

CNS maintains Column 1 standing

Midway through the first quarter of 2015, Oscar Limpias, Vice President and Chief Nuclear Officer at Cooper Nuclear Station (CNS), received the station's 2014 annual assessment letter from the Nuclear Regulatory Commission (NRC).

The NRC determined CNS performance was within the Licensee Response Column (or Column 1, a favorable assessment) of the Reactor Oversight Process Action Matrix. As a result, the NRC plans no inspections beyond those normally scheduled.

Additionally, CNS was found to have no open, significant, cross-cutting issues (SCCI). CNS went all of 2014 without an open SCCI. Also, the station's non-cited violations were below Region IV and Entergy Fleet averages.

"The annual assessment letter is evidence of how much we've improved since implementing the 'Road to Excellence,'" Limpias stated. "Our efforts to achieve top decile performance have a clear connection to our regulatory performance."

Transmission projects ongoing

NPPD's investment in a robust, reliability-enhancing transmission system continued at a high pace through the first quarter of 2015.

R-Project

In late January, the "final" line route for the R-Project was announced. The approximately 220-mile 345,000-volt transmission line is being built to enhance reliability, reduce system congestion and provide new transmission capacity to address future renewable power generation additions.

The final route runs north from NPPD's Gerald Gentleman Station near Sutherland to an existing Thedford substation. It then runs east toward Holt County to a new substation that will connect to an existing Western Area Power Administration 345,000-volt transmission line.

Line construction will be a combination of steel poles and lattice towers. Construction will begin in February 2017. The new line is scheduled to be energized in September 2018.

Stegall to Scottsbluff

A public hearing for NPPD's Stegall to Scottsbluff 115,000-volt transmission line was held in January in Gering, with a final line route announced in March.

The Stegall to Scottsbluff transmission line project calls for construction of a 115,000-volt transmission line from NPPD's existing Scottsbluff substation to a new substation approximately five miles south of Stegall. There will also be a short 345,000-volt transmission line built between NPPD's new substation and an existing substation near Stegall owned by South Dakota-based Basin Electric Power Cooperative.

The 23-mile transmission line will enhance system reliability in Western Nebraska and meet North American Electric Reliability Corporation (NERC) Reliability Standards. It is expected to be in service by mid-2017.

Hoskins to Neligh

In the first quarter of 2015, construction activities began in earnest for NPPD's Hoskins to Neligh 345,000-volt transmission line project. Project scope includes building approximately 39 miles of high-voltage line between NPPD's Hoskins substation near Norfolk and a new substation in the Neligh area. In addition, four 115,000-volt transmission line segments will be routed from the new substation to existing lines.

The project is being built to enhance operation of NPPD's electric transmission system and provide opportunity to expand renewable energy generation in the area. Specifically, this project will help meet customers' electricity demands in the area. It will be energized by mid-2016.

Muddy Creek to Ord

At the end of March, NPPD shared alternative line routes — including a preferred route — and substation sites at a third round of open houses for the Muddy Creek to Ord 115,000-volt transmission line project.

The line will be approximately 42 miles long, will address voltage and loading issues in the area as well as meet NERC Reliability Standards. It is scheduled to be in service in the summer of 2018.

NPPD issues \$223 million of tax-exempt bonds

In February 2015, the District issued General Revenue Bonds, 2015 Series A in the amount of \$223.0 million, to advance refund \$239.2 million of bonds. The refunding reduced total debt service payments over the life of the bonds by \$42.0 million, which resulted in present value savings of \$26.1 million.

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NPPD

Year-To-Date

First Quarter 2015

FINANCIAL HIGHLIGHTS

For the period ended
March 31, 2015

NPPD's Quarterly Highlights

First Quarter 2015

Condensed Financial Highlights -

Overview of NPPD -

NPPD is a public corporation and a political subdivision of the State of Nebraska, operating an integrated electric utility system which includes facilities for the generation, transmission and distribution of electric power and energy to wholesale and retail customers.

Control of NPPD and its operations are vested in a Board of Directors consisting of 11 members popularly elected from districts comprising subdivisions of NPPD's chartered territory.

The NPPD Board of Directors is authorized to establish rates.

Statistical Highlights -

	Three Months Ended March 31	
	2015	2014
Debt Service Coverage	1.69	1.56
System Peak Load, Megawatts (Anytime)	2,151	2,252
Firm Wholesale Electric Sales, Megawatt Hours	2,282,338	2,376,883
Retail Electric Sales, Megawatt Hours	846,689	902,755
Other Electric Sales, Megawatt Hours	2,107,964	2,323,811
Number of Retail Customers, Average	90,176	89,763

Balance Sheets	As of March 31	
	2015	2014
	<i>(In Thousands - Unaudited)</i>	
Current Assets	\$ 767,395	\$ 742,255
Special Purpose Funds	805,896	694,611
Utility Plant - Net	2,478,924	2,490,691
Other Long-Term Assets	802,744	795,849
Deferred Outflows of Resources	44,672	15,876
Total Assets & Deferred Outflows	\$ 4,899,631	\$ 4,739,282
Current Liabilities	\$ 217,397	\$ 232,777
Revenue Bonds	1,724,465	1,692,659
Commercial Paper Notes	92,000	102,300
Revolving Line of Credit	176,458	174,141
Other Long-Term Liabilities	1,172,258	1,120,479
Deferred Inflows of Resources	253,784	219,875
Net Position	1,263,269	1,197,051
Total Liabilities, Deferred Inflows & Net Position	\$ 4,899,631	\$ 4,739,282
Statements of Revenues, Expenses and Changes in Net Position	Three Months Ended March 31	
	2015	2014 *
	<i>(In Thousands - Unaudited)</i>	
Operating Revenues	\$ 272,947	\$ 271,282
Operating Expenses	(242,124)	(240,546)
Operating Income	30,823	30,736
Investment and Other Income	8,739	5,957
Debt and Other Expenses	(17,417)	(18,404)
Increase in Net Position	\$ 22,145	\$ 18,289
Sources of Operating Revenues		
Firm Sales - Wholesale and Retail	\$ 203,144	\$ 213,866
Participation Sales	20,898	20,834
Other Sales	33,825	59,820
Other Operating Revenues	15,625	15,999
Unearned Revenues	(545)	(39,237)
Total Operating Revenues	\$ 272,947	\$ 271,282

* Certain 2014 amounts have been restated to conform to the 2015 presentation.

Highlights Discussion -

For the three months ended March 31, 2015, operating revenues totaled \$272.9 million, which was \$1.7 million greater than the same period last year. While firm electric sales met budget for the first three months of the year, revenues from other electric sales were lower than the same period last year, primarily due to lower market prices.

Operating expenses totaled \$242.1 million, which was \$1.6 million greater than the same period last year. The change from the prior year was due primarily to increased operation and maintenance expenses, administrative and general costs, and depreciation. The increase was partially offset by lower fuel and power purchased expenses.

Investment and other income totaled \$8.7 million, which was \$2.8 million more than the same period last year. The change from the prior year was due primarily to an increase in the fair market value of decommissioning fund investments.

Debt and other expenses totaled \$17.4 million, which was \$1.0 million less than the same period last year. The decrease from the prior year was due primarily to lower average interest rates.

The increase in net position totaled \$22.1 million, which was \$3.9 million greater than the same period last year. The change from the prior year was due primarily to an increase in 2015 revenue requirements for construction from revenue and commercial paper principal payments, partially offset by a decrease in requirements for revenue bonds debt service.