

Loup Power District October 25, 2006 Board Summary

President/CEO Neal Suess reported to the Board regarding the negotiations with the NEG&T and Cornhusker on a new power supply contract. A new "Joint Planning and Service Area Adjustment Agreement" was presented to the Board. This agreement would allow the District to serve new customers in the buffer areas contained in the agreement. Cornhusker would continue to service existing customers in those areas. Once the City of Columbus annexed these areas all existing customers would become District customers. As part of this agreement Cornhusker would be served directly from NPPD, but would still be a subtransmission customer of the District. The agreement has an initial term of 15 years with automatic five year renewals. Cornhusker's Board approved this agreement at their October Board meeting. The agreement was approved by the Board.

Proposed by-law changes were discussed. There will be no further committee meetings prior to Board meetings and the time for regular Board meetings will be changed to 9:00 a.m. beginning in 2007. Additional proposed changes may be brought up before the end of the year to be implemented in 2007.

The pro forma was accepted.

The NPPD Wholesale GFPS Rate Study Summary Report was reviewed. New wholesale rates will go into effect on February 1, 2007. No rate hearing has been called for at this time.

Amendment One to the 2006 Construction Budget was approved with an increase of \$28,400.

A discussion on the Directors per diem was tabled until the November Board meeting

The District accepted the UNICO proposal for Excess Liability and Automobile coverage and the AON proposal for Property and Boiler Machinery. These quotes would result in a reduction in the costs for these insurance coverages of \$137,460 compared to last year's premiums.

The Recreational Liability Act and how it could affect the District was discussed. Management will continue to keep the Board informed regarding discussions about the RLA. Once more detail is available, management will present a risk and costs package to the Board so that an informed decision can be made.

Four new full-time positions were added to the 2007 budget. These positions include an additional lineman/serviceman for the Operations Department in Columbus, two additional linemen for the Operations Department in Columbus, one to be added to each crew (the underground and overhead crews) and an information technology technician position for the Administrative Department in Columbus.

Director Kumpf commended the marketing department on the pictures that have been published in the local papers.

The following work order supplements were approved.

W.O. No.	Description	Amount
Suppl. #1 01874	<u>Responsibility Area 923 Budget Code 1292 Item No. 5</u> This work was to consist of building two riser structures, setting six padmounted transformers, trenching 1900 feet of 1/0 UG cable, and setting five streetlights. This work was needed to provide service to the Lost Creek 2 nd Addition in Columbus. This supplement is needed to adjust the authorized amount to reflect actual cost. Material costs were higher than anticipated due to the recent rise in the metals market.	

Suppl. #1
1884

Responsibility Area 923 Budget Code 1292 Item No. 8

This work order will install .75 miles of new three-phase underbuild utilizing 10-foot crossarms on a new transmission line along 17th Street and 18th Avenue in Columbus. 336KCM ACSR conductor and a 4/0 ACSR neutral will replace the existing 4/0 cooper and 350AA conductor. This work will improve clearances and upgrade the line.

This supplement is required to adjust the funds due to a 17.5% over-run of the authorized amount. This occurred due to the following items not accounted for on this work order. 1) Extra time for the Albion crew to drive to Columbus to help with this work. 2) A 760 foot extension of the new conductor to acquire a more suitable anchoring area. 3) Payment to landowners along the line route to have trees removed.

The November board meeting will begin at 9:00 a.m. due to a full agenda.