

LOUP POWER DISTRICT

Board Meeting Summary

January 27, 2010

Executive Committee

Organizational Check-Up —

President/CEO Neal Suess informed the Directors that Hometown Connections, a subsidiary of APPA, would be conducting an organizational check-up of the District on February 10th and 11th, 2010. Numerous individuals from the District will be involved in the various different sessions to be conducted. During the governance session to be held on the first day from 3:30 – 4:30 p.m. management would like three or four of the board members to attend and participate. The Directors would discuss how the board feels about how things are working for the District. The organizational check-up would be considered the first step for strategic planning for the entire District.

Mr. Suess had attended a workshop on organizational checkups at the 2009 APPA annual conference so the District will receive a discount on the cost of performing this check-up. Hometown Connections will provide a report to management which will be shared with the Board.

Directors Merrill, Kracl, Gonka, Kumpf and Cerv volunteered to attend the governance session of the organizational check-up. All members of the Board are encouraged to attend as many sessions as they would like over the two days as long as there is not a quorum present.

Board Retreat —

A possible board retreat was discussed. A Board retreat had been held at Mahoney State Park during September 2007 and the Saint Benedictine Monastery in Schuyler during July 2009. A discussion ensued on what had been accomplished since the retreat last year and what was still on the list of items to be accomplished. President/CEO Suess stated the list would be reviewed and an update would be provided at the February Board meeting. A number of the Directors voiced their opinion that a retreat should be held annually for one day. It was also thought that a strategic planning session should also be held but at a different time as the two should not be confused.

Relicensing Update —

An update on the hydroelectric relicensing was given. President/CEO Suess stated that 2010 is the beginning of the first year of studies for the integrated licensing process. The Corps of Engineering and the District have agreed on the scope of services for the ice jam studies. The District and HDR personnel have met with agencies on the recreation use survey. FERC has concerns over recreation use in the bypass reach. The District believes FERC does not understand Nebraska

state law where landowners own all of the property along the river and there are no public lands available.

HDR plans to attend the March Board meeting to update the Directors and to answer any questions they may have. HDR will probably plan to update the Directors twice a year until the relicensing is completed.

APPA National Conference —

The APPA 2010 National Conference is going to be held June 20-23, 2010, in Orlando, Florida. Information on flights will be looked at in February and the Directors will be signed up to attend the conference before the February Board meeting.

Rates Committee

Irrigation Rates —

The irrigation rates paid by users along the canal were reviewed. President/CEO Suess informed the Directors of the steps that had been taken over the past several years to increase the canal irrigator rate. For 2010 the cost per acre foot for lost generation is \$5.93 and the cost of canal operations per acre foot is \$2.12 for a total cost of \$8.05 per acre foot based on the cost of service methodology. Management is recommending a one dollar increase in the charge for 2010 to \$7.00 per acre foot. There was some discussion among the Directors about increasing the charge all the way to the cost of service level. President/CEO Suess indicated this would probably occur in 2011 or 2012. The canal irrigator rate of \$7.00 per acre foot for canal irrigators for 2010 was approved.

Legislative Committee

NPA —

President/CEO Suess informed the Directors the NPA (Nebraska Power Association) Board and Legislative Subcommittee have 27 issues they are following based on a legislative/regulatory policy statement issued by the NPA. A number of subcommittees of the NPA meet on a fairly regular basis to come up with the list of issues that affect the electric industry in Nebraska. The NPA is made up of board members from the following: OPPD (2), NPPD (2), LES, MEAN, NREA, NE Electric G&T, Southern Power, Central Nebraska Public Power and Irrigation District, Tri-State G&T, a rural public power district, the two municipalities of Hastings and Grand Island and the District. The NPA Board tries to cover all issues that could in one way or another have an impact on the electric utility industry. Many legislative issues are watched to see how they will develop before the NPA develops an opinion to agree or oppose them.

(Continued on next page.)

Vice President of Marketing and Development Bell participates in the NPA's Legislative Subcommittee as much as possible. He watches bills that affect the electric utility industry and bills that affect economic development that could impact the District.

Director Thieman indicated he would appreciate the Board having more of a voice taken to the NPA board meetings. A number of Directors agreed with him. President/CEO Suess will be sure their opinions are expressed at future meetings although he is only one of fifteen members.

The Directors felt the NPA policy statement was a good presentation and should be read thoroughly.

The NPA puts together a bill tracking list for the members. In the current legislative session a number of bills were carried over from 2009 that relate to the electric utility industry and several new bills have been introduced so far this year that could impact on the industry. Director Thieman voiced his concern over the net metering bill.

Mr. Bell stated that any bill requiring additional funding will likely die this year as the governor has stated he will veto any bills that require additional funding. The legislature will be looking at any way to bring money into the state or any project that will provide a way to make money.

President/CEO Suess stated LB 1048, a comprehensive wind energy legislative bill, is a huge piece of legislation that will affect electric utilities for years to come.

Claims Committee

Land —

A possible agreement for a land exchange was discussed.

The Board went into executive session to discuss possible negotiation strategies. After the executive session and during the regular meeting, the Board authorized management to pursue a direct purchase of the land with terms specified by the Board.

Public Relations Committee

Oak Ballroom —

Director Kracl discussed the Oak Ballroom in Schuyler. It is on the historical register and he had been approached about repairs to the building. He discussed the situation with Rick Cheloha and Mr. Cheloha and a gentleman from NPPD met with the people who run the Oak Ballroom to discuss the situation of the ballroom. After their discussion Schuyler decided that updates will be made to the building due to information that was provided.

General Items

President/CEO Suess informed the Directors that there are a number of wind energy conferences being held around the state during the month of February.

The NPA winter conference will be held March 2-3, 2010, in Lincoln.

Accountability and Disclosure forms need to be filled out and turned in to the state by April 1. The forms for each Director were started and handed out.

The February 9 Board Meeting will be held on Wednesday, February 24, 2010 at 9:00 A.M.

The following work orders were approved.

W.O. No.	Description
2048 Responsibility Area 923 Budget Code 1392 Item No. 3	This work order is required to update the control panels, install two 34.5kV middle bays, one end bay, two 344.5kV bus supports, four 34.5kV 1200 amp breakers and associated equipment at the Columbus West 230kV Substation. This work order is under the budgeted amount because material cost has decreased since the budget was prepared.
2049 Responsibility Area 927 Budget Code 3192 Item No. 4	This work order will provide for the replacement of the existing 280 amp-hour, 125VDC, battery bank. This work is necessary because the existing bank failed load testing.
2050 Responsibility Area 923 Budget Code 1292 Item No. 9	This work will consist of replacing 10 poles, building one new transformer mounting and stringing 5,280 feet of 4 ACSR conductor and neutral. This work is being done to upgrade the existing line between Ash and Pine Streets from 2nd Street to south of the co-op in Lindsay.
2051 Responsibility Area 923 Budget Code 1292 Item No. 5	This work will consist of building an underground riser structure, setting two padmounted transformers, trenching 1,027 feet of underground cable and installing three street lights. This work is being done to provide service to the new Koch's 2nd Addition located in Petersburg.
2052 Responsibility Area 923 Budget Code 1492 Item No. 7	This work will consist of installing three poles, building a primary metering assembly, installing three padmounted transformers, one junction enclosure, and trenching 2,500 feet of 1/0 underground cable. This work is being done to provide service to the camp site at the new Maple Creek Recreation Area located west of Leigh.
Suppl. #1	
02034 Responsibility Area 923 Budget Code 1492 Item No. 6	This work order was 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 was necessary to connect ADM Nutrition to the new Platte Colfax County Line Sub. The second part of this project was to install 2,800 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.
	This supplement is required to decrease funds because the second part of the project was not completed at this time. It will be completed on another work order in the future.
PO 41621	
Responsibility Area 925 Budget Code 2192 Item No. 7	This purchase order will provide for an upgrade to the database server.
	The existing server has reached its capacity and needs to be upgraded.