Omaha Public Power District
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	**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

Omaha Public Power District
Statements of Net Position
as of December 31, 2017 and 2016

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
Electric 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

Omaha Public Power District
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

Omaha Public Power District
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 construction 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 in 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

Omaha Public Power District
Statements of Cash Flows
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.

	2017	2016
	(thousands)	
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.

	2017	2016
	(thousands)	
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

Notes to Financial Statements

as of and for the Years Ended December 31, 2017 and 2016

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 10-year period that 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 that 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. The impact to OPPD's financial statements is being evaluated.

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.

Notes to Financial Statements
as of and for the Years Ended December 31, 2017 and 2016

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	$ 456,560

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 deposits	6,777	9,343
Auction revenue rights (Note 8)	2,779	1,236
Deposits – other	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
Worker's 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 Trust Funds – These funds are to be used for the costs to decommission FCS. The Decommissioning Trust 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 Trust 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 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: These mutual funds invest 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 that 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

Notes to Financial Statements

as of and for the Years Ended December 31, 2017 and 2016

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 to refund 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	-	-
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** (c)
Balanced 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	-		-
Difference 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
Balanced 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	-
Difference 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		
Difference between actual and expected experience	$ 4,850	$ 2,810
Changes of assumptions	60,714	-
Net differences between expected and actual earnings on pension plan investment	69,190	-
Contribution made in fiscal year ending December 31, 2017	53,073	-
Total	$ 187,827	$ 2,810
Non-Qualified Plan		
Difference 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	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAL)	Funded Ratio	Covered Payroll	UAL Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((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	Actuarial Accrued Liability (AAL)	Overfunded Accrued Liability (OAL)	Funded Ratio	Covered Payroll	OAL Percentage of Covered Payroll
	(a)	(b)	(a-b)	(a/b)	(c)	((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 are 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 are derived from the 2018 site budget and adjusted for near-term or one-time costs.
- Design conditions are 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 who 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	-	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	-	(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	$ -	$ 4,828	**C**	$ 4,828
Net cash provided from noncapital financing activities	-	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**	-
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)

	AS ORIGINALLY REPORTED	ADJUSTMENTS	AS CURRENTLY REPORTED
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED FROM OPERATING ACTIVITIES			
Accounts receivable	$ (33,233)	$ 4,269 **E**	$ (28,964)
Regulatory assets	-	25,579 **E**	25,579
Regulatory assets – FPPA	6,115	(6,115) **E**	-
Regulatory assets – FCS decommissioning	(4,985)	4,985 **E**	-
Regulatory assets – FCS recovery costs	12,363	(12,363) **E**	-
Regulatory assets – FCS outage costs	12,087	(12,087) **E**	-
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 outstanding bonds	$ -	$ 336,699 **B**	$ 336,699
Net amortization of debt related expenses, premiums and discounts	-	8,209 **C**	8,209
Allowances for funds used during construction	-	7,380 **C**	7,380
Unrealized gains/(losses) on investments	-	(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).

Retirement 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 Total Pension Liability	2017
Service cost	$ 252
Interest on total pension liability	211
Changes of benefit terms	-
Difference between expected and actual experience	765
Changes of assumptions	461
Benefits 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

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 Return: 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-Qualified 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

Statistics (Unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Utility Plant										
(at year end)										
(in thousands of dollars)	**4,350,603**	4,305,055	5,574,941	5,395,489	5,288,168	5,187,395	5,027,093	4,865,417	4,678,449	4,561,815
Total Indebtedness										
(at year end)										
(in thousands of dollars)	**2,132,253**	2,193,921	2,256,348	2,224,843	2,267,277	2,296,305	2,085,540	2,011,969	1,937,704	1,902,403
Operating Revenues										
(in thousands of dollars)										
Residential	**409,272**	410,957	383,051	379,986	385,171	362,105	337,053	335,294	292,887	271,935
Commercial	**324,723**	324,545	315,079	311,917	306,719	292,296	274,102	284,400	265,668	238,496
Industrial	**214,580**	210,912	201,805	207,649	213,742	197,225	186,417	164,621	139,865	109,827
Off-System Sales	**163,761**	175,506	195,512	223,055	118,268	123,191	159,732	184,374	158,354	127,676
FPPA Revenue	**6,708**	(6,115)	(19,166)	(20,147)	15,169	(3,237)	35,345	269	—	—
Unbilled Revenues	**(1,049)**	6,753	(976)	(1,800)	4,490	4,517	(4,239)	1,232	7,449	3,391
Provision for Rate Stabilization	**(8,000)**	(26,000)	25,000	(4,000)	—	—	—	—	—	—
Provision for Debt Retirement	—	—	—	—	17,000	17,000	24,000	(13,000)	13,000	20,000
Provision for Decommissioning & Benefits Reserve	**(34,500)**	—	—	—	—	—	—	—	—	—
Other Electric Revenues	**28,806**	29,918	30,930	29,798	29,654	54,900	29,352	29,160	22,743	16,648
Total	**1,104,301**	1,126,476	1,131,235	1,126,458	1,090,213	1,047,997	1,041,762	986,350	899,966	787,973
Operations & Maintenance Expenses										
(in thousands of dollars)	**653,293**	823,857	841,939	832,519	796,104	770,073	789,516	720,957	653,993	561,396
Payments in Lieu of Taxes										
(in thousands of dollars)	**33,989**	34,138	32,241	31,651	31,827	30,094	28,217	27,851	24,810	22,426
Net Operating Revenues before Depreciation, Amortization and Decommissioning										
(in thousands of dollars)	**417,019**	268,481	257,055	262,288	262,282	247,830	224,029	237,542	221,163	204,151
Net Income Before Special Item										
(in thousands of dollars)	**79,168**	25,750	32,322	51,925	55,276	54,829	54,440	40,047	46,557	79,186
Special Item										
(in thousands of dollars)	**1,972**	(959,575)	—	—	—	—	—	—	—	—
Net Income (Loss)										
(in thousands of dollars)	**77,196**	(933,825)	32,322	51,925	55,276	54,829	54,440	40,047	46,557	79,186
Energy Sales										
(in megawatt-hours)										
Residential	**3,568,164**	3,588,933	3,470,523	3,559,978	3,607,439	3,595,316	3,602,973	3,644,400	3,361,672	3,486,858
Commercial	**3,675,829**	3,683,821	3,630,557	3,638,193	3,561,707	3,492,745	3,481,459	3,777,092	3,672,982	3,758,853
Industrial	**3,394,003**	3,328,290	3,301,175	3,500,977	3,606,611	3,670,346	3,698,719	3,427,710	3,039,396	2,877,282
Off-System Sales	**5,701,008**	7,238,266	7,840,683	7,694,203	3,925,574	3,671,978	4,631,175	5,552,645	5,534,803	3,003,888
Unbilled Sales	**(19,868)**	63,638	(26,640)	(39,493)	26,221	28,558	(85,917)	(24,109)	74,416	50,374
Total	**16,319,136**	17,902,948	18,216,298	18,353,858	14,727,552	14,458,943	15,328,409	16,377,738	15,683,269	13,177,255
Number of Customers										
(average per year)										
Residential	**328,576**	323,784	319,501	315,705	311,921	308,516	308,412	303,374	299,813	296,648
Commercial	**46,084**	45,537	45,104	44,785	44,221	43,589	43,564	43,225	43,134	42,867
Industrial	**157**	164	174	177	193	210	206	154	151	142
Off-System	**14**	15	11	15	33	35	41	38	34	32
Total	**374,831**	369,500	364,790	360,682	356,368	352,350	352,223	346,791	343,132	339,689
Cents Per kWh (average)										
Residential	**11.49**	11.47	11.07	10.68	10.68	10.12	9.37	9.22	8.77	7.82
Commercial	**8.83**	8.81	8.69	8.57	8.61	8.40	7.89	7.54	7.29	6.36
Industrial	**6.32**	6.35	6.12	5.94	5.96	5.38	5.05	4.83	4.62	3.82
Retail	**8.92**	8.94	8.66	8.42	8.43	7.94	7.42	7.26	6.96	6.13
Generating Capability										
(at year end)										
(in megawatts)	**2,645.7**	2,490.1	3,080.3	3,232.1	3,237.0	3,208.8	3,222.7	3,224.7	3,223.9	2,548.8
System Peak Load										
(in megawatts)	**2,426.9**	2,354.4	2,315.1	2,291.1	2,339.4	2,451.6	2,468.3	2,402.8	2,316.4	2,181.1
Net System Requirements										
(in megawatt-hours)										
Generated	**10,760,108**	14,689,524	15,399,002	16,212,801	13,209,542	12,855,389	13,807,712	15,870,513	15,263,983	12,477,032
Purchased and Net Interchanged	**395,288**	(3,502,796)	(4,488,016)	(5,026,318)	(1,819,871)	(1,529,643)	(2,576,167)	(4,428,059)	(4,627,627)	(1,864,214)
Net	**11,155,396**	11,186,728	10,910,986	11,186,483	11,389,671	11,325,746	11,231,545	11,442,454	10,636,356	10,612,818

Investor Relations and Corporate Information

Corporate Headquarters
Energy Plaza
444 South 16th Street Mall
Omaha, Nebraska 68102-2247
402-536-4131
oppd.com

General Counsel
Fraser Stryker PC LLO
Omaha, Nebraska

Financial Advisor
Barclays Capital Inc.
New York, New York

Consulting Engineer
NewGen Strategies & Solutions, LLC
Lakewood, Colorado

Independent Auditors
Deloitte & Touche LLP
Omaha, Nebraska

Bond Counsel
Kutak Rock LLP
Omaha, Nebraska

Commercial Paper Holders
Issuing and Paying Agent
The Bank of New York Mellon Trust Company, N.A.
New York, New York

Senior, Subordinate and Separate System Bondholders
You may contact OPPD with questions about OPPD debt at:

Finance & Investor Relations
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102-2247
Email: finfo@oppd.com
402-636-3286

The Trustee and Paying Agent on OPPD's Senior Lien Debt, Subordinated Revenue Bonds and Separate System Revenue Bonds is The Bank of New York Mellon Trust Company, N.A. You may contact The Bank of New York Mellon Trust Company, N.A. directly at:

The Bank of New York Mellon
Trust Company, N.A.
Global Corporate Trust
2 North LaSalle Street, Suite 1020
Chicago, Illinois 60602

Email: corporate.bond.research@bnymellon.com
Bondholder Communications: 800-254-2826

OPPD Minibond Holders
OPPD is the Paying Agent, Transfer Agent and Registrar on OPPD's Minibonds. OPPD Minibond Administration provides information and assistance to Minibond holders regarding:

- *Interest Payments*
  Interest on Current Interest-Bearing Minibonds is paid on April 1 and October 1 each year.
- *Ownership Transfer*
  Minibond Transfer Information Forms can be obtained via **oppd.com** or by contacting the Minibond Administrator. (See below.)
- *Annual Optional Early Redemption*

Minibond Administrator
You may contact the Minibond Administrator at:

Minibond Administrator
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102-2247
Email: minibonds@oppd.com
Omaha, Nebraska, area: 402-636-3286
Outstate Nebraska: 800-428-5584

Available Financial Information
In compliance with Securities and Exchange Commission Rule 15c2-12, information regarding OPPD is available through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System. Copies of its most recent annual reports, interim reports and official statements also are available upon request at **finfo@oppd**.com or at the following address:

Finance Division
Omaha Public Power District
444 South 16th Street Mall
Omaha, Nebraska 68102-2247

Financial information in the annual report also is available at **oppd.com**