

# LOUP POWER DISTRICT

## Board Meeting Summary

July 22, 2009

### Relicensing Update —

President/CEO Suess gave a brief overview of what had been accomplished so far during the hydro relicensing process. He then turned the meeting over to Dennis Grennan and his team from HDR.

Mr. Grennan thanked the Board for allowing them to appear before the Board and bring the Directors up to date. Mr. Grennan introduced Lisa Richardson as the project manager and Ms. Richardson reviewed what has happened since HDR last appeared before the Board in November 2008. Ms. Richardson and HDR made note that FERC's deadlines under the new Integrated Licensing Process contribute to the cost of the relicensing and the need for more personnel working on relicensing during the early stages.

Rick Miller provided insight into the dynamics when dealing with local entities versus Washington based entities. The dynamics are entirely different and FERC balances the needs and wants of all interested parties. A license that has a strategic approach really helps the outcome of the relicensing. Mr. Miller indicated the District will be required to change the way it operates now no matter what the outcome of the relicensing.

Dave Culligan has a nationwide perspective on relicensing having spent the past year in Washington. Mr. Culligan pointed out the reality is that FERC's perspective has changed dramatically in the past 25 years with the new rules and regulations. FERC no longer has total authority; they have to balance the needs and wants of all entities.

The relicensing project is now at a critical point. The District needs to have a strategy for an acceptable outcome. The District needs to know the value of the project. The District needs to anticipate and stay ahead of the other agencies. Relicensing is a marathon and not a sprint.

A lot of studies by numerous outside agencies have been done in the past that may assist the District during the relicensing process. These studies need to be reviewed, verified and decided if they are worth using.

The HDR representatives answered several questions related to the relicensing project and costs from Board members.

### Net Metering —

President/CEO Suess discussed the proposed net metering rate schedule NM and why this rate schedule is needed. Legislation passed by the unicameral in 2009 has required the District to implement this type

of rate schedule. This schedule will only offset energy charges for customer-owned generation that is put back on the electrical system and closely follows NPPD's net metering rate schedule. The size of the customer-owned generation is limited to 25kW using methane, wind, solar, biomass, hydro or geothermal power. The retail customer will need an interconnection agreement and will need to maintain safety standards. The Board approved the net metering rate schedule.

### Proforma Analyses —

President/CEO Suess reviewed the updated Proforma analyses as related to the long-term Proforma of the District. In the past the Proforma was used to help the Board decide to move forward with the 2004 and 2007 bond issues. The budget has included several large construction projects over the past several years that dictated the need for the bond issues. Purchased power costs from NPPD make up 75 percent of the District's costs. All of these affect the long-term financial strength of the District.

The long-term financial implications for the District were reviewed and discussed. Numerous charts and graphs prepared by management were reviewed by the Board.

### Potential Land Purchase —

A discussion on the need for a potential land purchase west of the Headworks was held. Additional discussion on the option agreement was held. Director Kumpf questioned the wording of the option agreement and was concerned with the potential content of this option. Director Kracl enquired if eminent domain could be used to purchase this land. Eminent domain could be used but the outcome would be unknown and it could be costly.

The Board will allow management to enter into an option agreement with the Shotkoski's for the potential purchase of the property to the west of the north sand management area.

### Hydro Units —

President/CEO Suess informed the Board that all hydro units would be up and running this week as the bearing on Columbus Powerhouse Unit No. 1 has been repaired and will be put back into service. The transformer for Columbus Powerhouse Unit No. 2 has also been repaired.

*(Continued on next page.)*

**Board Retreat —**

The Board retreat will be held next Tuesday and Wednesday, July 28 and 29, at the Saint Benedictine Center north of Schuyler. There will be a meal at Duster's the evening of July 28 for Board members only.

**Auditing Committee —**

The auditing committee will meet briefly with management following the Board meeting.

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The following work orders were approved.

**W.O. No.            Description**

**2038    Responsibility Area 923    Budget Code 1292    Item No.            Contingency**

This work order will purchase five customers from Cornhusker located in the buffer zone east of Columbus and north of 8th Street.

Union Pacific has requested a new service in the buffer zone negotiated between Cornhusker and Loup. In order for Loup to serve the new UP service five customers and associated facilities will be purchased from Cornhusker according to state statute.

**2039    Responsibility Area 923    Budget Code 1192    Item No. 2**

This work consists of rebuilding 1.26 miles of 34.5kV transmission line south of the Genoa City Substation to the Headworks line tap. This line is undersized to serve as a backup to the Headworks line due to increased load in the Headworks area. Vertical construction will be utilized with T2-1/0 ACSR conductor and a 3/8" EHS shield wire. It is designed for 336 ACSR three phase underbuild with 10 ft. arms.

**2040    Responsibility Area 923    Budget Code 1292    Item No. 9**

This work will consist of installing 6 new poles and stringing 2640 ft of 4 ACSR conductor and neutral. This work is needed to conclude the distribution rebuild being done in the St Bernard area.

**2001    Responsibility Area 923    Budget Code 1392    Item No. 7  
Suppl. #1**

This work order was required to install a three phase recloser and associated equipment on the east side of the Newman Grove Distribution Substation. This supplement is required to reduce funds because labor, transportation and material costs were less than estimated.

**O.W.P.**

**918    Responsibility Area 926**

This O.W.P. will accumulate the charges associated with the repair of the turbine guide bearing on Unit 1.