

# LOUP POWER DISTRICT

## Board Meeting Summary

October 28, 2009

### Minutes —

The minutes of the September 30, 2009, Board meeting were approved.

### Relicensing Update —

President/CEO Neal Suess discussed the hydro relicensing update. The District's consultants, HDR, have developed a scope of services and cost estimates for each study the District will need to complete. The overall estimated cost to complete these studies is \$2,322,000. The estimates provided for the specific scopes are based on HDR doing most of the work with HDR trying to identify sub-consultants to do work locally and less expensively.

### Senator Stuthman —

Chairman Clausen welcomed Senator Stuthman with President/CEO Suess reiterating the welcome. President/CEO Suess gave the board a brief background of Senator Stuthman who represents Nebraska Legislative District 22 which includes all of Platte County and northern Colfax County.

Senator Stuthman informed the board on a number of items including term limits, the state's budget shortfall, property taxes and the Health and Human Services Department.

He discussed wind power indicating the Legislature took away tax incentives for non-profit entities and provided incentives to wind energy developers but because Nebraska is a low-cost public power state, wind power doesn't make a lot of sense at this time. Putting up wind towers is only the beginning and there will be a real push to install transmission for movement of the wind energy generated.

Senator Stuthman indicated the regional transportation study for the Columbus area is being submitted shortly and the application looks good. When his term is up he would like to stay involved in politics on some level, possibly at the county level.

### Budget —

Amendment One to the 2009 Construction Budget was reviewed. There were seven items that were increased from the original construction budget and three items that were decreased from the budget. These ten items effectively reduced the original 2009 construction budget by \$2,832,000. All remaining items had the effect of decreasing the original construction budget by \$42,000 for a total reduction to the 2009 construction budget of \$2,874,000.

There was substantial discussion from the Directors regarding the revised budget increases to the blan-

ket work orders. The Directors were informed this was due to the unknown work that continues to show up on a regular basis. Amendment One to the 2009 Construction Budget was approved.

### Proforma —

President/CEO Suess reviewed the operating Proforma, discussing the need for a 2.5 percent increase to the base Operation and Maintenance portion of the budget for 2010. Mr. Suess reviewed the actual 2008 data and the 2009 budget and 2009 projected figures. There was some mismatch between the 2009 budget and 2009 projected figures due to the timing of the ADM expansion. In addition, ADM is proceeding forward under a standby arrangement with their expansion and co-generation facility, instead of the buy/sell arrangement as included in the 2009 budget. This standby arrangement is included in the 2010 budget figures.

There was a discussion regarding what the cash reserves would look like at the end of 2010. The Proforma shows the obligated amounts and what the reserves would be if all obligated transactions occurred in the time line shown. However, actual disbursements of these obligations are delayed beyond the time frames noted because of the timing associated with these projects so actual reserves are usually higher than the amounts shown in this report. Additionally, the Board was informed the amount of construction funds from the 2007 Bond Issue had been used.

The Board asked about the need to increase the retail rate margin over the next several years. Management indicated the overall margin was around two to three percent; however, it was above four percent for ADM. It may be appropriate to increase the other class margins to maintain an overall four percent margin for the District.

Management's recommendation to increase the base portion of operation and maintenance expenses in the 2010 budget by 2.5 percent based on the results of the 2010 Operating Proforma as presented by management was approved.

### Wage Review —

Next on the agenda was the 2010 wage review. Management presented their review of various Nebraska electric utilities' wages and benefits for journeyman linemen and how that compares to the District's. There was additional information provided on wage changes

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for other electric utilities in Nebraska as a whole and wage changes that local industry was providing for their employees.

A comparison of employee productivity over the past 25 years was provided as well as a comparison of employee wage changes to changes in the Consumer Price Index. Management's recommendation was based upon a review of all of these factors and the basis that this increase would have little effect, less than 0.2 percent, on the overall expenses of the District.

The Board accepted management's recommendation of a wage structure change of 0.0 percent for all salary wages, except for the custodian wage range which would be brought to the minimum wage level and a funding level increase of 2.5 percent for overall salaries for 2010.

After the vote, a discussion was held regarding the need for the November 18, 2009, Personnel and Safety committee meeting. By consensus it was decided that the wage adjustments for individual employees, excluding the Vice Presidents and the President/CEO, will be left up to management as this is not a matter that requires direct Board involvement, so there will be no need for the November 18, 2009, committee meeting. Wages for the Vice-Presidents, President/CEO and the total salary package contemplated will be brought to the board for their approval at the November 24, 2009, board meeting.

#### **Committee Meetings —**

President/CEO Suess reminded the directors that there were three committee meetings scheduled for November and December. The Finance and Budget committee would meet on November 4, 2009, and on November 10, 2009, both at 10:00 A.M. The Rate Committee would meet December 15, 2009 at 10:00 A.M.

#### **Senator Visits —**

Senator Dubas is planning to attend the November 24, 2009, Board meeting and an invitation has been issued to Senator Sullivan to attend the November 18, 2009, board meeting if it will work with her schedule.

#### **Other Items —**

The Schuyler Department of Utilities is hosting an open house on October 29, 2009, to showcase their new facility.

President/CEO Suess has accepted an appointment to the Nebraska Energy Federal Credit Union Board of Directors.

The Columbus Powerhouse bearing that was creating issues has been re-machined and is back in service.

A bald eagle was electrocuted near the Headworks and the Nebraska Game and Parks asked for reports to be filled out after they confiscated the bird.

The District's Buyer's Agent is investigating land options near the Headworks.

The District has signed another option with the Coffey family for another year on their property in the east industrial park area of Columbus.

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The following work orders were approved.

<u>W.O. No.</u>	<u>Description</u>
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2046	Responsibility Area 923 Budget Code 1292 Item No. 8
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This work will consist of installing eight poles and stringing 5510 feet of conductor. This work is being done to replace poles and conductor that are in poor condition and add reliability to the east business alley in Lindsay.