

LOUP POWER DISTRICT

Board Summary

July 23, 2008

Congratulations from NPPD —

NPPD Wholesale Account Representative Jack Henderson congratulated Loup on their achievements during the past 75 years as the state's first electric utility. He then presented a plaque to Chairman Merrill signed by the NPPD Board of Directors and Ron Asche, President & CEO of NPPD. NPPD board member Larry Kuncel expressed his pleasure at being a Loup customer for 37 years stating all of his dealings with Loup personnel was always warm, friendly, and helpful. He said employees make a company and the District has great employees. Chairman Merrill thanked him for the kind words.

Thank You —

President/CEO Neal Suess thanked the Directors for their thoughts and prayers during the difficult time of the passing of Jolene Suess's mother.

Climate Change Ad —

President/CEO Neal Suess stated he had APPA review a proposed ad on climate change that had been presented to the Board at the June meeting and they had proposed various modifications to make the ad a more positive statement of what the District stands for. APPA had indicated the importance of communicating with customers on how climate change can affect rates. The Cornhusker Board voted this month to move forward with the ad as APPA had changed it. The Board decided to drop any consideration of running a climate change ad and look at other approaches to reach customers in a more effective manner.

PURPA Standards —

At this time a public hearing was held. President/CEO Neal Suess informed the board that no comments had been received from the public regarding the three PURPA standards up for consideration.

Resolution 10,057 was adopted which determined it is not appropriate to adopt and implement the federal PURPA Net Metering standards and instead adopts the standard included in NPPD's Management Report on making Net Metering service available on a limited basis in the manner set forth in NPPD's Management Report, once a request for net metering has been made.

Resolution 10,058 was adopted to adopt and implement the Fuel Source standard included in NPPD's Management Report regarding diverse generation technologies and fuel sources, environmental cost and planning options.

Resolution 10,059 was adopted which determines it is not appropriate to adopt and implement the federal

PURPA Fossil Fuel Generation Efficiency standard and instead adopts a policy for fossil fuel generation efficiency similar to that contained in NPPD's Management Report.

NPPD Proposed Rate Increase —

President/CEO Neal Suess reviewed the NPPD proposed wholesale rate increase. NPPD is expecting to implement a seven percent increase on January 1, 2009 as there will be no funds left in the rate stabilization account after 2009. NPPD has indicated the reasons for the increase are expected transmission rate increases in 2010, an increase in nuclear fuel expenses and other inflation costs of generation. NPPD has joined the Southwest Power Pool in an effort to keep transmission costs down. The District has not yet analyzed the effect of the seven percent rate increase on retail rates.

LES Rate Increase —

The issue of LES (Lincoln Electric System) increasing rates was discussed. LES is recommending a 10.1 percent increase to the city council. LES will be cutting back expenses to help reduce the amount of increase needed. Lincoln has an Employers Coalition as an LES watchdog much as NPPD has the wholesale customers watching what they are doing.

Proposed Annexation in Columbus —

A concern regarding the proposed annexation in Columbus was discussed. A board member feels this issue is important enough for a committee meeting to address or to have additional information at the August board meeting.

Possible Land Sale —

President/CEO Neal Suess discussed a possible land sale to the Union Pacific Railroad. The UPRR needs to expand in the east Industrial Park to provide service for ADM and Katana Summit. The Board authorized the President/CEO to make an offer of \$20,000 per acre to the land company for a Union Pacific spur track under a 'purchase option' agreement.

75th Anniversary Activities —

Director Kracl attended the Clarkson celebration. Director Cerv was helping the Development Department serve ice cream at the festivities.

Development/Marketing Manager David Bell informed the board celebrations were taking place in all of the towns in commemoration of Loup's 75th anniversary. The District had been in Albion last night and would be hosting events at Lawn chairs on the Square in Columbus on Thursday evening.

(Continued on next page.)

APPA —

The Directors received a verbal report on the APPA Annual Meeting held in New Orleans in June.

NRECA —

It was noted the NRECA has a director certification program. The NRECA will be hosting a Region 7 meeting in Omaha in October.

Leigh Dam Project —

The Leigh dam project is on hold. The District has only done design work.

Sloughing Repair —

President/CEO Neal Suess showed pictures of Diamond Engineering driving piling into the bank on the east side of Columbus Powerhouse below the substation as a result of the sloughing that occurred. Operations Manager Kendall Christensen said the work has been designated as part of the disaster area in Platte County and 75 percent of the work should be reimbursed through FEMA.

Open Meetings Law Workshop —

Director Clausen attended the Open Meetings Law workshop in Norfolk on June 19th. The public no longer has to give their name to be on the agenda or to speak at a meeting.

The following work orders were approved.

<u>W.O. No.</u>	<u>Description</u>
01999 Responsibility Area 923 Budget Code 1292 Item No. 5	This work will consist of setting a new fused enclosure, a new 3ph padmounted transformer and pulling UG cable in a customer installed conduit to provide service to the new Columbus United Federal Credit Union being constructed east of Columbus.
02000 Responsibility Area 925 Budget Code 1292 Item No. 5	This work will include setting three padmounted transformers, trenching 1/0 UG cable, building a riser and installing two street lights to provide service to the new Lost Creek 3 rd Addition in north Columbus.
02001 Responsibility Area 923 Budget Code 1392 Item No. 7	This work order is required to install a three phase recloser and associated equipment on the east side of the Newman Grove distribution substation. The recloser will provide improved protection for three phase loads. This work order is required to remove the existing fuse mountings and 31 feet of substation fence at the Newman Grove distribution sub.
02002 Responsibility Area 923 Budget Code 1292 Item No. 5	This work will consist of setting four padmounted transformers, three secondary pedestals, three street lights, trenching 750 ft of 1/0 UG cable and building a new UG riser to provide service to the New Fox Hollow 4 th Addition in north Columbus.
02003 Responsibility Area 923 Budget Code 1192 Item No. Contingency	This work order will relocate a 5400 ft segment of 34.5kV sub-transmission line east of Columbus to accommodate the building of NPPD's new 345kV line. It will be built to present day standard's, utilizing vertical construction with a 3/8" EHS shield wire, T2-4/0 ACSR conductor, and designed for underbuild. A 2400 ft segment feeding this line will be purchased from Cornhusker Power District and rebuilt utilizing T2-4/0 ACSR conductor. NPPD will not be charged for the additional pole height required to accommodate underbuild, the added cost of the larger T2-4/0 ACSR conductor, or for the overhead shield wire and the labor to install it. These charges will go towards Loup's investment costs.