

NPPD's Quarterly Highlights

Second Quarter 2016

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.

NPPD Board of Directors

Jerry L. Chlopek.....	Columbus
Fred L. Christensen.....	Lyons
Barry D. DeKay	Niobrara
Virgil L. Froehlich	Norfolk
Mary A. Harding	Milford
Thomas J. Hoff.....	Broken Bow
Ken R. Kunze.....	York
Ronald W. Larsen	Kearney
Larry E. Linstrom	North Platte
Edward J. Schrock	Holdrege/Elm Creek
Gary G. Thompson	Beatrice

Statistical Highlights -

	Six Months Ended June 30	
	2016	2015
Debt Service Coverage	1.97	1.51
System Peak Load, Megawatts (Anytime)	2,419	2,242
Firm Wholesale Electric Sales, Megawatt Hours	4,241,738	4,202,448
Retail Electric Sales, Megawatt Hours	1,588,764	1,550,526
Other Electric Sales, Megawatt Hours	3,303,377	4,420,035
Number of Retail Customers, Average	91,036	90,632

Condensed Financial Highlights -

Balance Sheets	As of June 30	
	2016	2015
	<i>(In Thousands - Unaudited)</i>	
Current Assets	\$ 857,587	\$ 805,920
Special Purpose Funds	745,798	776,025
Utility Plant - Net	2,558,604	2,499,548
Other Long-Term Assets	327,583	824,863
Deferred Outflows of Resources	45,149	43,373
Total Assets & Deferred Outflows	\$ 4,534,721	\$ 4,949,729
Current Liabilities	\$ 232,140	\$ 246,802
Revenue Bonds	1,580,525	1,720,253
Notes and Credit Agreements	317,459	268,461
Other Long-Term Liabilities	755,194	1,187,209
Deferred Inflows of Resources	262,834	260,043
Net Position	1,386,569	1,266,961
Total Liabilities, Deferred Inflows & Net Position	\$ 4,534,721	\$ 4,949,729
	<i>(In Thousands - Unaudited)</i>	
Statements of Revenues, Expenses and Changes in Net Position	Six Months Ended June 30	
	2016	2015
Operating Revenues	\$ 544,293	\$ 529,358
Operating Expenses	481,157	481,502
Operating Income	63,136	47,856
Investment and Other Income	21,213	12,482
Debt and Other Expenses	29,964	34,501
Increase in Net Position	\$ 54,385	\$ 25,837
Sources of Operating Revenues		
Firm Sales - Wholesale and Retail	\$ 392,455	\$ 388,894
Participation Sales	37,601	39,636
Other Sales	44,926	75,567
Other Operating Revenues	34,152	30,543
Unearned Revenues	35,159	(5,282)
Total Operating Revenues	\$ 544,293	\$ 529,358

Highlights Discussion -

For the six months ended June 30, 2016, operating revenues totaled \$544.3 million, which was \$14.9 million greater than the same period last year. However, participation sales and other sales were \$32.7 million less than the same period last year due to a decrease in energy sales and lower market prices in the Southwest Power Pool Integrated Market. The decrease in energy sales was because of a reduction in generation due to planned outages and unfavorable economic conditions due to the lower market prices. The net increase in operating revenues was due primarily to the recognition of \$40.4 million more in unearned revenues than the same period last year. This increase in unearned revenues was due largely to the recognition in 2016 of the previously deferred revenues in 2015 for the pre-collection of Cooper Nuclear Station refueling and maintenance outage costs. This outage is planned for the fall of 2016.

Operating expenses totaled \$481.2 million, which was \$0.3 million less than the same period last year. The change from the prior year was due primarily to reduced power generation with related decreases in fuel and operations and maintenance expenses. These expense reductions were partially offset by higher administrative and general costs due to an increase in funding for other postemployment benefits, higher transmission operations and maintenance expenses, and higher purchased power expense. The increase in purchased power expense was due primarily to greater participation purchases from Nebraska City 2, as this station was in an extended outage for most of the first quarter of 2015.

Investment and other income totaled \$21.2 million, which was \$8.7 million more than the same period last year. The change from the prior year was due to an increase in both interest income and in the change in fair market value of invested funds.

Debt and other expenses totaled \$30.0 million, which was \$4.5 million less than the same period last year. The decrease from the prior year was due to lower outstanding debt and the average interest cost.

The increase in net position totaled \$54.4 million, which was \$28.5 million greater than the same period last year. The change was due primarily to an increase in revenue requirements for debt service principal payments and a larger refund of unearned revenues for the six months ended June 30, 2016, compared to the revenue requirements for the same period in 2015.



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