

NPPD's Quarterly Highlights

Third 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.....	Plattsmouth
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 -

	Nine Months Ended	
	September 30 2016	2015
Debt Service Coverage	2.38	1.93
System Peak Load, Megawatts (Anytime)	2,964	2,695
Firm Wholesale Electric Sales, Megawatt Hours	7,358,724	7,292,674
Retail Electric Sales, Megawatt Hours	2,436,774	2,394,696
Other Electric Sales, Megawatt Hours	4,596,812	6,169,715
Number of Retail Customers, Average	91,253	90,834

Condensed Financial Highlights -

Balance Sheets	As of September 30	
	2016	2015
	<i>(In Thousands - Unaudited)</i>	
Current Assets	\$ 898,503	\$ 884,428
Special Purpose Funds	735,127	761,873
Utility Plant - Net	2,564,434	2,500,982
Other Long-Term Assets	439,174	829,339
Deferred Outflows of Resources	71,796	42,074
Total Assets & Deferred Outflows	\$ 4,709,034	\$ 5,018,696
Current Liabilities	\$ 239,051	\$ 222,395
Revenue Bonds	1,576,253	1,716,042
Notes and Credit Agreements	313,455	259,312
Other Long-Term Liabilities	878,374	1,200,035
Deferred Inflows of Resources	250,975	290,220
Net Position	1,450,926	1,330,692
Total Liabilities, Deferred Inflows & Net Position	\$ 4,709,034	\$ 5,018,696

Statements of Revenues, Expenses and Changes in Net Position	Nine Months Ended	
	September 30 2016	2015
	<i>(In Thousands - Unaudited)</i>	
Operating Revenues	\$ 890,386	\$ 843,678
Operating Expenses	(757,370)	(722,999)
Operating Income	133,016	120,679
Investment and Other Income	31,284	20,480
Debt and Other Expenses	(45,558)	(51,591)
Increase in Net Position	\$ 118,742	\$ 89,568
Sources of Operating Revenues		
Firm Sales - Wholesale and Retail	\$ 670,446	\$ 663,204
Participation Sales	56,461	57,493
Other Sales	65,293	103,254
Other Operating Revenues	46,657	45,417
Unearned Revenues	51,529	(25,690)
Total Operating Revenues	\$ 890,386	\$ 843,678

Highlights Discussion -

For the nine months ended September 30, 2016, operating revenues totaled \$890.4 million, which was \$46.7 million greater than the same period last year. However, participation sales and other sales were \$39.0 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, mild weather and unfavorable economic conditions due to the lower market prices. The net increase in operating revenues was due primarily to the recognition of \$77.2 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 \$37.0 million more for the Cooper Nuclear Station refueling and maintenance outage costs which were accrued for in 2015, \$23.2 million more for rate stabilization, and \$17.0 million for other postemployment benefits related to past service and included in rates for funding of the related trust for certain eligible wholesale customers.

Operating expenses totaled \$757.4 million, which was \$34.4 million greater than the same period last year. The change from the prior year was due primarily to higher administrative and general costs due to an increase in funding for other postemployment benefits, higher production and transmission operations and maintenance expenses, and higher purchased power expense. The increase in production operations and maintenance expenses were primarily due to the commencement of a planned refueling and maintenance outage at Cooper Nuclear Station this fall. The increase in transmission expenses was due to increases in Southwest Power Pool fees. These expense increases were partially offset by lower fuel costs due to reduced power generation.

Investment and other income totaled \$31.3 million, which was \$10.8 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 \$45.6 million, which was \$6.0 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 \$118.7 million, which was \$29.2 million greater than the same period last year. The change was due primarily to the recognition of previously deferred revenues for the Cooper Nuclear Station fall refueling and maintenance outage in 2016 (which revenues have not yet been entirely offset by outage expenses) and an increase in 2016 revenue requirements for commercial paper principal payments, partially offset by a decrease in requirements for revenue bonds debt service.



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