

LOUP POWER DISTRICT

Board Meeting Summary

May 20, 2009

Water Right —

President/CEO Neal Suess reviewed the need to annually inform the DNR (Department of Natural Resources) of the District's desire to have the DNR administer the District's water right on the Loup River. Discussion revolved around how the District's water right is beneficial as it allows water to be placed into the Platte River system.

A discussion of the District's water diversion agreements with upstream irrigators was also held. The Board agreed the District's water right is important and needs to be protected.

The Board directed management to send a letter to the DNR to ask them to administer the District's water right on the Loup River.

Relicensing Update —

President/CEO Neal Suess informed the Directors of the progress that had been made at various meetings with governmental agencies regarding possible studies to be made in conjunction with the relicensing. The District's proposed study plans had been filed with FERC (Federal Energy Regulatory Commission) on March 27.

A public meeting to discuss several of the study plans was held on April 21, with several stakeholders. A meeting with the DNR to discuss water issues and the ice jam flooding study plan was held on April 27. On May 5, the District held a meeting with the State Historical Preservation Office to discuss the historical aspect of the District's hydroelectric facilities and to begin discussions on the implementation of a historical preservation maintenance plan. On May 11, a meeting was held with various stakeholders to discuss recreation along the District's hydroelectric facilities.

On May 27-28, the District will hold a meeting to develop more details associated with all of the study plans. Many of the stakeholders are expected to be at this meeting. All stakeholders have until June 25 to file comments on the District's proposed study plan, and then the District has until July 27 to file a revised study plan. FERC will then make its study plan determination by August 27. All stakeholders have until September 15 to file a protest to FERC's study plan determination.

Once all protests are filed and resolved, the District and HDR will determine how to proceed with the studies. The studies will be performed in 2010 and 2011.

The Board discussed the length of the relicensing process and the benefits of the integrated licensing process. With the earlier involvement of stakeholders, the District was able to narrow the study plans and have

since been able to eliminate one study and combine two studies into one. There is concern regarding the to-date cost of the process and the District and HDR are looking at ways to control this.

LP Rate Schedules and ADM —

President/CEO Neal Suess informed the Directors of the ADM expansion and the increasing size of the facilities needed to meet that expansion. The District and NPPD have built additional facilities to insure service to ADM.

The LP-2 rate schedule is currently used only by ADM, but could be used by other large industrial customers if they meet the applicability standards. The LP-2 rate schedule is set up for retail customers without any generation. In order to provide service to large industrial customers who have generation, the District has developed an LP-4 rate schedule and an LP-5 rate schedule. The LP-4 rate schedule is set up for retail customers' generation who enter into a buy/sell relationship with the District. The LP-5 rate schedule is set up for retail customers with generation who enter into a stand-by relationship with the District.

A discussion about what rate schedule ADM planned to use was held. The Board was informed ADM has indicated they will likely use the stand-by option with the District. This will entail substantial coordination between ADM, NPPD and the District.

The Board approved the revised LP-2 rate schedule and new LP-4 rate schedule and LP-5 rate schedule.

Nebraskaland Magazine Article —

Director Cerv brought a copy of the current *Nebraskaland* magazine which featured a story and pictures on the canal south of Genoa.

Insurance —

President/CEO Neal Suess informed the Directors that the renewal of the health insurance program from NRECA would cost 6.7 percent less than last year. Vice President of Administrative Services, Kim Grubaugh informed the Directors that the District had not gone out for health insurance bids in a number of years as the NRECA program has met the needs of the employees.

The board approved the renewal of the District's health insurance program from NRECA as offered with no changes to the program as it currently exists and directed the District to continue to accrue excess funds into the health insurance reserve account.

(Continued on next page.)

Evaluation Form —

The Board approved for current use the President/CEO evaluation form Director Merrill had previously provided the Board. Director Merrill indicated the Board will plan to discuss the evaluation at the Board retreat in July. The document is subject to change as the Board sees necessary.

NPPD Activity —

Director Kracl asked how the NPPD projected short-fall as reported in the Columbus Telegram would affect the District. President/CEO Neal Sues informed the Directors there would be a wholesale customer meeting in Columbus on May 26th and he would have more information at that time.

APPA Annual Conference —

The Directors were reminded of the APPA Annual Conference next month in Salt Lake City. All arrangements have been finalized.

The following work orders were approved.

W.O. No. Description

2032 Responsibility Area 923 Budget Code 1292 Item No. 5

This work will consist of building an underground riser, setting and terminating two padmounted transformers, two secondary pedestals, trenching 720 feet of 1/0 underground cable, and installing three 100 HPS street lights. This work is needed to provide service to the new Lost Creek 4th Addition being developed in the northern part of Columbus.

2033 Responsibility Area 923 Budget Code 1492 Item No. 3

This work will include setting 19 new poles, building two new 3PH transformer mountings, and stringing 16,104 feet of 4 ACSR conductor. This work is being done to provide service to two new irrigation wells located west of Cedar Rapids.

2034 Responsibility Area 923 Budget Code 1492 Item No. 6

This work order is required to build 430 feet of 1/0 ACSR, 15kV 3 phase overhead and 550 feet of 4/0 15kV 3 phase underground to ADM Nutrition in Columbus. The new distribution line is necessary to connect ADM Nutrition to the new Platte Colfax County Line Sub. The second part of this project is to install 2800 feet of 1/0 15kV 3 phase underground to NuStar Energy. The new distribution is necessary to connect NuStar Energy to the new Platte Colfax County Line Sub.

O.W.P. 914

Responsibility Area 926

This OWP will accumulate the charges associated with the repair of the turbine guide bearing on Unit 3.

O.W.P. 916

Responsibility Area 923

This OWP will accumulate charges to raise the existing 12.5kV underground circuit on two adjacent 35kV structures east of Columbus. Raising this circuit will provide proper clearance over a new ADM railroad spur. This work includes installation of double crossarm assemblies for each structure, removal of existing assemblies, tie in, and all switching charges.