

Contract Provisions	Option A: Total Requirements with a Performance Standard	Option B: Customer Option for Partial Requirements
1. Term	20 years	20 years
2. First Option to Provide Notice to Reduce	When the Performance Standard is not met	1/1/18
3. Notice Requirements to Reduce	1 calendar year	3 calendar years down to 50% level; 1 calendar year after get down to 50% level
4. First Potential Reduction	1 calendar year after data available indicating Performance Standard not met	1/1/21
5. Maximum Annual Reduction	15%/15%/20%/20%/25%/25%, etc. for first, second, third, etc., time NPPD exceeds the standard	10%/year with no “banking” down to 50% level; no limit after get down to 50% level
6. Floor Level	0%	50% with no exit fee; 0% with exit fee
7. Qualifying Local Generation (QLG) used for offset purposes (Note: with all options, additional QLG can be utilized to serve load if a customer reduces)	2MW or 10% of peak load, whichever is larger (and subject to cap of 50% of peak load), w/3 month notice and initial <u>aggregate cap of ___% (TBD)</u>	Same as Option A
8. Exit Fee	None	For reductions below 50% level, Monthly Exit Fee = (RS - MV) x ER x AF, where Adjustment Factor (AF) = 1.0
9. Performance Standard	Each year, NPPD’s annual average wholesale rate for customers taking this option will be below the median <u>45th percentile</u> of the reported CFC power cost per kWh purchased for the same year. <u>If in any year NPPD’s average rate is below the 25th percentile of the CFC data, then NPPD shall bank 50% of such percentile difference and can apply such amounts as an offset in future years if it exceeds the 45th percentile.</u> (Customer wants to purchase from NPPD unless we do not perform)	None (Customer has flexibility to reduce for any reason)
10. Wholesale Rate	Base Rate (lowest rate)	Base Rate +3% applied to production demand and energy rates

Purchased Power Cost per kWh, CFC Survey, Including Transmission Cost, 2004-2014, Median Sample Size = 814



2016 WHOLESALE POWER CONTRACT (OPTION A)

between

Nebraska Public Power District

and

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1 **2016 WHOLESALE POWER CONTRACT (OPTION A)**

2
3 THIS 2016 WHOLESALE POWER CONTRACT (Contract) is made and entered
4 into effective the 1st day of January, 2016, by and between Nebraska Public Power
5 District (NPPD), a public corporation and political subdivision of the State of Nebraska,
6 and _____ (Customer), each sometimes hereinafter referred to
7 singularly as "Party" and collectively as "Parties."
8
9

10 **RECITALS**

11
12 WHEREAS, NPPD owns and operates electric generating facilities together with
13 a transmission system and is engaged in the generation, purchase, transmission and
14 sale of electric power and energy, and
15

16 WHEREAS, Customer operates an electric distribution system(s) and is engaged
17 in the purchase, distribution and sale of electric power and energy, and desires to
18 purchase its electric power and energy requirements on a wholesale basis from NPPD,
19 and
20

21 WHEREAS, the Parties recognize that the wholesale power contract is a vital
22 part of their long-term relationship and joint strategy, and
23

24 WHEREAS, the Parties have identified the need to have flexibility in the
25 wholesale power contract in order to provide a variety of energy products.
26

27 NOW, THEREFORE, in consideration of the covenants and agreements herein
28 contained, it is mutually agreed as follows:
29
30

31 **ARTICLE 1**
32 **GENERAL PROVISIONS**
33

34 **Section A, Definitions.** The following terms shall have the meanings
35 hereinafter set forth unless the context shall clearly indicate otherwise, to-wit:
36

- 37 1. **Billing Exhibit(s)** - Exhibit(s) shall be provided for wholesale power service to the
38 Customer showing characteristics of service, Point(s) of Delivery, Point(s) of
39 Measurement, delivery voltage, metering, loss factors, and special conditions (if any)
40 applicable to the service provided. Exhibit(s) showing the foregoing matters shall be
41 collectively numbered "B-1", "B-2", "B-3", and upwards consecutively. Exhibits may
42 be added, deleted, or revised from time to time by mutual agreement of the Parties
43 hereto and, when properly executed by the duly authorized officers or agents of the
44 Parties, shall become a part of this Contract.
45

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- 1 2. **Calendar Year** - A period of twelve (12) consecutive months commencing on
2 January 1 of said year and extending through December 31 of said year.
3
- 4 3. **Cost-Based Rate** – Rates which, when applied to the forecasted billing units for the
5 General Firm Power Service and Special Power Products, are intended to meet the
6 respective estimated revenue requirements for the study period defined in Article 2,
7 Section E. Specific rate designs may utilize methods other than average embedded
8 costs.
9
- 10 4. **Customer** - Any municipality, public power district (including the NPPD Retail
11 Division) or cooperative that purchases General Firm Power Service and Special
12 Power Products from Nebraska Public Power District at wholesale for resale under
13 this Contract.
14
- 15 5. **Demand** - The number of kilowatts delivered at any point during any specified
16 period of time, as set forth in the applicable wholesale rate schedules, as may be
17 modified from time to time.
18
- 19 6. **Distributed Generation** – A generator or electrical power device designed to
20 produce electrical energy on the End-Use Customer's side of the meter, as allowed
21 under and subject to the provisions of the General Firm Power Service Rate
22 Schedule, and which shall be used for such things as load serving, voltage control
23 and distribution augmentation.
24
- 25 7. **Distributor** - Any municipality, public power district or cooperative that purchases
26 demand and energy on a wholesale basis for purposes of resale to the end-use
27 loads it serves. A Distributor does not contract directly with NPPD for its purchase
28 of demand and energy as a Customer under this Contract nor as a purchaser under
29 a separate other wholesale power contract with NPPD; provided, for purposes of
30 this Contract, where a Customer's Contract provides for General Firm Power
31 Service rates to be applied and billed separately with respect to individual members
32 of said Customer, such members shall not be deemed to be Distributors.
33
- 34 8. **End-Use Customer** - A customer served at retail by Customer, and whose demand
35 and energy requirements are supplied by the Customer.
36
- 37 9. **Energy** – The number of kilowatthours delivered at any point during any specified
38 period of time, as set forth in the applicable wholesale rate schedules, as may be
39 modified from time to time.
40
- 41 10. **General Firm Power Service** – An NPPD general production pricing product
42 (excluding transmission) purchased by the Customer under a Cost-Based Rate to
43 meet the firm Demand and Energy requirements of its End-Use Customers,
44 including firm Demand and Energy requirements wholesale customers, and
45 exclusive of (i) Special Power Products, (ii) demand and energy purchased from
46 third parties, as allowed under this Contract, (iii) demand and energy purchased by
47 the Customer from Western Area Power Administration (Western) pursuant to

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1 Article 2, Section B, and (iv) any Demand and Energy requirements served by
2 Distributed Generation pursuant to Article 2, Section D.

- 3
- 4 **11. General Firm Power Service Rate Schedule** – The NPPD wholesale rate
5 schedule specifying the rates, terms, conditions, and other provisions of service for
6 Customers.
- 7
- 8 **12. Loss Adjustment** – It is understood that there are power and energy losses that
9 occur in the transmission and transformation of energy in kilowatthours (kWh) and
10 demand in kilowatts (kW) from the point on the transmission system where rates are
11 based (as specified in the wholesale rate schedules applicable to this Contract) to
12 the Point(s) of Measurement. The losses between those points shall be calculated
13 in a manner agreed upon between NPPD and the Customer. All loss factors shall
14 be shown on the appropriate Billing Exhibit, and may be revised from time to time
15 with changes in load and facility characteristics.
- 16
- 17 **13. Point(s) of Delivery** - The point(s) of interconnection of the transmission or
18 subtransmission system with Customer's system, where Demand and Energy are
19 delivered to the Customer, as identified on the appropriate Billing Exhibit. For
20 Customers who have exercised their option to reduce their purchases of Demand
21 and Energy pursuant to Article 2, Section A, the Point of Delivery shall be the inlet to
22 the transmission system.
- 23
- 24 **14. Point(s) of Interconnection** – The point(s) at which the electric systems of the
25 Parties are connected, as identified on the appropriate Billing Exhibits.
- 26
- 27 **15. Point(s) of Measurement** - The point(s) where Demand and Energy are metered
28 for the purpose of billing, as set forth on the appropriate Billing Exhibits.
- 29
- 30 **16. Public Power Entity** – A non-profit organization engaged in the business of
31 purchasing, generating, transmitting and/or distributing electric power and energy.
- 32
- 33 **17. Qualifying Local Generation** - A generator (or group of generators) directly
34 interconnected to the Customer's subtransmission or distribution facilities and/or
35 interconnected behind the meter used by NPPD for determining the Customer's
36 wholesale power bill, designed to produce electrical energy for wholesale sales, that
37 is not classified by NPPD as Distributed Generation. Such generators must utilize
38 as their energy source either methane, wind, solar, biomass, hydropower, or
39 geothermal resources, or must satisfy the criteria for qualifying status for small
40 power production facilities as set forth in FERC's regulations (CFR 18 CFR Part
41 292, as amended) and have either followed the FERC's self-certification process or
42 have applied for and received FERC certification as a qualifying facility. The
43 aggregate nameplate rating of all such generators shall be used in determining the
44 applicable requirements and provisions included in this Contract.
- 45
- 46 **18. Rate Stabilization Account or Accounts** – Financial record-keeping account or
47 accounts established by NPPD against which surplus or deficit net revenues

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1 resulting from General Firm Power Service and Special Power Products are credited
2 to or charged, respectively, each Calendar Year. Such amounts in the Rate
3 Stabilization Account or Accounts will be applied as adjustments to revenue
4 requirements in future years pursuant to Article 2, Section E.
5

- 6 **19. Special Power Products** - Optional production pricing products tailored and
7 designed to meet the specific needs and requirements of specific End-Use
8 Customer groups.
9
- 10 **20. Transmission Rate Schedule** – An NPPD-approved schedule of rates, charges,
11 terms and conditions for transmission and ancillary services. This schedule shall
12 apply to all Customers who have not exercised their option to reduce their
13 purchases of Demand and Energy pursuant to Article 2, Section A. The rates and
14 charges included in this schedule shall be set to recover the transmission and
15 ancillary service costs that NPPD incurs from its own system and/or the system of its
16 transmission service provider, as well as NPPD's related administrative costs. The
17 Transmission Rate Schedule is separate and distinct from NPPD's transmission
18 service provider's tariff.
19
- 20 **21. Western** - The Western Area Power Administration, which assumed power
21 marketing and transmission functions of the United States Bureau of Reclamation.
22
- 23 **22. Western UGPR Contract** - The contract between the United States of America
24 (acting through Western Upper Great Plains Region, Department of Energy) and
25 NPPD, executed July 30, 1998, the terms and conditions of which became effective
26 on January 1, 2001, as amended or supplemented, or as it may be renewed,
27 extended or replaced, for the sale of Pick-Sloan Missouri Basin-Eastern Division
28 project power by Western to NPPD and other Preference Eligible Entities (as
29 defined in said Western UGPR Contract) in Nebraska, and other related matters.
30 Defined terms in the Western UGPR Contract, as also used in this Contract
31 regarding the Western UGPR Contract, shall have the same meaning as set forth in
32 the Western UGPR Contract.
33

34 **Section B, Term of Contract and Eligibility.** This Contract shall become
35 effective on January 1, 2016, and shall have a term of twenty (20) years, and shall
36 continue in force thereafter from year to year unless terminated on an anniversary
37 thereof by at least five (5) years' prior written notice given by either Party to the other,
38 which notice may be given at any time on and after the fifteenth (15th) year of the term
39 of this Contract; provided, if a Customer has a pre-existing power supply contract with
40 the Nebraska Electric Generation & Transmission Cooperative, Inc. (NEG&T), the
41 Customer will have no obligation to take Demand and Energy hereunder until the
42 earliest date that such pre-existing power supply contract permits the commencement
43 of the sale of Demand and Energy by NPPD to Customer.
44

45 In the event NPPD terminates this Contract pursuant to the provisions of this
46 Section B, such termination shall be applicable to all Customers who receive service
47 from NPPD under this Contract, and all such Customers shall be entitled to continue to

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1 purchase from NPPD monthly quantities of Demand and Energy under as favorable a
2 Cost-Based Rate and contract terms and conditions as NPPD may provide at that time
3 for any other customer under similar conditions of service; provided:
4

5 (i) A Customer that is purchasing its total monthly Demand and Energy
6 requirements, exclusive of demand and energy purchased by the Customer from
7 Western pursuant to Article 2, Section B, and any Demand and Energy
8 requirements served by Distributed Generation pursuant to Article 2, Section D,
9 on the effective date of this Contract's termination shall be entitled to continue to
10 purchase its total monthly Demand and Energy requirements from NPPD.
11

12 (ii) A Customer that is purchasing a reduced amount of its Demand and
13 Energy requirements, pursuant to Article 2, Section A, on the effective date of
14 this Contract's termination shall be entitled to continue to purchase monthly
15 Demand and Energy quantities in amounts equal to the level of the Customer's
16 monthly Demand and Energy obligations from NPPD in each such month during
17 the twelve (12) month period immediately preceding the effective date of this
18 Contract's termination.
19

20 If Customer exercises its right to terminate this Contract pursuant to the
21 provisions of this Section B, NPPD is not obligated to offer nor is Customer entitled to
22 purchase Demand and Energy from NPPD under a Cost-Based Rate upon termination
23 of this Contract.
24

25 Except as otherwise provided in this Section B, NPPD shall have the right to
26 offer this Contract to any potential Customer who has not signed this Contract by the
27 effective date of this Contract; provided, such offer is approved by a three-fourths (3/4)
28 majority of the members of the Power Resource Advisory Board. However, NPPD's
29 future power resource planning shall be based primarily on the loads of those
30 Customers who sign this Contract and NPPD's Option B wholesale power contract and
31 those customers under existing wholesale power contracts which existed as of the
32 effective date of this Contract, for the remainder of the terms of those contracts. No
33 Customer shall have the right pursuant to this Contract, unless approved by NPPD and
34 a three-fourths (3/4) majority of the members of the Power Resource Advisory Board, to
35 sell power to any wholesale customer of NPPD existing on the effective date of this
36 Contract, who has not otherwise signed this Contract as of such date.
37

38 In the event a Distributor is purchasing, on or before the effective date of this
39 Contract, from a Customer, on a wholesale basis, its total monthly demand and energy
40 requirements, exclusive of demand and energy purchased by the Distributor from
41 Western, and such Distributor's contract with Customer expires or is terminated during
42 the term of this Contract, then (i) if such Distributor desires to renew or continue its
43 service with Customer under a new contract, such renewal or continuance shall not be
44 subject to approval of the Power Resource Advisory Board, or (ii) if such Distributor
45 does not desire to renew or continue its service with Customer under a new contract,
46 NPPD shall have the right, subject to the limitations of any then existing Wholesale
47 Service Area Agreement(s) between the Parties, to offer this Contract or NPPD's

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1 Option B wholesale power contract to such Distributor, and such offer shall not be
2 subject to approval of the Power Resource Advisory Board.
3

4 In the event a Distributor is not purchasing, on or before the effective date of this
5 Contract, from NPPD, on a wholesale basis, its total monthly demand and energy
6 requirements, exclusive of demand and energy purchased by the Distributor from
7 Western, and such Distributor desires to purchase such requirements, subsequent to
8 the effective date of this Contract, from a Customer, such purchase shall require
9 approval by a three-fourths (3/4) majority of the members of the Power Resource
10 Advisory Board; provided, however, once such approval has been given, if the
11 Distributor's contract with the Customer expires or is terminated during the term of this
12 Contract, then (i) if such Distributor desires to renew or continue its service with
13 Customer under a new contract, such renewal or continuance shall not be subject to
14 approval of the Power Resource Advisory Board, or (ii) if such Distributor does not
15 desire to renew or continue its service with Customer under a new contract, NPPD shall
16 have the right, subject to the limitations of any then existing Wholesale Service Area
17 Agreement(s) between the Parties, to offer this Contract or NPPD's Option B wholesale
18 power contract to such Distributor, and such offer shall not be subject to approval of the
19 Power Resource Advisory Board.
20

21 **Section C, Billing.** Customer shall be assessed for all Demand and Energy
22 purchased and provided hereunder at the rates specified under the applicable General
23 Firm Power Service, Special Power Products, and Transmission Rate Schedules.
24 Current copies of said rate schedules are attached as exhibits and made a part hereof
25 by reference. In the event any of the rate schedules applicable to this Contract are
26 amended, or in the event new rate schedules applicable to this Contract are developed
27 and approved, all in accordance with the notification and hearing process provisions of
28 Article 2 and Article 3, NPPD shall provide copies of such rate schedules to the
29 Customer, without the necessity of a formal amendment to this Contract. All bills for
30 Demand and Energy will be on a monthly basis and will be provided by NPPD to the
31 Customer as soon as reasonably practical after the end of the billing period, it being
32 recognized that partial billings may be submitted in the event that portions of the billings
33 may require additional time to prepare. All such billings, including partial billings, shall
34 be due and payable by the Customer within fifteen (15) calendar days from the date the
35 billing is rendered, whether or not the Customer disputes all or a portion of the billing;
36 provided, however, if such due date of any bill falls on a Saturday, Sunday or holiday
37 observed by either Party, the following business day shall then become the due date.
38 All bills shall be deemed rendered on the postmark date if deposited in first class mail,
39 properly addressed, with postage prepaid. Failure to receive a bill mailed to the
40 Customer shall not relieve the Customer from liability for payment. If other means of bill
41 delivery to the Customer is used, such bill shall be deemed rendered upon receipt by
42 the Customer. All bills shall be deemed paid on the postmarked date if deposited in
43 first class mail, properly addressed to NPPD, with postage prepaid. If other means of
44 bill payment to NPPD is used, such bill shall be deemed paid upon receipt of payment
45 by NPPD.
46

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1 All bills shall show the amounts of Demand and Energy provided during the
2 billing period by NPPD to the point on the transmission system at which rates are
3 based, as identified in the wholesale rate schedules applicable to this Contract, and
4 shall clearly set forth the computations and other factors essential to the calculation of
5 the amount due in accordance with the applicable rates and charges. Additionally, if
6 NPPD is furnishing or arranging for the transmission and/or subtransmission and/or
7 ancillary services necessary for delivery from the inlet of the transmission system to the
8 Point(s) of Delivery, the cost of arranging and providing any such services shall also be
9 included in the Customer's monthly bill.

10
11 In the event the Customer desires to dispute all or any part of a billing submitted
12 by NPPD pursuant to this Contract, the Customer shall nevertheless pay the full amount
13 of the billing when due and payable and shall give NPPD written notice of the dispute,
14 which notice shall fully describe the basis for the dispute and shall set forth a detailed
15 statement of disputed issues, the amount thereof in dispute, and the relief sought by
16 the Customer. Customer shall not be entitled to any adjustment on account of disputed
17 charges for which full payment by Customer, if applicable, has not been made and for
18 which notice has not been given, both in accordance with this Section C, nor shall
19 Customer be entitled to any adjustment on account of disputed charges for any time
20 periods prior to the three years immediately preceding the date of the written notice of
21 dispute.

22
23 In the event NPPD determines that a previously submitted billing under this
24 Contract is in error, and NPPD desires to perform an adjustment(s) to any part of such
25 previously submitted billing for purposes of correcting said billing error, NPPD shall give
26 written notice to Customer, which notice shall fully describe the amount and basis of
27 said adjustment(s). NPPD shall not be entitled to reimbursement from Customer for
28 any billing adjustment for which NPPD has not given notice in accordance with this
29 Section C, nor shall NPPD be entitled to reimbursement from Customer for any
30 adjustments to billings for any time periods prior to the three years immediately
31 preceding the date of the written notice of billing error.

32
33 Unresolved billing disputes arising out of or relating to this Contract shall be
34 finally settled by arbitration conducted under the rules of commercial arbitration of the
35 American Arbitration Association. Both Parties shall bear equally the cost of the
36 arbitration; provided, that each Party shall bear its own legal fees and costs unless the
37 arbitrator(s), in his (their) discretion, allocate(s) all or a portion of the fees and costs
38 incurred by the Party reasonably determined to be the prevailing Party against the other
39 Party, which the arbitrator(s) shall have the authority, but not the obligation, to do. All
40 decisions of the arbitrator(s) shall be final and binding on both Parties and enforceable
41 in any court of competent jurisdiction.

42
43 If the settlement of a dispute regarding a billing or billing adjustment results in a
44 refund or reimbursement to either Party, there shall be added to the refund or
45 reimbursement an amount for interest thereon. In the case of a billing refund to
46 Customer, such interest shall accrue on the amount to be refunded, from the date of
47 payment of the disputed amount or receipt of the notice of dispute, whichever is later,

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1 until the date upon which refund is made in full. In the case of a reimbursement of
2 monies to NPPD for a billing adjustment, such interest shall accrue on the amount to be
3 reimbursed, from the due date of the adjustment until the date upon which
4 reimbursement is made in full. Interest shall accrue at an annual interest rate that is
5 one percent (1%) less than the lowest United States prime rate of interest published on
6 that day (or the last previous publication day if not published on that day) in the money
7 rates section of the Wall Street Journal. Such interest calculation shall be on the basis
8 of actual days and a three hundred sixty-five (365) day Calendar Year.
9

10 In the event the Customer fails to make payment in full of each bill when due and
11 payable, including partial or corrected billings, the Customer shall pay to NPPD interest
12 on the amount due. Such interest shall accrue on any amount due from the date
13 payment was due until the date upon which payment of the unpaid balance of the billing
14 is made in full, in accordance with the provisions of this Section C.
15

16 **Section D, Reports.** Customer will furnish, or cause to be furnished to, NPPD
17 such information as is necessary for making any computation required pursuant to this
18 Contract and the Parties will cooperate in exchanging such additional information as
19 may be reasonably necessary for their respective operations.
20

21 **Section E, Confidentiality.** The Parties understand that information contained
22 in documents or other means of recording information, both written and verbal, will be
23 shared between the Parties from time to time under the terms of this Contract. In the
24 event any such information is deemed by the producing Party to be confidential in
25 nature, the producing Party shall so designate such information, and the receiving Party
26 agrees that any information so designated shall not be disclosed in any form to any
27 other person or entity without the prior written consent of the Party producing the
28 information unless disclosure is required by law.
29

30 **Section F, Loss Adjustment.** All adjustments for Demand and Energy losses as
31 may be required shall be made by using factors set forth in the applicable rate
32 schedule. Customer's specific loss factors will be documented on the appropriate
33 Billing Exhibit.
34

35 **Section G, Metering and Meter Testing.** NPPD shall furnish, install, maintain
36 and test at Points of Measurement, or cause to be furnished, installed, maintained and
37 tested, the necessary meters for determining the amounts of Demand and Energy
38 supplied to the Customer.
39

40 **Section H, Responsibility for Property.** Unless otherwise agreed, all meters
41 and other facilities furnished by NPPD and installed on Customer's property, shall be
42 and remain NPPD's property, and all meters and other facilities furnished by Customer
43 and installed on NPPD's property, shall be and remain Customer's property. The
44 respective owners of the meters and other facilities shall be responsible to maintain
45 such meters and other facilities, unless otherwise agreed. Customer agrees that NPPD
46 has the right of access to Customer's premises at all reasonable times in order to read,
47 test, repair, renew, exchange or remove such meters and other facilities. Customer

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1 shall have similar right of access to NPPD's property with respect to meters and other
2 facilities furnished and installed by Customer on NPPD's premises. Customer shall
3 exercise due care to protect NPPD's property located on Customer's premises, and
4 NPPD shall exercise due care to protect Customer's property located on NPPD's
5 premises.

6
7 **Section I, Balancing of Loads.** Customer shall, at all times, take and use
8 power in such manner that the load of Customer at its own system inlet will not be
9 unbalanced between phases more than ten percent (10%). If the load is unbalanced
10 more than ten percent (10%), NPPD reserves the right to require Customer, at
11 Customer's expense, to make the necessary changes to correct such conditions.

12
13 **Section J, Continuity of Service.** NPPD, at all times, will exercise reasonable
14 care and diligence in operating its system so as to furnish the Customer, as nearly as
15 practicable, a continuous supply of Demand and Energy. If NPPD shall be prevented
16 from providing the Demand and Energy herein contracted for, because of injuries to, or
17 breakdown of, its generating, transmission, or distribution facilities or other equipment,
18 or for necessary repairs thereto, or because of acts of God, or the public enemy,
19 strikes, labor troubles, fire, riot, flood, lightning, storm, civil disturbances, war, or the
20 consequences thereof, action of public authorities, litigation, or any other act or thing
21 which is beyond its reasonable control, such interruptions shall not constitute a breach
22 of this Contract, nor shall a cause of action for damages against NPPD accrue to the
23 said Customer, or any of its inhabitants, and the Customer shall save NPPD harmless
24 from any and all such claims, provided that NPPD shall proceed with diligence to
25 restore service as soon as practicable after receiving notice of interruption or failure.

26
27 **Section K, Right of Way.** Customer agrees to grant, on reasonable terms, any
28 easement or other rights across property owned or controlled by Customer for NPPD to
29 construct, operate and maintain electric lines or facilities which are necessary to furnish
30 Demand and Energy hereunder. NPPD agrees to consult with Customer regarding the
31 location of any such lines or facilities on Customer's property prior to the granting of any
32 easement or rights.

33
34
35 **Section L, Wholesale Sales Cooperation.** The Parties agree that during the
36 term of this Contract, unless mutually agreed otherwise by the Parties, neither NPPD
37 nor Customer will serve or offer to serve at wholesale (for resale) any wholesale loads
38 presently served by the other. If Customer so desires, NPPD and Customer shall agree
39 to execute and place on file with the Nebraska Power Review Board (NPRB), as soon
40 as practicable, Wholesale Service Area Agreement(s) identifying the wholesale service
41 areas of the Customer, and to seek NPRB approval of such agreement(s) subsequent
42 to their filing.

43
44 **Section M, Wholesale Power Contract – Option A.** References to "this
45 Contract" herein are understood to mean the Option A version of NPPD's wholesale
46 power contract. Under Option A, Customers purchase the entire amount of Demand
47 and Energy required to serve their End-Use Customers, except as otherwise provided

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1 in Article 2, Section A, during the twenty (20) year term of the Option A contract.
2 Customers under the Option A contract agree to pay for service at the rates specified in
3 the General Firm Power Service Rate Schedule. This Contract shall be the “standard
4 Wholesale Power Contract” referenced in NPPD’s Professional Retail Operations
5 Agreements and Distribution System Lease Agreements.
6
7

8 **ARTICLE 2** 9 **PRODUCTION**

10
11 **Section A, Options for Customer.** Except as otherwise provided in this Section
12 A, NPPD will have an obligation to furnish and the Customer will have an obligation to
13 take and pay for the entire amount of Demand and Energy needed to serve the
14 aggregated requirements of the Customer’s End-Use Customers, as well as the total
15 Demand and Energy requirements of other Distributors supplied by the Customer at
16 wholesale. Such obligation shall be exclusive of demand and energy purchased by the
17 Customer from Western pursuant to Article 2, Section B, and any Demand and Energy
18 requirements served by and allowed for under the wholesale rate schedules pursuant to
19 Article 2, Section D. A Customer may not purchase General Firm Power Service and/or
20 Special Power Products for resale to another electric Distributor, unless that Distributor
21 is a total requirements customer of the Customer, excluding demand and energy
22 purchased by the Distributor from Western.
23

24 **Reduction Guidelines and Base Monthly Demand Obligation:**

25
26 A Customer may reduce its purchase of Demand and Energy requirements from
27 NPPD, as provided hereinafter. NPPD shall establish reduction guidelines consistent
28 with then current energy market requirements which describe the process for the
29 determination of the hourly amount of NPPD-supplied Demand and Energy provided to
30 a Customer that has reduced its purchases from NPPD, and the billing for such
31 Demand and Energy under the General Firm Power Service Rate Schedule. In
32 establishing such reduction guidelines, NPPD shall consider recommendations and
33 input from the Rate Review Committee. NPPD may revise such reduction guidelines
34 from time to time.
35

36 For a Customer that elects to reduce its purchases from NPPD, NPPD and
37 Customer shall establish the maximum amount of Demand which NPPD will have an
38 obligation to provide in any month. If the Customer so elects to reduce its purchase of
39 Demand and Energy requirements, it must do so, as provided hereinafter, for each
40 month in the Calendar Year. NPPD shall establish a “Base Monthly Demand Obligation”
41 for each such month, which shall be utilized in conjunction with the reduction guidelines
42 to determine the Customer’s future obligation for Demand and Energy purchases from
43 NPPD. Such calculation of the Base Monthly Demand Obligation shall be set forth in
44 an executed exhibit between NPPD and the Customer, which exhibit shall be attached
45 hereto and incorporated herein by reference.
46

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1 The Base Monthly Demand Obligation for any month shall be established as the
2 amount of Demand, in kilowatts, equal to the average of the Customer's Demand
3 requirements provided by NPPD during such month in each of the three (3) Calendar
4 Years prior to the date when the Customer first commences to reduce its purchase of
5 Demand and Energy requirements from NPPD. The calculation of such amount of
6 Demand shall be increased by the metered amount of any Qualifying Local Generation
7 utilized by the Customer to offset the Customer's purchase of Demand and Energy
8 under this Contract under the provisions of this Section A, but shall exclude (i) demand
9 supplied by Western to the Customer (and Customer's Distributors, as appropriate), or
10 (ii) demand supplied by Western, as identified in Exhibits C and D, to the Customers
11 through NPPD, which is allocated by NPPD to the Customer. In no event shall the
12 Customer's obligation to take and pay for Demand and Energy in any month exceed the
13 actual Demand and Energy delivered hereunder, except for any minimum ratchet
14 Demand and Energy quantities, the billing for which is specified in the then current
15 wholesale rate schedules.

16
17
18 Subject to the reduction guidelines, for a Customer reducing its purchases of
19 Demand and Energy under this Section A, the Energy to be delivered to the Customer
20 in each hour shall be proportionate to its total load in each hour (excluding Western).

Performance Standard and Reductions Due to Non-Performance:

21
22
23
24 NPPD's performance in maintaining the average cost of General Firm Power
25 Service at or below a specified level shall be measured by NPPD's "Annual Average
26 Wholesale Power Cost", which shall be equal to the annual average production plus
27 transmission cost per kWh for all Customers taking service under this Contract
28 compared to the "Performance Standard", which shall be equal to the forty-fifth (45th)
29 percentile level of the power cost per kWh purchased for the reporting U.S. utilities, as
30 listed in the National Rural Electric Cooperative Financial Corporation (CFC) Key Ratio
31 Trend Analysis (Ratio 88), as the same may be modified, amended, superseded, or
32 replaced as mutually agreed to by NPPD and a majority of the members of the Rate
33 Review Committee.

34
35 In any Calendar Year in which NPPD's Annual Average Wholesale Power Cost
36 is less than the twenty-fifth (25th) percentile level of the CFC Ratio 88 data, NPPD shall
37 be entitled to a credit ("Performance Credit") in the amount of one half of the difference
38 between 25 and the actual NPPD cost percentile level. Any such Performance
39 Credit(s) to which NPPD is entitled shall be banked by NPPD for potential future use.
40 In any Calendar Year in which NPPD's Annual Average Wholesale Power Cost
41 exceeds the 45th percentile level of the CFC Ratio 88 data, if NPPD has sufficient
42 accumulated Performance Credits available it shall utilize an amount of such
43 Performance Credits equal to the difference between the actual NPPD cost percentile
44 level and 45, and NPPD shall not be considered to have exceeded the Performance
45 Standard for that Calendar Year.

46

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1 For any Calendar Year beginning with 2016 cost data, if NPPD's Annual Average
2 Wholesale Power Cost exceeds the Performance Standard for said Calendar Year,
3 following application of any Performance Credits, Customer shall have the right to
4 reduce its purchase of Demand and Energy requirements from NPPD in the amounts
5 set forth below:
6

- 7 (i) For the first Calendar Year exceedance, up to fifteen percent (15%) of the
8 Customer's Base Monthly Demand Obligation.
- 9 (ii) For the second Calendar Year exceedance, up to fifteen percent (15%) of
10 the Customer's Base Monthly Demand Obligation.
- 11 (iii) For the third Calendar Year exceedance, up to twenty percent (20%) of
12 the Customer's Base Monthly Demand Obligation.
- 13 (iv) For the fourth Calendar Year exceedance, up to twenty percent (20%) of
14 the Customer's Base Monthly Demand Obligation.
- 15 (v) For the fifth and any subsequent Calendar Year exceedance, up to
16 twenty-five percent (25%) of the Customer's Base Monthly Demand
17 Obligation.
18

19 If Customer elects to utilize such right to reduce its purchase from NPPD in
20 accordance with items (i) through (v) set forth above, Customer shall provide written
21 notice to NPPD for such reduction not less than one (1) Calendar Year prior to the
22 commencement of such reduction; provided, if Customer does not provide notice to
23 NPPD to reduce its purchase prior to the reporting of the Performance Standard for the
24 ensuing Calendar Year, the Customer's right to provide notice to reduce its purchase
25 from NPPD for the prior year's exceedance is waived by the Customer.
26

27 Qualifying Local Generation: 28

29 In addition to the reduction options previously described in this Section A,
30 Customer shall have the right, upon not less than three (3) months' written notice, to
31 utilize Qualifying Local Generation to offset the Customer's purchase of production
32 Demand and Energy under this Contract. The Customer can utilize Qualifying Local
33 Generation for offset purposes with an aggregate nameplate rating of up to two (2) MW
34 or ten percent (10%) of the Customer's peak annual Demand, whichever is greater,
35 subject to a maximum cap of fifty percent (50%) of the Customer's peak annual
36 Demand. The Customer shall provide written notice to NPPD of any existing and all
37 new (once the Customer has committed to its installation or contracted for its purchase)
38 Qualifying Local Generation that is to be utilized for such offset, and provide details on
39 the size, fuel type, and interconnection location. Any Qualifying Local Generation
40 (operating prior to the effective date of this Contract) which a Customer is utilizing for
41 offset purposes under the provisions of the NPPD General Firm Power Service Rate
42 Schedule will be utilized for the Qualifying Local Generation offset allowed for under
43 this Contract. In addition, the Customer shall provide NPPD, upon request, with hourly
44 metered data for Qualifying Local Generation (used either for offset purposes or for
45 load serving purposes) for NPPD's use in calculating the Customer's wholesale power
46 bill under this Contract. The ten percent (10%) and fifty percent (50%) of the
47 Customer's peak annual Demand calculations shall be based on the highest total

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1 NPPD-supplied Demand of the Customer recorded during any hour of the previous
2 twelve (12) months. Such ten percent (10%) and fifty percent (50%) calculations shall
3 be performed at the time the Customer first utilizes any Qualifying Local Generation for
4 offset purposes under this Contract, and shall not be adjusted in the future for any
5 change in the Customer's NPPD-supplied Demand.
6

7 Customer agrees during such time as it is receiving at least 50 percent of its
8 power and energy from NPPD, to allow NPPD to include in NPPD's generation portfolio
9 recognition for any renewable/environmental attributes of the energy produced on
10 Customer's behalf pursuant to the Qualifying Local Generation provisions of this
11 Contract. NPPD's right to receive recognition for such attributes is contingent upon
12 NPPD and Customer agreeing to the amount of compensation to be paid by NPPD to
13 Customer for such attributes. Customer agrees to grant NPPD a right of first refusal to
14 purchase any such attributes.
15

16
17 **Section B, Western.** This Contract has been entered into on the express
18 understanding that NPPD shall keep in effect the Western UGPR Contract, including
19 any amendments and exhibits thereto, during the term of such contract, providing,
20 among other things, for the purchase of (1) 104,554 kilowatts of Firm Electric Service,
21 (2) 48,000 kilowatts of Seasonal Firm Electric Service, which shall be furnished during
22 the Summer Season each year and which has been designated by NPPD under its
23 wholesale power contracts for irrigation pumping, (3) 288,000 kilowatts of Summer
24 Season Firm Peaking Power Service, 52,000 kilowatts of which has been designated by
25 NPPD under its wholesale power contracts for irrigation pumping, and (4) 70,080
26 kilowatts of Winter Season Firm Peaking Power Service, as such amounts may be
27 revised from time to time pursuant to the provisions of the Western UGPR Contract and
28 this Section B. The definitions of Firm Electric Service, Seasonal Firm Electric Service,
29 Firm Peaking Power Service, Winter Season and Summer Season, Preference
30 Customer and Preference Eligible Entity shall all be as defined in the Western UGPR
31 Contract. In the event its Preference Customer status would change, NPPD will, upon
32 becoming knowledgeable that such change is pending, notify Western of such pending
33 change and pursue with Western a process to provide for the continued receipt of
34 benefits by Customers who remain Preference Eligible Entities, all in accordance with
35 the provisions of the Western UGPR Contract and federal law governing said contract.
36 At such time as it provides notice to Western, NPPD shall notify its Customers of such
37 pending status. Additionally, in the event that NPPD begins to pursue a merger with
38 another Preference Eligible Entity, NPPD will so inform its Customers. No such merger
39 that is entered into voluntarily by NPPD shall adversely affect the continued receipt of
40 benefits by Customers who remain Preference Eligible Entities, in accordance with the
41 provisions of the Western UGPR Contract and federal law governing said contract. In
42 the event such a merger is forced upon NPPD by circumstances beyond its control,
43 then NPPD shall use its best efforts to ensure that Customers who remain Preference
44 Eligible Entities shall continue to receive benefits in accordance with the provisions of
45 the Western UGPR Contract and federal law governing said contract.
46

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1 NPPD acknowledges that under the Western UGPR Contract, certain customers
2 are defined as Preference Eligible Entities or Preference Customers. NPPD further
3 acknowledges the right of any Preference Eligible Entity to contract with the United
4 States as a Preference Customer for the amount of Firm Electric Service allotted to
5 such entity and presently identified in the table depicted in paragraph 2.1.3 of Exhibit A
6 of the Western UGPR Contract, a duplication of which is attached hereto as Exhibit C.
7 In the event the table in paragraph 2.1.3 of Exhibit A to the Western UGPR Contract is
8 modified, Exhibit C shall be modified accordingly and the revised Exhibit C attached
9 hereto.

10
11 The total irrigation pumping allowance, defined for purposes of NPPD's
12 wholesale power contracts as Western power designated for irrigation pumping, to be
13 allocated by NPPD to Customers eligible to receive such irrigation pumping allowance,
14 is 100 megawatts. Should Western withdraw or reduce the Seasonal Firm Electric
15 Service and/or Summer Season Firm Peaking Power Service sold to NPPD and
16 designated for irrigation pumping, a pro rata reduction shall be made to the irrigation
17 pumping allowance and NPPD shall not be obligated to continue to maintain total
18 irrigation pumping allowance at the 100 megawatt level.

19
20 NPPD hereby acknowledges that the irrigation pumping allowance is
21 contractually allocable directly to certain eligible Customers, and each eligible
22 Customer's allocated share is identified on Exhibit D to this Contract. Exhibit D may be
23 amended from time to time due to: (a) Western's withdrawal or reduction of Seasonal
24 Firm Electric Service and/or Summer Season Firm Peaking Power Service, as
25 described above in this Section B, (b) diversity, (c) a change in the NPPD system
26 losses applied to irrigation pumping, (d) a change in the billing point, if other than bus A,
27 or (e) merger of two or more recipients of irrigation pumping allocations. In the event a
28 Customer who receives an allotment of the irrigation pumping allowance elects to
29 exercise its option to reduce its purchases of Demand and Energy pursuant to Article 2,
30 Section A, such Customer shall continue to be entitled to its entire allotment of irrigation
31 pumping allowance; provided, such Customer may, at NPPD's sole discretion, be
32 required to contract directly with Western for its own irrigation pumping allowance.
33 Allocations of the 100 megawatts of irrigation pumping allowance, or such subsequent
34 amount as may be established in the future will include an additional adjustment for
35 diversity. If and when the General Firm Power Service Rate Schedule specifies that
36 Customers' production billing demands shall be determined on an NPPD-system
37 coincident basis, then this additional adjustment for diversity shall no longer be
38 applicable.

39
40 Customers who either directly or indirectly receive benefits from the Western
41 UGPR Contract shall comply with Sections 34, 40, 41, 51, 52, 56, 62, 63, and 64 of the
42 Western UGPR Contract, in accordance with the provisions of said contract. A copy of
43 said sections of the Western UGPR Contract shall be provided to the Customer(s) upon
44 request.

45
46 For a Customer who has not exercised its option to reduce its purchases of
47 Demand and Energy pursuant to Article 2, Section A, and who elects to contract with

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1 the United States as a Preference Customer for its Firm Electric Service allotted to the
2 Customer, NPPD agrees to provide, or arrange for the provision of, transmission,
3 subtransmission and ancillary services necessary to deliver all of the Customer's
4 demand and energy requirements from the inlet of the transmission system to the
5 Point(s) of Delivery, as referenced in Article 3.

6
7 **Section C, Special Power Products.** During the term of this Contract, NPPD
8 will cooperate with Customers and the Rate Review Committee to develop Special
9 Power Products to be offered to all Customers for the benefit of End-Use Customers.
10 The development of a Special Power Product may be initiated by a request from a
11 Customer, by the Rate Review Committee, or by NPPD. Once developed, proposed
12 Special Power Product(s) will be presented to the Rate Review Committee for its review
13 and recommendations. NPPD shall consider the recommendations of the Rate Review
14 Committee, after which notice of the proposed Special Power Product(s) will be
15 provided to Customers. Within twenty (20) calendar days of the date the notice is
16 provided to the Customer by NPPD (or a shorter time frame, if approved by a three-
17 fourths [3/4] majority of the members of the Rate Review Committee), the Customer
18 may request a hearing. Such hearing will be convened before the NPPD Board of
19 Directors. Notice of the hearing will be given to the Customers at least ten (10)
20 calendar days in advance of such hearing. Any request for a hearing shall be filed in
21 writing with NPPD and shall include in detail those issues or objections to be brought
22 before the hearing. The hearing shall be limited to those objections listed in the
23 Customer's request. NPPD shall conduct such hearing and shall accept and submit for
24 consideration by the NPPD Board of Directors information and comments related to the
25 written objections received for the hearing. NPPD shall notify the Customers of NPPD's
26 decision concerning the hearing on the proposed Special Power Product(s) to be
27 adopted by NPPD. The effective date of the new Special Power Product(s), if adopted,
28 shall be as approved by the NPPD Board of Directors. Each approved Special Power
29 Product will be available to any Customer as a part of its portfolio of customized service
30 packages that may be used for the benefit of similar End-Use Customers.

31
32 **Section D, Distributed Generation.** The Parties agree that, because
33 Distributed Generation technology has the potential for (i) serving all or a portion of an
34 End-Use Customer's electric requirements, (ii) enhancing reliability for an End-Use
35 Customer, and (iii) enhancing reliability on the distribution system, provisions for the
36 use of Distributed Generation shall be provided for under this Contract. Distributed
37 Generation resources may be owned, operated and maintained by the End-Use
38 Customer, the Customer, or by NPPD.

39
40 The Parties agree that Distributed Generation is not intended to provide a
41 mechanism whereby Customers may shift fixed costs among themselves, but, rather, to
42 allow optimal economic use of the electric production, transmission and distribution
43 systems and to serve End-Use Customer needs into the future.

44
45 To assure that Distributed Generation is appropriately priced, the General Firm
46 Power Service Rate Schedule will identify Distributed Generation which will be subject
47 to the provisions of the General Firm Power Service Rate Schedule and identify

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1 Distributed Generation which will be subject to the provisions of a Special Power
2 Product Rate Schedule; provided, this provision shall not apply to a Customer who
3 exercises its option to reduce its purchases of Demand and Energy pursuant to Article
4 2, Section A, and who is utilizing Distributed Generation to serve the portion of its load
5 that is no longer included as a part of the Customer's obligation under this Contract.
6

7 The Parties agree that the development of any Special Power Product(s) for
8 Distributed Generation must be completed in a manner that facilitates timely
9 installation.
10

11 **Section E, Rates and Charges.**

12 Revenue Requirements:

13
14
15 The revenue requirements for General Firm Power Service and Special Power
16 Products for any future year or portion thereof will include any and all costs associated
17 with operations and maintenance (excluding depreciation); fuel; purchased demand and
18 energy; allocated costs of general and administrative functions; debt service (principal
19 and interest) on production-related assets, including allocated general plant; an amount
20 for renewals, replacements, additions, and improvements (construction from revenue)
21 to production utility plant, including allocated construction from revenue costs for
22 general plant; amounts reasonably required to be set aside in reserves for items of
23 costs the payment of which is not immediately required, such as decommissioning
24 reserves, post-retirement employee benefit reserves; any other production-related costs
25 not specifically listed herein; and an allowance for new/replacement generation assets.
26 Such allowance for new/replacement generation assets shall not exceed an amount
27 equivalent to \$0.0005 per kilowatthour.
28

29 Rate Discount:

30
31 From the effective date of this Contract through December 31, 2021, the
32 Customer shall receive a discount on the production demand and energy charges
33 specified in the General Firm Power Service Rate Schedule. Such discount shall not
34 apply to irrigation pumping allowance charges, ancillary service charges, or
35 transmission charges. Such discount shall also apply to any charges listed in a Special
36 Power Product Rate Schedule that utilize the General Firm Power Service Rate
37 Schedule production demand and energy charges as the basis for such charge.
38

39 The calculation of such discount shall be included in the summary report
40 provided by NPPD to Customer as part of each proposed rate change. The actual
41 discount shall be the amount approved by the NPPD Board of Directors.
42

43 Collection of Deferred Charges:

44
45 **Note: Language for this section has yet to be developed.**
46

47 Annual Financial Report and Rate Stabilization Account:

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1
2 By May 1 of each year, NPPD will complete an analysis of the financial results
3 for General Firm Power Service and Special Power Products for the preceding
4 Calendar Year. Such analysis shall include an accounting of the actual allowance
5 amount collected during such year for new/replacement generation assets and the
6 balance of such amounts at the end of the year. NPPD will be permitted to retain such
7 allowance amounts until utilized for the addition of new/replacement generation assets.
8 In the event it is determined that the accumulated allowance amount, or a portion
9 thereof, shall be utilized, NPPD shall consider recommendations of the Power
10 Resource Advisory Board regarding the use of such funds.

11
12 Such analysis will also include an accounting of the surplus or deficit net
13 revenues realized during such year. NPPD will be permitted to retain surplus net
14 revenues in a Rate Stabilization Account for purposes of covering fluctuations in
15 revenues and/or costs caused by (i) weather and (ii) short-term business fluctuations.
16 Additionally, pursuant to recommendation of the majority of the members of the Power
17 Resource Advisory Board and the Rate Review Committee and approval by the NPPD
18 Board of Directors, NPPD shall be permitted to transfer funds from the Rate
19 Stabilization Account for use as equity capital to finance all or part of the cost of
20 construction or acquisition of future generating resources and other generation-related
21 capital assets used to provide service under this Contract. Surplus or deficit net
22 revenue for any year shall be the difference between (i) actual revenues, and (ii) actual
23 costs, using reasonable methodologies, where necessary, in the allocation of revenues
24 and costs for such year. NPPD will be permitted to retain such surplus net revenues in
25 the Rate Stabilization Account until such time that such surplus exceeds an amount
26 equal to an accumulation limit initially determined to be ten percent (10%) of annual
27 revenues derived from General Firm Power Service and Special Power Products.
28 NPPD may, from time to time, adjust the surplus accumulation limit, giving
29 consideration to input and recommendations from the Rate Review Committee and
30 upon approval by the NPPD Board of Directors; provided, in no event shall the surplus
31 accumulation limit exceed twenty percent (20%) of annual revenues derived from
32 General Firm Power Service and Special Power Products without the prior
33 recommendation of a majority of the members of the Rate Review Committee and
34 approval by the NPPD Board of Directors. Any amounts accumulated in excess of such
35 ten percent (10%) or such surplus limit subsequently established, as determined by the
36 financial analysis completed by May 1 of each year, will be included as an adjustment
37 to revenue requirements in the next summary report of forecasted revenue
38 requirements, which report is hereinafter described. If there is a net revenue deficit in
39 excess of an accumulation limit initially determined to be five percent (5%) of annual
40 revenues derived from General Firm Power Service and Special Power Products, as
41 determined by the financial analysis completed by May 1 of each year, the amount of
42 such revenue deficit that is in excess of five percent (5%) will be included as an
43 adjustment to revenue requirements in the next summary report of forecasted revenue
44 requirements; provided, such deficit accumulation limit may be adjusted from time to
45 time by NPPD, giving consideration to input and recommendations from the Rate
46 Review Committee relative to the proposed adjustments, and subject to approval by the
47 NPPD Board of Directors. NPPD may adjust the surplus and deficit accumulation limits

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1 for reasons including, but not limited to: to provide for greater stability in rates over
2 time, as deemed necessary and reasonable in the then existing competitive
3 environment; to reduce the possibility of unplanned rate changes occurring due to
4 revenue shortfall from mild weather, cost increases from unscheduled generation
5 facility outages, and cost increases from higher than expected price levels for
6 purchased energy. If NPPD proposes to adjust the surplus and/or deficit accumulation
7 limits, NPPD shall: (i) provide notice to the Customer of the proposed change at least
8 one hundred twenty (120) calendar days prior to the proposed effective date of such
9 change; (ii) allow thirty (30) calendar days from the date of such notice for the Customer
10 to request a hearing before the NPPD Board of Directors, and; (iii) provide at least ten
11 (10) calendar days' notice in advance of such hearing. The effective date of such
12 adjustment, if adopted, shall be as approved by the NPPD Board of Directors.

13 Summary Report and Rate Change Process:

14
15
16 Beginning with the year 2015 for rates effective on the effective date of this
17 Contract, and, at a minimum, biennially thereafter, NPPD will prepare a summary report
18 that sets forth (a) the forecast of revenues that would be derived under the then-current
19 rates for the succeeding year(s) or portion(s) thereof, (b) the forecast of revenue
20 requirements for such future year(s) or portion(s) thereof, and (c) any proposed
21 adjustments in the rates for General Firm Power Service and Special Power Products
22 necessary to ensure that the rate(s) to be in effect in the subsequent year(s) or
23 portion(s) thereof are estimated to produce revenues sufficient to meet revenue
24 requirements. A copy of the summary report prepared and requested supporting
25 documentation will be submitted by NPPD to the Customers. If such summary report
26 indicates and NPPD proposes that the then-current rates need to be adjusted in a
27 succeeding year(s) or portion(s) thereof, notice will be given to the Customers at least
28 one hundred twenty (120) calendar days prior to the proposed effective date of any
29 such adjustment. Within thirty (30) calendar days of the date the notice was provided to
30 the Customers by NPPD, Customer may request a rate review hearing. Such hearing
31 will be convened before the NPPD Board of Directors. Notice of the hearing will be
32 given to Customer at least ten (10) calendar days in advance of such hearing. Any
33 request for a hearing shall be filed in writing with NPPD and shall include in detail those
34 issues or objections to be brought before the hearing. The hearing shall be limited to
35 those objections listed in Customer's request. NPPD shall conduct such hearing and
36 shall accept and submit for consideration by the NPPD Board of Directors information
37 and comments related to the written objections received for the hearing. NPPD shall
38 notify Customer of NPPD's decision concerning the hearing on the summary report and
39 rates to be adopted by NPPD. The effective date of the rate adjustment, if any, shall be
40 at least thirty (30) calendar days after the notice to Customer of NPPD's decision, or, if
41 no hearing is requested, at least thirty (30) calendar days after approval by the NPPD
42 Board of Directors. Implementation of new Special Power Products shall not follow the
43 above procedures but, instead, follow the procedures listed in Article 2, Section C. In
44 the event that NPPD desires to clarify the provisions of, or correct non-numerical errors
45 in a rate schedule applicable to this Contract, where such clarification and/or correction
46 will not affect the intended amount of Customer's bills, NPPD shall not follow the above
47 procedures. Instead, NPPD shall: (i) provide notice to the Customer of the proposed

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1 modification; (ii) allow thirty (30) calendar days from the date of such notice for the
2 Customer to request a hearing before the NPPD Board of Directors, and; (iii) provide at
3 least ten (10) calendar days' notice in advance of such hearing. The effective date of
4 the revised rate schedule, if adopted, shall be as approved by the NPPD Board of
5 Directors.

6
7 Nothing in this article shall cause NPPD to fail to comply with the provisions of
8 NPPD's bond resolutions or supplements thereto.

9
10 **Section F, Power Resource Advisory Board.** While NPPD and Customer
11 recognize the importance of general consensus among the customers and acceptance
12 of the power resource plan ultimately approved by the NPPD Board of Directors, the
13 Parties agree that NPPD has ultimate authority and responsibility for implementing its
14 power resource plans and discharging its legal obligations.

15
16 NPPD and its customers will establish a Power Resource Advisory Board
17 (Advisory Board) to provide input to NPPD regarding decisions affecting additions to or
18 retirements from the portfolio of power resources used by NPPD to meet its power
19 supply obligations and to provide a liaison between the Customers and NPPD's Board
20 of Directors.

21
22 NPPD will be responsible for maintaining a current integrated resource plan
23 which shows how NPPD's portfolio of power resources will meet the combined
24 requirements of the customers and the forecasted cost of power compared to NPPD-
25 produced forward price curves in the regional market. NPPD will prepare updates of
26 the plan and review such updates with Customers. The plan will be updated at least
27 every five (5) years and more frequently if required to meet Southwest Power Pool
28 planning requirements or other contractual or regulatory requirements.

29
30 The Advisory Board will be comprised of not less than eight (8) nor more than
31 twelve (12) customer representatives selected by customers from within customer
32 segmentations defined by NPPD to reflect a cross-section of customers. The Advisory
33 Board will review the load forecasts for General Firm Power Service and the aggregate
34 of Special Power Products, practicable options for meeting the forecasted power supply
35 obligations of NPPD, the current integrated resource plan, financial and economic
36 assumptions supporting the plan, potential financial obligations for the implementation
37 of such plan, and any other action plans affecting additions to or retirements from
38 NPPD's power resource portfolio.

39
40 Customer shall be responsible for providing to NPPD its forecasted Demand and
41 Energy information. Such forecasts shall be based on the common methodology
42 developed by NPPD for use by all Customers, which methodology shall be reviewed by
43 the Advisory Board.

44
45 NPPD will conduct meetings of the Advisory Board at least twice a year and at
46 such other times as deemed necessary in order that the Advisory Board may review the
47 expected seasonal loads attributed to General Firm Power Service and the aggregate

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1 of Special Power Products for the upcoming season and the manner in which NPPD
2 intends to meet such obligations. Customer may attend any meeting of the Advisory
3 Board.

4
5 The Advisory Board will function separately from the Rate Review
6 Committee, which will deal with rate-related issues, as described in Article 2, Section G.

7
8 **Section G, Rate Review Committee.** While NPPD and Customer recognize
9 the importance of customer participation in the rate, price and product development
10 process, the Parties agree that NPPD has ultimate authority and responsibility for
11 maintaining adequate revenues and for designing rates and pricing structures.

12
13 NPPD and its customers will establish a Rate Review Committee, which
14 committee shall be comprised of not less than eight (8) nor more than twelve (12)
15 customer representatives selected by customers from within customer segmentations
16 defined by NPPD to reflect a cross-section of customers. Customer may attend any
17 meeting of the Rate Review Committee.

18
19 NPPD will conduct meetings of the Rate Review Committee at least twice a year
20 and at such other times as deemed necessary in order that the committee may review
21 and provide input to NPPD on the revenue requirements and the rate design for
22 General Firm Power Service. The responsibilities of the Rate Review Committee shall
23 also include, but not be limited to, (i) assisting NPPD in identifying, designing, and
24 developing Special Power Products, including any associated production rates; and (ii)
25 providing input and/or recommendations relative to adjustments to the surplus and
26 deficit accumulation limits in the Rate Stabilization Account, as provided in Article 2,
27 Section E.

28 29 **ARTICLE 3** 30 **TRANSMISSION**

31
32 Except as provided below, this Contract provides for the sale of Demand and
33 Energy under General Firm Power Service and Special Power Products delivered to the
34 inlet of the transmission system only. Transmission, subtransmission and related
35 ancillary services required to deliver these production products to the Point(s) of
36 Delivery are not included in this Contract.

37
38 However, for Customers who have not exercised their option to reduce their
39 purchases of Demand and Energy pursuant to Article 2, Section A, including those
40 Customers who have elected to contract with the United States as Preference
41 Customers for their Firm Electric Service pursuant to Article 2, Section B, NPPD agrees
42 to provide, or arrange for the provision of, transmission, subtransmission and ancillary
43 services, and Customer agrees to pay for such services necessary to deliver all of the
44 Demand and Energy purchased from NPPD under this Contract from the inlet of the
45 transmission system to the Point(s) of Delivery. Such transmission and ancillary
46 service(s) shall be provided under the appropriate rates, terms and conditions included
47 in the Transmission Rate Schedule established by NPPD according to the notice

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1 provisions in Article 2, Section E. Customer shall have the right, in whatever form such
2 right may exist, to review transmission and ancillary service rates, terms and conditions,
3 and any proposed revisions to same, as may be imposed upon NPPD by its
4 transmission service provider. Subtransmission service shall be provided under the
5 appropriate rates, terms and conditions as may be imposed upon NPPD by its
6 subtransmission service provider, with the addition of NPPD's related administrative
7 costs. Customer shall have the right, in whatever form such right may exist, to review
8 subtransmission rates, terms and conditions, and any proposed revisions to the same.
9

10 For Customers who have exercised their option to reduce their purchases of
11 Demand and Energy pursuant to Article 2, Section A, the Customer shall have the
12 responsibility to provide, or arrange for the provision of, and pay for transmission,
13 subtransmission and ancillary services necessary to deliver all of the Demand and
14 Energy purchased from NPPD under this Contract and from all supplemental power
15 and energy suppliers, including Western, from the inlet of the transmission system to
16 the Point(s) of Delivery. The Parties agree that separate and apart from this Contract,
17 NPPD will offer to arrange for the provision of transmission, subtransmission and
18 ancillary services necessary to deliver all of the Customer's demand and energy
19 requirements from the inlet of the transmission system to the Point(s) of Delivery. Such
20 service(s) shall be provided under the appropriate rates, terms and conditions
21 established by NPPD.
22

23 NPPD agrees to accord to Customer all rights and privileges that have been
24 accorded to NPPD by its transmission and subtransmission service providers.
25
26

ARTICLE 4 WAIVERS

27
28
29
30 No delay by the Parties in enforcing any of their rights hereunder will be deemed
31 a waiver of such rights nor will any waiver at any time by the Parties of their rights with
32 respect to a default under this Contract be deemed a waiver with respect to any
33 subsequent default or matter.
34
35

ARTICLE 5 MERGER OR CONSOLIDATION

36
37
38
39 In the event two or more Customers merge and/or consolidate their properties
40 into a single corporate entity, the resulting corporate entity shall receive all the benefits
41 and assume all the liabilities as if the new entity were a single Customer at the inception
42 of this Contract.
43

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ARTICLE 6 MOST FAVORED NATIONS

1
2
3
4 If NPPD enters into or amends a wholesale power contract with a term of twenty
5 (20) years or more with a wholesale customer in a form other than this Contract or
6 NPPD's Option B wholesale power contract, Customer may elect to adopt such
7 wholesale power contract, conformed as necessary to apply to the identity of Customer.
8 A Customer that is purchasing a reduced amount of its Demand and Energy
9 requirements from NPPD, pursuant to Article 2, Section A, shall be entitled to purchase
10 only such reduced amounts under such new or amended contract. NPPD shall notify
11 Customer that it has executed a different form of wholesale power contract and provide
12 a copy of said contract, and Customer shall have six (6) months following the date of
13 such notice to elect the other form or provisions thereof, and the Parties shall amend
14 this Contract accordingly within thirty (30) calendar days following Customer's written
15 election.
16
17

ARTICLE 7 SUCCESSORS AND ASSIGNS

18
19
20
21 Neither Party may assign this Contract in whole or in part, or any rights granted
22 hereunder, or delegate to a third party any of the duties and obligations hereunder,
23 without the prior written consent of the other Party; provided, however, NPPD shall not
24 be required to obtain such written consent for an assignment of this Contract in the
25 event that NPPD divests substantially all of its generation assets through merger or
26 consolidation into another Public Power Entity. No assignment of this Contract shall be
27 effective unless and until the assignee assumes in writing the duties and obligations of
28 the assignor.
29

30 In the case of an assignment by NPPD resulting from a divestiture as described
31 above, the rates under this Contract or any extension of this Contract, as contemplated
32 by Article I, Section B, shall continue to be no greater than if the assignment had not
33 occurred and in no event will the assignee be permitted to charge the Customer market-
34 based rates or cost-based rates that include recovery of any acquisition premiums paid.
35

36 In the event NPPD is required to divest substantially all of its generation assets,
37 the Customer shall have the option to terminate this Contract. NPPD shall be required
38 to provide advance written notice of such divestiture of its generation assets at least
39 one hundred eighty (180) calendar days prior to the effective date of such divestiture or,
40 if NPPD is unable to provide such notice due to circumstances beyond its control, as
41 soon as is reasonably possible under the circumstances of such divestiture. Upon
42 receipt of said notice, the Customer may terminate this Contract by providing written
43 notice of such termination to NPPD and its assignee at least ninety (90) days prior to
44 the effective date of such divestiture.
45

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**ARTICLE 8
NOTICES AND CORRESPONDENCE**

Written notices and other communications required under or related to this Contract shall be given in writing and sent by mail, postage prepaid, and national express delivery service or by electronic communication. A Party may change its address or the person to whom notices and other communications are to be sent by providing written notice of such change to the other Party.

To NPPD:

Notices/Correspondence

Rates/Billing

Nebraska Public Power District
Attention: Contracts Manager
P.O. Box 499
1414-15th Street
Columbus, NE 68602-0499

Nebraska Public Power District
Attention: Pricing, Rates & Wholesale
Billing Manager
P.O. Box 499
1414-15th Street
Columbus, NE 68602-0499

To Customer:

Notices/Correspondence

Rates/Billing

[Customer's information here]

[Customer's information here]

**ARTICLE 9
ENTIRE AGREEMENT**

This Contract constitutes the entire agreement between NPPD and the Customer regarding the matters addressed herein and supersedes all prior written and oral understandings in connection therewith.

**ARTICLE 10
REPLACEMENT OF PRIOR CONTRACT**

This Contract shall supersede the Wholesale Power Contract between NPPD and Customer with an effective date of _____. Any exhibits, as updated and currently in effect, and attached to said document shall be made a part of this Contract. Said Wholesale Power Contract shall, upon the effective date of this Contract, be null and void without further force and effect.

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1 IN WITNESS WHEREOF, the Parties hereto have caused this Contract to be
2 executed in duplicate by their duly authorized officers or representatives as of the dates
3 indicated below.
4

5 **THIS CONTRACT CONTAINS AN ARBITRATION PROVISION WHICH MAY BE**
6 **ENFORCED BY THE PARTIES.**
7

8
9 **[Customer]**

10
11 ATTEST: By: _____

12
13 _____ Date: _____
14

15
16
17 **NEBRASKA PUBLIC POWER DISTRICT**

18
19 ATTEST: By: _____

20
21 _____ Date: _____
22
23
24
25

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EXHIBITS A-1, A-2, A-3, etc.

RATE SCHEDULES

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EXHIBITS B-1, B-2, B-3, etc.

BILLING EXHIBITS

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Exhibit C and D
Revision No.: N/A
Supersedes Exhibit C dated: N/A

Exhibits C and D

**Contract Rates of Delivery for Western Firm Electric Service
and Western Irrigation Pumping Allocations**

Collection of Deferred Charges and Production Debt Maturing Beyond the Term of this Contract:

All Customers who purchase electric power and energy from NPPD under this Contract shall be entitled to purchase monthly quantities of Demand and Energy from NPPD for the full term of this Contract under the most favorable Cost-Based Rate and contract terms and conditions as are available to any customer under similar conditions of service. The parties agree that, during the term of this Contract, NPPD may offer a new wholesale power contract to all Customers which extends the term of service to the customer and includes a rate discount which recognizes NPPD's ability to finance and collect costs over a longer time period for such customers, provided said discount is substantiated through a cost-of-service study and included in the summary report provided by NPPD to Customer as outlined in Article 2, Section E of this Contract ("Summary Report and Rate Change Process"), including provisions for requesting a rate review hearing before the NPPD Board of Directors.

NPPD shall annually communicate to Customers the amount of its production debt maturing beyond the term of this Contract, and the type and amount of any liabilities (the payment of which is not immediately required) for which NPPD is currently deferring collection. NPPD may include the collection of such deferred costs in revenue requirements under this Contract in a future year provided that NPPD has communicated information on such liabilities to Customers with such communications being formally transmitted to Customer as outlined in Article 8 of this Contract, and only for such liabilities identified during the first fifteen (15) years of the term of this Contract. In addition, NPPD shall not call production debt maturing beyond the term of this Contract for the sole purpose of accelerating the collection of such debt from Customers.

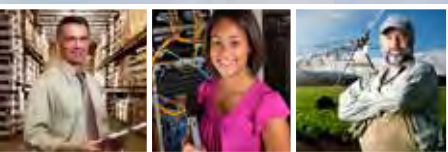
**ARTICLE 6
MOST FAVORED NATIONS**

If NPPD enters into or amends a wholesale power contract that provides for full requirements firm wholesale power service for any term with a term of twenty (20) years or more with a wholesale customer in a form other than this Contract or NPPD's Option B wholesale power contract, Customer may elect to adopt such wholesale power contract, conformed as necessary to apply to the identity of Customer. A Customer that is purchasing a reduced amount of its Demand and Energy requirements from NPPD, pursuant to Article 2, Section A, shall be entitled to purchase only such reduced amounts under such new or amended contract. NPPD shall notify Customer that it has executed a different form of full requirements firm wholesale power contract and provide a copy of said contract, and Customer shall have six (6) months following the date of such notice to elect the other form or provisions thereof, and the Parties shall amend this Contract accordingly within thirty (30) calendar days following Customer's written election.

Final Paragraph of Article 2, Section A regarding Qualifying Local Generation:

Customer agrees during such time as it is receiving at least 50 percent of its power and energy from NPPD, to allow NPPD to include in NPPD's generation portfolio recognition for any renewable/environmental attributes of the energy produced on Customer's behalf pursuant to the Qualifying Local Generation provisions of this Contract. NPPD's right to receive recognition for such attributes is contingent upon NPPD and Customer agreeing to the amount of compensation to be paid by NPPD to Customer for such attributes. Customer agrees to grant NPPD a right of first refusal to purchase any such attributes, except such right of first refusal shall not apply if such attributes are sold by Customer directly to the Customer' End-Use Customer(s).

NPPD CONTRACT
OVERVIEW



SERVING *you.*
SERVING

Nebraskans.

Delivering safe, reliable
and low-cost energy
today and tomorrow



Nebraska's power is in good hands... yours!

DIVERSITY IS OUR STRENGTH

We firmly believe a diverse energy generation mix serves our customers best. We use wind – when it is available. We use coal – which is reliable and helps keep electric rates

low. We use water – one of the oldest forms of renewable energy. We use nuclear – which offers emission-free, around-the-clock power. We use natural gas – to complement the portfolio.

Some utilities rely heavily on only a few fuel sources, like coal and natural gas,

51.7%

Sheldon Station

- Hallam
- Two generation units; 225 MW
- Fueled by low-sulfur coal from Wyoming's Powder River Basin

Gerald Gentleman Station

- Sutherland
- Two generation units; 1,365 MW
- Fueled by low-sulfur coal from Wyoming's Powder River Basin

Purchase Agreement

- OPPD's Nebraska City 2: 164 MW

Unit 2 to be converted to hydrogen fuel.

29.9%

Cooper Nuclear Station

- Brownville
- 810 MW
- Fueled by uranium
- Licensed to operate until 2034

Ainsworth Wind Energy Facility

- Ainsworth
- 36 turbines; 60 MW

Purchase Agreements

- Elkhorn Ridge; 40 MW
- Crofton Bluffs; 21 MW
- Laredo Ridge; 61 MW
- Broken Bow; 51 MW
- Broken Bow II; 29 MW
- Springview; 3 MW
- Steele Flats; 75 MW

North Platte Hydro

- Platte River
- Two units; 26 MW

Kearney Hydro

- Platte River
- 2 MW

Spencer Hydro

- Niobrara River
- 2 MW

Power Purchases

- CNPP&ID, Loup Power District and Western Area Power Administration

6.5%

Wind

5.3%

Hydro

Coal

Nuclear



but we know prices for fuel can be volatile. We don't put all our eggs in one basket. This not only allows us to better manage fuel costs for customers, but also offers some financial protection against future environmental regulations.

And, as the energy industry evolves, we remain committed to working alongside our public power partners, customers and others to determine how best to safely generate and deliver low-cost, reliable and sustainable energy.

Beatrice Power Station

- Beatrice
- 250 MW
- Fueled by natural gas, with a combined cycle system of two combustion turbines and one steam turbine

Canaday Station

- Lexington
- 115 MW
- Primarily fueled by natural gas; can also burn fuel oil

Hallam Peaker

- Hallam
- 56.7 MW

McCook Peaker

- McCook
- 56.7 MW

Hebron Peaker

- Hebron
- 56.7 MW

Capacity Purchases

- NPPD also purchases available power from 12 municipalities

.96%

Natural Gas

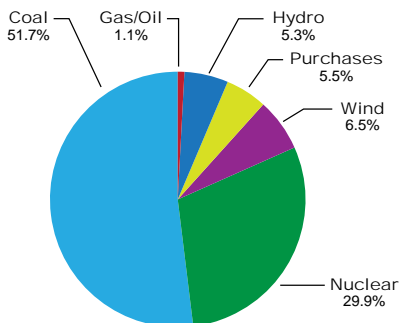
.05%

Fuel Oil



Our generation mix is responsible and efficient.

NPPD Energy Resources
(Native Load + Nonfirm Sales, 2014)

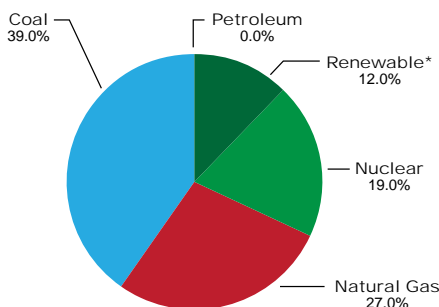


Source: NPPD

NEBRASKA PUBLIC POWER DISTRICT

42% CARBON-FREE

NATIONAL Energy Resources
(Preliminary Data, 2014)



Source: EIA

* 7% Hydro
1% Wind
1% Biomass
< 1% Solar
< 1% Geothermal

Note: Sum of components may not equal 100% due to independent rounding.

NATION WIDE

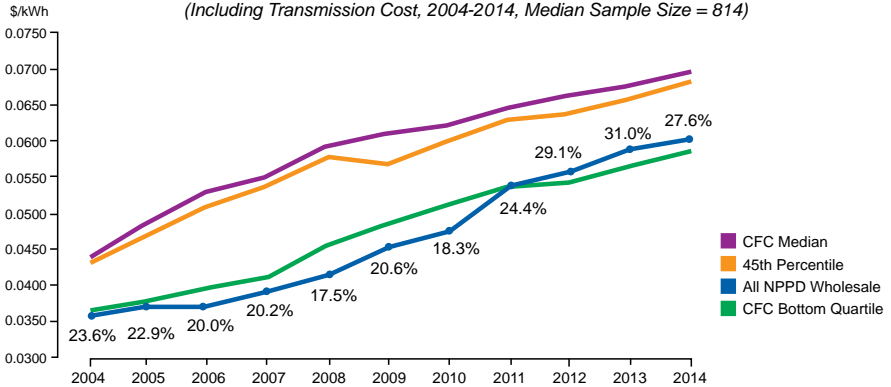
31% CARBON-FREE

RATE / OVERVIEW

CURRENT INDUSTRY BENCHMARKING

Purchased Power Cost per kWh - Cooperative Finance Corporation Survey -

(Including Transmission Cost, 2004-2014, Median Sample Size = 814)



SIX-YEAR RATE OUTLOOK - Holding the line

2016

- No production increases in 2014 & 2015, and none planned in 2016 for customers who sign a new contract
- 5.7% increase in transmission rates (reduced from 10% planned in 2014)
- Overall average wholesale rate increase 0.6%

2017-2021

- No planned increase in production rates through 2019 for customers who sign a new contract
- 0% to 10.0% increase in transmission rates
- Total overall average increase in wholesale rates 0% to 2.9%

NPPD's BOND RATINGS

All Solid
Investment
Grade



Fitch

A+

Moody's

A1

S&P

A

RECORD-BREAKING ANNUAL FINANCIAL SURPLUSES














2014 Production Surplus:
\$62.1 Million



2014 Transmission Surplus:
\$8.4 Million

CONTRACT OPTIONS / OVERVIEW

	20 Year Option A	20 Year Option B
Term		
Rate	 Base Rate	 Base Rate * 3% Premium
Qualifying Local Generation **	 2 MW or 10% of peak load, whichever is greater ***	 2 MW or 10% of peak load, whichever is greater ***
Performance Standard	 Each year NPPD's average rate is below the 25th percentile of the CFC data, NPPD banks 50% of such percentile difference and can apply such amounts as an offset should rates exceed the 45th percentile in future years.	None
Reduction Options	 If NPPD exceeds 45th percentile of CFC data and has no banked credits.	 Customer can reduce for any reason.
Earliest Reduction Opportunity	 When performance standard is not met.	 1/1/2021
Floor Level	 0%	 50% with no exit fee; 0% with exit fee

* Applied to production demand and energy rates

** Under both options, additional QLQ can be used to serve load if a customer reduces

*** Subject to a cap of 50% of peak load

Services **beyond** the electric commodity...

Only one call away!



- Storm recovery and operations assistance
- Equipment / parts access
- Engineering services
- Equipment testing and troubleshooting
- Economic development and energy efficiency programs
- Voice in state and federal legislative issues
- Training programs

“What our customers are saying...

We wanted a place with cheap electricity because Monolith could ultimately become the largest single user of electricity in the state.


After considering Texas, New York, Washington, Louisiana, Wyoming and Iowa, we picked Nebraska.

We looked at our analysis over 20 years and asked, “who in the country is best positioned to provide affordable electricity for that entire time?”

We liked Nebraska’s electric rates, and NPPD’s diverse mix of power sources.

- Monolith Executives”





NPPD owns and/or operates 33 generating facilities, which had a combined capacity in the summer of 2014 of 3,015 megawatts.

SERVING *you* SERVING
Nebraskans.



Nebraska Public Power District

Always there when you need us