

LOUP POWER DISTRICT

Board Summary

August 27, 2008

Annexation Issues —

Possible annexation around Columbus was discussed. President/CEO Neal Suess led off the discussion by showing a map of the District's current service territory around Columbus, its buffer zone and the north arterial. The City of Columbus would like to annex the north arterial but Cornhusker PPD has threatened to sue if the city proceeded with this annexation.

Columbus City Administrator, Joe Mangiamelli brought a map from the City. The City has worked with landowners over land use issues on how to best market their property if they would wish to sell their property in the future for commercial development. As far as annexation goes the City proposed to CPPD to annex the section of the north arterial that is now open. The county board had no objection to the annexation but CPPD objected. Due to state law cities cannot annex unless the property is adjacent and contiguous to the city. The City will aggressively seek annexation when it makes sense.

Dr. Hillyer from the Columbus Public School system expressed his concern on significant valuation issues. The CPS has a much lower property valuation per student than Lakeview or Humphrey due to not having the industrial tax basis. As enrollment grows more buildings will be needed. CPS is looking at all possibilities to reduce tax valuation to city residents to spread the valuation to annexed areas. The school will aggressively help with annexation.

Relicensing —

The hydroelectric relicensing information was updated. At this time HDR representatives gave an oral relicensing update. A list of issues has been brought forth by the NGPC (Nebraska Game and Parks Commission), USFWS (US Fish and Wildlife Service), the DNR (Department of Natural Resources) and USGS (US Geological Society).

Dennis Grennan of HDR informed the board how the duties are divided at HDR for the District's relicensing project. Things are getting more intense as the October date for filing the Pre-Application Document approaches. A lot of investigative work is being done. Once the PAD is submitted it will flush out the study requests and by March there will be an official study plan. A year from now HDR will probably know the studies that must be

conducted for the relicensing process. USFWS is the chief agency to deal with for studies associated with the relicensing.

George Waldow of HDR said the DNR has issues but HDR hopes to resolve these issues in the next few months. The agency meetings have gone well and HDR is gradually working through the agency issues. Hydro cycling and pulse flows from the canal is a major issue. HDR hopes to get down to three major issues and a dozen studies.

Lisa Richardson of HDR hopes to discuss and do away with a number of the issues. The District operates according to FERC (Federal Energy Regulatory Commission) and Nebraska water laws.

Mr. Grennan hopes separate meetings with the DNR can be held to discuss and resolve various issues. HDR is on schedule to submit the PAD (Preliminary Application Document) in mid October.

Minutes —

Director Thieman asked for more detail to be included in the minutes. President/CEO Neal Suess read Director Thieman's comments regarding the sale of land to the railroad from last month's meeting. The minutes of the previous meeting were approved as had been presented.

NPPD Wholesale Customer Group —

President/CEO Neal Suess discussed a letter detailing the NPPD Concerned Wholesale Customer Group. The group discussed how representation on the NPPD Board was developed. No action was taken by the customer group. The Directors asked that the District be open to NPPD regarding the wholesale group. The District doesn't have any lack of confidence with the NPPD Board. The Board feels it is beneficial to look at the issues but be open with NPPD. If a coalition is formed the Board will decide if the District should belong.

Rates —

A letter regarding the NPPD Wholesale Rate Projection was reviewed. President/CEO Neal Suess informed the Board the District will be at the high end of the increase proposed by NPPD. The District hopes to keep the retail rate increase to 5-6 percent for 2009. Customers need to be educated on how the cost per kWh is achieved.

(Continued on next page.)

Budget —

The 2009 budget preparation schedule was approved.

Investments —

An analysis regarding in-state versus out-of-state investment opportunities merited much discussion on the merits of investing out of state versus keeping the money in the state. The Board decided not to modify District policy and to only invest monies in institutions within the state of Nebraska.

Payroll Recommendations —

The payroll recommendations were approved. Operations Manager Kendall Christensen expressed his desire to have the students enrolled in the lineman program at Northeast Community College be allowed to continue to work for the District on Fridays and during the Christmas holiday as there is so much work to be done in the Columbus area the extra help is warranted. The request for this extra help will be brought to the September Board meeting.

James Raitt III Early Retirement —

Resolution 10,060 recognizing the early retirement of James Raitt III was approved.

UPRR —

The Board was informed the UPRR had accepted the District's price for the land they wished to purchase for a spur. District management and the UPRR are still working on the language of the sale.

Leigh Dam Project —

The Board was informed the Leigh dam project has been put on hold.

The following work orders were approved.

W.O. No. Description

The President/CEO approved the following items.

2004 Responsibility Area 923 Budget Code 1192 Item No. Contingency

This work is required to replace eight sub transmission structures along 33rd and 48th Avenues in north Columbus with eight taller ones. This is to accommodate the building of the Phase Three portion of the new north arterial by the City of Columbus. The existing structures do not allow enough clearance over the new road which crosses under these structures. The City of Columbus will be billed for the actual cost.

2005 Responsibility Area 923 Budget Code 1292 Item No. Contingency

This work is required to install new underbuild crossarms and associated materials on eight new sub transmission structures to accommodate the building of the third phase of the north arterial by the City of Columbus. The new crossarms will support the existing 12.5kV three phase underbuild circuits. The City of Columbus will be billed for the actual cost.

PO

40492 Responsibility Area 923 Budget Code 2192 Item No. 7

This purchase order will provide the purchase of one Robinair semi-automatic recovery/charging system for vehicle air condition systems.