

LOUP POWER DISTRICT
BOARD OF DIRECTORS
February 23, 2021

The regular meeting of the Board of Directors of the Loup River Public Power District was held at Loup Power District's Service Center, Columbus, Nebraska on February 23, 2021.

Notification of the meeting was published in the Columbus Telegram and on the Loup Power District website.

Director Knott presided as Chairman of the meeting and Assistant Secretary Angell Robak recorded the minutes.

Roll call showed:

Present: Tooley, Donoghue, Zach, Fleming, Cerv, Drozd, Langemeier, Aerni, Heesacker, Knott

Absent: None

Staff Present: Neal Suess, Korey Hobza, Walt Williams, Dan Hellbusch, Todd Duren, and Amanda Henry

Absent: None

Others: None

Chairman Knott reminded everyone of the open meetings law and stipulated this meeting would be conducted according to the Nebraska open meetings law. Chairman Knott also stated he will be conducting the meeting based on Robert's Rules of Order.

The minutes of the January 27, 2021 meeting were approved.

The following reports were presented to the Directors: the January 2021 Staff Operations Report – Exhibit 21-026; the January 2021 Bank Reconciliation Report – Exhibit 21-027; the January 2021 Vendor Payment Report – Exhibit 21-028. Additional reports presented to the Directors included various financial metrics of the District for January 2021 – Exhibit 21-029; selected financial information – Exhibit 21-030; and NPPD's Board of Directors Board Meeting Agendas for the February 10-11, 2021 NPPD Board Meeting – Exhibit 21-031.

Executive Committee

A letter addressing District Water Issues is filed as Exhibit 21-032.

President/CEO Suess indicated that there has been no activity during the last month regarding the compliance process of the District's hydroelectric license, and stated that the year-end reports for the Canal Bank monitoring plan, Loup River Bypass reach streambank monitoring plan and Invasive Species monitoring plan will be submitted by the end of February. Mr. Suess stated that the District continues to work on its response to the October 13, 2020 United States Fish and Wildlife Service letter to the Federal Energy Regulatory Commission (FERC) which agreed with some of the District's proposed language changes to the USFWS Biological Opinion. President/CEO Suess reiterated that the District filed its intervention in the revised interbasin water transfer case, along with Central Platte NRD and Lower Loup NRD, and is waiting on the

Department of Natural Resources (DNR) to set a hearing schedule associated with this case. Mr. Suess stated the District continues to hold in abeyance the Eighth Circuit Court of Appeals filing for review of the License Order, noting the District's next filing will be due March 1, 2021. President/CEO Suess indicated the wing wall reconstruction is complete, and the District is putting together the final report on the intake wing wall, which is due by March 10, 2021. Mr. Suess stated the District's Water Management Plan is on file with FERC, and that management is working with FERC personnel to decide how to fill the Canal back to normal levels while meeting the terms of the License. President/CEO Suess indicated that the District has submitted to FERC a Canal remediation plan ensuring that the events from the mid-March 2019 storm do not recur. Mr. Suess noted that management held a meeting with FERC on February 16, 2021 regarding this plan, and management is taking comments from this meeting to develop the next level of design. President/CEO Suess shared Google Earth images with the Board showing the area associated with the remediation plan. Management and the Board discussed several items related to the District's hydroelectric license.

A letter regarding Initial Discussions on Monroe Powerhouse as Qualifying Local Generation is filed as Exhibit 21-033.

President/CEO Suess indicated that the District's new Wholesale Power Contract (WPC) was signed with NPPD in 2015, and became effective on January 1, 2016. Mr. Suess stated that the District also signed a new Hydroelectric Power Purchase Contract (HPPC) which will become effective on January 1, 2022. Mr. Suess noted the pricing was based on the energy market in the Southwest Power Pool (SPP) and included a capacity charge. President/CEO Suess presented a drawing explaining to the Board how the SPP functions. Mr. Suess indicated that there is a provision within the HPPC that allows the District to make the Monroe Powerhouse (MPH) part of the District's Qualifying Local Generation (QLG). Mr. Suess stated that using the MPH as QLG, in addition to the QLG from both Creston Ridge I and Creston Ridge II Wind Farms, would bring the District's total to the ten percent level allowed. Mr. Suess then shared with the Board a slide illustrating the calculation of benefits under the District's WPC with the MPH as QLG as compared to the benefits under the hydroelectric sales contract. President/CEO Suess indicated that the analysis was based on output and figures from 2020, which was an average year for generation from the hydroelectric facilities. Mr. Suess stated that the initial analysis indicates that using MPH as QLG produces a far greater savings than the revenue that would be produced by selling power to NPPD, but noted that, since the MPH is run-of-canal, much of the savings would be based on how much generation is at the time of system peak. Mr. Suess also noted that complying with the terms of the hydro license could affect the benefits.

Molly Hunter from the Columbus Telegram entered the meeting at 10:00 A.M.

After a request from Director Langemeier, management agreed to offer in the coming months a broader analysis using data which includes the previous five years, or more, to compare the benefits of MPH as QLG versus the sale of power to NPPD. President/CEO Suess noted that once a decision is made to use MPH as QLG, it cannot be reversed. Management and the Board discussed at length various aspects of using the Monroe Powerhouse as Qualifying Local Generation.

A letter regarding Resolution No. 2021-06 – Village of Tarnov PRO Agreement and Franchise is filed as Exhibit 21-034.

Resolution No. 2021-06 – Village of Tarnov – PRO Agreement and Franchise is filed as Exhibit 21-035.

Director Fleming made a motion to adopt Resolution No. 2021-06. Director Zach seconded the motion.

President/CEO Suess stated that management has worked with all the cities, towns, and villages within the District's service territory to obtain new Professional Retail Operations (PRO) Agreements and Franchises. Mr. Suess informed the Board that on February 8, 2021, the Village of Tarnov voted unanimously to accept a new PRO Agreement and Franchise with the District with the following changes: the PRO Agreement and Franchise will be combined into one document; the PRO Agreement and Franchise will be extended through December 31, 2040, with the ability to renew; lease payments will be made to the Village of Tarnov once every three months instead of every six months; and beginning this year, 2021, the lease payments to the Village of Tarnov will be increased from ten to eleven percent. All these terms are similar to those with other cities, towns and villages served at retail by the District. Management recommended the Board adopt Resolution No. 2021-06, which approves the proposed changes to the PRO Agreement and Franchise with the Village of Tarnov.

The question was called.

Aye: Tooley, Donoghue, Zach, Fleming, Cerv, Drozd, Langemeier, Aerni, Heesacker, Knott

Nay: None

Absent: None

The motion carried.

Finance and Budget Committee

A letter regarding 2019 Utility Operating Ratios is filed at Exhibit 21-036.

President/CEO Suess indicated the American Public Power Association (APPA) recently filed a report which compares the operating ratios of various public power systems, and he reviewed this report with the Board. The District is below or equal to the first quartile in most classes of customers and is below the median for all customer classes. President/CEO Suess noted that the District is near the median in labor expense per worker-hour, and expressed that this shows the District is close to where it needs to be in wages compared to other utilities. Management and the Board discussed information included in the APPA report.

President/CEO Suess and the Board set Tuesday, March 16, 2021, at 9:00 A.M. as the date for the Finance and Budget Committee to meet and review the 2020 audit.

Personnel, Safety, and Insurance Committee

The Payroll Changes are filed as Exhibit 21-037.

The 2020 Annual Safety Report is filed as Exhibit 21-038.

President/CEO Suess indicated that 2020 was, overall, a very good year for safety at the District. There were six personal injury accidents, no lost-time accidents, and no vehicle accidents in

2020. Mr. Suess noted that it was impressive that the District had no lost-time injury accidents, considering the District is still recovering from the mid-March storm event and dealing with Covid-19 concerns. President/CEO Suess presented a graph illustrating the Personal Injury and Vehicle Accident Reports from 1967 to 2020, which showed a significant drop in accidents over the last forty years. Mr. Suess also presented a chart which showed the District's Personal Injury and Vehicle Accident Reports for the years 2006 through 2020. Management and the Board discussed the 2020 Safety Report.

Support Services Committee

The Legislative Bill Watch letter is filed as Exhibit 21-039.

President/CEO Suess stated the 2021 Nebraska Unicameral officially began its long 90-day session on January 6, and this session is expected to run through June 10, 2021. The main focus in the Unicameral this year will be tax reform and incentives, prisons, and other budget concerns. Vice President of Corporate Services Duren discussed with the Board various bills that have been introduced by the State Senators, including those addressing net metering, COVID-19, the Open Meetings Act, and others; and noted that a number of bills are related to the electric utility industry. Several bills are being closely watched by organizations of which the District is a member, including the Nebraska Power Association (NPA) and the Columbus and State of Nebraska Chambers of Commerce. Vice President of Corporate Services Duren noted that a special hearing of the Unicameral is expected to be called to discuss the emergency action taken by the SPP due to the cold weather event of last week. Management and the Board discussed items related to the 2021 Nebraska Unicameral session.

A letter regarding Payments Made to Communities and Community Clubs is filed as Exhibit 21-040.

President/CEO Suess indicated that checks for the ten percent lease payments to cities and villages were delivered in February, as well as payments to various community clubs and organizations.

At this time, Vice President of Accounting and Finance/CFO Williams presented his report to the Board, which included the financial report, filed as Exhibit 21-041.

Director Fleming exited the meeting at 10:48 A.M.

Reports to the Board were also presented by Vice President of Engineering Hobza and Vice President of Operations Hellbusch. Vice President of Corporate Services Duren presented his report to the Board, which included a Covid-19 update as it relates to the District. A report was also presented by Human Resource Manager Henry.

The work order letter is filed as Exhibit 21-042.

Director Cerv made a motion to approve the work order letter as presented. Director Aerni seconded the motion and roll was called.

**Aye: Tooley, Donoghue, Zach, Cerv, Drozd, Langemeier, Aerni, Heesacker, Knott
Nay: None**

Absent: Fleming
The motion carried.

A letter regarding Contract No. 2020-01 – Three Phase Power Transformer is filed at Exhibit 21-043.

Management recommended Contract No. 2021-01 – Three Phase Power Transformer be awarded to Virginia Transformer Corporation from Roanoke, VA, in the base bid amount of \$313,682.

President/CEO Suess indicated that the District received six bids for the 5/7MVA, 34.5/12.5kV Low Noise Three Phase Power Transformer. Mr. Suess noted that Virginia Transformer was the low evaluated bidder and has supplied similar equipment to the District which has operated satisfactorily.

Director Drozd made a motion to approve management’s recommendation to award Contract No. 2020-01 – Three Phase Power Transformer to Virginia Transformer Corporation, from Roanoke, VA, in the base bid amount of \$313,682. Director Langemeier seconded the motion and roll was called.

Aye: Tooley, Donoghue, Zach, Cerv, Drozd, Langemeier, Aerni, Heesacker, Knott
Nay: None
Absent: Fleming
The motion carried.


The next regular Board meeting is set for March 23, 2021 at 9:00 A.M.

All Directors and officers of the District are required to file their C-1 form with the Nebraska Accountability and Disclosure Commission. The Directors were asked to let management know when their forms have been mailed. These forms must be received by the State no later than March 1, 2021.

The APPA Annual Conference is set for June 20-23, 2021 in Orlando, FL, with a virtual portion scheduled for July 13-14, 2021. The conference was moved from Chicago, IL, to Orlando, FL, due to Covid-19 concerns.

President/CEO Suess discussed in detail the cold weather event that occurred in February. Mr. Suess shared with the Board a drawing and timeline of events to explain how this event unfolded. A lengthy discussion between management and the Board ensued regarding this event.

Director Donoghue made a motion to adjourn. Director Heesacker seconded the motion. The motion carried by voice vote.


Chairman of the Board


Assistant Secretary

3/23/21
Date