

LOUP POWER DISTRICT  
BOARD OF DIRECTORS  
October 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 October 22, 2019.

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

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, Todd Duren, 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 September 17, 2019 meeting were approved.**

The following reports were presented to the Directors: the September 2019 Staff Operations Report – Exhibit 19-154; the September 2019 Bank Reconciliation Report – Exhibit 19-155; the September 2019 Vendor Payment Report – Exhibit 19-156. Additional reports presented to the Directors included various financial metrics of the District for September 2019 – Exhibit 19-157; NPPD's Board of Directors Committee Meetings and Board Meeting Agendas for the October 9-10, 2019 NPPD Board Meeting – Exhibit 19-158; and NPPD's RRC/PRAB/Customer Meeting Agenda and Presentations for the October 17, 2019 Meeting – Exhibit 19-159.

**Executive Committee**

After a request by Chairman Zach, Directors Donoghue, Fleming, and Aerni volunteered to serve as the nominating committee for developing the slate of officers for 2020.

A letter addressing Damage and Repair from the March 12-14 Storm Event is filed as Exhibit 19-160.

President/CEO Suess indicated that work continues on cleanup from the March 12-14 storm event. Mr. Suess stated B-D Construction has been authorized to do the repairs of the wing wall at the intake structure, and have submitted some information to the Federal Energy Regulatory Commission (FERC) for comment. Mr. Suess stated the District is waiting on cofferdam calculations from B-D Construction to submit to FERC, but noted that they are having difficulty finding an engineering firm with the expertise to sign off on the calculations. Once these

calculations are submitted, the District will need to wait thirty days for comments from FERC. Regarding the filling in and compaction of breaches along the Canal, President/CEO Suess stated that HB Construction is at the site and working on these areas, and noted that work over the past week has been concentrated on the breach at the Krakow tap. Mr. Suess indicated that District crews continue to work on the St. Edward substation; however, some contractors were used to level out the substation site. President/CEO Suess stated the District crews are currently working on subtransmission and distribution lines that will feed into and out of the substation. The substation construction and line upgrades are expected to be completed by early November. Mr. Suess indicated the District has cut back the water flow to 1,000 cfs intake into the Canal to allow for repair work of the breaches, which may be ongoing for some time. Mr. Suess noted that management is communicating with FERC officials to determine if there is a need to replace a portion of the Horseshoe Dike that was damaged during the mid-March storm event. President/CEO Suess used Google Earth to explain the history of the Horseshoe Dike and to show how the dike was damaged by the storm event. President/CEO Suess indicated progress is being made with FEMA officials and the paperwork filing process has begun. Management and the Board discussed at length various issues regarding the March 12-14 storm event.

A letter addressing the Hydroelectric Relicensing Update and Other Water Issues is filed as Exhibit 19-161.

President/CEO Suess indicated that there has been little activity at FERC during the past month. Mr. Suess noted the District received a letter from the United States Fish and Wildlife Service (USFWS) agreeing to certain aspects of language change to their Biological Opinion (BO) regarding the water temperature in the Platte River at the Louisville gauge. Mr. Suess stated that management hopes to meet with FERC and USFWS in order to bring all outstanding issues to the table and reach an agreement. President/CEO Suess indicated that the District's Third Quarterly Report to FERC regarding reopening of the OHV area will be filed this week and will include a request to suspend reporting related to the OHV area at the Headworks until all the repairs associated with the mid-March storm event are completed. Mr. Suess stated 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. President/CEO Suess reminded the Board that management entered into a Joint Defense Agreement with the Lower Loup Natural Resources District and the Central Platte Natural Resources District, which will help with costs of fighting this case. Mr. Suess stated that all parties are waiting on a final ruling from the DNR. President/CEO Suess indicated the District continues to hold in abeyance the Eighth Circuit Court of Appeals filing for review of the License Order. Management and the Board discussed several issues related to the District's License.

A letter regarding the New Service Center Update is filed as Exhibit 19-162.

President/CEO Suess indicated construction of the District's new Service Center located in the Energy Triangle Addition is almost complete, with only some punch list items remaining. Mr. Suess stated that the fencing around the project will begin shortly, once all the elevations for the property are finalized. Some additional concrete needs to be poured, primarily for the parking areas. Mr. Suess stated the roadway, sewer and water work continues, and it is hoped this will be completed by the end of October or early November. Mr. Suess noted the wetlands mitigation plan for the ETSA has been approved and will likely take place off-site in the East Industrial Park area which is currently owned by the District, due to airport concerns. Mr. Suess indicated there is little movement on the sale of the property in the Energy Triangle Addition, in addition

to the sale of the existing Service Center building because the roadwork is not yet completed at the new facility and it is uncertain when the District will be completely moved out of the existing Service Center building. Management and the Board discussed items related to the new Service Center and the Energy Triangle Addition.

A letter regarding Discussion and Action-Resolution No. 2019-07 – Village of Petersburg PRO Agreement and Franchise is filed as Exhibit 19-163.

Resolution No. 2019-07 – Village of Petersburg – PRO Agreement and Franchise is filed as Exhibit 19-164.

Management recommended the Board adopt Resolution No. 2019-07, which approves the proposed changes to the PRO Agreement and Franchise with the Village of Petersburg.

**Director Cerv made a motion to adopt Resolution No. 2019-07. Director Knott seconded the motion.**

President/CEO Suess stated that management is working 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 October 1, 2019, the Village of Petersburg 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 Petersburg once every three months instead of every six months; and, beginning in 2021, the lease payment to the Village of Petersburg will be increased from ten to eleven percent. All these terms are similar to those with the Cities of Columbus and Genoa, and the Villages of Creston, Lindsay, Newman Grove and Leigh.

**The question was called.**

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

**Nay: None**

**Absent: None**

**The motion carried.**

### **Rates Committee**

A letter regarding the NPPD 2020 GFPS Rate Proposal is filed as Exhibit 19-165.

President/CEO Suess indicated that on September 27, 2019, the District received NPPD's 2020 Proposal for wholesale rates, and that there will be no changes to any base rates. NPPD is proposing to return \$46.1 million in excess rate stabilization funds through a one-time Production Cost Adjustment (PCA) credit, and use \$16.9 million to reduce its outstanding production debt. This proposal amounts to a bill reduction of 6.2 percent when compared to base rates. Mr. Suess stated that NPPD is looking to change the wording in the rate schedule as follows: 1) Revise provisions for thresholds governing distributed generation; 2) add billing

treatment for battery storage systems; 3) make changes to the Buy/Sell rate schedule and Standby rate schedule; and 4) make changes to the Large Customer Interruptible rate schedule. President/CEO Suess shared with the Board a table comparing the 2019 GFPS rates and proposed 2020 GFPS rates. NPPD is planning to implement the wholesale rate change beginning on February 1, 2020. Mr. Suess stated that NPPD has shifted the rate methodology in the past; however, they are working to make changes to the methodology used and noted there is more work that needs to be done regarding this issue. President/CEO Suess indicated the District needs to decide by October 27, 2019, if it wants to file for a rate hearing, and added that no other large utilities are currently planning to file for a hearing. Following a lengthy discussion between management and the Board, it was decided that, in order to protect the interests of both the District and its customers, the District will file for a rate hearing with NPPD. Management and the Board further discussed information contained in NPPD's 2020 GFPS Rate Proposal.

### **Finance and Budget Committee**

A letter regarding Amendment One to the 2019 Construction Budget is filed as Exhibit 19-166.

President/CEO Suess recommended the Board approve Amendment One to the 2019 Construction Budget.

**Director Fleming made a motion to approve Amendment One to the 2019 Construction Budget. Director Knott seconded the motion.**

President/CEO Suess informed the Board that Amendment One to the 2019 Construction Budget decreases the original 2019 Construction Budget from \$9,176,000 to \$9,064,000; a decrease of \$112,000. He then detailed the changes which have occurred in 2019 which changed the original Construction Budget.

**The question was called.**

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

**Nay: None**

**Absent: None**

**The motion carried.**

**At 10:20 A.M. Director Knott made a motion to take a short recess in order to allow for Bluestem Energy Solutions to set up for its presentation. Director Cerv 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.**

**At 10:25 A.M. Director Aerni made a motion to reconvene the meeting following the recess. Director Langemeier 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.**

President/CEO Suess indicated that, as discussed with the Board at its August meeting, Bluestem Energy Solutions (Bluestem) has presented the District with a proposal for a combined solar and battery storage system.

At 10:26 A.M., Adam Herink, Will Crane, Srikanth Madala and Mitch Hyde of Bluestem Energy Solutions, Inc. (Bluestem) entered the meeting and presented additional information regarding battery storage to the Board and Staff. Mr. Herink discussed how this could be a cost effective and reliable resource for the District, detailing the numerous advantages of combined solar and battery storage, as well as risk minimization aspects.

Director Donoghue exited the meeting at 10:45 A.M.

Management and the Board discussed at length with the Bluestem representatives various ways the District could benefit from a combined solar/battery storage system or a combined wind/battery storage system.

Mr. Herink, Mr. Crane, Mr. Madala and Mr. Hyde exited the meeting at 11:40 A.M.

A letter regarding the 2020 Operating Proforma is filed as Exhibit 19-167.

Management recommended the Board approve the base Operation and Maintenance portion of the budget be increased by 2.0 percent for all costs, including wages.

**Director Aerni made a motion to instruct management to increase the base Operation and Maintenance portion of the 2020 budget by 2.0 percent for all costs, including wages. Director Heesacker seconded the motion.**

President/CEO Suess reviewed the Operation and Maintenance portion of the proposed 2020 budget and provided a comparison of retail revenue and energy sales for 2018 Actual, 2019 Budget, 2019 Projected, and a 2020 Projected Budget as part of a review of the Operating Proforma. The 2020 Projected Budget includes no base retail rate increase. President/CEO Suess also provided projections of wholesale sales and revenue and hydroelectric sales revenue. Hydro contract sales for 2020 budgeted are down from both the 2019 projected and 2019 budgeted, mostly due to the damage from the mid-March 2019 storm event and continued repairs, which will reduce water flow into the Canal. The 2020 Projected Budget included purchased power costs based on NPPD's projected wholesale rates. NPPD is proposing no change to wholesale base rates in 2020, and has included a one-time Production Cost Adjustment (PCA) to refund a portion of the surplus revenue in the rate stabilization account, which is slightly larger than the refund included in last year's wholesale rate from NPPD. The projected Operation and Maintenance expense budget was developed by removing one-time items from the 2019 projected expenses. This figure was increased by 2.0 percent to account for inflation and employee wage increases. Any one-time expenses expected in 2020 were added back in to arrive at the final 2020 projected Operation and Maintenance expense budget. There was a lengthy

discussion between the Board and management regarding the 2020 Operating Proforma, and Director Fleming expressed his appreciation of management's mindfulness in dealing with the District's situation following the 2019 mid-March Storm Event.

**The question was called.**

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

**Nay: None**

**Absent: Donoghue**

**The motion carried.**

President/CEO Suess stated there will be a meeting of the Finance and Budget Committee on November 19, 2019, at 9:30 A.M. to discuss the 2020 Construction and Operations Budgets. All Board members are invited to attend.

At this time, Vice President of Administrative Services/CFO Williams presented the financial report for September 2019, filed as Exhibit 19-168.

Vice President of Administrative Services/CFO Williams exited the meeting at 12:10 P.M.

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

The Payroll Changes are filed as Exhibit 19-169.

A letter regarding the Year 2020 Wage Review is filed as Exhibit 19-170.

The Personnel, Safety, and Insurance Committee recommended the Board increase the wage structure by 2.00 percent for all labor codes and a funding level increase of \$250,000 for overall wages in 2020.

**Director Cerv made a motion to increase the wage structure by 2.00 percent for all labor codes and a funding level increase of \$250,000 for overall wages in 2020. Director Aerni seconded the motion.**

President/CEO Suess reviewed the proposed changes in the District's wages for 2020. Mr. Suess presented tables showing various wages and benefits for several utilities as well as differences between the District and other utilities and industries. The District uses the journey-lineman wage structure to compare to other peer utilities. The District comparison is better when benefits are added, due mainly to the lifetime health insurance benefit provided by the District, which none of the other utilities provide to new employees. A survey by management of other utilities and local industries indicated wage increases for these entities between 2.0 and 3.5 percent for 2020. Management and the Board discussed the various aspects of the proposed wage changes, including the current benefits provided by the District.

**The question was called.**

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

**Nay: None**

**Absent: Donoghue**

**The motion carried.**

A letter regarding Resolution No. 2019-06 – Jim Frear Retirement is filed as Exhibit 19-171.

**Director Cerv made a motion to approve Resolution No. 2019-06. Director Drozd seconded the motion and roll was called.**

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

**Support Services Committee**

A letter regarding the Employee Satisfaction Survey Results is filed as Exhibit 19-172.

President/CEO Suess indicated the Human Resources Manager, Amanda Henry, sent an employee satisfaction survey to all employees which asked about employees thoughts regarding their working experiences at the District. Ms. Henry stated that a large amount of employees responded to the survey, and overall, employees are happy with their working experiences at the District. Mr. Suess noted that, since communication within the District was an item of concern for some employees, Ms. Henry visited with employees at the October safety meetings to get more details regarding these concerns in order to improve communications. Management and the Board discussed in further detail the results of the employee satisfaction survey, as well as additional ways the District can provide information to its employees.

The investment letter is filed as Exhibit 19-173.

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

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

The work order letter is filed as Exhibit 19-174.

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

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

A letter regarding the Contract for the North Dike Repairs at the Genoa Headworks is filed as Exhibit 19-175.

Management recommended the contract for the North Dike Repairs at the Genoa Headworks be awarded to HB Construction of Platte City, MO, in the amount of \$199,991.14 for 23,400 cubic yards of fill.

**Director Langemeier made a motion to accept management's recommendation to award the contract for the North Dike Repairs at the Genoa Headworks to HB Construction of Platte City, MO, in the amount of \$199,991.14 for 23,400 cubic yards of fill. Director Heesacker seconded the motion.**

President/CEO Suess stated the District advertised and received two bids for the North Dike Repairs at the Genoa Headworks. Mr. Suess used Google Earth to show the Board what the North Dike looked like before the mid-March storm event and after the storm event, pointing out the two major breaches that occurred. The bid submitted by HB Construction of Platte City, MO was in the amount of \$199,991.14 for 23,400 cubic yards of fill, and B-D Construction's bid was in the amount of \$277,445.00 for 16,099 cubic yards of fill. HB Construction's bid was the lowest bid by both price and volume.

**The question was called.**

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

**Nay: None**

**Absent: Donoghue**

**The motion carried.**

A letter regarding the RFP for Restoration of the Dry-Cherry Creek Ditch is filed as Exhibit 19-176.

President/CEO Suess indicated that three bids were received for Restoration of the Dry-Cherry Creek Ditch that was damaged as part of the mid-March storm event. Mr. Suess used Google Earth to illustrate to the Board the damage that was incurred. Bygland Dirt Contracting, Inc. of Albion, NE, submitted a bid in the amount of \$38,050.00; Cuba Construction, LLC of Columbus, NE, submitted a bid in the amount of \$38,459.00; and B-D Construction, Inc. of Columbus, NE submitted a bid in the amount of \$72,040.00. Management recommended the contract for Restoration of the Dry-Cherry Creek Ditch be awarded to Bygland Dirt Contracting, Inc. of Albion, NE, in the amount of \$38,050.00.

**Director Fleming made a motion to approve management's recommendation to award the contract for Restoration of the Dry-Cherry Creek Ditch to Bygland Dirt Contracting, Inc. of Albion, NE, in the amount of \$38,050.00. Director Knott seconded the motion and roll was called.**

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

**Nay: None**

**Absent: Donoghue**

**The motion carried.**

A letter regarding Contract 2019-04 Operator's House-Genoa Headworks is filed at Exhibit 19-177.

Management recommended Contract 2019-04 for the Operator's House at the Genoa Headworks be awarded to Pilakowski Construction of Genoa, NE, in the amount of \$292,500.00 plus tax.

**Director Cerv made a motion to approve management's recommendation to award Contract 2019-04 for the Operator's House at the Genoa Headworks to Pilakowski Construction of Genoa, NE, in the amount of \$292,500.00 plus tax. Director Aerni seconded the motion.**

President/CEO Suess indicated that the District received two bids for the construction of the Operator's house at the Genoa Headworks. Pilakowski Construction of Genoa, NE submitted a bid in the amount of \$292,500.00 plus tax, and Foreman Lumber of Columbus, NE submitted a bid in the amount of \$322,735.00 plus tax. Management and the Board discussed details concerning this construction.

**The question was called.**

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

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

The 2019 Columbus Area Business Hall of Fame is set for November 26, 2019 at the Ramada Inn in Columbus.

President/CEO Suess stated that State Senators Bostelman, Pansing-Brooks and Kolterman will be coming on October 23, 2019, to view damage to the Headworks caused by the mid-March storm event.

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



Chairman of the Board

11/26/19  
Date



Assistant Secretary