EXHIBIT D

STATEMENT OF COSTS AND FINANCING

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D. STATEMENT OF COSTS AND FINANCING

D.1 ORIGINAL COST OF PROJECT

Loup River Public Power District (Loup Power District or the District) is applying to FERC for a new license for the Loup River Hydroelectric Project (FERC Project No. 1256) (Project), which is an existing major project, not an initial license. Therefore, the requirement of 18 Code of Federal Regulations (CFR) §4.51(e)(1) regarding a tabulated statement providing the actual or approximate cost of Project construction does not apply.

D.2 ESTIMATED AMOUNT PAYABLE IN THE EVENT OF PROJECT TAKEOVER PURSUANT TO SECTION 14 OF THE FEDERAL POWER ACT

The District is a public power utility and a political subdivision of the State of Nebraska. As such, the District is a municipality within the meaning of Section 3(7) of the Federal Power Act (FPA). Therefore, the Project is not subject to takeover pursuant to Section 14 of the FPA. Accordingly, FERC's regulations (18 CFR §4.51(e)(2)) do not require the District to include an estimate of takeover costs.

D.3 ESTIMATED COSTS OF PROPOSED DEVELOPMENT

The District is proposing no new power development or capacity expansion as part of this Application and such costs are not presented. However, the District will incur capital and operating costs for enhancement measures proposed as part of this Application, and these costs are presented in Section D.4.

D.4 ESTIMATED AVERAGE ANNUAL COST OF THE PROJECT

Average annual costs of the Project for the period 2007 through 2010 were approximately $6.4 million, including operations and maintenance (O&M), administrative, legal, accounting, insurance, depreciation, and payments made for amortization of bonds.

New facilities to be constructed and measures to be taken as a result of a new license are limited to the proposed environmental enhancements associated with an additional license term and are estimated to increase annual O&M costs by approximately $35,200. The environmental enhancements do not require any new Project lands or water rights. Table D-1 lists the proposed enhancement measures and their preliminary cost estimates.

Table D-1. Preliminary Cost Estimate of Proposed Environmental Measures

Budgeted Year	Measure	Implementation Cost (2011 dollars)	Annual O&M Cost (2011 dollars)
Annual	Historic Properties Management	N/A	$8,500
Annual	Bypass flow to the Loup River	N/A	$8,400[a]
2011-2024	Improve playground equipment at developed recreation areas[b]	$20,000/year	$750
2011	Upgrade camper outlets at Lake North Park and Headworks Park	$12,000	$1,800
2012	Restrict vehicle access at Tailrace Park	$5,000	$1,000
2015	Install sand volleyball court at Headworks Park	$1,000	$1,000
2015	Construct wheelchair-accessible fishing pier at Lake North	$30,000	$4,500
2015	Create no-wake zone in the southeast corner of Lake North to facilitate improved fishing opportunities	$1,000	$500
2016	Install new permanent restroom facility at Headworks Park	$40,000	$6,000
2017	Complete construction of a new 2,000-foot-long trail along southeast shore of Lake Babcock	$40,000	$2,750
	Total	$409,000	$35,200

Notes:

[a] Annual cost of bypass flow to the Loup River is estimated based on bypassing a full 75 cfs (150 acre-feet) of flow for 10 days each year at the 2010 contract price of $44.16 per megawatt hour. This contract price equates to a price of $5.60 per acre-foot of water assuming water is used for power generation at both the Monroe and Columbus powerhouses.

[b] Playground equipment at developed recreation areas is evaluated yearly for replacement and improvements; consistent with current practice, it is anticipated that improvements would be made at one or more playground areas for approximately the first 10 years of the new license period to replace outdated equipment.

The estimated capital expenditures for the proposed environmental measures are $409,000. Additionally, the District anticipates approximately $9.7 million in major repair and replacement of equipment and structures over the expected term of a new license (30 years), including replacement of the hydraulic dredge. The average annual

cost of these combined capital expenditures, assuming an amortization term of 20 years at 6.0 percent, is estimated to be $419,000.

In total, the estimated average annual cost of the Project, as proposed by the District, is approximately $6.85 million. This estimate includes current O&M costs, anticipated increase in O&M costs, and the annual cost of anticipated future capital expenditures for proposed environmental measures and major repair and replacement items. Additionally, average annual depreciation of the future major replacement items[1] is estimated to be $219,000; this amount would be added to the District's rolling total of depreciable expenses included in the estimated annual operating expenses.

D.5 ESTIMATED ANNUAL VALUE OF PROJECT POWER

Loup Power District sells all power produced by the Project to the Nebraska Public Power District (NPPD) in accordance with a negotiated power purchase agreement (PPA). The price paid to Loup Power District is calculated each year based on NPPD's Average Projected Production Revenue Rate, essentially NPPD's wholesale cost of producing electricity for a given year. A nominal amount is added to this rate to cover Loup Power District's cost of operating and maintaining the Project. The 2010 price paid to Loup Power District under the PPA was $44.16 per megawatt hour (MWh). Embedded in this levelized price are allowances for energy and capacity as well as on- and off-peak generation and ancillary services. The Project's average annual power production since 1938 is 136,405 MWh. Therefore, based on the current contract price, the annual value of Project power is approximately $6.0 million.

D.6 SOURCES AND EXTENT OF FINANCING AND ANNUAL REVENUES

As a public power utility, the District has two sources of funding to meet the costs of environmental enhancements and capital expenditures associated with the Project. First, the District generates revenue from hydropower generation, which is available for purposes approved by its Board of Directors, including costs at the Project. Second, the District can borrow money from public or private markets to meet capital requirements above the amount met with revenue from operations.

D.7 ESTIMATED COST TO DEVELOP LICENSE APPLICATION

The District estimates that the cost to complete its new license application, including studies, consultants, and internal management and administrative costs, will be approximately $7 million to $8 million.

[1] This depreciation value considered capital expenditures associated with hydro operations and high value recreation improvements, such as the wheelchair-accessible fishing pier, included as proposed environmental measures.

D.8 ON- AND OFF-PEAK VALUES OF PROJECT POWER

Energy prices from the Southwest Power Pool (SPP) are presented here as representative surrogates for the on- and off-peak pricing for energy that are embedded in Loup Power District's PPA with NPPD. As stated previously, in addition to on- and off-peak cost of energy, the PPA price also accounts for capacity and ancillary services.

Outside the PPA, on- and off-peak values for Project power are dependent on the hourly fluctuations of the wholesale power market. These markets are subject to hourly, daily, and seasonal variation, with power prices typically being highest during periods of high demand. These hourly fluctuations are illustrated using the SPP's Locational Imbalance Prices (LIP) for Columbus for the period from April 1, 2009, to October 31, 2011.[2] On any given day in the SPP, the market-driven price of power varies greatly during both on- and off-peak periods, as discussed below.

D.8.1 On-Peak

The on-peak period for the Columbus LIPs is defined as 7:00 AM to 10:00 PM, Monday through Saturday.[3] Excluding negative values, which indicate periods when the Project most probably would not be generating, the on-peak price of power for a given day varied from as little as $2.86 per MWh to as much as $462.44 per MWh, with an average daily price fluctuation of $37.32 per MWh. The average daily price for on-peak power was $30.54 per MWh, with an average daily high price of $53.93 per MWh.

D.8.2 Off-Peak

The off-peak period for the Columbus LIPs is defined as 10:00 PM to 7:00 AM Monday through Saturday, all day Sunday, and holidays. Excluding negative values, which indicate periods when the Project most probably would not be generating, the off-peak price of power for a given day varied from as little as $1.61 per MWh to as much as $289.20 per MWh, with an average daily price fluctuation of $29.82 per MWh. The average daily price for off-peak power was $16.98 per MWh, with an average daily high price of $39.89 per MWh.

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2 NPPD, purchaser of all Project power, became a member of the SPP on April 1, 2009.

3 The following holidays are excluded from on-peak regardless of the day of week on which they fall: New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day.

D.9 ESTIMATED CHANGES DUE TO PROJECT OPERATIONS

Based on the environmental study results (presented in Exhibit E), the District is not proposing any substantive changes to Project operations for this new license application beyond those measures already put in place voluntarily during the term of the existing license with one minor addition. The District proposes to formalize a previous operating practice[4] for providing flow in the Loup River bypass reach in order to enhance aquatic habitat. In accordance with the previous practice, the District would allow approximately 75 cubic feet per second (cfs) of flow down the Loup River bypass reach (measured at USGS Gage 06793000, Loup River near Genoa, NE) on days when the ambient temperature at Genoa or Columbus is forecast to reach or exceed 98 degrees Fahrenheit.

The District estimates the amount of power generation that would be lost by providing additional flow in the Loup River bypass reach at 190[5] MWh per year, thus decreasing the value of Project power by approximately $8,400.

[4] The practice of providing additional flow in the Loup River bypass reach was initiated in 1996 at 50 cfs at the request of the Nebraska Game and Parks Commission (NGPC). In 2004, the bypass flow amount was increased to 75 cfs at the request of NGPC. In 2008, the practice of providing flow in the Loup River bypass reach was discontinued due to concerns expressed by the Nebraska Department of Natural Resources (NDNR) related to potential violation of the District's water appropriation. The District met with NDNR to discuss its concerns and believes that this issue has been resolved to allow additional flow in the Loup River bypass reach without jeopardizing the District's water appropriation. The District has requested formal confirmation of this from NDNR but confirmation has not yet been received.

[5] The lost power generation is based on the assumption of bypassing a full 75 cfs (150 acre-feet) of flow for 10 days each year, assuming water is used for power generation at both the Monroe and Columbus powerhouses.