and other taxes	(34,078)	(32,301)
Net cash provided from operating activities	367,874	302,271
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from federal and state agencies	-	4,828
Net cash provided from noncapital financing activities	-	4,828
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from long-term borrowings	428	5,760
Principal reduction of debt	(49,125)	(46,477)
Interest paid on debt	(87,198)	(96,483)
Acquisition and construciton of capital assets	(144,135)	(149,647)
Contributions in aid of construction and other reimbursements	32,724	29,320
Acquisition of nuclear fuel	-	(17,177)
Net cash used for capital and related financing activities	(247,306)	(274,704)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,436,950)	(1,245,733)
Maturities and sales of investments	1,335,139	1,216,074
Purchases of investments for decommissioning funds	(373,190)	(308,730)
Maturities and sales of investments for decommissioning funds	336,087	299,949
Investment income	14,751	11,847
Net cash used for investing activities	(124,163)	(26,593)
CHANGE IN CASH AND CASH EQUIVALENTS	**(3,595)**	**5,802**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**13,649**	**7,847**
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 10,054**	**$ 13,649**

See notes to financial statements

Supplemental Cash Flow Information
for the Years Ended December 31, 2017 and 2016

The following table provides a reconciliation of the statements of cash flows from operating activities to operating income as of December 31 (in thousands).

	2017	2016
Operating income	$ 128,915	$ 101,359
Adjustments to reconcile operating income to net cash provided from operating activities:		
Depreciation, amortization and decommissioning	125,799	147,691
Amortization of nuclear fuel	-	21,693
Changes in assets and liabilities:		
Accounts receivable	3,923	(28,964)
Fossil fuels	(6,711)	3,333
Materials and supplies	9,369	594
Accounts payable	(10,273)	(17,237)
Accrued payments in lieu of taxes and other taxes	(89)	1,837
Accrued payroll	(409)	(1,125)
SPP and other special deposits	(28)	1,000
Rate stabilization reserve	8,000	26,000
Decommissioning and benefits reserve	34,500	-
Regulatory assets	51,281	25,579
Other	23,597	20,511
Net cash provided from operating activities	$ 367,874	$ 302,271

The following table summarizes the supplemental disclosure of noncash capital, financing and investing activities as of December 31 (in thousands).

	2017	2016
NONCASH CAPITAL, FINANCING AND INVESTING ACTIVITIES		
Bond proceeds transferred directly to irrevocable trust to defease outstanding bonds	$ 256,759	$ 336,699
Utility plant additions from outstanding liabilities	14,582	11,216
Net amortization of debt related expenses, premiums and discounts	9,818	8,209
Allowances for funds used during construction	2,988	7,380
Unrealized gains/(losses) on investments	1,016	(118)

See notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Business – The Omaha Public Power District (OPPD or Company), a political subdivision of the state of Nebraska, is a public utility engaged in the generation, transmission and distribution of electric power and energy and other related activities. The Board of Directors is authorized to establish rates. OPPD is generally not liable for federal and state income or ad valorem taxes on property; however, payments in lieu of taxes are made to various local governments.

Basis of Accounting – The financial statements are presented in accordance with generally accepted accounting principles (GAAP) for proprietary funds of governmental entities. Accounting records are maintained generally in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) and all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

OPPD applies the accounting policies established in the GASB Codification Section Re10, *Regulated Operations*. This guidance permits an entity with cost-based rates to include costs in a period other than the period in which the costs would be charged to expense by an unregulated entity if it is probable that these costs will be recovered through rates charged to customers. This guidance also permits an entity to defer revenues by recognizing liabilities to cover future expenditures. The guidance applies to OPPD because the rates of the Company's regulated operations are established and approved by the governing board.

If, as a result of changes in regulation or competition, the ability to recover these assets and to satisfy these liabilities would not be assured, OPPD would be required to write off or write down such regulatory assets and liabilities unless some form of transition cost recovery continues through established rates. In addition, any impairment to the carrying costs of deregulated plant and inventory assets would be determined. There were no write-downs of regulatory assets for the year ended December 31, 2017. 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. See Utility Plant and Regulatory Assets and Liabilities sections of Note 1 and Note 12.

Classification of Revenues and Expenses – Revenues and expenses related to providing energy services in connection with the Company's principal ongoing operations are classified as operating. All other revenues and expenses are classified as non-operating and reported as other income (expenses) on the Statements of Revenues, Expenses and Changes in Net Position.

Revenue Recognition – Electric operating revenues are recognized as earned. Meters are read and bills are rendered on a cycle basis. Revenues earned after meters are read are estimated and accrued as unbilled revenues at the end of each accounting period.

Cash and Cash Equivalents – The operating fund account is called the Electric System Revenue Fund (Note 3). Highly liquid investments for the Electric System Revenue Fund with an original maturity of three months or less are considered 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. An 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 $48,832,000 and $49,881,000 in unbilled revenues as of December 31, 2017 and 2016, respectively. Accounts Receivable was reported net of the Reserve for Uncollectible Accounts of $1,505,000 and $1,500,000 as of December 31, 2017 and 2016, respectively.

Nuclear Fuel Held for Sale – The Company maintained nuclear fuel held for sale, which was valued at fair value until October 2017 when it was sold (Note 12).

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 value (Note 12).

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 $39,738,000 and $25,617,000 as of December 31, 2017 and 2016, respectively.

The following table summarizes electric plant balances as of December 31, 2016, activity for 2017 and balances as of December 31, 2017, (in thousands).

	2016	Additions	Retirements	2017
Electric plant	$ 4,305,055	$ 97,571	$ (52,023)	$ 4,350,603
Less accumulated depreciation and amortization	1,743,661	127,617	(52,023)	1,819,255
Electric plant - net	$ 2,561,394	$ (30,046)	$ -	$ 2,531,348

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 on the Statements of Revenues, Expenses and Changes in Net Position (Note 12). There were no other write-downs for impairments to utility plant for the years ended December 31, 2017 and 2016.

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. The allowance for construction work in progress was computed at 3.3% and 3.4% for years ended December 31, 2017 and 2016, respectively. There was no AFUDC for nuclear fuel for the year ended December 31, 2017, due to the impairment of nuclear fuel in 2016 (Note 12). The allowance for nuclear fuel was 3.4% for the year ended December 31, 2016.

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).

	2017	2016
Transmission and distribution	$ 21,021	$ 14,678
Nebraska City Station Unit 2 (NC2) participants	6,678	1,495
NC2 turbine replacement	3,365	1,769
FCS dry cask storage	-	(24)
Total	$ 31,064	$ 17,918

Depreciation and Amortization – Depreciation for assets is computed on the straight-line basis at rates based on the estimated useful lives of the various classes of property. Depreciation expense for depreciable property averaged approximately 3.0% and 3.3% for the years ended December 31, 2017 and 2016, 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 was based on the cost thereof, and was recorded as nuclear fuel expense of $21,771,000 for the year ended December 31, 2016. Amortization was prorated by fuel assembly in accordance with the thermal energy that each assembly produced through October 2016 when FCS ceased operations (Note 12).

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 $14,836,000 and $1,854,000 for the years ended December 31, 2017 and 2016, respectively. Prior to the transition to decommission FCS in November 2016, this expense was amortized as an operating expense (Note 12).

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 $4,509,000 and $5,855,000 for the years ended December 31, 2017 and 2016, 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 on the Statements of Revenues, Expenses and Changes in Net Position (Note 12).

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 on the Statements of Revenues, Expenses and Changes in Net Position (Note 12).

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. NO1 and NO2 were fully depreciated as of April 2016. 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. The useful life of NO3 was extended through 2018 beginning in July 2016. Subsequent to the FCS 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. The useful life of NO3 was extended through 2021 beginning in March 2017. Depreciation expense for NO3 was $646,000 and $3,506,000 for the years ended December 31, 2017 and 2016, respectively.

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 2017 or 2016.

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 Trust Fund beginning in 2014 to meet the estimated cost to fully decommission FCS. OPPD temporarily suspended funding for the Supplemental Decommissioning Trust 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. Funding resumed in January 2017. The annual funding amount was $147,469,000 and $0 for the years ended December 31, 2017 and 2016, respectively (Note 12). The Supplemental Decommissioning Trust Fund was reduced by $119,727,000 and $575,000 for the years ended December 31, 2017 and 2016, for 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 $1,175,333,000 and $1,249,597,000 as of December 31, 2017 and 2016, respectively. These estimated costs are based upon a third-party, site-specific cost study (Note 12). The decommissioning cost liability, which includes a current and long-term portion on the Statements of Net Position, is adjusted annually for inflation and any significant changes in the cost estimate.

Decommissioning Trust Funds are reported at fair value. Investment income was $9,699,000 and $9,275,000 for the years ended December 31, 2017 and 2016, respectively. The fair value of the Decommissioning Trust Funds increased $1,683,000 and $99,000 for the years ended December 31, 2017 and 2016, 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 6).

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 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 12).

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.

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 $8,826,000 and $2,118,000 as of December 31, 2017 and 2016, respectively (Note 2). The FPPA regulatory assets were reduced for customer collections of $2,118,000 and $8,233,000 for the years ended December 31, 2017 and 2016, 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 (Note 12).

The Company adopted the GASB accounting standards for the financial accounting and reporting of supplemental pension plans in 2017. These standards required the Company to recognize a liability for the total supplemental pension obligation on the Statement of Net Position. In October 2017, the Board of Directors authorized the use of regulatory accounting for supplemental pension costs to establish a regulatory asset to match the supplemental pension expense to the amounts funded and the cost recovery through rates (Note 6).

The following table summarizes the balances of regulatory assets as of December 31, 2016, activity for 2017 and balances as of December 31, 2017, (in thousands).

	2016	Additions	Reductions	2017
FCS decommissioning	$ 864,093	$ -	$ (174,025)	$ 690,068
Pension	314,482	40,901	-	355,383
FCS recovery costs	102,614	-	(14,836)	87,778
NC2	45,930	4,462	(4,252)	46,140
Financing costs	8,972	824	(1,312)	8,484
FPPA	2,118	8,826	(2,118)	8,826
Supplemental pension	-	2,062	(714)	1,348
Total	$ 1,338,209	$ 57,075	$ (197,257)	$ 1,198,027

Regulatory liabilities are deferred inflows of resources and include the Rate Stabilization Reserve and the Decommissioning and Benefits Reserve. The Rate Stabilization reserve was established to help maintain stability in OPPD’s long-term rate structure (Note 7). There was a transfer of $8,000,000 and $26,000,000 to the reserve for the years ended December 31, 2017 and 2016, respectively. The balance of the Rate Stabilization Reserve was $50,000,000 and $42,000,000 as of December 31, 2017 and 2016, respectively.

The Decommissioning and Benefits Reserve was established in 2016 to assist in funding future decommissioning expenses beyond what was established in the current funding plan in any given year and future pension liabilities above the annual required contribution (Note 7). The Company added $34,500,000 and $0 to the reserve in 2017 and 2016, respectively. The balance of the reserve was $34,500,000 and $0 as of December 31, 2017 and 2016, respectively. The balance of the fund was $0 as of December 31, 2017 and 2016. The Company will add $34,500,000 to the fund in 2018.

The following table summarizes the balances of the regulatory liabilities as of December 31, 2016, activity for 2017 and balances as of December 31, 2017, (in thousands).

	2016	Additions	Reductions	2017
Rate Stabilization Reserve	$ 42,000	$ 8,000	$ -	$ 50,000
Decommissioning and Benefits Reserve	-	34,500	-	34,500
Total	$ 42,000	$ 42,500	$ -	$ 84,500

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 qualified as a Special Item as the transaction was deemed infrequent in occurrence. Additional fair value adjustments of $1,972,000 related to the Nuclear Fuel Held for Sale were recorded as a Special Item in 2017 (Note 12).

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 Station (NOS) and the Nebraska City Station (NCS) locations and an industrial waste landfill at FCS. State and federal laws and regulations require OPPD to place a final cover on its landfills at the NOS, NCS and FCS locations when they no longer receive ash/waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. Closure and postclosure care financial assurance information is provided to the Nebraska Department of Environmental Quality on an annual basis as required by law. OPPD is not required to restrict any funds for closure and postclosure care costs.

The following table summarizes the current estimated landfill closure date and the percentage of capacity used for each landfill as of December 31. Actual closure dates may be earlier or later than estimated.

Location	Estimated Landfill Closure Date	Estimated Percentage of Capacity as of December 31, 2017	Estimated Percentage of Capacity as of December 31, 2016
FCS	Closed	100%	100%
NOS	2031	45%	44%
NCS unit 1	2019	86%	81%
NCS unit 2 cell 1	Closed	100%	100%
NCS unit 2 cells 2 & 3	2028	4%	N/A *

** Landfill opened in 2017*

There is no current or proposed GASB statement providing accounting treatment for closure and postclosure care costs of these 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 in 2016 related to 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), was appropriate to this situation as the accounting treatment for this situation is not specified in authoritative GAAP.

Although closure and postclosure care costs will be paid only near or after the date the landfills stop accepting ash/waste, OPPD reports a portion of these closure and postclosure care costs as an operating expense in each reporting period based on landfill capacity used as of each period end. The landfill closure and postclosure care liability represents the estimated liability to perform the required closure and postclosure care at the related landfills. The remaining amount to be amortized over the remaining capacity of the NOS and NCS locations is reported as a Deferred Outflow. These amounts on the Statements of Net Position are presented in current year dollars. Actual closure and postclosure care costs may be higher or lower than the estimated amounts due to inflation, changes in technology, or changes in regulations (Note 2).

There were no pollution remediation obligations identified as of December 31, 2017 and 2016.

Recent Accounting Pronouncements, adopted – GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73), in June 2015, effective for reporting periods beginning after June 15, 2016. The objective of this statement is to improve the usefulness of information about pensions included in the financial statements for making decisions and assessing accountability. The Company adopted GASB 73 in 2017. The implementation of this statement resulted in the recognition of a supplemental pension liability of $7,546,000 as of December 31, 2017 on the Statements of Net Position. The Board of Directors authorized the use of regulatory accounting in October 2017 to establish a regulatory asset and levelize supplemental pension expenses to match the recovery of supplemental pension costs through rates. A regulatory asset of $1,348,000 was recorded in 2017.

Recent Accounting Pronouncements, not yet adopted - GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in June 2015, effective for reporting periods beginning after June 15, 2017. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. OPPD will implement this statement in 2018.

GASB issued Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83), 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.

GASB issued Statement No. 84, *Fiduciary Activities*, in January 2017, effective for reporting periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The impact to OPPD's financial statements is being evaluated.

GASB issued Statement No. 85, *Omnibus 2017*, in March 2017, effective for reporting periods beginning after June 15, 2017. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics that pertain to OPPD. The impact to OPPD's financial statements is being evaluated.

GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, in May 2017, effective for reporting periods beginning after June 15, 2017. The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. The impact to OPPD's financial statements is being evaluated.

GASB issued Statement No. 87, *Leases*, in June 2017, effective for reporting periods beginning after December 15, 2019. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments by creating a single model for leases. This statement increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The impact to OPPD's financial statements is being evaluated.

2. OTHER ASSETS AND OTHER LIABILITIES DETAIL BALANCES

Current Assets - Other

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

	2017	2016
Regulatory asset - FCS recovery costs	$ 14,836	$ 14,836
Regulatory asset - FPPA	8,826	2,118
Prepayments	6,101	8,779
SPP and other special deposits	3,028	3,000
Interest receivable	1,267	570
Regulatory asset - financing costs	581	602
Transmission congestion rights (Note 8)	529	19
Sulfur dioxide allowance inventory	49	134
Total	$ 35,217	$ 30,058

Other Long-Term Assets - Regulatory Assets

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

	2017	2016
Pension and supplemental pension	$ 356,731	$ 314,482
FCS recovery costs (net of current)	72,942	87,778
NC2	46,140	45,930
Financing costs (net of current)	7,903	8,370
Total	$ 483,716	$ 456,559

Other Long-Term Assets - Other

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

	2017	2016
Job and production orders	$ 75,570	$ 5,312
Other	580	475
Total	$ 76,150	$ 5,787

Current Liabilities - Other

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

	2017	2016
Unearned revenues	$ 8,488	$ 2,278
NC2 participant deposit	6,777	9,343
Auction revenue rights (Note 8)	2,779	1,236
Deposits	486	572
Payroll taxes and other employee liabilities	356	338
Ash landfill	-	2,211
Other	1,351	1,866
Total	$ 20,237	$ 17,844

Liabilities Payable from Segregated Funds

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

	2017	2016
Customer deposits	$ 21,499	$ 21,608
Customer advances for construction	4,323	2,668
Incurred but not presented (IBNP) reserve	3,057	3,483
Transmission project	1,133	3,620
Other	322	4,247
Total	$ 30,334	$ 35,626

Other Liabilities - Other

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

	2017	2016
Ash landfill (net of current)	$ 24,198	$ 7,884
Unearned revenues (net of current)	7,334	15,062
Workers' compensation reserve	5,384	1,399
Capital purchase agreement	935	1,209
Public liability reserve	420	308
Other	771	1,853
Total	$ 39,042	$ 27,715

3. FUNDS AND INVESTMENTS

Funds of OPPD were as follows:

Electric System Revenue Fund and NC2 Separate Electric System Revenue Fund – These funds are to be used for operating activities for their respective electric system. Cash and cash equivalents in the Electric System Revenue Fund are shown separately from investments on the 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 7).

Segregated Fund – Other – This fund represents assets held for payment of customer deposits, refundable advances, OPPD's self-insured health insurance plans (Note 6), and certain other liabilities.

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

	2017	2016
Customer deposits and advances	$ 31,595	$ 24,384
Self-insurance	6,321	6,711
Other	4,093	5,222
Total	$ 42,009	$ 36,317

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).

	2017	2016
Decommissioning Trust - 1990 Plan	$ 294,459	$ 285,838
Decommissioning Trust - 1992 Plan	126,798	96,296
Total	$ 421,257	$ 382,134

The above table includes interest receivables for the Decommissioning Trust Plans of $874,000 and $536,000 for December 31, 2017 and 2016, 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 4). The fair value of investments was as follows as of December 31 (in thousands).

	2017		2016	
Investment Type	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)
Money market funds	$ 68,501	-	$ 66,472	-
U.S. government securities	456,875	1.4	579,195	0.9
Mutual funds	215,856	-	207,444	-
Commercial paper	65,236	0.2	69,272	0.1
Corporate bonds and other debentures	323,795	1.8	70,518	1.7
Total	$ 1,130,263		$ 992,901	
Portfolio weighted average maturity		1.1		0.7

The above table excludes interest receivables related to the Decommissioning Trusts of $874,000 and $536,000 for December 31, 2017 and 2016, respectively.

Interest Rate Risk – The investment in relatively short-term securities reduces interest rate risk, as evidenced by its portfolio weighted average maturity of 1.1 and 0.7 years as of December 31, 2017 and 2016, respectively. In addition, OPPD is generally 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, 2017 and 2016.

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, 2017 and 2016. All investment securities are delivered under contractual trust agreements.

4. 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, 2017 and 2016 (in thousands):

	2017			
	Total	**Level 1**	**Level 2**	**Level 3**
Money market funds	$ 68,501	$ -	$ 68,501	$ -
Mutual funds	113,155	113,155	-	-
U.S. government securities	456,875	-	456,875	-
Corporate bonds and other debentures	323,795	-	323,795	-
Commercial paper	65,236	-	65,236	-
Total fair value measurement by level	**1,027,562**	**$ 113,155**	**$ 914,407**	**$ -**
Investments measured at the net asset value (NAV)				
Mutual funds	102,701			
Total investments measured at fair value	**$1,130,263**			

	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 NAV				
Mutual funds	99,911			
Total investments measured at fair value	**$ 992,901**			

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 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 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).

	2017			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Mutual funds	$ 100,204	None	Daily	N/A
Mutual funds	2,497	None	Daily	1 day
Total investments measured at NAV	**$ 102,701**			

	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**			

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.

5. DEBT

The proceeds of debt issued are utilized primarily to finance the construction program. Favorable market conditions in 2017 and 2016 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, 2016, activity for 2017 and balances as of December 31, 2017, (in thousands).

	2016	Additions	Retirements	2017
Electric system revenue bonds	$ 1,458,365	$ 220,195	$ (278,915)	$ 1,399,645
Electric system subordinated revenue bonds	337,280	-	(160)	337,120
Electric revenue notes - commercial paper series	150,000	-	-	150,000
Minibonds	29,816	582	(125)	30,273
NC2 separate electric system revenue bonds	218,460	-	(3,245)	215,215
Total	$ 2,193,921	$ 220,777	$ (282,445)	$ 2,132,253

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 2017 and 2016.

The following table summarizes outstanding Electric System Revenue Bonds as of December 31, 2017, (in thousands).

Issue	Maturity Dates	Interest Rates	Amount
2008 Series A	2018	4.6%	$ 2,900
2010 Series A	2022 - 2041	5.431%	120,000
2011 Series A	2018 - 2024	3.125% - 5.0%	38,220
2011 Series B	2029 - 2036	3.625% - 4.0%	3,565
2011 Series C	2018 - 2030	2.5% - 5.0%	112,675
2012 Series A	2030 - 2034	4.0%	63,065
2012 Series B	2018 - 2046	3.0% - 5.0%	214,715
2015 Series A	2022 - 2045	2.85% - 5.0%	93,005
2015 Series B	2018 - 2039	2.0% - 5.0%	253,820
2015 Series C	2032 - 2043	3.5% - 5.0%	94,145
2016 Series A	2023 - 2039	3.0% - 5.0%	183,340
2017 Series A	2030 - 2042	4.0% - 5.0%	220,195
Total			$ 1,399,645

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

Issue	Maturity Dates	Interest Rates	Amount
2008 Series A	2018	4.6%	$ 2,900
2010 Series A	2022 - 2041	5.431%	120,000
2011 Series A	2017 - 2024	3.125% - 5.0%	59,095
2011 Series B	2029 - 2042	3.625% - 5.0%	103,710
2011 Series C	2017 - 2030	2.5% - 5.0%	119,165
2012 Series A	2030 - 2042	4.0% - 5.0%	196,240
2012 Series B	2017 - 2046	3.0% - 5.0%	226,715
2015 Series A	2022 - 2045	2.85% - 5.0%	93,005
2015 Series B	2017 - 2039	2.0% - 5.0%	260,050
2015 Series C	2032 - 2043	3.5% - 5.0%	94,145
2016 Series A	2023 - 2039	3.0% - 5.0%	183,340
Total			$ 1,458,365

OPPD issued $220,195,000 of Electric System Revenue Bonds, 2017 Series A on December 20, 2017. The 2017 Series A Bonds were used to refund 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 $34,099,000 and resulted in an economic gain (difference between the present value of the old and new debt service payments) of $20,174,000. A principal payment of $45,595,000 was made on February 1, 2017, for the Electric System Revenue Bonds.

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.

Electric System Revenue Bonds from the following series, with outstanding principal in the amount of $531,055,000 as of December 31, 2017, were legally defeased: 2008 Series A, 2009 Series A, 2011 Series B and 2012 Series A. 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. Defeased bonds are funded by government securities in irrevocable escrow accounts. Accordingly, the bonds and the related government securities escrow accounts are not included on 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
2018	$ 47,495	$ 60,172
2019	49,720	62,058
2020	51,980	59,676
2021	55,445	57,100
2022	20,475	55,339
2023-2027	236,475	245,168
2028-2032	278,565	184,541
2033-2037	257,620	121,929
2038-2042	301,595	50,448
2043-2046	100,275	7,597
Total	$ 1,399,645	$ 904,028

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 2017 and 2016.

The following table summarizes outstanding Electric System Subordinated Revenue Bonds as of December 31, 2017, (in thousands).

Issue	Maturity Dates	Interest Rates	Amount
2014 Series AA	2018 - 2036	2.25% - 5.25%	$ 155,355
2014 Series BB	2041 - 2042	4.0%	49,180
2014 Series CC	2031 - 2038	4.0%	108,395
2014 Series DD	2040	3.625%	24,190
Total			$ 337,120

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

Issue	Maturity Dates	Interest Rates	Amount
2014 Series AA	2017 - 2036	2.0% - 5.25%	$ 155,450
2014 Series BB	2041 - 2042	4.0%	49,205
2014 Series CC	2031 - 2038	4.0%	108,395
2014 Series DD	2040	3.625%	24,230
Total			$ 337,280

On February 1, 2017, a principal payment of $120,000 was made for the Electric System Subordinated Revenue Bonds, which included a $25,000 put payment on 2014 Series DD Bonds. On August 1, 2017 a principal payment of $40,000 was made including a put payment of $25,000 for the 2014 Series BB Bonds and a put payment of $15,000 for the 2014 Series DD Bonds. On February 1, 2016, a principal payment of $95,000 was made for the Electric System Subordinated Revenue Bonds.

At December 31, 2017 and 2016, OPPD had no outstanding defeased Electric System Subordinated Revenue Bonds.

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

	Principal	Interest
2018	$ 1,180	$ 13,364
2019	1,090	13,324
2020	825	13,828
2021	-	13,811
2022	2,550	13,748
2023-2027	31,735	65,931
2028-2032	55,380	55,963
2033-2037	154,915	35,212
2038-2042	89,445	10,378
Total	$ 337,120	$ 235,559

Electric Revenue Notes - Commercial Paper Series – The outstanding balance of Commercial Paper was $150,000,000 as of December 31, 2017 and 2016. The average borrowing rate was 0.9% and 0.5% for the years ended December 31, 2017 and 2016, 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.

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 2017 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	**2017**	**2016**
2001 Minibonds, due 2021	$ 22,930	$ 23,055
Accreted interest on capital appreciation Minibonds	7,343	6,761
Total	$ 30,273	$ 29,816

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, 2017 and 2016.

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 and Standard & Poor's Rating Services rated the NC2 Separate Electric System Revenue Bonds as A1 and A+, respectively in both 2017 and 2016.

The following table summarizes outstanding NC2 Separate Electric System Revenue Bonds as of December 31, 2017, (in thousands).

Issue	**Maturity Dates**	**Interest Rates**	**Amount**
2008 Series A	2018	4.45%	$ 515
2015 Series A	2018 - 2046	3.0% - 5.25%	111,015
2016 Series A	2018 - 2049	3.0% - 5.0%	103,685
Total			$ 215,215

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

Issue	**Maturity Dates**	**Interest Rates**	**Amount**
2006 Series A	2017	3.85%	$ 1,130
2008 Series A	2017 - 2018	4.25% - 4.45%	1,020
2015 Series A	2017 - 2046	2.0% - 5.25%	112,625
2016 Series A	2018 - 2049	3.0% - 5.0%	103,685
Total			$ 218,460

On February 1, 2017 a principal payment of $3,245,000 was made for the NC2 Separate Electric System Revenue Bonds.

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.

The NC2 Separate Electric System Revenue Bonds series 2008 A with outstanding principal in the amount of $17,245,000 were legally defeased as of December 31, 2017. 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. Defeased bonds are funded by government securities in irrevocable escrow accounts. Accordingly, the bonds and the related government securities escrow accounts are not included on the Statements of Net Position.

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

	Principal	Interest
2018	$ 3,220	$ 10,493
2019	3,350	10,354
2020	3,495	10,199
2021	3,655	10,044
2022	3,815	9,869
2023-2027	22,105	46,213
2028-2032	28,200	40,005
2033-2037	35,310	32,769
2038-2042	40,670	23,320
2043-2047	49,595	12,050
2048-2049	21,800	1,046
Total	$ 215,215	$ 206,362

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).

2017		2016	
Carrying Amount	Fair Value	Carrying Amount	Fair Value
$ 2,328,091	$ 2,572,559	$ 2,387,146	$ 2,533,075

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.

6. BENEFIT PLANS FOR EMPLOYEES AND RETIREES

RETIREMENT PLAN AND SUPPLEMENTAL RETIREMENT PLAN

The Company has adopted and implemented the provisions of GASB 73 in 2017, related to the Omaha Public Power District Supplemental Retirement Plan (Non-Qualified Plan). The prior period was not restated as the information was not readily available.

Plan Descriptions 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 Non-Qualified Plan is a single-employer, non-qualified defined benefit pension plan. The purpose of this plan is 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. The benefits are derived from the Retirement Plan formula noted herein less amounts paid from the qualified Retirement Plan. The assets of this plan are held in an irrevocable trust but are not legally protected from creditors. Accordingly, the trust does not meet the criteria for GASB 68. Annuities are purchased in the participant's name at the time of retirement. The Non-Qualified Plan was established and may be amended at the direction of OPPD's Board of Directors and is administered by the Company.

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

	2017	2016
Retirees and beneficiaries receiving benefits	2,086	1,992
Terminated Retirement Plan members entitled to, but not receiving, benefits	432	382
Active Retirement Plan members *	1,968	2,200
Total	4,486	4,574

**There were 358 and 341 members with the Cash Balance provision at January 1, 2017 and 2016, respectively.*

The following table summarizes the membership in the Non-Qualified Plan as of January 1.

	2017	2016
Retirees and beneficiaries who received an annuity	0	0
Terminated Retirement Plan members entitled to, but not receiving, benefits	1	1
Active Retirement Plan members	3	3
Total	4	4

Contributions - Employees contributed 6.2% of their covered payroll to the Retirement Plan for the years ended December 31, 2017 and 2016. The contribution rate for employees increased to 6.7% on January 1, 2018, and will gradually increase to 9.0% on January 1, 2022. 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 $53,073,000 and $50,711,000 for the years ended December 31, 2017 and 2016, respectively.

Employees do not contribute to the Non-Qualified Plan. The Company contributes the funds needed on an actuarially determined basis and has met this funding requirement. The ARC was fully funded in the amount of $1,809,000 and $1,195,000 for the years ended December 31, 2017 and 2016, respectively. According to GASB 73, assets accumulated for non-qualified pension plan benefit payments are reported in OPPD's financial statements.

Actuarial Assumptions - The total pension liabilities in the January 1, 2017, actuarial valuation were determined using the following actuarial assumptions applied to all periods included in the measurement.

The total pension liabilities must be determined using the Entry Age Normal (Level Percent of Pay) cost method per GASB 68 and 73. 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 the Retirement Plan assets was determined using a method which smooths 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 of both plans 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 2017. 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.

The other actuarial assumptions for the valuations of both plans as of January 1, 2017 and 2016, were as follows:

- 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.

Discount Rate - The discount rate used to determine the required funding contributions for the Retirement Plan was 7.0% for both 2017 and 2016. In accordance with the provisions of GASB 68, the discount rate used to measure the total pension liability was 7.0 % for 2017 and 7.75% for 2016. 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.

In accordance with the provisions of GASB 73, OPPD elected to use the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the discount rate used to measure the total pension liability of the Non-Qualified Plan. The discount rate was 3.78% for 2017 .

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

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return ***
Domestic equity	28.0%	5.2%
International developed equity	14.0	5.7
Emerging markets equity	10.0	7.2
Domestic fixed income	23.0	2.0
Global fixed income	7.5	1.1
High yield	3.0	4.1
Treasury inflation protected securities	2.0	1.6
Emerging markets debt	5.0	4.4
Private real estate	7.5	4.6
Total	100%	

**Based on 2017 forward looking capital market assumptions.*

Total Pension Liability, Plan Fiduciary Net Position and Net Pension Liability - The total pension liabilities, plan fiduciary net position and net pension liability are determined in accordance with GASB 68 and 73, accordingly. The amounts are based on the results of an actuarial valuation measurement date of January 1, 2017.

The following table shows the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the Retirement Plan for the Measurement Period from January 1, 2016, to January 1, 2017, and the changes for the year ended December 31, 2017, (in thousands).

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a - b)
Balance recognized at 12/31/2016	**$ 1,356,666**	**$ 869,489**	**$ 487,177**
(Based on 1/1/2016 measurement date)			
Changes recognized for the fiscal year:			
Service cost	23,406		23,406
Interest on total pension liability	103,695		103,695
Changes in benefit terms	-		-
Differences between expected and actual experience	4,667		4,667
Changes of Assumptions	42,537		42,537
Contributions from employer		50,711	(50,711)
Contributions from employee		11,957	(11,957)
Net investment income		58,549	(58,549)
Benefit payments, including refunds of employee contributions	(85,752)	(85,752)	
Administrative expense		(134)	134
Net changes	88,553	35,331	53,222
Balance recognized at 12/31/2017	**$ 1,445,219**	**$ 904,820**	**$ 540,399**
(Based on 1/1/2017 measurement date)			

	2017	2016
Plan fiduciary net position as a percentage of the total pension liability	62.61%	64.09%
Actuarially determined contributions	$ 53,073	$ 50,711

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.

The following table shows the Total Pension Liability for the Non-Qualified Plan for the Measurement Period from January 1, 2016, to January 1, 2017, and the changes for the year ended December 31, 2017, (in thousands).

	Increase (Decrease)
	Total Pension Liability
Balance recognized at 12/31/2016	**$ 5,857**
(Based on 1/1/2016 measurement date)	
Changes recognized for the fiscal year:	
Service cost	252
Interest on total pension liability	211
Changes in benefit terms	-
Differences between expected and actual experience	765
Changes in assumptions	461
Administrative expense	-
Net changes	$ 1,689
Balance recognized at 12/31/2017	**$ 7,546**
(Based on 1/1/2017 measurement date)	

Pension Liability – The following table shows the Pension Liability as reported on the Statements of Net Position for the years ended December 31 (in thousands).

	2017	**2016**
Retirement Plan		
Total pension liability	$ 1,445,219	$ 1,356,666
Net position	904,820	869,489
Net pension liability	540,399	487,177
Non-Qualified Plan		
Total pension liability	7,546	-
Pension Liability	**$ 547,945**	**$ 487,177**

Sensitivity – The following table illustrates the impact of interest rate sensitivity on the Total Pension Liability and Net Pension Liability for the year ended December 31, 2017, (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 (1/1/2017).

	1% Decrease	Discount Rate	1% Increase
Retirement Plan	**6.0%**	**7.0%**	**8.0%**
Total pension liability	$ 1,610,326	$ 1,445,219	$ 1,306,588
Plan fiduciary net position	904,820	904,820	904,820
Net pension liability	$ 705,506	$ 540,399	$ 401,768
Non-Qualified Plan	**2.78%**	**3.78%**	**4.78%**
Total pension liability	$ 8,702	$ 7,546	$ 6,600

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended December 31, 2017, OPPD recognized pension expense of $53,073,000 and non-qualified pension expense of $1,809,000.

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, 2017 (in thousands).

	Deferred Outflows	Deferred Inflows
Retirement Plan		
Differences between actual and expected experience	$ 4,850	$ 2,810
Changes of assumptions	60,714	-
Net difference between expected and actual earnings on pension plan investments	69,190	
Contribution made in fiscal year ending December 31, 2017	53,073	-
Total	$ 187,827	$ 2,810
Non-Qualified plan		
Differences between actual and expected experience	$ 371	$ -
Changes of assumptions	223	-
Benefits paid in fiscal year ending December 31, 2017	3,852	-
Total	$ 4,446	$ -
Total deferred outflows/inflows of resources	**$ 192,273**	**$ 2,810**

The Company reported $53,073,000 as deferred outflows of resources related to pensions resulting from the contributions made to the Retirement Plan subsequent to the measurement date. The Company also reported $3,852,000 as deferred outflows of resources related to pensions for benefits paid from the Non-Qualified Plan subsequent to the measurement date. These amounts will be recognized as pension expense in the year ended December 31, 2018. 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 Pension Liability as follows (in thousands):

Year	Qualified Plan	Non-Qualified Plan
2018	$ 45,198	$ 594
2019	45,198	-
2020	37,235	-
2021	4,313	-
2022	-	-
Thereafter	-	-

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 $5,400,000 and $5,989,000 for the years ended December 31, 2017 and 2016, respectively. The employer maximum annual match on employee contributions was $3,500 per employee for the years ended December 31, 2017 and 2016. Beginning in 2018, the employer maximum annual match will increase to $4,000 per employee.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

There are two separate plans for Other Postemployment Benefits (OPEB). OPEB Plan A provides postemployment health care and life insurance benefits to qualifying members. OPEB Plan B provides postemployment 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, 2017, 1,956 of the 3,924 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)
2017	$ 135,826	$ 405,999	$ 270,173	33.5%	$ 187,605	144.0%
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%

Annual OPEB Cost and Actuarial Assumptions – The annual OPEB cost and ARC for OPEB Plan A was $22,568,000, $21,842,000 and $23,228,000 for the years ended December 31, 2017, 2016 and 2015, respectively. The increase in 2017 was due to higher trending health care costs. The decrease in 2016 was due to changes in assumptions. 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, 2017, 2016 and 2015. Contributions by Plan A members were $4,141,000, $3,709,000 and $3,439,000 for the years ended December 31, 2017, 2016 and 2015, respectively.

The actuarial assumptions and methods used for the valuations on January 1, 2017, 2016 and 2015, were as follows:

- The pre-Medicare health care trend rates ranged from 7.4% immediate to 4.5% ultimate in 2017, from 7.5% immediate to 4.5% ultimate in 2016, from 7.25% immediate to 5.0% ultimate in 2015.
- The post-Medicare health care trend rates ranged from 8.6% immediate to 4.5% ultimate in 2017, 8.4% immediate to 4.5% ultimate in 2016, and from 6.5% immediate to 5.0% ultimate in 2015.
- The investment return (discount rate) used was 7.0% in 2017 and 2016 and 7.5% in 2015, 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-2016 with generational projection for 2017, 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.

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, 2017, only one of the 725 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)
2017	$ 3,735	$ 2,153	$ 1,582	173.5%	$ 60,619	2.6%
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%

Annual OPEB Cost and Actuarial Assumptions – The OPEB Plan B ARC was $123,000, $29,000, and $297,000 for the years ended December 31, 2017, 2016 and 2015, respectively. The annual OPEB cost was $224,000, $127,000, and $402,000 for the years ended December 31, 2017, 2016 and 2015, respectively. There was an OPEB net asset of $515,000, $740,000, and $867,000 as of December 31, 2017, 2016 and 2015, respectively. Company contributions were $0 for the years ended December 31, 2017, 2016 and 2015.

The actuarial assumptions and methods used for the valuations on January 1, 2017, 2016 and 2015 were as follows:

- The investment return (discount rate) used was 5.25% in 2017 and 2016, and 5.5% in 2015, 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-2016 with generational projection for 2017, 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.

SELF-INSURANCE HEALTH PROGRAM

Employee health care and life insurance benefits are provided to substantially all employees. There were 1,691 and 1,824 employees with medical coverage as of December 31, 2017 and 2016, 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 in the Segregated Fund – Other (Note 3). Additionally, private insurance has been purchased to cover claims in excess of 125% of expected aggregate levels and $450,000 per member.

Health care expenses for employees were $28,980,000 and $27,315,000 for the years ended December 31, 2017 and 2016, respectively.

The total cost of life and long-term disability insurance for full-time employees was $1,416,000 and $1,550,000 for the years ended December 31, 2017 and 2016, respectively.

The balance of the Incurred but Not Presented Reserve was $3,057,000 and $3,483,000 as of December 31, 2017 and 2016, 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.

7. ADDITIONS TO AND UTILIZATIONS OF RESERVES

The Rate Stabilization Reserve was increased by $8,000,000 and $26,000,000 for the years ended December 31, 2017 and 2016, respectively. The balance of the reserve was $50,000,000 and $42,000,000 as of December 31, 2017 and 2016, respectively.

The Decommissioning and Benefits Reserve was increased by $34,500,000 and $0 for the years ended December 31, 2017 and 2016, respectively. The balance of the reserve was $34,500,000 and $0 as of December 31, 2017 and 2016, respectively.

8. 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 - other, was $2,779,000 and $1,236,000 as of December 31, 2017, and 2016, 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, 2017, was

4,962,614 megawatt-hours. The balance of TCRs reported in other current assets was $529,000 and $19,000 as of December 31, 2017 and 2016, respectively (Note 2).

9. 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, or 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.

As the regional transmission expansion planning authority, SPP works with its members and stakeholders to develop transmission projects needed in the footprint to meet the reliability, economic, and public policy needs. The Elkhorn River Valley Transmission Project is a joint effort between OPPD and the City of Fremont to connect an OPPD substation in Blair with a substation in Fremont. The 23-mile line, consisting of a 161-kV segment and a 69-kV segment, is under construction and is planned to be in service by the fourth quarter of 2018. Once complete, the line will be owned by the Company. This project is intended to support the growing demand for electricity and improve reliability. OPPD and the City of Fremont will share the costs of the project with the Company paying 40% of the total costs. Additionally, a portion of the project will receive regional funding under the SPP OATT.

The SPP planning process also identified the need for a 345-kV power line that was built by the Company and Kansas City Power and Light. This transmission project connects a substation at the Nebraska City Station to Sibley, Missouri. The new line was completed and energized in December 2016. The project will receive regional funding under the SPP OATT.

10. OTHER – NET

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

	2017	2016
Grants from FEMA	$ 6,461	$ 245
Interest subsidies from the federal government	2,169	2,040
Insurance recoveries	1,062	-
Other	1,121	(56)
Total	$ 10,813	$ 2,229

11. RISK MITIGATION AND RECOVERIES

OPPD is exposed to various risks of loss related to general liability and property damage. The company procures property and liability insurance, subject to certain limits and deductibles, to reduce the adverse effect on its financial position or operational capabilities from claims caused by such matters. In 2017, OPPD purchased Cyber

Liability insurance to mitigate the risk of loss due to a cyber occurrence. There have been no significant changes to the Company's insurance portfolio. 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, 2017, 2016, and 2015 (in thousands).

	2017	2016	2015
IBNP reserve	$ 3,057	$ 3,483	$ 3,574
Workers' compensation reserve	5,384	1,399	1,545
Public liability reserve	420	308	121
Total	$ 8,861	$ 5,190	$ 5,240

The following table summarizes the changes in the total claims liability during 2017, 2016, and 2015 (in thousands).

	2017	2016	2015
Claims liability, beginning of year	$ 5,190	$ 5,240	$ 4,569
Payments on claims	(2,406)	(2,046)	(2,001)
Provision for claims	6,077	1,996	2,672
Claims liability, end of year	$ 8,861	$ 5,190	$ 5,240

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. FEMA declared disasters for storms during 2017, 2015 and 2014. The receivable for those disasters was $8,526,000 and $2,579,000 at December 31, 2017 and 2016, respectively.

The Company was 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 filed a damage claim with its insurance carrier and proceeds were received in 2017. The turbine was replaced in April 2017 during a planned outage. The Company had an outstanding receivable of $0 and $3,281,000 at December 31, 2017 and 2016, respectively.

12. FORT CALHOUN STATION

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. 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. Ceasing FCS operations is expected to result in an improved competitive position, stable debt service coverage and reduced financial risks. The Operating Services Agreement with Exelon was terminated in June 2017 and the Licensing Agreement was terminated in December 2017.

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 were $959,575,000 for the year ended

December 31, 2016. The write-off was recorded to the Special Item on the Statements of Revenues, Expenses and Changes in Net Position.

A portion of the nuclear fuel inventory was not included in the 2016 impairment amount as it was anticipated to be sold in 2017. In 2016, it was reclassified as Nuclear Fuel Held for Sale and reported at fair value in Current Assets on the Statements of Net Position. The nuclear fuel inventory was sold in October 2017 for $15,200,000 and resulted in additional write-off to the Special Item for $1,972,000.

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

	2017	**2016**
Nuclear fuel held for sale	$ 1,972	$ -
Net electric plant	-	728,674
Regulatory assets	-	79,793
Net nuclear fuel	-	70,419
Materials and supplies	-	64,597
Contract termination fees	-	15,216
Other	-	876
Total	**$ 1,972**	**$ 959,575**

A portion of the materials and supplies inventory was not included in the impairment as it is anticipated to be used or sold. As a result, it was reported at fair value in Current Assets on the Statements of Net Position. The balance was $3,748,000 as of December 31, 2017 and 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 current year dollars to decommission FCS using the SAFSTOR methodology was $1,241,032,000 and $1,348,897,000 as of December 31, 2017 and 2016, respectively. The estimated cost to decommission the station in current year dollars for the NRC-required obligations was $1,175,333,000 and $1,249,597,000 as of December 31, 2017 and 2016, respectively. This included $89,665,000 in Current Liabilities and $1,085,668,000 in Other Liabilities as of December 31, 2017, and $124,685,000 in Current Liabilities and $1,124,912,000 in Other Liabilities as of December 31, 2016 on the Statements of Net Position. The estimated costs were based on a third-party, site-specific cost study.

The major assumptions used in the cost estimate as the basis for the decommissioning liability for December 31, 2017 and 2016, were as follows:

- Costs are provided in current year dollars.
- Personnel costs based on a single average salary for security and non-security staff, adjusted for headcount reductions.
- Site facilities are based on a 2013 analysis and updated to include a new security building.
- Overhead costs for site and corporate support.
- Recurring non-labor costs derived from the 2018 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.

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 $690,068,000 and $864,093,000 as of December 31, 2017 and 2016, respectively. This included $156,000,000 in Current Assets and $534,068,000 in Other Long-Term Assets as of December 31, 2017, and $147,000,000 in Current Assets and $717,093,000 in Other Long-Term Assets as of December 31, 2016 on the Statements of Net Position. In 2017, a long-term asset of $65,546,000 was recorded for the estimated recovery from the DOE for costs related to spent fuel management activities. The DOE recovery amount was based on the low-end range of the potential reimbursement in accordance with accounting standards. The balance of the decommissioning trust assets was $421,257,000 and $382,134,000 as of December 31, 2017 and 2016, respectively, and includes interest receivables of $874,000 and $536,000 as of December 31, 2017 and 2016, respectively.

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 $0 and $9,450,000 were paid for the years ended December 31, 2017 and 2016, respectively. 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.

OPPD entered into an agreement with EnergySolutions Inc. (ESI) 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 ESI. The agreement included both on-site and off-site support by personnel across multiple disciplines as needs are identified, including advice on the safe characterization, packaging, transportation and disposal of nuclear material.

Employees located at FCS or other locations, 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. Employees received severance payments totaling $2,508,000 and $3,220,000 in 2017 and 2016, respectively. The number of employees that received these payments was 32 and 57 in 2017 and 2016, respectively.

Severance costs are accrued as the benefits are earned and recognized ratably over the future service period. Future severance costs beyond December 31, 2017 are estimated to be paid to approximately 311 employees in various waves of reductions through 2022. Severance costs of $4,232,000 and $7,708,000 were recorded as of December 31, 2017 and 2016, respectively.

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 2017, 133 employees received performance incentive payments totaling $6,696,000. In 2016, 82 employees received performance incentive payments totaling $1,775,000. Future performance incentive costs beyond December 31, 2017 are estimated to be paid to approximately 85 employees.

Performance incentive costs of $7,024,000 and $3,196,000 were recorded as of December 31, 2017 and 2016, respectively.

13. COMMITMENTS AND CONTINGENCIES

Commitments for the uncompleted portion of construction contracts were approximately $39,714,000 at December 31, 2017.

Power sales commitments that extend through 2027 were $31,800,000 as of December 31, 2017. Power purchase commitments, including capacity contracts, that extend through 2022 were $35,465,000 as of December 31, 2017. 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, 2017.

	Total Capacity (in MW)	OPPD Share (in MW)	Commitment Through	Amount (In thousands)
Ainsworth *	59.4	10.0	2025	$ 16,186
Elkhorn Ridge **	80.0	25.0	2029	11,323
Total	139.4	35.0		$ 27,509

* *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 requires 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, Prairie Breeze and Grande Prairie.

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 2020 with minimum future payments of $135,713,000 at December 31, 2017. The Company also has coal-transportation contracts that extend through 2020 with minimum future payments of $253,025,000 as of December 31, 2017. These contracts are subject to price adjustments.

Under the provisions of the Price-Anderson Act as of December 31, 2017, 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 Nebraska City Station Unit 1 (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.

14. STATEMENT OF CASH FLOWS CORRECTIONS AND RECLASSIFICATIONS

The Company conducted a comprehensive review of the Statements of Cash Flows in 2017. As a result, certain amounts in the 2016 Statement of Cash Flows have been corrected or reclassified to conform to the 2017 presentation in accordance with GASB Codification Section 2450: Cash Flow Statements. These corrections and reclassifications had no effect on cash and cash equivalents, the Company's Statements of Net Position, the Company's Statements of Revenues, Expenses and Changes in Net Position, or the Company's Notes to Financial Statements.

The following table summarizes the corrections and reclassifications on each of the affected Statement of Cash Flows line items for the year ended December 31, 2016 (in thousands).

	AS ORIGINALLY REPORTED	ADJUSTMENTS		AS CURRENTLY REPORTED
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from retail customers …………………………………	$984,598	($11,612)	**D**	$972,986
Cash received from other sources ……………………………………	0	5,643	**D**	5,643
Cash paid to operations and maintenance suppliers ………………	(542,825)	80,154	**A,D**	(462,671)
Cash paid to employees ……………………………………………	(155,644)	(14)	**E**	(155,658)
Cash paid to pension and OPEB obligations ………………………	0	(73,751)	**A**	(73,751)
Net cash provided from operating activities ………………………	301,851	420		302,271
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from federal and state agencies …………………………	$0	$4,828	**C**	$4,828
Net cash provided from noncapital financing activities ……………	0	4,828		4,828
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from long-term borrowings ………………………………	$343,220	($337,460)	**B**	$5,760
Principal reduction of debt …………………………………………	(350,057)	303,580	**B**	(46,477)
Interest paid on debt ………………………………………………	(132,127)	35,644	**B,C**	(96,483)
Acquisition and construction of capital assets ……………………	(145,451)	(4,196)	**D**	(149,647)
Proceeds from NC2 participants ……………………………………	10,400	(10,400)	**D**	0
Contributions in aid of construction and other reimbursements ..	19,973	9,347	**C,D**	29,320
Acquisition of nuclear fuel …………………………………………	(17,178)	1	**E**	(17,177)
Net cash used for capital and related financing activities …………	(271,220)	(3,484)		(274,704)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments …………………………………………	($1,245,734)	$1	**E**	($1,245,733)
Maturities and sales of investments ………………………………	1,217,839	(1,765)	**B**	1,216,074
Net cash used for investing activities ……………………………	(24,829)	(1,764)		(26,593)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES				
Accounts receivable ………………………………………………	($33,233)	$4,269	**E**	($28,964)
Regulatory assets …………………………………………………	0	25,579	**E**	25,579
Regulatory assets - FPPA …………………………………………	6,115	(6,115)	**E**	0
Regulatory assets - FCS decommissioning…………………………	(4,985)	4,985	**E**	0
Regulatory assets - FCS recovery costs……………………………	12,363	(12,363)	**E**	0
Regulatory assets - FCS outage costs………………………………	12,087	(12,087)	**E**	0
Other ………………………………………………………………	24,359	(3,848)	**D,E**	20,511
Net cash provided from operating activities ………………………	301,851	420		302,271
NONCASH CAPITAL, FINANCING AND INVESTING ACTIVITIES				
Bond proceeds transferred directly to irrevocable trust to defease (	$0	$336,699	**B**	$336,699
Net amortization of debt related expenses, premiums and discount:	0	8,209	**C**	8,209
Allowances for funds used during construction ……………………	0	7,380	**C**	7,380
Unrealized gains/(losses) on investments …………………………	0	(118)	**C**	(118)

Explanation of Adjustments:

A – Amount was reclassified to separately present cash outlays for pension and OPEB obligations consistent with current year presentation.

B - Line item was added or adjusted to correct the presentation in accordance with the requirements of GASB Codification 2450 for noncash capital, financing and investing activities, which requires bond proceeds from the issuance of new bonds in connection with the defeasance of existing bonds be presented within the Noncash

Capital, Financing and Investing Activities section as one line item. These corrections are not material to the Statement of Cash Flows.

C - Line item was added or adjusted to correct the presentation in accordance with the requirements of GASB Codification 2450 for noncapital financing activities and noncash capital, financing and investing activities. These corrections are not material to the Statement of Cash Flows.

D – Line item was added or adjusted to correct the presentation in accordance with the requirements of GASB Codification 2450. These corrections are not material to the Statement of Cash Flows.

E – Reclassification was made to conform to the 2017 presentation.

15. SUBSEQUENT EVENTS

Management evaluated subsequent events through the date the financial statements were available to be issued and did not identify any subsequent events that would require recognition or disclosure as of and for the year ended December 31, 2017.

Required Supplementary Information

Schedule of Changes in Total Pension Liability, Net Pension Liability and Related Ratios

The following schedules show the history of changes in Total Pension Liability and Net Pension Liability as of December 31 using a January 1 measurement date (in thousands).

Retirment Plan	2017	2016	2015
Total Pension Liability			
Service cost	$ 23,406	$ 23,224	$ 22,492
Interest on total pension liability	103,695	100,285	93,643
Changes of benefit terms	-	1,268	-
Difference between expected and actual experience	4,667	2,593	(5,328)
Changes of assumptions	42,537	-	54,712
Benefit payments, including refunds of employee contributions	(85,752)	(81,441)	(79,681)
Net change in total pension liability	**88,553**	**45,929**	**85,838**
Total pension liability (beginning)	**1,356,666**	**1,310,737**	**1,224,899**
Total pension liability (ending) (a)	**$ 1,445,219**	**$ 1,356,666**	**$ 1,310,737**
Plan Fiduciary Net Position			
Contributions from employer	$ 50,711	$ 46,568	$ 53,008
Contributions from employee	11,957	12,375	11,720
Net investment income	58,549	(11,465)	32,020
Benefit payments, including refunds of employee contributions	(85,752)	(81,441)	(79,681)
Administrative expense	(134)	(111)	(193)
Net change in plan fiduciary net position	**35,331**	**(34,074)**	**16,874**
Plan fiduciary net position (beginning)	**869,489**	**903,563**	**886,689**
Plan fiduciary net position (ending) (b)	**$ 904,820**	**$ 869,489**	**$ 903,563**
Net pension liability (ending) (a)-(b)	**$ 540,399**	**$ 487,177**	**$ 407,174**
Plan fiduciary net position as a percentage of total pension liability	62.61%	64.09%	68.94%
Covered-employee payroll	$ 187,605	$ 200,905	$ 196,344
Net pension liability as a percentage of covered-employee payroll	288.05%	242.49%	207.38%

Non-Qualified Plan	2017
Total Pension Liability	
Service cost	$ 252
Interest on total pension liability	211
Changes of benefit terms	-
Difference between expected and actual experience	765
Changes of assumptions	461
Benefit payments	-
Net change in total pension liability	**1,689**
Total pension liability (beginning)	**5,857**
Total pension liability (ending)	**$ 7,546**
Covered-employee payroll	$ 1,305
Total pension liability as a percentage of covered-employee payroll	578.24%

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

See notes to required supplementary information

Schedule of Contributions

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

	2017	2016	2015	2014
Actuarially determined contribution	$ 53,073	$ 50,711	$ 46,568	$ 53,008
Contribution made in relation to the actuarially determined contribution	53,073	50,711	46,568	53,008
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 187,605	$ 200,905	$ 196,344	$ 194,100
Contributions as a percentage of payroll	28.29%	25.24%	23.72%	27.31%

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

See notes to required supplementary information

Notes to Required Supplementary Information

Retirement Plan

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 Retur*n*:* 7.00% for 2017 and 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

Non-Qualified Plan

OPPD contributes to a fund for the Non-Qualifed Plan on an actuarially determined basis. The fund will be used to pay related benefits; however, it does not meet the criteria for GASB 68 as the assets are not legally protected from creditors. As such, assets were reported in the Company's financial statements and were not netted against the total pension liability. The Company has adopted and implemented the provisions of GASB 73 in 2017.

Valuation Date: Actuarially determined calculations are 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

Salary Increases: Varies by age

Retirement Rates: Varies by age and service

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

APPENDIX B

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

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KUTAKROCK

Kutak Rock LLP
The Omaha Building | 1650 Farnam Street, Omaha, NE 68102-2186
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September 26, 2018

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

OMAHA PUBLIC POWER DISTRICT (NEBRASKA)
$145,330,000 Electric System Revenue Bonds, 2018 Series A

Ladies and Gentlemen:

We have examined proceedings relating to the issuance by the Omaha Public Power District (the "District") of its $145,330,000 Electric System Revenue Bonds, 2018 Series A (the "2018 Bonds"). The 2018 Bonds are issued under the provisions of the hereinafter-described Authorizing Resolution.

The 2018 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 2018 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. 6255, adopted on July 12, 2018, pursuant to which, along with the General Resolution, the District has issued the 2018 Bonds (Resolution No. 6255 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 2018 Bonds. The 2018 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 2018 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 2018 Bonds is not includable in gross income for federal income tax purposes. Interest on the 2018 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 for taxable years beginning before January 1, 2018, interest on the 2018 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 corporations' adjusted current earnings over their 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 2018 Bonds to be included in gross income retroactive to the date of issue of the 2018 Bonds. Although we are of the opinion that interest on the 2018 Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the 2018 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 2018 Bonds is exempt from all present Nebraska state income taxes.

The obligations of the District contained in the 2018 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 2018 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,

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

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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.

OMAHA PUBLIC POWER DISTRICT (NEBRASKA) • ELECTRIC SYSTEM REVENUE BONDS, 2018 SERIES A

your energy partner®

OPPD

Omaha Public Power District

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

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