NEW ISSUE—BOOK ENTRY ONLY **RATINGS:**
See "BOND RATINGS" herein

In the opinion of Bond Counsel to PPGA, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2015 Series A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the 2015 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Bond Counsel is also of the opinion that under the Nebraska Revenue Act of 1967, as amended (the "Revenue Act"), interest on the 2015 Series A Bonds is exempt from income taxation imposed by the State of Nebraska under the Revenue Act to the extent that such interest is excluded from gross income for Federal income tax purposes. ***See "TAX MATTERS".***

public power generation agency

$187,345,000
PUBLIC POWER GENERATION AGENCY
WHELAN ENERGY CENTER UNIT 2
REVENUE REFUNDING BONDS
2015 SERIES A

Dated: Date of delivery **DUE: As shown on the inside cover**

The 2015 Series A Bonds are issued in book-entry only form through The Depository Trust Company, which will act as securities depository for the 2015 Series A Bonds. Purchases of the 2015 Series A Bonds may be made only in book-entry form in denominations of $5,000 or any multiple thereof. Interest on the 2015 Series A Bonds is payable on each January 1 and July 1, commencing July 1, 2015. Certain 2015 Series A Bonds are subject to optional redemption prior to maturity. Wells Fargo Bank, N.A., is the Trustee, Bond Registrar and Paying Agent for the 2015 Series A Bonds. See "THE 2015 SERIES A BONDS".

The 2015 Series A Bonds are being issued by the Public Power Generation Agency (*"PPGA"*) to refund bonds previously issued to finance the cost of acquisition and construction of the Whelan Energy Center Unit 2 Project, a nominally rated 220 MW coal-fired electric generating facility and associated facilities located at the Whelan Energy Center in Adams County, Nebraska (the *"Project"*). Under the Participation Agreements between PPGA and its five members (the *"Participants"*), the Participants have agreed to purchase all of the capacity and output of the Project on a take-or-pay basis and to make payments to PPGA sufficient to pay all of the costs of the Project, including debt service on the 2015 Series A Bonds. See "THE PROJECT".

The 2015 Series A Bonds are special obligations of PPGA and are payable from and secured by a pledge of the Revenues derived by PPGA from the Project and certain other funds and rights pledged under the Resolution on a parity with all Bonds previously issued by PPGA, subject to the application of the Revenues under the terms of the Resolution and to the payment of the Operating Expenses of the Project. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS".

MATURITY SCHEDULE, INTEREST RATES AND PRICES/YIELDS
(see inside cover)

The 2015 Series A Bonds do not constitute a debt, liability or obligation of the Participants or of the State of Nebraska, and none of these entities is responsible for the payment of the 2015 Series A Bonds. PPGA has no taxing power. See "INVESTMENT CONSIDERATIONS — Special Obligations".

The 2015 Series A Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to PPGA, and certain other conditions. Certain legal matters will be passed on for the Participants by their respective counsels, and for the Underwriters by Chapman and Cutler LLP, Salt Lake City, Utah. It is expected that the 2015 Series A Bonds will be available for delivery in book-entry form on or about May 28, 2015.

BofA Merrill Lynch

Goldman Sachs **J.P. Morgan** **RBC Capital Markets, LLC**

Wells Fargo Securities

This cover page contains certain information for general reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision. This Official Statement is dated April 28, 2015, and the information contained herein speaks only as of that date.

$187,345,000
PUBLIC POWER GENERATION AGENCY
WHELAN ENERGY CENTER UNIT 2
REVENUE REFUNDING BONDS
2015 SERIES A

Dated: Date of delivery **DUE: As shown below**

DUE (JANUARY 1)	PRINCIPAL AMOUNT	INTEREST RATE	YIELD	CUSIP††
2018	$ 9,095,000	5.00%	1.16%	744434 DA6
2019	9,550,000	5.00	1.52	744434 DB4
2020	10,030,000	5.00	1.83	744434 DC2
2021	11,165,000	5.00	2.05	744434 DD0
2022	11,730,000	5.00	2.23	744434 DE8
2023	12,310,000	5.00	2.47	744434 DF5
2024	12,930,000	5.00	2.65	744434 DG3
2025	13,575,000	5.00	2.78	744434 DH1
2026	14,255,000	5.00	2.96†	744434 DJ7
2027	14,965,000	5.00	3.11†	744434 DK4
2028	15,715,000	5.00	3.23†	744434 DL2
2029	16,505,000	5.00	3.33†	744434 DM0
2030	17,330,000	5.00	3.40†	744434 DN8
2031	18,190,000	5.00	3.46†	744434 DP3

† Priced to par call on January 1, 2025.

†† *CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included for the convenience of the owners of the 2015 Series A Bonds. Neither PPGA nor the Underwriters are responsible for the selection or correctness of the CUSIP numbers set forth above.*

PUBLIC POWER GENERATION AGENCY
1228 NORTH DENVER AVENUE
HASTINGS, NEBRASKA 68902-0398
(402) 463-1371

PPGA PARTICIPANTS

Municipal Energy Agency of Nebraska
Heartland Consumers Power District
Hastings Utilities
Grand Island Utilities
Nebraska City Utilities

BOARD OF DIRECTORS

Tim Sutherland, Municipal Energy Agency of Nebraska	Chair
Russell Olson, Heartland Consumers Power District	Vice Chair
Marvin H. Schultes, Hastings Utilities	Secretary-Treasurer
Timothy G. Luchsinger, Grand Island Utilities	Board Member
Leroy J. Frana, Nebraska City Utilities	Board Member

TRUSTEE, PAYING AGENT & REGISTRAR
Wells Fargo Bank, N.A.
Minneapolis, MN

BOND COUNSEL TO PPGA
Hawkins Delafield & Wood LLP
New York, NY

PPGA COUNSEL
Woods & Aitken LLP
Lincoln, NE

FINANCIAL ADVISOR
Public Financial Management
Charlotte, NC

GENERAL INFORMATION

The information contained in this Official Statement has been furnished by PPGA, DTC and other sources that are believed to be reliable. No dealer, broker, salesperson or any other person has been authorized by PPGA or the Underwriters to give any information or to make any representations other than those contained in this Official Statement in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon as having been authorized by PPGA or the Underwriters.

This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the 2015 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of PPGA or in any other information contained herein, since the date of this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In connection with this offering, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the market prices of the 2015 Series A Bonds. Such transactions, if commenced, may be discontinued at any time.

The 2015 Series A Bonds have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this Official Statement.

This Official Statement contains "forward-looking statements" within the meaning of the federal securities laws. When used in this Official Statement, the words "project," "estimate," "duplicate," "intend," "expect," "proforma" and similar expressions are intended to identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The forward-looking statements have neither been reviewed nor reported on by any third party.

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GENERAL INFORMATION (CONTINUED)

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, is intended as such and not as representations of fact.

Brief descriptions of PPGA, the Project, and the Participants are included in this Official Statement. Such descriptions do not purport to be complete, comprehensive or definitive. The summaries of and references to all documents, statutes, reports, and other instruments referred to herein, including the Interlocal Cooperation Act, the Participation Agreements, the Resolution, and the 2015 Series A Bonds (each as defined herein), do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to such document, statute, report, or instrument. Descriptions of the Resolution and the 2015 Series A Bonds are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity having jurisdiction.

Copies of the Resolution and other agreements are available for inspection at the office of the Trustee on or after the delivery of the 2015 Series A Bonds. During the period of the offering of the 2015 Series A Bonds, copies of the Resolution will be available from the Underwriters and from PPGA's Managing Agent (David Dietz, (402) 474-4759, ddietz@nmppenergy.org).

GLOSSARY OF CERTAIN ELECTRIC TERMS

"kW" or *"kilowatt"* means a unit of power equal to 1,000 watts.

"kWh" or *"kilowatt-hour"* means the amount of energy produced by one kilowatt of power for a period of one hour.

"MW" or *"megawatt"* means a unit of power equal to 1,000 kilowatts.

"MWh" or *"megawatt-hour"* means the amount of energy produced by one megawatt of power for a period of one hour. MWh also means 1,000 kilowatt hours, or the amount of power necessary to power 10,000 100-watt appliances for one hour.

"GW" or *"gigawatt"* means a unit of power equal to 1,000 megawatts.

"GWh" or *"gigawatt-hour"* means the amount of energy produced by one gigawatt of power for one hour, or 1,000 megawatt hours.

OFFICIAL STATEMENT

$187,345,000
PUBLIC POWER GENERATION AGENCY
WHELAN ENERGY CENTER UNIT 2
REVENUE REFUNDING BONDS
2015 SERIES A

INTRODUCTION

This introduction provides brief descriptions of the 2015 Series A Bonds and the information contained in the Official Statement. Investors should make a full review of the Official Statement, including the Appendices.

The definitions of certain terms used but not defined below are included in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION".

PUBLIC POWER GENERATION AGENCY

Public Power Generation Agency (*"PPGA"*) is a body corporate and politic under the laws of the State of Nebraska (the *"State"*). PPGA was created as a joint entity pursuant to Section 18 of Article XV of the Constitution of the State of Nebraska, the Interlocal Cooperation Act §§ 13-801 through 13-827, Reissue Revised Statutes of Nebraska, 1997, as amended (collectively, the *"Act"*), and the PPGA Interlocal Agreement dated as of September 1, 2005 (as amended and supplemented, the *"Interlocal Agreement"*) among the five PPGA participants (the *"Participants"*).

PPGA was created solely for the purpose of owning, financing, acquiring, constructing and operating the Whelan Energy Center Unit 2 Project (the *"Project"*). PPGA undertook the Project to provide a long-term, base load power supply resource for the Participants. See "THE PUBLIC POWER GENERATION AGENCY".

THE PARTICIPANTS

The Participants are the Municipal Energy Agency of Nebraska (*"MEAN"*), Heartland Consumers Power District (*"Heartland"*), Hastings Utilities, acting for the City of Hastings, Nebraska (*"Hastings Utilities"*), the City of Grand Island, Nebraska (*"Grand Island Utilities"*), and Nebraska City, Nebraska (*"Nebraska City Utilities"*). MEAN is a Nebraska-based joint action agency created for the purpose of providing wholesale electric power and energy and related services to its participants, which own and operate municipal electric utilities in Nebraska, Colorado, Iowa and Wyoming. Heartland is a South Dakota consumers power district created for the purpose of providing wholesale electric power and energy and related services to its customers, which own and operate municipal electric utilities in South Dakota, Iowa and Minnesota. Hastings Utilities, Grand Island Utilities and Nebraska City Utilities each own and operate a municipal electric utility system in Nebraska that provides electric services to retail consumers. See "THE PARTICIPANTS".

THE 2015 SERIES A BONDS

The $187,345,000 Whelan Energy Center Unit 2 Revenue Refunding Bonds, 2015 Series A (the *"2015 Series A Bonds"*) will mature and bear interest as shown on the inside cover page. Interest on the 2015 Series A Bonds is payable on January 1 and July 1, commencing July 1, 2015. Purchases of the 2015 Series A Bonds may be made only in book-entry form in denominations of $5,000 or any multiple thereof. See "THE 2015 SERIES A BONDS".

AUTHORIZATION

The 2015 Series A Bonds are being issued pursuant to the Act. The 2015 Series A Bonds will be issued and secured under the Whelan Energy Center Unit 2 General Revenue Bond Resolution, adopted on January 4, 2007, as previously supplemented and amended (the *"General Bond Resolution"*), and a Third Supplemental Revenue Bond Resolution, adopted March 23, 2015 (the *"Third Supplement"*, and together with the General Bond Resolution, the *"Resolution"*).

PLAN OF REFUNDING AND USE OF FUNDS

PPGA has previously issued under the General Bond Resolution its $504,720,000 Whelan Energy Center Unit 2 Revenue Bonds, 2007 Series A (the *"2007 Series A Bonds"*) to finance a portion of the costs of construction of the Project and certain reserves, contingencies and other costs related to the Project and the 2007 Series A Bonds.

Proceeds from the sale of the 2015 Series A Bonds, together with other available funds, will be used (i) to advance refund a portion of the outstanding 2007 Series A Bonds (the *"2007 Series A Refunded Bonds"*) and (ii) to pay the of costs of issuance of the 2015 Series A Bonds. See "PLAN OF REFUNDING" and "SOURCES AND USES OF FUNDS" below.

THE PROJECT

The Project is a nominally rated 220 MW pulverized coal-fired sub-critical generating unit built at the existing Whelan Energy Center together with related electric interconnection, transmission, rail car storage, and other facilities. The Project is located in Adams County, Nebraska, approximately three miles east of Hastings, Nebraska, and 100 miles west of Lincoln, Nebraska. The major component of the Project is a steam electric generating facility that includes pollution control equipment, a cooling tower, water treatment facilities, material storage facilities, control and administrative buildings, and other ancillary facilities. The Project also included approximately 10 miles of new and 53 miles of reconductored 115 kV transmission lines, as well as new and additional substation facilities, to interconnect the Project with the regional transmission grid for the delivery of Project output to the Participants. The Project began commercial operation on May 1, 2011. PPGA is the sole owner of the Project.

Hastings Utilities serves as the Project Operating Agent, and MEAN currently serves as PPGA's Managing Agent.

For a more complete description of the Project, see "THE PROJECT".

PARTICIPATION AGREEMENTS

Each of the Participants has entered into an Amended and Restated Participation Agreement, dated October 5, 2006 (the *"Participation Agreements"*), with PPGA. Under the Participation Agreements, PPGA has agreed to sell to each Participant, and each Participant has agreed to purchase from PPGA, such Participant's respective share of the net capacity and related energy of the Project (the *"Project Output"*). Each Participant's share of the Project Output is referred to as an *"Entitlement Share."* The following table shows the Entitlement Share of each Participant and the associated capacity of the Project under the Participation Agreements:

PARTICIPANT	ENTITLEMENT SHARE	CAPACITY (MW)
MEAN	36.36%	80
Heartland	36.36	80
Hastings Utilities	15.91	35
Grand Island Utilities	6.82	15
Nebraska City Utilities	4.55	10
TOTAL	100.00%	220

The Participation Agreements allocate to the Participants all of the Project Output and Bond-Related Costs and other Project Costs based upon their Entitlement Shares, and all Energy-Related Costs of the Project based upon energy produced and scheduled by each Participant. For definitions of these terms, see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Participation Agreements". The term of the Participation Agreements extends at least to the date as of which any Bonds remain outstanding.

The Participants have agreed to make payments to PPGA under the Participation Agreements on a take-or-pay basis, whether the Project is operable, or operating, and notwithstanding suspension, interruption, interference, reduction or curtailment of the Project Output or other output or services of the Project. Uncontrollable forces will not excuse any payment by the Participants required by the Participation Agreements.

Under the Participation Agreements, the Participants have agreed that their payment obligations shall constitute ordinary and necessary expenses of the Participants' respective electric utility systems (with certain exceptions discussed below in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Participation Agreements"), payable solely from the revenues of the related system. Generally, the Participants are not liable for each other's obligations under the Participation Agreements. However, the Participation Agreements contain certain step-up provisions in the event of a Participant default.

See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Participation Agreements" below.

SECURITY AND SOURCES OF PAYMENT

Pledge of the Resolution. The 2015 Series A Bonds, the $27,655,000 Whelan Energy Center Unit 2 Revenue Bonds, 2009 Series A (the *"2009 Series A Bonds"*), the $185,185,000 Whelan Energy Center Unit 2 Revenue Bonds, 2009 Series B (Direct Payment Build America Bonds) (the *"2009 Series B Bonds*" and together with the 2009 Series A Bonds, the *"2009 Series Bonds"*), the 2007 Series A Bonds that remain Outstanding after the issuance of the 2015 Series A Bonds (the *"Outstanding 2007 Series A Bonds"*) and any additional bonds that hereafter may be issued under the Resolution (*"Additional Bonds"*), are and will be equally and ratably secured under the Resolution and payable on a parity with one another, except in each case with respect to the Debt Service Reserve Accounts, as described under *"Debt Service Reserve"* below. The Outstanding 2007 Series A Bonds, the 2009 Series Bonds, the 2015 Series A Bonds and any Additional Bonds are herein referred to collectively as the *"Bonds"*.

The Bonds are special obligations of PPGA, payable from and secured by a pledge of the Revenues, PPGA's rights, title and interest under the Participation Agreements and certain funds established under the Resolution. The Revenues consist primarily of payments to be made by the Participants under the Participation Agreements. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Pledge of the Resolution".

Use of Revenues. The Resolution provides for the allocation of the Revenues to the funds and accounts established by the Resolution and for the use of the Revenues to pay all of the costs of the Project, including the debt service on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Flow of Funds".

Debt Service Reserve. The payment of the 2015 Series A Bonds and the Outstanding 2007 Series A Bonds is further secured by the Series 2007 A Debt Service Reserve Account in the Debt Service Fund (the *"2007 Reserve Account"*). Upon the issuance of the 2015 Series A Bonds, the 2007 Reserve Account is required to be funded and maintained in an amount equal to the Debt Service Reserve Requirement, which is equal to the maximum annual debt service of the Outstanding 2007 Series A Bonds and the 2015 Series A Bonds, subject to certain adjustments. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Debt Service Reserve Account".

Participation Agreements. PPGA has covenanted in the Resolution that (i) it will enforce the provisions of the Participation Agreements and duly perform its obligations under them and (ii) it will not consent to any rescission or amendment of the Participation Agreements that will reduce the aggregate amount of the payments required to be made by the Participants or that will materially and adversely affect the rights of PPGA under the Participation Agreements or the rights or security of the Bondowners under the Resolution. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Participation Agreements".

Rate Covenant. PPGA has covenanted to at all times establish and collect rates, fees and charges under the Participation Agreements and otherwise charge and collect rates, fees and charges for the use or sale of the output, capacity or service of the Project in each Fiscal Year, as shall be required to provide Revenues at least sufficient in each Fiscal Year, together with other

available funds (including amounts on deposit in the Rate Stabilization Account), to pay (i) the Operating Expenses during such Fiscal Year, (ii) the amount required to be paid during such Fiscal Year into the Debt Service Account, net of payments to PPGA under Qualified Hedge Agreements, (iii) the amount, if any, to be paid during such Fiscal Year into any Debt Service Reserve Accounts, (iv) the amount, if any, required to be paid during such Fiscal Year into the Reserve and Contingency Fund and (v) all other charges or liens payable out of Revenues during such Fiscal Year. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Rate Covenant".

Additional Bonds. PPGA may issue one or more series of Additional Bonds under the Resolution that will rank on a parity with all Outstanding Bonds. Additional Bonds may be issued for the purposes provided in the Resolution, including the refunding of Bonds previously issued. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Additional Bonds".

BOOK-ENTRY ONLY FORM

Purchases of ownership interests in the 2015 Series A Bonds will be made through the book-entry only system of The Depository Trust Company (*"DTC"*). So long as the book-entry system is in effect, payments of principal and interest, and transfers of the 2015 Series A Bonds, will be made through the facilities and under the procedures of DTC. See "THE 2015 SERIES A BONDS — Book-Entry System".

REDEMPTION

The 2015 Series A Bonds are subject to optional redemption prior to maturity as described herein. See "THE 2015 SERIES A BONDS".

TRUSTEE, PAYING AGENT AND BOND REGISTRAR

Wells Fargo Bank, N.A. is the Trustee, Paying Agent and Bond Registrar under the Resolution.

TAX MATTERS

In the opinion of Bond Counsel to PPGA, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2015 Series A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the *"Code"*), and (ii) interest on the 2015 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Bond Counsel is also of the opinion that under the Nebraska Revenue Act of 1967, as amended (the *"Revenue Act"*), interest on the 2015 Series A Bonds is exempt from income taxation imposed by the State under the Revenue Act to

the extent that such interest is excluded from gross income for Federal income tax purposes. See "TAX MATTERS".

CONTINUING DISCLOSURE

PPGA will execute a continuing disclosure undertaking for the benefit of the beneficial owners of the 2015 Series A Bonds to enable the Underwriters to comply with the requirements of Rule 15c2-12 under the Securities Exchange Act of 1934 (the *"Rule"*). PPGA failed to comply with certain of its prior undertakings under the Rule, but has corrected such failures and has adopted a continuing disclosure compliance policy and appointed a dissemination agent to promote its future compliance with its undertakings. See "CONTINUING DISCLOSURE" and APPENDIX D.

BOND INSURANCE

PPGA has applied for municipal bond insurance policies to guarantee the payment when due of all or a portion of the 2015 Series A Bonds. PPGA will determine whether to obtain bond insurance at the time of the pricing of the 2015 Series A Bonds, based upon then-current market conditions and other factors. If PPGA decides to obtain bond insurance, (i) the Underwriters will notify prospective purchasers of the identity of the bond insurer, the particular maturities to be insured and related matters at the time of pricing, and (ii) the bond insurance premium will be paid from the proceeds of the 2015 Series A Bonds.

CONDITIONS OF DELIVERY

The 2015 Series A Bonds are offered when, as, and if issued and received by the Underwriters, subject to the approval of legality by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to PPGA, and certain other conditions. Certain legal matters will be passed on for PPGA by its counsel, Woods & Aitken LLP, Lincoln, Nebraska, for the Participants by their respective counsels and for the Underwriters by Chapman and Cutler LLP Salt Lake City, Utah. See "LEGAL MATTERS".

INVESTMENT CONSIDERATIONS

Investment in the 2015 Series A Bonds is subject to certain risks, including the events and circumstances described under "INVESTMENT CONSIDERATIONS" in this Official Statement.

PLAN OF REFUNDING

2007 Series A Refunded Bonds. Proceeds from the 2015 Series A Bonds will be deposited with Wells Fargo Bank, N.A. (the *"Escrow Agent"*), pursuant to an Escrow Agreement dated as of May 28, 2015 (the *"Escrow Agreement"*) to establish an irrevocable trust escrow account (the *"Escrow Account"*), which may consist of cash, noncallable direct obligations of or guaranteed by the United States of America and noncallable obligations of federal agencies and instrumentalities. Funds in the Escrow Account will be used to refund the

2007 Series A Refunded Bonds in advance of their stated maturities, and are pledged solely for the payment of the 2007 Series A Refunded Bonds. Upon the deposit of such amounts, the 2007 Series A Refunded Bonds will be deemed to be paid and will no longer be Outstanding under the Resolution.

PPGA will select the 2007 Series A Bonds to be refunded at or about the time of pricing the 2015 Series A Bonds based, in part, upon market conditions existing at such time. No assurance can be given as to which 2007 Series A Bonds will be selected for refunding.

The scheduled maturities, interest rates and CUSIP numbers for the 2007 Series A Refunded Bonds are as follows:

2007 SERIES A REFUNDED BONDS

STATED MATURITY (JANUARY 1)	PRINCIPAL AMOUNT	INTEREST RATE	CUSIP
2018	$ 10,165,000	5.00%	744434 AG6
2019	10,670,000	5.00	744434 AH4
2020	11,205,000	5.00	744434 AJ0
2021	11,765,000	5.00	744434 AK7
2022	12,355,000	5.00	744434 AL5
2023	12,970,000	5.00	744434 AM3
2024	13,620,000	5.00	744434 AN1
2025	14,300,000	5.00	744434 AP6
2026	15,015,000	5.00	744434 AQ4
2027	15,765,000	5.00	744434 AR2
2028*	16,555,000	5.00	744434 AS0†
2029*	17,385,000	5.00	744434 AS0†
2030*	18,255,000	5.00	744434 AS0†
2031*	19,165,000	5.00	744434 AS0†
TOTAL	$199,190,000		

* Sinking Fund Installments for the 2007 Series A Term Bond due January 1, 2032. The remaining $20,125,000 principal amount of the 2007 Series A Term Bond due January 1, 2032 is not being refunded by the 2015 Series A Bonds and remains Outstanding under the Resolution.

† The CUSIP Service Bureau will suspend this CUSIP number and assign CUSIP number 744434 DQ1 to the 2007 Series A Refunded Bonds due January 1, 2032, and CUSIP number 744434 DR9 to the principal amount of the 2007 Series A Term Bond that remains Outstanding.

The 2007 Series A Refunded Bonds maturing on and after January 1, 2018 will be called for redemption on January 1, 2017, at a redemption price of one hundred percent (100%) of the principal amount thereof plus accrued interest thereon to the redemption date. The cash and investments held in the Escrow Account will bear interest and mature in amounts sufficient to pay the redemption price of the 2007 Series A Refunded Bonds on January 1, 2017.

Certain mathematical computations regarding the sufficiency of and the yield on the investments held in the Escrow Account will be verified by The Arbitrage Group, Inc. See "ESCROW VERIFICATION" below. PPGA does not intend to apply for a revised rating on the 2007 Series A Refunded Bonds following their defeasance.

ESTIMATED SOURCES AND USES OF FUNDS

The sources and uses of funds in connection with the issuance of Bonds are estimated to be as follows:

SOURCES:

Principal of the 2015 Series A Bonds	$187,345,000
Initial offering premium	27,927,437
Available PPGA moneys(1)	3,319,833
TOTAL SOURCES	$218,592,270

USES:

Deposit to Escrow Account	$217,513,487
Costs of issuance(2)	1,078,783
TOTAL USES	$218,592,270

(1) Certain amounts on deposit in the Debt Service Fund to be released upon the refunding of the 2007 Series A Refunded Bonds.

(2) Includes Underwriters' discount, legal, financial advisory, rating agency, verification agent and Trustee fees and expenses, and other miscellaneous costs.

THE 2015 SERIES A BONDS

GENERAL

The 2015 Series A Bonds will be dated as of the date of their original issuance and delivery (the *"Dated Date"*) and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement. The 2015 Series A Bonds will be issued as fully-registered bonds, initially in book-entry only form, in denominations of $5,000 or any integral multiple thereof.

The 2015 Series A Bonds will bear interest at the rates set forth on the inside cover page of this Official Statement. Interest on the 2015 Series A Bonds is payable semiannually on each January 1 and July 1, commencing July 1, 2015 (each, an *"Interest Payment Date"*), or if such date is not a business day, on the next succeeding business day with no additional interest, to the registered owners as of the regular record date, which is the 15th day (whether or not a business Day) next preceding each Interest Payment Date (the *"Regular Record Date"*). Interest on the

2015 Series A Bonds is computed on the basis of a 360-day year of twelve 30-day months. Interest on the 2015 Series A Bonds accrues from the Dated Date.

Wells Fargo Bank, N.A., is the Bond Registrar, Paying Agent and Trustee for the 2015 Series A Bonds under the Resolution.

OPTIONAL REDEMPTION

The 2015 Series A Bonds maturing on and after January 1, 2026 are subject to redemption prior to maturity at the option of PPGA on or after January 1, 2025 in whole or in part at any time, at a redemption price equal to 100% of the principal amount of the 2015 Series A Bonds to be redeemed plus accrued interest to the redemption date.

NOTICE OF REDEMPTION

At least 30 days before the redemption of 2015 Series A Bonds, the Trustee will mail to the registered owners of such 2015 Series A Bonds notice of the redemption of such 2015 Series A Bonds to their last addresses, if any, appearing upon the registry books kept by the Bond Registrar. Failure of the registered owner of any 2015 Series A Bond that is to be redeemed to receive any such notice shall not affect the sufficiency or validity of the proceedings for the redemption of such 2015 Series A Bond. The notice will also state that on the redemption date there will become due and payable upon each Bond to be redeemed the redemption price thereof, or the redemption price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon will cease to accrue and be payable. In addition, any notice of redemption may provide that the redemption of the Bonds is conditioned upon receipt by the Trustee of moneys sufficient to pay the redemption price, plus accrued interest, on the Bonds called for redemption, or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event and any conditional notice so given may be rescinded if any such other event occurs. Notice of such rescission, failure to fund the redemption price or satisfaction of such other condition shall be given by the Trustee to affected holders of such Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event, in the same manner as the conditional notice of redemption was given.

See "Book-Entry System" below. While DTC or its nominee is the registered owner of the 2015 Series A Bonds, notice of redemption or of purchase in lieu of redemption (see "Purchase in Lieu of Redemption" below) or of any satisfaction of a conditional notice will be given to DTC or its nominee or its successor and neither PPGA nor the Trustee shall be responsible for mailing such notices to Direct DTC Participants, to Indirect DTC Participants or to the Beneficial Owners of the 2015 Series A Bonds. Any failure of DTC or its nominee or its successor, or of a Direct DTC Participant or Indirect DTC Participant, to notify a Beneficial Owner of a 2015 Series A Bond of any redemption, purchase in lieu of redemption or rescission or satisfaction of any conditional notice of redemption will not affect the sufficiency or the validity of the redemption, purchase in lieu of redemption or rescission or satisfaction of conditional notice of redemption of such 2015 Series A Bond. PPGA can give no assurance that DTC or its successor, the Direct DTC Participants or the Indirect DTC Participants will

distribute such notices to the Beneficial Owners of the 2015 Series A Bonds, or that they will do so on a timely basis.

PURCHASE IN LIEU OF REDEMPTION

Any 2015 Series A Bonds subject to optional redemption also are subject to optional call for purchase and resale by PPGA at the same times and at the same prices as are applicable to the optional redemption of such 2015 Series A Bonds and upon giving the same notices that are required in connection with optional redemption, which notices may be conditional and may be rescinded as with calls for redemption.

SELECTION OF BONDS TO BE REDEEMED

If fewer than all of the 2015 Series A Bonds of like maturity shall be called for prior redemption or purchase in lieu of redemption, the particular 2015 Series A Bonds or portions of 2015 Series A Bonds to be redeemed or purchased shall be selected by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. In such event, for so long as a book-entry only system is in effect with respect to such 2015 Series A Bonds, DTC or its successors and Direct DTC Participants and Indirect DTC Participants will determine the particular ownership interests of the 2015 Series A Bonds of such maturity to be redeemed or purchased. Any failure of DTC or its successor, or of a Direct DTC Participant or Indirect Participant, to make such determination will not affect the sufficiency or the validity of the redemption or purchase of the 2015 Series A Bonds. See "Book-Entry System" below.

BOOK-ENTRY SYSTEM

The Depository Trust Company (*"DTC"*), New York, NY, will act as securities depository for the 2015 Series A Bonds. The 2015 Series A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2015 Series A Bond certificate will be issued for each maturity of the 2015 Series A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (*"Direct Participants"*) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers

and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (*"DTCC"*). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (*"Indirect Participants"*). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2015 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2015 Series A Bond (*"Beneficial Owner"*) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2015 Series A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2015 Series A Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 2015 Series A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2015 Series A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2015 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015 Series A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2015 Series A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2015 Series A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2015 Series A Bond documents. For example, Beneficial Owners of the 2015 Series A Bonds may wish to ascertain that the nominee holding the 2015 Series A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2015 Series A Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2015 Series A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to PPGA as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2015 Series A Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

As long as the book-entry system is in effect, redemption proceeds, distributions, and interest payments on the 2015 Series A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from PPGA or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participant and not of DTC, the Paying Agent, or PPGA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of PPGA or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2015 Series A Bonds at any time by giving reasonable notice to PPGA or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, the 2015 Series A Bond certificates are required to be printed and delivered.

PPGA may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, the 2015 Series A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that PPGA and the Underwriters believe to be reliable, but neither PPGA nor the Underwriters take any responsibility for the accuracy thereof.

TRANSFER AND EXCHANGE

So long as the book-entry system is in effect, Beneficial Owners may transfer their interests in the 2015 Series A Bonds through the book-entry system. In the event of a discontinuance of the book-entry system, the 2015 Series A Bonds may be transferred or

exchanged only upon the registration books of the Bond Registrar, subject to the restrictions described below.

PPGA and the Trustee are not required to transfer or exchange any 2015 Series A Bond (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest Payment Date; (ii) during the period from and including the day 15 days prior to any special record date fixed for the payment of defaulted interest, to and including the date of the proposed payment pertaining thereto; (iii) during the period from and including the day 15 days prior to the mailing of notice calling any 2015 Series A Bonds for redemption, to and including the date of such mailing; or (iv) at any time following the mailing of notice calling such 2015 Series A Bond for redemption or for purchase in lieu of redemption.

DEBT SERVICE REQUIREMENTS

The following table shows the annual debt service requirements on the 2015 Series A Bonds and all other Bonds Outstanding under the Resolution:

BOND YEAR ENDED JANUARY 1	2015 SERIES A BONDS			OUTSTANDING BONDS[1]			
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST[2]	TOTAL	TOTAL
2016	$ -	$ 5,542,290	$ 5,542,290	$ 13,415,000	$ 27,456,710	$ 40,871,710	$ 46,414,000
2017	-	9,367,250	9,367,250	14,040,000	26,827,010	40,867,010	50,234,260
2018	9,095,000	9,367,250	18,462,250	4,445,000	26,255,760	30,700,760	49,163,010
2019	9,550,000	8,912,500	18,462,500	4,635,000	26,066,848	30,701,848	49,164,348
2020	10,030,000	8,435,000	18,465,000	4,855,000	25,731,181	30,586,181	49,051,181
2021	11,165,000	7,933,500	19,098,500	5,080,000	25,379,582	30,459,582	49,558,082
2022	11,730,000	7,375,250	19,105,250	5,320,000	25,011,688	30,331,688	49,436,938
2023	12,310,000	6,788,750	19,098,750	5,570,000	24,626,414	30,196,414	49,295,164
2024	12,930,000	6,173,250	19,103,250	5,835,000	24,223,035	30,058,035	49,161,285
2025	13,575,000	5,526,750	19,101,750	6,110,000	23,800,464	29,910,464	49,012,214
2026	14,255,000	4,848,000	19,103,000	6,395,000	23,357,978	29,752,978	48,855,978
2027	14,965,000	4,135,250	19,100,250	6,700,000	22,894,852	29,594,852	48,695,102
2028	15,715,000	3,387,000	19,102,000	7,015,000	22,409,638	29,424,638	48,526,638
2029	16,505,000	2,601,250	19,106,250	7,345,000	21,901,611	29,246,611	48,352,861
2030	17,330,000	1,776,000	19,106,000	7,690,000	21,369,687	29,059,687	48,165,687
2031	18,190,000	909,500	19,099,500	8,050,000	20,812,777	28,862,777	47,962,277
2032	-	-	-	28,555,000	20,229,796	48,784,796	48,784,796
2033	-	-	-	29,955,000	18,613,045	48,568,045	48,568,045
2034	-	-	-	31,425,000	16,917,439	48,342,439	48,342,439
2035	-	-	-	32,970,000	15,139,028	48,109,028	48,109,028
2036	-	-	-	34,590,000	13,273,614	47,863,614	47,863,614
2037	-	-	-	36,295,000	11,317,000	47,612,000	47,612,000
2038	-	-	-	38,080,000	9,264,374	47,344,374	47,344,374
2039	-	-	-	39,945,000	7,111,287	47,056,287	47,056,287
2040	-	-	-	41,910,000	4,853,293	46,763,293	46,763,293
2041	-	-	-	43,975,000	2,484,717	46,459,717	46,459,717
TOTAL	$187,345,000	$93,078,790	$280,423,790	$470,200,000	$507,328,828	$977,528,828	$1,257,952,618

(1) Excludes debt service of Refunded Bonds.

(2) Gross interest amount; does not include federal interest rate subsidy on 2009 Series B Bonds.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

PLEDGE OF THE RESOLUTION

The Bonds are special obligations of PPGA payable solely from and secured solely by a pledge of (i) the proceeds of sale of the Bonds; (ii) the Revenues and all rights to receive the same; (iii) all rights, title and interests of PPGA under the Participation Agreements; and (iv) all Funds and Accounts (excluding the Rebate Accounts) established by the Resolution, including the investment income, if any, thereof.

The Revenues consist primarily of (i) all payments received by PPGA pursuant to the Participation Agreements; (ii) all revenues, income, rents and receipts derived by PPGA from or attributable to the ownership and operation of the Project; (iii) the proceeds of any insurance relating to the Project, (iv) interest received on any moneys or securities held pursuant to the Resolution, and any net gains from the investment thereof, required to be paid into the Revenue Fund; and (v) net receipts of PPGA under any Qualified Hedge Agreement.

The full faith and credit of PPGA is not pledged as security for the Bonds. PPGA has no taxing power. The Bonds do not constitute general obligations of PPGA, the Participants, or any other entity or body, municipal, state or otherwise. PPGA will not mortgage or grant a security interest in the physical properties comprising the Project to secure payment of the Bonds. See "INVESTMENT CONSIDERATIONS—Special Obligations".

ANNUAL BUDGET

The Resolution requires PPGA to prepare and file with the Trustee an annual budget for each Fiscal Year as required by the Participation Agreements.

The Participation Agreements require the Project Operating Agent to prepare annual budgets and submit the same to the PPGA Board of Directors for approval. The budget of the Project Operating Agent must set forth PPGA's anticipated debt service costs, capital requirements, operating and maintenance costs, and decommissioning costs, as well as anticipated energy-related costs, and a schedule as to when it is anticipated that funds to pay such costs will be required by the Project Operating Agent from the Participants.

RATE COVENANT

PPGA has covenanted in the Resolution that it will at all times establish and collect rates, fees and charges under the Participation Agreements and will otherwise charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the Project in each Fiscal Year, as shall be required to provide Revenues at least sufficient in each Fiscal Year, together with other available funds (including amounts on deposit in the Rate Stabilization Account), for the payment of: (i) Operating Expenses during such Fiscal Year, (ii) the amount required to be paid during such Fiscal Year into the Debt Service Account, net of payments to

PPGA under Qualified Hedge Agreements, (iii) the amount, if any, to be paid during such Fiscal Year into any Debt Service Reserve Accounts established by a Supplemental Resolution or Supplemental Resolutions, (iv) the amount, if any, required to be paid during such Fiscal Year into the Subordinated Indebtedness Account, (v) the amount, if any, required to be paid during such Fiscal Year into the Reserve and Contingency Fund, (vi) the amount, if any, required to be deposited during such Fiscal Year in the General Reserve Fund, and (vii) the amount, if any, required to pay all other charges or liens payable out of Revenues during such Fiscal Year. PPGA will review rates and charges at least once each Fiscal Year (and more frequently if there is a material change in circumstances) and will revise such rates and charges as necessary to comply with the rate covenant described above.

DEBT SERVICE RESERVE ACCOUNT

2007 Series A and 2015 Series A. The payment of the Outstanding 2007 Series A Bonds and the 2015 Series A Bonds is further secured by the 2007 Reserve Account. The 2007 Reserve Account was established upon the issuance of the 2007 Series A Bonds, and was funded with proceeds of such Bonds. Under the General Bond Resolution and the First Supplemental Revenue Bond Resolution authorizing the 2007 Series A Bonds, a Series of Bonds refunding the 2007 Series A Bonds can, at the election of PPGA, also be secured by the 2007 Reserve Account. Under the Third Supplement, PPGA has elected to secure the 2015 Series A Bonds by the 2007 Reserve Account.

Upon the issuance of the 2015 Series A Bonds, the 2007 Reserve Account is required to be funded and maintained in the amount of the Debt Service Reserve Requirement ($32,781,750), which is equal to the lesser of (i) the maximum aggregate Debt Service on the Outstanding 2007 Series A Bonds and 2015 Series A Bonds, (ii) 10% of the aggregate principal amount or issue price, if applicable pursuant to the provision of the Code, of the Outstanding 2007 Series A Bonds and 2015 Series A Bonds upon their original issuance, or (iii) as of the original issuance of the 2007 Series A Bonds and the 2015 Series A Bonds, 125% of the average of the Debt Service during any Fiscal Year on the Outstanding 2007 Series A Bonds and 2015 Series A Bonds. The 2007 Reserve Account secures only the Outstanding 2007 Series A Bonds, the 2015 Series A Bonds and any additional Bonds refunding 2007 Series A Bonds or 2015 Series A Bonds.

2009 Series. The payment of the 2009 Series Bonds is separately secured by the 2009 Series Bond Debt Service Reserve Account established in the Debt Service Fund. The Debt Service Reserve Account Requirement for the 2009 Series Bonds is determined under similar parameters as the Debt Service Reserve Requirement for the 2007 Reserve Account, and is in the amount of $13,355,416. The 2009 Series Bonds Debt Service Reserve Account does not secure the 2015 Series A Bonds and secures only the 2009 Series Bonds and, at the option of PPGA, any additional Bonds refunding the 2009 Series Bonds or such Refunding Bonds.

FUNDS AND ACCOUNTS

The following funds and accounts are created under the Resolution:

- Revenue Fund, held by PPGA, which may include Rebate Accounts;
- Operating Fund, held by PPGA;
- Debt Service Fund, held by the Trustee, consisting of a Debt Service Account, each Debt Service Reserve Account, if any, as may be established therein by Supplemental Resolution and a Subordinated Indebtedness Account;
- Reserve and Contingency Fund, held by PPGA; and
- General Reserve Fund, held by PPGA, consisting of a General Reserve Account and a Rate Stabilization Account.

The Resolution also creates a Construction Fund to provide for payment of Project Costs. As of January 1, 2015, approximately $7.9 million of proceeds of the 2009 Series A Bonds were on deposit in the Construction Fund. Such funds are expected to be used by January 1, 2018 for the payment of additional Project Costs.

FLOW OF FUNDS

All Revenues will be promptly deposited by PPGA upon receipt thereof to the credit of the Revenue Fund. As soon as practicable in each month after the deposit of Revenues in the Revenue Fund and in any case no later than the last business day of such month, PPGA will withdraw from time to time from the Revenue Fund (other than from any Rebate Accounts therein) and transfer to the Operating Fund a sum or sums that, together with any amount therein not set aside as a general reserve for Operating Expenses, is equal to the Operating Expenses for such calendar month. PPGA may also from time to time transfer additional amounts from the Revenue Fund to the Operating Fund to be set aside as a general reserve for Operating Expenses. Amounts in the Operating Fund are to be paid out from time to time by PPGA for Operating Expenses.

PPGA will transfer from the Revenue Fund (other than from any Rebate Accounts therein), to the extent available and subject to the prior transfers therefrom to the Operating Fund, to the Trustee or PPGA, as the case may be, for deposit in the following funds and accounts the amounts set forth below, such application to be made in such a manner so as to assure good funds in such funds and accounts when needed for the purposes thereof:

(i) to the Debt Service Fund, pro rata on the basis of the amounts required (a) for credit to the Debt Service Account, the amount, if any, required so that the balance of said account is equal to the amount required for the payment of the principal installments and redemption price, if any, of and interest on Bonds, and (b) for credit to the Debt

Service Account, any Parity Obligations, in each case by no later than the time the next payment therefore is required to be made from the Debt Service Account;

(ii) to the extent not expected by PPGA to be required to make deposits required by paragraph (i) above, to the Debt Service Fund, pro rata on the basis of the amounts required to satisfy any deficiencies in any Debt Service Reserve Accounts, if any, for credit to such respective Debt Service Reserve Accounts;

(iii) to the extent not expected by PPGA to be required to make deposits required by paragraphs (i) or (ii) above, to the Debt Service Fund, for credit to the Subordinated Indebtedness Account, an amount, if any, equal to the sum of amounts required to pay principal or sinking fund installments, if any, of and premiums, if any, and interest on each issue of Subordinated Indebtedness, whether as a result of maturity or prior call for redemption, as required by the resolution, indenture or other instrument authorizing such issue of Subordinated Indebtedness, and any Subordinated Obligations, in each case by no later than the time the next payment therefore is required to be made from the Subordinated Indebtedness Account;

(iv) to the extent not expected by PPGA to be required to make deposits required by paragraphs (i), (ii) or (iii) above, to the Rebate Accounts, if any, such respective amounts as may be required by the purposes thereof;

(v) to the extent not expected by PPGA to be required to make deposits required by paragraphs (i), (ii), (iii) or (iv) above, to the Reserve and Contingency Fund the amount, if any, determined by PPGA's Board of Directors to be credited thereto; and

(vi) to the extent not expected by PPGA to be required to make deposits required by paragraphs (i), (ii), (iii), (iv) or (v) above, to the General Reserve Fund, the amount, if any, determined to be transferred thereto.

Amounts on deposit in the General Reserve Fund shall be transferred to the Operating Fund, the Debt Service Account, the Debt Service Reserve Account, the Subordinated Indebtedness Account or the Reserve and Contingency Fund to the extent required to fund deficiencies in such Funds and Accounts (and in order of priority listed above), and to the extent not required for such purposes shall, upon determination of PPGA, be applied to or set aside for any one or more of the following:

- payment into the Revenue Fund or any other Fund or Account;
- the purchase or redemption of Bonds or Subordinated Indebtedness;
- payments for the cost of renewals, replacements, repairs, additions, betterments, enlargements and improvements to the Project and the payment of extraordinary operation and maintenance costs and contingencies, payments with respect to the prevention or correction of any unusual loss or damage in connection with the Project or to prevent a loss of revenue therefrom; and

- increases in working capital requirements;

- deposit in the Rate Stabilization Account the amount, if any, determined by PPGA's Board of Directors to be credited to such Account;

- the deposit in a special account which may be created for a termination or decommissioning reserve; and

- any other lawful purpose of PPGA related to the Project.

RATE STABILIZATION ACCOUNT

The Rate Stabilization Account has been created by the Resolution to promote PPGA's ability to provide electric power and energy to the Participants at stable and economic rates. Pursuant to the Resolution, PPGA may transfer amounts from the Revenue Fund to the Rate Stabilization Account as determined by PPGA's Board of Directors. Amounts in the Rate Stabilization Account may be used by PPGA to pay Operating Expenses or debt service on the Bonds, or for any other purpose that enables PPGA to provide services to the Participants at stable and economic rates. The Rate Stabilization Account is currently funded in the approximate amount of $10,500,000. PPGA has no current plans to increase or utilize the Rate Stabilization Account.

ADDITIONAL BONDS

Pursuant to the Resolution, PPGA has reserved the right to issue Additional Bonds having a lien on the Revenues on a parity with the 2015 Series A Bonds. PPGA currently has no plans to issue Additional Bonds, other than Refunding Bonds.

PPGA may issue Additional Bonds for the purpose of paying all or a portion of the Project Costs upon the receipt by the Trustee of the following:

- A copy of the supplemental resolution authorizing such Bonds, certified by an Authorized Officer of PPGA;

- A written order as to the delivery of such Bonds, signed by an Authorized Officer of PPGA;

- An opinion of Bond Counsel; and

- Except in the case of Refunding Bonds, a certificate of an Authorized Officer of PPGA stating that either (i) no Event of Default has occurred and is continuing under the Resolution or (ii) the application of the proceeds of sale of such series of Bonds will cure any such Event of Default.

PPGA also may issue Refunding Bonds to refund Outstanding Bonds or Subordinated Indebtedness, upon receipt by the Trustee of the documents listed above (except such certificate of an Authorized Officer of PPGA) and also the following documents:

- Irrevocable instructions to the Trustee to give due notice of any redemption of the Bonds to be refunded on a redemption date or dates specified in such instructions.

- If the Bonds to be refunded do not mature or are not by their terms subject to redemption within the next succeeding 60 days, irrevocable instructions to the Trustee to make due publication of notice of defeasance to the Holders of the Bonds being refunded.

- Either (i) moneys in an amount sufficient to effect payment of principal and interest at maturity, or of the applicable Redemption Price of the Bonds to be refunded together with accrued interest on such Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (ii) Defeasance Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, and any moneys, as shall be necessary to comply with the defeasance provisions of the Resolution, which Defeasance Securities and moneys shall be held in trust and used only as provided by such provisions.

See Appendix C – "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Issuance of Bonds Other Than Refunding Bonds" and "– Issuance of Refunding Bonds".

PARTICIPATION AGREEMENTS

Purchase and Sale of Energy. Pursuant to the Participation Agreements each of the Participants has agreed to purchase from PPGA the Participant's Entitlement Share of Project Output. Payments for such Project Output are to be made by the Participants under the Participation Agreements on a take-or-pay basis, that is, whether or not the Project or any portion thereof is completed, operable, or operating, and notwithstanding suspension, interruption, interference, reduction or curtailment of the Project Output or services of the Project. The obligations of the Participants to make such payments are not subject to any reduction, whether by offset, counterclaim or otherwise, and are not conditioned upon the performance by PPGA under the Participation Agreements or any other agreement or instrument.

Participant Payments. Each Participant is obligated to pay its share of Bond-Related Costs and operation and maintenance costs, including Energy-Related Costs and Other Project Costs. Such costs are required to be invoiced at least monthly and must be paid within 30 days of such monthly invoice; *provided, however*, the PPGA Board of Directors may require invoices and payments on a different basis or bases, or at a different time or times, as it deems necessary or advisable. Bond-Related Costs may be invoiced and payable in advance as required. No later than March 31 following each year, the Project Operating Agent must submit to PPGA and the Participants an accounting for such year showing all amounts received and expended for

Bond-Related Costs and operation and maintenance costs. Adjustments will be made among the Participants, if required, pursuant to the Participation Agreements so that all costs incurred for such purposes will have been shared by each Participant in accordance with the Participation Agreements.

Bond-Related Costs and Other Project Costs will be allocated among the Participants based on Entitlement Share. Energy-Related Costs will be allocated among the Participants in the ratio that each Participant's monthly Net Energy Generation scheduled and produced from the Project bears to the total monthly Net Energy Generation scheduled and produced from the Project. *"Net Energy Generation"* means the total energy scheduled by and delivered at any hour to the Participants from the Project.

"Bond-Related Costs" means all costs payable by PPGA under, pursuant to or through all resolutions and indentures of PPGA, including the Resolution, authorizing debt issued by PPGA to finance the Project, and all other costs directly or indirectly related to the financing of the Project, or any deposits required to be made for such financing. *"Energy-Related Costs"* means (i) all fuel consumed in the production of energy at the Project, (ii) all costs of supervising the purchasing and handling of fuel, (iii) all operating, maintenance and ad valorem taxes on fuel handling or transportation equipment, (iv) all costs, including taxes, of fuel transportation, ash disposal, and disposal of other residues of operation of the Project, (v) all variable costs, including taxes on said costs, related to the operation of environmental control equipment and all variable environmental compliance costs, and (vi) any and all variable costs related to the production of energy as approved by the PPGA Board of Directors. *"Other Project Costs"* means all other Project costs that are not Bond-Related Costs or Energy-Related Costs.

Participants' Obligations. The payments made by each Participant under its Participation Agreement are payable solely from the revenues of its electric system and do not constitute a general obligation of the Participants. Each Participant agrees that all Bond-Related Costs payable by it under its Participation Agreement constitute an operating expense of its electric utility system prior to the payment by the Participant of debt service on debt payable from its electric utility system, unless and then only to the extent prohibited by law, by contract (including but not limited to bond resolution, ordinance or indenture) adopted or entered into as of the date of the Participation Agreement, or by generally accepted accounting principles. The only Participant with a contractual exception pursuant to the foregoing is Nebraska City, whose existing bond ordinance requires that the payment of all or a portion of Bond-Related Costs be subordinated to debt service on its currently outstanding utility system bonds (or bonds issued to refund them) and utility system operating expenses. In addition, the bond ordinances of Grand Island Utilities and Hastings Utilities could be construed to require that the payment of all or a portion of Bond-Related Costs be subordinated to debt service on their currently outstanding utility system bonds (or bonds issued to refund them) and utility system operating expenses.

Participant Covenants. Each Participant agrees that it will fix, charge and collect rates, fees and charges for electric power and energy and other services, facilities and commodities sold, furnished or supplied through the facilities of its electric utility system at least sufficient, together with other available moneys, to provide revenues adequate to meet its obligations under the Participation Agreement and to pay any and all other amounts payable from such revenues,

including, but not limited to, amounts sufficient to pay the principal of and interest on all debt issued by the Participant and payable from such system revenues and all costs of operation and maintenance of such system.

Participant Default. Upon failure of a Participant to make any payment when due under the Project Agreements, the PPGA Board of Directors will make written demand upon such Participant to pay. If the failure is not cured within 15 days from the date of receipt of demand, the failure will constitute a default. If a Participant disputes the existence or extent of any failure to make a payment, it will nevertheless make such payment within the 15 day period under written protest directed to the PPGA Board of Directors. A Participant in default for failure to make any payment will have no right to any Project Output. The Entitlement Share of each non-defaulting Participant will be automatically increased for the remaining term of the Participation Agreement *pro rata* (based on the Entitlement Shares of all non-defaulting Participants) with those of the other non-defaulting Participants and the defaulting Participant's Entitlement Share will be reduced correspondingly; *provided, however*, that the sum of such increases for any non-defaulting Participant cannot exceed, without the consent of the non-defaulting Participant, an accumulated maximum of 30% of the non-defaulting Participant's Entitlement Share prior to any such increases. The defaulting Participant is not relieved of its liability for payment of any amounts in default under its Participation Agreement, except that its obligation to make payments associated with any lost Entitlement Share will be discharged to the extent that other Participants or other entities have made such payments. Similar provisions apply with respect to non-payment defaults.

Transfers. Participants may transfer their Entitlement Share or any portion of it with unanimous approval of the PPGA Board of Directors. Other Participants have a right of first refusal to any Entitlement Share proposed to be transferred.

Public Entities. In the event a member of PPGA (currently, the members are the Participants) or its successor is no longer a public agency, as defined in the Interlocal Cooperation Act, such member's participation in PPGA is terminated immediately and the change from public agency status will constitute a default of the Participant under its Participation Agreement. The defaulting Participant is responsible for the costs of any necessary actions to preserve the tax exempt status of the Bonds to the extent attributable to such default.

Term of the Participation Agreements. Each Participation Agreement between PPGA and a Participant remains in effect for the later of (i) the life of the Project or (ii) the date as of which all debt, including the Bonds, issued by PPGA to finance the Project is no longer outstanding and all Bond-Related Costs have been paid.

PLEDGE OF THE STATE

Under the Act, the State pledges to and agrees with the registered owners of any Bonds and with those persons who may enter into contracts with PPGA under the Act that the State will not alter, impair, or limit the rights thereby vested until the Bonds, together with applicable interest, are fully met and discharged and such contracts are fully performed. Nothing contained in the Act precludes such alteration, impairment, or limitation if and when adequate provisions

are made by law for the protection of the registered owners of the Bonds or persons entering into contracts with PPGA.

THE PROJECT

GENERAL

The Project is a nominally rated 220 MW pulverized coal-fired sub-critical generating unit fueled with low-sulfur coal located near Hastings, Nebraska. PPGA constructed the Project to meet the Participants' needs for an additional power supply resource that provides a reliable, economical and cost-based supply of electric energy. Since March 1, 2014, output from the Project is dispatched in the Southwest Power Pool (*"SPP"*) Integrated Marketplace (the *"SPP Integrated Marketplace"*). Under the SPP Integrated Marketplace, MEAN (on behalf of itself and Nebraska City) and Tenaska Power Services (on behalf of Heartland, Grand Island and Hastings Utilities) submits offers to sell electrical output and operating reserves from the Project to the SPP Integrated Marketplace, and load serving entities within the SPP Integrated Marketplace submit bids to purchase electrical energy. SPP clears the offers and bids through unit commitment and economic dispatch algorithms on a day-ahead and real-time basis.

CONSTRUCTION OF THE PROJECT; COMMERCIAL OPERATION DATE

The acquisition and construction of the Project began in 2007, and the Project was deemed substantially completed and placed into commercial operation on May 1, 2011. The total cost of construction of the Project, including all bond related costs, was approximately $730 million.

PROJECT OPERATIONS

Operating History. The equivalent availability factor, forced outage rate, net capacity factor, net output factor and net generation of the Project since its commercial operation date are shown below.

PROJECT OPERATING HISTORY

CALENDAR YEAR	NET GENERATION (GWH)	EQUIVALENT AVAILABILITY FACTOR[1]	FORCED OUTAGE RATE[2]	NET CAPACITY FACTOR[3]	NET OUTPUT FACTOR[4]	NET HEAT RATE[5]
2011[6]	804.73	80.72%	8.49%	60.83%	76.16%	9,894
2012	999.39	73.38	6.54	50.57	76.91	9,954
2013	1,347.35	85.36	8.86	68.36	80.10	9,863
2014	1,226.76	78.59	2.61	62.24	75.66	9,993

(1) The Equivalent Availability Factor incorporates the effect of deratings (losses in MW capability) and is essentially "equivalent to" the percentage of a period during which the generating unit was available for maximum net capability operation.

(2) The Forced Outage Rate is the ratio of hours in the period that the generating unit is not capable of operating due to forced outages to the number of hours in the period.

(3) The Net Capacity Factor is the ratio of the average annual load on the generating unit to the capacity rating of the unit.

(4) The Net Output Factor is the ratio of the net energy generated to the net capability of the generating unit times the hours in the period, and reflects the unit availability as well as the actual need for power produced by the unit.

(5) The Net Heat Rate is a measure of the efficiency of the generating unit and shows the amount of thermal energy in BTUs necessary to produce 1.0 net kWh. The smaller the number, the more efficient the unit.

(6) Operating data for 2011 reflects eight months of operations from the commercial operation date of May 1, 2011 through December 31, 2011.

Source: PPGA.

Outage Schedule and Maintenance. All preventative maintenance at the Project is monitored and scheduled by a plant maintenance software system that follows equipment manufacturer recommendations and takes into account operational history of the equipment. Over the last four years, the non-fuel operation and maintenance costs of the Project has averaged $4.50 per MWh.

Minor outages are generally scheduled twice each year in the spring and fall. Minor outages generally last less than four weeks and typically include inspection and maintenance of equipment such as the steam generator and air quality control systems that can only be inspected and maintained when the Project is not in operation.

Major outages are scheduled periodically for the inspection and overhaul of the turbine-generator and turbine-generator stop valves and for replacement of the catalyst and fabric filter bags used in the air quality control systems. PPGA last undertook an overhaul of the turbine-generator and turbine-generator stop valves in 2012. The next scheduled overhaul of the turbine-generator and turbine-generator stop valves will be in 2017, and will likely require an outage of

eight to ten weeks. Replacement of the catalyst and fabric filter bag last occurred in 2014 and is scheduled for 2018, and will likely require an outage of five weeks.

Capital Expenditure Budget. PPGA has budgeted the amounts shown below for capital expenditures at the Project over the next five calendar years:

CALENDAR YEAR	BUDGETED CAPITAL EXPENDITURES
2015	$1,010,000
2016	220,000
2017	3,570,000
2018	1,120,000
2019	2,620,000
Total	$8,540,000

Future capital projects consist of cooling tower wastewater treatment, overhaul of the turbine-generator and turbine-generator stop valves, replacement of the catalyst and fabric filter bags and purchase of coal dozers. PPGA's capital budgets for calendar years 2016 and 2017 also include contingent budget items for rail additions and scrubber ash water treatment totaling approximately $7.5 million not reflected in the chart above. PPGA anticipates paying for future capital projects, including any contingent budget items, through accumulated reserves.

WHELAN ENERGY CENTER OPERATIONS

The Project is located adjacent to an existing coal-fired generation facility known as the Whelan Energy Center Unit 1 (*"Unit 1"*). Unit 1, which is owned and operated by Hastings Utilities, is a 77 MW pulverized coal-fired generating unit that was placed into commercial operation in 1981. The Project uses the same coal-fired generation technology as Unit 1. Certain facilities and properties at the Whelan Energy Center (the *"Whelan Energy Center"* or *"WEC"*) are common to Unit 1 and the Project, and Hastings Utilities has leased the ground and conveyed easements to PPGA to the extent necessary for the operation and maintenance of the Project. There is sufficient land at the WEC for one additional generating unit, although there are currently no plans to construct an additional generating unit at the WEC.

Unit 1 and the Project are fueled by low-sulfur coal from the Powder River Basin in Wyoming. The WEC site has dual access to coal deliveries via both Burlington Northern Santa Fe (*"BNSF"*) and Union Pacific railroads. Hastings Utilities owns the rail facilities connecting the WEC site to both of these rail lines. For additional information concerning fuel supply see "Coal Supply" below.

All of the 7.2 million gallons of water per day (based on peak conditions) necessary for the operation of the Project is derived from wells located on and directly adjacent to the WEC site. For additional information concerning water supply see "Water Supply" below.

The combustion of coal at the Project produces sulfur dioxide, nitrogen oxides, mercury, particulate emissions (fly ash) and other emissions. As required by state and federal law, Best Available Control Technology (*"BACT"*) is used and a number of pollution control protection systems have been installed to control such emissions. For information concerning environmental matters see "Environmental Matters," below.

PROJECT OPERATING AGENT

Pursuant to the Participation Agreement and the Project Operating Agent Agreement, dated as of January 1, 2008, as amended (the *"Operating Agent Agreement"*), Hastings Utilities serves as Project Operating Agent and is responsible for the operating and maintenance of the Project. Under the Operating Agent Agreement, Hastings Utilities has agreed to perform, among others, the following responsibilities and duties:

- Cause the Project to be operated and maintained in a reasonably efficient manner and in accordance with prudent utility practices;

- Prepare a budget each year and submit it to PPGA for approval, setting forth anticipated expenses, bond-related costs, capital requirements, operating and maintenance costs, station power supply costs, decommissioning costs and fuel and energy-related costs;

- Select the fuel supply for the operation of the Project, including the method of transporting the fuel to the Project, and make all other decisions related to the purchase and transportation of the fuel for the Project;

- Enter into, renew, or extend contracts deemed useful by PPGA or provided for in the annual budget for the operation and maintenance of the Project; and

- Purchase, to the extent funds are allocated under the annual budget and are available, all fuel, supplies and equipment useful to maintain and operate the Project.

Hastings Utilities is authorized under the Operating Agent Agreement to pay, from the accounts established under the Operating Agent Agreement, when due, all obligations for the operation of the Project that are contemplated by, and in accordance with, the annual budget approved by PPGA, including payment for debt service and other costs related to the Bonds and other indebtedness of PPGA, and all costs of Hastings Utilities acting as the Project Operating Agent.

PPGA pays Hastings Utilities for all costs incurred by Hastings Utilities as Project Operating Agent, including all direct or indirect charges, costs and expenses paid or incurred by Hastings Utilities that arise out of, pertain to, or are attributable to Hastings Utilities' performance of its duties under the Operating Agent Agreement.

The Operating Agent Agreement will terminate one year after the later of (a) the decommissioning of the Project, (b) the payment in full of all debt issued by PPGA to finance the

cost of the Project, (c) the payment in full of all expenses incurred by Hastings Utilities under the Operating Agent Agreement, and (d) the payment in full of any other liabilities or obligations under the Participation Agreement or the Operating Agent Agreement. In addition, pursuant to the Participation Agreement, PPGA may remove Hastings Utilities as the Project Operating Agent if Hastings Utilities fails to remedy any act of default within a reasonable time after a final decision or order is made in accordance with the Participation Agreement or Project Operating Agreement that Hastings Utilities is in default. Hastings Utilities may also resign as Project Operating Agent by giving PPGA at least one year's written notice. Prior to the removal or resignation of Hastings Utilities as Project Operating Agent, PPGA must designate a new Project Operating Agent.

The Hastings Utilities' management has more than 25 years of experience and the average power plant staff has 17 years' tenure. There are currently 77 people employed at the Whelan Energy Center. When the Project is in operation, there are two employees per shift dedicated to the Project and two employees per shift with shared duties between Unit 1 and the Project. Hastings Utilities reports that in recent years labor relations have been excellent and that there are presently no labor disputes or other major employment issues at WEC. None of the employees of Hastings Utilities at WEC are unionized.

COAL SUPPLY

Unit 1 and the Project are fueled by low-sulfur coal from the Powder River Basin in Wyoming, which is delivered to WEC by rail. Hastings Utilities currently purchases approximately 1.1 million tons of coal each year for the combined operation of Unit 1 and the Project. In its capacity as Project Operating Agent, Hastings Utilities procures and manages the fuel supply and transportation of fuel for the Project. For the coal supply portfolio for the WEC, Hastings Utilities currently solicits multiple suppliers in order to provide a competitive fuel price.

Hastings Utilities uses a request for proposal process in obtaining bids for coal supply, and the services of a specialized law firm of Slover & Loftus in Washington D.C. to aid in the procurement and analysis of all coal and rail bids. The majority of WEC's current coal supply is purchased under a three-year coal purchase agreement with Peabody Energy that expires on December 31, 2016. Hastings Utilities plans to negotiate a new coal supply purchase contract for a portion of WEC's supply at the beginning of 2016. The balance of WEC's coal supply is purchased under short-term contracts and spot purchases based upon prevailing market conditions.

Track facilities at the WEC site include a loop track with spurs and a rotary car dumper situated near Unit 1. Originally, the rail facilities at the WEC held 55 cars on site. As part of the Project, the rail facilities have been modified to handle two trains of 140 cars each. Rail services for the WEC are provided pursuant to a contract with BNSF that expires on December 31, 2018.

WATER SUPPLY

The water systems for both units at the WEC are integrated on the site. The primary use of water is makeup water for the closed loop cooling water system. Water supply for the WEC is currently provided by six water supply wells. Five of the wells are located on the WEC property and one is located off site. These wells provide the entire industrial and service water demands for operation of both units at the WEC.

The Project requires an annual average of 3,000 gallons per minute (*"gpm"*) of service water, with a peak summer demand of approximately 5,000 gpm. A majority of the water required for the operation of the Project is derived from groundwater wells on the site. In total, the current available groundwater supply to serve Unit 1 and the Project is over 6,000 gpm. Additional water supply for the Project may be acquired by connecting to two wells located adjacent and south of the WEC site. In addition, there is a 450 gpm municipal well located near the southeast corner of the WEC that is currently not used for municipal purposes.

There is also municipal service water that can be used as a backup water supply and fire protection for the Project from a 12-inch water main connected to the WEC site. PPGA monitors groundwater levels quarterly and pumping operations monthly to ensure water resources are adequate to meet future water supply needs.

TRANSMISSION

Under the Participation Agreements, the Participants are responsible for the transmission of electric output of the Project from the point of delivery specified in the Participation Agreements to their own electric utility systems. As part of the Project, PPGA undertook the following transmission improvements:

- Hastings Energy Center 115 kV substation expansion to an eight terminal breaker-and-a-half scheme
- New Energy Center–Hastings (NPPD) 115 kV transmission line (4.5 miles)
- Re-conductor existing Energy Center–Hastings (City) 115 kV transmission line (4.5 miles)
- Re-conductor existing Energy Center–Sutton–Geneva 115 kV transmission line sections (35 miles)
- City of Hastings 115 kV ring substation equipment upgrade (1200 amp minimum)
- Re-conductor Grand Island–Aurora 115 kV transmission line section (13.8 miles)
- New Hastings Bypass–North Hastings (Doniphan/Prosser Tap) 115 kV line and substation (5 miles)

There are four 115kV transmission lines that terminate at the WEC substation, which has an eight terminal breaker-and-a-half configuration. Two of the WEC lines interconnect with the Nebraska Public Power District (*"NPPD"*) transmission system directly, and two of the lines connect with Hastings Utilities transmission facilities which then interconnect with NPPD at three additional delivery points, providing a total of five 115kV interconnections with NPPD.

The Hastings Utilities 115kV system is looped to allow flexibility in outage scheduling without impacting system operations.

ENVIRONMENTAL MATTERS

General. The operation of the Project is subject to various licenses, permits and approvals from federal, state and local bodies and authorities, and to on-going compliance with the terms and conditions of such licenses, permits and approvals. PPGA reports that the Project is presently in compliance, in all material respects, with all applicable state and federal and environmental laws and regulations. Various environmental permits for the Project must be renewed from time to time and PPGA does not currently anticipate any problems with the renewal of these permits.

Emission Controls. The Project emits nitrogen oxides, carbon monoxide, particulate matter, PM_{10}, sulfur dioxide, sulfuric acid mist, volatile organic compounds, fluorides and other air pollutants. PPGA applies BACT for each emissions unit that has the potential to emit these pollutants. BACT is an emission limitation established based on the maximum degree of pollutant reduction considering technical, economic, energy and environmental factors, as determined by the Nebraska Department of Environmental Quality (*"NDEQ"*) and the Environmental Protection Agency (*"EPA"*). Compliance with emission limits is conducted annually by NDEQ.

Water Quality. PPGA has been issued a zero-discharge National Pollutant Discharge Elimination System (*"NPDES"*) permit, which regulates surface discharges from the Project site. PPGA has also been issued a notice of coverage under the NPDES General Permit for storm water discharges.

Under the NPDES permit, storm water runoff from coal pile, processing facilities and haul roads is directed to the coal pile storm water containment and treatment system. Under the treatment system, storm water is temporarily stored in a holding pond and then treated to meet applicable discharge limits. This effluent is then discharged to the surge pond, which contains all storm water flow from the site. As of the date of this Official Statement, no water has been discharged from the surge pond.

PPGA's NPDES permit also covers discharge of cooling tower blow down from the Project into the West Fork of the Big Blue River. Wash down water generated within the plant facilities is discharged to floor drains that are connected to the municipal sanitary sewer system.

As of the date of this Official Statement, PPGA is in compliance with its current NPDES permit.

CERCLA. WEC is located in an area with sites listed for inclusion on the National Priorities List of Superfund sites under the Comprehensive Environmental Response, Compensation, and Liability Act (*"CERCLA"*). However, Hastings Utilities is not aware of any specific investigations by EPA regarding operations at the WEC. With the support of EPA and NDEQ, Hastings Utilities is providing clean-up services for several Superfund sites by utilizing

contaminated groundwater for industrial uses. PPGA is not aware of any condition at the Project or the WEC that would give rise to any material liability or expense to PPGA or Hastings Utilities under CERCLA.

Solid Waste Disposal. Hastings Utilities does not dispose of any solid waste on site at the WEC. Trash and debris that can be placed in the Hastings Municipal Solid Waste Landfill is removed and transported by local trash service. Recyclables are collected and delivered to a local recycling facility. Temporary storage of Coal Combustible Residuals (*"CCRs"*) is done pursuant to a permit through the NDEQ Solid Waste Division. See "*Coal Combustion Byproducts Waste Disposal*" below.

Hazardous Waste/Storage Tanks/PCB/Asbestos Control. A small amount of hazardous wastes is generated and periodically disposed of from the Project. These wastes consist of surplus resins and coatings, laboratory chemicals, storage containers of catalysts and similar materials. To PPGA's knowledge, hazardous wastes are, and have been, properly disposed of off-site through a permitted disposer. To PPGA's knowledge, the storage, handling and disposal of hazardous wastes at and from the Project are and have been in compliance with all applicable legal requirements.

There are various aboveground storage tanks at Project. There are also various vessels containing chemicals for plant use such as chlorine, hydrogen, ammonia, diesel fuel. To PPGA's knowledge, the tanks and vessels are properly registered, include appropriate containment, are not leaking and all required leak detection and prevention devices are in place.

Coal Combustion Byproducts Waste Disposal. Solid waste associated with CCRs are temporarily stored on site pursuant to an NDEQ solid waste permit. CCRs are then marketed and sold for beneficial reuse in compliance with NDEQ beneficial use guidelines and, in the case of scrubber ash, sold pursuant to a permit issued by the Nebraska Department of Agriculture.

Permits and Approvals. The following table shows the primary permits and approvals required for operation of the Project, together with the status of each such permit or approval:

AGENCY	PERMIT/ APPROVAL	REGULATED ACTIVITY	STATUS
FEDERAL			
EPA	Risk management plan (*"RMP"*)	Potential accidental releases of hazardous chemicals used or stored onsite in greater than threshold quantities	RMP has been recently updated as required by the original plan.
EPA	Spill prevention, control and counter measure plan (*"SPCC"*)	Potential release of liquid fuels	The SPCC plan is current for the Project.
STATE			
NDEQ	Acid rain permit	Applicable to fossil fuel fired units	Acid rain permit for the Project was issued 12/18/2012. Permit renewal application was submitted 12/29/2014 and is

AGENCY	PERMIT/ APPROVAL	REGULATED ACTIVITY	STATUS
			awaiting NDEQ approval.
NDEQ	Operating permit	Operation of a major source	Operating permit was submitted to NDEQ on 10/25/2011 and is awaiting NDEQ approval.
NDEQ	NPDES permit to discharge	Storm water and process water discharge	Storm water permit application was submitted on 12/20/2012 and is awaiting NDEQ approval. NPDES permit issued 9/21/2012 and is effective for 5 years.
NDNR[1]	Registration of groundwater wells	Construction and operation of groundwater well	All wells have been registered with NDNR except for Well D which is a groundwater recovery well owned by the PRP associated with a superfund site. NDNR is aware of Well D and report of its use is made annually to NDNR.

THE PUBLIC POWER GENERATION AGENCY

GENERAL

PPGA is a non-profit, public body corporate and politic organized under the laws of the State of Nebraska. PPGA was created as a joint entity pursuant to Section 18 of Article XV of the Constitution of the State of Nebraska, the Act, and the Interlocal Agreement.

PPGA was created solely for the purpose of owning, financing, acquiring, constructing and operating the Project. PPGA is undertaking the Project to provide a long-term, base load power supply resource for the Participants. The current Participants of PPGA are: MEAN, Heartland, Hastings Utilities, Grand Island Utilities and Nebraska City Utilities. For more information regarding the Participants, see "THE PARTICIPANTS".

INTERLOCAL COOPERATION ACT

The Act permits local governmental units, including public agencies outside the State, to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage to provide services and facilities in a manner and pursuant to forms of governmental organization that accord best with geographic, economic, population, and other factors influencing the needs and development of local communities.

A separate legal entity, such as PPGA, may be formed under the Act when two or more public agencies enter into an agreement for joint or cooperative action pursuant to the Act. Such a joint entity is subject to control by its members and constitutes a separate public body corporate

[1] Nebraska Department of Natural Resources.

and politic of the State, exercising public powers and acting on behalf of the public agencies that are parties to such agreement. The powers of such joint entity include, among other things: (i) to sue and be sued, (ii) to make and execute contracts and other instruments, (iii) to issue bonds and (iv) to mortgage, pledge or grant any security interest in any real or personal property and all or any part of the revenue from any project or projects or any revenue-producing contract or contracts made by the joint entity to secure the payment of bonds.

ORGANIZATION AND POWERS

PPGA is governed by a board of directors (the *"Board of Directors"*) consisting of one director for each of the Participants. Each director is appointed by the governing body of the respective Participant. A director may be removed for any cause by the governing body of the Participant that such director represents. Each director is entitled to one vote. In order to take action, (i) a majority of single votes cast by the directors must support the action and (ii) the sum of the combined percentages of Entitlement Shares voting to support the action must be greater than the combined percentage of Entitlement Shares voting to oppose the action. The removal of an officer and amendments to the bylaws require a two-thirds majority vote of the Board of Directors present and voting, and the approval of all of the Directors is required for amendments to the voting provisions described above or the number of Directors that constitutes a quorum of the Board.

The Board of Directors has the authority to create committees and has created an Engineering and Operations Committee, Finance Committee, and Risk Management Committee. The committees do not have the authority to take action for PPGA.

The current members of the Board of Directors are:

DIRECTOR	PARTICIPANT REPRESENTED	POSITION WITH PARTICIPANT
Tim Sutherland	MEAN	Director of Wholesale Electric Operations
Russell Olson	Heartland	Chief Executive Officer
Marvin H. Schultes	Hastings Utilities	Manager of Utilities
Timothy G. Luchsinger	Grand Island Utilities	Utilities Director
Leroy J. Frana	Nebraska City Utilities	General Manager

The officers of PPGA are elected by the Board of Directors of PPGA to serve terms of one year. The current officers of PPGA are:

Chair. Tim Sutherland was appointed Director of Wholesale Electric Operations for NMPP Energy in 2013 and is responsible for all operations of MEAN. Mr. Sutherland began his career with NMPP Energy in 1991 as a Member Services Representative and progressed to

several management roles in the Nebraska Municipal Power Pool (*"NMPP"*) (the service organization of NMPP Energy) and the Public Alliance for Community. In his most recent role as Director of Retail Utility Services, he oversaw services of NMPP Energy as well as a competitive retail choice gas program. Prior to joining NMPP Energy, Mr. Sutherland was the Utility Superintendent in Imperial, Nebraska, and served on the NMPP Board of Directors and various committees of NMPP and MEAN. Mr. Sutherland attended the University of Omaha and Lorus College.

Vice Chair. Russell Olson was appointed General Manager of Heartland effective October 1, 2013. Prior to that time, Mr. Olson served as the Manager of Community and Economic Development from 2005 to October 1, 2013. Prior to his time at Heartland, Mr. Olson worked as a land use planner for South Eastern Council of Governments and for the South Dakota Governor's Office of Economic Development, and as executive director of the Lake Area Improvement Corporation, which serves as Madison's office of economic development. Mr. Olson has also served in the South Dakota Legislature serving as Representative, Senator, and most recently, Senate Majority Leader. Russell Olson is a graduate of the University of South Dakota, where he earned a Bachelor of Science degree with majors in English and Political Science. He also earned his Master of Arts degree in Public Administration.

Secretary-Treasurer. Marvin H. Schultes began working at Hastings Utilities in 1977. In 1988, the Board of Public Works promoted Mr. Schultes to the position of Manager of Utilities. Prior to that time, he served as the Director of Engineering from 1977 through 1981 when he became the Assistant Manager of Utilities. Before joining Hastings Utilities, Mr. Schultes worked at the Omaha Public Power District as an engineer. Mr. Schultes received his B.S. degree in Electrical Engineering from Iowa State University in 1971, a Masters of Science Degree in Industrial Engineer – Management from the University of Nebraska-Lincoln in 1976, and a Masters degree in Business Administration from the University of Nebraska-Kearney in 1988. Mr. Schultes is a registered Professional Engineer in the State of Nebraska.

MANAGEMENT

The Board of Directors is assisted by the PPGA Managing Agent and the Project Operating Agent. MEAN serves as the Managing Agent to manage the day-to-day administrative duties of PPGA. Hastings Utilities serves as the Project Operating Agent.

Managing Agent. Responsibilities of the Managing Agent are set forth in the Participation Agreement. David Dietz of MEAN is primarily responsible for MEAN's duties as Managing Agent of PPGA. Mr. Dietz joined the MEAN staff in October 2006. Prior to coming to MEAN, Mr. Dietz worked at Omaha Public Power District (*"OPPD"*) for 32 years, during which he was part of the start-up team that commissioned Nebraska City Unit 1 in May 1979, served as the station Plant Engineer in 1983, and then Manager of System Operation, where he was on the leadership team that initiated OPPD wholesale energy marketing business. Mr. Dietz concluded his career at OPPD as Division Manager of Production Operations with responsibility for the operation and maintenance of OPPD's fossil fuel-based generating fleet. Mr. Dietz earned a Bachelor of Science degree in Electrical Engineering from the University of Nebraska-Lincoln.

Project Operating Agent. Responsibilities of the Project Operating Agent are set forth in the Operating Agent Agreement. Allen Meyer of Hastings Utilities is primarily responsible for Hastings Utilities' duties as Project Operating Agent of PPGA. Mr. Meyer joined Hastings Utilities in 1980 as an electrical engineer where he was involved in the checkout and startup of the Whelan Energy Center Unit 1. He became Director of Operations in 1985 and Assistant Manager of Utilities in 1993. Mr. Meyer served as the Project Construction Manager for the Project during the construction and startup phase prior to the Project's commercial operation. Prior to his time at Hastings Utilities, Mr. Meyer was an electrical engineer with Public Service Company in Colorado. Mr. Meyer has a Bachelor of Science degree in Electrical Engineering from the University of Nebraska-Lincoln and is a Registered Professional Engineer in the State of Nebraska.

REGULATION

Rates. The authority of PPGA to determine, fix, impose and collect rates and charges is not subject to the regulatory jurisdiction of any federal, state or local authority or agency.

Issuance of Securities. PPGA is not required to obtain the approval or consent of any federal, state or local authority or agency prior to the issuance of its bonds, notes or other evidences of indebtedness.

THE PARTICIPANTS

GENERAL

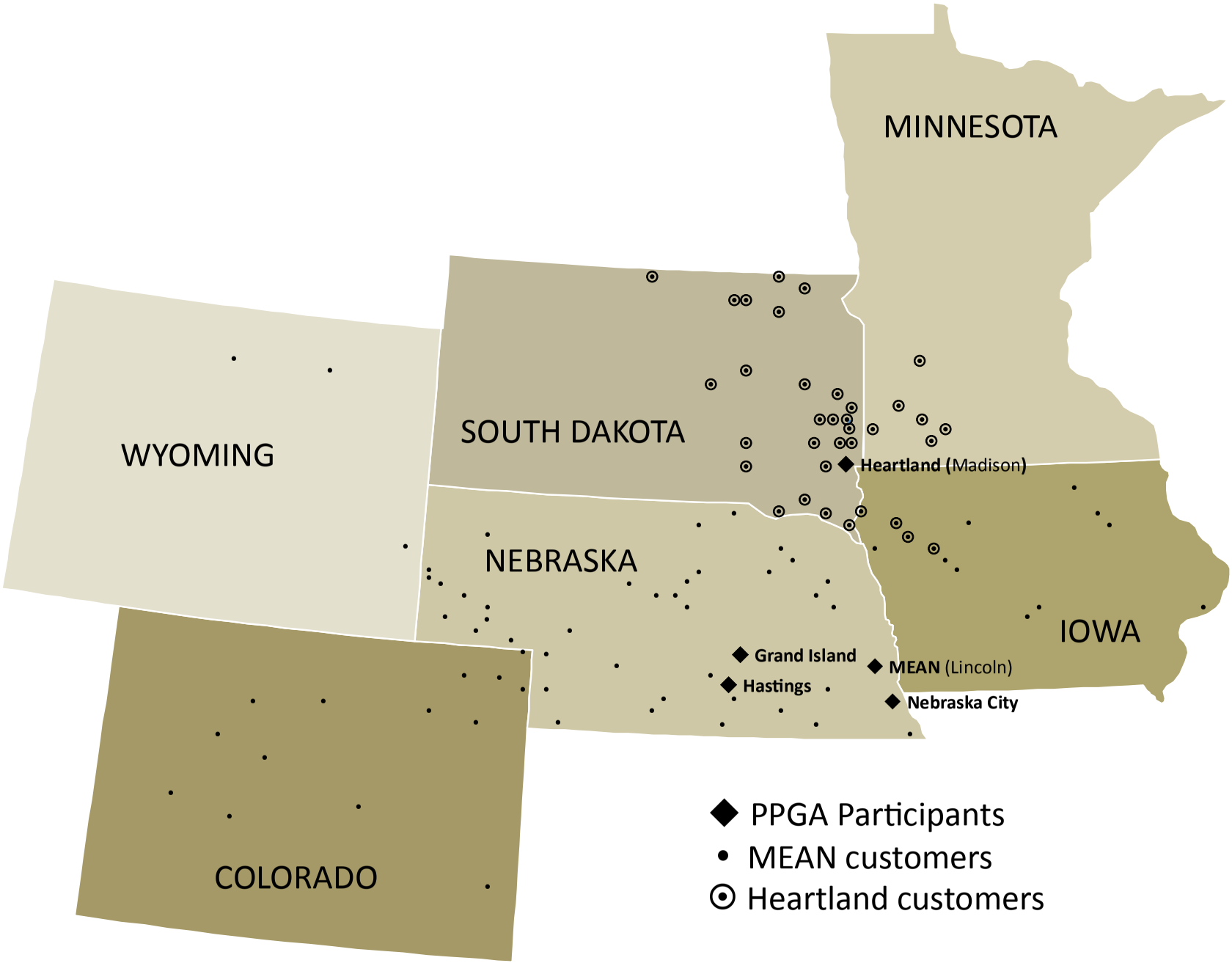
The Participants of PPGA are MEAN, Heartland, Hastings Utilities, Grand Island Utilities and Nebraska City Utilities. MEAN is a Nebraska-based joint action agency created for the purpose of providing wholesale electric power and energy and related services to its participants, which own and operate municipal electric utilities in Nebraska, Colorado, Iowa and Wyoming. Heartland is a South Dakota consumers power district created for the purpose of providing wholesale electric power and energy and related services to its customers, which own and operate municipal electric utilities in South Dakota, Iowa and Minnesota. Hastings Utilities, Grand Island Utilities, and Nebraska City Utilities each own and operate a municipal electric utility system in Nebraska that provides electric services to retail consumers.

The following table shows the Entitlement Share of each Participant and the associated capacity of the Project under the Participation Agreements:

PARTICIPANT	ENTITLEMENT SHARE	CAPACITY (MW)
MEAN	36.36%	80
Heartland	36.36	80
Hastings Utilities	15.91	35
Grand Island Utilities	6.82	15
Nebraska City Utilities	4.55	10
TOTAL	100.00%	220

Certain of the Participants have sold portions of the capacity and energy from the Project associated with their Entitlement Shares to other joint action agencies and municipal electric utilities, including other Participants, under separate power sales agreements. Notwithstanding these power sales agreements, these Participants remain primarily obligated for the payment to PPGA of all amounts associated with their full Entitlement Shares under the Participation Agreements. For more information on these power sales agreements, see APPENDIX B.

The following map shows the approximate locations of the Project, the Participants and the municipal utilities that are served by those Participants that are joint action agencies (MEAN and Heartland).


MINNESOTA
WYOMING
SOUTH DAKOTA
Heartland (Madison)
NEBRASKA
IOWA
Grand Island
MEAN (Lincoln)
Hastings
Nebraska City
COLORADO
PPGA Participants
MEAN customers
Heartland customers

FINANCIAL AND OPERATING INFORMATION

The following table provides summary financial and operating information with respect to the Participants for their most recently available fiscal years of operation:

	ENERGY SALES (MWH)	TOTAL OPERATING REVENUES	PEAK DEMAND (MW)
MEAN[1]	2,761,985	$146,859,411	521
Heartland[2]	1,475,383	82,081,533	138
Hastings[2]	565,654	35,815,756	86
Grand Island Utilities[3]	911,452	65,867,160	162
Nebraska City Utilities[3]	177,353	15,218,137	35

1 Fiscal Year ended March 31, 2014.
2 Fiscal Year ended December 31, 2014. Hastings Utilities' information is unaudited.
3 Fiscal Year ended September 30, 2014.

In addition to the general information provided for the Participants above, selected financial and operating information for each of the Participants is included in APPENDIX B.

REGULATION

MEAN and Heartland. The authority of MEAN and Heartland to determine, fix, impose and collect rates and charges for electric power and energy sold and delivered is not subject to the regulatory jurisdiction of any local, state or federal governmental authority or agency.

Grand Island Utilities, Hastings Utilities and Nebraska City Utilities. Under Nebraska law, municipalities in Nebraska, including Grand Island Utilities, Hastings Utilities and Nebraska City Utilities, have the exclusive right to serve all customers within their corporate limits. However, a Nebraska municipality may, subject to the approval of the Nebraska Power Review Board (*"NPRB"*), enter into agreements pursuant to which other suppliers of electricity may serve customers within such municipality. Municipalities have the right to serve customers in areas that they annex, subject to the approval of the NPRB and payment to the previous suppliers of electricity in accordance with Nebraska law. Under Nebraska law the service areas of public power districts are determined by agreement with other suppliers of electricity, subject to the approval of the NPRB.

The authority of municipalities in Nebraska to determine, fix, impose and collect rates and charges for electric power and energy sold and delivered is not subject to the regulatory jurisdiction of any state or federal governmental authority or agency.

INVESTMENT CONSIDERATIONS

The purchase of the 2015 Series A Bonds involves certain investment risks that are discussed throughout this Official Statement. No prospective purchaser of the 2015 Series A Bonds should make a decision to purchase any of the 2015 Series A Bonds without first reading and considering the entire Official Statement, including all Appendices, and making an independent evaluation of all such information. Certain of those investment risks are described below. The list of risks described below is not intended to be definitive or exhaustive and the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

SPECIAL OBLIGATIONS

The 2015 Series A Bonds are special obligations of PPGA payable only from the Revenues and certain funds held under the Resolution. Neither the full faith and credit nor the taxing power of the State or any agency, instrumentality or political subdivision thereof (including PPGA) is pledged for the payment of principal of, premium, if any, or interest on the 2015 Series A Bonds. The 2015 Series A Bonds are not general obligations of PPGA, the State or any agency, instrumentality or political subdivision thereof. The issuance of the 2015 Series A Bonds shall not directly, indirectly, or contingently obligate PPGA, the Participants or the State or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the 2015 Series A Bonds. PPGA has no taxing power. The Resolution does not mortgage or grant a security interest in any physical properties of the Project to secure the 2015 Series A Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" above.

Each Participant has agreed in its Participation Agreement that its obligation to make payments under the Participation Agreement is an ordinary and necessary expense of its electric system, with certain exceptions. Such payments are to be made solely from the revenues of such Participant's electric system. Participants are not obligated to make any payments to PPGA from tax revenues or any other revenues other than electric utility system revenues. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Participation Agreements".

OPERATION OF THE PROJECT

Although the Participants are obligated to make the payments to PPGA under the Participation Agreements regardless of whether the Project is operable or operating, the ability of the Participants to make such payments to a certain extent depends upon, and is greatly enhanced by, the safe, effective and efficient operation of the Project. PPGA has contracted with Hastings Utilities to be the Project Operating Agent to operate the Project on behalf of PPGA. Any significant disruption in the operation of the Project would require PPGA to collect from the Participants the fixed costs of the Project, including debt service on the 2015 Series A Bonds, and the Participants would be required to make such payments under the Participation Agreements in addition to payments for alternate power supplies until operation of the Project resumed.

Various events outside of the control of PPGA and Hastings Utilities, including changes in the required permits and approvals for the Project, as well as certain acts or omissions by PPGA, could cause interruptions in the operation of the Project.

FUEL SUPPLY FOR THE PROJECT

Fuel costs account for a significant component of PPGA's total busbar costs of the Project and have a significant effect upon Project economics. Although coal prices have historically been relatively stable and inexpensive compared to other fuels, there are a number of factors that could affect the availability and price of coal and coal transportation services for the Project. These factors may be outside the control of PPGA and Hastings Utilities and its coal supply and transportation contracts.

To mitigate the risks of fluctuating coal prices, Hastings Utilities and PPGA actively manage coal supply purchases for WEC through a mixed use of long-term supply contracts and spot and short-term purchases. Hastings Utilities maintain sufficient coal inventories at WEC to provide fuel for extended periods of time (currently at 30-40 days supply) in the event of supply disruptions.

Hastings Utilities manages WEC's rail transportation costs through the use of long-term contracts. Rail services for WEC are currently provided under contract with BNSF that expires on December 31, 2018. WEC has dual rail access from competing rail providers to the Project site, which reduces the ability of a single transportation provider to dictate costs, terms and conditions of service.

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

The U.S. electric utility industry is in a period of significant change and is facing a range of challenges and uncertainties that will continue to impact the financial and operating position of investor-owned, cooperative and municipal electric utilities, including PPGA and the Participants. Much of the change results from actions taken by legislative and regulatory bodies at the national, regional and state level.

Energy Policy Act of 2005. The Energy Policy Act of 2005 (the *"2005 Energy Policy Act")* provides incentives for traditional energy production as well as newer, more efficient energy technologies, and conservation. The 2005 Energy Policy Act provides for, among other things: (1) the repeal of the Public Utility Holding Company Act (*"PUHCA"*), although some responsibilities under PUHCA are transferred to FERC and state regulatory commissions; (2) a grant to FERC of authority to site transmission facilities if states are unwilling or unable to approve siting; (3) a directive to FERC to permit incentive rate policies as a means to encourage transmission expansion; (4) revisions to the Public Utility Regulatory Policies Act; (5) the establishment of service obligation protections for native load customers of utilities in certain areas of the country; (6) the creation of limited FERC jurisdiction over interstate transmission assets of municipal utilities, cooperatives and federal utilities, to permit FERC to order those entities to provide transmission services on rates and terms comparable to those that the entities charge and provide to themselves; (7) the establishment of mandatory electric reliability rules for

all market participants and the creation of a self regulatory reliability organization, subject to oversight by FERC; and (8) the provision of certain tax incentives to encourage expansion of transmission facilities and improvement of environmental standards. As directed by the 2005 Energy Policy Act, FERC has adopted many of the applicable implementing regulations.

FERC continues to issue regulations and decisions interpreting and implementing the various provisions of the 2005 Energy Policy Act. PPGA is not able to predict at this time the effects, if any, that the 2005 Energy Policy Act or the adoption of such regulations will have on PPGA, the Participants or the Project.

FERC Transmission Regulation. The National Energy Policy Act of 1992 (the *"Energy Policy Act"*) included provisions that promoted competition in wholesale electric markets by, among other things, easing restrictions on wholesale power producers and by allowing FERC to order transmission access for wholesale buyers and sellers of electricity over transmission systems owned by "transmitting utilities."

In 1996, FERC issued its Order 888, which requires jurisdictional utilities to file wholesale transmission tariffs providing pricing and terms for transmission access for wholesale purposes. FERC Order 888 also requires non-jurisdictional utilities (including municipal and consumer-owned utilities) that purchase transmission services from a jurisdictional utility to provide, in turn, non-discriminatory, open access transmission services back to the jurisdictional utility upon terms and conditions that are comparable to the transmission service that they provide to themselves. FERC Order 889 (1) imposes certain standards of conduct intended to restrict transmission-owning utilities from using those facilities to obtain an unfair competitive advantage in power sales transactions and (2) requires utilities to post information electronically regarding the availability and pricing of their transmission services.

The Energy Policy Act does not permit FERC to order transmission access for purchases or sales of electricity at retail (commonly known as *"retail wheeling"*). However, various bills have been introduced in prior sessions of Congress that would require existing utilities to allow competitors to use their transmission and distribution facilities to provide electric service to retail customers of the existing utilities. Various states have implemented or are considering legislative or regulatory proposals that would also allow such use of utility property by competitors to serve the retail customers of the existing utilities.

FERC Transmission Reliability Initiative. Section 215 of the Federal Power Act which was enacted by the 2005 Energy Policy Act, provides for FERC to establish a system of mandatory, enforceable reliability standards. FERC has designated the North American Electric Reliability Council (*"NERC"*) as the Electric Reliability Organization to develop the reliability standards for submittal to FERC for approval and then administer the approved standards with the industry.

The reliability standards apply to all users, owners and operators of the bulk power system within the United States (other than Alaska or Hawaii) and requires that each reliability standard identify the subset of users, owners and operators to which that particular reliability standard applies. Violations of the reliability standards may result in penalties, which FERC

continues to monitor and adjust. PPGA is in compliance with all of the current applicable reliability standards but is not able to predict the effects, if any, that future standards or changes to current standards will have on PPGA, the Participants or the Project.

Renewable Portfolio Standards. Certain states are now implementing renewable portfolio standards (RPS) which typically require electricity providers to obtain a minimum percentage of their power from renewable energy resources by a certain date. As of the date of this Official Statement, none of the states in which the Participants operate have adopted an RPS.

Other Factors. In addition to these legislative and regulatory actions, a number of other factors are having or may have significant impacts on the electric utility industry generally and on the financial and operating condition of individual utilities. These factors include, among other things:

- changes resulting from conservation and demand-side management programs on the timing and use of electric energy;

- the development and impact of alternate energy sources;

- the lack of a comprehensive national energy policy;

- effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions and strategic alliances of competing electric and natural gas utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low-cost electricity;

- increased competition from independent power producers and marketers, brokers and federal power marketing agencies;

- "self-generation" or "distributed generation" (such as rooftop solar, microturbines and fuel cells) by industrial and commercial consumers and others;

- changes in systems, including systems that would provide certain customers with the ability to generate their own electrical power and reduce or eliminate their dependency on power provided by PPGA and the Participants;

- volatility in the price of energy purchased on the wholesale market that may occur in times of high peak demand;

- unavailability of or substantial volatility in the cost of coal or natural gas used as fuel for generation facilities;

- availability and sufficiency of transmission capacity, particularly during times of high demand; and

- local, regional and national economic conditions.

It is not possible to predict what impact these and other factors will have on the financial and operating position of PPGA or the Participants. The foregoing discussion is a general summary of complex matters. This discussion is not comprehensive or definitive and the matters discussed are subject to change.

CERTAIN ENVIRONMENTAL MATTERS AFFECTING THE PROJECT

Electric utilities are subject to continuing environmental regulation. PPGA must maintain various environmental permits and approvals from state and federal agencies in order to operate the Project. To date, PPGA has obtained and is in compliance with all environmental permits and approvals necessary for the operation of the Project. However, federal, state and local standards and procedures that regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the Project and the utility facilities operated by the Participants will remain subject to the regulations currently in effect, will always be in compliance with future regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in reduced operating levels or the complete shutdown of individual electric generating units not in compliance.

There is increased concern by the public, the scientific community and Congress regarding environmental damage resulting from the use of fossil fuels. There are a number of pending or recently enacted legislative proposals in Congress that may affect the electric utility industry. Increased environmental regulation has created and may create additional barriers to new facility development and modification of existing facilities. The additional costs, including time, human resources, uncertainty and delay, could increase the cost of electricity from affected resources.

Clean Air Act. Legislation was enacted in 1990 that substantially revised the Clean Air Act (the *"1990 Amendments"*). The 1990 Amendments seek to improve the ambient air quality throughout the United States. A main objective of the 1990 Amendments is the reduction of sulfur dioxide (*"SO_2"*) and nitrogen oxide (*"NO_x"*) emissions caused by electric utility power plants, particularly those fueled by coal. Under the 1990 Amendments, SO_2 emission reduction was to be achieved in two phases. Phase I, which does not affect the Project, addressed specific generating units named in the 1990 Amendments.

In Phase II, which became effective January 1, 2000, total United States SO_2 emissions are capped at 8.9 million tons per year. The 1990 Amendments contain provisions for allocating annual allowances (*"Allowances"*) under the cap to power plants based on historical or calculated levels. PPGA has purchased SO_2 allowances sufficient for the first ten years of operation of the Project under current regulations. In the unlikely event that actual future generation of SO_2 exceeds the purchased SO_2 allowances within the first ten years of operation, and in the case of continued operation thereafter, it may be necessary for PPGA to acquire additional Allowances or reduce SO_2 emissions from the Project. To the extent the Project has

excess Allowances, these Allowances can be sold, banked for future use or transferred to another unit at the WEC.

During the boiler bidding process, PPGA elected to purchase the most up-to-date low NO_x burner technology for the Project boiler to reduce the amount of emissions from the Project.

National Ambient Air Quality Standards. In April 2007 the EPA promulgated final rules and guidance for fine particulate matter, known as the PM 2.5 Standard, under the National Ambient Air Quality Standards. The PM 2.5 Standard regulated particles less than 2.5 microns in diameter and could possibly lead to further controls on utilities in the future. On December 22, 2008, the EPA designated certain geographic areas as "non-attainment" (*i.e.*, not in compliance with air quality standards) for the PM 2.5 Standard. No county in the State was included in the EPA's list of PM 2.5 "non-attainment" areas. However, PPGA cannot predict the impact on the maintenance and operation costs of the Project of any new revisions or regulations to the current PM 2.5 related regulations.

On March 27, 2008, the EPA promulgated new primary and secondary national ambient air quality standards for ozone using a revised eight-hour average. Based on current data and public information available from the State, currently all areas of the State are either in attainment or are unclassifiable. PPGA cannot predict the impact on the operation costs of the Project of any future regulations or changes in conditions.

Cross-State Air Pollution Rule. The EPA has proposed the Cross-State Air Pollution Rule (*"CSAPR"*), which would require the reduction of NO_x and SO_2 in 28 targeted states in the eastern and mid-western United States by reducing power plant emissions that contribute to ozone and/or fine particle pollution in other states. Under CSAPR, EPA sets a pollution limit (referred to as a "budget") for each state covered by the rule. CSAPR allows sources in each state to determine how to meet the emission budgets, including unlimited trading of emissions allowances between power plants in the same state and limited interstate trading under certain conditions. The CSAPR is intended to replace the Clean Air Interstate Rule (*"CAIR"*).

The timing of CSAPR's implementation has been affected by a number of court actions. When adopted, CSAPR was to take effect in two phases, with initial emission budgets to take effect in January 2012 (*"Phase I"*) and more stringent emission budgets to take effect in January 2014 (*"Phase II"*). The U.S. Circuit Court of Appeals for the District of Columbia (*"D.C. Circuit Court"*) stayed CSAPR's implementation in 2011 and vacated portions of CSAPR in 2012. In 2014, the U.S. Supreme Court reversed the D.C. Circuit Court's 2012 decision and remanded for further proceedings. On October 23, 2014, the D.C. Circuit Court granted EPA's request to lift the stay of CSAPR and to delay CSAPR's compliance deadlines by three years. Accordingly, Phase I of CSAPR took effect January 1, 2015 and states subject to CSAPR must now comply with the Phase I emission budgets set by EPA. Phase II emission budgets are now scheduled to take effect January 1, 2017.

Nebraska is among the 28 states that are subject to CSAPR's requirements to reduce annual emissions of NO_x and SO_2. Due to the Project's modern Air Quality Control System, PPGA believes that the Project is well positioned to meet any requirements relating to CSAPR's

implementation. PPGA does not anticipate that CSAPR will have a material impact on the Project or its generating activities.

Greenhouse Gas and Climate Change Issues. In April 2009, the EPA issued final findings that (1) the current and projected concentrations of the mix of six key greenhouse gases (GHGs)—carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride—in the atmosphere threaten the public health and welfare of current and future generations; and (2) the combined emissions of these well-mixed GHGs from new motor vehicles and new motor vehicle engines contribute to the GHG pollution, which threatens public health and welfare.

On May 13, 2010, the EPA issued a final rule that requires Prevention of Significant Deterioration (*"PSD"*) and Title V operating permits to be obtained by stationary sources, including power plants, satisfying certain thresholds and other criteria in connection with GHG emissions. PSD permitting requirements in connection with GHGs would require a "best available control technology" (*"BACT"*) analysis. EPA has been gradually phasing in these requirements, focusing on the largest emitters first.

On September 20, 2013, EPA proposed a performance standard for new fossil fuel-fired electric generating units. Under the proposed rule, conventional coal-fired power plants will be required to employ partial carbon capture and sequestration technology to meet emission standards for carbon dioxide. For new natural gas-fired units, EPA has concluded that compliance should be achievable without additional controls. The performance standard will not apply to existing plants.

On June 2, 2014, EPA issued its Clean Power Plan under the Clean Air Act Section 111(d) (the *"Clean Power Plan"*) which proposes performance standards for existing power plants to reduce carbon dioxide (CO_2) emissions. The Clean Power Plan requires each state to reduce its CO_2 emissions rate from existing fossil fuel plants relative to 2005 emission levels to meet state-specific standards starting in 2020, with a final rate for 2030 and beyond. The Clean Power Plan outlines several methods by which emission reductions can be achieved, but does not prescribe specifically to states which methods to employ. The costs and impacts that the Clean Power Plan may have on the Project or the State are not determinable at this time, as such will depend on the extent and relative cost of CO_2 abatement measures available to the State and the Project.

There have been numerous judicial and legislative challenges to the EPA's efforts to regulate GHGs that may impact the regulatory status outlined above. PPGA cannot predict the outcome of such challenges or the effects on PPGA, the Project or the Participants of current or subsequent rulemaking by the EPA with regard to GHGs.

Coal Combustion Byproducts. On May 4, 2010, the EPA issued a proposed rulemaking to regulate coal combustion byproducts (*"CCBs"*). The proposal asked for public comment on two approaches for regulating CCBs. One option is to regulate CCBs as a hazardous waste under Subtitle C of the RCRA, which allows the EPA to create a comprehensive federal program for waste management and disposal of CCBs. The other option is to regulate CCBs as a non-

hazardous waste under Subtitle D of the RCRA, which provides the EPA with the authority to develop performance standards for waste management facilities handling the CCBs and would be enforced primarily through citizen suits. EPA has held extensive public comment periods on the proposed rule, the most recent of which closed in September of 2013. On January 29, 2014, EPA entered into a consent decree directing EPA to publish its final action regarding whether or not to pursue the proposed non-hazardous waste option for CCBs by December 19, 2014.

EPA issued its final rule for the disposal of CCBs from electric utilities on December 19, 2014 (the *"CCBs Final Rule"*). The CCBs Final Rule regulates CCBs under Subtitle D of the RCRA as non-hazardous solid waste. The CCBs Final Rule establishes guidelines and new minimum standards for the disposal of CCBs in landfills and surface impoundments. As of the date of this Official Statement, PPGA is assessing the effect, if any, the CCBs Final Rule will have on the Project. PPGA does not anticipate that the CCBs Final Rule will have a material impact on the Project or its generating activities.

Mercury and Air Toxics Standards. On December 16, 2011, the EPA issued final rules titled "Mercury and Air Toxics Standards." The rules establish national emission standards for mercury and other hazardous air pollutants from coal- and oil-fired power plants. They require significant reductions in mercury and acid gas emissions from coal-fired power plants and would provide facilities with up to four years to meet the new standards. The rules apply to coal- and oil-fired electric generating units greater than 25 MW. On July 20, 2012, EPA agreed to review new technical information submitted by industry groups regarding toxic air pollution limits for new power plants under the Mercury and Air Toxics Standards, but this reconsideration does not cover the standards set for existing power plants. On June 25, 2013, EPA reopened the public comment period to solicit additional input on startup and shutdown provisions, and notice of final action on these provisions was published in the Federal Register on November 19, 2014. There have been efforts in Congress to repeal the rules, but none have been successful so far.

On November 26, 2014, the U.S. Supreme Court agreed to hear three related cases to consider the narrow question of whether EPA unreasonably refused to consider costs in determining whether it is appropriate to regulate hazardous air pollutants emitted by electrical utilities. Oral argument and briefing schedule has not been set.

At the time of the purchase of the Air Quality Control System for the Project, PPGA purchased the necessary equipment to use activated carbon injection as a control of mercury emission to enable PPGA to comply with mercury regulation that is expected to become effective in the future.

Regional Haze. The EPA's Regional Haze Rule requires emissions controls using best available retrofit technology (*"BART"*) for industrial facilities emitting air pollutants that impair visibility in Class I areas (national parks and wilderness areas). Such pollutants include fine particulate matter (*"$PM_{2.5}$"*) and compounds that contribute to $PM_{2.5}$ such as nitrogen oxides, sulfur dioxides, certain volatile organic compounds and ammonia. As of the date of this Official Statement, there are no Class I areas within the State subject to the EPA's Regional Haze Rule.

Effluent Limitation Guidelines. The EPA's Effluent Limitation Guidelines for coal-fired steam electric plants were last revised in 1982. The EPA has in recent years considered adopting more stringent limits for new pollutants and parameters for individual wastewater streams generated by steam electric power plants, with a particular focus on coal-fired power plants. EPA issued a draft rule on June 7, 2013 and closed the comment period on the proposed rule on September 20, 2013. The EPA has entered into a consent decree to complete the proposal by September 30, 2015. Under the proposed rule, new requirements for existing power plants would be phased in between 2017 and 2022. PPGA and the Project Operating Agent are monitoring the progress of the proposed rule and the potential impact it may have on the Project and its generating activities.

Future Legislation and Rules. Various Congressional bills have been introduced in both the House of Representatives and the Senate that would require the reduction of emissions of sulfur dioxides, nitrogen oxides, mercury and carbon dioxide from coal-fired electric generating units. It is uncertain if or when any of these Congressional bills may be enacted into law and what effect, if any, such legislation will have on the Project, PPGA or the Participants.

PPGA cannot predict at this time whether any additional legislation or rules will be enacted that will affect the operations of the Project, PPGA or the Participants, and if such laws or rules are enacted, what the costs to PPGA and the Participants might be in the future because of such action.

The Project has been designed and is expected to meet the requirements of current federal and state air quality laws. See "THE PROJECT — Environmental Matters."

DESTRUCTION OF THE PROJECT

The Resolution requires that PPGA at all times use its best efforts to keep or cause to be kept the properties of the Project that are of an insurable nature and of the character usually insured by those operating properties similar to the Project insured against loss or damage by fire and from other causes customarily insured against and in such relative amounts as are usually obtained. PPGA will at all times use its best efforts to maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the properties of the Project. PPGA is only required to obtain such insurance if it is available at reasonable rates and upon reasonable terms. In the event of any loss or damage, the Resolution requires that PPGA pursue or cause to be pursued the construction or replacement of the Project, unless it is determined under the provisions of the Project Agreements that such construction or replacement is not to be undertaken. The proceeds of any insurance not applied to repair or replace damaged or destroyed property are required to be deposited in the General Reserve Fund unless otherwise applied in accordance with the Project Agreements.

CONTINUING DISCLOSURE

Undertaking for 2015 Series A Bonds. PPGA has undertaken for the benefit of the registered owners and the Beneficial Owners of the 2015 Series A Bonds to provide certain annual financial information and operating data and notice of certain reportable events to the Electronic Municipal Market Access (*"EMMA"*) website maintained by the Municipal Securities Rulemaking Board (www.emma.msrb.org), all in order to assist the Underwriters in complying with paragraph (b)(5) of Rule 15c2-12 of the Securities and Exchange Commission (the *"Rule"*). PPGA has determined that it and the Participants are "Obligated Persons" with respect to the 2015 Series A Bonds within the meaning of the Rule. See APPENDIX D for the form of the Continuing Disclosure Undertaking for the 2015 Series A Bonds (the *"Undertaking"*) that will be executed and delivered by PPGA. To enable PPGA to comply with the Undertaking, the Participants have agreed to furnish to PPGA their audited financial statements and their financial and operating data required to be disclosed by PPGA.

A failure by PPGA to comply with the Undertaking will not constitute an Event of Default under the Resolution and the registered and Beneficial Owners of the 2015 Series A Bonds are limited to the remedies described in the Undertaking. A failure by PPGA to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2015 Series A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the 2015 Series A Bonds and their market price.

Compliance with Prior Undertakings. PPGA entered into continuing disclosure undertakings pursuant to the Rule in 2007 and 2009 (the *"Prior Undertakings"*) in connection with the issuances of the 2007 Series A Bonds and the 2009 Series Bonds. The information required to be provided by PPGA under the Prior Undertakings consisted of (i) PPGA's audited financial statements, which were required to be provided by the end of the sixth month after the end of PPGA's fiscal year (*i.e.,* by June 30), (ii) the audited financial statements and certain financial information and operating data for each of the Participants, which were required to be provided by the end of the seventh month after the end of each Participant's respective fiscal year (*i.e.,* by October 31 for MEAN, by July 31 for Heartland and Hastings Utilities, by April 30 for Grand Island and by March 31 for fiscal years 2010 through 2011 and April 30 for fiscal years 2012 and 2013 for Nebraska City), and (iii) notices of certain material events. As noted above, the Participants agreed in the Participation Agreements to furnish to PPGA their audited financial statements and their financial and operating data to enable PPGA to comply with its reporting obligations under the Prior Undertakings.

During the last five years, PPGA failed to comply with the Prior Undertakings in the following respects:

AUDITED FINANCIAL STATEMENTS

ENTITY AND FISCAL YEAR	FILING REQUIRED BY	FILING MADE ON
PPGA 2009	June 30, 2010	July 30, 2010
PPGA 2013	June 30, 2014	February 11, 2015
MEAN 2010	October 31, 2010	February 11, 2015
MEAN 2012	October 31, 2012	February 11, 2015
MEAN 2013	October 31, 2013	February 11, 2015
MEAN 2014	October 31, 2014	February 11, 2015
Heartland 2009	July 31, 2010	February 11, 2015
Heartland 2011	July 31, 2012	February 11, 2015
Heartland 2012	July 31, 2013	February 11, 2015
Heartland 2013	July 31, 2014	February 11, 2015
Hastings Utilities 2009	July 31, 2010	February 13, 2015
Hastings Utilities 2011	July 31, 2012	February 13, 2015
Hastings Utilities 2012	July 31, 2013	February 13, 2015
Hastings Utilities 2013	July 31, 2014	February 13, 2015
Grand Island 2009	April 30, 2010	February 13, 2015
Grand Island 2010	April 30, 2011	June 14, 2011
Grand Island 2011	April 30, 2012	February 13, 2015
Grand Island 2012	April 30, 2013	February 13, 2015
Grand Island 2013	April 30, 2014	February 13, 2015
Nebraska City 2009	March 31, 2010	February 13, 2015
Nebraska City 2010	March 31, 2011	June 14, 2011
Nebraska City 2011	March 31, 2012	February 13, 2015
Nebraska City 2012	April 30, 2013	February 13, 2015
Nebraska City 2013	April 30, 2014	February 13, 2015

ANNUAL FINANCIAL AND OPERATING INFORMATION

The annual financial and operating information for all Participants' fiscal years ended 2009 through 2013, and MEAN's fiscal year ended March 31, 2014, was not filed until February 11, 2015, in the case of MEAN, and February 13, 2015, in the case of all other Participants.

EVENT AND FAILURE TO FILE NOTICES

On June 24, 2009, S&P reduced the rating on the 2007 Series A Bonds from "A" to "A-". PPGA did not provide notice of this event until February 11, 2015.

On October 10, 2013, S&P reduced the ratings on the 2007 Series A Bonds from "A-" to "BBB". PPGA did not provide notice of this event until February 11, 2015.

PPGA did not provide notice of its failure to file audited financial statements and annual financial and operating information until the filing dates indicated above.

Continuing Disclosure Controls and Procedures Policy. To better ensure its ability to comply with its obligations under the Prior Undertakings and the Undertaking, on March 23, 2015, PPGA adopted a Continuing Disclosure Controls and Procedures Policy (the *"Policy"*). The Policy establishes a disclosure group, consisting of the PPGA Secretary-Treasurer, the PPGA Finance Committee Chair, the chief executive officer and chief financial officer of each Participant with respect to the portions of annual reports relating to the Participants, and disclosure counsel (the *"Disclosure Group"*), that is obligated to review and approve each annual report and written disclosure of PPGA made in connection with the Prior Undertakings, the Undertaking and any future continuing disclosure undertakings. The Policy also establishes an ongoing training program for the Disclosure Group and any other person identified as having responsibility for collecting or analyzing information included in PPGA's continuing disclosures to be conducted at least annually with the assistance of disclosure counsel or other experienced federal securities law counsel.

Dissemination Agent Agreement. To better ensure its ability to comply with its obligations under the Prior Undertakings and the Undertaking, on February 9, 2015, PPGA entered into a Dissemination Agent Agreement (*"Dissemination Agent Agreement"*) with Wells Fargo Bank, N.A. to serve as Dissemination Agent (the *"Dissemination Agent"*). Under the Dissemination Agent Agreement, the Dissemination Agent is to post to EMMA all annual financial and operating information and notices of any reportable events required by the Prior Undertaking and the Undertaking that is provided by PPGA to the Dissemination Agent.

INDEPENDENT AUDITORS

The financial statements of PPGA as of December 31, 2014 and 2013, and for the years then ended, included in this Official Statement, have been audited by BKD, LLP, independent auditors, as stated in their report in APPENDIX A of this Official Statement. BKD, LLP was not requested to perform any updating or additional procedures subsequent to the date of its audit report.

LITIGATION

There is no action, suit, proceeding, inquiry, or any other litigation or investigation at law or in equity, before or by any court, public board or body, which is pending or threatened,

challenging the creation, organization, or existence of PPGA or the operation of the Project; or the titles of its officers to their respective offices; or seeking to restrain or enjoin the issuance, sale, or delivery of the 2015 Series A Bonds; or directly or indirectly contesting or affecting the proceedings or the authority by which the 2015 Series A Bonds are issued; or the validity of the 2015 Series A Bonds or the issuance thereof; or the validity of the Participation Agreements; or the authority of PPGA to own or participate in the Project.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the 2015 Series A Bonds are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to PPGA. Certain matters will be passed upon for the Participants by their respective counsels. Certain matters will be passed upon for the Underwriters by Chapman and Cutler LLP, Salt Lake City, Utah.

The approving opinion of Bond Counsel, the proposed form of which is set forth in APPENDIX E to this Official Statement, will be delivered with the 2015 Series A Bonds.

TAX MATTERS

OPINIONS OF BOND COUNSEL

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to PPGA, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the 2015 Series A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the *"Code"*), and (ii) interest on the 2015 Series A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made in connection with the issuance of the 2015 Series A Bonds by PPGA and each of the Participants under Participation Agreements with PPGA, and Bond Counsel has assumed compliance by PPGA and each of the Participants with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2015 Series A Bonds from gross income under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other Federal tax consequences with respect to the 2015 Series A Bonds.

In the further opinion of Bond Counsel to PPGA, under existing laws of the State of Nebraska, interest on the 2015 Series A Bonds is exempt from income taxation imposed by the State of Nebraska under the Nebraska Revenue Act of 1967, §§ 77-2701 *et seq*., Reissue Revised Statutes of Nebraska, 2009, as amended to the issue date of the 2015 Series A Bonds, to the extent that such interest is excluded from gross income for Federal income tax purposes. Bond

Counsel expresses no opinion regarding taxation of the interest on the 2015 Series A Bonds under any provision of State of Nebraska law other than the Revenue Act.

Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the 2015 Series A Bonds, or under state and local tax law.

CERTAIN ONGOING FEDERAL TAX REQUIREMENTS AND COVENANTS

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2015 Series A Bonds in order that interest on the 2015 Series A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2015 Series A Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the 2015 Series A Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. PPGA and the Participants have covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the 2015 Series A Bonds from gross income under Section 103 of the Code.

CERTAIN COLLATERAL FEDERAL TAX CONSEQUENCES

The following is a brief discussion of certain collateral Federal income tax matters with respect to the 2015 Series A Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a 2015 Series A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the 2015 Series A Bonds.

Prospective owners of the 2015 Series A Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the 2015 Series A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

ORIGINAL ISSUE DISCOUNT

"Original issue discount" (*"OID"*) is the excess of the sum of all amounts payable at the stated maturity of a 2015 Series A Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the 2015 Series A Bonds of that maturity was sold (excluding sales to 2015 Series A Bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of 2015 Series A Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any 2015 Series A Bonds having OID (a *"Discount Bond"*), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the 2015 Series A Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

BOND PREMIUM

In general, if an owner acquires a 2015 Series A Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2015 Series A Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that 2015 Series A Bond (a *"Premium Bond"*). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Premium Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss.

Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2015 Series A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2015 Series A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the 2015 Series A Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

MISCELLANEOUS

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the 2015 Series A Bonds under Federal or state law or otherwise prevent beneficial owners of the 2015 Series A Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2015 Series A Bonds. For example, the Fiscal Year 2016 Budget proposed by the Obama Administration recommends a 28% limitation on "all itemized deductions, as well as other tax benefits" including "tax-exempt interest." The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond, regardless of issue date. The enactment of such proposal could impact the tax treatment of interest on the 2015 Series A Bonds for State of Nebraska law purposes.

Prospective purchasers of the 2015 Series A Bonds should consult their own tax advisors regarding the foregoing matters.

BOND RATINGS

Moody's Investors Service, Inc., Standard & Poor's Credit Market Services, and Fitch Ratings have assigned municipal bond ratings to the 2015 Series A Bonds of "A2", "BBB+" and "A-", respectively.

Such ratings assigned to the 2015 Series A Bonds do not constitute a recommendation by such rating agencies to buy, sell or hold the 2015 Series A Bonds. Such ratings reflect only the view of such rating agencies and any desired explanation of the significance of any such rating should be obtained from that rating agency. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies, and assumptions of its own.

There is no assurance that any ratings assigned to the 2015 Series A Bonds will be maintained for any period of time or that such ratings may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change or withdrawal of such ratings may have an adverse effect on the market price of the 2015 Series A Bonds.

UNDERWRITING

PPGA has entered into a Bond Purchase Contract dated the date of this Official Statement (the *"Bond Purchase Agreement"*) with Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the underwriters listed on the cover page of this Official Statement (the *"Underwriters"*). The Bond Purchase Contract provides for the purchase and sale of all of the 2015 Series A Bonds, subject to various terms and conditions set forth therein. The Underwriters have agreed to purchase all of the 2015 Series A Bonds from PPGA at a purchase price of $214,893,721.60 (representing the principal amount of the 2015 Series A Bonds, plus original issue premium of $27,927,436.95, less an underwriting discount of $378,715.35).

The 2015 Series A Bonds are being offered for sale to the public at the prices shown on the inside cover page hereof. The Underwriters reserve the right to lower such initial offering prices as it deems necessary in connection with the marketing of the 2015 Series A Bonds. The Underwriters may offer and sell the 2015 Series A Bonds to certain dealers (including dealers depositing the 2015 Series A Bonds into investment trusts) and others at prices lower than the initial public offering price or prices set forth in the Official Statement. The Underwriters reserve the right to join with dealers and other Underwriters in offering the 2015 Series A Bonds to the public. The obligation of the Underwriters to accept delivery of the 2015 Series A Bonds is subject to the terms and conditions set forth in the Bond Purchase Contract, the approval of legal matters by counsel and other conditions. The Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the 2015 Series A Bonds at levels

above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against PPGA and/or the Participants in connection with such activities. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for PPGA and/or the Participants for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and instruments of PPGA and/or the Participants (directly, as collateral securing other obligations or otherwise) and/or persons or entities with relationships with PPGA and/or the Participants. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

J.P. Morgan Securities LLC (*"JPMS"*), one of the Underwriters of the 2015 Series A Bonds, has entered into negotiated dealer agreements (each, a *"Dealer Agreement"*) with each of Charles Schwab & Co., Inc. (*"CS&Co."*) and LPL Financial LLC (*"LPL"*) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL will purchase 2015 Series A Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2015 Series A Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association. Wells Fargo Bank, National Association (*"WFBNA"*), one of the underwriters of the 2015 Series A Bonds, has entered into an agreement (the *"Distribution Agreement"*) with its affiliate, Wells Fargo Advisors, LLC (*"WFA"*), for the distribution of certain municipal securities offerings, including the 2015 Series A Bonds. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the 2015 Series A Bonds with WFA. WFBNA also utilizes the distribution capabilities of its affiliate Wells Fargo Securities, LLC (*"WFSLLC"*), for the distribution of municipal securities offerings, including the 2015 Series A Bonds. In connection with utilizing the distribution capabilities of WFSLLC, WFBNA pays a portion of

WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

ESCROW VERIFICATION

The Arbitrage Group, Inc. will verify the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the obligations of the United States of America, together with other escrowed moneys, to pay when due pursuant to prior redemption the redemption price of, and interest on, the 2007 Series A Refunded Bonds and the mathematical computations of the yield on the Bonds and the yield on the government obligations purchased with a portion of the proceeds of the sale of the Bonds.

The verification performed by The Arbitrage Group, Inc. will be solely based upon data, information and documents provided to The Arbitrage Group, Inc. by PPGA and its representatives and the Underwriters. The Arbitrage Group, Inc. has restricted its procedures to recalculating the computations provided by PPGA and its representatives and the Underwriters and has not evaluated or examined the assumptions or information used in the computations.

MISCELLANEOUS

All quotations from and summaries and explanations of Nebraska statutes, the Interlocal Agreement, the Participation Agreements and the Resolution that are contained herein do not purport to be complete, and reference is made to such statutes, agreements and the Resolution for full and complete statements of their respective provisions.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, is intended as such and not as representations of fact.

The appendices attached hereto are an integral part of this Official Statement and should be read in conjunction with the foregoing material.

The delivery of the Official Statement has been duly authorized by PPGA.

PUBLIC POWER GENERATION AGENCY

By /s/ Tim Sutherland
Chair

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF PPGA AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Public Power Generation Agency

Independent Auditor's Report and Financial Statements

December 31, 2014 and 2013

BKD LLP
CPAs & Advisors

Public Power Generation Agency

December 31, 2014 and 2013

Contents

BKD LLP
CPAs & Advisors

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Independent Auditor's Report

Board of Directors
Public Power Generation Agency
Hastings, Nebraska

We have audited the accompanying basic financial statements of Public Power Generation Agency (the Agency), which are comprised of balance sheets as of December 31, 2014 and 2013, and the related statements of revenues and expenses and of cash flows for the years then ended, and the related notes to the basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Power Generation Agency as of December 31, 2014 and 2013, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion of the basic financial statements. The accompanying schedule of billings to members is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Lincoln, Nebraska
March 20, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis on the following pages summarizes the financial highlights and focuses on factors that had a material effect on the financial condition of Public Power Generation Agency (the Agency or PPGA) and the results of operations for 2014, 2013 and 2012. This discussion should be read in conjunction with the accompanying financial highlights, the basic financial statements and notes to the financial statements.

Nature of Operations

PPGA was created in 2005 as a joint entity pursuant to the Interlocal Cooperation Act of the State of Nebraska. The Members of PPGA are Municipal Energy Agency of Nebraska, Heartland Consumers Power District, Hastings Utilities, Grand Island Utilities and Nebraska City Utilities.

PPGA was created solely for the purpose of owning, financing, acquiring, constructing and operating the Whelan Energy Center Unit 2 Plant (WEC 2 or the "Plant"). The Plant is intended to provide long-term, baseload electric power supply for the Members.

WEC 2 is a nominally rated 220 MW pulverized coal-fired sub-critical generating unit built at Whelan Energy Center near Hastings, Nebraska. WEC 2 began commercial operation on May 1, 2011. PPGA is the sole owner of the plant.

Summary of the Financial Statements

The financial statements, related notes to the financial statements and management's discussion and analysis provide information about PPGA's financial position and activities.

Management's Discussion and Analysis – provides an objective and easily readable analysis of the financial activities of PPGA based on currently known facts, decisions or conditions.

Balance Sheets – provides a summary of the assets and liabilities.

Statements of Revenues and Expenses – presents the operating results of PPGA into various categories of operating revenues and expenses and non-operating revenues and expenses.

Statements of Cash Flows – reports the cash provided by and used for operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

Notes to the Financial Statements – provide additional disclosures and information that is essential to a full understanding of the data provided in the statements.

Financial Analysis

The following comparative condensed financial statements (in thousands) summarize PPGA's financial position and operating results for the years ended December 31, 2014, 2013 and 2012.

Condensed Balance Sheets (in thousands)

	December 31,			Change	
	2014	2013	2012	From 2013 to 2014	From 2012 to 2013
Current assets	$ 121,647	$ 99,920	$ 81,373	$ 21,727	$ 18,547
Net utility plant	546,607	572,084	591,718	(25,477)	(19,634)
Net costs to be recovered from billings to members	51,774	40,379	31,970	11,395	8,409
Other noncurrent assets	16,426	39,859	59,788	(23,433)	(19,929)
Total assets	$ 736,454	$ 752,242	$ 764,849	$ (15,788)	$ (12,607)
Current liabilities	$ 41,274	$ 43,488	$ 42,996	$ (2,214)	$ 492
Noncurrent liabilities	695,180	708,754	721,853	(13,574)	(13,099)
Total liabilities	$ 736,454	$ 752,242	$ 764,849	$ (15,788)	$ (12,607)

Assets

Current assets increased in 2014 and 2013 primarily due to movement of restricted investments to be used for debt service, capital expenditures, etc. from noncurrent assets due to changes in the composition of the related investments.

Net utility plant consists primarily of the WEC 2 plant which began operations in 2011. The decrease in 2014 and 2013 was due to the depreciation expense for the Plant being higher than the capital additions in each year.

The net costs to be recovered from billings to members increased in 2014 and 2013 primarily due to depreciation and amortization expense, which is not currently billable to the members, exceeding debt service billings. This noncurrent asset represents the net deferred expenses that will be recovered in future periods as they become power costs and are included in the members' future billings. See footnote 1 and 4 for further explanation and details of the components making up this noncurrent asset.

Other noncurrent assets decreased in 2014 and 2013 primarily due to movement of restricted investments to current assets due to changes in the composition of the related investments.

Liabilities

Current liabilities decreased in 2014 due to a decrease in accounts and retainage payable as a result of the settlement/completion of a major construction contract during the year.

Noncurrent liabilities decreased in 2014 and 2013 primarily due to scheduled debt service payments and the amortization of the bond premiums.

Debt Activity

PPGA did not issue any debt during 2014, 2013 or 2012. PPGA made scheduled principal payments in 2014 of $12,315,000 and in 2013 of $11,745,000.

The Whelan Energy Center Unit 2 Revenue Bonds 2009 Series B bonds were issued as bonds designated as "Build America Bonds" under the provision of the American Recovery and Reinvestment Act of 2009, which allows the Agency to receive a U.S. Treasury subsidy equal to a portion of the amount of interest payable on those bonds. Subsidy payments are contingent on federal regulations and are subject to change as discussed in footnote 5.

Condensed Statements of Revenues and Expenses (in thousands)

	2014	December 31, 2013	2012	Change From 2013 to 2014	Change From 2012 to 2013
Power sales (MWh)	1,232,660	1,353,486	1,011,079	(120,826)	342,407
Operating revenues	$ 75,275	$ 80,068	$ 67,078	$ (4,793)	$ 12,990
Operating expenses					
Production expenses	31,588	33,068	27,229	(1,480)	5,839
Administration and general	1,366	1,195	1,302	171	(107)
Depreciation and amortization	21,389	21,483	21,484	(94)	(1)
Total operating expenses	54,343	55,746	50,015	(1,403)	5,731
Operating income	20,932	24,322	17,063	(3,390)	7,259
Total nonoperating expenses, net	(32,327)	(32,731)	(33,007)	404	276
Net costs to be recovered from billings to members	$ (11,395)	$ (8,409)	$ (15,944)	$ (2,986)	$ 7,535

Power Sales Volumes and Operating Revenues

Power sales volumes in 2014 decreased 8.9% compared to 2013. Power sales volumes in 2013 increased 33.9% compared to 2012. Operating revenues consist of billings to members and fluctuate annually based on the energy charges and debt service requirements. The decrease in 2014 is due in part to the decrease in MWh generated by the WEC 2 facility as compared to 2013 while the increase in 2013 is due in part to the increase in MWh generated by the WEC 2 facility as compared to 2012.

Operating Expenses

Production expenses vary from year to year due to costs of fuel and other production costs. The decrease in operating expenses in 2014 is primarily due to the decrease in MWh's generated. The increase in operating expenses in 2013 is primarily due to the increase in MWh's generated.

Net Nonoperating Expenses

This category nets all nonoperating expenses with all nonoperating revenues. The decrease in 2014 and 2013 relates to reduced interest expense in each year.

General Trends and Significant Events

A major outage was completed during the Spring of 2012. The primary purpose of the outage was to dismantle, inspect, and reassemble the turbine, as is recommended after one year of operation. The outage lasted from February 10, 2012 to April 24, 2012. In addition, the power market was weak for most of the year. These two factors limited the net generation of the plant for 2012 to 999.39 GWh. The Plant's equivalent availability factor, which incorporates the effect of deratings (loss of MW capability) and is essentially "equivalent to" the percentage of a period during which the generating unit was available for maximum net capability operation, was 73.38% in 2012. The Plant's forced outage rate, the ratio of hours in the period that the generating unit is not capable of operating due to forced outages to the number of hours in the period, was 6.54% in 2012. The net capacity factor in 2012 was 50.57%. The net capacity factor is the ratio of the average annual load on the generating unit to the capacity rating of the unit.

During the Fall of 2013, a turbine valve inspection was completed. The outage lasted from October 18, 2013 to November 4, 2013. The net generation of the plant for 2013 was 1,347.35 GWh. The Plant's equivalent availability factor improved to 85.36% in 2013. The Plant's forced outage rate in 2013 was 8.86%. The Plant's net capacity factor in 2013 improved to 68.36%.

PPGA participates in the Southwest Power Pool Integrated Marketplace which launched in March 2014. This participation allows the Plant to be economically dispatched into the market. A Spring outage was completed between April 18, 2014 and May 8, 2014. Upgrades to the Distributed Control System and Turbine Control System were completed as well as repairs to the Induced Draft Fan and boiler burners. During the Fall outage from October 3, 2014 to November 10, 2014, the third layer of catalyst in the SCR was installed as well as replacement of all the filter bags in the pulse jet fabric filter bag house. A design modification of the boiler burners was also implemented. The net generation of the Plant for 2014 was 1,226.76 GWh. The Plant's equivalent availability factor declined to 78.59% in 2014. The forced outage rate in 2014 improved to 2.61% while the Plant's net capacity factor declined to 62.24% in 2014.

PPGA continues to monitor the development and implementation of new or modified environmental regulations. See Note 8 for additional information.

WEC 2 is located adjacent to an existing coal-fired generation facility known as the Whelan Energy Center Unit 1 (WEC 1), which is owned and operated solely by Hastings Utilities. WEC 1 and WEC 2 are fueled by low-sulfur coal from the Powder River Basin in Wyoming, which is delivered to WEC by rail. Hastings Utilities, as Project Operating Agent, currently purchases approximately 1.1 million tons of coal each year for the combined operation of WEC 1 and WEC 2. Hastings Utilities solicits multiple suppliers in order to provide a competitive fuel price. Approximately 55% of WEC's coal supply is currently supplied under a three-year coal purchase agreement with Peabody Energy that expires on December 31, 2016. Hastings Utilities plans to begin negotiations for a new coal supply purchase contract at the beginning of 2016. The remainder of WEC's coal supply is purchased under short-term contracts and spot purchases based upon prevailing market conditions. Rail facilities at the WEC can accommodate two trains of 140 cars each. Rail services are currently provided pursuant to a contract with Burlington Northern Santa Fe (BNSF) that expires on December 31, 2018.

Report Purpose and Contact Information

This financial report is designed to provide PPGA's Members and creditors with a general overview of PPGA's financial status for 2014, 2013 and 2012. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Project Operating Agent at Public Power Generation Agency, 1228 N. Denver Avenue, P.O. Box 398, Hastings, Nebraska 68902-0398 or phone (402) 462-3508.

Public Power Generation Agency
Balance Sheets
December 31, 2014 and 2013

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	$ 23,510,654	$ 23,705,295
Restricted cash and cash equivalents	40,827,426	36,411,279
Restricted investments	47,094,750	30,356,205
Accounts receivable	6,361,844	6,723,045
Inventories	3,663,444	2,503,210
Interest receivable	38,775	58,932
Prepaid expenses	149,690	162,498
Total current assets	121,646,583	99,920,464
Utility Plant		
Utility plant in service	618,103,804	624,299,203
Construction in progress	640,814	651,257
Total utility plant	618,744,618	624,950,460
Less: accumulated depreciation	(72,137,757)	(52,866,474)
Net utility plant	546,606,861	572,083,986
Investments and Other Noncurrent Assets		
Investments	4,015,923	4,008,857
Restricted investments	10,937,025	33,878,087
Net costs to be recovered from billings to members	51,774,457	40,379,584
Other	1,473,306	1,970,897
Total investments and other noncurrent assets	68,200,711	80,237,425
Total assets	$ 736,454,155	$ 752,241,875
Liabilities		
Current Liabilities		
Current maturities of long-term debt	$ 12,785,000	$ 12,315,000
Accounts and retainage payable	9,084,037	11,493,103
Accrued expenses	118,796	133,613
Accrued interest payable	19,020,505	19,257,330
Unearned revenue	265,490	288,784
Total current liabilities	41,273,828	43,487,830
Noncurrent Liabilities		
Long-term debt, net	694,524,717	708,276,437
Other	655,610	477,608
Total noncurrent liabilities	695,180,327	708,754,045
Total liabilities	$ 736,454,155	$ 752,241,875

Public Power Generation Agency
Statements of Revenues and Expenses
Years Ended December 31, 2014 and 2013

	2014	2013
Operating Revenues		
Billings to members, net	$ 75,274,562	$ 80,067,883
Total operating revenues	75,274,562	80,067,883
Operating Expenses		
Fuel and other variable production	25,840,851	27,353,215
Other production	5,746,994	5,714,711
Administrative and general	1,365,983	1,194,569
Depreciation and amortization	21,389,248	21,483,434
Total operating expenses	54,343,076	55,745,929
Operating Income	20,931,486	24,321,954
Nonoperating Revenues (Expenses)		
Interest expense	(37,074,290)	(37,547,940)
Investment income	370,280	459,426
Federal subsidy - Build America Bonds	4,353,578	4,320,720
Other	24,073	36,590
Total nonoperating expenses	(32,326,359)	(32,731,204)
Net Costs to be Recovered from Billings to Members	$ (11,394,873)	$ (8,409,250)

Public Power Generation Agency
Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	2014	2013
Operating Activities		
Receipts from members	$ 75,612,469	$ 79,412,560
Payments to suppliers	(32,981,073)	(32,372,301)
Net cash provided by operating activities	42,631,396	47,040,259
Noncapital Financing Activities		
Other miscellaneous receipts	24,073	36,590
Capital and Related Financing Activities		
Principal payments on revenue bonds	(12,315,000)	(11,745,000)
Interest paid	(38,277,835)	(38,795,898)
Interest subsidy received	4,353,578	4,320,720
Settlement proceeds	4,546,729	-
Capital expenditures for utility plant, net of reimbursements	(3,327,323)	(1,608,899)
Net cash used in capital and related financing activities	(45,019,851)	(47,829,077)
Investing Activities		
Interest received on investment securities	434,839	957,411
Purchases of investment securities	(90,024,290)	(109,049,540)
Proceeds from sale of investment securities	96,175,339	110,665,248
Net cash provided by investing activities	6,585,888	2,573,119
Increase in Cash and Cash Equivalents	4,221,506	1,820,891
Cash and Cash Equivalents, Beginning of Year	60,116,574	58,295,683
Cash and Cash Equivalents, End of Year	$ 64,338,080	$ 60,116,574
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents	$ 23,510,654	$ 23,705,295
Restricted cash and cash equivalents	40,827,426	36,411,279
Total cash and cash equivalents	$ 64,338,080	$ 60,116,574

Public Power Generation Agency
Statements of Cash Flows - Continued
Years Ended December 31, 2014 and 2013

	2014	2013
Reconciliation of Operating Income to Net Cash Provided By Operating Activities		
Operating income	$ 20,931,486	$ 24,321,954
Adjustment to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	21,389,248	21,483,434
Changes in operating assets and liabilities		
Accounts receivable	361,201	(655,302)
Inventories	(1,160,234)	1,300,541
Prepaid expenses	12,808	(11,509)
Other noncurrent assets	257,206	215,598
Accounts payable	699,790	172,648
Accrued expenses	163,185	212,916
Unearned revenue	(23,294)	(21)
Net Cash Provided By Operating Activities	$ 42,631,396	$ 47,040,259

Public Power Generation Agency

Notes to Financial Statements

December 31, 2014 and 2013

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Public Power Generation Agency (PPGA or the Agency) was created in 2005 as a joint entity pursuant to the Interlocal Cooperation Act of the State of Nebraska. PPGA was created solely for the purpose of owning, financing, acquiring, constructing and operating the Whelan Energy Center Unit 2 (WEC 2) Plant (the "Plant"). The Plant is intended to provide long-term, baseload electric power supply for its Members. WEC 2 is a nominally rated 220 MW pulverized coal-fired sub-critical generating unit built at the existing Whelan Energy Center near Hastings, Nebraska. WEC 2 began commercial operation in May 2011. PPGA is the sole owner of the Plant.

The Members of PPGA are:

	Megawatt (MW) Allocation	Entitlement Share
Municipal Energy Agency of Nebraska (MEAN)	80 MW	36.36%
Heartland Consumers Power District (HCPD)	80 MW	36.36%
Hastings Utilities (HU)	35 MW	15.91%
Grand Island Utilities (GIU)	15 MW	6.82%
Nebraska City Utilities (NCU)	10 MW	4.55%

Each of the Members has entered into an Amended and Restated Participation Agreement, dated October 5, 2006, with PPGA. Under the agreements, PPGA has agreed to sell to each Member, and each Member has agreed to purchase from PPGA, such Member's respective share of the net capacity and related energy of the Plant's output. Each Member's share of the output is referred to as their entitlement share. The agreements allocate to the Members all of the Plant's output, bond-related costs and other project costs based upon their respective entitlement shares, and all energy-related costs based upon energy produced and scheduled by each Member. The term of the agreements extend at least to the date as of which any project bonds remain outstanding.

Reporting Entity

In evaluating how to define the Agency, for financial reporting purposes, management has considered all potential component units for which financial accountability may exist. The determination of financial accountability includes consideration of a number of criteria, including: (1) the Agency's ability to appoint a voting majority of another entity's governing body and to impose its will on that entity, (2) the potential for that entity to provide specific financial benefits to or impose specific financial burdens on the Agency, and (3) the entity's fiscal dependency on the Agency. Based on the above criteria, PPGA has determined that it has no reportable component units.

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Basis of Accounting and Presentation

The financial statements of PPGA have been prepared on the accrual basis of accounting using the economic resources measurement focus. The Agency's accounting records are maintained in accordance with accounting principles generally accepted in the United States of America for regulated utilities and generally follow the Uniform System of Accounts for Public Utilities and Licenses prescribed by the Federal Energy Regulatory Commission (FERC). PPGA prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

PPGA's accounting policies also follow the regulated operations provisions of GASB Statement No. 62, which permits an entity with cost-based rates to defer certain costs or income that would otherwise be recognized when incurred to the extent that the rate-regulated entity is recovering or expects to recover such amounts in rates charged to its customers. This method includes the philosophy that debt service requirements, as opposed to depreciation or amortization, are a cost for rate making purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

PPGA considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2014 and 2013, cash equivalents consisted of money market funds and repurchase agreements.

Investments and Investment Income

Investments are held in various debt service, construction and reserve accounts that are prescribed by bond indenture. These accounts are invested in money market mutual funds, U.S. Treasury securities, U.S. Agency obligations, commercial paper and repurchase agreements. Fair value is determined using quoted market prices. All investments are carried at fair value except repurchase agreements which are carried at cost.

Investment income consists of interest income, realized gains and losses on investments and the net change for the year in the fair value of investments carried at fair value.

Accounts Receivable

Accounts receivable are stated at the amount billed to Members. Accounts receivable are ordinarily due 60 days after the issuance of the invoice. Delinquent receivables are charged off as they are deemed uncollectible. Management does not believe an allowance for doubtful accounts is necessary at December 31, 2014 or 2013, as there were no delinquent accounts.

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Inventories

Inventories consist of coal and diesel fuel. Inventories are stated at the lower of average cost or market.

Utility Plant

Utility plant is stated at cost which represents the actual direct cost of labor, materials, and indirect costs, including construction period interest and other overhead expenses. Depreciation of utility plant is computed using the straight-line method over the estimated useful life of the different categories of the Plant, which is generally 30 years. Included within the Plant are some minor equipment and furniture categories with estimated useful lives ranging from 3 to 15 years.

Net Costs to be Recovered from Billings to Members

Billings to Members are designed to recover power costs as set forth by the PPGA Participation Agreement, which principally include current operating expenses and scheduled debt principal and interest. Pursuant to the regulated operations provisions of GASB 62, expenses determined in accordance with accounting principles generally accepted in the United States of America (GAAP) that are not currently billable as power costs are recorded as other assets in the accompanying balance sheets. These costs will be recovered in future periods as they become power costs and are included in future Member billings (see Note 4). Over the life of the PPGA Participation Agreement, aggregate expenses are expected to equal aggregate billable power costs.

Classification of Revenues

Operating revenues and expenses generally result from providing energy in connection with PPGA's ongoing operations. The principal operating revenues are billings to Members for energy charges and debt service requirements. Operating expenses include fuel, purchased power, other production expenses, administrative and general expenses, and depreciation and amortization. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Income Taxes

In accordance with certain provisions of the Interlocal Cooperation Act and non-profit corporation statutes of Nebraska and related governing laws and regulations, PPGA is exempt from federal and state income taxes.

Note 2: Deposits and Investments

Deposits

State statutes require banks either to give bond or to pledge government securities to the Agency in the amount of the Agency's deposits. The Agency's cash deposits, including certificates of deposit, are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). Any cash deposits or certificates of deposit in excess of the $250,000 FDIC limits are covered by collateral held in a Federal Reserve Bank pledge account or by an agent for the Agency and thus, no custodial risk exists. No legal opinion has been obtained regarding the enforceability of any collateral arrangements.

Investments

PPGA's qualified investments are defined in the bond indentures for the revenue bond issuances described in Note 5. The bond indentures identify qualified investments as direct obligations of the United States government or any of its agencies, obligations guaranteed by the United States government or any of its agencies, money market mutual funds, repurchase agreements and commercial paper.

At December 31, 2014 and 2013, PPGA had the following investments, maturities and credit ratings:

		Maturities in Years		
	Fair Value	Less Than 1	1 - 5	Credit Rating Moody's/S&P
December 31, 2014				
Money market mutual funds	$ 40,160,450	$ 40,160,450	$ -	Aaa / AAA
Commercial paper	2,899,386	2,899,386	-	P-1 / A-1+
Negotiable certificates of deposit	1,000,010	1,000,010	-	Not Rated
U.S. Treasury securities	19,194,135	8,257,110	10,937,025	Aaa / AAA
U.S. Agency obligations	38,954,167	34,938,244	4,015,923	Aaa / AAA
	102,208,148	87,255,200	14,952,948	
Repurchase agreements (at cost)	24,174,630	24,174,630	-	Not Rated
	$ 126,382,778	$ 111,429,830	$ 14,952,948	
December 31, 2013				
Money market mutual funds	$ 35,941,033	$ 35,941,033	$ -	Aaa / AAA
Commercial paper	1,999,440	1,999,440	-	P-1 / A-1+
U.S. Treasury securities	21,973,174	21,973,174	-	Aaa / AAA
U.S. Agency obligations	44,270,535	6,383,591	37,886,944	Aaa / AAA
	104,184,182	66,297,238	37,886,944	
Repurchase agreements (at cost)	24,172,541	24,172,541	-	Not Rated
	$ 128,356,723	$ 90,469,779	$ 37,886,944	

Note 2: Deposits and Investments - Continued

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets at December 31, 2014 and 2013 as follows:

	2014	2013
Carrying Value		
Deposits	$ 3,000	$ 3,000
Investments	126,382,778	128,356,723
	$ 126,385,778	$ 128,359,723

Included in the following balance sheet captions:

	2014	2013
Current Assets		
Cash and cash equivalents		
Operating funds	$ 12,949,822	$ 13,132,464
Renewal and contingency fund	13,211	25,210
Rate stabilization fund	10,547,621	10,547,621
Total	23,510,654	23,705,295
Restricted cash and cash equivalents		
Operating funds	655,610	477,608
Letter of credit support fund	1,830,752	1,830,569
Debt reserve funds	173,536	257,463
Debt service funds	31,885,874	31,650,904
Construction funds	6,281,654	2,194,735
Total	40,827,426	36,411,279
Restricted investments		
Debt reserve funds	39,936,844	12,296,214
Construction funds	7,157,906	18,059,991
Total	47,094,750	30,356,205
Noncurrent Assets		
Investments - renewal and contingency fund	4,015,923	4,008,857
Restricted investments		
Debt reserve funds	6,359,957	33,878,087
Construction funds	4,577,068	-
Total	10,937,025	33,878,087
	$ 126,385,778	$ 128,359,723

Note 2: Deposits and Investments - Continued

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The money market mutual funds, commercial paper and repurchase agreements are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The bond indenture requires all debt securities not explicitly guaranteed by the U.S. Government to have credit ratings of Aaa from Moody's and AAA from S&P and commercial paper to have credit ratings of P-1 from Moody's and A-1+ from S&P.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of a failure of the counterparty, PPGA would not be able to recover the value of its investment securities that are in the possession of an outside party.

The repurchase agreements require cash or securities to be pledged as collateral. Cash is pledged at 100% of the repurchase agreement carrying value while the fair value of securities are required to be maintained at a minimum of 104% of the carrying value.

Concentration of Credit Risk

Concentration of credit is the risk associated with the amount of investments PPGA has with any one issuer that exceeds 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government are excluded from this requirement. PPGA and the bond indenture place no limit on the amount that may be invested in any one issuer. At December 31, 2014 and 2013, PPGA had the following investment concentrations:

	Portfolio Composition December 31, 2014	Portfolio Composition December 31, 2013
Federal National Mortgage Association	30.82 %	29.52 %
Wells Fargo Government Money Market	31.78	28.00
Repurchase agreement - Heritage Bank	19.13	18.83

Note 2: Deposits and Investments - Continued

Investment Return

Investment return for the years ended December 31, 2014 and 2013 of $370,280 and $459,426, respectively consisted of interest income, realized gains and losses on the sale of investments and the net increase in fair value of investments carried at fair value.

Note 3: Utility Plant

Utility plant activity for the years ended December 31, 2014 and 2013 was:

	2014				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Electric plant in service	$ 584,409,948	$ 43,815	$ (9,533,166)	$ 3,284,295	$ 578,204,892
Transmission	22,556,229	-	-	-	22,556,229
Shared facilities	17,333,026	9,657	-	-	17,342,683
Construction in progress	651,257	3,273,852	-	(3,284,295)	640,814
Total utility plant	624,950,460	3,327,324	(9,533,166)	-	618,744,618
Less accumulated depreciation	(52,866,474)	(21,148,863)	1,877,580	-	(72,137,757)
Utility plant, net	$ 572,083,986	$ (17,821,539)	$ (7,655,586)	$ -	$ 546,606,861

	2013				
	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Electric plant in service	$ 583,289,355	$ -	$ -	$ 1,120,593	$ 584,409,948
Transmission	22,559,026	-	-	(2,797)	22,556,229
Shared facilities	16,960,651	-	-	372,375	17,333,026
Construction in progress	532,529	1,608,899	-	(1,490,171)	651,257
Total utility plant	623,341,561	1,608,899	-	-	624,950,460
Less accumulated depreciation	(31,623,425)	(21,243,049)	-	-	(52,866,474)
Utility plant, net	$ 591,718,136	$ (19,634,150)	$ -	$ -	$ 572,083,986

Under the terms of the Facility Sharing and Lease Agreement entered into between PPGA and Hastings Utilities (HU), as Operating Agent, ownership of certain PPGA assets were conveyed to HU to allow for the utilization of these assets for the benefit of the Plant. In addition, PPGA financed the construction of transmission facilities and equipment to facilitate the distribution of power to the Members. Although ownership of these facilities and equipment rests with other governmental entities responsible for the transmission and distribution of energy, PPGA has elected to defer these costs and amortize them over a period of 30 years, as a component of utility plant.

Note 3: Utility Plant - Continued

In April 2014, PPGA entered into a settlement agreement with Toshiba International Corporation (TIC) to settle all claims related to alleged performance failure, schedule delay, back-charges and technical advisor fees under the contract where TIC agreed to provide a steam turbine generator to PPGA for the WEC 2 Plant. A settlement value of approximately $7,700,000 was reached, in which approximately $3,200,000 of contract and retainage payables due from PPGA to TIC as of December 31, 2013 were waived and an additional payment from TIC to PPGA of approximately $4,500,000 was made. This activity was shown as a reduction in the cost of electric plant in service during 2014, as PPGA will no longer be required to recover these costs from members in future years.

Note 4: Net Costs to be Recovered from Billings to Members

Net costs to be recovered from billings to Members for the years ended December 31, 2014 and 2013, and the accumulated totals as of December 31, 2014 and 2013, consisted of the following:

	For the Years Ended December 31		Accumulated Totals as of December 31	
	2014	2013	2014	2013
Items in accordance with GAAP not currently billable to members under the participation agreement:				
Depreciation and amortization expense	$ 21,148,863	$ 21,243,049	$ 74,421,389	$ 53,272,526
Amortization of Spring 2012 outage charges	240,385	240,385	600,963	360,578
Bond issuance costs	-	-	8,446,110	8,446,110
Accretion of bond premium	(966,720)	(966,720)	(3,544,640)	(2,577,920)
SO2 emissions expense	43,931	50,862	162,186	118,255
Unrealized gain (loss) on investments	54,006	(150,150)	(135,142)	(189,148)
Portion of federal subsidy not credited on member billings	-	-	(1,291,488)	(1,291,488)
Administrative costs incurred prior to commercial operation	-	-	1,566,261	1,566,261
Restricted interest income not credited to members	(329,311)	(215,931)	(545,242)	(215,931)
Other	(195,723)	229,204	33,481	229,204
Amounts billed to members under the bond resolution and participation agreement				
Bond principal less credits received for principal	(8,600,558)	(12,021,449)	(27,939,421)	(19,338,863)
Net costs to be recovered from billings to members	$ 11,394,873	$ 8,409,250	$ 51,774,457	$ 40,379,584

Note 5: Long-term Debt

Long-term debt at December 31, 2014 and 2013 consisted of the following:

	2014	2013
Revenue bonds		
Whelan Energy Center Unit 2 Revenue Bonds 2007 Series A (tax-exempt), 3.75 - 5.00%, due annually beginning on January 1, 2012 with a final payment due January 1, 2041, callable beginning in 2017	$ 480,255,000	$ 488,780,000
Whelan Energy Center Unit 2 Revenue Bonds 2009 Series A (tax-exempt), 2.25 - 5.00%, due annually beginning on January 1, 2012 with a final payment due January 1, 2018, noncallable	16,735,000	20,525,000
Whelan Energy Center Unit 2 Revenue Bonds 2009 Series B (taxable), 7.242% with sinking fund installments beginning January 1, 2019 and a lump sum payment due January 1, 2041, callable at anytime	185,185,000	185,185,000
Total revenue bonds outstanding	682,175,000	694,490,000
Issuance premium	25,134,717	26,101,437
Current maturities of long-term debt	(12,785,000)	(12,315,000)
Long-term debt, net	$ 694,524,717	$ 708,276,437

Long term debt activity for 2014 and 2013 is summarized below:

	Series 2007A	Series 2009A	Series 2009B	Total Revenue Bonds	Issuance Premiums	Total
Balance, January 1, 2013	$ 496,895,000	$ 24,155,000	$ 185,185,000	$ 706,235,000	$ 27,068,157	$ 733,303,157
Less scheduled principal payments on bonds	(8,115,000)	(3,630,000)	-	(11,745,000)	-	(11,745,000)
Amortization of issuance premium	-	-	-	-	(966,720)	(966,720)
Balance, January 1, 2014	488,780,000	20,525,000	185,185,000	694,490,000	26,101,437	720,591,437
Less scheduled principal payments on bonds	(8,525,000)	(3,790,000)	-	(12,315,000)	-	(12,315,000)
Amortization of issuance premium	-	-	-	-	(966,720)	(966,720)
Balance, December 31, 2014	$ 480,255,000	$ 16,735,000	$ 185,185,000	$ 682,175,000	$ 25,134,717	$ 707,309,717

Note 5: Long-term Debt - Continued

The 2009 Series B bonds were issued as bonds designated as "Build America Bonds" under the provisions of the American Recovery and Reinvestment Act of 2009, which allows the Agency to receive a U.S. Treasury subsidy equal to 35% of the amount of interest payable on those bonds. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, refund payments to certain state and local government filers claiming refundable credits under section 6341 of the Internal Revenue Code applicable to certain qualified bonds are subject to sequestration. The refund payments processed on or after October 1, 2013 and on or before September 30, 2014 will be reduced by the fiscal year 2014 sequestration rate of 7.2%. The refund payments processed on or after October 1, 2014 and on or before September 30, 2015 will be reduced by the fiscal year 2015 sequestration rate of 7.3%. Any future subsidy payments are contingent on federal regulations and are subject to change. The subsidy is not reflected in the table below.

The Series 2007 and Series 2009 bonds are equally and ratably secured under the Bond Resolution and are payable on a parity with one another. The bonds are special obligations of PPGA, payable from and secured by a pledge of the revenues, PPGA's rights, title and interest under the Participation Agreements and certain funds established under the Resolution.

Future principal and interest payments required to be made in accordance with the bond documents at December 31, 2014, are as follows:

Year Ending December 31,	Revenue Bonds Series 2007A & 2009A		Revenue Bonds, 2009B (sinking fund installments)		
	Principal	Interest	Principal	Interest	Total
2015	$ 12,785,000	$ 24,317,513	$ -	$ 13,411,098	$ 50,513,611
2016	13,415,000	23,690,263	-	13,411,098	50,516,361
2017	14,040,000	23,089,788	-	13,411,098	50,540,886
2018	14,610,000	22,455,581	-	13,411,098	50,476,679
2019	10,670,000	21,840,250	4,635,000	13,243,264	50,388,514
2020-2024	61,915,000	100,429,875	26,660,000	60,727,791	249,732,666
2025-2029	79,020,000	82,896,750	33,565,000	49,870,404	245,352,154
2030-2034	100,860,000	60,517,500	42,235,000	36,203,663	239,816,163
2035-2039	128,725,000	31,955,625	53,155,000	19,006,810	232,842,435
2040-2041	60,950,000	3,084,750	24,935,000	1,826,613	90,796,363
	$ 496,990,000	$ 394,277,895	$ 185,185,000	$ 234,522,937	$ 1,310,975,832

Note 6: Closure and Post-Closure Care Costs

As a result of coal ash produced at the WEC 2 plant site, the Agency has created an ash disposal area, including an ash pond. In accordance with regulations promulgated by the Nebraska Department of Environmental Quality (NDEQ), the Agency has calculated an estimate of the costs of closing the site, at the end of the plant's useful life, and properly disposing of the ash, and also of post-closure monitoring of the ash disposal area. These costs are currently estimated at $2,722,200 and $2,683,500 at December 31, 2014 and 2013, respectively, and will be recognized in each period based on the estimated disposal area capacity used as of each balance sheet date. These costs were estimated based on historical experience at similar ash disposal areas and in accordance with the permit obtained from NDEQ. The estimated costs of closure and post-closure care are subject to changes including the effects of inflation, revision of laws, changes in technology, actual sequence of landfill development and closure, and other variables.

The Agency has established a Closure/Post-Closure Care Account to accumulate sufficient funds for the costs of closure and post-closure of the ash disposal area. Funds are deposited into this account at a rate of $2.50 per ton of ash placed into the disposal area. The funds in this account equal the Agency's recorded closure/post-closure liability at December 31, 2014 and 2013, which was $655,610 and $477,608, respectively. The use of these funds is restricted to the costs of closure and post-closure of the ash disposal area by NDEQ regulations.

Note 7: Related Party Transactions

PPGA has an executed agreement for MEAN to serve as the Managing Agent of PPGA. In connection with this agreement, PPGA shall pay MEAN a monthly administrative fee for time and expense reimbursement. MEAN was paid $34,507 and $50,320 during 2014 and 2013, respectively, and amounts of $1,340 and $5,514 owed to MEAN were included in accounts payable at December 31, 2014 and 2013, respectively, in relation to this agreement.

In accordance with the PPGA Participation Agreement, effective October 5, 2006, Hastings Utilities (HU) is to serve as the Project Construction Manager and Project Operating Agent of PPGA. In connection with this agreement, HU incurs certain administrative, general and other expenses on PPGA's behalf and PPGA shall reimburse HU for these expenses, including an allocation of indirect expenses as determined in accordance with the memorandum of understanding entered into between PPGA and HU. HU was paid $6,994,651 and $6,186,401 during 2014 and 2013, respectively, and amounts of $1,605,790 and $1,291,396 owed to HU were included in accounts payable at December 31, 2014 and 2013, respectively, in relation to the participation agreement.

PPGA also entered into a Facility Sharing and Lease Agreement with HU, effective January 1, 2008, for the lease of real estate and sharing of facilities for the construction and operation of WEC 2. In connection with this agreement, PPGA shall pay HU lease payments for real estate and shared facilities reimbursement until the end of the operational life of WEC 2, but in no event later than 100 years following the effective date of the agreement. Additionally, under this agreement, HU is to pay PPGA for certain shared facilities owned by PPGA. Payments under this agreement are included in the payments discussed above and are included in operating expenses on the statement of revenues and expenses, net of amounts received from HU under the agreement.

Additionally, all of the coal used at WEC 2 is obtained by HU through various short and long-term contracts, and spot purchases based on market conditions.

Note 8: Risk Management and Contingencies

Risk Management

PPGA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Claims have not exceeded this commercial coverage in any of the three preceding years.

PPGA is subject to claims that arise primarily in the ordinary course of the operation of the plant. It is the opinion of management that the disposition or ultimate resolution of such claims will not have a material effect on the financial position, results of operations and cash flows of PPGA.

Proposed Environmental Standards

Any changes in the environmental regulatory requirements imposed by Federal or state law, which are applicable to generating stations, could result in increased capital and operating costs being incurred by PPGA. Until such changes are finalized and implemented, management is unable to predict when pending changes will be made to current environmental regulatory requirements and how the changes may impact PPGA.

Note 9: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Supplementary Information

Public Power Generation Agency
Schedule of Billings to Members
December 31, 2014

	MEAN	HCPD	HU	GIU	NCU	Total
Operating expenses - variable	$ 10,646,499	$ 10,649,958	$ 1,544,346	$ 1,780,750	$ 1,173,901	$ 25,795,454
Station power expenses	77,273	77,474	11,803	12,812	8,541	187,903
Operating expenses - other	2,900,956	2,910,049	434,847	480,479	320,302	7,046,633
Indirect overhead expenses	187,106	187,677	28,135	30,994	20,663	454,575
Less: credit from investment income	(28,083)	(28,169)	(4,220)	(4,652)	(3,101)	(68,225)
Less: credit from excess debt service reserve funds	(109,174)	(109,670)	(15,548)	(18,030)	(12,020)	(264,442)
Less: credit from federal subsidy receipts	(1,794,209)	(1,800,809)	(263,835)	(296,835)	(197,890)	(4,353,578)
Less: credit from shared facilities revenue from HU	(167,195)	(167,810)	(24,587)	(27,661)	(18,441)	(405,694)
Less: credit from scrubber ash sales	(89)	(89)	(15)	(15)	(10)	(218)
Less: credit from dry flyash revenue	(7,025)	(7,025)	(1,041)	(1,174)	(775)	(17,040)
Less: credit from equipment use revenue from HU	(2,809)	(2,819)	(413)	(465)	(310)	(6,816)
Net operation and maintenance billings	11,703,250	11,708,767	1,709,472	1,956,203	1,290,860	28,368,552
Debt service billings, net	19,330,962	19,402,032	2,842,788	3,198,137	2,132,091	46,906,010
Total member billings	$ 31,034,212	$ 31,110,799	$ 4,552,260	$ 5,154,340	$ 3,422,951	$ 75,274,562

Note: The amount of billings to members is based on each Member's respective entitlement share, as detailed in Note 1, further adjusted for any contracted assignments of respective allocations between members. Additionally, billings to members are designed to recover power costs as set forth by the PPGA Participation Agreement, which principally include operating expenses and scheduled debt principal and interest (see Notes 1 and 4 for further discussion).

Public Power Generation Agency
Schedule of Billings to Members
December 31, 2013

	MEAN	HCPD	HU	GIU	NCU	Total
Operating expenses - variable	$ 11,566,556	$ 11,594,058	$ 1,003,511	$ 1,895,173	$ 1,243,055	$ 27,302,353
Station power expenses	57,924	58,406	5,536	9,374	6,249	137,489
Operating expenses - other	2,739,683	2,761,661	257,551	442,992	295,328	6,497,215
Indirect overhead expenses	170,905	172,170	15,522	27,584	18,390	404,571
Less: credit from investment income	(39,711)	(39,910)	(3,117)	(6,364)	(4,243)	(93,345)
Less: credit from excess debt service reserve funds	(122,758)	(124,092)	(13,343)	(20,015)	(13,343)	(293,551)
Less: credit from federal subsidy receipts	(1,826,512)	(1,839,596)	(163,621)	(294,595)	(196,396)	(4,320,720)
Less: credit from shared facilities revenue from HU	(151,843)	(152,932)	(13,606)	(24,491)	(16,327)	(359,199)
Less: credit from dry flyash revenue	(12,385)	(12,417)	(871)	(1,998)	(1,318)	(28,989)
Less: credit from equipment use revenue from HU	(3,213)	(3,236)	(288)	(518)	(346)	(7,601)
Net operation and maintenance billings	12,378,646	12,414,112	1,087,274	2,027,142	1,331,049	29,238,223
Debt service billings, net	21,487,084	21,641,113	1,925,365	3,465,659	2,310,439	50,829,660
Total member billings	$ 33,865,730	$ 34,055,225	$ 3,012,639	$ 5,492,801	$ 3,641,488	$ 80,067,883

Note: The amount of billings to members is based on each Member's respective entitlement share, as detailed in Note 1, further adjusted for any contracted assignments of respective allocations between members. Additionally, billings to members are designed to recover power costs as set forth by the PPGA Participation Agreement, which principally include operating expenses and scheduled debt principal and interest (see Notes 1 and 4 for further discussion).

APPENDIX B

THE PARTICIPANTS

MUNICIPAL ENERGY AGENCY OF NEBRASKA

GENERAL

The Municipal Energy Agency of Nebraska (*"MEAN"*) was created on June 22, 1981 as a body corporate and politic under the laws of the State of Nebraska under the Municipal Cooperative Financing Act, Sections 18-2401 through 18-2485, Reissue Revised Statutes of Nebraska (the *"Municipal Cooperative Financing Act"*). MEAN was created for the purpose of planning, acquiring, financing and operating facilities to generate and transmit electric power and energy. MEAN's services include power supply and control area support, dispatching, energy load forecasting, transmission arrangements, load research, limited political action, demand-side management, load factor improvement, training, community development and energy cost analysis.

MEAN currently has 66 participating municipal utilities (the *"MEAN Participants"*). MEAN's power supply system consists of owned, leased and purchased power supply resources as well as transmission system arrangements used to transmit resources (the *"MEAN Power Supply System"*). MEAN's 66 Participants include 40 municipalities and one public power district in Nebraska, 13 municipalities and one joint action agency in Colorado, two Wyoming municipalities, and nine Iowa municipalities. Each of the MEAN Participants owns and operates a local electric utility system that provides electric service to consumers. Together, the MEAN Participants provide electric utility service at retail to approximately 110,000 residential, commercial, institutional, agricultural and industrial customers, representing a total population of approximately 283,000.

POOLING AGREEMENTS AND POWER SUPPLY CONTRACTS

Each of the MEAN Participants has entered into the Electrical Resources Pooling Agreement (the *"Pooling Agreement"*) with MEAN. The Pooling Agreement includes various service schedules under which MEAN provides power supply services to the MEAN Participants.

Sixty of the MEAN Participants (the *"Total Requirements Participants"*) receive "total-requirements" electric supply services from MEAN, exclusive only of their allocations of firm power and energy from the Western Area Power Administration of the U.S. Department of Energy (*"WAPA"*), except for certain generating facilities of Waverly Light & Power, Iowa and Aspen, Colorado. 54 of the Total Requirements Participants are under Service Schedule M (*"SSM"*) of the Pooling Agreement (the *"Long Term Total Requirements Participants"*), which extends beyond the life of the 2015 Series A Bonds. The Long-Term Total Requirements Participants have agreed to pay rates that are sufficient, along with other revenues of MEAN, to pay all of MEAN's costs and expenses relating to the acquisition and sale of electric power and energy and transmission services. MEAN's rates for its Long-Term Total Requirements

Participant have a pooled energy adjustment clause that allows MEAN to adjust rates to these Participants during any month to recover energy costs exceeding budgeted amounts that might impact MEAN's ability to satisfy its obligations. In January 2015, MEAN's Board of Directors and Management Committee approved a restructuring of the rate for the Long-Term Total Requirements Participants to a flat energy rate and a fixed cost recovery charge to better recover fixed costs and provide more rate stability.

Six of the Total Requirements Participants have contracted with MEAN for "total-requirements" electric supply services by entering into Service Schedule J of the Pooling Agreement (*"Service Schedule J Participants"*) or Service Schedule K of the Pooling Agreement (*"Service Schedule K Participants"*). These agreements vary in length, but generally have a term of 10 years. The three Service Schedule J Participants pay rates that are based on rates negotiated and agreed to by the Management Committee and each such Service Schedule J Participant. All of the Service Schedule J Participants' contracts have a governmental imposition clause that allows MEAN to pass through the impact of any taxes or other governmental or regulatory fees (including without limitation emissions allowances, renewable portfolio standards, charges or expenses), implemented or enforced after execution of the Service Schedule J contract.* The three Service Schedule K Participants pay rates that are established and modified by MEAN's Management Committee, are based on MEAN's cost of power and energy, and are higher than the Long-Term Total Requirements Participants' rates. MEAN's rates for its Service Schedule K Participants have a pooled energy adjustment clause that allows MEAN to adjust rates to the Service Schedule K Participants during any month to recover energy costs exceeding budgeted amounts that might impact MEAN's ability to satisfy its obligations. The restructuring of the rate for the Long-Term Total Requirements Participants approved in January 2015 noted above also resulted in a flat energy rate and a fixed cost recovery charge for Service Schedule K Participants.

Six of the MEAN Participants (the *"Service Power Participants"*) do not receive "total-requirements" electric supply services from MEAN, and instead either receive electric supply services through the Southwest Power Pool's (*"SPP"*) Integrated Marketplace or enter into buy/sell power and energy transactions with MEAN and other Service Power Participants from time to time at negotiated rates. MEAN currently provides scheduling services in SPP's Integrated Marketplace which began March 1, 2014 for three of the Service Power Participants. The Service Power Participants pay MEAN an administrative fee for the scheduling services provided.

MEAN's regional footprint stretches from Central Iowa across Nebraska and into Colorado and Wyoming. Due to this footprint, MEAN is required to operate in two regional transmission organizations, Midcontinent Independent System Operator (*"MISO"*) and SPP. Both MISO and SPP operate day-ahead and real-time energy markets. Generators submit offers to sell energy and operating reserves and load serving entities submit bids to purchase energy. After the day-ahead submissions, SPP and MISO clear the offers and bids via security-constrained unit commitment and security-constrained economic dispatch algorithms. Market

* Fountain, Colorado's Schedule J contract will expire June 30, 2015 and will not be renewed.

participants must pay for costs to serve load and receive revenue for their electrical generation. MEAN also operates in the western United States through the Western Electricity Coordinating Council. For operations in the Western Electricity Coordinating Council, MEAN enters into other agreements and transactions with various electric utilities that are not MEAN Participants pursuant to which such electric utilities may purchase power and energy from MEAN or sell power and energy to MEAN.

ORGANIZATION AND POWERS

The Municipal Cooperative Financing Act authorizes MEAN to plan, construct, operate, participate in or acquire facilities, within or outside the State of Nebraska, for the generation, transmission or distribution of electric power and energy, solely or in common with others. Under the Municipal Cooperative Financing Act, MEAN may sell or exchange excess capacity of any project or electric power or energy owned, purchased, or leased by MEAN not required by its Participants. The Municipal Cooperative Financing Act authorizes MEAN to issue bonds, notes and other evidences of indebtedness. In the acquisition of property, MEAN may exercise the power of eminent domain.

Fifty-three of the MEAN Participants have taken additional steps to become members of MEAN (the *"MEAN Members"*) under the Municipal Cooperative Financing Act by making application with the Nebraska Power Review Board (*"NPRB"*).

MEAN is governed by a board of directors (the *"Board of Directors"*) consisting of one director for each of the Members, appointed by the Mayor or Chair of each Member, and approved by the governing body of each Member. Each Director serves for a three-year term or until his or her successor is appointed and is entitled to one vote. A director may be removed for any cause by the governing body of the Member that such director represents. The removal of an officer requires an affirmative vote by at least two-thirds of the directors. Amending the MEAN charter requires an affirmative vote of a majority of the directors. Most other actions require the approval of a majority of the directors present.

POWER SUPPLY RESOURCES AND SYSTEM

The MEAN Power Supply System consists of owned, leased and purchased power supply resources as well as transmission system arrangements used to transmit resources to the Total Requirements Participants. The MEAN Participants are located on both the Eastern Interconnected System (the *"Eastern Interconnection"*) and the Western Interconnected System (the *"Western Interconnection"*). The Eastern Interconnection and the Western Interconnection are interconnected through seven AC-DC-AC ties, one of which is located near Sidney, Nebraska (known as the Sidney Tie). MEAN holds firm contractual rights to transfer capacity and energy between the Eastern Interconnection and the Western Interconnection at the Sidney Tie (45 MW east to west, 20 MW west to east), giving MEAN the capability to integrate its resources between the Eastern Interconnection and the Western Interconnection. MEAN also has agreements in place for non-firm transmission to optimize its power supply resource costs when opportunities arise.

MEAN adheres to a strategic and integrated resource plan that includes a variety of resources providing stable and economical power and energy to the MEAN Participants. MEAN has a policy in place which endeavors to have no more than 15% of MEAN's capacity from a single generating unit. In the event that a generation unit does represent more than 15% of MEAN's capacity, MEAN will investigate potential exchanges or insurance products to reduce the potential cost impacts and disruption of service that could be caused by a major unit outage.

The following table summarizes MEAN's power supply resources as of the date of this Official Statement:

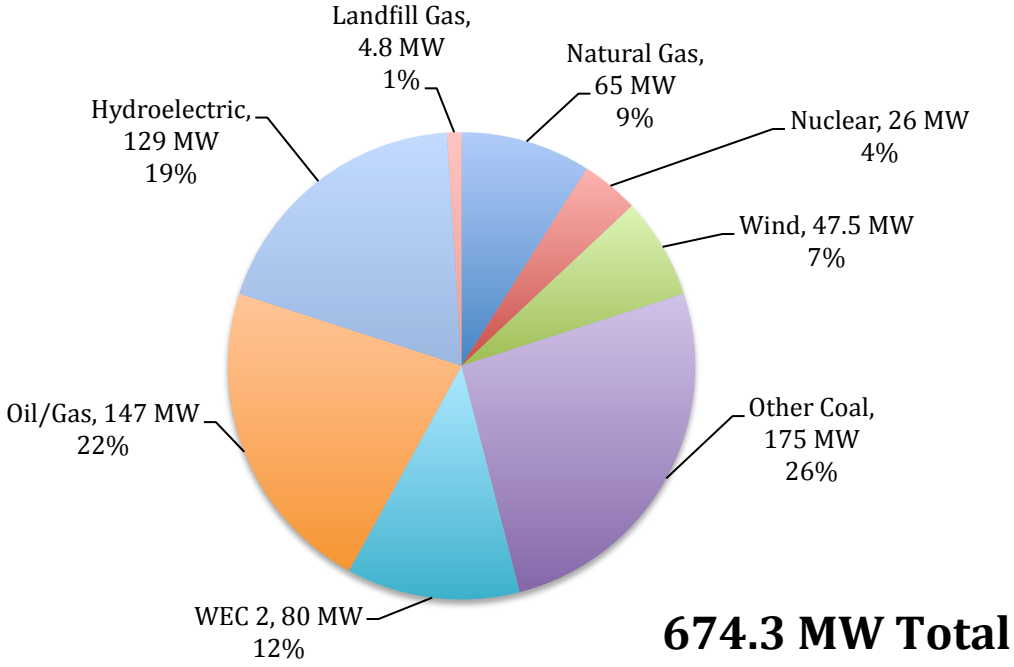
RESOURCE	CAPACITY AVAILABLE TO MEAN	PRIMARY ENERGY SOURCE
Total Requirements Committed Facilities	147 MW	Oil/Gas
WAPA[(1)]	121 MW	Hydroelectric
Whelan Energy Center Unit 2	80 MW	Coal
Walter Scott Jr. Energy Center Unit 4	59 MW	Coal
Platte River Power Authority[(2)]	65 MW	Natural Gas
NPPD System Participation	50 MW	Coal/Nuclear
Laramie River Station	29 MW	Coal
Wygen Unit I	20 MW	Coal
Neil Simpson Unit 2	10 MW	Coal
Wygen Unit III	10 MW	Coal
Whelan Energy Center Unit 2[(3)]	10 MW	Coal
Kimball Wind Project	10.5 MW	Wind
Wessington Springs Wind	10 MW	Wind
Elkhorn Ridge Wind Plant	8 MW	Wind
Laredo Ridge Wind Project	8 MW	Wind
Louisa	8 MW	Coal
Shavano Falls/Drop 4[(4)]	8 MW	Hydroelectric
Ainsworth Wind Energy Facility	7 MW	Wind
Whelan Energy Center Unit 1	5 MW	Coal
Des Moines Landfill Gas Facility[(5)]	4.8 MW	Landfill Gas
Crofton Bluffs Wind Project	4 MW	Wind

(1) All but approximately 7 MW constitutes Participant WAPA allocation.
(2) PRPA contract ends June 30, 2015.
(3) Under a power sales agreement dated June 9, 2008, between Hastings and MEAN, Hastings has agreed to sell capacity and associated energy from its Entitlement Share under the Participation Agreement at cost through April 2018. Hastings retains primary responsibility under its Participation Agreement for payment of all amounts due to PPGA with respect to its full Entitlement Share. The amount of project output sold under the power sales agreement decreases to 8 MW on May 1, 2015, to 5 MW on May 1, 2016, and to 2 MW on May 1, 2017.
(4) Shavano Falls/Drop 4 is scheduled to begin service by the end of the second quarter of 2015.
(5) Began commercial operations March 2014.

CAPACITY SOURCES

The following pie chart shows the capacity of MEAN'S power supply resources in megawatts and as a percentage of MEAN's total power supply as of the date of this Official

Statement (including the capacity of the Shavano Falls/Drop 4 projects, which are scheduled to begin operating during the second quarter of 2015).



SUMMARY FINANCIAL AND OPERATING INFORMATION

The financial and operating information presented below is shown for the fiscal years of MEAN ended March 31.

LARGEST TOTAL REQUIREMENTS PARTICIPANTS

MEAN Participant	Wholesale Energy Sales (MWh) to MEAN Participant	Revenues from Electric Energy Sales to MEAN Participant	Percentage of Total SSM Revenue
Fort Morgan, CO	184,714	$11,313,229	11.5%
Waverly Utilities, IA	146,733	7,868,693	8.0
Indianola Municipal Utilities, IA	130,996	7,633,755	7.8
Alliance, NE	121,539	6,607,310	6.7
Crete, NE	116,552	5,910,540	6.0
Total	700,534	$39,333,527	40.0%

TOTAL ENERGY SALES

Total Sales (MWh)	2014	2013	2012	2011	2010
Participants	2,300,578	2,272,409	2,273,711	2,377,471	2,255,354
Non-Participants	461,407	458,154	727,304	582,545	572,028
Total	2,761,985	2,730,563	3,001,015	2,960,016	2,827,385
WAPA[1]	393,088	385,269	404,294	344,981	438,200

1 Energy served by Participant WAPA allocations is not included in MEAN's total energy sales.

COINCIDENT PEAK DEMAND (MW)[1]

2014	2013	2012	2011	2010
521	536	520	512	492

1 Does not include peak served by Participant WAPA allocations.

OPERATING REVENUES

Operating Revenues	2014	2013	2012	2011	2010
Participants	$131,324,468	$123,336,576	$108,281,353	$123,370,071	$110,637,490
Non-Participants	16,666,798	15,277,571	28,537,503	25,930,009	24,337,000
Other Operating Revenue	491,309	492,058	742,289	921,699	593,373
Provision for Rate Stabilization	(1,623,164)	(2,418,806)	(5,204,000)	(5,204,000)	(3,900,000)
Total	$146,859,411	$136,687,399	$139,587,435	$145,017,779	$131,667,863

SELECTED FINANCIAL INFORMATION

	2014	2013	2012	2011	2010
Operating Revenues	$146,859,411	$136,687,399	$139,587,435	$145,017,779	$131,667,863
Operating Expenses	$141,884,933	$138,743,985	$135,645,271	$141,988,429	$128,672,917
Amount Available for Debt Service[1]	$ 13,768,486	$ 12,768,884	$ 12,491,180	$ 18,315,731	$ 14,568,794
Debt Service Payments	$ 11,408,054	$ 11,210,132	$ 8,723,895	$ 11,863,569	$ 11,862,244
Debt Service Coverage	1.21x	1.14x	1.43x	1.54x	1.23x
Long-Term Debt	$176,090,000	$178,875,000	$164,270,000	$177,165,000	$179,785,000
Net Position	$ 46,836,461	$ 45,662,995	$ 52,369,207	$ 55,095,204	$ 55,063,722

1 Amount Available for Debt Service includes net revenues, excluding depreciation and amortization expenses, plus investment income and certain non-operating adjustments.

HEARTLAND CONSUMERS POWER DISTRICT

GENERAL

Heartland Consumers Power District (*"Heartland"*) is a public corporation and a political subdivision of the State of South Dakota created in 1969 under the Consumers Power District Law, South Dakota Codified Laws, Chapters 49-35 to 49-40, as amended (the *"Consumers Power District Law"*), for the purpose of supplying electric power and energy and related services to its customers. Heartland began supplying electric service in 1977.

The Consumers Power District Law authorizes Heartland to finance, own and operate, either singly or jointly with others and within or without the boundaries of South Dakota, any electric light and power plants, lines or systems, or interests therein, for the generation, transmission or transformation of electric power and energy. Heartland is also authorized by the Consumers Power District Law to sell and transmit and deliver electric power and energy at wholesale to distributors of electric power and energy whether within or without the boundaries of South Dakota. Heartland is not under the jurisdiction of any public utility commission or utility regulator. Heartland's administrative offices are located in Madison, South Dakota.

MANAGEMENT

The corporate powers of Heartland are vested in a Board of Directors consisting of ten members. Heartland has ten electoral subdivisions in eastern South Dakota from which directors are elected for terms of six years. Heartland's subdivisions include substantially all the rural areas of 36 counties in eastern South Dakota and excludes all municipal territories except in three instances where the municipal has elected to annex itself into a subdivision. The operation and maintenance of Heartland are under the direction of a general manager/chief executive officer. Heartland has 11 other full time employees.

CUSTOMERS AND POWER SALE AGREEMENTS

Heartland supplies wholesale electric power and energy under power sales agreements with 34 municipal, state institution and electric cooperative customers in South Dakota, Minnesota and Iowa.

Requirements Customers. Heartland provides full requirements power supply services to four municipal utilities, and supplemental requirements services to 22 municipal utilities, six end-users that are agencies of the State of South Dakota, and one rural electric cooperative. The power sales agreements between Heartland and its full requirements customers provide that Heartland will sell and deliver, and the customer will take and pay for, all power and energy necessary to meet the total electric requirements of the customer. Heartland's supplemental requirements customers are preference customers of WAPA with fixed allocations of federal power and energy. Heartland's power sales agreements with these customers provide that it will sell and deliver, and the customer will take and pay for, the supplemental power and energy necessary to meet the customer's requirements in excess of its WAPA allocation.

The following table lists Heartland's full and supplemental requirements customers, their peak demands during Heartland's most recent fiscal year and the commencement and expiration date of their power sales agreements with Heartland:

CUSTOMER	2014 PEAK DEMAND (KW)	CONTRACT START DATE	CONTRACT EXPIRATION DATE
Marshall, MN	58,884	01/16/1976	07/01/2016
Madison, SD	9,576	01/16/1976	12/31/2050
Sioux Falls, SD	9,544	10/01/2006	12/31/2036
Volga, SD	6,124	01/16/1976	12/31/2050
Madelia, MN	5,882	01/01/2006	12/31/2040
Lake Crystal, MN[1]	4,127	11/01/2006	12/31/2040
State of South Dakota[2]	3,804	01/16/1976	01/01/2042
Miller, SD	3,549	07/01/2005	12/31/2050
Truman, MN[1]	2,660	01/01/2006	12/31/2040
Tyndall, SD	2,590	01/16/1976	12/31/2050
Groton, SD[1]	2,172	01/16/1976	12/31/2050
Northern Electric Coop	1,998	12/05/1980	07/01/2016
Arlington, SD	1,823	01/16/1976	12/31/2050
Howard, SD	1,737	01/16/1976	12/31/2050
Tyler, MN	1,731	01/16/1976	12/31/2050
Plankinton, SD	1,661	01/16/1976	12/31/2050
Grove City, MN[1]	1,656	01/01/2007	12/31/2040
Akron, IA	1,561	12/14/1976	12/31/2050
Colman, SD	1,552	01/16/1976	12/31/2050
Wessington Springs, SD	1,376	01/16/1976	12/31/2050
Parker, SD	1,220	01/16/1976	12/31/2050
Aurora, SD	1,001	01/16/1976	12/31/2050
White, SD	902	04/01/1977	12/31/2050
Estelline, SD	660	01/16/1976	12/31/2050
Bryant, SD	654	10/01/2005	12/31/2050
Langford, SD	402	09/01/2005	12/31/2050
Hecla, SD	343	01/16/1976	12/31/2050
McLaughlin, SD	292	07/14/1981	12/31/2050
TOTAL FY 2014	128,481		

1 Total requirements customer.

2 The State of South Dakota purchases electricity from Heartland for six separate agencies: the South Dakota Development Center at Redfield, the Human Services Center at Yankton, the Mike Durfee State Prison at Springfield, Northern State University at Aberdeen, the University of South Dakota at Vermillion, and South Dakota State University at Brookings.

Heartland's power sales agreements with its requirements customers automatically extend for renewal terms after their stated expiration dates, unless the customer provides advance notice of its election not to extend the agreement. In most cases, the notice is required to be given either five or ten years prior to the then-current expiration date of the agreement, and the renewal term is equal to the number of years in the notice period. Heartland's largest requirements customer, the City of Marshall, Minnesota, gave notice in 2004 of its election not to renew, and its power sales agreement will terminate on July 1, 2016. Since 2004, Heartland has taken a number of actions to balance its power supply loads and resources in light of the pending termination of its power sales agreement with Marshall, including the addition of new total and supplemental requirements customers in 2005 and 2006, as well as the additional power purchase and sales arrangements described below.

Heartland's power sales agreements with its requirements customers provide that it will at such intervals as it deems necessary, but not less frequently than annually, review and adjust the rates for power and energy sold to its requirements customers. Heartland's rates are required to be sufficient to meet operation and maintenance costs, purchased power costs, transmission costs, debt service costs, and the cost of funding reasonable reserves, which presently include general and rate stabilization reserve funds.

Heartland increased the rates to its requirements customers by 12% in 2011, by 9% in 2012 and by 3% in 2014, and forecasts additional 5% rate increases in 2016 and 2017. Recent revisions to the rate structure are expected to (i) ensure that Heartland maintains a gross revenues debt service coverage ratio of 1.5 to 1, and a net revenues debt service coverage ratio of 1.20 to 1, and (ii) maintain 120 days of working capital reserves.

Each requirements customer agrees to maintain and collect rates or charges for electric power and energy and other services furnished by its electric system that provide revenues sufficient to make all required payments due under its power sales agreement with Heartland. The customer's payment obligations are payable solely from the revenues of its electric system, and are not general obligations of any State or political subdivision.

Block Sale to New Ulm. To offset a portion of its long-term load loss from Marshall's election not to extend its power sales agreement, Heartland entered into a Wholesale Electric Power Sales Agreement (the *"PSA"*) with the Public Utilities Commission of New Ulm, Minnesota. The PSA provides for Heartland to sell and deliver and New Ulm to purchase and receive a block of system power and associated energy from January 1, 2010 to December 31, 2029. The contract amounts of power and energy for the remaining term of the PSA are as follows: 16 MW through June 30, 2015, 17 MW from July 1, 2015 through June 30, 2019, and 18 MW from July 1, 2019 through December 31, 2029. The PSA provides for the payment of contract damages in the event that Heartland fails to sell and deliver, or New Ulm fails to purchase and receive, the contract quantity of power and energy.

New Ulm agrees in the PSA to pay rates equal to those charged by Heartland to its requirements customers less Heartland's costs of reserves, with a separate rate structure for renewable energy delivered from Heartland's Wessington Springs Wind Project. The rates paid

by New Ulm may be revised from time to time by Heartland on the same basis as the rates paid by Heartland's requirements customers (*i.e.*, to provide for full recovery of all costs of service).

WEC 2 Sale to NIMECA. Heartland has entered into a power purchase agreement (the *"WEC 2 PSA"*) with North Iowa Municipal Electric Cooperative Association (*"NIMECA"*) for the sale of amounts of power and energy from Heartland's Capacity Share in the Whelan Energy Center 2 Project. Sales under the WEC 2 PSA began on the commercial operation date of WEC in 2011. The contract amounts of power and energy increased during the first several years of the WEC 2 PSA, and will increase over the next several years to the following amounts: 9 MW in 2014, 11 MW in 2015, 14 MW in 2016, 16 MW in 2017, 18 MW in 2018, and 20 MW from 2019 to the decommissioning date of the Project. Heartland's obligation to sell and deliver power and energy is contingent on the operation of WEC2 and it has no obligation to deliver replacement power or energy. Under the WEC 2 PSA, NIMECA agrees to pay (i) capacity charges, on a take-or-pay basis, equal to its pro rata share (based on the ratio of the then-current contract amount to Heartland's Entitlement Share in WEC 2 of the capacity and fixed charges (including debt service costs) payable by Heartland under its Participation Agreement, and (ii) energy charges, on a take-and-pay basis, for the variable costs of the energy from WEC 2 actually delivered by Heartland.

NIMECA was organized in 1965 and presently supplies wholesale power and energy to 13 municipal electric utilities in Iowa under full or supplemental requirements contracts that extend through the useful life of the transmission facilities owned by NIMECA (which is expected to be beyond the final maturity date of PPGA's bonds). NIMECA charges its customers rates that are sufficient to recover all of its costs, including the amounts payable to Heartland under the WEC2 PSA. Neither NIMECA nor any of its customers is subject to rate regulation by any federal or State authority.

Fixed Rate Sales. Heartland has entered into separate fixed-rate wholesale contracts with several municipal electrical utilities that in total are for less than 3 MW.

Other Off-System Sales. Heartland has entered into a power purchase agreement with Basin Electric Power Cooperative to sell surplus power generated by its interest in Missouri Basin Power Project (*"MBPP"*) or through its power purchase agreements through 2021. Heartland also sells surplus power on the wholesale electric market on a short-term basis. To facilitate short-term sales, Heartland participates in the Joint Marketing Program (the *"JMP"*) administered by WAPA. WAPA dispatches the generation resources for the JMP participants, sells excess generation in the wholesale market and purchases energy when needed in order to optimize the generation resources of the participants. Each member of the JMP must have sufficient capacity resources to serve its own load. Surplus energy is sold to the marketplace; and the price received by each selling party is based on the average weighted price that the JMP is able to obtain in the market each month. In the event that Heartland does not have adequate energy to serve the electric needs of its customers, the JMP purchases energy from the market and/or dispatches peaking resources (Heartland has several contracts for peaking resources). For providing joint marketing and dispatch services, Heartland pays the JMP 5% of its gross revenues from the surplus sales. In 2014, Heartland had surplus sales from the JMP of $819,049 (43,952 MWh).

ELECTRIC SYSTEM AND SOURCES OF POWER AND ENERGY

Heartland's electric system consists of the following: (i) its 36% Entitlement Share in WEC 2 (80 MW), (ii) a 3% undivided ownership interest in the Missouri Basin Power Project (51 MW), (iii) a 24% ownership interest in the WAPA/Basin Electric/Heartland Transmission Project I (*"TPI"*), (iv) a 99% ownership interest in WAPA/Basin Electric/Heartland Transmission Project II (*"TP II"*), (v) a 3.9% ownership interest in Heartland's Transmission Project III (*"TP III"*), and (vi) various power purchase and transmission agreements required to meet the electric requirements of its customers. The operation and maintenance of the physical plant and properties of Heartland's electric system are performed by other utilities on behalf of Heartland pursuant to various contracts.

Heartland's Entitlement Share in the Project and its 3% ownership interest in the MBPP provide all of its baseload power and energy. The MBPP includes the Laramie River Station, a 3-unit, 1710 MW coal-fired generating station located in Wheatland, Wyoming that was placed in service between 1980 and 1982, the 104,000 acre-foot Grayrocks Dam and Reservoir which provides water to the generating station, and approximately 650 miles of high-voltage transmission facilities. The other owners of MBPP are Basin Electric Power Cooperative, Tri-State Generation and Transmission Association, Missouri River Energy Systems, Lincoln Electric System, and the Wyoming Municipal Power Agency. Basin Electric is the operating agent for the Laramie River Station. It is expected that it will be necessary to install additional emissions control systems at the Laramie River Station in future years to enable it to comply with new and proposed environmental regulations.

Power and energy from MBPP is delivered to Heartland's customers over the transmission facilities constructed as part of MBPP, pursuant to a contract with NPPD, and over transmission facilities under the operations control of WAPA. Heartland is a joint-owner and a user of the Integrated Transmission System (*"ITS"*). The ITS is a high-voltage grid owned by WAPA, Basin Electric and Heartland covering a seven-state area and having in excess of 8,500 miles of transmission line, operating at 115 kV and higher. Heartland's TP I, TP III, and MBPP transmission facilities are included in the ITS.

Heartland has executed a power purchase agreement for 41 MW of electricity and renewable energy certificates from the Wessington Springs Wind Project. This agreement extends through 2029 and requires Heartland to pay for energy actually generated and delivered at fixed rates that escalate over the term of the agreement.

Heartland's contract with the Nebraska Public Power District for 45 MW of electricity from the Cooper Nuclear Station expired on December 31, 2013. Heartland has entered into an agreement for the purchase of 30 MW of supplemental electricity at fixed rates through June 30, 2016, the termination date of its power sales agreement with Marshall Utilities.

Heartland also contracts with its customers to use their gas, oil and diesel-fired generating units to provide supplemental and reserve power supply. The total generating capacity of the customer-owned generating units is approximately 29 MW.

Heartland has no plans to add additional generating resources to its power supply system during the next ten years.

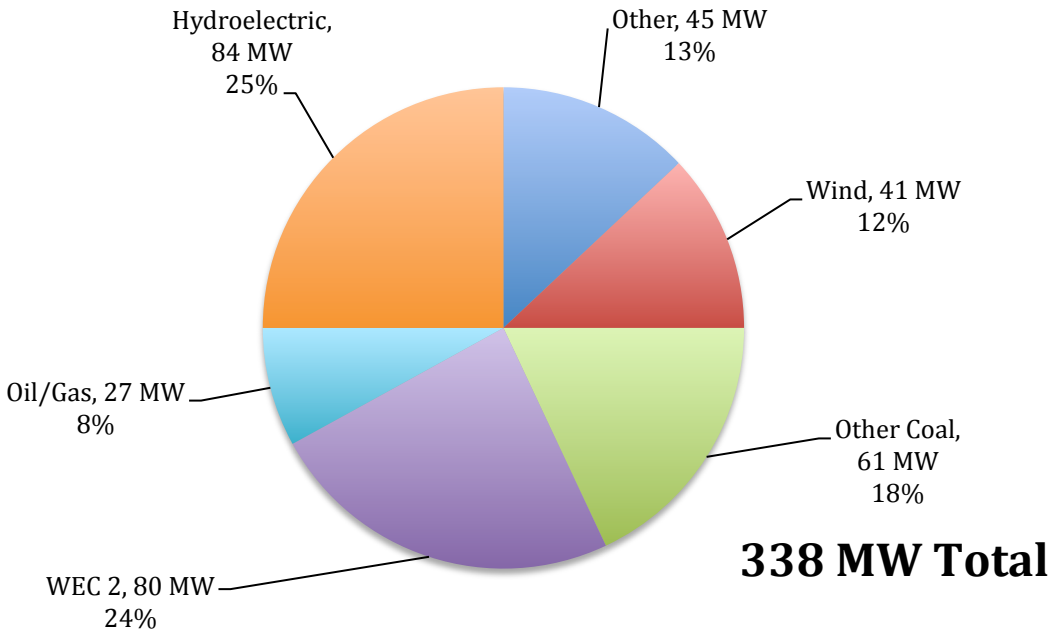
The following table summarizes Heartland's power supply resources as of the date of this Official Statement:

RESOURCE	CAPACITY AVAILABLE TO HEARTLAND	PRIMARY ENERGY SOURCE
WAPA[(1)]	84 MW	Hydroelectric
Whelan Energy Center Unit 2	80 MW	Coal
Laramie River Station	51 MW	Coal
Market Purchases	45 MW	Other
Wessington Springs Wind[(2)]	41 MW	Wind
Total Requirements Committed Facilities	27 MW	Oil/Gas
Whelan Energy Center Unit 2[(3)]	10 MW	Coal

(1) Customer WAPA allocation.
(2) Nameplate capacity.
(3) Under a power sales agreement dated June 9, 2008, between Hastings and Heartland, Hastings has agreed to sell capacity and associated energy from its Entitlement Share under the Participation Agreement at cost through April 2018. Hastings retains primary responsibility under its Participation Agreement for payment of all amounts due to PPGA with respect to its full Entitlement Share. The amount of project output sold under the power sales agreement decreases to 7 MW on May 1, 2015, to 5 MW on May 1, 2016, and to 3 MW on May 1, 2017.

CAPACITY SOURCES

The following pie chart shows the capacity of Heartland's power supply resources in megawatts and as a percentage of Heartland's total power supply.



SUMMARY FINANCIAL AND OPERATING INFORMATION

The financial and operating information presented below is shown for the fiscal years of Heartland ended December 31.

FIVE LARGEST CUSTOMERS

Customer	Energy Sales (MWh)	Revenues for Most Recent Fiscal Year	Percentage of Total Operating Revenue
Marshall, MN	425,664	$28,766,578	35.05%
New Ulm, MN	140,160	9,402,211	11.45
Madison, SD	45,424	3,649,198	4.45
Sioux Falls, SD	45,953	3,504,716	4.27
Volga, SD	41,075	2,986,145	3.64
Total	698,276	$38,308,848	58.85%

TOTAL ENERGY SALES

Total Sales (MWh)	2014	2013	2012	2011	2010
Power Sale Agreement Customers	862,805	869,871	868,656	870,436	866,253
Others	612,578	737,090	392,993	512,210	225,774
Total	1,475,383	1,606,961	1,261,649	1,382,646	1,092,027

COINCIDENT PEAK DEMAND (MW)

2014	2013	2012	2011	2010
138.3	141.9	142.9	140.4	137.7

OPERATING REVENUES

Operating Revenues	2014	2013	2012	2011	2010
Customers	$60,952,729	$60,017,772	$59,636,418	$55,194,391	$47,316,732
Non-customers	20,049,784	22,698,517	9,424,316	11,886,782	3,889,643
Other Operating Revenue	1,079,020	1,157,304	1,618,559	520,231	1,164,875
Total	$82,081,533	$83,873,593	$70,679,293	$67,601,404	$52,371,250

SELECTED FINANCIAL INFORMATION

	2014	2013	2012	2011	2010
Operating Revenues	$82,081,533	$83,873,593	$70,679,293	$67,601,404	$52,371,250
Operating Expenses	73,351,887	81,134,100	71,523,487	63,756,931	49,284,343
Amount Available for Debt Service[1]	$12,234,970	$ 6,562,819	$ 8,125,707	$20,177,534	$13,331,697
Debt Service Payments	$ 2,343,864	$ 2,343,864	$ 4,276,688	$ 6,132,989	$ 5,441,509
Bond Covenant Debt Service Coverage[1]	5.22x	2.80x	1.90x	3.29x	2.45x
Long-Term Debt	$26,939,540	$32,327,594	$32,936,440	$33,690,055	$34,272,985
Net Position	$15,188,532	$ 8,317,397	$ 7,025,958[2]	$10,560,164	$ 7,869,693

1 Amount Available for Debt Service includes net revenues, excluding depreciation expense, plus other moneys which may lawfully be applied to pay debt service, including the general reserve and rate stabilization funds. Amounts on deposit in the general reserve and rate stabilization funds are also included in the calculation of Bond Covenant Debt Service Coverage, as permitted by Heartland's bond documents.

2 Financial and operating results in 2012 were negatively impacted by a variety of factors, including extended outages at various generating facilities, the first full year of WEC 2 operations and payments, and surplus energy under Heartland's expiring NPPD contract that was sold during unfavorable market conditions.

CITY OF HASTINGS, NEBRASKA
HASTINGS UTILITIES

GENERAL

The City of Hastings, Nebraska (the *"City"*) is empowered under the laws of the State of Nebraska to construct, purchase or otherwise acquire, maintain, extend or enlarge electric generating, transmission and distribution facilities. In the acquisition of property for the electric system, the City may exercise the power of eminent domain. Under Nebraska law, the City also has the power to provide for and secure the payment of the costs and expenses of purchasing, constructing or otherwise acquiring, extending or improving the electric system by pledging the revenues of the electric system for the payment of such costs and expenses.

Municipal generation of electrical power in the City commenced in 1901. The City has owned and operated a municipal electric generation and distribution system continually since that time. Major additions to the electric system were completed in 1958, 1968 and 1972. In February 1978 construction began on the Whelan Energy Center Unit 1 and was placed in commercial operation in July 1981.

The electric system serves a 56.5 square mile area composed of the 7.5 square mile area of the City, 48.75 square miles adjacent to the City within Adams County including the Village of Juniata, and .25 square miles of Clay County. The electric system's present service area was established by agreements with neighboring utilities, which agreements were approved by the NPRB. In accordance with Nebraska law, the City may, with the consent of the NPRB, expand its service area to include new customers in areas annexed by the City.

MANAGEMENT AND ADMINISTRATION

Hastings Utilities is the public utility of the City. With respect to the electric system, the City Council has the power to (a) determine, fix and alter rates, (b) approve the budget and authorize certain expenditures. The Board of Public Works directs and supervises the operation of Hastings Utilities, including the electric system. Its members are appointed by the Mayor for a five-year term upon the approval of the City Council. The Board of Public Works appoints the Manager of Utilities, who has day-to-day responsibilities for the operation of the electric system.

The Hastings Utilities' electric system has approximately 102 employees with an average tenure of over 15 years. The existing Whelan Energy Center has 77 employees with an average tenure of approximately 15 years. Approximately 50 additional City employees provide administrative and support services to Hastings Utilities.

ELECTRIC SYSTEM

Hastings Utilities' electric transmission system is 115 kV with three 115 kV ties to the City from the Whelan Energy Center. A new 115 kV substation to provide additional 13.8 kV distribution capacity was placed in service during 1999. The addition of the 115 kV line and

other improvements in 1995 completed a 115 kV loop around the City. The three 115 kV ties supply a loop feed 34.5 kV subtransmission system within the City. A new 115 kV substation with additional 13.8 kV distribution capacity was placed in service in 2004. A new 115/34.5/13.8 kV substation, the North Denver Avenue Substation, was placed in service in 2006. The 115 kV Bypass substation was expanded in 2008. The 115 kV substation at the Whelan Energy Center was replaced in 2008. From 2008 to 2012 Hastings increased its interconnects to NPPD from 2 to 5.

The electric distribution system includes the North Denver Avenue Station, seven major substations and the Don Henry Power Center. This distribution system has 89 miles of rural lines operating at a voltage of 13.8 kV. The distribution system within the City consists of 196 miles of 13.8 kV and 4.16 kV overhead lines and 65 miles of underground lines.

A major NPPD electrical substation facility is located in the City's electric system service area. The Hastings Utilities electric system is interconnected and operated for mutual support with other electric utilities in the region through this NPPD facility. The electric system's interconnections are at 115 kV at the NPPD and the Whelan Energy Center substations. These interconnections each have a capacity of in excess of 100 MW.

Contractually, the electric system is interconnected with WAPA, NPPD, MEAN, and the City of Grand Island through the NPPD interconnection.

ELECTRIC RATES

The City has covenanted to fix, establish and collect rates and charges for electric energy that are adequate to pay debt service on all outstanding bonds, operation and maintenance expenses, all necessary repairs, replacements and renewals, all necessary working capital, and all payments to the Capital Improvement Fund required by the City's electric revenue bond ordinance. The City has sole jurisdiction to determine rates for electric energy service to consumers within its service area, and such rates are not subject to a prior referendum vote or regulation by any federal or state utility commission or similar agency.

Rates are established or changed by an ordinance adopted by the City Council. No public hearing is required before enactment. Rates established by ordinance become effective not less than 15 days after enactment.

Hastings Utilities evaluates its electric rate structure on a continuing basis with the objective of establishing rates consistent with operating needs and a sound financial position. Hastings Utilities adjusted its electric rates effective January 1, 2014 with a 5% increase across all customer classes.

Hastings Utilities also has a fuel adjustment clause that it utilizes on a regular basis. Hastings Utilities has been able to provide its utility customers with the lowest possible rates while still producing a healthy debt service coverage required by any applicable ordinance or bond covenants.

SOURCES OF POWER AND ENERGY

Hastings Utilities presently meets its baseload power supply requirements under a long-term power supply arrangement with the Western Area Power Administration and from the Whelan Energy Center Unit 1 and the Project. Whelan Energy Center Unit 1 is owned and operated by Hastings Utilities, with supplemental and backup power provided by gas and fuel oil-fired generating units owned and operated by Hastings Utilities. See "THE PROJECT—Whelan Energy Center Operations".

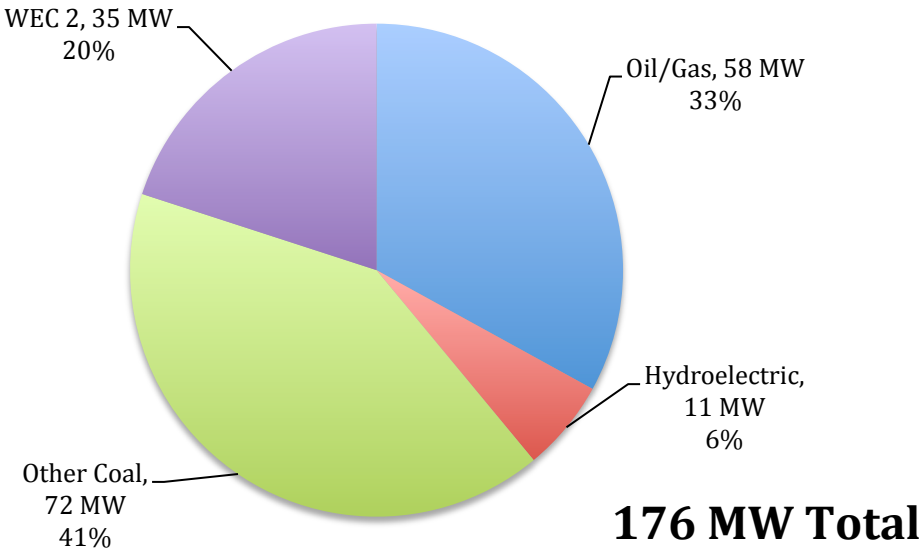
Hastings Utilities has an allocation of approximately 11 MW of on-peak power from WAPA that is generated by the Pick-Sloan Project on the Missouri River. This allocation of low-cost federal hydropower meets approximately 6% of Hastings Utilities' electric loads.

Hastings Utilities has a 15.91% Entitlement Share in the Project, which equates to an approximate Capacity Share of 35 MW. See "THE PROJECT" and "THE PARTICIPANTS".

Hastings Utilities own two natural gas-fired generators and a gas fired peaking unit with a total generating capacity of 58 MW. These generating units provide supplemental, standby and firming power supply for system operations.

CAPACITY SOURCES

The following pie chart shows the capacity of Hastings Utilities' power supply resources in megawatts and as a percentage of Hastings Utilities' total power supply.



SUMMARY FINANCIAL AND OPERATING INFORMATION

The financial and operating information presented below is shown for the fiscal years of Hastings Utilities ended December 31.

5 LARGEST RETAIL ELECTRIC CUSTOMERS

Customer	Energy Sales (MWh)	Revenues for Most Recent Fiscal Year	Percentage of Total Operating Revenue
AG Processing Inc.	68,115	$3,670,711	10.2%
Mary Lanning Hospital	10,044	661,262	1.8
Eaton	7,918	484,470	1.4
Flowserve	7,818	629,919	1.8
Hastings Acquisitions	7,641	475,202	1.3
Total	101,536	$5,921,624	16.5%

NUMBER OF CUSTOMERS BY CLASS

Type of Customer	2014	2013	2012	2011	2010
Residential	10,860	10,810	10,778	10,760	10,649
Commercial	2,240	2,239	2,229	2,221	2,183
Industrial	39	41	41	41	42
Wholesale	4	3	3	3	3
Total	13,143	13,093	13,051	13,025	12,877

TOTAL ENERGY SALES BY CUSTOMER CLASS

Total Sales (MWh)	2014*	2013	2012	2011	2010
Residential	110,401	112,353	111,109	110,934	112,381
Commercial	113,682	114,209	113,759	110,745	114,901
Industrial	175,232	187,198	232,567	239,106	234,548
Wholesale	166,339	142,394	54,437	110,596	80,869
Total	565,654	556,154	511,872	571,381	542,699

* Unaudited.

SYSTEM LOAD (MW)

	2014*	2013	2012	2011	2010
Peak Demand	86.4	89.3	98.4	98.5	97.4
Average Demand	69.8	72.4	78.7	80.7	76.3

OPERATING REVENUES BY CUSTOMER CLASS

Operating Revenues	2014*	2013	2012	2011	2010
Residential	$ 10,077,290	$ 9,694,221	$ 9,430,016	$ 9,098,449	$ 9,218,620
Commercial	9,525,572	8,959,958	8,728,723	8,315,293	8,547,221
Industrial	10,667,361	10,761,391	12,550,201	12,343,872	12,242,113
Wholesale	5,545,533	3,648,462	1,128,924	2,439,110	1,630,244
Total	$35,815,756	$33,064,032	$31,837,864	$32,196,724	$31,638,198

SELECTED FINANCIAL INFORMATION

	2014*	2013	2012	2011	2010
Operating Revenues	$ 35,815,756	$ 33,064,032	$ 31,837,864	$ 32,196,724	$ 31,638,198
Operating Expenses[1]	28,349,472	25,973,984	27,325,624	22,630,892	22,185,273
Amount Available for Debt Service[2]	$ 10,125,044	$ 9,953,364	$ 7,625,662	$ 13,596,924	$ 13,743,812
Debt Service Payments	$ 4,992,150	$ 5,027,750	$ 2,361,280	$ 3,959,938	$ 5,093,550
Debt Service Coverage	2.03x	1.98x	3.23x	3.43x	2.70x
Long-Term Debt	$ 26,085,000	$ 29,935,000	$ 31,100,000	$ 34,060,000	$ 40,570,000
Net Position	$105,062,859	$102,945,227	$100,509,005	$100,869,680	$ 85,743,046

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* Unaudited.

1 Operating Expenses excludes depreciation expense.

2 Amount Available for Debt Service includes net revenues, excluding depreciation and amortization expenses, plus other available moneys under Hastings Utilities' bond documents and ordinances. These other moneys have also been included in the calculation of Bond Covenant Debt Service Coverage, as permitted by Hastings Utilities' bond documents and ordinances.

CITY OF GRAND ISLAND, NEBRASKA
GRAND ISLAND UTILITIES

GENERAL

The City of Grand Island (the *"City"*) is authorized under the laws of the State of Nebraska to construct, purchase or otherwise acquire, maintain, extend or enlarge generating, transmission and distribution facilities such as those comprising its electric system. In the acquisition of property for the electric system, the City may exercise the power of eminent domain. Under Nebraska law, the City also has the power to issue revenue bonds to provide for the payment of the costs and expense of purchasing, constructing or otherwise acquiring, extending or improving its electric system and to secure such bonds by pledging the revenues of the electric system

The electric system is operated under the direction of the Mayor and City Council. Grand Island Utilities is the public utility of the City. The City Council has the power to determine, fix and alter rates charged by the electric system and to authorize expenditures therefor. The Utilities Director has day-to-day responsibility for the operation of the electric system.

ELECTRIC SYSTEM

Grand Island Utilities' electric system serves approximately 25,000 customers in an area approximately 82 square miles, composed of over 26 square miles of the City and certain developed and rural areas adjacent to the City within Hall County and a small portion of Merrick County. The electric system's present service area was established by agreements with neighboring utilities, which agreements were approved by the NPRB. In accordance with Nebraska law, the City may, with the consent of the NPRB, expand its service area to include new customers in areas annexed by the City.

Grand Island Utilities owns and maintains 35 miles of 115 kV transmission facilities. Eight substations are connected at 115 kV for a combination of distribution, generation, and interconnection duty. Ten miles of the transmission circuits make five interconnections with NPPD at four of Grand Island Utilities' substations. Generation is connected at substation H for Burdick Station and substation D for Platte Generating Station.

ELECTRIC RATES

Rates are established or changed by ordinance adopted by the Grand Island City Council. No public hearing is required before enactment. Rates established by ordinance become effective 30 days after enactment. A power cost adjustment clause in the City's rate schedule provides for recovery of increasing production costs, with specific action by the City Council.

Under the current rate structure, customers are assigned to one of five applicable rate schedules. These schedules are coordinated to provide consistency in rate assignments. The City

evaluates its rate structure on a continuing basis with the objective of establishing rates to meet operating needs and to maintain a sound financial position.

SOURCES OF POWER AND ENERGY

In addition to PPGA, Grand Island Utilities presently meets its baseload power supply requirements under long-term power purchase arrangements with WAPA and OPPD, and the Platte Generating Station, which is owned and operated by Grand Island Utilities, with supplemental and backup power provided by gas and fuel oil-fired generating units owned and operated by Grand Island Utilities.

Grand Island Utilities has an allocation of approximately 9 MW of on-peak power from WAPA that is generated by the Pick-Sloan Project on the Missouri River. This allocation of low-cost federal hydropower meets approximately 3% of Grand Island Utilities' electric loads.

The Platte Generating Station consists of a single steam turbine generator with a net accredited rating of 100 MW. Construction on this unit was completed in 1982. The unit's steam generator is designed to use western low-sulfur, sub-bituminous, pulverized coal. Makeup water for the plant is supplied by either on-site wells or the City's Platte River wellfield. The 320 acre site is located two miles south of the City and is sized for additional facilities. Upgrades were made to the unit's environmental controls to meet the EPA's Mercury and Air Toxics Standards and CSAPR programs in 2014. The generator is tied to the 115 kV transmission system at substation D, also located on the plant site. The site's rail spur allows access to the Union Pacific Railroad for direct deliveries of fuel and equipment.

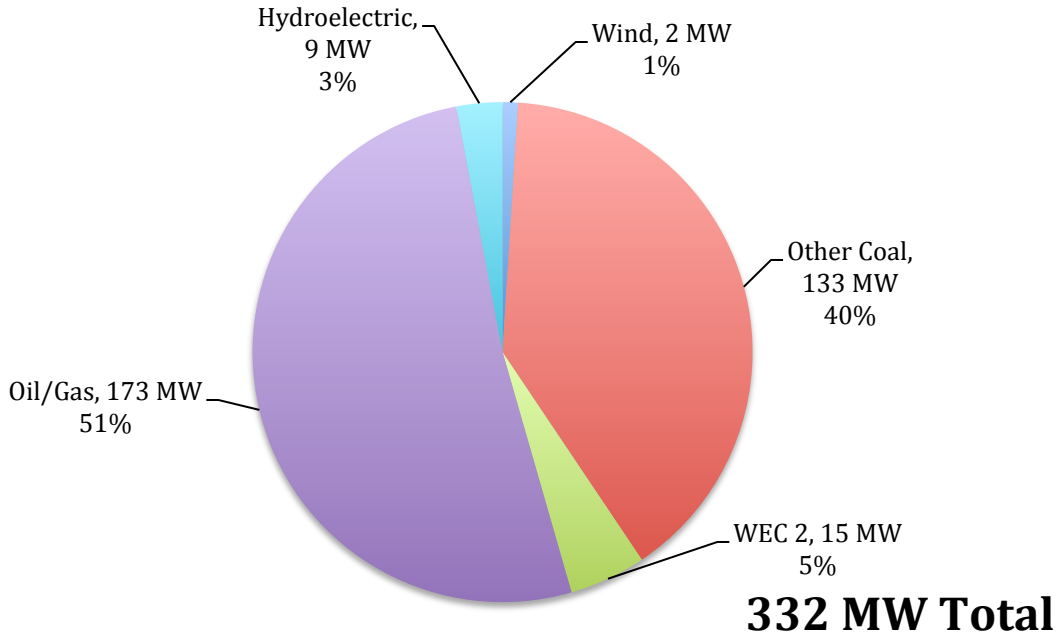
Under a Participation Power Agreement with OPPD, Grand Island Utilities has agreed to purchase approximately 5% of the output of OPPD's recently-completed Nebraska City Station Unit No. 2 (*"NC2"*) and to pay an equal percentage of all of the capital, operating and fuel costs of NC2 on a take-or-pay basis. NC2 is a 663 MW coal-fired generating unit that was placed into commercial operation in May 2009. The Participation Power Agreement has an initial term of 40 years from the commercial operation date of NC2 and is subject to renewal for additional terms, up to the end of the useful life of NC2, at Grand Island Utilities' option. NC2 experienced a forced outage from November 28, 2014 to March 13, 2015 due to a turbine blade failure. An analysis of the cause of the failure is being conducted. The costs of the repair work is being covered by insurance proceeds, with each participant paying its proportional share of the deductible.

Grand Island Utilities has a 6.82% Entitlement Share in the Project, which equates to an approximate Capacity Share of 15 MW. See "THE PROJECT" and "THE PARTICIPANTS".

Grand Island Utilities owns six gas and fuel oil-fired generating units at Burdick Station, ranging in size from 13 MW to 54 MW, and providing a total of 173 MW of generating capacity. These generating units provide supplemental, standby and firming power supply for system operations.

Capacity Sources

The following pie chart shows the capacity of Grand Island Utilities' power supply resources in megawatts and as a percentage of Grand Island Utilities' total power supply.



Summary Financial and Operating Information

The financial and operating information presented below is shown for the fiscal years of Grand Island Utilities ended September 30.

5 Largest Retail Electric Customers

Customer	Energy Sales (MWh)	Revenues for Most Recent Fiscal Year	Percentage of Total Operating Revenue
Swift & Co.	100,708	$5,003,515	7.60%
CNH America	27,030	1,484,794	2.25
McCain Foods USA	22,623	1,272,031	1.93
Diamond Plastics	9,965	513,475	0.78
Hornady Manufacturing	6,083	335,553	0.51
Total	166,409	$8,609,368	13.07%

NUMBER OF CUSTOMERS BY CLASS

Type of Customer	2014	2013	2012	2011	2010
Residential	21,403	21,095	20,714	20,349	20,243
Commercial	4,198	4,156	4,104	4,019	4,033
Industrial	95	96	91	88	81
Wholesale	2	3	3	1	1
Other (Interdepartmental)	254	250	250	246	244
Total	25,952	25,600	25,162	24,703	24,602

TOTAL ENERGY SALES BY CUSTOMER CLASS

Total Sales (MWh)	2014	2013	2012	2011	2010
Residential	216,369	211,890	216,200	216,331	217,746
Commercial/Industrial	487,447	481,598	491,227	470,080	463,491
Wholesale	184,339	145,897	43,120	73,219	56,101
Other (Interdepartmental)	23,297	22,376	24,769	28,638	29,460
Total	911,452	861,761	775,316	788,268	766,798

SYSTEM LOAD (MW)

	2014	2013	2012	2011	2010
Peak Demand	162.0	161.1	170.7	167.9	166.1
Average Demand	104.0	98.4	88.2	90.0	87.5

OPERATING REVENUES BY CUSTOMER CLASS

	2014	2013	2012	2011	2010
Residential	$18,688,456	$19,569,681	$19,287,844	$17,783,245	$17,526,180
Commercial/Industrial	38,046,731	39,841,758	38,775,121	34,256,264	32,908,854
Wholesale	6,636,598	4,345,827	1,288,128	2,818,760	1,611,770
Municipal and Interdepartmental	1,748,697	1,741,281	1,828,136	1,936,424	1,924,996
Other	746,678	773,222	576,308	578,858	298,095
Total	$65,867,160	$66,271,769	$61,755,537	$54,269,895	$54,269,895

SELECTED FINANCIAL INFORMATION

	2014	2013	2012	2011	2010
Operating Revenues	$65,867,160	$66,271,769	$61,755,537	$57,373,551	$54,269,895
Operating Expenses	53,300,075	53,168,818	48,431,436	47,721,877	47,863,476
Amount Available for Debt Service[1]	22,991,038	23,334,250	23,653,517	19,954,452	16,705,104
Debt Service Payments	4,805,893	2,295,413	1,488,213	5,901,250	5,902,490
Debt Service Coverage	4.78	10.17	15.89	3.38	2.83
Long-Term Debt	53,645,551	16,759,601	18,770,042	25,490,000	29,915,000
Net Position	$169,372,761	$164,186,004	$158,491,205	$152,779,420	$150,170,272

1 Amount Available for Debt Service includes net revenues, excluding depreciation and amortization expenses, plus investment income.

NEBRASKA CITY, NEBRASKA
NEBRASKA CITY UTILITIES

GENERAL

Nebraska City, Nebraska (the *"City"*) has a commission form of government, with a Mayor, Finance Commissioner, Public Works Commissioner, Street Commissioner and Parks Commissioner, all elected at large. The City owns Nebraska City Utilities, which consists of the City's electric, natural gas, water and wastewater systems.

By ordinance, the Board of Public Works is designated to manage, operate and maintain Nebraska City Utilities. There are five members of the Board of Public Works. Each member is appointed to a five-year term, with one member position due for appointment or reappointment each year. An appointment is brought to the City Commission by the Mayor and voted on by the full Commission.

The Board of Public Works hires the General Manager of the Nebraska City Utilities. Other staff hiring is made by the General Manager or by other staff as he may designate.

ELECTRIC SYSTEM

Nebraska City Utilities' electric service territory includes the City, as well as several villages in Otoe County, Lancaster County and Nemaha County, Nebraska. The villages located in Otoe County include: Dunbar, Lorton, Otoe, Unadilla, Palmyra, and Douglas. The Village of Bennet is located in Lancaster County and the villages of Julian and Brock are located in Nemaha County. In addition, Nebraska City Utilities provides electric supply at wholesale to the Village of Talmage in Otoe County. Nebraska City Utilities also serves many farm customers along its rural distribution lines between the villages that it serves as well as various spur lines within the counties.

ELECTRIC RATES

The Board of Public Works recommends Nebraska City Utilities' electric rate schedule and rate regulation to the City Commission. All rate schedules are in ordinance form when approved by the City Commission along with various service conditions that apply for each rate. No public hearing is required before enactment. Rates established in ordinance form become effective 30 days after enactment. Rates are in the form of (i) residential, urban and rural, (ii) business, urban and rural, (iii) intermediate business, urban and rural, (iv) large business as well as municipal wholesale. For classification purposes, there are four classes: residential, business, industrial and wholesale. Nebraska City recently completed a cost of service study for its electric operations, and the City Commission has approved an average 3.2% increase in electric rates effective October 2015. Nebraska City Utilities has a monthly production cost adjustment provision that is utilized on a regular basis.

SOURCES OF POWER AND ENERGY

Nebraska City Utilities presently meets its base load power supply requirements under a long-term power purchase arrangement with the Western Area Power Administration, from its interest in Omaha Public Power District's NC2 station and under a PPA with Public Power Generation Agency. Supplemental and backup power is provided by generating units owned and operated by Nebraska City Utilities.

Nebraska City Utilities has an allocation of approximately 8 MW of on-peak and 2 MW of off-peak power from WAPA that is generated by the Pick-Sloan Project on the Missouri River. This allocation of low-cost federal hydropower meets 20-25% of Nebraska City Utilities' electric loads.

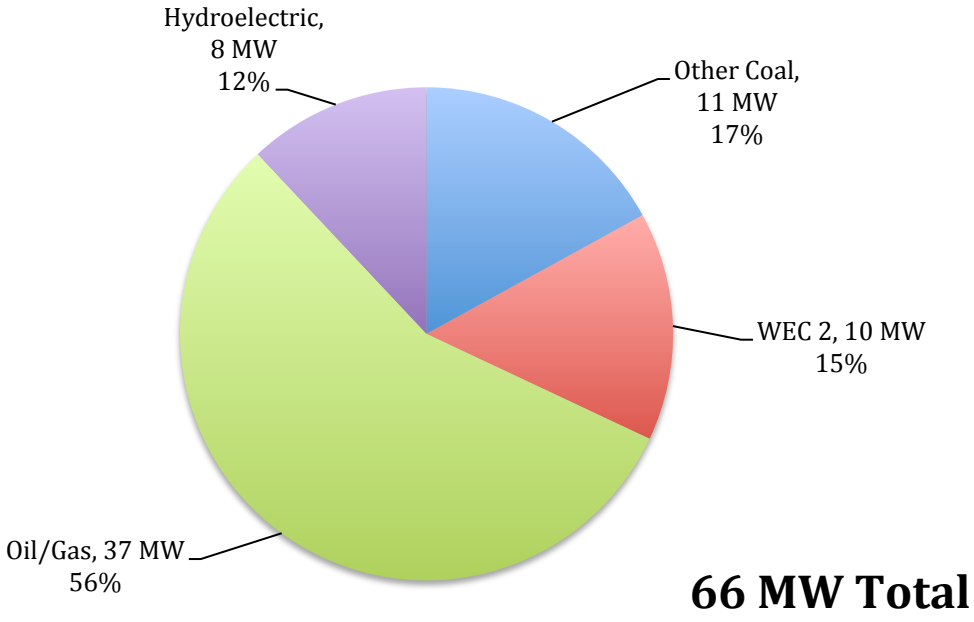
Under a Participation Power Agreement with OPPD, Nebraska City Utilities has agreed to purchase 1.67% of the output of OPPD's NC2 station and to pay an equal percentage of all of the capital, operating and fuel costs of NC2 on a take-or-pay basis. NC2 is a 663 MW coal-fired generating unit that was placed into commercial operation in May 2009. The Participation Power Agreement has an initial term of 40 years from the commercial operation date of NC2 and is subject to renewal for additional terms, up to the end of the useful life of NC2, at Nebraska City Utilities' option. NC2 experienced a forced outage from November 28, 2014 to March 13, 2015 due to a turbine blade failure. An analysis of the cause of the failure is being conducted. The cost of the repair work is being covered by insurance proceeds, with each participant paying its proportional share of the deductible.

Nebraska City Utilities has a 4.55% Entitlement Share in the Project, which equates to an approximate Capacity Share of 10 MW. See "THE PROJECT" and "THE PARTICIPANTS".

Nebraska City Utilities owns eleven natural gas-fired and one fuel oil-fired generating units, ranging in size from 1.5 MW to 6.5 MW, and providing a total of 44 MW of generating capacity which would normally be run at 37 MW. These generating units provide supplemental, standby during loss of interconnect and firming power supply for system operations.

CAPACITY SOURCES

The following pie chart shows the capacity of Nebraska City Utilities' power supply resources in megawatts and as a percentage of Nebraska City Utilities' total power supply.



SUMMARY FINANCIAL AND OPERATING INFORMATION

The financial and operating information presented below is shown for the fiscal years of Nebraska City Utilities ended August 31 for years 2010 through 2011 and fiscal years ended September 30 for years 2012 through 2014. Due to the change of the date Nebraska City ended its fiscal year in 2012, fiscal year 2012 consists of 13 months.

5 LARGEST RETAIL ELECTRIC CUSTOMERS

Customer	Energy Sales (MWh)	Revenues for Most Recent Fiscal Year	Percentage of Total Operating Revenue
Cargill	23,796	$1,939,771	12.7%
American Meter	12,201	1,024,083	6.7%
Diversified Foods	7,451	637,152	4.2%
Magellan	3,871	404,875	2.7%
Lied Center	3,389	270,353	1.8%
Total	50,708	$4,276,234	28.1%

NUMBER OF CUSTOMERS BY CLASS

Number of Customers	2014	2013	2012 (13 months)*	2011	2010
Residential	4,745	4,743	4,731	4,710	4,703
Commercial	906	899	898	890	872
Industrial	32	32	30	29	30
Wholesale	1	1	1	1	1
Total	5,684	5,675	5,660	5,630	5,606

TOTAL ENERGY SALES BY CUSTOMER CLASS

Total Sales (MWh)	2014	2013	2012 (13 months)*	2011	2010
Residential	55,451	53,156	59,064	55,409	55,465
Commercial	31,539	31,193	34,864	32,367	32,380
Industrial	66,272	70,699	78,721	71,257	69,147
Wholesale	24,091	16,575	16,610	1,872	1,986
Total	177,353	171,623	189,259	160,905	158,978

SYSTEM LOAD (MW)

	2014	2013	2012 (13 months)*	2011	2010
Peak Demand	34.8	34.9	38.1	37.5	37.0

* During fiscal year 2012, Nebraska City changed its fiscal year to run from September 1 through August 31 of each year to October 1 through September 30 of each year. Due to this change, Nebraska City's fiscal year 2012 consisted of 13 months, running from September 1, 2011 to September 30, 2012.

OPERATING REVENUES

Operating Revenues	2014	2013	2012 (13 months)*	2011	2010
Residential	$ 5,613,186	$ 5,377,309	$ 6,022,488	$ 5,333,194	$ 5,023,638
Commercial	3,168,065	3,105,786	3,486,989	3,075,728	2,919,072
Industrial	5,621,077	5,912,509	6,523,054	5,594,899	5,095,039
Wholesale	656,372	532,757	344,050	214,124	145,036
Other	159,437	195,795	372,698	333,744	182,556
Total	$15,218,137	$15,124,156	$16,749,279	$14,551,689	$13,365,341

SELECTED FINANCIAL INFORMATION

	2014	2013	2012 (13 months)*	2011	2010
Electric Operating Revenues[1]	$15,218,137	$15,124,156	$16,749,279	$14,551,689	$13,365,341
Electric Operating Expenses[2]	11,307,690	10,958,173	11,537,578	9,254,581	8,286,731
Amount Available for Debt Service[3]	4,069,793	3,434,481	4,225,878	3,222,530	4,255,440
Long-Term Debt[4] Service Payments	797,879	815,594	955,422	807,042	962,926
Debt Service Coverage	5.10	4.21	4.42	3.99	4.42
Long-Term Debt	4,684,222	8,699,865	7,749,013	5,065,000	7,595,000
Net Position	$57,260,734	$55,991,690	$55,013,038	$53,183,205	$52,008,824

* During fiscal year 2012, Nebraska City changed its fiscal year to run from September 1 through August 31 of each year to October 1 through September 30 of each year. Due to this change, Nebraska City's fiscal year 2012 consisted of 13 months, running from September 1, 2011 to September 30, 2012.

1 Electric Operating Revenues includes revenues solely from electric system operations.

2 Electric Operating Expenses does not include general and administrative, depreciation, payments in lieu of taxes, or interest expense.

3 Amount Available for Debt Service includes net operating revenues from electric, natural gas, water and wastewater departments, excluding depreciation and amortization expense.

4 Long-term debt service payments, amount available for debt service, debt service coverage, long-term debt and net position includes electric, gas, water and sewer operations.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The statements under this caption relating to the Resolution constitute a summary and do not purport to be complete. This summary is qualified in its entirety by express reference to the Resolution. Certain provisions of the Resolution are also described under "THE 2015 SERIES A BONDS" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" in the Official Statement.

CERTAIN DEFINITIONS

"Accountant's Certificate" shall mean a certificate signed by an independent certified public accountant or a firm of independent certified public accountants of national reputation, who may be the accountant or firm of accountants who regularly audit the books of the Agency.

"Act" shall mean the Interlocal Cooperation Act, Sections 18-801 *et seq*., Reissue Revised Statutes of Nebraska, 1997, as heretofore and hereafter amended from time to time.

"Agency" shall mean the Public Power Generation Agency, a public body corporate and politic of the State created pursuant to the Act, its successors and their assigns.

"Annual Budget" shall mean the annual budget, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in the Resolution.

"Authorized Officer of the Agency" shall mean the Chair, Vice Chair and Secretary-Treasurer of the Agency, or any other officer or employee of the Agency authorized to perform the act or sign the document in question. Any authorized representative of the Project Construction Manager under the Amended and Restated Project Construction Manager Agreement for Whelan Energy Center Unit 2 between Hastings Utilities and the Agency, dated October 13, 2006, as amended from time to time, shall constitute an Authorized Officer of the Agency for purposes of the Resolution.

"Bond" or *"Bonds"* shall mean any bond or bonds, as the case may be, authenticated and delivered under and Outstanding pursuant to the Resolution.

"Bondholder" or *"Holder of Bonds"* shall mean any person who shall be the registered owner of any Bond or Bonds.

"Bond Registrar" shall mean the Trustee and any other bank or trust company organized under the laws of any state or national banking association appointed by the Agency to perform the duties of Bond Registrar enumerated in the Resolution.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder.

"Construction Fund" shall mean the Construction Fund established in the Resolution.

"Credit Facility Reimbursement Obligation" shall have the meaning given to such term in the provisions of the Resolution summarized under "REIMBURSEMENT OBLIGATIONS" below.

"Debt Service Account" shall mean each Debt Service Account in the Debt Service Fund established in the Resolution.

"Debt Service Fund" shall mean the Debt Service Fund established in the Resolution.

"Debt Service Reserve Account" shall mean each Debt Service Reserve Account in the Debt Service Fund established in the Resolution pursuant to a Supplemental Resolution.

"Defeasance Securities" shall mean any of the following which are not subject to redemption at the option of anyone other than the holder thereof (except as provided in clause (v) below):

(i) Any Government Obligations.

(ii) To the extent not constituting Government Obligations, obligations of the Government National Mortgage Association, the Federal Financing Bank, the Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration, Federal Home Loan Mortgage Association, Export Import Bank of the United States, United States Postal Service, or any other agency or instrumentality of the United States of America or any corporation wholly owned by the United States of America, which obligations are not subject to redemption prior to maturity at the option of anyone other than the Holder thereof.

(iii) Obligations of the Federal National Mortgage Association.

(iv) Any evidences of an ownership interest in obligations or in specified portions thereof (which may consist of specified portions of the interest thereon) of the character described in clause (i), (ii) or (iii) hereof held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the obligations described in clause (i), (ii) or (iii) hereof, as the case may be, and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

(v) Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable at the option of the obligor prior to maturity or as to which irrevocable notice has been given by the obligor to call such bonds or obligations on the date specified in the notice, (b) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (i), (ii) or (iii) hereof which fund may be

applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in clause (i), (ii) or (iii) hereof which have been deposited in such fund along with any cash on deposit in such fund is sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (v) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (v), as appropriate.

(vi) Any agreements with insurance companies or other financial institutions, or subsidiaries or affiliates thereof (hereinafter in this clause (vi) referred to as "Providers"), (a) whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category, without regard to any qualifier, by each Rating Agency or (b) whose obligations under such agreements or contracts shall be unconditionally guaranteed by another insurance company or other financial institution, or subsidiary or affiliate thereof, whose outstanding unsecured senior indebtedness or claims-paying ability, as the case may be, shall be rated, or who shall have a "financial programs rating" or other equivalent rating, in the highest whole rating category, without regard to any qualifier, by each Rating Agency, pursuant to which agreements or contracts the Provider shall be absolutely, unconditionally and irrevocably obligated to repay the moneys invested by the Agency and interest thereon at a guaranteed rate, without any right of recoupment, counterclaim or set off. The Provider may have the right to assign its obligations under any such agreement to any other insurance company or other financial institution, or subsidiary or affiliate thereof; provided, however, that such assignee also shall be an insurance company or other financial institution, or subsidiary or affiliate thereof, satisfying the requirements set forth in either subclause (a) or subclause (b) of the preceding sentence.

(vii) Any obligations that would result in the rating of the relevant defeasance escrow in the highest whole rating category, without regard to any qualifier, by each Rating Agency.

(viii) With respect to any Bonds, any other obligations specified in the Supplemental Resolution authorizing such Bonds.

"Depositary" shall mean any bank or trust company organized under the laws of any state of the United States or any national banking association selected by the Agency and approved in writing by the Trustee (which approval shall not be unreasonably withheld) as a depositary of moneys and securities held under the provisions of the Resolution, and may include the Trustee, provided that if the Trustee shall fail to provide such approval, it shall deliver to the Agency a statement of its reasons for such failure.

"Enhancement Facility" shall mean any letter of credit, standby purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any other agreement, securing, providing liquidity for, supporting or enhancing Outstanding Bonds or Subordinated Indebtedness, or any combination of the foregoing, or any agreement relating to the reimbursement thereof whether or not such instrument or agreement has been drawn upon, obtained by the Agency.

"Event of Default" shall have the meaning given to such term in the Resolution.

"Fiduciary" or *"Fiduciaries"* shall mean the Trustee, the Bond Registrar, the Paying Agents and the Depositaries, or any or all of them, as may be appropriate.

"Fiscal Year" shall mean the then current annual accounting period of the Agency for its general accounting purposes.

"Fitch" shall mean Fitch, Inc., its successors and assigns and if such corporation shall be dissolved or liquidated or shall not longer issue ratings on obligations similar to the Bonds, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency (other than Moody's or S&P) designated by the Agency, by written notice to the Trustee.

"Fuel Hedge" shall mean a price hedging arrangement entered into by the Agency with respect to its fuel costs.

"Funds" or *"Accounts"* shall mean the funds or accounts, including subaccounts, established pursuant to the Resolution.

"Generally Accepted Accounting Principles" shall mean accounting principles, methods and terminology followed and construed, as nearly as practicable, in conformity with the pronouncements of the Financial Accounting Standards Board or the Governmental Accounting Standards Board, as determined by the Agency.

"General Reserve Account" shall mean the General Reserve Account in the General Reserve Fund established in the Resolution.

"General Reserve Fund" shall mean the General Reserve Fund established in the Resolution.

"Interest Payment Date" shall mean for a Series of Bonds, each interest payment date therefor, commencing on such date, as shall be specified therefor in the Supplemental Resolution authorizing such Bonds.

"Investment Securities" shall mean and include any investments that are at the time legal for investment of the Agency's funds and are allowed pursuant to the Agency's investment policy, if any, as in effect on the date of such investment.

"Liquidity Facility Reimbursement Obligation" shall have the meaning given to such term in the provisions of the Resolution summarized under "REIMBURSEMENT OBLIGATIONS" below.

"Moody's" means Moody's Investors Service, Inc., its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer issue ratings on obligations of a type similar to the Bonds, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency (other than S&P or Fitch) designated by the Agency, by written notice to the Trustee.

"Operating Expenses" shall mean all actual maintenance and operation costs of the Project incurred by the Agency in any particular Fiscal Year or period to which said term is applicable or charges made therefor during such Fiscal Year or period, but only if such charges are made in conformity with Generally Accepted Accounting Principles, including amounts reasonably required to be set aside in reserves for items of Operating Expenses the payment of which is not then immediately required.

Operating Expenses include, but are not limited to, expenses for ordinary repairs, renewals and replacements of the Project; salaries and wages; employees' health, hospitalization, pension and retirement expenses; fees for services, materials and supplies; rents, administrative and general expenses; insurance expenses; legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting and technical services; taxes (except as set forth in the following paragraph); payments in lieu of taxes and other governmental charges; amounts payable under Enhancement Facilities pursuant to the Resolution; fuel costs, including the transportation and storage of fuel; net payments under Fuel Hedges, other than Settlement Amounts relating thereto; costs of purchased power and transmission service, if any; and any other current expenses or obligations required to be paid by the Agency under the provisions of the Resolution or by law, all to the extent properly allocable to the Project; and the fees and expenses of the Fiduciaries.

Operating Expenses do not include depreciation or obsolescence charges or reserves therefor; amortization of intangibles or other bookkeeping entries of a similar nature; interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of the Agency; any payments under a Qualified Hedge Agreement; any Supplement Amounts payable under a Fuel Hedge; unrealized gains and losses from investments, Qualified Hedge Agreements and Fuel Hedges; costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to or retirements from the Project which under Generally Accepted Accounting Principles are properly chargeable to the capital account or the reserve for depreciation; losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the Project; or such property items, including taxes and fuel, which are capitalized pursuant to the then existing accounting practices of the Agency.

"Operating Fund" shall mean the Operating Fund established in the Resolution.

"Opinion of Counsel" shall mean an opinion in writing signed by an attorney or firm of attorneys (who may be counsel to the Agency) selected by the Agency.

"Outstanding," when used with reference to Bonds, shall mean, as of any date of calculation, Bonds theretofore or thereupon being authenticated and delivered under the Resolution except:

Bonds cancelled by the Trustee at or prior to such date;

Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the maturity or redemption date, shall be held in trust under the Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as provided in the Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice;

Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Resolution, unless proof satisfactory to the Trustee is presented that any such first referenced Bonds are held by a bona fide purchaser in due course; and

Bonds deemed to have been paid as provided in the Resolution.

"Parity Obligations" shall mean (i) any net amount (other than any Settlement Amount) due to a Qualified Hedge Provider under a Qualified Hedge Agreement relating to Bonds; and (ii) any Reimbursement Obligation relating to Bonds to the extent determined by the Agency pursuant to the Resolution.

"Participant" shall mean each party to a Participation Agreement other than the Agency. The Participants currently are Municipal Energy Agency of Nebraska (NE), Heartland Consumers Power District (SD), Hastings Utilities acting for and on behalf of the City of Hastings (NE), the City of Grand Island (NE) and the City of Nebraska City (NE).

"Participation Agreement" shall mean each agreement entered into by and between the Agency and a Participant providing for the Agency to finance, own and operate the Project, for the Participant to pay the Agency's costs relating to the Project and entitling the Participant to a participation share of the capacity and output of the Project, as heretofore and hereafter amended and supplemented. The Participation Agreements currently consist of the Amended and Restated Participation Agreements dated as of October 5, 2006, by and between the Agency and each of Municipal Energy Agency of Nebraska (NE), Heartland Consumers Power District (SD), Hastings Utilities acting for and on behalf of the City of Hastings (NE), the City of Grand Island (NE) and the City of Nebraska City (NE).

"Paying Agent" shall mean any bank or trust company organized under the laws of any state of the United States or any national banking association designated as paying agent for the Bonds of any Series, and its successor or successors hereafter appointed in the manner provided in the Resolution.

"Principal Installment" shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such Series due whether by their terms or at the option of the Holder on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in the Resolution of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, plus such applicable redemption premiums, if any, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

"Project" shall mean the Whelan Energy Center Unit 2 (*"WEC2"*), a nominally rated 220 MW coal-fired electric generating facility, the Whelan Energy Center transmission system, the Whelan Energy Center site, and all property, facilities, structures, land, water, fuel, and any rights or interests therein, together with any other property, facilities, structures, land, water, fuel and any rights or interests related to or in the furtherance of the foregoing, whenever acquired.

"Project Agreements" shall mean the Project Construction Manager Agreement and Project Operating Agent Agreement required by the Participation Agreements, and such other agreements as the Agency may from time to time determine to be Project Agreements for the purpose of the Resolution.

"Project Costs" shall mean (i) the Agency's costs, expenses and liabilities paid or incurred, or to be paid or incurred by the Agency, in connection with the planning, engineering, designing, acquiring, constructing, installing, financing, operating, maintaining, retiring, decommissioning and disposing of the Project or any part thereof, renewals, repairs, replacements, modifications and capital additions and betterments of and to the Project, and the obtaining of all governmental approvals, certificates, permits and licenses with respect thereto, including, but not limited to, any good faith or other similar payments or deposits; the cost of acquisition by or for the Agency of real and personal property or any interests therein; costs of physical construction and costs of the Agency incidental to such construction or acquisition; costs of common facilities; costs of environmental control facilities; costs of litigation and judgments; costs of permits and regulatory approvals; costs of water supply and rights thereto; the cost of acquisition of initial fuel or fuel inventory and working capital and reserves therefor and working capital and reserves for reload fuel and for additional fuel inventories; the cost of any indemnity or surety bonds and premiums on insurance during construction; preliminary investigation and development costs; engineering fees and expenses; contractors' fees and expenses; the costs of labor, materials, equipment and utility services and supplies; legal and financial advisory fees and expenses; financing costs including, but not limited to, costs of issuance and premiums for municipal bond insurance; fees and expenses of the Fiduciaries; administration and general overhead expense and costs of keeping accounts and making reports required by the Resolution prior to or in connection with the completion of construction; amounts, if any, required by the Resolution to be paid into the Debt Service Account to provide, among other things, for interest on Bonds during construction or for such longer period of time as may be provided by Supplemental Resolution; amounts, if any, required to be paid into Rebate

Accounts, if any, Debt Service Reserve Accounts, if any (including, but not limited to, the payment of costs, fees and expenses of providing a credit facility, insurance policy, surety bond, letter of credit or other support agreement or mechanism obtain by the Agency for deposit therein), the Operating Fund, the Reserve and Contingency Fund or the General Reserve Fund for any of the respective purposes thereof upon the issuance of any Series of Bonds; amounts, if any, required to be paid into the Subordinated Indebtedness Account to provide, among other things, for interest on Subordinated Indebtedness during construction or for such longer period of time as the Resolution or a Supplemental Resolution shall establish; payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Agency, including Bonds and Subordinated Indebtedness, incurred in respect of any of the foregoing, and initial working capital and reserves for any of the above items; and shall include reimbursements to the Agency for any of the above items theretofore paid by or on behalf of the Agency, (ii) the Agency's costs, expenses and liabilities paid or incurred, or to be paid or incurred by the Agency in connection with the acquisition, transportation and storage of fuel for the Project or any prepayments thereof or reserves therefor, (iii) working capital and reserves therefor, and (iv) Settlement Amounts.

It is intended that this definition of Project Costs be broadly construed to encompass all costs, expenses and liabilities of the Agency related to the Project and the financing thereof which on the date of adoption of the Resolution or in the future shall be permitted to be funded with the proceeds of Bonds pursuant to State law.

"Prudent Utility Practice" shall mean at a particular time any of the practices, methods and acts, which, in the exercise of reasonable judgment in the light of the facts (including, but not limited to, the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto) known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts. In evaluating whether any manner conforms to Prudent Utility Practice, the parties shall take into account the nature of the Agency under the laws of the State and the statutory duties and responsibilities thereof.

"Qualified Hedge Agreement" means, to the extent from time to time permitted by law, with respect to any Series of Bonds or Subordinated Indebtedness, any financial arrangement (i) which is entered into by the Agency with an entity that is a Qualified Hedge Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar, forward rate, future rate, swap (such swap may be used in an amount equal either to the principal amount of such Series of Bonds or Subordinated Indebtedness as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Series of Bonds or Subordinated Indebtedness), asset, index, price or market linked transaction or agreement, or other exchange or rate protection transaction agreement, or similar transaction (however designated), or any combination thereof, or any option with respect to any of the foregoing, executed by the Agency, (iii) which has been designated as a Qualified Hedge Agreement with respect to such Series of Bonds or Subordinated Indebtedness in a written determination signed by a Authorized Officer of the Agency and delivered to the Trustee, and (iv) which contains such terms addressing the

posting and holding of collateral, if any, and such other terms as may be determined by the Agency.

"Qualified Hedge Provider" means, subject to any higher ratings requirement imposed by the Supplemental Resolution under which a Series of Bonds or Subordinated Indebtedness is issued, an entity whose rating with respect to its senior, long term, unsecured debt obligations or deposits, or whose financial program, counterparty, or claims paying ability ratings, at the time of the execution of a Qualified Hedge Agreement, is at least in the third highest whole rating category, without regard to any qualifier, by each Rating Agency (or whose payment obligations under such Qualified Hedge Agreement are guaranteed or insured by such an entity); provided, however, that in the event such entity (or guarantor or insurer, as applicable) shall fail to maintain the foregoing rating, the Qualified Hedge Agreement shall provide for such entity (or guarantor or insurer, as applicable) to post collateral in the form of Investment Securities in respect of any Settlement Amount that may become due to the Agency under the terms of the Qualified Hedge Agreement, such Settlement Amount and the value of any posted collateral to be determined with such frequency as the Agency may determine.

"Qualified Reserve Policy Provider" shall mean an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in the highest (or, in the case of the 2015 Series A Bonds after retirement of all 2007 Series A Bonds, not lower than the second highest) whole rating category (without regard to any qualifier) by each Rating Agency, or a letter of credit issuer which shall be a bank or trust company which on the date of issuance of the letter of credit has an outstanding unsecured, uninsured and unguaranteed debt issue which is rated not lower than the second highest whole rating category (without regard to any qualifier) by each Rating Agency.

"Rate Stabilization Account" shall mean the Rate Stabilization Account established in the General Reserve Fund pursuant to the Resolution.

"Rating Agency" shall mean, at any particular time, each of Fitch, Moody's and S&P who is maintaining a rating on the Bonds at the request of the Agency.

"Rebate Account" shall mean, with respect to a Series of Bonds, the Rebate Account established in the Revenue Fund pursuant to the Resolution.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Resolution.

"Refunding Bonds" shall mean all Bonds, whether issued in one or more Series, authenticated and delivered on original issuance pursuant to the Resolution, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution.

"Reimbursement Obligation" shall have the meaning given to such term in the provisions of the Resolution summarized under "REIMBURSEMENT OBLIGATIONS" below.

"Reserve and Contingency Fund" shall mean the Reserve and Contingency Fund established in the Resolution.

"Reserve Policy*"* shall mean any credit facility, insurance policy, surety bond, letter of credit or other credit support agreement or mechanism obtained by the Agency from a Qualified Reserve Policy Provider to satisfy its obligation to fund the Debt Service Reserve Account Requirement for any Bonds. The Reserve Policy shall provide that amounts may be drawn thereunder by the Trustee (upon the giving of notice as required thereunder) on any due date on which moneys will be required to be withdrawn from the Debt Service Reserve Account and applied to the payment of a Principal Installment of or interest on Bonds and such withdrawal cannot be met by amounts on deposit in the Debt Service Reserve Account.

"Resolution" shall mean the Whelan Energy Center Unit 2 General Revenue Bond Resolution, as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms hereof.

"Revenue Fund*"* shall mean the Revenue Fund established in the Resolution.

"Revenues" shall mean (i) all payments received by the Agency pursuant to the Participation Agreements, (ii) all revenues, income, rents and receipts derived by the Agency from or attributable to the ownership and operation of the Project, including all revenues attributable to the Project or to the payment of the costs thereof received by the Agency under any contract for the sale of power, energy, transmission or other service from the Project or any part thereof or any contractual arrangement with respect to the use of the Project or any portion thereof or the services, output or capacity thereof, (iii) the proceeds of any insurance, including insurance covering business interruption loss relating to the Project, or of contractor's performance or guarantee bonds or other assurances of completion or levels of performance with respect thereto, (iv) the applicable portion of any condemnation awards in connection with the Project, (v) interest received on any moneys or securities held pursuant to the Resolution, and any net gains from any investment thereof, required to be paid into the Revenue Fund, all of clauses (i) through (v) above as determined in accordance with Generally Accepted Accounting Principles, and (vi) net receipts of the Agency under any Qualified Hedge Agreement entered into in connection with the operation of the Project or with respect to a Series of Bonds issued pursuant to the Resolution. Revenues shall not include amounts drawn on an Enhancement Facility with respect to a Series of Bonds except to the extent provided in the Supplemental Resolution authorizing such Series of Bonds.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer issue ratings on obligations of a type similar to the Bonds, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency (other than Fitch or Moody's) designated by the Agency, by written notice to the Trustee.

"Series" shall mean all of the Bonds authenticated and delivered on original issuance and identified pursuant to the General Bond Resolution or the Supplemental Resolution authorizing such Bonds as a separate Series (or, if so provided by such Supplemental Resolution, subseries) of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Resolution, regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

"Settlement Amount" means the amount, if any, that may become due from a party under a Qualified Hedge Agreement or Fuel Hedge, other than scheduled payments thereunder. Where a Settlement Amount is to be amortized pursuant to the terms of a Qualified Hedge Agreement or Fuel Hedge, the term "Settlement Amount" shall refer to any amortizing payments of such Settlement Amount that are then due and payable.

"Sinking Fund Installment" shall mean with respect to a Series of Bonds issued pursuant to the Resolution, an amount so designated which is established pursuant to the Resolution.

"State" shall mean the State of Nebraska.

"Subordinated Indebtedness*"* shall mean any evidence of debt referred to in, and complying with, the provisions of the Resolution.

"Subordinated Indebtedness Account" shall mean the Subordinated Indebtedness Account in the Debt Service Fund established in the Resolution.

"Subordinated *Obligations"* shall mean (i) any net amount due to a Qualified Hedge Provider under a Qualified Hedge Agreement relating to Subordinated Indebtedness, (ii) any Reimbursement Obligation relating to Subordinated Indebtedness to the extent determined by the Agency pursuant to the Resolution, (iii) any Settlement Amount due to a Qualified Hedge Provider under a Qualified Hedge Agreement relating to Bonds, (iv) any Reimbursement Obligation relating to Bonds to the extent determined by the Agency pursuant to the Resolution, and (v) any Settlement Amount due to a provider of a Fuel Hedge.

"Supplemental Resolution" shall mean any resolution supplemental to or amendatory of the Resolution, adopted by the Agency in accordance with the Resolution.

"Tax Agreement" shall mean the tax compliance agreement or similar agreement executed by the Agency in connection with the issuance of a Series of Bonds, the interest on which is intended to be excluded from gross income for Federal income tax purposes.

"Trustee" shall mean the trustee appointed pursuant to the Resolution, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Resolution.

ISSUANCE OF BONDS OTHER THAN REFUNDING BONDS

Under the Resolution, the Agency may issue one or more Series of Bonds at any time for the purpose of paying all or a portion of the Project Costs of the Project, the proceeds of which, including accrued interest, are to be applied simultaneously with the delivery of such Bonds as provided in the Supplemental Resolution authorizing such Series. Bonds of each Series may be issued upon receipt by the Trustee of the following:

(a) With respect to the initial Series of Bonds issued under the Resolution, a copy of the Resolution, certified by an Authorized Officer of the Agency;

(b) A copy of the Supplemental Resolution authorizing such Bonds, certified by an Authorized Officer of the Agency, together with any certificate of determination - determining details of such Bonds pursuant to authority to do so delegated to any officers or employees of the Agency pursuant to Supplemental Resolution - accompanying such Supplemental Resolution;

(c) A written order as to the delivery of such Bonds, signed by an Authorized Officer of the Agency;

(d) Except in the case of Refunding Bonds, a certificate of an Authorized Officer of the Agency stating that either (i) no Event of Default has occurred and is continuing under the Resolution or (ii) the application of the proceeds of sale of such Series of Bonds as required by the Supplemental Resolution will cure any such Event of Default; and

(e) An Opinion of Counsel of recognized standing in the field of law relating to municipal bonds to the effect that (i) the Agency has the right and power under the Act as amended to the date of such Opinion to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Agency, is in full force and effect and is valid and binding upon the Agency and enforceable in accordance with its terms, and no other authorization for the Resolution is required; (ii) the Resolution creates the valid pledge which it purports to create of the Revenues and all rights to receive the same, all of the Agency's rights, title and interests under the Participation Agreements, and certain moneys, securities, Funds and Accounts held or set aside under the Resolution, subject to the application thereof to the purposes and on the conditions permitted by the Resolution; and (iii) the Bonds of such Series are valid and binding obligations of the Agency as provided in the Resolution and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and of the Act as amended to the date of such Opinion, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Act as amended to the date of such Opinion, and in accordance with the Resolution, provided that such Opinion (A) may take exceptions for limitations imposed by or resulting from applicable bankruptcy insolvency, reorganization, moratorium and other laws affecting creditors' rights, or the application of principles of equity relating to or affecting the enforcement of

contractual obligations, and (B) need not express any opinion as to the availability of any particular remedy.

ISSUANCE OF REFUNDING BONDS

The Agency may issue one or more Series of Refunding Bonds to refund any Outstanding Bonds or outstanding Subordinated Indebtedness. Refunding Bonds of each Series to refund Outstanding Bonds shall be issued upon receipt by the Trustee (in addition to the documents required for other Bonds as described under "ISSUANCE OF BONDS OTHER THAN REFUNDING BONDS" above) of the following:

(a) Irrevocable instructions to the Trustee, satisfactory to it, to give due notice of any redemption of the Bonds to be refunded on a redemption date or dates specified in such instructions.

(b) If the Bonds to be refunded do not mature or are not by their terms subject to redemption within the next succeeding 60 days, irrevocable instructions to the Trustee, satisfactory to it, to make due publication of the notice provided for in the defeasance provisions of the Resolution (summarized under "DEFEASANCE" below) to the Holders of the Bonds being refunded.

(c) Either (A) moneys in an amount sufficient to effect payment of principal and interest at maturity, or of the applicable Redemption Price of the Bonds to be refunded together with accrued interest on such Bonds to the redemption date, which moneys shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, or (B) Defeasance Securities in such principal amounts, of such maturities, bearing such interest, and otherwise having such terms and qualifications, and any moneys, as shall be necessary to comply with the provisions of the defeasance provisions of the Resolution, which Defeasance Securities and moneys shall be held in trust and used only as provided by such provisions.

The proceeds, including accrued interest, of the Refunding Bonds of each Series shall be applied simultaneously with the delivery of such Bonds for the purposes of making deposits in such Funds and Accounts under the Resolution as shall be provided by the Supplemental Resolution authorizing such Series of Refunding Bonds and shall be applied to the refunding purposes thereof in the manner provided in said Supplemental Resolution.

In addition, such Supplemental Resolution may establish such provisions as are necessary (i) to comply with the provisions of any Enhancement Facility that are not contrary to or inconsistent with the Resolution as theretofore in effect, (ii) to provide relevant information and notices to the issuer of the Enhancement Facility, and (iii) to provide a mechanism for paying principal and Sinking Fund Installments of and interest on Bonds secured by, or purchased pursuant to, the Enhancement Facility.

REIMBURSEMENT OBLIGATIONS

The Agency may enter into agreements with the issuer of any Enhancement Facility providing for, among other things: (i) the payment of fees, costs, expenses and, to the extent permitted by law, indemnities to such issuer, its parent and its assignees and participants in connection with such Enhancement Facility, (ii) the terms and conditions of such Enhancement Facility and the Bonds or Subordinated Indebtedness to which the Enhancement Facility relates, and (iii) the security, if any, to be provided for such Enhancement Facility. Any such agreement may provide for the purchase of Bonds to which the Enhancement Facility relates by the issuer of such Enhancement Facility, with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions of any Bonds so purchased, as shall be specified by the Supplemental Resolution authorizing the issuance of such Bonds.

The Agency may, in an agreement with the issuer of any Enhancement Facility, agree to directly reimburse such issuer (or its assignees and participants, or any agent for the issuer or its assignees) for amounts paid by the issuer of the Enhancement Facility for the payment of the principal of, interest on, and Redemption Price or purchase price of Bonds under the terms of such Enhancement Facility (together with interest thereon, if any, and the amounts and obligations described in the next following two paragraphs, a "Reimbursement Obligation"), whether evidenced by an obligation to reimburse such issuer that is separate from the Agency's obligations on Bonds (a "Credit Facility Reimbursement Obligation") or by modified debt service obligations on Bonds acquired by such issuer (a "Liquidity Facility Reimbursement Obligation"). Notwithstanding anything to the contrary contained in this subsection (b), no Reimbursement Obligation shall be created, for purposes of the Resolution, until amounts are paid under the related Enhancement Facility.

Any Credit Facility Reimbursement Obligation may include interest calculated at a rate higher than the interest rate on the related Bond. Payments pursuant to any advance, term loan or other principal amortization requirements in reimbursement of any such advance or term loan also shall constitute Credit Facility Reimbursement Obligations.

Any Liquidity Facility Reimbursement Obligation evidenced by Bonds of a Series may include interest calculated at a rate higher than the interest rate on other Bonds of such Series. Payments of differential and/or excess interest amounts also shall constitute Liquidity Facility Reimbursement Obligations.

Any Enhancement Facility also may provide for the payment of any fees, costs, expenses, indemnification or other obligations (but not including the obligations contemplated by the three preceding paragraphs) to any provider thereto, its parent and its assignees and participants or any agent therefor.

Any such Enhancement Facility shall be for the benefit of or secure only such Series of Bonds or portions thereof as shall be specified in the applicable Supplemental Resolution, and the related Credit Facility Reimbursement Obligations and Liquidity Facility Reimbursement Obligations shall constitute Parity Obligations or Subordinated Obligations to the extent (i) permitted by the definitions thereof and (ii) provided by such Enhancement Facility or

Supplemental Resolution, and otherwise shall be further subordinated to both Parity Obligations and Subordinated Obligations, in each case unless and except to the extent constituting an Operating Expense.

FUNDS AND ACCOUNTS

The Resolution establishes the following Funds and Accounts for the application of Revenues:

FUNDS	HELD BY
Construction Fund	Trustee
Revenue Fund (which may include a rebate account)	Agency
Operating Fund	Agency
Debt Service Fund (consisting of the Debt Service Account, each Debt Service Reserve Account, if any, and a Subordinated Indebtedness Account)	Trustee
Reserve and Contingency Fund	Agency
General Reserve Fund (consisting of a General Reserve Account and a Rate Stabilization Account)	Agency

In addition to the above, pursuant to the Resolution the Agency may from time to time establish or cause the Trustee to establish one or more accounts and/or subaccounts in the above-described Funds and Accounts.

CONSTRUCTION FUND

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the General Bond Resolution and any Supplemental Resolution, and there may be paid into the Construction Fund, at the option of the Agency, any moneys received for or in connection with the Project by the Agency from any other source, unless required to be otherwise applied as provided by the Resolution.

The Trustee will pay to or for the account of the Agency, upon the requisitions of the Agency therefor, from the Construction Fund the Project Costs of the Project.

The completion of acquisition and construction of the Project shall be evidenced by a certificate of an Authorized Officer of the Agency which shall be filed with the Trustee, stating (i) that the Project has been completed, (ii) the date of completion and (iii) the amount, if any, required in the opinion of the signer or signers for the payment of any remaining Project Costs. Upon the filing of such certificate, the balance in the Construction Fund in excess of the amount, if any, stated in such certificate shall be transferred by the Trustee in the following order of priority: first, upon the direction of an Authorized Officer of the Agency, to one or more Rebate Accounts, the respective amounts set forth in such direction; and second, to the General Reserve Fund.

FLOW OF FUNDS

All Revenues received are to be deposited promptly in the Revenue Fund. The Agency may establish in the Revenue Fund a Rebate Account with respect to any Series of Bonds or Subordinated Indebtedness. Moneys on deposit in the Rebate Account shall be applied by the Agency to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Agency shall determine in accordance with the applicable Tax Agreement to be required by the Code to be rebated or paid to such Department with respect to each Series of Bonds, the interest on which is excludable from gross income for federal income tax purposes. Moneys which an Authorized Officer of the Agency determines to be in excess of the amount required to be so rebated shall be deposited either in the Revenue Fund or in the Construction Fund.

As soon as practicable in each month after the deposit of Revenues in the Revenue Fund and in any case no later than the last business day of such month, the Agency shall withdraw from time to time from the Revenue Fund (other than any Rebate Accounts) and transfer to the Operating Fund a sum or sums which, together with any amount in the Operating Fund not set aside as a general reserve for Operating Expenses, is equal to the Operating Expenses for such calendar month. The Agency may also, from time to time, transfer additional amounts from the Revenue Fund to the Operating Fund to be set aside as a general reserve for Operating Expenses. Amounts in the Operating Fund shall be paid out from time to time by the Agency for Operating Expenses. The Resolution provides for the application of excess amounts in the Operating Fund to make up any deficiencies in the following Funds and Accounts in the order stated: (i) Debt Service Account, (ii) pro rata on the basis of the amounts required to satisfy any deficiencies in any Debt Service Reserve Accounts; (iii) Subordinated Indebtedness Account; and (iv) Reserve and Contingency Fund. Any balance of such excess not so applied shall be deposited in the General Reserve Fund.

Amounts in the Revenue Fund (other than any Rebate Accounts) are to be transferred to the following Funds and Accounts, to the extent available and subject to the prior transfers therefrom to the Operating Fund as described above, to the Trustee or the Agency, as the case may be, for deposit in the following Funds and Accounts:

1. *to the Debt Service Fund*, pro rata on the basis of the amounts required for credit to the Debt Service Account, the amount, if any, required so that the balance in said Account shall equal the amount required for the payment of the Principal Installments and Redemption Price, if any, of and interest on Bonds, and for credit to the Debt Service Account, any Parity Obligations, in each case by no later than the time the next payment therefor is required to be made from the Debt Service Account pursuant to the Resolution;

2. to the extent not expected by the Agency to be required to make deposits required by subparagraph (1) above, *to the Debt Service Fund*, pro rata on the basis of the amounts required to satisfy any deficiencies in any Debt Service Reserve Accounts, if any, for credit to such respective Debt Service Reserve Accounts;

3. to the extent not expected by the Agency to be required to make deposits required by subparagraph (1) or (2) above, *to the Debt Service Fund*, for credit to the Subordinated Indebtedness Account, an amount, if any, equal to the sum of amounts required to pay principal or sinking fund installments, if any, of and premiums, if any, and interest on each issue of Subordinated Indebtedness, whether as a result of maturity or prior call for redemption, as required by the resolution, indenture or other instrument authorizing such issue of Subordinated Indebtedness, and any Subordinate Obligations in each case by no later than the time the next payment therefor is required to be made from the Subordinated Indebtedness Account pursuant to the Resolution;

4. to the extent not expected by the Agency to be required to make deposits required by subparagraph (1), (2) or (3) above, *to the Rebate Accounts,* if any, such respective amounts as may be required for the purposes thereof;

5. to the extent not expected by the Agency to be required to make deposits required by subparagraph (1), (2), (3) or (4) above, *to the Reserve and Contingency Fund*, the amount, if any, determined by the Agency's Board of Directors to be credited thereto; and

6. to the extent not expected by the Agency to be required to make deposits required by subparagraph (1), (2), (3), (4) or (5) above, *to the General Reserve Fund*, the amount, if any, determined to be transferred thereto.

APPLICATION OF DEBT SERVICE ACCOUNT

The Trustee shall pay out of the Debt Service Account to the respective Paying Agents (i) on or before each Interest Payment Date for any of the Bonds the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; and (iii) on or before any redemption date for the Bonds, the amount required for the payment of interest on the Bonds then to be redeemed. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. The Trustee shall also pay out of the Debt Service Account the accrued interest included in the purchase price of Bonds purchased for retirement and the redemption premiums, if any, on any Bonds to be redeemed to the extent not included in Principal Installments or funded from proceeds of Bonds or from the General Reserve Fund pursuant to the Resolution.

The amount, if any, deposited in the Debt Service Account from the proceeds of each Series of Bonds shall be set aside in such Fund and applied to the payment of interest on the Bonds of such Series (or Refunding Bonds issued to refund such Bonds) as the same becomes due and payable.

In the event of the refunding of Bonds, the amounts accumulated in the Debt Service Account with respect to Principal Installments of and interest on the Bonds being refunded shall be withdrawn by the Trustee, upon the direction of the Agency, and held for the payment of the Redemption Price, if applicable, or the payment of principal of and interest on the Bonds being refunded. No such withdrawal, however, shall be made unless (a) immediately thereafter the

Bonds being refunded shall be deemed to have been paid pursuant to the Resolution, and (b) the remaining amount in the Debt Service Account after such withdrawal shall not be less than the requirement of such Account pursuant to the Resolution.

The Trustee is also to pay out of the Debt Service Account, on or before the date when due, each Parity Obligation.

APPLICATION OF DEBT SERVICE RESERVE ACCOUNTS

Amounts on deposit in any Debt Service Reserve Account established for one or more Series of Bonds shall be used and withdrawn as provided in the Supplemental Resolution authorizing the issuance of such Series, and any withdrawals therefrom shall be replenished or reimbursed as provided in the related Supplemental Resolution.

APPLICATION OF SUBORDINATED INDEBTEDNESS ACCOUNT

The Trustee shall apply amounts in the Subordinated Indebtedness Account to the payment of the amounts required to pay Principal or Sinking Fund Installments of and interest on each issue of Subordinated Indebtedness and reserves therefor, in accordance with the provisions of the Resolution.

If at any time the amounts in the Debt Service Account or the Debt Service Reserve Accounts, in the latter cases after giving effect to any surety bond, insurance policy, credit facility, letter of credit or other similar obligation deposited in such Accounts, shall be less than the current requirements of such Accounts, respectively, pursuant to the Resolution and there shall not be on deposit in the General Reserve Fund or the Reserve and Contingency Fund or, in the case of a deficiency in the Debt Service Account, any applicable Reserve Account, available moneys sufficient to cure such deficiency, then the Trustee shall withdraw from the Subordinated Indebtedness Account and deposit first in the Debt Service Account and second, pro rata on the basis of the amounts required to satisfy deficiencies, the Debt Service Reserve Accounts, the amount necessary (or all the moneys in said Fund, if less than the amount necessary) to make up such deficiencies; provided, however, that amounts on deposit in any debt service reserve established for such Subordinated Indebtedness shall not be subject to such withdrawal.

Amounts in the Subordinated Indebtedness Account which the Agency at any time determines to be in excess of the requirements of such Fund, may, at the direction of the Agency, be transferred to the General Reserve Fund.

APPLICATION OF RESERVE AND CONTINGENCY FUND

Amounts in the Reserve and Contingency Fund may be applied to the costs of renewals, replacements, repairs, additions, betterments, enlargements and improvements to the Project and the payment of extraordinary operation and maintenance costs and contingencies.

If at any time the amounts in the Debt Service Account or in the Debt Service Reserve Account, if any, are less than the amounts required by the Resolution, and there shall not be on deposit in the General Reserve Fund available funds sufficient to cure such deficiencies, then the Agency shall transfer from the Reserve and Contingency Fund the amount necessary to make up such deficiencies. To the extent not required to meet a deficiency in the Debt Service Account or in the Debt Service Reserve Accounts, if at any time the amount deposited in the Subordinated Indebtedness Account shall be less than the amount required by the Resolution, and if there shall not be on deposit in the General Reserve Fund available moneys sufficient to cure any such deficiency, then the Agency shall transfer from the Reserve and Contingency Fund to the Subordinated Indebtedness Account an amount (or all the moneys in the Reserve and Contingency Fund if less than the amount required) which, together with the amounts available in the General Reserve Fund, will be sufficient to make up such deficiencies.

Amounts in the Reserve and Contingency Fund not required to meet any such deficiencies in the Debt Service Fund, and which are not needed for any of the purposes for which the Reserve and Contingency Fund was established, shall be transferred to the Operating Fund to the extent deemed necessary by the Agency to make up deficiencies therein, and any remaining excess shall be deposited in the General Reserve Fund.

APPLICATION OF GENERAL RESERVE FUND

The Agency shall transfer from the General Reserve Fund amounts in the following order of priority: (i) to the Operating Fund to make up any deficiency in amounts available for Operating Expenses, (ii) to the Debt Service Account and the Debt Service Reserve Accounts, if any, in the Debt Service Fund the amount necessary to make up any deficiencies in payments to said Accounts, (iii) to the Debt Service Reserve Account the amount of any deficiency in such Account resulting from any transfer, (iv) to the Subordinated Indebtedness Account the amount necessary to make up any deficiencies of payments to said Account, and (v) to the Reserve and Contingency Fund the amount necessary to make up any deficiencies in payments to said Fund.

Amounts in the General Reserve Fund not required to meet a deficiency as required in clauses (i) through (v) above shall, upon determination of the Agency, be applied to or set aside for any one or more of the following:

(a) payment into the Revenue Fund, the Construction Fund or any other Fund or Account;

(b) the purchase or redemption of any Bonds, and expenses in connection with the purchase or redemption of any Bonds or the payment, or any reserves which the Agency determines shall be required for such purposes;

(c) the purchase or redemption of any Subordinated Indebtedness, and expenses in connection with the purchase or redemption of any Subordinated Indebtedness, or any reserves which the Agency determines shall be required for such purposes;

(d) payments of the items of cost described in the Resolution;

(e) increases in working capital requirements;

(f) deposit in the Rate Stabilization Account the amount, if any, determined by the Agency's Board of Directors to be credited to such Account;

(g) deposit in a special account in the General Reserve Fund which may be created by the Agency for a termination or decommissioning reserve; and

(h) any other lawful purpose of the Agency related to the Project;

provided that, subject to the provisions of clauses (i) through (v) above of the preceding paragraph, amounts deposited in the General Reserve Fund and required by the Resolution to be applied to the purchase or redemption of Bonds shall be applied to such purpose.

Upon any purchase or redemption, pursuant to the foregoing provisions, of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established, there shall be credited toward each such Sinking Fund Installment thereafter to become due an amount determined as provided in the Resolution.

Each month the Agency shall transfer from the Rate Stabilization Account of the General Reserve Fund to the Revenue Fund the amount, if any, budgeted for credit to such Fund for the then current month as set forth in the current Annual Budget, or the amount otherwise, if any, determined by the Agency to be credited to such Fund for the month. The Agency may also apply amounts on deposit in the Rate Stabilization Account to pay Operating Expenses or debt service on the Bonds, or for other purposes that enable the Agency to, or facilitate the Agency's ability to, provide services to the Participants at stable and economic rates.

SUBORDINATED INDEBTEDNESS

The Agency may, at any time, or from time to time, issue Subordinated Indebtedness payable out of, and which may be secured by a pledge of and security interest in, such amounts in the Subordinated Indebtedness Account or the General Reserve Fund as may from time to time be available for the purpose of payment thereof; provided, however, that (i) such Subordinated Indebtedness shall be issued for one or more of the purposes set forth in the Resolution and the proceeds of such Subordinated indebtedness shall be applied only for such purpose or purposes and (ii) any pledge and assignment shall be, and shall be expressed to be, subordinate in all respects to the pledge and assignment of the Revenues, moneys, securities and Funds and Accounts created by the Resolution as security for the Bonds; provided, however, that any debt service reserve established for such Subordinated Indebtedness shall not be subject to the pledge of the Revenues, moneys, securities and Funds and Accounts (except the Subordinated Indebtedness Account and General Reserve Fund as aforesaid) created by the Resolution as security for the Bonds.

DEPOSITARIES; INVESTMENT OF FUNDS AND ACCOUNTS

The Resolution provides that certain Funds and Accounts held thereunder may, and in the case of the Debt Service Account and the Debt Service Reserve Accounts, if any, shall be invested to the fullest extent practicable in Investment Securities. The Resolution provides that such investments will mature or be subject to redemption at the option of the holder no later than at such times as necessary to provide moneys when needed for payments from such Funds and Accounts and provides specific limitations on the term of investments for moneys in certain Funds and Accounts.

All moneys held by the Trustee under the Resolution will be deposited with the Trustee and the Trustee may deposit such moneys in banks or trust companies organized under the laws of any state of the United States or national banking associations ("Depositaries") appointed by the Agency and approved by the Trustee in trust for the Trustee. All moneys held by the Agency under the Resolution shall be deposited in one or more Depositaries in trust for the Agency. All moneys held under the Resolution by the Trustee or any Depositary shall be held in trust and applied only in accordance with the provisions of the Resolution, and each of the Funds established by the Resolution shall be a trust fund for the purposes thereof.

Moneys held in the Debt Service Account and the Debt Service Reserve Accounts, if any, shall be invested and reinvested by the Trustee to the fullest extent practicable in Investment Securities which mature or are subject to redemption at the option of the holder not later than at such times as shall be necessary to provide moneys when needed for payments to be made from such Accounts, and in the case of any Debt Service Reserve Account not later than 10 years from the date of such investment unless invested under an investment agreement that permits withdrawals without penalty when needed for the purpose of such Debt Service Reserve Account. Subject to the terms of any resolutions, indentures or other instruments securing any issue of Subordinated Indebtedness, moneys in the Subordinated Indebtedness Account shall be invested and reinvested to the fullest extent practicable in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from said Fund. Moneys held in the Revenue Fund (including any Rebate Accounts), the Operating Fund and the Construction Fund may be invested and reinvested in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Funds. Moneys in the Reserve and Contingency Fund and the General Reserve Fund may be invested in Investment Securities which mature within five years from the date of such investment, and in any case the Investment Securities in such Funds shall mature not later than such times as shall be necessary to provide moneys when needed to provide payments from such Funds.

Obligations purchased as an investment of moneys in any Fund or Account established under the Resolution shall be deemed at all times to be a part of such Fund or Account; provided, however, that any net investment earnings thereon and any profit realized from the liquidation of such investment shall be credited to the Revenue Fund except that earnings, profits and losses with respect to investments in the Construction Fund and any Debt Service Reserve Accounts and Rebate Accounts shall be retained in the Construction Fund and such Debt Service Reserve Accounts and Rebate Accounts, respectively, except to the extent otherwise provided by the

Supplemental Resolution authorizing related Bonds and also except as provided by the following paragraph.

To the extent that the General Bond Resolution or a Supplemental Resolution authorizing the issuance of a Series of Bonds so provides, net investment earnings on and any profit realized from the liquidation of obligations held as part of a Fund or Account (other than any Rebate Accounts) shall be transferred, for such period of time as this Resolution or such Supplemental Resolution shall specify, to the Debt Service Account to pay interest on the Series of Bonds authorized thereby or the Bonds of any other Series.

In computing the amount in any Fund or Account created under the provisions of the Resolution for any purpose provided in the Resolution, obligations purchased as an investment of moneys therein shall be valued at the amortized cost of such obligations, exclusive of accrued interest, unless such obligations do not mature or are not redeemable at the option of the holder thereof in less than seven years from the date of valuation, in which case such obligations shall be valued at the amortized cost of such obligations or at the market price thereof, whichever is lower, exclusive of accrued interest. The accrued interest paid from such moneys in connection with the purchase of any obligation shall be included in the value thereof until the interest on such obligation is paid. Such computation shall be determined as of the end of each Fiscal Year.

COVENANTS OF THE AGENCY

Rates, Fees and Charges

The Agency has, and will have as long as any Bonds are Outstanding, good right and lawful power to establish and collect rates, fees and charges with respect to the use and the sale of the capacity, output or service of the Project subject to the terms of Project Agreements or other contracts relating thereto.

The Agency shall at all times establish and collect rates, fees and charges under the Participation Agreements and shall otherwise charge and collect rates, fees and charges for the use or the sale of the output, capacity or service of the Project in each Fiscal Year, as shall be required to provide Revenues at least sufficient in each Fiscal Year, together with other available funds (including amounts on deposit in the Rate Stabilization Account), for the payment of:

(a) Operating Expenses during such Fiscal Year;

(b) the amount required to be paid during such Fiscal Year into the Debt Service Account, net of payments to the Agency under Qualified Hedge Agreements;

(c) the amount, if any, to be paid during such Fiscal Year into any Debt Service Reserve Accounts established by a Supplemental Resolution or Supplemental Resolutions.

(d) the amount, if any, required to be paid during such Fiscal Year into the Subordinated Indebtedness Account;

(e) the amount, if any, required to be paid during such Fiscal Year into the Reserve and Contingency Fund;

(f) the amount, if any, required to be deposited during such Fiscal Year in the General Reserve Fund; and

(g) the amount, if any, required to pay all other charges or liens whatsoever payable out of Revenues during such Fiscal Year.

Promptly upon any material change in the circumstances which were not contemplated at the time such rates and charges were most recently reviewed but not less frequently than once each Fiscal Year, the Agency shall review the rates and charges so established and shall promptly revise such rates and charges as necessary to comply with the foregoing requirements, provided that such rates and charges shall in any event produce money sufficient to enable the Agency to comply with all of its covenants under the Resolution.

Creation of Liens; Disposition of Property

The Agency shall not issue bonds, notes, debentures or other evidences of indebtedness of a similar nature, other than the Bonds, payable out of or secured by a pledge or assignment of any of the Agency's rights, title or interests under the Participation Agreements, the Revenues or rights to receive the same or other moneys, securities, Funds or Accounts held or set aside by the Agency under the Resolution, and shall not create or cause to be created any lien or charge thereon, except, to the extent permitted by law, (1) evidences of indebtedness (a) payable out of moneys in the Construction Fund as part of the Project Costs of the Project or (b) payable out of, or secured by a pledge or assignment of, Revenues to be received after the discharge of the pledge of Revenues provided in the Resolution or (2) Subordinated Indebtedness issued in accordance with the provisions of the Resolution.

The Agency will not sell, assign, lease or otherwise dispose of the Project or any substantial portion thereof unless it determines that such disposition would not materially adversely affect the rights or security of the Holders under the Resolution; provided, however, that the Agency may permanently discontinue the acquisition or construction of any portion of the Project as provided in the Resolution. For so long as any Participation Agreement is in effect, the Agency will not sell, or permit the sale of, any capacity or energy of the Project except as provided in or permitted by the Participation Agreements, or consent to the sale, lease, mortgage or other disposal of the Project or any substantial portion thereof other than in accordance with or as permitted by the Participation Agreements.

Annual Budget

The Agency shall prepare and promptly file with the Trustee such budgets as are required by the Participation Agreements.

Operation and Maintenance of System

The Agency will at all times use its best efforts to operate the Project properly and in an efficient and economical manner, consistent with the Project Agreements and Prudent Utility Practice, and will use its best efforts to maintain, preserve, reconstruct and keep the same, with the appurtenances, in good repair, working order and condition, and will from time to time make all necessary and proper repairs, replacements and renewals so that at all times the operation of the Project may be properly and advantageously conducted.

Participation Agreements and Project Agreements; Amendment

The Agency shall collect or cause to be collected and deposit or cause to be deposited in the Revenue Fund amounts payable to it under the Participation Agreements or payable to it pursuant to any other contract for the sale or use of the output, capacity or service from the Project. The Agency shall enforce the Participation Agreements and duly perform its covenants and agreements thereunder, and will not consent to any rescission of or amendment to or otherwise take any action under or in connection with any Participation Agreements which will reduce, impair or adversely affect the rights of the Agency thereunder or materially impair or adversely affect the rights of security of Bondholders under the Resolution; provided that (i) action taken by the Agency or Participants upon a Participant default under the Participation Agreements resulting in a change of entitlement shares thereunder shall not constitute such a rescission or amendment or such an action, (ii) extension of the term of any Participation Agreement shall not constitute such rescission or amendment and (iii) in connection with any addition to the Project, the Agency may supplement or amend a Participation Agreement to provide for the sale or use by the Agency or others of the output, capacity or service of the Project in any manner which does not reduce or in any manner impair or adversely affect the rights of the Agency thereunder or materially impair or adversely affect the rights or security of the Bondholders under the Resolution. Any action taken by the Agency in violation of the covenants described above shall be null and void as to the Agency and any other party to a Participation Agreement.

The Agency will enforce the provisions of the Project Agreements and duly perform its covenants and agreements thereunder. The Agency will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with any Project Agreement which will in any manner materially impair or adversely affect the rights of the Agency thereunder or the rights or security of the Bondholders under the Resolution.

Maintenance of Insurance

The Agency will use its best efforts to keep or cause to be kept the properties of the Project which are of any insurable nature and of the character usually insured by those operating facilities similar to the Project insured against loss or damage by fire and from other causes customarily insured against and in such amounts as are usually obtained. The Agency will also use its best efforts to maintain or cause to be maintained insurance or reserves against loss or damage from such hazards and risks to the person and property of others as are usually insured or reserved against by those operating properties similar to the Project. Insurance maintained

pursuant to the Project Agreements shall be deemed in compliance with the Resolution if such insurance otherwise complies with the requirements of the Resolution. To the extent that such insurance is not maintained pursuant to any Project Agreement, the Agency shall only be required to obtain such insurance if the same is available at reasonable rates and upon reasonable terms and conditions. The Agency shall also use its best efforts to maintain or cause to be maintained any additional or other insurance which it shall deem necessary or advisable to protect its interests and those of the Bondholders.

Accounts and Reports

The Agency will keep or cause to be kept proper and separate books of record and account relating to the Project and the Funds and Accounts established by the Resolution and relating to costs and charges under the Participation Agreements. Such books, together with all other books and papers of the Agency relating to the Project, shall during regular business hours be subject to the inspection of the Trustee and the Holders of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

The Agency shall annually file with the Trustee, and otherwise as provided by law, a financial statement in reasonable detail for the preceding Fiscal Year showing the Revenues, all expenditures from the Revenues for operation and maintenance of the Project and other expenditures from the Revenues applicable to the Project, together with a balance sheet in reasonable detail reflecting the financial condition of the Agency, including the balances of all funds relating to the Project as of the end of such Fiscal Year, which financial statement and balance sheet shall be accompanied by an Accountant's Certificate.

The Agency shall file with the Trustee (i) forthwith upon becoming aware of any Event of Default or default in the performance by the Agency of any covenant, agreement or condition contained in the Resolution, a certificate signed by an appropriate Authorized Officer of the Agency and specifying such Event of Default or default and (ii) within 120 days after the end of each Fiscal Year, a certificate signed by an appropriate Authorized Officer of the Agency stating that, to the best of such Authorized Officer's knowledge and belief, the Agency has kept, observed, performed and fulfilled each and every one of its covenants and obligations contained in the Resolution and there does not exist at the date of such certificate any default by the Agency under the Resolution.

The reports, statements and other documents required to be furnished to the Trustee pursuant to provisions of the Resolution shall be available for inspection of Bondholders at the office of the Trustee and shall be mailed to each Bondholder who files a written request therefor with the Agency and Trustee. The Agency and/or Trustee may charge for such reports, statements and other documents a reasonable fee to cover reproduction, handling and postage.

Pledge of State

The State pledges to and agrees with the Holders of any Bonds and with those persons who may enter into contracts with the Agency under the Act that the State will not alter, impair, or limit the rights thereby vested until the Bonds, together with applicable interest, are fully met

and discharged and such contracts are fully performed. Nothing contained in the Act shall preclude such alteration, impairment, or limitation if and when adequate provisions are made by law for the protection of the Holders of the Bonds or persons entering into contracts with the Agency.

Tax Covenant

By Supplemental Resolutions, the Agency has covenanted with respect to each Series of Bonds the interest on which is excluded from gross income for Federal income tax purposes that it shall comply with the applicable provisions of the Code relating to the exclusion of the interest paid by the Agency on such Bonds from gross income for Federal income tax purposes.

EVENTS OF DEFAULT AND REMEDIES

Events of Default

The following events constitute Events of Default under the Resolution:

(a) if default shall be made in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call or proceedings for redemption, or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond or the unsatisfied balance of any Sinking Fund Installment, when and as such interest installment or Sinking Fund Installment shall become due and payable;

(c) if default shall be made by the Agency in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution or in the Bonds contained, and such default shall have continued for a period of 60 days after written notice specifying such default and requiring that it shall have been remedied is given to the Agency by the Trustee or to the Agency and to the Trustee by the Holders of not less than 25% in principal amount of the Bonds Outstanding; or

(d) if the Agency shall become insolvent or fail generally to pay its debts as they become due, or make any general assignment for the benefit of creditors or apply for, consent to or acquiescence in, the appointment of a trustee or receiver for itself or any part of its property, or shall take any action to authorize or effect any of the foregoing; or in the absence of any such application, consent or acquiescence, a trustee or receiver shall be appointed for it or for a substantial part of its property and shall not be discharged within a period of 30 days.

Remedies

If an Event of Default shall have happened and shall not have been remedied, the Agency, upon the demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, all moneys, securities and funds then held by the Agency in any Fund and Account, including all Rebate Accounts, under the Resolution, and (ii) all Revenues as promptly as practicable after receipt thereof.

During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, funds and Revenues (i) received by the Trustee pursuant to any right given or action taken under the provisions of the Resolution and (ii) held by the Trustee pursuant and subject to the terms and conditions of the Resolution, as follows and in the following order:

(i) *Expenses of Fiduciaries*—to the payment of the reasonable and proper charges, expenses and liabilities of the Fiduciaries;

(ii) *Arbitrage Rebate*—to deposit to the Rebate Accounts all amounts required to be deposited therein as determined by the Trustee in compliance with applicable Tax Agreements;

(iii) *Operating Expenses*—to the payment of the amounts required for reasonable and necessary Operating Expenses and for the reasonable renewals, repairs and replacements of the Project necessary in the judgment of the Trustee to prevent a loss of Revenues. For this purpose the books of records and accounts of the Agency relating to the Project shall at all times be subject to the inspection of the Trustee and its representatives and agents during the continuance of such Event of Default;

(iv) *Principal or Redemption Price of and Interest on Parity Obligations*—to the payment of the interest and principal or Redemption Price then due on the Bonds, and the interest and principal components of other Parity Obligations, as follows:

(A) *Interest*. To the payment to the persons entitled thereto of all installments of interest on Bonds, and the interest component of any other Parity Obligations, then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

(B) *Principal or Redemption Price*. To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption or acceleration, and the principal component of any other Parity Obligations, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds and such principal components due on any date, then to the

payment thereof ratably, according to the amounts of principal or Redemption Price or principal component due on such date, to the persons entitled thereto, without any discrimination or preference.

(v) *Principal or Redemption Price of and Interest on Subordinated Obligations*—to the payment of the interest and principal or redemption price then due on Subordinated Indebtedness, and the interest and principal components of other Subordinated Obligations, as follows:

(A) *Interest*. To the payment to the persons entitled thereto of all installments of interest on Subordinated Indebtedness, and the interest component of any other Subordinated Obligations, then due in the order of the maturity of such installments, together with accrued and unpaid interest on the Subordinated Indebtedness theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

(B) *Principal or Redemption Price*. To the payment to the persons entitled thereto of the unpaid principal or redemption price of any Subordinated Indebtedness which shall have become due, whether at maturity or by call for redemption or acceleration, and the principal component of any other Subordinated Obligations, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Subordinated Indebtedness and such principal components due on any date, then to the payment thereof ratably, according to the amounts of principal or redemption price or principal component due on such date, to the persons entitled thereto, without any discrimination or preference.

If an Event of Default shall have happened and shall not have been remedied, the Trustee shall have the right to apply in an appropriate proceeding for the appointment of a receiver of the Project with power to operate and maintain the Project, collect, receive and apply all Revenues and prescribe rates, tolls and charges, in the same way and manner that the Agency might do. Whenever all defaults in the payment of principal of, and interest on the Bonds and all defaults under the Resolution or the Bonds shall be made good, such receiver shall be discharged by the court and shall surrender control of the Project to the Agency.

If an Event of Default shall have happened and shall not have been remedied, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Holders of not less than a majority in principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Holders of the Bonds under the Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted or any remedy granted under the Act, or for an accounting against the Agency as if the Agency were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall

deem most effectual to enforce any of its rights or to perform any of its duties under the Resolution.

All rights of action under the Resolution may be enforced by the Trustee without the possession of any of the Bonds or the production thereof on the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

The Holders of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Bondholders not parties to such direction.

Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Resolution and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Holders of a majority in principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation to, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient to prevent any impairment of the security under the Resolution by any acts which may be unlawful or in violation of the Resolution, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Bondholders.

No Holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless such Holder shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in the Resolution, and the Holders of at least a majority in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, and shall have offered it reasonable opportunity, either to exercise the powers granted in the Resolution or by the Act or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by such Holder's or Holders' action to affect, disturb or prejudice the pledge created by the Resolution, or to enforce any right under the Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Resolution shall be instituted, had and maintained in the

manner provided in the Resolution and for the equal benefit of all Holders of the Outstanding Bonds, subject only to the provisions of the Resolution.

Notwithstanding anything else in the Resolution to the contrary, but subject to clause (f) under "SUPPLEMENTAL RESOLUTIONS" below, the principal of and interest on Bonds and Subordinated Indebtedness shall not be subject to acceleration as a result of the occurrence of an Event of Default.

No delay or omission of the Trustee or any Bondholder to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by the Resolution to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

The Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Holders of all of the Bonds waive any past default under the Resolution and its consequences, except a default in the payment of interest on or principal of or premium, if any, on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Notice of Default

The Trustee shall mail to each Holder of Bonds then Outstanding at such Holder's address, if any, appearing on the registry books of the Agency, notice of the occurrence of any Event of Default, provided that, except in the case of an Event of Default described in the Resolution, the Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the best interests of the Bondholders.

SUPPLEMENTAL RESOLUTIONS

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the Agency may be adopted, which, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Agency, shall be fully effective in accordance with its terms:

(a) To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(b) To add to the covenants and agreements of the Agency in the Resolution, other covenants and agreements to be observed by the Agency which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(c) To add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the Agency which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(d) To authorize Bonds of a Series and, in connection therewith, specify and determine the matters and things referred to in the Resolution, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds;

(e) To confirm, as further assurance, any pledge or assignment under and the subjection to any security interest, pledge or assignment created or to be created by, the Resolution, of the Revenues, of the Participation Agreements or of any other moneys, securities or funds;

(f) to surrender any right, power or privilege reserved to or conferred upon the Agency by the Resolution, including without limitation any reserved rights and remedies of Bondholders or the Trustee following an Event of Default;

(g) To authorize the establishment of a fund or funds to enable the Agency to self-insure against the risks and hazards relating to the Project and the interests of the Agency and of the Bondholders as described in the Resolution;

(h) To authorize Subordinated Indebtedness and, in connection therewith, specify and determine any matters and things relative to such Subordinated Indebtedness which are not contrary or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Subordinated Indebtedness;

(i) to modify, amend or supplement the Resolution in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar Federal statute hereafter in effect or to permit the qualification of the Bonds or Subordinated Indebtedness for sale under the securities laws of any of the states of the United States of America, and, if the Agency so determines, to add hereto such other terms, conditions and provisions as may be permitted by said Trustee Indenture Act of 1939 or similar Federal statute;

(j) to comply with regulations and procedures as are from time to time in effect relating to any book entry only system, whether within or without the United States, for the registration of beneficial ownership interests in Bonds or Subordinated Indebtedness;

(k) to comply with additional requirements that a Rating Agency may impose in order to issue or maintain a rating on the Bonds, provided that any Supplemental Indenture, the purpose of which is to effect such changes shall be effective only upon

delivery to the Agency and the Trustee of an Opinion of Bond Counsel that such changes shall not adversely affect the validity of the Bonds or the exclusion of interest on the Bonds from the gross income of the Holders thereof for federal income tax purposes;

(l) to modify any of the provisions of the Resolution in any other respect whatever with respect to any Bonds, provided that (i) (A) such modification relates only, and is to be effective prior to the issuance of, such Bonds, or (B) such modification relates only, and is to be effective only upon the remarketing of, such Bonds in connection with an optional or mandatory tender thereof for purchase by or on behalf of the Agency or purchase in lieu of redemption pursuant to the Resolution, and (ii) such modification is disclosed in an offering or reoffering document applicable to such issuance or remarketing; or

(m) to modify any of the provisions of the Resolution in any other respect whatever, provided that such modification shall be and shall be expressed to be, effective only after all Bonds Outstanding, and outstanding or unpaid Qualified Hedge Agreements and Reimbursement Obligations at the date of the execution and delivery of such Supplemental Resolution, shall cease to be Outstanding or owing, as the case may be.

For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be executed and delivered by the Agency which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Agency, and (ii) the filing with the Agency of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(i) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or

(ii) To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to the Resolution as theretofore in effect.

AMENDMENTS

In addition to amendments described under "SUPPLEMENTAL RESOLUTIONS" above, any modification or amendment of the Resolution and of the rights and obligations of the Agency and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent (i) of the Holders of not less than a majority in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Holders of not less than a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of not less than a majority in principal amount of the Bonds of the particular Series and maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of

any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary, without its written assent thereto. For the purposes of these provisions, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same adversely affects or diminishes the rights of the Holders of Bonds of such Series. The Trustee may in its discretion determine whether or not in accordance with the foregoing powers of amendment Bonds of any particular Series or maturity would be adversely affected by any modification or amendment of this Resolution and any such determination shall be binding and conclusive on the Agency and all Holders of Bonds.

OWNERSHIP OF BONDS

The Agency and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Agency as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon such registered owner's order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Agency nor any Fiduciary shall be affected by any notice to the contrary.

DEFEASANCE

If the Agency shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds the principal or Redemption Price and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the pledge of any Revenues, the Participation Agreements and other moneys and securities pledged under the Resolution and all covenants, agreements and other obligations of the Agency to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by the Agency of funds for such payment or redemption or otherwise) at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed above. All Outstanding Bonds of any Series, or of any maturity within a Series, shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed above if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Agency shall have given to the Trustee irrevocable instructions accepted in writing by the Trustee to mail as provided in the Resolution notice of redemption of such Bonds on said

date, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities (including any Defeasance Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States) the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, or deposit with the Trustee, shall be sufficient to pay when due the principal or Redemption Price, applicable and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Agency shall have given the Trustee in form satisfactory to it irrevocable instructions to mail a notice to the Holders of such Bonds at their last addresses, if any, appearing upon the registry books, that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Resolution and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price on said Bonds. The mailing of any such notice shall not be a condition precedent to the payment of Bonds and the failure so to mail any notice shall not affect the validity of the proceedings for the payment of Bonds. For the purpose of this Section Defeasance Securities shall mean and include only such securities which shall not be subject to redemption prior to their maturity other than at the option of the owner thereof.

Variable Interest Rate Bonds and Option Bonds shall be deemed to have been paid as shall be specified in the Supplemental Resolutions authorizing the issuance thereof.

UNCLAIMED FUNDS

Any moneys held by a Fiduciary in trust for the payment and discharge of any principal or Redemption Price, if any, of the Bonds which remain unclaimed for five (5) years after the date when such principal, Redemption Price, if any, or interest shall have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for five (5) years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such principal, Redemption Price, if any, or interest shall become due and payable, shall, at the written request of the Agency, be repaid by the Fiduciary to the Agency, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Bondholders shall look only to the Agency for the payment of such Bonds; provided, however, that before being required to make any such payment to the Agency, the Fiduciary shall, at the expense of the Agency, mail notice to the affected Bondholders at their last addresses, if any, appearing upon the registry books, that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice, the balance of such moneys then unclaimed will be returned to the Agency; and provided further, however, that such moneys shall be paid to the State Treasurer or other State office or officer if and to the extent required by the Uniform Disposition of Unclaimed Property Act as enacted in the State from time to time or other applicable State law.

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER PARAGRAPH (b)(5) OF RULE 15C2-12

[TO BE DATED CLOSING DATE]

This Continuing Disclosure Undertaking (the *"Agreement"*) is executed and delivered by Public Power Generation Agency (*"PPGA"*) in connection with the issuance of its $187,345,000 Whelan Energy Center Unit 2 Revenue Refunding Bonds, 2015 Series A (the *"Bonds"*). The Bonds are being issued pursuant to a the Whelan Energy Center Unit 2 General Revenue Bond Resolution adopted by the Board of Directors of PPGA on January 4, 2007, as supplemented by the Third Supplemental Whelan Energy Center Unit 2 Revenue Bond Resolution adopted by the Board of Directors of PPGA on March 23, 2015 including as a part thereof the Certificate of Determination dated the date hereof (collectively, the *"Resolution"*).

In consideration of the issuance of the Bonds by PPGA and the purchase of such Bonds by the beneficial owners thereof, PPGA covenants and agrees as follows:

Section 1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by PPGA as of the date set forth above, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). PPGA represents that it and the Participants will be the only obligated persons (as such term is defined in the Rule) with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

Section 2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means the financial information and operating data described in *Exhibit I*.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of PPGA and of the Participants, prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by PPGA and which has filed with PPGA a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Final Official Statement means the Official Statement dated April 28, 2015, relating to the Bonds.

MSRB means the Municipal Securities Rulemaking Board.

Participants means Municipal Energy Agency of Nebraska, Heartland Consumers Power District, Hastings Utilities acting for and on behalf of the City of Hastings, Nebraska, the City of Grand Island, Nebraska, and the City of Nebraska City, Nebraska, each a participant under the Amended and Restated Participation Agreement dated as of October 5, 2006, by and between PPGA and each of the Participants.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Nebraska.

Undertaking means the obligations of PPGA pursuant to Sections 4 and 5.

Section 3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds maturing in each of the following years are as follows:

JANUARY 1 OF THE YEAR	INTEREST RATE	CUSIP NUMBER	JANUARY 1 OF THE YEAR	INTEREST RATE	CUSIP NUMBER
2018	5.00%	744434 DA6	2025	5.00%	744434 DH1
2019	5.00	744434 DB4	2026	5.00	744434 DJ7
2020	5.00	744434 DC2	2027	5.00	744434 DK4
2021	5.00	744434 DD0	2028	5.00	744434 DL2
2022	5.00	744434 DE8	2029	5.00	744434 DM0
2023	5.00	744434 DF5	2030	5.00	744434 DN8
2024	5.00	744434 DG3	2031	5.00	744434 DP3

PPGA will include the CUSIP Numbers in all disclosures described in Sections 4 and 5 of this Agreement.

Section 4. *ANNUAL FINANCIAL INFORMATION DISCLOSURE*. Subject to Section 8 of this Agreement, PPGA hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the forms and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, or because the Obligated Person to which it is related has ceased to be an Obligated Person, PPGA will disseminate a statement to such effect as part of the Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

Section 5. *REPORTABLE EVENTS DISCLOSURE*. Subject to Section 8 of this Agreement, PPGA hereby covenants that it will disseminate in a timely manner (not in excess of ten (10) business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. References to "material" in *Exhibit II* refer to materiality as it is interpreted under the Exchange Act. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of any scheduled mandatory sinking fund redemption and optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

Section 6. *CONSEQUENCES OF FAILURE OF PPGA TO PROVIDE INFORMATION*. PPGA shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of PPGA to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause PPGA to comply with its obligations under this Agreement. The beneficial owners of 25% or more in principal amount of the Bonds outstanding may challenge the adequacy of the information provided under this Agreement and seek specific performance by court order to cause PPGA to provide the information as required by this Agreement. A default under this

Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of PPGA to comply with this Agreement shall be an action to compel performance.

Section 7. *AMENDMENTS; WAIVER*. Notwithstanding any other provision of this Agreement, PPGA by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of PPGA, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined either by parties unaffiliated with PPGA or any of the Obligated Persons (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, PPGA shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

Section 8. *TERMINATION OF UNDERTAKING*. (a) The Undertaking of PPGA shall be terminated hereunder if PPGA shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution.

(b) The Undertaking of PPGA to provide Annual Financial Information and Audited Financial Statements with respect to any Participant shall be (i) terminated hereunder if such Participant shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution and the Participation Agreements or (ii) terminated if the Undertaking of PPGA shall have been terminated pursuant to Section 8(a) above.

Section 9. DISSEMINATION AGENT. PPGA may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. *ADDITIONAL INFORMATION*. Nothing in this Agreement shall be deemed to prevent PPGA from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other

information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If PPGA chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, PPGA shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Section 11. *BENEFICIARIES*. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of PPGA, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

Section 12. *RECORDKEEPING*. PPGA shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 13. *ASSIGNMENT*. PPGA shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of PPGA under this Agreement or to execute an Undertaking under the Rule.

Section 14. *GOVERNING LAW*. This Agreement shall be governed by the laws of the State.

DATED as of the day and year first above written.

PUBLIC POWER GENERATION AGENCY

By _____
Chair of the Board of Directors

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means:

(i) with respect to PPGA, financial information and operating data of the type contained under the paragraph heading *"Operating History"* for Whelan Energy Center Unit 2 in the Final Official Statement under the caption "THE PROJECT — Project Operations"; and

(ii) with respect to the Participants, financial information and operating data of the type contained under the heading "Summary Financial and Operating Information" for each of the Participants in the Final Official Statement under the caption "APPENDIX B — THE PARTICIPANTS".

"Audited Financial Statements" means:

(i) with respect to PPGA, PPGA's audited financial statements for its most recent fiscal year, prepared in accordance with generally accepted accounting principles in the United States as promulgated to apply to governmental entities in the United States from time to time (or such other accounting principles as may be applicable to PPGA in the future pursuant to applicable law); and

(ii) with respect to the Participants, the audited financial statements of each of the Participants, including income statement, balance sheet and cash flow information regarding its electric utility enterprise fund, for its most recent fiscal year, prepared in accordance with generally accepted accounting principles in the United States as promulgated to apply to governmental entities in the United States from time to time (or such other accounting principles as may be applicable to each of the Participants in the future pursuant to applicable law).

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth above may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. PPGA shall clearly identify each such item of information included by reference.

Timing of Disclosure. Annual Financial Information exclusive of Audited Financial Statements will be provided to EMMA by PPGA according to the following schedule:

ANNUAL FINANCIAL INFORMATION RELATING TO:	END OF FISCAL YEAR	DATE ANNUAL FINANCIAL INFORMATION IS TO BE PROVIDED BY PPGA
PPGA	Currently December 31	End of 6th month after end of fiscal year
Municipal Energy Agency of Nebraska	Currently March 31	End of 7th month after end of fiscal year
Heartland Consumers Power District	Currently December 31	End of 7th month after end of fiscal year
Hastings Utilities	Currently December 31	End of 7th month after end of fiscal year
City of Grand Island, Nebraska	Currently September 30	End of 7th month after end of fiscal year
Nebraska City, Nebraska	Currently September 30	End of 7th month after end of fiscal year

Audited Financial Statements should be filed at the same time as the Annual Financial Information for PPGA and each Participant. If Audited Financial Statements are not available when such Annual Financial Information is filed, unaudited financial statements shall be included. Audited Financial Statements will be provided to EMMA within 30 days after availability to PPGA.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, PPGA will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of PPGA or a Participant*
13. The consummation of a merger, consolidation, or acquisition involving PPGA or a Participant or the sale of all or substantially all of the assets of PPGA or a Participant, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

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* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for PPGA or a Participant in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of PPGA or a Participant, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of PPGA or a Participant.

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Public Power Generation Agency
8377 Glynoaks Drive
Lincoln, NE 68516

Ladies and Gentlemen:

We have acted as Bond Counsel to the Public Power Generation Agency (the "Agency"), a public body corporate and politic of the State of Nebraska (the "State") created pursuant to Section 18 of Article XV of the Constitution of the State and the State's Interlocal Cooperation Act, §§ 13-801 *et seq*., Reissue Revised Statutes of Nebraska, 2007, as amended (as amended to the date hereof, the "Act"), in connection with the issuance by the Agency of $187,345,000 aggregate principal amount of Whelan Energy Center Unit 2 Revenue Refunding Bonds, 2015 Series A (the "2015 Series A Bonds").

The Agency has been created by a Public Power Generation Agency Interlocal Agreement dated as of September 1, 2005 (the "Interlocal Agreement") by and between the Municipal Energy Agency of Nebraska, Heartland Consumers Power District (South Dakota), Hastings Utilities acting for and on behalf of the City of Hastings, Nebraska, the City of Grand Island, Nebraska, and the City of Nebraska City, Nebraska (the "Participants").

The 2015 Series A Bonds are issued under and pursuant to the Act, and under and pursuant to the Whelan Energy Center Unit 2 General Revenue Bond Resolution adopted by the Board of Directors of the Agency on January 4, 2007 (the "General Bond Resolution"), as supplemented by the Third Supplemental Whelan Energy Center Unit 2 Revenue Bond Resolution adopted by the Board of Directors of the Agency on March 23, 2015, including as a part thereof the Certificate of Determination dated the date hereof (the "Third Supplemental Resolution"), authorizing the 2015 Series A Bonds (the General Bond Resolution as supplemented by the Third Supplemental Resolution being herein called the "Resolution"). The 2015 Series A Bonds are dated, mature, are payable, bear interest and are subject to redemption, all as provided in the Resolution. The Agency heretofore has issued bonds, and reserves the right hereafter to issue additional bonds, in each case on the terms and conditions and for the purposes as provided in the General Bond Resolution and ranking equally as to security and payment with the 2015 Series A Bonds, except for debt service reserve accounts that apply and may apply individually to one or more series of bonds as permitted by the General Bond Resolution.

The Agency has entered into Amended and Restated Participation Agreements (the "Participation Agreements"), each dated as of October 5, 2006, with each of the Participants.

As Bond Counsel to the Agency, at your request we have examined into the validity of the 2015 Series A Bonds, the Participation Agreements and certain other matters as expressly set forth below. We have examined the Constitution and statutes of the State, certified copies of the Interlocal Agreement and of the Participation Agreements, certified copies of proceedings of the Board of Directors of the Agency authorizing the issuance of the 2015 Series A Bonds, including the Resolution, certified copies of proceedings of the Agency authorizing the execution and delivery of the Participation Agreements, and a specimen 2015 Series A Bond, and have made such other examination of applicable law of the States of Nebraska and South Dakota and fact as we have considered necessary or appropriate for the purposes of this letter.

Based on the foregoing, and subject to the assumptions and limitations referred to below, we are of the opinion that:

(1) The Agency is duly created and validly existing under the provisions of the Act in that each Participant has requisite power and authority under the Constitution and statutes of the State of Nebraska or of the State of South Dakota, as applicable, to enter into the Interlocal Agreement and the Interlocal Agreement constitutes a valid and binding agreement of the Participants enforceable in accordance with its terms.

(2) The Agency has the right and power under the Act to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Agency, is in full force and effect and is valid and binding upon the Agency and enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Revenues and all rights to receive the same and all of the Agency's rights, title and interests under the Participation Agreements (as each such term is defined in the Resolution) and certain moneys, securities, funds and accounts held or set aside under the Resolution, subject to the application thereof for the purposes and on the conditions permitted by the Resolution.

(3) The Agency is duly authorized and entitled to issue the 2015 Series A Bonds, and the 2015 Series A Bonds have been duly and validly authorized and issued by the Agency in accordance with law, including the Act, and in accordance with the Resolution, and constitute valid and binding obligations of the Agency as provided in the Resolution and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Act and of the Resolution. The 2015 Series A Bonds are special obligations of the Agency, payable solely from the Revenues (as defined in the Resolution) and other funds of the Agency as provided in the Resolution. Under the Act, the 2015 Series A Bonds shall not be a debt of any political subdivision (other than the Agency to the extent provided) or of the State and neither the State nor any such political subdivision shall be liable thereon.

(4) The Participation Agreements have been duly authorized, executed and delivered by the Agency and constitute valid and binding agreements of the Agency enforceable against the Agency in accordance with their terms.

(5) Each Participant has requisite power and authority under the Constitution and statutes of the State of Nebraska or of the State of South Dakota, as applicable, to enter into and perform the Participation Agreement to which it is a party and each such Participation Agreement constitutes a valid and binding agreement of the respective Participant enforceable in accordance with its terms.

(6) Under existing statutes and court decisions, (i) interest on the 2015 Series A Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) such interest is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the Federal alternative minimum tax imposed on such corporations. In rendering the opinions in this paragraph (6), we have relied on certain representations, certifications of fact, and statements of reasonable expectations made in connection with the issuance of the 2015 Series A Bonds by the Agency and each of the Participants, and have assumed compliance by the Agency and each of the Participants with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2015 Series A Bonds from gross income under Section 103 of the Code. Under the Code, noncompliance with such requirements may cause the interest on the 2015 Series A Bonds to be included in gross income for Federal income tax purposes, retroactive to the date of issuance of the 2015 Series A Bonds, irrespective of the date on which such noncompliance occurs or is ascertained.

(7) For any 2015 Series A Bonds having original issue discount, the original issue discount that has accrued and is properly allocable to the owners of such 2015 Series A Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on such 2015 Series A Bonds.

(8) Under the existing laws of the State, interest on the 2015 Series A Bonds is exempt from income taxation imposed by the State under the Nebraska Revenue Act of 1967, §§ 77-2701 *et seq*., Reissue Revised Statutes of Nebraska, 2009, as amended to the date hereof, to the extent that such interest is excluded from gross income for Federal income tax purposes.

In rendering the opinions in paragraphs (1), (4) and (5) above, we have not examined into proceedings of the Participants or matters of local law or regulations, and have not examined into and have assumed the due creation and existence of the Participants and the due authorization, execution and delivery of the Interlocal Agreement and the Participation Agreements by the Participants, as to which you have received an opinion from counsel to each Participant, and no opinion is expressed herein as to such matters.

The opinions expressed in paragraphs (1) through (5) above are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights, and are subject to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforceability is considered in a proceeding in equity or at law. Furthermore, no opinion is expressed as to the availability of any particular remedy.

We express no opinion herein as to (i) Federal, state or local tax consequences arising with respect to the 2015 Series A Bonds, or the ownership or disposition thereof, except as stated in paragraphs (6), (7) and (8) above, or (ii) the effect of any action taken or not taken in reliance upon an opinion of counsel, other than ourselves, on the Federal income tax treatment of interest on the 2015 Series A Bonds, or under state or local tax laws, or (iii) the accuracy, adequacy, sufficiency or completeness of the Official Statement (or any update or amendment thereof or supplement thereto) of the Agency relating to the 2015 Series A Bonds, or any other financial or other information which has been or may be supplied to purchasers or prospective purchasers of the 2015 Series A Bonds.

This letter is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred.

This letter is issued as of the date hereof, and we assume no obligation to update, revise or supplement this letter to reflect any action hereafter taken or not taken, or any facts or circumstances, or changes in law or in interpretations thereof, that may hereafter occur, or for any other reason.

Very truly yours,