

*Serving the agricultural, residential, business and community electric power needs of
Adams, Franklin, Hall, Hamilton, Kearney, Merrick and Phelps Counties*

News Release

Tuesday, April 17, 2007

From: LeAnne Doose, Communications Director

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Southern Power District customers will see two new charges implemented to their electric bill beginning in May. The District's Board of Directors at their April 11th meeting approved a surcharge to be applied to each kWh of electricity sold. This is required to recover unexpected interest costs incurred from emergency funds borrowed to restore service after the December 30, 2006 ice storm. The "Southern Surcharge" will result in a 2.79% increase or \$1.81 for a residential customer using 1,000 kWh.

In addition, Nebraska Public Power District recently announced the implementation of a Production Cost Adjustment (PCA) charge that will be assessed to their wholesale and retail customers. Due to damage to high voltage transmission lines from the ice storm, NPPD was unable to sell excess generation into the market. Margin from these sales was anticipated in setting their current wholesale rate to Southern. The PCA charge will be passed on to Southern—a wholesale customer of NPPD, and will then be included on the bill of Southern retail customers. The PCA will result in an additional 1.65% increase or \$1.07 for a residential customer using 1,000 kWh.

Both of these charges begin with Southern's May 1st bill and will continue for one year. Effective May 1, 2008 both the NPPD PCA and the Southern Surcharge will end; however, new wholesale rates and retail rates for Southern customers will be considered.

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