

LOUP POWER DISTRICT  
BOARD OF DIRECTORS  
July 27, 2021

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 July 27, 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: Molly Hunter-Columbus Telegram**

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 would be conducting the meeting based on Robert's Rules of Order.

President/CEO Suess welcomed Ms. Hunter to the meeting.

**The minutes of the June 29, 2021 meeting were approved.**

The following reports were presented to the Directors: the June 2021 Staff Operations Report – Exhibit 21-105; the June 2021 Bank Reconciliation Report – Exhibit 21-106; the June 2021 Vendor Payment Report – Exhibit 21-107. Additional reports presented to the Directors included various financial metrics of the District for June 2021 – Exhibit 21-108; selected financial information – Exhibit 21-109; and NPPD's Board of Directors Board Meeting Agendas for the July 7-8, 2021 NPPD Board Meeting – Exhibit 21-110.

**Executive Committee**

A letter addressing District Water Issues is filed as Exhibit 21-111.

President/CEO Suess indicated that there has been some activity during the past month regarding the compliance process of the District's hydroelectric license. Mr. Suess stated that management has been in contact with Federal Energy Regulatory Commission (FERC) Staff regarding the continued review of the District's operation compliance plan and the United States Fish and Wildlife Service (USFWS) Biological Opinion (BO), and FERC Staff has indicated they would make this a priority. President/CEO Suess stated that management held a meeting with FERC Staff and the FERC safety inspector regarding the possible need for a license amendment due to

the repairs from the 2019 mid-March storm event. Mr. Suess stated that management has agreed to file information with FERC Staff regarding remediation measures, and FERC Staff will then review the information to determine if a license amendment is needed. President/CEO Suess indicated the hearing on the District's intervention in the revised interbasin water transfer case was held on July 19, 2021, and noted the Nebraska Department of Natural Resources (DNR) is reviewing the information and hearing transcripts. Mr. Suess stated the DNR should make a ruling in the next two months. Mr. Suess noted the District continues to hold in abeyance the Eighth Circuit Court of Appeals filing for review of the License Order, with the next filing expected to take place in early September. President/CEO Suess reiterated that management has submitted to FERC a plan and schedule for Canal remediation which indicates its sixty percent design drawings and calculations are expected to be completed and submitted to FERC by the end of October 2021. Mr. Suess stated this would allow for completion of the project by late summer or early fall 2022, noting that a possible license amendment could alter this timeline. Management and the Board discussed several items related to the District's hydroelectric license.

A letter regarding Discussion and Possible Action on Director Subdivisions is filed as Exhibit 21-112.

President/CEO Suess indicated that management had initially wanted the Board to approve a consultant and decide on the number of subdivisions for the District; however, after further discussions with other entities, management has decided to delay this approval. As was discussed over the past several months, Mr. Suess stated the District will likely need to redistrict the boundaries of the District Board members, due to changes caused by the 2020 Census data. President/CEO Suess stated that management has been in discussions with a company called gWorks, led by Tyson Larsen, to explore the option of using this company to assist the District in its redistricting process. Mr. Suess noted that gWorks is working with the state Legislature and several counties in the state to develop Legislative Districts and voting precincts for the upcoming election cycle; however, some issues have been raised by other power districts regarding Mr. Larsen's intentions. President/CEO Suess shared the gWorks pricing packages with the Board. Mr. Suess stated that management would like the Board to form a small committee of three members to further explore the District's options before moving forward with gWorks. Directors Fleming, Donoghue, and Cerv will serve on this committee. Management and the Board discussed at length details related to Director Subdivisions.

A letter regarding an Executive Session to Further Discuss a Broadband Study in the Loup-Cornhusker Area is filed as Exhibit 21-113.

**At 9:50 A.M. Director Donoghue made a motion to move into Executive Session to Further Discuss the Broadband Study in the Loup-Cornhusker Area. Director Drozd seconded the motion and roll was called.**

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

**Nay: None**

**Absent: None**

**The motion carried.**

**At 10:43 A.M. Director Aerni made a motion to return to regular session. Director Drozd seconded the motion and roll was called.**

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

**Nay: None**

**Absent: None**

**The motion carried.**

A letter regarding the 2021 Nebraska Power Association Load and Capability Report is filed as Exhibit 20-114.

President/CEO Suess provided the Board with the completed 2021 Nebraska Power Association (NPA) Load and Capability Report, which is required to be filed with the Nebraska Power Review Board annually. This report regards the status of future electrical loads and resources of the entire state over the next 20 years. Within the report, the statewide forecast projects a statewide peak demand increase from 7,224 MW in 2021 to 8,193 MW in 2040, which is a compounded annual growth rate of 0.7 percent. Within the state of Nebraska, there are 7,673 MW of existing creditable generating resource capacity. There are 731 MW of committed resources. Through the study period, there are 419 MW of planned resources and 75 MW of studied resources. President/CEO Suess informed the Board that, with committed resources in place, Nebraska is not expected to see a capacity deficit until 2039. With the committed, planned and studied resources, Nebraska is not expected to see a deficit until after the 2040 study period. However, of the 7,673 MW of existing generating resource capacity, 1,144 MW has been in service for over 50 years and another 2,774 MW has been in service between 41 and 50 years. Mr. Suess noted that by 2040, approximately 3,918 MW of resources included in the NPA report will be over 60 years of age. Management and the Board discussed details contained in the NPA report.

### **Rates Committee**

A letter regarding NPPD's 2022-2027 Rate Outlook Update is filed as Exhibit 20-115.

President/CEO Suess indicated that NPPD management presented a rate outlook update to the NPPD Board of Directors for the period from 2022-2027, which included a review of both wholesale and retail rates for that time period. Mr. Suess stated that, for 2022, NPPD is projecting no overall base rate increase for wholesale rates. NPPD is projecting a 5.0 percent increase in transmission rates, which is expected to be offset by an estimated 0.8 percent reduction in production rates. NPPD is also projecting a one-year production cost adjustment (PCA) refund of \$10.7 million based on the dollar amount at the end of the year 2020. In the 2021 wholesale rates developed by NPPD, the PCA refund included was \$73.2 million, which was the amount above the ten percent limit at the end of 2019. Mr. Suess indicated this would mean an approximately ten percent increase in wholesale purchased power costs for 2022. Mr. Suess reiterated that NPPD is forecasting a substantial surplus for 2021, due largely to the excess market sales to the Southwest Power Pool (SPP) during the February 2021 cold weather event. Mr. Suess noted that, at the July NPPD Board meeting, NPPD's current surplus through the end of May 2021 was \$115.8 million higher than budget, with a projected surplus of \$103.4 million for all of 2021, indicating that NPPD expects to have a surplus at the end of 2021 which drastically exceeds the ten percent limit contained in the wholesale power contract. Discussions continue with NPPD's management and

Board regarding the use of some of the rate stabilization money to amend the potential wholesale purchased power cost increase in 2022, due to the reduced amount of the PCA refund. President/CEO Suess indicated that, other than the expected surplus at the end of 2021 which would be refunded in 2023, NPPD is projecting no overall change in base rates or any additional PCA refund for the years 2023-2027. Management and the Board discussed NPPD's 2022-2027 rate outlook update in further detail.

### **Support Services Committee**

A letter regarding Humphrey Annexation is filed as Exhibit 20-116.

President/CEO Suess indicated that in December of 2020, the City of Humphrey annexed eleven parcels of property into the city limits, which included approximately 283.86 acres of land. Mr. Suess noted that a large portion of the annexed area is outside of the District's service territory and is served by Cornhusker Public Power District. Mr. Suess stated that State Statute indicates the District has a right to purchase facilities and customers in this area currently served by Cornhusker, but the District must file an application with the Power Review Board (PRB) to serve any newly annexed areas and acquire facilities from the existing supplier as necessary within one year of annexation. President/CEO Suess shared maps with the Board showing the city and corporate limits of Humphrey, along with the newly annexed areas. Mr. Suess indicated the District is working with its attorney, Clark Grant, to prepare this application. Mr. Suess noted that the annexation involves approximately 29 Cornhusker customers and a major feeder of Cornhusker's in this area, for an estimated preliminary cost of \$1 million. President/CEO Suess indicated that once final details of the transfer and associated price are developed and reviewed by management, a resolution to the District's Board will be provided for approval. Management and the Board discussed additional details related to the City of Humphrey annexation.

President/CEO Suess discussed with the Board the APPA Virtual Annual Conference, which was held on July 13-14, 2021, and attended by Mr. Suess, Walt Williams, Todd Duren, and Director Aerni. Mr. Suess noted the virtual sessions were good, and added a roundtable discussion with small utilities and another with midwest utilities, were especially valuable. Next year's APPA Annual Conference will be held on June 10-15, 2022, in Nashville, TN.

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 21-117. Reports to the Board were also presented by Vice President of Engineering Hobza, Vice President of Operations Hellbusch, and Vice President of Corporate Services Duren. A report was also presented by Human Resource Manager Henry.

The work order letter is filed as Exhibit 21-118.

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

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

**Nay: None**

**Absent: None**

**The motion carried.**

The next regular Board meeting is set for August 24, 2021 at 9:00 A.M., at the General Office.

Management is working with NPPD on possible outcomes due to FERC Order No. 2222, which deals with the potential aggregation of resources on the distribution system. Because of its size, the District is currently automatically opted-out, but NPPD is looking at numerous possibilities. Continued discussions will occur at future Board meetings.

The Columbus Days coronation ceremony is set for Monday, August 9, at the Ramada-Columbus.

NPPD is holding public/customer outreach meetings to discuss decarbonization goals and strategies for obtaining these goals. President/CEO Suess noted that management attended the initial meeting, and that five public outreach meetings are scheduled for August.

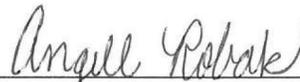
**Director Zach made a motion to adjourn. Director Heesacker seconded the motion. The motion carried by voice vote.**



Chairman of the Board

8/24/21

Date



Assistant Secretary