

LOUP POWER DISTRICT

Board Meeting Summary

February 24, 2009

Board Retreat —

A Board retreat has been scheduled for July 28-29 at the St. Benedict Center north of Schuyler.

NPA Conference —

A recap of the NPA (Nebraska Power Association) Annual Winter Conference which was attended by Directors Clausen and Thieman along with President/CEO Suess and Vice President of Development/Marketing Bell was presented. There was a good variety of speakers addressing credit concerns, communication strategies, and wind generation.

Relicensing Activities —

The hydroelectric relicensing information was updated. A meeting discussing the FERC (Federal Energy Regulatory Commission) Scoping Document was held February 3, 2009, with HDR. There was an additional meeting on February 18, 2009, with HDR. Five additional studies are being recommended by various agencies as a result of comments made on the Scoping Document.

A study plan meeting will be held April 21, 2009. The Final Study Plans will be submitted by July 27, 2009.

A meeting has been scheduled for February 27 between President/CEO Suess and DNR (Department of Natural Resources) Director Brian Dunnigan. The Lower Platte River has been declared fully appropriated* by the DNR which by default fully appropriates the Elkhorn and Loup Rivers. Several meetings have been scheduled by the DNR to discuss this issue as it affects irrigation, domestic use, and economic development.

APPA 2007 Comparison of Revenue per kWh —

President/CEO Neal Suess informed the Board the 2007 Comparison of Revenue per kWh for utilities compiled by APPA (American Public Power Association) is the latest information released by APPA. A press release will be issued indicating the District's low rates compared to other utilities both statewide and nationally.

Insurance Accruals —

President/CEO Suess informed the Directors the District is accruing \$11,000 per month for Workers' Compensation Insurance and \$7,000 per month for

General Liability Insurance for the District to self-insure. In addition, the District is currently accruing \$108,000 per month for Other Post-Employment Benefits.

Management feels that eliminating the Workers' Compensation Insurance accrual and the General Liability Insurance accrual would benefit the District's financial position. Management recommended the Board approve eliminating the accrual for the Worker's Compensation and General Liability insurance and maintaining the Worker's Compensation Insurance reserve at \$400,000 and the General Liability Insurance reserve at \$300,000.

The Directors decided to table the discussion and have the staff investigate the possibility of hiring a firm to perform an actuarial study to assist the District. Once this investigation is complete management will come back with a recommendation to the insurance committee.

Legislative Bills —

Vice President of Development/Marketing David Bell addressed a number of bills before the legislature. Bills addressed were LB53 dealing with NPPD's chartered territory, LB300 dealing with public power district bidding requirements, LB436 dealing with net metering, LB567 dealing with the State Energy Office, LB437 dealing with the creation of a Wind Energy Development Task Force, and LB388 dealing with provisions in changing compensation for public power district officials.

Director Kumpf inquired about certain bills in the legislature discussed by Vice President of Marketing/Development Bell. These bills included LB526, LB104, LB467 and LB350 dealing with annexation.

Performance Evaluation —

The President/CEO Performance Evaluation form was reviewed. Dr. Lynda Lakin, with assistance from the President/CEO and Director Merrill had both submitted comments regarding the President/CEO's evaluation form supplied to the Board in January. Various comments had been made to the evaluation form and will be evaluated. The evaluation committee will bring new comments to the March Board meeting.

* Note: On March 30, 2009, the DNR determined that the Lower Platte River Basin is not fully appropriated. The basis for overturning the original preliminary determination was the presence of new evidence.

(Continued on next page.)

Community and Community Club Payments —

The Community and Community Club payments that are being made by the District in February were reviewed by the Directors.

Drive For Five —

The Drive for Five Activities were discussed. The goal of the Drive for Five was to recruit 500 new individuals for employment in the Columbus area. The chamber created the Workforce Development Task Force, which then established the Drive for Five. The workforce numbers in the Columbus area have increased by 1,300 individuals since the Drive for Five was implemented.

APPA National Conference —

The Directors were reminded that they need to make their plans to attend the APPA National Conference in Salt Lake City on June 13-17, 2009.

C-1 Forms —

Nebraska Accountability and Disclosure forms C-1 need to be mailed by April 1, 2009.

Dredge Study —

The dredge study was discussed. Ancil Taylor, the dredge consultant hired by the District, has talked to various engineers about how a new dredge will be put together. Any further work will have to come before the Board to be approved before any further progress can be made.

Sand Pile Company —

The sand pile company is slowly moving sand but will be gearing up for summer production.

The following work orders were approved.

W.O. No. Description

2023 Responsibility Area 926 Budget Code 4592 Item No. 5

This work order provides potable water to the West Camp Ground at Loup Park. The well at the West Camp Ground failed state mandated biological standards in 2009. The State Health Department assisted the District in an attempt to bring the well within safe operating parameters, all attempts failed and the well was shut down. The current well is the third well installed in the area that has failed because of biological standards. The West Camp Ground currently does not have potable water available to campers.

The well located at the Lake Babcock shelter has been in service since 1985 and has a good performance record. The existing well will have a larger pump motor and associated controls installed and 2200 feet of pipe will be installed so the shelter well can serve the West Camp Ground. By eliminating one well; the maintenance and testing obligations of the District for providing potable water to the park system will be reduced by one fourth. This arrangement has been approved by the State Health Department.

A certified well contractor has designed this system and will complete all well work. District crews will trench, install piping and merge the two systems.

2024 Responsibility Area 923 Budget Code 1492 Item No. 5

This work order will provide for the addition of three single phase reclosers to the Albion rural line east of the Northeast Cedar Sub to improve reliability of the line and eliminate nuisance fuse replacement.

2025 Responsibility Area 923 Budget Code 1192 Item No. 3

This work consists of installing two 34.5kV, 1200 amp load break switches in line 3445 at the Rosenberg Tap. This work is necessary to improve switching and sectionalizing in the Lindsay area.

2026 Responsibility Area 923 Budget Code 1292 Item No. 5

This work will consist of installing 15 poles, building a new 3 phase transformer mounting and stringing 9189 feet of .336 ACSR and 3063 feet of 4/0 ACSR neutral wire. This work is needed to upgrade an existing distribution line and provide service to a new customer located on the Shady Lake Road west of Columbus.

Suppl #1

01990 Responsibility Area 923 Budget Code 1392 Item No. 5

This work order was required to add LTC oil filtering system to T-1 at Schuyler and T-1 at Petersburg 115kV substations.

A scope change was required when the crew was unable to install the second filter system at Columbus West so it was installed in Petersburg. This supplement is required because the material, time and labor costs were over estimated. Less time is being required because meter/maintenance department has installed several units and they are becoming more familiar with their installation.

Suppl #1

1994 Responsibility Area 923 Budget Code 1192 Item No. 4

This work order was required to relocate a transmission pole on the southeast side of the Columbus viaduct. This is necessary because of the viaduct project on 33rd Avenue in Columbus.

This supplement is required to increase funds because labor overheads were more than estimated.

PO

40928 Responsibility Area 926 Budget Code 2192 Item No. 4

This purchase order provides for the purchase of 11-FRW 54X24 RC RE for use at the Columbus Service Center to replace a worn tool box.

PO

40963 Responsibility Area 926 Budget Code 2292 Item No. 10

This purchase order provides for the purchase of one detachable gooseneck trailer for use by the canal hydro crew.

PO

40964 Responsibility Area 926 Budget Code 2292 Item No. 12

This purchase order provides for the purchase of one truck dump body to go with the freightliner M2 112 conventional chassis for use by the canal hydro crew.

PO

40965 Responsibility Area 926 Budget Code 2292 Item No. 7

This purchase order provides for the purchase of one TT8000 – 20" Tree Terminator Grands Skeedsteer mounted tree shear on 2'6/09 with flush fase couplers.

PO

40966 Responsibility Area 926 Budget Code 2292 Item No. 12

This purchase order provides for the purchase of one freightliner M2 112 conventional chassis for use by the canal hydro crew.

PO

42967 Responsibility Area 926 Budget Code 2292 Item No. 9

This purchase order provides for the purchase of one tracked crawler for use at the Genoa Headworks.

PO

40968 Responsibility Area 926 Budget Code 2292 Item No. 8

This purchase order provides for the purchase of one motor grader for use by the canal hydro crew.

Contract 2009-01 Single Phase Dual Voltage Overhead Distribution Transformers was approved. These transformers will be used in Clarkson for the electric system conversion.

Contract 2009-02 10/14MVA 34.5/12.5kV Low Noise Power was approved. This transformer will be installed at Columbus Hydro with the transformer currently at Columbus Hydro being moved to Clarkson.