

LOUP POWER DISTRICT

Board Meeting Summary

November 18, 2009

Senator Sullivan —

A letter detailing Nebraska State Senator Sullivan's qualifications was given to the Directors as senator Sullivan had been expected to attend this board meeting. Due to a special session of the legislature that was still on-going, Senator Sullivan was unable to attend.

Rates —

NPPD has set their wholesale rates based on data previously discussed with the Board. Management has incorporated these new rates into the operations budget that will be presented to the Board next week. There was additional discussion on rate increases proposed by both OPPD and LES for 2010.

Construction Budget —

President/CEO Neal Suess discussed the proposed 2010 Construction Budget of \$11,802,000 and the 2009 amended Construction Budget of \$8,750,000. There was significant discussion surrounding the new dredge included in the 2010 Construction Budget. This item was moved from the 2009 Construction Budget. It is expected the work order for this item will come to the Board in early 2010, however; the actual dredge will not be in place until 2011.

During the discussion of the 2010 Construction Budget a number of Directors inquired about how the construction budget affected both the rates and the cash reserves of the District. President/CEO Suess explained the construction budget would indirectly modify expenses through the depreciation of capitalized items once they are placed in service. He further explained that depending on how these capitalized items were financed, either through cash or bond issues, the cash reserve position of the District would change. The combination of depreciation expenses and cash reserves are used to help management set the rates for the District.

During the line item review, a substantial amount of the discussion surrounded the transmission and substation items. President/CEO Suess assured the Directors these items were necessary to maintain the reliability of service the District provides. Specifically, the items in northwest Columbus are needed to meet the continuing load growth in this area.

The 2010 construction budget was approved.

Insurance —

The next item on the agenda was the property, automobile and excess liability insurance renewal. Director Kumpf asked that the insurance committee be given the insurance bids before the board meeting next year, possibly via e-mail so the committee could review the quotes and make their recommendation at the regularly scheduled meeting. Director Kumpf expressed his disappointment at the lack of responses received. Director Thieman and Cerv inquired if the District's specifications were too tight. Vice President Administrative Services Grubaugh indicated the specifications were normal but not many companies are underwriting electric utility coverages.

President/CEO Suess informed the Directors the District goes out for bids every two to three years. Last year was a renewal bid and this year the entire package was bid as new.

The Board accepted management's recommendations on the renewal of the property, automobile and excess liability insurance. The property insurance coverage is written by AIG through AON; the automobile insurance coverage is written by Allied through UNICO; and the umbrella insurance coverage is written by Lexington through UNICO.

Meetings Notes —

President/CEO Suess reminded the Rate Committee that a meeting has been set for December 15, 2009 at 10:00 A.M.

Nebraska State Senator Dubas is expected to be at the November 24, 2009 Board meeting.

Directors Cerv and Thieman attended the open meetings law seminar that was held in Norfolk on November 17, 2009. Both Directors stated that it was very informative.

The next November Board Meeting will be held on Tuesday, November 24, 2009 at 9:00 A.M.