
PUBLIC POWER GENERATION AGENCY

FIRST SUPPLEMENTAL

WHELAN ENERGY CENTER UNIT 2 REVENUE BOND RESOLUTION

relating to

Whelan Energy Center Unit 2 Revenue Bonds

2007 Series A

Adopted January 4, 2007

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 1.01. Supplemental Resolution; Authority.....	1
Section 1.02. Definitions.....	1

ARTICLE II

AUTHORIZATION OF BONDS

Section 2.01. Principal Amount, Designation, Series and Trustee	3
Section 2.02. Purpose.....	4
Section 2.03. Delegation of Authority	4
Section 2.04. Trustee and Paying Agent; Place of Payment.....	5
Section 2.05. Payment of Interest on 2007 Series A Bonds; Interest Rights Preserved	5
Section 2.06. Regulations With Respect to Exchanges and Transfers	6
Section 2.07. Offices for Servicing Bonds.....	6
Section 2.08. Book-Entry Only.....	7
Section 2.09. Tax Covenants; Rebate Account.....	8

ARTICLE III

DEBT SERVICE RESERVE ACCOUNT

Section 3.01. Debt Service Reserve Account	8
Section 3.02. Deposit to Debt Service Reserve Account.....	8
Section 3.03. Maintenance of Debt Service Reserve Account.	9

ARTICLE IV

BOND AND RESERVE INSURANCE

Section 4.01. Authorization of Bond Insurance.....	10
Section 4.02. Authorization of Reserve Policy.....	10

ARTICLE V

EFFECTIVE DATE

Section 5.01. Effective Date	11
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**FIRST SUPPLEMENTAL
WHELAN ENERGY CENTER UNIT 2 REVENUE BOND RESOLUTION**

authorizing
Whelan Energy Center Unit 2 Revenue Bonds
2007 Series A

WHEREAS, the Public Power Generation Agency (the "Agency") is authorized, pursuant to the provisions of Sections 13-801 *et seq.*, Reissue Revised Statutes of Nebraska, 1997, as amended, the same being the Interlocal Corporation Act (the "Act"), to issue its revenue bonds for the purposes for which it was created; and

WHEREAS, the Agency was created by the Interlocal Agreement dated as of September 1, 2005, by and among the Members of the Agency for the purpose, among other things, of financing the Project; and

WHEREAS, the Board of Directors of the Agency adopted on January 4, 2007, its Whelan Energy Center Unit 2 General Revenue Bond Resolution (the "General Bond Resolution") providing for the issuance, pursuant to resolutions supplemental to the General Bond Resolution, of revenue bonds to finance Project Costs; and

WHEREAS, the Board of Directors of the Agency hereby determines that it is in the best interests of the Agency to issue, in accordance with the General Bond Resolution, a series of revenue bonds and to apply the proceeds thereof for the purpose of paying a portion of the Project Costs; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Public Power Generation Agency, as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 1.01. Supplemental Resolution; Authority. This First Supplemental Whelan Energy Center Unit 2 General Revenue Bond Resolution (the "First Supplemental Resolution") is supplemental to, and is adopted in accordance with Article II and Article X of, the General Bond Resolution, and is adopted pursuant to the provisions of the Act.

Section 1.02. Definitions.

(a) All terms which are defined in Section 1.01 of the General Bond Resolution shall have the same meanings for purposes of this First Supplemental Resolution, including the preambles hereto, unless otherwise defined herein.

(b) In this First Supplemental Resolution:

"Bond Counsel" shall mean the counsel retained by the Agency for the purpose of rendering advice to the Agency with respect to the validity of, and the exclusion from gross income for Federal income taxation purposes of the interest on, the 2007 Series A Bonds.

"Certificate of Determination" shall mean a certificate or certificates of an Authorized Officer of the Agency delivered pursuant to Section 2.03 of this First Supplemental Resolution, setting forth certain terms and provisions of the 2007 Series A Bonds, as such certificate(s) may be amended and supplemented.

"Debt Service" for any period shall mean, as of any date of calculation and with respect to the 2007 Series A Bonds, an amount equal to the sum of (i) the interest accruing during such period on the 2007 Series A Bonds, and (ii) that portion of each Principal Installment for the 2007 Series A Bonds which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for the 2007 Series A Bonds (or from the date of issuance of the 2007 Series A Bonds, whichever date is later). Such interest and Principal Installments for the 2007 Series A Bonds shall be calculated on the assumption that no 2007 Series A Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof.

"Debt Service Reserve Account" shall mean, for purposes of this First Supplemental Resolution, the 2007 Series A Bonds Debt Service Reserve Account created in the Bond Fund by Section 3.01 hereof.

"Debt Service Reserve Account Requirement" shall mean, as of any date of calculation, an amount equal to the lesser of (i) the maximum aggregate Debt Service in any Fiscal Year thereafter (or for the balance of the then current Fiscal Year) on all 2007 Series A Bonds then Outstanding or (ii) the least of (A) 10% of the aggregate principal amount of 2007 Series A Bonds upon original issuance, or, in the event of more than a *de minimis* amount of original issue discount or premium, 10% of the issue price (net of pre-issuance accrued interest) of the 2007 Series A Bonds upon original issuance (determined based on Code principles), (B) as of the original issuance of the 2007 Series A Bonds, the maximum aggregate Debt Service in any Fiscal Year (including the then current Fiscal Year) on all 2007 Series A Bonds originally issued, or (C) as of the original issuance of the 2007 Series A Bonds, 125% of the average of the Debt Service during any Fiscal Year (including the then current Fiscal Year) on all 2007 Series A Bonds originally issued.

"Defaulted Interest" has the meaning specified in Section 2.05 hereof.

"DTC" shall mean The Depository Trust Company, New York, New York, or its successors.

"Person" shall mean any individual, corporation, partnership, limited partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability corporation or partnership, or governmental entity or any agency or subdivision thereof, or other legal entity or group of entities.

"Policy" shall mean any insurance policy or, collectively, policies guaranteeing the scheduled payment of principal of and interest on 2007 Series A Bonds when due.

"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 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.

"Rebate Account" shall mean, for purposes of this First Supplemental Resolution, the 2007 Series A Bonds Rebate Account created in the Revenue Fund by Section 2.09 hereof.

"Record Date" shall mean a Regular Record Date or a Special Record Date, as appropriate.

"Regular Record Date" shall mean the 15th day (whether or not a Business Day) of the calendar month next preceding each Interest Payment Date.

"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 Requirement for the 2007 Series A 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 any 1997 Series A Bonds and such withdrawal cannot be met by amounts on deposit in the Debt Service Reserve Account.

"Securities Depository" shall mean DTC or its successors.

"Special Record Date" has the meaning set forth in Section 2.05 hereof.

"2007 Series A Bonds" shall mean the Bonds authorized to be issued pursuant to Section 2.01 hereof.

ARTICLE II

AUTHORIZATION OF BONDS

Section 2.01. Principal Amount, Designation, Series and Trustee. Pursuant to the provisions of the General Bond Resolution, a Series of Bonds entitled to the benefit, protection and security of such provisions is hereby authorized in an aggregate principal amount not to exceed \$600,000,000. Such Bonds shall be designated as and shall be distinguished from the Bonds of all other Series by the title "Whelan Energy Center Unit 2 Revenue Bonds, 2007 Series A." Such Bonds shall be issued as Interest Bearing Bonds.

Section 2.02. Purpose. The 2007 Series A Bonds are issued for the purpose of paying a portion of the Project Costs.

Section 2.03. Delegation of Authority. There is hereby delegated to any Authorized Officer of the Agency, subject to the limitations contained herein, the power to determine and effectuate the following with respect to the 2007 Series A Bonds:

(a) the aggregate principal amount of the 2007 Series A Bonds, provided that such aggregate principal amount shall not exceed the amount specified in Section 2.01;

(b) the dated date or dates, maturity date or dates and the original principal amount of each maturity of the 2007 Series A Bonds, provided that such maturity dates shall not extend beyond April 1, 2046;

(c) the interest rate or rates of the 2007 Series A Bonds, the basis on which such rates shall be calculated and the Regular Record Date for the payment of such interest, provided that the interest rates to be borne by the 2007 Series A Bonds shall not exceed six percent (6.0%) per annum;

(d) the Interest Payment Date or Dates of the 2007 Series A Bonds, including the initial Interest Payment Date or Dates, and the date or dates from which such Bonds shall bear interest;

(e) the deposits to Funds and Accounts, and application, of the proceeds of the 2007 Series A Bonds, including deposits, if any, to fund interest on the 2007 Series A Bonds, provided that interest shall not be funded in an amount which, together with projected investment earnings on and profit to be realized from the investment thereof, and any projected amounts contemplated by clause (l) below, will exceed the interest accruing on the 2007 Series A Bonds during the period ending not later than two (2) months after the projected date of commercial operation of the Project, or to such later date as may be approved by the Board of Directors of the Agency, which projections as determined by such Authorized Officer shall be conclusive;

(f) the 2007 Series A Bonds to be retired from Sinking Fund Installments and the dates and the amounts thereof;

(g) the redemption provisions of the 2007 Series A Bonds;

(h) the denominations of, and the manner of dating, numbering and lettering, the 2007 Series A Bonds;

(i) the definitive form of the 2007 Series A Bonds, assignment and Trustee's certificate of authentication thereon;

(j) matters contemplated by Section 4.01 hereof relating to the Policy, if any;

(k) matters contemplated by Section 4.02 hereof relating to the Reserve Policy, if any, for deposit in the Debt Service Reserve Account;

(l) the extent to which and the period of time for which investment earnings on and any profit realized from the liquidation of obligations held as part of a Fund or Account established under the Resolution (other than the Rebate Accounts or Debt Service Reserve Accounts, if any) shall be transferred to the Debt Service Account to pay interest on the 2007 Series A Bonds; and

(m) any other provisions deemed advisable by an Authorized Officer of the Agency not materially in contrary to or inconsistent with the provisions of this First Supplemental Resolution or of the General Bond Resolution.

An Authorized Officer of the Agency shall execute one or more certificates evidencing determinations or other actions taken pursuant to the authority granted herein, an executed copy of which shall be delivered to the Trustee. Each such certificate shall be deemed a Certificate of Determination and shall be conclusive evidence of the action or determination of such officer as to the matters stated therein. The provisions of each Certificate of Determination shall be deemed to be incorporated in Article II hereof.

Section 2.04. Trustee and Paying Agent; Place of Payment.

(a) The Agency, by the initial Certificate of Determination relating to the 2007 Series A Bonds, shall appoint, or confirm the appointment of, the Trustee under the Resolution.

(b) The Agency hereby appoints the Trustee as the initial Paying Agent for the 2007 Series A Bonds, and reserves the right to appoint any other or additional Paying Agents as permitted by the General Bond Resolution. Except as provided in Section 3.08 of the General Bond Resolution, the principal and Redemption Price of the 2007 Series A Bonds shall be payable at the principal corporate trust office of the Paying Agent. The interest on 2007 Series A Bonds shall be paid by check payable to the Holder and mailed by first class mail, postage prepaid, to the address of such Person as it shall appear on the books of the Agency kept at the office of the Bond Registrar, except as may be provided otherwise for 2007 Series A Bonds held in a book-entry only system.

(c) Notwithstanding Sections 2.04(b) and 2.05 hereof, a Holder of \$1,000,000 or more in aggregate principal amount of 2007 Series A Bonds, upon the written request of such Holder to the Trustee received on or prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest when due shall be made by wire transfer of immediately available funds. Any such direction or request shall remain in effect until revoked or revised by such Holder by an instrument in writing delivered to the Trustee.

Section 2.05. Payment of Interest on 2007 Series A Bonds; Interest Rights Preserved. Interest on any 2007 Series A Bonds, which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that 2007 Series A Bond is registered at the close of business on the Regular Record Date.

Any interest on any 2007 Series A Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date ("Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been

such owner, and such Defaulted Interest shall be paid by the Agency to the Persons in whose names the 2007 Series A Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Agency shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each 2007 Series A Bond and the date of the proposed payment, and at the same time the Agency shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this subsection provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment notice of the proposed payment. The Trustee shall promptly notify Agency of such Special Record Date and, in the name and at the expense of the Agency, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each 2007 Series A Bondholder at his address as it appears in the books of registry kept by the Bond Registrar, not less than 10 days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each 2007 Series A Bond delivered under the General Bond Resolution upon transfer of or in exchange for or in lieu of any other 2007 Series A Bond shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other 2007 Series A Bond.

Section 2.06. Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging 2007 Series A Bonds or transferring registered 2007 Series A Bonds is exercised, the Agency shall execute and the Trustee shall authenticate and deliver 2007 Series A Bonds, in accordance with the provisions of the General Bond Resolution. Upon the transfer of any 2007 Series A Bond, the Agency shall issue in the name of the transferee a new 2007 Series A Bond or Bonds of the same aggregate principal amount, interest rate and maturity as the surrendered 2007 Series A Bond. All 2007 Series A Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Trustee and canceled or retained by the Trustee. For every such exchange or transfer of 2007 Series A Bonds, the Agency or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange, transfer or registration.

Neither the Agency nor the Bond Registrar shall be required to transfer or exchange any 2007 Series A Bonds (i) during the period from and including any Regular Record Date to and including the next succeeding Interest Payment Date for the 2007 Series A Bonds, (ii) during the period from and including the day 15 days prior to any Special Record Date 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 2007 Series A Bonds for redemption or for purchase in lieu of redemption to and including the date of such mailing; or (iv) any time following the mailing of notice of redemption or of purchase in lieu of redemption.

Section 2.07. Offices for Servicing Bonds. The Agency hereby appoints the Trustee as the Bond Registrar to maintain an agency for the registration, transfer or exchange of 2007 Series A Bonds and for the service upon the Agency of notices, demands and other

documents, and the Trustee shall continuously maintain or make arrangements to provide such services.

Section 2.08. Book-Entry Only. The 2007 Series A Bonds initially shall be registered in the name of Cede & Co., as nominee of DTC. DTC is hereby designated the initial securities depository for the 2007 Series A Bonds. So long as the Securities Depository or its nominee is the Holder of 2007 Series A Bonds, individual purchases of beneficial ownership interests in such 2007 Series A Bonds may be made only in book-entry form by or through participants of the Securities Depository, and purchasers of such beneficial ownership interests in such 2007 Series A Bonds will not receive physical delivery of 2007 Series A Bond certificates representing the beneficial ownership interest purchased.

Unless the Agency agrees otherwise, so long as the Securities Depository or its nominee is the Holder of 2007 Series A Bonds, (i) payments of principal of and redemption premium, if any, and interest on such 2007 Series A Bonds will be made by the Agency by wire transfer to the Securities Depository or its nominee, and (ii) the Agency shall send notice of redemption of any such 2007 Series A Bonds and any other notice required to be given pursuant to the Resolution, to the Securities Depository in a secure fashion (i.e., legible facsimile transmission, registered or certified mail, or overnight delivery service) in a timely manner designed to ensure that such notice is in the possession of the Securities Depository no later than the close of business on the Business Day before such notice otherwise is required to be given.

Notwithstanding anything in this First Supplemental Resolution to the contrary, so long as the Securities Depository or its nominee is the Holder of 2007 Series A Bonds, notice of redemption may be given in the manner, and presentation and surrender of such 2007 Series A Bonds may be waived to the extent, agreed to by the Agency and the Securities Depository. Any failure of the Securities Depository or participant thereof to notify a beneficial owner of a Bond of any redemption shall not affect the sufficiency or the validity of the redemption of such 2007 Series A Bond.

Notwithstanding anything in this First Supplemental Resolution to the contrary, for so long as the Securities Depository or its nominee is the Holder of 2007 Series A Bonds, payment of principal and sinking fund installments, if any, of and redemption premium, if any, and interest on such 2007 Series A Bonds may be made in any manner agreed to by the Agency and the Securities Depository.

The Agency shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the 2007 Series A Bonds or nominees thereof.

The Agency shall issue or caused to be issued 2007 Series A Bond certificates directly to beneficial owners of the 2007 Series A Bonds or to the Securities Depository, as specified by procedures of the Securities Depository, but only in the event that (i) the Securities Depository determines to discontinue providing its services with respect to such 2007 Series A Bonds at any time by giving reasonable notice to the Agency or (ii) the Agency determines, subject to procedures of the Securities Depository, to discontinue use of the Securities Depository.

Section 2.09. Tax Covenants; Rebate Account. The Agency covenants that it shall comply with the applicable provisions of the Code relating to the exclusion of the interest paid by the Agency on the 2007 Series A Bonds from gross income for Federal income taxation purposes. In furtherance of the foregoing covenant:

(i) The Agency shall not take or permit to be taken any action or actions with respect to the application and investment of any proceeds of the 2007 Series A Bonds or any other funds of the Agency from whatever source derived, or the use, ownership or management of the Project or any portion thereof, which would cause any 2007 Series A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or "private activity bonds" within the meaning of Section 141 of the Code.

(ii) The Agency shall comply with the Tax Agreement executed and delivered by it and the letter of instructions, if any, delivered by Bond Counsel, in connection with the issuance of the 2007 Series A Bonds as to compliance with applicable provisions of the Code, as such Tax Agreement and letter may be amended from time to time, as a source of guidance for achieving compliance with the Code, including, without limitation, timely payments of all rebate or other amounts to the United States Department of the Treasury under Section 148 of the Code.

(iii) The Agency shall cause, to the best of its ability and to the extent permitted by the Participation Agreement and applicable law, each Member to comply with the tax agreement executed and delivered by such Member and the letter of instructions, if any, delivered by Bond Counsel, in connection with the issuance of the 2007 Series A Bonds as to compliance with applicable provisions of the Code, as such tax agreement and letter may be amended from time to time, as a source of guidance for achieving compliance with the Code.

There is hereby created and established pursuant to Section 5.04(c) of the General Bond Resolution a "2007 Series A Bonds Rebate Account" (the Rebate Account) in the Revenue Fund for the purposes set forth in such Section 5.04(c) with respect to the 2007 Series A Bonds. The Agency shall deposit moneys in the Rebate Account or withdraw moneys from the Rebate Account and otherwise administer the Rebate Account in compliance with the Tax Agreement executed and delivered by the Agency in connection with the issuance of the 2007 Series A Bonds.

ARTICLE III

DEBT SERVICE RESERVE ACCOUNT

Section 3.01. Debt Service Reserve Account. (a) There is hereby established in the Debt Service Fund, pursuant to Section 5.02 of the General Bond Resolution, a "2007 Series A Bonds Debt Service Reserve Account" (the Debt Service Reserve Account) for the purpose of further securing the 2007 Series A Bonds.

Section 3.02. Deposit to Debt Service Reserve Account. There shall be deposited in the Debt Service Reserve Account simultaneously with the issuance of the 2007 Series A Bonds either (i) moneys and/or Investment Securities or (ii) a Reserve Policy or (iii) a combination of moneys and/or Investment Securities and a Reserve Policy, in each case in an

aggregate amount and value of Investment Securities equal to the Debt Service Reserve Account Requirement.

Section 3.03. Maintenance of Debt Service Reserve Account.

(a) If, on the due date of any Principal Installment of or interest on 2007 Series A Bonds, the amount in the Debt Service Account shall be less than the amount required to be in such account pursuant to Section 5.06(a) of the General Bond Resolution for the payment of such Principal Installment or interest and there shall not be on deposit in the Reserve and Contingency Fund or in the General Reserve Fund available moneys to cure such deficiency, the Trustee shall apply amounts from the Debt Service Reserve Account to the extent necessary to cure the deficiency.

(b) Whenever the amounts on deposit in the Debt Service Reserve Account are less than the Debt Service Reserve Account Requirement, the Agency shall transfer amounts from the Revenue Fund, the Reserve and Contingency Fund, the General Revenue Fund or the Subordinated Indebtedness Fund, to the extent available, to the Trustee for deposit in the Debt Service Reserve Account pursuant to Sections 5.02, 5.09, 5.11 and 5.10, respectively, of the General Bond Resolution to the extent of such deficiency.

(c) Whenever the amounts on deposit in the Debt Service Reserve Account shall exceed the Debt Service Reserve Requirement, such excess shall be transferred by the Trustee to the Agency for deposit in the Revenue Fund.

(d) Whenever the amounts in the Debt Service Reserve Account, together with the amounts in the Debt Service Account for the payment of the 2007 Series Bonds, are sufficient to pay in full all Outstanding 2007 Series Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price of and interest thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account from time to time to make the last such payments.

(e) The Agency may at any time cause to be deposited into the Debt Service Reserve Account for the benefit of the Holders of the 2007 Series A Bonds one or more Reserve Policies in an aggregate amount equal to the difference between the Debt Service Reserve Account Requirement and the sums of moneys and/or value of Investment Securities then on deposit in the Debt Service Reserve Account, if any, and in connection therewith may cause to be withdrawn from the Debt Service Reserve Account any moneys and/or value of Investment Securities not required to cause the amounts on deposit in the Debt Service Reserve Account to at least equal the Debt Service Reserve Account Requirement.

If a disbursement is made pursuant to a Reserve Policy, the Agency shall within twelve months either (i) reinstate the maximum limits of such Reserve Policy or (ii) deposit into the Debt Service Reserve Account funds in the amount of the disbursement made under such Reserve Policy, or a combination of such alternatives, as shall provide that the amount in the Debt Service Reserve Account equals the Debt Service Reserve Account Requirement. In the event that the rating attributable to any Qualified Reserve Policy Provider providing a Reserve Policy held as above provided in the Debt Service Reserve Account shall fall below that required

for such entity to qualify as a Qualified Reserve Policy Provider, the Agency shall within twelve months either (i) replace such Reserve Policy with a Reserve Policy from an entity that then qualifies as a Qualified Reserve Policy Provider or (ii) deposit into the Debt Service Reserve Account sufficient funds, or a combination of such alternatives, as shall provide that the amount in the Debt Service Reserve Account equals the Debt Service Reserve Account Requirement.

(f) In the event of the issuance of Refunding Bonds to refund 2007 Series A Bonds (or any such Refunding Bonds), the Supplemental Resolution authorizing such Refunding Bonds may provide that the Debt Service Reserve Account shall apply to both such Refunding Bonds and the 2007 Series A Bonds that will be Outstanding immediately following such refunding. In such event, references in this First Supplemental Resolution to the 2007 Series A Bonds in the definitions of Debt Service and Debt Service Reserve Account Requirement in Section 1.02 hereof and in this Section 3.03 shall be deemed to refer to such Refunding Bonds and Outstanding 2007 Series A Bonds in the aggregate.

(g) In the event of the refunding of 2007 Series A Bonds, the Trustee shall, upon the direction of the Agency, withdraw from the Debt Service Reserve Account amounts accumulated therein and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if applicable, of and interest on the 2007 Series A Bonds being refunded, provided that such withdrawal shall not be made unless (i) immediately thereafter the 2007 Series A Bonds being refunded shall be deemed to have been paid pursuant to Section 12.01(b) of the General Bond Resolution and (ii) the amount remaining in the Debt Service Reserve Account after such withdrawal shall not be less than the Debt Service Reserve Account Requirement.

ARTICLE IV

BOND AND RESERVE INSURANCE

Section 4.01. Authorization of Bond Insurance. In connection with the issuance of the 2007 Series A Bonds, the Agency is authorized to purchase the Policy. The obtaining of the Policy, and the payment of the premium therefor and any bond rating fee required to be paid by the Agency relating thereto, are hereby authorized and approved. The Certificate of Determination may include any provisions necessary or desirable to satisfy conditions imposed by the issuer of the Policy upon issuance of the Policy.

Section 4.02. Authorization of Reserve Policy. In connection with the issuance of the 2007 Series A Bonds, the Agency is authorized to purchase a Reserve Policy for deposit in the Debt Service Reserve Account. The obtaining of the Reserve Policy, and the payment of the premium therefor, and the execution and delivery of any agreement relating thereto, are hereby authorized and approved. The Certificate of Determination may include any provisions necessary or desirable to satisfy conditions imposed by the issuer of the Reserve Policy upon issuance of the Reserve Policy.

ARTICLE V

EFFECTIVE DATE

Section 5.01. Effective Date. This First Supplemental Resolution shall take effect immediately upon the filing with the Trustee of (i) a copy of this First Supplemental Resolution, certified by an Authorized Officer of the Agency, and (ii) the Opinion of Counsel required by Section 10.04(b) of the General Bond Resolution with respect to this First Supplemental Resolution.

Adopted this 4th day of January, 2007.

CERTIFICATE OF DETERMINATION

I, the undersigned Chair of the Public Power Generation Agency (the "Agency"), pursuant to the authority granted by Section 2.02(a)(ii) of 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"), and Section 2.03 of the First Supplemental Whelan Energy Center Unit 2 Revenue Bond Resolution adopted by the Board of Directors of the Agency on January 4, 2007 (the "First Supplemental Bond Resolution" and, collectively with the General Bond Resolution, the "Resolution"), DO HEREBY CERTIFY AND DETERMINE as follows. All terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Resolution.

1. I am an Authorized Officer of the Agency.

2. The Resolution authorizes, among other things, the issuance and sale of up to \$600,000,000 aggregate principal amount of Whelan Energy Center Unit 2 Revenue Bonds, 2007 Series A (the "2007 Series A Bonds") for the purposes stated therein. The 2007 Series A Bonds shall be issued on the date hereof and shall be in the aggregate principal amount of \$504,720,000, consisting of both serial and term bonds as provided below.

3. The maturity dates of the 2007 Series A Bonds, the respective principal amount maturing on each such date and the respective interest rate to be borne by the 2007 Series A Bonds of each such maturity are as follows:

<u>Maturity Date</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity Date</u> <u>(January 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
2012	\$ 7,825,000	3.75%	2022	\$ 12,355,000	5.00%
2013	8,115,000	5.00	2023	12,970,000	5.00
2014	8,525,000	4.00	2024	13,620,000	5.00
2015	8,865,000	5.00	2025	14,300,000	5.00
2016	9,310,000	5.00	2026	15,015,000	5.00
2017	9,775,000	4.00	2027	15,765,000	5.00
2018	10,165,000	5.00	2032	91,485,000	5.00
2019	10,670,000	5.00	2037	116,755,000	5.00
2020	11,205,000	5.00	2041	116,235,000	5.00
2021	11,765,000	5.00			

4. The 2007 Series A Bonds shall be dated as of the date hereof and shall bear interest from such date. The Interest Payment Dates for the 2007 Series A Bonds shall be each January 1 and July 1, commencing July 1, 2007 (or, if any such date is not a business day, then the next succeeding business day with no additional interest). Interest shall be calculated on the basis of a 30-day month and a 360-day year. The Regular Record Date for the 2007 Series A Bonds shall be the fifteenth (15th) day, whether or not a business day, of the calendar month next preceding each Interest Payment Date.

5. The 2007 Series A Bonds maturing on January 1, 2032, on January 1, 2037, and on January 1, 2041, shall be term bonds subject to retirement from Sinking Fund

Installments which shall be accumulated in the Debt Service Account by January 1 in each of the years and in the respective principal amounts as follows, subject to Sections 5.07 (b) and (f) of the General Bond Resolution:

<u>2032 Maturity</u>		<u>2037 Maturity</u>		<u>2041 Maturity</u>	
<u>Year</u>	<u>Sinking Fund Installment</u>	<u>Year</u>	<u>Sinking Fund Installment</u>	<u>Year</u>	<u>Sinking Fund Installment</u>
2028	\$16,555,000	2033	\$21,130,000	2038	\$26,970,000
2029	17,385,000	2034	22,185,000	2039	28,315,000
2030	18,255,000	2035	23,295,000	2040	29,730,000
2031	19,165,000	2036	24,460,000	2041	31,220,000
2032	20,125,000	2037	25,685,000	(stated maturity)	
(stated maturity)		(stated maturity)			

6. (a) The 2007 Series A Bonds maturing on or after January 1, 2018, shall be subject to redemption prior to their respective stated maturities at any time on and after January 1, 2017, at the option of the Agency, in installments of \$5,000 or any integral multiple thereof, from any monies available to the Agency for such purpose, as a whole or in part from time to time in any order of maturity determined by the Agency at the redemption price of 100% of the principal amount or portion thereof to be redeemed, plus interest accrued, if any, on such principal amount or portion thereof to the redemption date.

(b) The 2007 Series A Bonds maturing on January 1, 2032, on January 1, 2037, and on January 1, 2041, also are subject to redemption prior to their respective maturities, on or after January 1, 2028, on or after January 1, 2033, and on or after January 1, 2038, respectively, at the option of the Agency, in installments of \$5,000 or any integral multiple thereof, but only from the respective mandatory Sinking Fund Installments specified in paragraph 5 above, in part from time to time at the redemption price of 100% of the principal amount or portion thereof to be redeemed, plus accrued interest, if any, on such principal amount to the redemption date, subject to Sections 5.07(b) and (f) of the General Bond Resolution.

7. The 2007 Series A Bonds shall be issued in denominations of \$5,000 or any integral multiple thereof. The 2007 Series A Bond numbers shall bear a prefix "2007A-", an additional prefix indicative of the respective years in which they mature and shall be numbered consecutively as issued, or otherwise as may be determined by the Trustee with the consent of an Authorized Officer of the Agency.

8. The 2007 Series A Bonds initially issued shall be registered in the name of "Cede & Co." The Agency shall deliver the 2007 Series A Bonds in definitive form in New York, New York, on the date hereof, through The Depository Trust Company.

9. The form of the 2007 Series A Bonds, the form of assignment, and the Trustee's Certificate of Authentication shall be in substantially the respective forms set forth in **Exhibit A** hereto, with necessary or appropriate variations, omissions and insertions as are incidental to their numbers, denominations, maturities, interest rate or rates, and other details

thereof or as are otherwise permitted or required by law or by the Resolution, including the First Supplemental Bond Resolution.

10. Any surplus monies on deposit in the Reserve Account from time to time shall be transferred to the Debt Service Account, and investment earnings on and any profit realized from the liquidation of obligations held as part of the Debt Service Account, Operating Fund and Reserve and Contingency Fund as a result of the deposits required by clauses (ii), (iv) and (v), respectively, of paragraph 13 below and the investment thereof shall be retained in or transferred from time to time to the Debt Service Account, as applicable, in each case to the extent required to pay interest on 2007 Series A Bonds to accrue until April 1, 2011, which date is no later than two (2) months after the projected date of commercial operation of the Project of February 1, 2011; provided, however, that any such amounts may be transferred to the Rebate Account upon the written direction of an Authorized Officer of the Agency.

11. Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance corporation (the "Insurer"), has committed to issue a financial guaranty insurance policy (including any endorsements thereto, the "Policy") insuring the payment when due of the principal of and interest on the 2007 Series A Bonds as provided therein. Pursuant to Section 4.01 of the First Supplemental Bond Resolution, the obtaining of the Policy is hereby determined to be in the best interests of the Agency and is hereby authorized and approved. In consideration of the Policy, the provisions of **Exhibit B** hereto shall apply to the 2007 Series A Bonds.

12. The 2007 Series A Bonds are being sold under a Bond Purchase Contract dated as of January 24, 2007 (the "Bond Purchase Contract"), between the Agency and the Underwriters thereunder, the Representative of which Underwriters under the Bond Purchase Contract is Bear, Stearns & Co. Inc., at an aggregate purchase price (including an aggregate original issue premium of \$28,360,623.60 and net of an aggregate underwriters' discount of \$2,635,554.47) of \$530,445,069.13 (the "Purchase Price").

13. The Purchase Price shall be applied as follows:

(i) \$2,743,581.28 shall be transferred to the Insurer in payment of the bond insurance premium owed to the Insurer;

(ii) \$71,339,960.23 shall be deposited in the Debt Service Fund for credit to the Debt Service Account to fund a portion of the interest to accrue on the 2007 Series A Bonds;

(iii) \$32,781,750.00 shall be deposited in the Debt Service Fund for credit to the Debt Service Reserve Account;

(iv) \$16,526,312.30 shall be deposited in the Operating Fund;

(v) \$4,000,000.00 shall be deposited in the Reserve and Contingency Fund; and

(vi) \$403,053,465.32 shall be deposited in the Construction Fund.

The amount specified in clause (ii) above, together with projected investment earnings on and profit to be realized from the investment thereof, and the earnings and profits projected to be retained in or transferred to the Debt Service Account pursuant to paragraph 10 above, does not exceed the interest to accrue on the 2007 Series A Bonds beyond two (2) months after the projected date of commercial operation of the Project determined by paragraph 10 above.

14. The Preliminary Official Statement of the Agency dated January 17, 2007, and the Official Statement of the Agency dated January 24, 2007, and the distribution thereof are hereby ratified.

15. Wells Fargo Bank, N.A., is hereby appointed the Trustee, Paying Agent and Bond Registrar under the Resolution (the "Trustee").

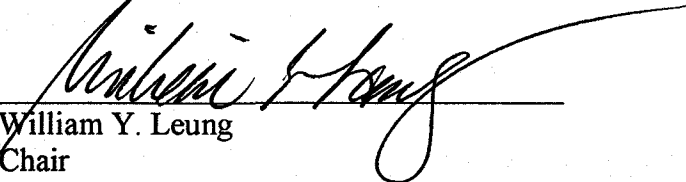
16. The following agreements, and their execution and delivery, are hereby authorized and approved by the Agency: (i) Reserve Fund Agreement dated as of February 15, 2007, by and among the Agency, the Trustee and Lehman Brothers Special Financing Inc., (ii) Repurchase Agreement consisting of a Master Repurchase Agreement as supplemented and amended by a Letter Agreement, each dated as of February 16, 2007, by and among the Agency, the Trustee and Morgan Stanley & Co. Incorporated, and a Custodial Undertaking in Connection With Master Repurchase Agreement dated as of February 16, 2007, by and among the Trustee, Morgan Stanley & Co. Incorporated and The Bank of New York, as Custodian, and (iii) Repurchase Agreement consisting of a Master Repurchase Agreement dated as of February 16, 2007, by and among the Trustee and JPMorgan Chase Bank, N.A., as supplemented and amended by a Letter Agreement dated as of February 16, 2007, by and among the Agency, the Trustee, Wells Fargo Bank, N.A., as Custodian, and JPMorgan Chase Bank, N.A., and a Custody Agreement dated as of February 16, 2007, by and among the Agency, the Trustee, Wells Fargo Bank, N.A., as Custodian, and JPMorgan Chase Bank, N.A.

17. The Agency's Investment Policy for Placement of Bond Proceeds, attached hereto as **Exhibit C**, is hereby approved.

[Signature Page of this Certificate of Determination Follows]

IN WITNESS WHEREOF, I have hereunto set my hand as of this 15th day of
February, 2007.

PUBLIC POWER GENERATION AGENCY



William Y. Leung
Chair

[Signature Page of Certificate of Determination]

**Exhibit A to
Certificate of
Determination**

FORM OF SERIES 2007 SERIES A BONDS

No. 2007A-__

\$ _____

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Public Power Generation Agency or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

**UNITED STATES OF AMERICA
STATE OF NEBRASKA**

PUBLIC POWER GENERATION AGENCY

Whelan Energy Center Unit 2 Revenue Bond, Series 2007A

Interest Rate

Maturity Date

CUSIP

____ %

January 1, ____

744434 ____

Registered Holder: Cede & Co.

Principal Amount: _____ Dollars

PUBLIC POWER GENERATION AGENCY (herein called the "Agency"), a public body corporate and politic created and existing under and by virtue of the laws of the State of Nebraska, acknowledges itself indebted, and for value received hereby promises to pay, to the Registered Holder named above or registered assigns, but solely from the Revenues (as defined in the Resolution hereinafter mentioned) and other sources hereinafter mentioned and not otherwise, the Principal Amount specified above on the Maturity Date specified above (subject to the right of prior redemption, if any, as hereinafter mentioned) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and interest on such Principal Amount in like coin or currency and at the Interest Rate per annum specified above. Interest on this Bond shall be payable from the January 1 or July 1 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a January 1 or July 1, in which case from such date if interest has been paid to such date; provided, however, that such interest shall be payable on this Bond from February 15, 2007, if the date of authentication is prior to the first interest payment

date therefor. Interest on this Bond shall be payable on July 1, 2007 and semi-annually thereafter on each January 1 and July 1 (or if any such date is not a business day, then on the next succeeding business day with no additional interest), in each case to the Holder hereof as of the close of business on the fifteenth day (whether or not a business day) of the next preceding calendar month, such interest to be paid by the Trustee by check payable to the Holder hereof and mailed by first class mail, postage prepaid, to such Holder's address as it appears on the registry books kept at the office of the Bond Registrar, except as may be provided otherwise if this Bond is held in a book-entry-only system. Notwithstanding the foregoing, a Holder of \$1,000,000 or more in aggregate principal amount of 2007 Series A Bonds (as defined below), upon the written request of such Holder to the Trustee received on or prior to a Record Date, specifying the account or accounts to which such payment shall be made, payment of interest when due shall be made by wire transfer of immediately available funds, which direction or request shall remain in effect until revoked or revised by such Holder by an instrument in writing delivered to the Trustee. Interest shall be calculated on the basis of a 30-day month and a 360-day year. Principal of this Bond shall be payable at the principal corporate trust office of the Trustee upon presentation and surrender of this Bond, except as may be provided otherwise if this Bond is held in a book-entry-only system.

This Bond is one of a duly authorized issue of obligations of the Agency designated as its Whelan Energy Center Unit 2 Revenue Bonds (herein called the "Bonds") issued and to be issued in various series under and pursuant to Section 13-801 *et seq.*, Reissue Revised Statute of Nebraska, 1997, as amended, the same being the Interlocal Cooperation Act (herein called the "Act"), and under and pursuant to a resolution of the Agency adopted by its Board of Directors on January 4, 2007, entitled "Whelan Energy Center Unit 2 General Revenue Bond Resolution" (herein called the "General Bond Resolution"). The aggregate principal amount of Bonds which may be issued under the General Bond Resolution is not limited except as provided in the General Bond Resolution as the same may be supplemented and amended.

This Bond is one of a series of Bonds of various maturities designated as "2007 Series A" (herein called the "2007 Series A Bonds") issued in the aggregate principal amount of \$504,720,000 under the Act, the General Bond Resolution and a supplemental resolution of the Agency adopted by its Board of Directors on January 4, 2007, and entitled "First Supplemental Whelan Energy Center Unit 2 Revenue Bond Resolution", including as a part thereof the Certificate of Determination dated February 15, 2007 (the "First Supplemental Bond Resolution"). The General Bond Resolution, as supplemented by the First Supplemental Bond Resolution and as the same may be further supplemented and amended, is herein collectively called the "Resolution".

Capitalized terms used herein and not otherwise defined herein shall have the meanings provided in the Resolution. Copies of the Resolution are on file at the office of the Agency and at the principal corporate trust office of Wells Fargo Bank, N.A., Lincoln, Nebraska, as Trustee under the Resolution, or its successor as such Trustee (herein called the "Trustee"). The Trustee is also Bond Registrar and Paying Agent for the 2007 Series A Bonds.

The Bonds are payable as to principal, Redemption Price and interest solely from and are equally and ratably secured solely by the Revenues and certain other moneys, securities, funds and accounts and rights pledged to such payment by the Resolution, subject to the

provisions of the Resolution permitting the application of such Revenues, moneys, securities, funds, accounts and rights to other purposes and on the terms and conditions set forth in the Resolution, including, without limitation, the prior application of Revenues to the payment of Operating Expenses. The Bonds are special obligations of the Agency payable solely from such Revenues, moneys, securities, funds, accounts and rights, and no other revenues or assets of the Agency shall be, or shall be deemed to be, pledged to the payment thereof.

Reference is hereby made to the Resolution, including without limitation the First Supplemental Bond Resolution, to all of the provisions of which any Holder of this Bond by such Holder's acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the pledge and covenants securing the Bonds, including this Bond; the Revenues, moneys, securities, funds, accounts and rights pledged to the payment of the principal and Redemption Price of and interest on the Bonds issued thereunder; the nature and extent and manner of enforcement of the pledge; the conditions upon which Bonds may hereafter be issued thereunder and certain other obligations may be incurred, payable on a parity with the 2007 Series A Bonds from such Revenues, moneys, securities, funds, accounts and rights and equally and ratably secured therewith; the conditions upon which the Resolution may be amended or supplemented with or without the consent of the Holders of the Bonds; the rights and remedies of the Holders of the Bonds with respect to the Bonds and the Resolution, including the limitations therein contained upon the right of a Holder to institute any suit, action or proceeding in equity or at law; the rights, duties and obligations of the Agency and the Trustee thereunder; the terms and provisions upon which the pledges and covenants made therein may be discharged at or prior to the maturity of this Bond, and this Bond thereafter no longer be secured by the Resolution or be deemed to be Outstanding thereunder, if moneys or certain specified securities shall have been deposited with the Trustee sufficient and held in trust solely for the payment hereof; and for the other terms and provisions thereof.

THE PRINCIPAL OF BONDS MAY NOT BE DECLARED DUE AND PAYABLE BEFORE THE MATURITY THEREOF UPON THE OCCURRENCE OF AN EVENT OF DEFAULT.

The 2007 Series A Bonds of the same maturity as this Bond are issuable in the form of registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Resolution, this Bond may be exchanged at the office of the Bond Registrar for a like aggregate principal amount of 2007 Series A Bonds of other authorized denominations and of the same Series, maturity and interest rate.

This Bond is transferable, as provided in the Resolution, only upon the books of the Agency kept for that purpose at the principal office of the Bond Registrar by the Holder hereof in person, or by his attorney duly authorized in writing, subject to the limitations and upon payment of the charges, if any, provided in the Resolution, and thereupon a new registered Bond or Bonds, and in the same aggregate principal amount, Series, maturity and interest rate shall be issued to the transferee in exchange therefor.

The Agency and each Fiduciary may deem and treat the person in whose name this Bond is registered upon the books as the absolute owner hereof for the purpose of receiving

payment of principal and interest on this Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the Agency's liability upon this 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.

The 2007 Series A Bonds maturing on January 1, 2032, on January 1, 2037, and on January 1, 2041, are term bonds subject to retirement from Sinking Fund Installments which shall be accumulated by January 1 in each of the years and in the respective principal amounts as follows, subject to provisions of the General Bond Resolution providing for credits against such installments in the event of the purchase or redemption of 2007 Series A Bonds:

<u>2032 Maturity</u>		<u>2037 Maturity</u>		<u>2041 Maturity</u>	
<u>Year</u>	<u>Sinking Fund Installment</u>	<u>Year</u>	<u>Sinking Fund Installment</u>	<u>Year</u>	<u>Sinking Fund Installment</u>
2028	\$16,555,000	2033	\$21,130,000	2038	\$26,970,000
2029	17,385,000	2034	22,185,000	2039	28,315,000
2030	18,255,000	2035	23,295,000	2040	29,730,000
2031	19,165,000	2036	24,460,000	2041	31,220,000
2032	20,125,000	2037	25,685,000	(stated maturity)	
(stated maturity)		(stated maturity)			

The 2007 Series A Bonds maturing on or after January 1, 2018, shall be subject to redemption prior to their respective stated maturities at any time on and after January 1, 2017, at the option of the Agency, in installments of \$5,000 or any integral multiple thereof, from any monies available to the Agency for such purpose, as a whole or in part from time to time in any order of maturity determined by the Agency at the redemption price of 100% of the principal amount or portion thereof to be redeemed, plus interest accrued, if any, on such principal amount or portion thereof to the redemption date.

The 2007 Series A Bonds maturing on January 1, 2032, on January 1, 2037, and on January 1, 2041, also are subject to redemption prior to their respective maturities, on or after January 1, 2028, on or after January 1, 2033, and on or after January 1, 2038, respectively, at the option of the Agency, in installments of \$5,000 or any integral multiple thereof, but only from the respective mandatory Sinking Fund Installments specified above, in part from time to time at the redemption price of 100% of the principal amount or portion thereof to be redeemed, plus accrued interest, if any, on such principal amount to the redemption date.

In the event this Bond is called for prior redemption, notice of such redemption shall be mailed, at least once not less than thirty days prior to the date fixed for the redemption hereof, to the Holder of this Bond at such Holder's address as shown on the books of registry. If this Bond be of a denomination in excess of the minimum authorized denomination, portions of the principal sum hereof in installments of authorized denominations may be redeemed, and in such case, upon the surrender of this Bond to the Trustee, there shall be issued to the Holder hereof, without charge therefor, for the then unredeemed balance of the principal sum hereof, registered 2007 Series A Bonds of like maturity and interest rate in any authorized denomination.

Any notice of optional redemption of 2007 Series A Bonds may state that it is conditional upon receipt by the Trustee of moneys sufficient to pay the redemption price of such 2007 Series A Bonds or upon the satisfaction of any other condition, and 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, as promptly thereafter as practicable, to affected Holders of 2007 Series Bonds in the same manner as the conditional notice of redemption was given.

No member of the Agency or of its Board of Directors, no officer, employee or agent of the Agency, and no person executing 2007 Series A Bonds, shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on the 2007 Series A Bonds.

The Bonds shall not constitute a debt of any political subdivision (other than the Agency to the extent provided by the Resolution) or the State of Nebraska, and neither the State of Nebraska nor any political subdivision thereof (other than the Agency to the extent provided by the Resolution) shall be liable thereon. The Agency does not have the power to pledge the credit, the revenues or the taxing power of the State of Nebraska or any political subdivision thereof, and none of the credit, the revenues or the taxing power of the State of Nebraska or of any political subdivision thereof is or shall be or be deemed to be pledged to the payment of the Bonds.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed and that the issuance of the 2007 Series A Bonds, together with all other indebtedness of the Agency, is within every debt and other limit prescribed by the laws of the State of Nebraska.

This Bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

[Signature Page Follows]

IN WITNESS WHEREOF, THE PUBLIC POWER GENERATION AGENCY has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chair or Vice Chair, and its corporate seal (or a facsimile thereof) to be hereunto affixed, impressed, imprinted, engraved or otherwise reproduced and attested by the manual or facsimile signature of its Secretary-Treasurer, all as of February 15, 2007.

PUBLIC POWER GENERATION AGENCY

By: _____
Authorized Officer

[SEAL]

Attest:

Authorized Officer

Authentication Date:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

The Bond is one of the bonds of the series designated therein and described in the within-mentioned Resolution.

WELLS FARGO BANK, N.A.,
Trustee

By: _____
Authorized Officer

STATEMENT OF INSURANCE

Financial Guaranty Insurance Policy No. 26171BE (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security or
Taxpayer Identification Number of Transferee

/ _____ /

(Please print or typewrite name and address, including zip code, of Transferee)

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to register the transfer of the within Bond on the books kept for registration thereof,
with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

NOTICE: Signature(s) must be
guaranteed by a member or participant
of a signature guarantee program

NOTICE: The signature above must
correspond with the name of the Holder as it
appears upon the front of this Bond in every
particular, without alteration or enlargement
or change whatsoever.

**SPECIAL PROVISIONS APPLICABLE TO
2007 SERIES A BONDS**

Ambac Assurance Corporation (the "Insurer") has committed to issue a financial guaranty insurance policy (including any endorsements thereto, the "Policy") insuring the payment when due of the principal of and interest on the 2007 Series A Bonds as provided therein.

In order to comply with the conditions precedent to the issuance of the Policy, the Agency enacts the following provisions, which shall be in effect as long as the Policy shall be in effect or there shall exist any right of the Insurer to subrogation to the rights of the Holders of the 2007 Series A Bonds, and shall be binding upon the Holders of the 2007 Series A Bonds, unless (i) the Insurer is in default in its obligation to make any payment under the Policy when due, (ii) the Insurer is bankrupt or insolvent or contesting the validity or enforceability of the Policy, or (iii) the Policy has been determined to be invalid or unenforceable in a final, non-appealable order from any court of competent jurisdiction.

Notwithstanding the foregoing, any provision of this Exhibit B expressly recognizing or granting rights in or to the Insurer may not be amended in any manner which affects the rights of the Insurer hereunder without the prior written consent of the Insurer, and, except for the proviso to Section 1, may be amended without the consent of any Bondholder.

1. The Insurer shall be deemed to be the sole Holder of the 2007 Series A Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Holders of the 2007 Series A Bonds are entitled to take pursuant to Article VIII (pertaining to defaults and remedies), Article IX (concerning the Fiduciaries) and Articles X and XI (pertaining to amendments and supplements) of the Resolution; provided, however, that no such action by the Insurer may be taken without the specific consent of the Holder of each 2007 Series A Bond affected if such specific consent otherwise would be required by the second sentence of Section 11.02 of the General Bond Resolution.

2. To the extent the Resolution confers upon or grants the Insurer any right, remedy or claim under or by reason of the Resolution, the Insurer shall be a third party beneficiary of the Resolution.

3. In determining whether the Holders of 2007 Series A Bonds will be adversely affected by any action taken pursuant to the terms of the Resolution, the Agency and the Trustee shall consider the effect on the Holders as if there were no Policy.

4. The Agency shall furnish to the Insurer (i) a copy of any audit report and certificate as to any Event of Default and default as and when filed with the Trustee pursuant to Section 7.13 of the Resolution, (ii) notices of material events under continuing disclosure undertakings of the Agency pursuant to Securities and Exchange Commission Rule 15c2 12, as and when filed pursuant thereto, and (iii) such additional information as the Insurer may reasonably request. Such communications shall be sent to the attention of the Insurer's Surveillance Department.

5. The Trustee shall furnish to the Insurer (i) a copy of any notice required by the Resolution to be given by the Trustee to the Holders of the 2007 Series A Bonds, including without limitation notice of redemption or defeasance of 2007 Series A Bonds and any notice relating to the security for the 2007 Series A Bonds, and (ii) such additional information relating to the 2007 Series A Bonds as the Insurer may reasonably request. Such communications shall be sent to the attention of the Insurer's Surveillance Department.

6. The Trustee shall furnish to the Insurer notice (i) of any failure of the Agency to provide relevant notices, certificates, etc., relating to the 2007 Series A Bonds that may be required under the Resolution on fixed dates, (ii) as provided in Section 10 below, if at any time there are insufficient moneys on deposit in the Debt Service Fund to make any payments of principal of and/or interest on 2007 Series A Bonds as required, and (iii) immediately upon the occurrence of any Event of Default relating to the 2007 Series A Bonds of which an officer assigned to its principal corporate trust office has actual knowledge. Such communications shall be sent to the Insurer's General Counsel Office.

7. The Agency will permit the Insurer to discuss the affairs, finances and accounts of the Agency or any information the Insurer may reasonably request regarding the security for the 2007 Series A Bonds with appropriate officers of the Agency at any reasonable time. The Agency and the Trustee will permit the Insurer to have access to and to make copies of (in the case of the Trustee, in each case, at its principal corporate trust office) all books and records relating to the 2007 Series A Bonds at any reasonable time.

8. Unless otherwise approved by the Insurer, only (i) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in the following clause (ii)), or (ii) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America, shall be authorized to be used to effect a defeasance of the 2007 Series A Bonds.

9. Notwithstanding Section 4.08 of the General Board Resolution, no Bonds purchased in lieu of redemption shall be remarketed except with the prior written consent of the Insurer.

10. Notwithstanding anything in the Resolution to the contrary, in the event that the principal and/or interest due on the 2007 Series A Bonds shall be paid by the Insurer pursuant to the Policy, the 2007 Series A Bonds shall remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the Agency, and the pledge of the Revenues (subject to the prior payment from Revenues of Operating Expenses) and other

moneys and securities pledged under the Resolution, to the extent relating to the 2007 Series A Bonds, all on the terms and conditions set forth in the Resolution, and all covenants, agreements and other obligations of the Agency to the Holders of the 2007 Series A Bonds shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of such Holders.

11. *Payment Procedure Pursuant to the Policy.* (a) At least one (1) business day prior to any date on which principal or interest is due on the 2007 Series A Bonds (each of which is hereinafter in this Section 11 referred to as a "Due Date") the Trustee shall determine whether there will be sufficient funds in the Debt Service Fund to pay the principal of or interest on the 2007 Series A Bonds to become due on such Due Date. If the Trustee determines that there will be insufficient funds in the Debt Service Fund, the Trustee shall so notify the Insurer. Such notice shall specify the amount of the anticipated deficiency, the 2007 Series A Bonds to which such deficiency is applicable and whether such 2007 Series A Bonds will be deficient as to principal or interest, or both. If the Trustee has not so notified the Insurer at least one (1) business day prior to a Due Date, the Insurer will make payments of principal or interest due on the 2007 Series A Bonds on or before the first (1st) business day next following the date on which the Insurer shall have received notice of nonpayment from the Trustee.

(b) The Trustee shall, after giving notice to the Insurer as provided in the immediately preceding paragraph, make available to the Insurer and, at the Insurer's direction, to The Bank of New York, in New York, New York, as insurance trustee for the Insurer or any successor insurance trustee (the "Insurance Trustee") the books of registry maintained by the Trustee for the 2007 Series A Bonds and all records relating to the Debt Service Fund (to the extent relating to the 2007 Series A Bonds).

(c) The Trustee shall provide the Insurer and the Insurance Trustee with a list of registered owners of 2007 Series A Bonds entitled to receive principal or interest payments from the Insurer under the terms of the Policy, and shall make arrangements with the Insurance Trustee (i) to mail checks or drafts to the registered owners of 2007 Series A Bonds entitled to receive full or partial interest payments from the Insurer and (ii) to pay principal upon 2007 Series A Bonds surrendered to the Insurance Trustee by the registered owners of 2007 Series A Bonds entitled to receive full or partial principal payments from the Insurer.

(d) The Trustee shall, at the time it provides notice to the Insurer pursuant to paragraph (a) above, notify registered owners of 2007 Series A Bonds entitled to receive the payment of principal or interest thereon from the Insurer (i) as to the fact of such entitlement, (ii) that the Insurer will remit to them all or a part of the interest payments next coming due upon proof of 2007 Series A Bondholder entitlement to interest payments and delivery to the Insurance Trustee, in form satisfactory to the Insurance Trustee, of an appropriate assignment of the registered owner's right to payment, (iii) that should they be entitled to receive full payment of principal from the Insurer, they must surrender their 2007 Series A Bonds (along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee to permit ownership of such 2007 Series A Bonds to be registered in the name of the Insurer), for payment thereon to the Insurance Trustee, and not the Trustee, and (iv) that should they be entitled to receive partial payment of principal amount from the Insurer, they must surrender their 2007

Series A Bonds for payment thereon first to the Trustee, who shall note on such 2007 Series A Bonds the portion of the principal paid by the Trustee, and then, along with an appropriate instrument of assignment in form satisfactory to the Insurance Trustee, to the Insurance Trustee, which will then pay the unpaid portion of principal.

The Trustee and the Insurer may agree upon a procedure for the payment of principal different from the one described in clause (iii) or (iv) of the immediately preceding paragraph that is not materially adverse to the interests of the registered owners of the 2007 Series A Bonds, and in such event, the notice given to the registered owners of the 2007 Series A Bonds shall be appropriately revised as agreed upon by the Trustee and the Insurer.

(e) In the event that the Trustee has notice that any payment of principal of or interest on an 2007 Series A Bond which has become Due for Payment (as defined in the Policy) and which is made to an 2007 Series A Bondholder by or on behalf of the Agency has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time the Insurer is notified, notify all registered owners that in the event that any registered owner's payment is so recovered, such registered owner will be entitled to payment from the Insurer to the extent of such recovery if sufficient funds are not otherwise available, and the Trustee shall furnish to the Insurer its records evidencing the payments of principal of and interest on the 2007 Series A Bonds which have been made by the Trustee and subsequently recovered from registered owners and the dates on which such payments were made.

(f) In addition to those rights granted the Insurer under the Resolution, the Insurer shall, to the extent it makes payment of principal of or interest on 2007 Series A Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy, and to evidence such (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the Insurer's rights as subrogee on the books of registry for the 2007 Series A Bonds maintained by the Trustee, upon receipt from the Insurer of proof of the payment of interest thereon to the registered owners of the 2007 Series A Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the Insurer's rights as subrogee on the books of registry for the 2007 Series A Bonds maintained by the Trustee upon surrender of the 2007 Series A Bonds by the registered owners thereof together with proof of the payment of principal thereof.

The Agency hereby covenants and agrees that it shall reimburse the Insurer for (i) any amounts paid under the Policy and (ii) all costs of collection thereof and enforcement of the Resolution and any other documents executed in connection with the Resolution, in each case together with interest thereon from the date paid or incurred by the Insurer until payment thereof in full by the Agency, payable at the Insurer Payment Rate (as hereinafter defined), including without limitation (to the extent permitted by applicable law) interest on claims paid by the Insurer in respect of interest on the 2007 Series A Bonds. Such payment obligations shall be payable on demand. In the case of the obligations specified in clause (i) above only, including interest on unpaid amounts at the Insurer Payment Rate as aforesaid, such obligations shall be payable on a parity with, and from the same sources and secured by the same security as, regularly scheduled

principal and interest payments in respect of the 2007 Series A Bonds and are hereby determined to be Credit Facility Reimbursement Obligations and Parity Obligations under the Resolution. For purposes of the foregoing, "Insurer Payment Rate" shall mean the lesser of (a) the maximum rate permissible under applicable usury or similar laws limiting interest rates and (b) the greater of (i) the then applicable highest rate of interest on the 2007 Series A Bonds and (ii) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A. ("Chase") at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus 3 percent. The Insurer Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that Chase ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify.

**Exhibit C to
Certificate of
Determination**

INVESTMENT POLICY FOR PLACEMENT OF BOND PROCEEDS

BOND PROCEEDS INVESTMENT POLICIES:

A. Scope

This policy applies to the investment of the bond proceeds related to the Whelan Energy Center Unit 2 project (the "Project") including, but not limited to the Public Power Generation Agency, Whelan Energy Center Unit 2 Revenue Bonds 2007 Series A. Other bond proceeds investment guidelines or restrictions may apply as determined by relevant bond documents.

B. Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of the capital, as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

C. Objective

The primary objective for the investment of the relevant bond proceeds, in order of priority, shall be:

- | | | |
|--------------|---|--|
| 1. Legality | — | conformance with federal, state and other legal requirements |
| 2. Safety | — | preservation of capital and protection of investment principal |
| 3. Liquidity | — | maintenance of sufficient liquidity to meet expenditure requirements |
| 4. Yield | — | maximize interest earnings in the context of 1, 2, and 3 above |

D. Permitted Investments

I. The following obligations to be used as permitted investments for all purposes, including defeasance investments in refunding escrow accounts.

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation),
- (2) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America (U.S.) or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including:
 - U.S. Treasury obligations
 - All direct or fully guaranteed obligations of the U.S.
 - Farmers Home Administration
 - General Services Administration
 - Guaranteed Title XI financing
 - Government National Mortgage Association (GNMA)
 - U.S. Treasury Obligations, State and Local Government Series (SLGS)

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the related debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

II. The following Obligations are to be used as Permitted Investments for all purposes other than

defeasance investments in refunding escrow accounts.

- (1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the U.S., including:
 - Export-Import Bank
 - Rural Economic Community Development Administration
 - U.S. Maritime Administration
 - Small Business Administration
 - U.S. Department of Housing & Urban Development (PHAs)
 - Federal Housing Administration
 - Federal Financing Bank
- (2) Direct obligations or mortgage pass-through obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the U.S.:
 - Senior debt obligations or mortgage pass-through obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC).
 - Obligations of the Resolution Funding Corporation (REFCORP)
 - Senior debt obligations or mortgage pass-through obligations of the Federal Home Loan Bank System (FHLB)
 - Senior debt obligations or mortgage pass-through obligations of other Government Sponsored Agencies approved by the bond insurer.
- (3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" or "A-1+" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);
- (4) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's and "A-1+" by S&P and which matures not more than 270 calendar days after the date of purchase;
- (5) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;
- (6) Pre-refunded municipal obligations defined as follows: any bonds or other obligations of any State of the U.S. or of any agency, instrumentality or local governmental unit of any such State which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and
 - (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or
 - (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph 1.(2) above, which escrow 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 (ii) which escrow is sufficient, as verified by an independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; [Pre-refunded municipal obligations meeting the requirements of

subsection (B) hereof may be used as permitted investments for annual appropriation lease transactions.]

(7) Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P.

(8) Investment agreements with consent from the bond insurer (supported by appropriate opinions of counsel); and

(9) other forms of investments (including repurchase agreements) with consent from the bond insurer.

III. The value of the above investments shall be determined as follows:

a) For the purpose of determining the amount in any fund, all permitted investments credited to such fund shall be valued at current or fair market value plus accrued interest. The trustee, or custodian, as applicable, shall determine the current or fair market value plus accrued interest based upon accepted industry standards and from accepted industry providers.

b) As to certificates of deposit and bankers' acceptances: the face amount thereof, plus accrued interest thereon; and

c) In any event, as agreed to in writing between PPGA, the trustee, and the bond insurer.