

LOUP POWER DISTRICT
BOARD OF DIRECTORS
October 24, 2023

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 24, 2023.

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

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

Roll call showed:

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

Absent: None

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

Absent: None

Others: Dana Schultz

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

President/CEO Suess welcomed Mr. Schultz to the meeting.

The minutes of the September 26, 2023 meeting were approved.

The following reports were presented to the Directors: the September 2023 Staff Operations Report – Exhibit 23-146; the September 2023 Bank Reconciliation Report – Exhibit 23-147; the September 2023 Vendor Payment Report – Exhibit 23-148. Additional reports presented to the Directors included various financial metrics of the District for September 2023 – Exhibit 23-149; selected financial information for September 2023 – Exhibit 23-150; NPPD's Board of Directors Board Meeting Agendas for the October 11-12, 2023 NPPD Board Meeting – Exhibit 23-151; and NPPD's RRC/PRAB/Customer Meeting Agenda and Presentations for the October 19, 2023 Meeting – Exhibit 23-152.

Executive Committee

After a request by Chairman Heesacker, Directors Aerni, Fleming and Donoghue volunteered to serve as the nominating committee for developing the slate of officers for 2024.

A letter addressing District Water Issues is filed as Exhibit 23-153.

President/CEO Suess indicated that the District is working to finalize a non-capacity license amendment to be filed with the Federal Energy Regulatory Commission (FERC). Mr. Suess stated that District management, along with the District's attorney, completed a working draft of

the non-capacity amendment to the District's license, and sent it to the United States Fish and Wildlife Service (USFWS) and the Nebraska Game and Parks Commission (NGPC) for comment. Mr. Sues added that management received comments from the USFWS, and these comments were incorporated into the amendment, which was sent to FERC staff for their review and comment. Mr. Sues noted that, after review, FERC staff stated that a water quality certificate and an assessment on how the proposed changes in the non-capacity license agreement would affect threatened and endangered species would be needed. Mr. Sues noted that these studies are expected to be completed in early 2024 and then submitted to FERC Staff for approval, with the final application filing with the Commission expected to take place sometime in 2024.

President/CEO Sues stated that the District is working with New Century Environmental to complete the following required end-of-year reports for FERC: 1) Interior Least Tern, Piping Plover and Rufa Red Knot Management Plan Report, 2) Loup Power Canal Bank Monitoring Plan Report, 3) Loup River Bypassed Reach Streambank Monitoring Plan Report, 4) Invasive Species Monitoring Plan Report, and 5) Recreation Plan Report.

President/CEO Sues reiterated that the Nebraska Supreme Court/Court of Appeals granted the Objectors' petition to bypass the Court of Appeals regarding the Interbasin Water Transfer Case between the Platte River Basin and the Republican River Basin. Mr. Sues noted that the Nebraska Supreme Court heard this case on August 29, 2023, and in October, the Supreme Court upheld the decision of the Department of Natural Resources (DNR) that the District and the other intervenors in the case had no standing and cannot object to this water transfer application. The District's attorney has recommended against an appeal; however, management is talking with several attorneys and state legislators about putting together legislation to possibly allow standing in future cases.

President/CEO Sues indicated 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 November 2023.

President/CEO Sues indicated that, after sending letters to its congressional delegates regarding collecting money from the Federal Emergency Management Agency (FEMA) related to the mid-March 2019 storm event, Representative Mike Flood's office is taking the lead on contacting FEMA to determine where they are in the process of releasing funds to the District. Mr. Sues noted that there has been no movement from FEMA regarding these funds.

President/CEO Sues stated that District management was informed by FEMA that only immediate funding needs will be addressed. Mr. Sues noted that other projects will be funded, but it may take additional time to get the money.

Regarding damage and repair from the mid-March 2019 storm event, President/CEO Sues indicated that the final design drawings on the overflow structure were submitted to and approved by FERC. Mr. Sues noted that the District is waiting on FEMA/NEMA to approve this project before moving forward.

Management and the Board discussed several items related to the District's hydroelectric license and other State of Nebraska water issues.

Rates Committee

A letter regarding Resolution No. 2023-07-PURPA Standard Consideration – Demand Response Practices is filed as Exhibit 23-154.

Resolution No. 2023-07 – PURPA Standard Consideration – Demand Response Practices is filed as Exhibit No. 23-155.

President/CEO Suess recommended the Board approve Resolution No. 2023-07 - PURPA Standard Consideration regarding Demand Response Practices.

Director Aerni made a motion to approve Resolution No. 2023-07 regarding consideration of the PURPA standard on Demand Response Practices. Director Drozd seconded the motion.

President/CEO Suess stated a public hearing was held at the September 26, 2023 Board meeting regarding the District's Demand Response Practices, and after consideration of the evidence and recommendation presented to the Board, the Board of Directors determined that it was not appropriate to adopt and implement the federal PURPA Demand Response Practice standard and instead continue to work with NPPD to develop new programs and expand the current demand response programs while also promoting rate designs that encourage demand response practices.

Management and the Board further discussed this issue.

The question was called.

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

Nay: None

Absent: None

The motion carried.

A letter regarding Resolution No. 2023-08 – PURPA Standard Consideration – Electric Vehicle (EV) Charging Programs is filed as Exhibit 23-156.

Resolution No. 2023-08 – PURPA Standard Consideration – EV Charging Programs is filed as Exhibit No. 23-157.

President/CEO Suess recommended the Board approve Resolution No. 2023-08 - PURPA Standard Consideration regarding EV Charging Programs.

Director Aerni made a motion to approve Resolution No. 2023-08 regarding consideration of the PURPA standard on EV Charging Programs. Director Drozd seconded the motion.

President/CEO Suess stated a public hearing was held at the September 26, 2023 Board meeting on the District's EV Charging Programs, and after consideration of the evidence and recommendation presented to the Board, the Board of Directors determined that it was not appropriate to adopt and implement the federal PURPA EV Charging Programs standard and instead continue to work with NPPD to evaluate opportunities to develop new and expand current EV charging programs while also promoting rate designs that encourage electrification of the transportation sector.

Management and the Board further discussed this issue.

The question was called.

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

Nay: None

Absent: None

The motion carried.

Finance and Budget Committee

A letter regarding Amendment One to the 2023 Construction Budget is filed as Exhibit 22-158.

President/CEO Suess recommended the Board approve Amendment One to the 2023 Construction Budget.

Director Zach made a motion to approve Amendment One to the 2022 Construction Budget. Director Cerv seconded the motion.

President/CEO Suess informed the Board that Amendment One to the 2023 Construction Budget increases the original 2023 Construction Budget from \$6,505,000 to \$7,750,510, an increase of \$1,245,510. He then detailed the changes that occurred in 2023 which changed the original Construction Budget.

Management and the Board discussed at length the revisions made to the 2023 Construction Budget.

The question was called.

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

Nay: None

Absent: None

The motion carried.

A letter regarding the 2024 Operating Proforma is filed as Exhibit 23-159.

President/CEO Suess reviewed the Operation and Maintenance portion of the proposed 2024 budget and provided a comparison of retail revenue and energy sales for 2022 Actual, 2023

Budget, 2023 Projected, and a 2024 Projected Budget as part of a review of the Operating Proforma.

The 2024 Projected Budget includes a 3.0 percent retail rate increase. President/CEO Suess also provided projections of wholesale sales and revenue and hydroelectric sales revenue. Hydro contract sales for 2024 budgeted are higher than the 2023 projected, and will be dependent on water availability and the market price for power sales in the Southwest Power Pool. Mr. Suess noted the new hydro contract with NPPD went into effect in 2022 and uses market-based rates for payments from NPPD, adding the hydro operators are doing a great job to maximize this revenue. The 2024 Projected Budget included purchased power costs based on NPPD's projected wholesale rates. NPPD is proposing no change to wholesale base rates in 2024, and has included a one-time Production Cost Adjustment (PCA) to refund the surplus revenue in the rate stabilization account, which is higher than the refund included in last year's wholesale rate from NPPD, but lower than 2021 and 2022. The projected Operation and Maintenance expense budget was developed by removing one-time items from the 2023 projected expenses. This figure was increased by 6.0 percent to account for inflation and employee wage increases. Any one-time expenses expected in 2024 were added back in to arrive at the final 2024 projected Operation and Maintenance expense budget.

Management recommended the Board approve the base Operation and Maintenance portion of the budget be increased by 6.0 percent for all costs, including wages. There was a lengthy discussion between the Board and management regarding specifics related to the 2024 Operating Proforma.

Director Zach made a motion to instruct management to increase the base Operation and Maintenance portion of the 2024 budget by 6.0 percent for all costs, including wages. Director Fleming seconded the motion.

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

Nay: None

Absent: None

The motion carried.

President/CEO Suess stated there will be a meeting of the Finance and Budget Committee on November 21, at 9:00 A.M. at the General Office to discuss the 2024 Construction and Operations Budgets. All Board members are requested to attend.

Personnel, Safety, and Insurance Committee

The Payroll Changes are filed as Exhibit 23-160.

Director Donoghue exited the meeting at 10:39 A.M.

A letter regarding the Year 2024 Wage Review is filed as Exhibit 23-161.

The Personnel, Safety, and Insurance Committee recommended the Board increase the wage structure by 3.00 percent for all labor codes and a funding level increase of \$500,000 for overall wages in 2024.

Director Aerni made a motion to increase the wage structure by 3.00 percent for all labor codes and a funding level increase of \$500,000 for overall wages in 2024. Director Cerv seconded the motion.

President/CEO Suess reviewed the proposed changes in the District's wages for 2024. 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 line technician 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 3.00 and 6.00 percent for 2024.

Management and the Board discussed at length various aspects of the proposed wage changes, including the current benefits provided by the District.

The question was called.

Aye: Tooley, Zach, Fleming, Cerv, Aerni, Drozd, Heesacker

Nay: None

Absent: Donoghue

The motion carried.

At 10:45 A.M. the Board took a brief break and returned at 10:55 A.M.

At this time, Vice President of Accounting and Finance/CFO Williams presented his report to the Board, which included the financial report for September 2023, filed as Exhibit 23-162. Reports to the Board were also presented by Vice President of Engineering Hobza, Vice President of Operations Hellbusch, Vice President of Corporate Services Duren and Human Resource Manager Henry.

The investment letter is filed as Exhibit 23-163.

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

Aye: Tooley, Zach, Fleming, Cerv, Aerni, Drozd, Heesacker

Nay: None

Absent: Donoghue

The motion carried.

The work order letter is filed as Exhibit 23-164.


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

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

The next regular Board meeting is set for November 28, 2023, at 9:00 A.M. at the General Office.

President/CEO Suess stated that management has begun discussions with other wholesale customers regarding the new NPPD wholesale contract and is looking at the possibility of retaining the law firm of Blankenau, Wilmoth, Jarecke LLP to review this new contract and offer their legal analysis.

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



Chairman of the Board



Assistant Secretary



Date