

LOUP POWER DISTRICT  
BOARD OF DIRECTORS  
January 22, 2019

The regular meeting of the Board of Directors of the Loup River Public Power District was held at the Loup Power District Board Room, Columbus, Nebraska on January 22, 2019.

Notification of the meeting was published in the Columbus Telegram.

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

**Roll call showed:**

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

**Absent: None**

**Staff Present: Neal Suess, David Bell, Ron Ziola, Walt Williams, Dan Hellbusch, and Amanda Henry**

**Absent: None**

**Others Present: None**

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

**The minutes of the December 20, 2018 meeting were approved.**

The following reports were presented to the Directors: the December 2018 Staff Operations Report – Exhibit 19-001; the December 2018 Bank Reconciliation Report – Exhibit 19-002; the December 2018 Vendor Payment Report – Exhibit 19-003. Additional reports presented to the Directors included various financial metrics of the District for November 2018 – Exhibit 19-004; and NPPD's Board of Directors Committee Meetings and Board Meeting Agendas for the January 9-10, 2019 NPPD Board Meeting – Exhibit 19-005.

**Executive Committee**

President/CEO Suess indicated that the Board typically holds a retreat every year as it can be helpful and informative for the Directors, although the Board did not hold a retreat in 2018. Mr. Suess noted that it is not mandatory and recommended a Board Retreat Committee be formed to decide whether or not to hold a retreat and, if so, develop an agenda and set a date for the retreat. The Board agreed, and Chairman Zach asked for volunteers to serve on the Board Retreat Committee. Directors Fleming, Knott, and Aerni volunteered to serve on this committee.

A letter regarding the Creston Ridge Wind Farm Update is filed as Exhibit 19-006.

President/CEO shared with the Board tables and charts detailing monthly data from the Creston Ridge Wind Farm since both wind farms began commercial operation, and noted that output has been good. President/CEO Suess stated that District management continues to work with Bluestem to sell the renewable energy credits (REC's) being generated from the wind farm as they become available. President/CEO Suess indicated the Southwest Power Pool (SPP) began

including behind-the-meter generation in transmission billing in 2018, although it did not affect the District's billing for transmission services until 2019. Management and the Board discussed different aspects of the wind farm project.

A letter addressing the Hydroelectric Relicensing Update and Other Water Issues is filed as Exhibit 19-007.

President/CEO Suess indicated there has been no activity in January regarding the new hydroelectric license issued by the Federal Energy Regulatory Commission (FERC). The District is waiting on FERC, the United States Fish and Wildlife Service (USFWS), and the Nebraska Game and Parks Commission (NGPC) to react to the District's letter responding to the October 24, 2018, conference call regarding District concerns associated with the terms and conditions contained in the USFWS biological opinion (BO), and Mr. Suess noted that the USFWS is not working due to the government shutdown. Mr. Suess stated that the District continues to wait for FERC to rule on the Operation Compliance Monitoring Plan and Recreation Management Plan, and there is no indication as to when this might occur. President/CEO Suess noted the Interior Least Tern, Piping Plover, and Rufa Red Knot Report prepared by New Century Environmental LLC was submitted on December 26, 2018, and is the first of six annual reports needed to be filed by the District. Mr. Suess indicated the District is continuing to monitor the case before the Department of Natural Resources (DNR) regarding the transfer of water from the Platte River basin to the Republican River basin. The District, in addition to several other parties, filed briefs regarding the applicants' Motion to Dismiss on November 30, 2018, and the applicants' briefs in support of the Motion to Dismiss are due by January 31, 2019. President/CEO Suess stated that District management is monitoring the drought mitigation plan being developed by several Natural Resource Districts (NRDs) and water systems in the lower Platte River which could possibly affect the water flow in the lower Platte River. Mr. Suess indicated the District continues to hold in abeyance the Eighth Circuit Court of Appeals filing for review of the new license order, and the District is waiting on FERC's review of the two remaining compliance plans before determining what further court action may be taken. Mr. Suess noted that if an agreement can be reached with FERC and USFWS, the Eighth Circuit Court of Appeals case will be withdrawn. Management and the Board discussed various issues regarding the District's hydroelectric license.

A letter regarding the New Service Center Update is filed as Exhibit 19-008.

President/CEO Suess indicated construction of the District's new Service Center located in the Energy Triangle Addition is ongoing. Mr. Suess stated that management continues to meet with B-D Construction regarding project concerns and scheduling, and reiterated that the pricing does not include costs associated with the road to this facility from Lost Creek Parkway or costs for the sewer extension, which will be billed by the City once the final layout and design are determined. The roof panels have been installed and are hoped to be completed by the end of January, along with the overhead doors. Mr. Suess noted the side panel work on the southeast side of the building still needs to be completed. President/CEO Suess stated that remediation efforts continue with the wetlands included in the Energy Triangle Addition site and the District is waiting on the Corps of Engineers to respond to the District's remediation plan. Mr. Suess indicated District management continues to meet with C. S. Nelson Company real estate firm regarding the sale of the property in the Energy Triangle Addition as well as the sale of the existing Service Center building. President/CEO Suess stated the agreements are in place regarding the purchase of two tracts of land in the northwest corner of the Energy Triangle

Addition, and closing on these properties is expected to take place on Friday, January 25. A Board tour of the new Service Center site was postponed until the March Board meeting because of inclement weather. Management and the Board discussed issues related to the new Service Center and the Energy Triangle Addition.

A letter regarding Hydroelectric Generation in 2018 is filed as Exhibit 19-009.

President/CEO Suess indicated 2018 was the second-best year for hydroelectric generation for the District, despite having to deal with the new license requirements. Generation was 186,974 MWh, with a peak month of 22,222 MWh in October, which was the highest month of hydroelectric generation in District history. Mr. Suess noted that monthly records for generation were also set in July, August and September. President/CEO Suess presented a graph detailing the generation of the hydroelectric facilities from the commercial operation date in 1938 to the end of 2018, as well as a graph showing the annual canal diversion and canal irrigation from 1956 through 2018. Management and the Board discussed the information provided by President/CEO Suess.

#### **Rates Committee**

A letter regarding Discussion and Possible Action on 2019 Canal Water Use Rates is filed as Exhibit 19-010.

President/CEO Suess discussed the current canal water use rates. Using the current cost-of-service study as a guide, management feels that maintaining the canal water use rate at the same level as 2018 would continue to slowly recover prior years' deficits and recommends no change to the current rate of \$10.00 per acre foot. After a lengthy discussion between management and the Board regarding allocation of the cost of service and recovery of past years' under-collections, the Board decided to accept management's recommendation and leave the canal water use rate at \$10.00 per acre foot for 2019; however, the Rates Committee will further evaluate the canal water use rates in the future.

#### **Finance and Budget Committee**

A letter regarding 2017 Utility Operating Ratios is filed as Exhibit 19-011.

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 the most classes of customers and is below the median for all customer classes. President/CEO Suess noted that the District falls below the first quartile in labor expense per worker-hour, and expressed the need to further examine District wages in order to maintain a highly-qualified workforce. Management and the Board discussed information included in the APPA report.

#### **Personnel, Safety, and Insurance Committee**

The Payroll Changes are filed as Exhibit 19-012.

#### **Support Services Committee**

A letter regarding the Legislative Bill Watch is filed as Exhibit 19-013.

President/CEO Suess stated the 2019 Nebraska Unicameral officially began its 90-day session on January 9, and this session is expected to end on June 6. The main focus in the Unicameral this

year will be tax reform, budget concerns, and Medicaid expansion. Vice President of Development Bell discussed with the Board various bills that have been introduced by the State Senators, and noted that few bills are related to the electric utility industry. President/CEO Suess stated that Senator Mike Moser from Columbus sits on the Natural Resources Subcommittee which handles most electric utility issues. 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. Management and the Board briefly discussed items related to the 2019 Nebraska Unicameral session.

At this time, Vice President of Administrative Services Williams presented the financial report for November 2018, filed as Exhibit 19-014. Mr. Williams also provided a brief financial report for December 2018, noting the full report will be presented at the February Board meeting.

The investment letter is filed as Exhibit 19-015.

**Director Knott made a motion to accept the investment letter as presented. Director Aerni seconded the motion and roll was called.**

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

The work order letter is filed as Exhibit 19-016.

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

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

The next Board meeting will be held on Tuesday, February 26, 2019, at 9:00 A.M. in Columbus.

The District Safety Banquet is set for Friday, February 1, 2019, in Columbus at the VFW. Cocktails begin at 6:00 P.M. with the dinner and program to follow at 7:00 P.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, 2019.

The APPA Annual Conference is set for June 7-12, 2019 in Austin, TX.

President/CEO Suess asked the Board to let management know if a specific item is wanted on the agenda, and Staff will work to get the information developed.

14900  
January 22, 2019

President/CEO Suess will be on the Executive Committee of the NPA for the next four years (starting out as Secretary and serving as Chairman of the Board in four years). This is Mr. Suess' second term on the NPA Executive Committee.

President/CEO Suess gave a presentation to the NPPD Board regarding the District's relicensing effort. This presentation can be viewed on the NPPD website.

A customer satisfaction survey will soon be launched on the District's website. Results will follow as the information is compiled.

The NPPD Wholesale Customer/RRC/PRAB meeting will be held on February 15, 2019 in Grand Island.

A group (ENGIE, NRTC and Interconnection Systems, Inc.) will be hosting a Public Power District solar and energy storage conference in Lincoln on February 4, 2019, from 7-9 P.M.

**Director Donoghue made a motion to adjourn. Director Fleming seconded the motion. Motion carried by voice vote.**

2/26/19  
Date

Lawrence J. Zuck  
Chairman of the Board

Angell Robak  
Assistant Secretary