



POWERING PARTNERSHIPS

2017 ANNUAL REPORT



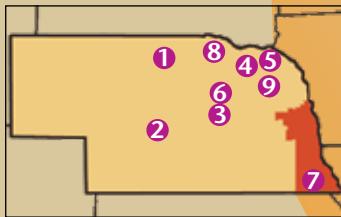
OPPD Service Territory

- Served at Retail
- ▲ Served at Wholesale
- Power Station*
- Wind Generation
- ★ OPPD Headquarters

* 2017 rated capability



WIND FARMS



1. **Ainsworth**
10-megawatt participation agreement
2. **Broken Bow I**
18-megawatt participation agreement
3. **Broken Bow II**
43.9-megawatt participation agreement
4. **Petersburg**
40.5-megawatt participation agreement
5. **Elkhorn Ridge**
25-megawatt participation agreement
6. **Crofton Bluffs**
13.6-megawatt participation agreement
7. **Prairie Breeze**
200.6-megawatt participation agreement
8. **Flat Water**
60-megawatt participation agreement
9. **Grande Prairie**
400-megawatt participation agreement
9. **Sholes**
160-megawatt participation agreement (2019)

About OPPD

Omaha Public Power District is a publicly owned electric utility that serves an estimated population of 833,000 people, more than any other electric utility in the state.

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

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



Emily Judevine works as an assistant unit operator at Nebraska City Station.

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On the cover

The old Jones Street Power Station has been converted into The Breakers, a unique apartment complex that preserves much of the historical plant’s charm.



Board Chair and CEO Message



President and CEO Timothy J. Burke (left)
and Board Chair Michael J. Cavanaugh

At Omaha Public Power District, we pride ourselves in providing affordable, reliable and environmentally sensitive energy services to our customers. But something else we do, and do as well as any electric utility in the nation, is powering partnerships.

Each day, we partner with customer-owners, business owners, homeowners, community leaders, special interest groups and other stakeholders, even other utilities, to carry out our mission.

Such partnerships have led us to pledge the unprecedented move of having no general rate increase through 2021.

Those partnerships take place within OPPD, as well. Inside our utility, various areas have been collaborating to safely and economically decommission Fort Calhoun Nuclear Station. That work has gone smoothly and will continue in the coming years. At Nebraska City Station, our engineers and plant operators have teamed up to make our largest generating station more efficient than ever to keep customers' rates low. And at North Omaha Station, three units have been retrofitted to run on natural gas to serve as "peaking stations," called upon at times of peak demand for energy.

With the energy landscape changing, we continue down the path of adding more renewables to our generation portfolio. In 2017, renewables represented about 30 percent of our retail sales. The recently announced Sholes Wind Energy Center in Wayne County, Neb., will put us closer to our goal of at least 50 percent of retail sales coming from renewables. This year, we will develop plans around a community solar project with input from our stakeholders, another example of our valuable partnerships.

We are proud of our public power heritage and the fact that we answer to our customer-owners, providing them with cost-effective and reliable energy. When that reliability is put to the test, employees respond. In June, our team showcased extreme dedication and commitment in response to one of our most destructive storms ever. Within two days, OPPD had restored service to 90 percent of the 76,500 customers who lost power.

That same spirit of teamwork is evident on the economic development front. Our Economic Development team partners with organizations and businesses across the state and country to bolster our region's economy. This past year, more than \$1 billion in capital investment projects for OPPD's service territory were announced. The biggest was a new data center for Facebook, located just outside the Omaha metro area. A big part of their decision was because of the development of our innovative new rate – 261M – for large customers seeking more renewable energy. The momentum continues for the coming years, with new projects in development.

As this report shows, OPPD remains in a strong financial position.

We will keep powering partnerships just as we will continue leading the way we power the future.

Handwritten signature of Timothy J. Burke in black ink.

Timothy J. Burke
President and CEO

Handwritten signature of Michael J. Cavanaugh in black ink.

Michael J. Cavanaugh
Chair of the Board

Board of Directors



Michael J. Cavanaugh
Chair of the Board
Omaha Police
Lieutenant (retired)
Real Estate Investor –
Manager



Anne L. McGuire
Vice Chair of the Board
Nurse Educator (retired)



Michael A. Mines
Treasurer
Governmental
Advisor



Craig C. Moody
Secretary
Business Owner



Thomas S. Barrett
Board Member
Attorney at Law



Tim W. Gay
Board Member
Governmental Advisor



Mark E. Treinen
Board Member
Business Executive
(retired)



Rick M. Yoder
Board Member
Consultant

Senior Management



Timothy J. Burke
President &
Chief Executive Officer



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



Juli A. Comstock
Vice President –
Customer Service
Assistant Secretary



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



L. Javier Fernandez
Vice President –
Financial Services &
Chief Financial Officer
Assistant Secretary



Mary J. Fisher
Vice President –
Energy Production
& Nuclear
Decommissioning
Assistant Secretary



Lisa A. Olson
Vice President –
Public Affairs
Assistant Secretary



Martha L. Sedky
Vice President –
Human Capital
Assistant Secretary



Scott M. Focht
Senior Director –
Business Strategy &
Deployment

OPERATIONS REVIEW

At OPPD, we've long been proud of our motto, "your energy partner." That's how we see ourselves, and it's a good description of our relationship with our customer-owners. They are farmers in the countryside irrigating fields. They are staples of Omaha's business community looking to add more load. They are families enjoying a dinner together at home.

As a public power utility, we give our customers and community a voice and keep their interests at the forefront as we deliver affordable, reliable and environmentally sensitive energy services.



OPPD's 54.6 mile Arbor Rail Line is one of only a handful of Nebraska locations with ready-rail access to both Union Pacific and Burlington Northern Santa Fe railroads. That access attracted Midwest Farmers Co-op to locate along the line in Syracuse, Neb. The co-op welcomed its first 110-car shuttle last spring.



Bolstering businesses

A healthy business climate means good things for those living and working in the community, and energy plays a big role.

OPPD collaborates with community groups, such as area chambers of commerce and economic development organizations, to serve businesses' needs. Last year, this partnership identified large pieces of "shovel-ready" land for potential development. That effort helped produce the area's biggest project of 2017: a new Facebook data center located just outside Omaha in Sarpy County.

A big reason for Facebook's decision was having OPPD as a strong partner in the creation of the new 261M rate, which helps large customers meet their renewable energy goals.

OPPD doesn't just work with new businesses. Long-time customers like Rotella's Italian Bakery saw expansions and worked directly with OPPD. Rotella's, which ships its breads to clients across the U.S., is finishing a 56,000-square-foot facility to house

additional production lines to keep up with demand. The expansion brings a nearly 30 percent increase in energy demand.

Partnering with the world-renowned University of Nebraska Medical Center and Nebraska Medicine, OPPD helped them find ways to use less energy through energy conservation measures and targeted upgrades, despite an increase of 2 million square feet in the campus size.

OPPD's low rates and high reliability have also played a big role in drawing new businesses to the area, like Omaha-based tech company Flywheel, which hosts websites and relies on OPPD's electricity to be there when it needs it.

OPPD's service territory received national recognition this past year for a number of new developments and was one of 10 U.S. utilities named among *Site Selection* magazine's top utilities in the country. More than \$1 billion in new capital investment projects were announced for the area in 2017.

Facebook began construction of its new data center in Sarpy County last spring.



OPPD's Economic Development team played an integral role in attracting Facebook to Nebraska. Team members, from left, include Brook Aken, Jason Esser, Tim O'Brien and Devin Meisinger.



Innovation in our industry

OPPD sees the need to transform and embrace challenges by continuing to put an emphasis on innovation.

For the second year, a team of employees has developed creative ideas and solutions to address the rapidly changing utility landscape and push work groups outside their comfort zones. The team evaluated more than 250 ideas in 2017. In 2018, OPPD will launch an innovation lab to identify and explore breakthrough ideas that could generate new value for customers and employees.

For our customers and stakeholders, one of our biggest successes has been the impact to their budgets and bottom lines – through our commitment to no general rate increase through 2021. That commitment was made possible partly because of our difficult decision to cease operations at Fort Calhoun Nuclear Station (FCS), which is now being decommissioned. Over the past year, FCS employees worked to scrap, repurpose and recycle equipment from the plant, began work on the upcoming dry cask storage project and inspected hundreds of used nuclear fuel bundles.

Along with the FCS decision, our Lean efforts and cost and process initiatives factored into holding rates steady. From calculated reductions in operations and maintenance to capital spending, those combined efforts have helped the utility fulfill the commitment to our ratepayers.

In late 2017, OPPD unveiled its Thermostat Program, an innovative way for customers to help reduce demand at peak times. We partnered with Nest Labs for the new



OPPD's new Thermostat Program uses smart, Wi-Fi-enabled thermostats to help curb energy demand, like the Nest Thermostat E, shown here. The program is the company's latest Power Forward solution, part of a portfolio of demand-side management programs.



Among the decommissioning projects at Fort Calhoun Nuclear Station is an upcoming dry cask storage facility project.

demand-side management program. We will be evaluating adding more “smart,” Wi-Fi-enabled thermostat manufacturers in the future.

OPPD will continue to place an increased focus on renewable energy, working toward the goal of having at least 50 percent of retail sales come from renewables.

In 2017, renewables represented about 30 percent of retail sales and that number will only increase when Sholes Wind Energy Center begins operations.



OPPD continues to expand its renewable energy sources and is working toward having at least 50 percent of retail sales come from renewables.

Never resting on reliability

Having some of the lowest rates in the country is great, but if you're not there when your customers flip the switch, you're not being a true energy partner. We take every bit as much pride in our reliability as we do in our prices. We use a combination of routine maintenance, new infrastructure and emerging technologies to ensure reliability.

In late 2016, OPPD completed one of its largest projects in the last 10 years, the Midwest Transmission Project. A priority project for the Southwest Power Pool, the transmission line helps ease congestion and increase capacity in the region. Other transmission projects began construction this year, including the Elkhorn River Valley Transmission Project, which will improve reliability for both OPPD and the Fremont, Neb., area.

Customers in an area of north Omaha will see the benefits of new



Jake Farrell, supervisor of Land Management, Siting and Records, talks with customers and gathers feedback at an event about the Sarpy Transmission Project.

infrastructure as a result of OPPD's first phase of smart grid and distribution automation. With the infrastructure in place to support smart communication devices in that area, OPPD will monitor the project to understand the impacts this technology could have for customers in the coming years.

Aerial inspections, one routine process that keeps outages to a minimum, went high-tech in 2017 when OPPD began using its own drone to inspect transmission lines. Although OPPD still uses a helicopter at times,

drone inspections can be performed more frequently and at a lower cost, helping keep the system reliable and our customers' rates low.

In 2017, through the Transmission and Distribution Improvement Program, crews replaced more than 40 miles of cable on our distribution system. OPPD inspected and treated about 30,000 wood distribution poles to extend their life, and replaced more than 300 poles. Crews also replaced a number of components in our network and substation systems.



At right, Nebraska City Station workers perform maintenance at OPPD's largest generating station.



Caring for our community

In June, a destructive wind storm impacted a third of OPPD's 5,000-square-mile service territory. In two locations, tornadoes did major damage to transmission lines, even uprooting 100-year-old trees. It was the fourth-worst storm in terms of outages to ever hit our area. OPPD crews worked long hours, and mutual aid utilities came from near and far to help restore power. Assistance came from neighboring utilities, including Nebraska Public Power District, Lincoln Electric System, Loup River Public Power District and Southern Power, as well as out-of-state partners from Iowa, Colorado and Alabama.

In 2017, OPPD partnered with Omaha's Henry Doorly Zoo and Aquarium to provide tree trimmings from the district's reliability efforts to feed animals.



Mutual aid partnerships prove invaluable at times like these, and for that reason, OPPD has sent crews as far as New York City, Louisiana and Mississippi in the past.

In September, we again sent crews to Jacksonville and Tampa to help restore power to Florida customers after Hurricane Irma.

While natural disasters garner headlines, OPPD employees are out in the community every day, working to make a difference. Our annual Heat the Streets Run & Walk for Warmth, a partnership with other area utilities, raises money for the Energy

Assistance Program, which helps customers struggling to pay their energy bills.

In August, OPPD proudly became the first Omaha partner to start working with Legacy I3, a program designed to bring a

more diverse group of employees from areas of our service territory that have been underrepresented in the past. The students go through a rigorous curriculum and work with OPPD ambassadors before becoming interns when they start their post-high school education. This partnership benefits everyone involved, and it ultimately leads to the students becoming OPPD employees.

Hundreds of OPPD employees also regularly volunteer their time and talents in the community.

Our roles in the community are as important as our role of energy partner. Customers expect us to be there when they need us, whether they are restoring power or developing the leaders of tomorrow. That's what makes for a great partnership. And we look forward to powering those partnerships for years to come.





Account Executive Maurice Kimsey, center, speaks with students at OPPD's Energy Plaza headquarters.

OPPD crews make repairs to distribution lines damaged in a June storm that impacted one third of our service territory. It was OPPD's fourth-worst storm in terms of outages.

