

NEBRASKA PUBLIC POWER DISTRICT

Schedule: PC-2 Issued: 01/22/07
Supersedes Schedule: PC-2 Issued: 01/16/03
Sheet No.: 1 of 1 Sheets

RETAIL PRODUCTION COST ADJUSTMENT (PCA) RATE SCHEDULE

(Name of Schedule)

APPLICABLE: This PCA Schedule is applicable to sales of power and energy under a Retail Service Rate Schedule, where such Retail Service Rate Schedule provides for an adjustment to the energy sales for the PCA.

PURPOSE: The purpose of the PCA is to provide the District the ability to collect and to adjust, if necessary, the appropriate revenues to more closely track the cost associated with (1) the fuel used for energy production, (2) the direct purchase of energy from other suppliers, and (3) other energy related costs, all of which are required for the energy supply under a Retail Service Rate Schedule. The PCA shall be applied to the energy sales for the variation between actual energy costs and the base energy costs included in the Retail Service Rate Schedule.

APPLICATION OF PCA:

When a rate schedule provides for a "Retail Production Cost Adjustment," such adjustment to the Customer's bill shall be determined as follows:

1. For retail customers taking service from the high voltage transmission facilities of the District, the Production Cost Adjustment PCA, shall be applied on a uniform basis to all consumption of the retail customer.
2. For retail customers taking service from the low voltage transmission facilities or distribution facilities of the District, the Production Cost Adjustment PCA shall be increased by a uniform factor representing losses to the retail level of service. The resulting Retail Production Cost Adjustment factor shall be applied on a uniform basis to all consumption of the retail customer.

RESERVATION OF AUTHORITY AND RIGHT TO AMEND:

The District retains and reserves the right, power, and authority to modify, revise, amend, replace, repeal or cancel this rate schedule, at any time and in whole or in part, by resolution adopted by the District's Board of Directors.

TAX CLAUSE: In the event of the imposition of any new or increased tax or any payment in lieu thereof, in excess of that provided for under Article VIII, Section 11 of the Nebraska Constitution, by any lawful authority on the production, transmission, or sale of electricity, the rate provided herein may be increased to reflect the amount of such tax or in lieu of tax increase.

Effective: February 1, 2007

Approved: 01/12/07 Resolution No.: 07-11 Issued By: _____

Todd A. Smart