

**Minutes of the 134th Regular Meeting of the Board of Directors
Northeast Nebraska Public Power District**

The 134th regular meeting of the Northeast Nebraska Public Power District was called to order at 10:00 a.m., on January 27, 2009, by President Don Larsen. This meeting was held in the power district's Operations Center in Wayne, NE. President Larsen announced that the meeting was being conducted pursuant to the Nebraska Open Meetings Law and pointed out the location of the law in the meeting room.

Notice of this meeting was posted at all facilities of Northeast Nebraska Public Power District and was delivered by first class mail to the City Hall offices of the following towns and villages: Allen, Carroll, Concord, Dixon, Emerson, Foster, Hoskins, Hubbard, Jackson, Martinsburg, Maskell, McLean, Newcastle, Obert, Osmond, Pierce, Ponca, Thurston, Waterbury, Wayne, and Winside. Notice was also sent to the following newspapers: Nebraska Journal Leader, Norfolk Daily News, Norfolk Shopper, Pender Times, Pierce County Leader, Osmond Republican, Randolph Times, South Sioux City Star, Wakefield Republican, and Wayne Herald.

The following Officers and Directors were present:

Director Larsen	Director Gansebom	Director Lebsock	Director Loberg
Director Silhacek	Director Kneifl	Director Birkley	Director Gustafson

Directors absent: Director Bodlak

Mark Shults, Manager

Christopher J. Connolly, Attorney

Others present: Jan Kristjanson, Dean Bruggeman and Randy Belt

Minutes of the December 16, 2008 Meeting: There was a motion to approve the minutes, as corrected, of the last meeting by Director Silhacek and seconded by Director Kneifl and was approved 8-0 on a voice vote.

2008 Year-End Financials: There was a discussion of the preliminary year-end numbers. Despite increased costs, net income still ended up being near the budgeted amount. The Manager noted that the costs of the new building are equivalent to the cost of one month's wholesale power expense and that the building completes the District's consolidation plan over the last several years. The office building is a good long-term investment and will provide continued efficiencies in operations. Board members noted that the District has successfully sold numerous properties over the years and that the proceeds have offset some of the cost of the new office building. There was then discussion of high line loss for December. The Manager noted that the likely cause may be related to grain bins sales which have been unbilled and the lengthening of grace periods for paying bills which is due to the implementation of AMR and billing by the District. Mark Shults will check on this. There was then a discussion of temporary investments. No action was taken because the reports are only preliminary. Lowell Johnson was present and gave the Board an update on the water line issues for the new office. He advised the Board that he expects construction to be completed in early April.

Authorization of December, 2008 Expenses: There was then a discussion of the December, 2008

expenses. There was a discussion of truck repair issues and expenses. There was also a discussion about the invoice for the billing service. Director Bodlak arrived at 10:44 a.m.

There was then a motion to approve the December, 2008 expenses made by Director Gustafson and seconded by Director Gansebom.

The following roll call vote was taken upon the motion:

Director Larsen – yes	Director Gustafson - yes	Director Loberg – yes
Director Lebsock – yes	Director Silhacek – yes	Director Kneifl – yes
Director Gansebom – yes	Director Bodlak – yes	Director Birkley – yes

All directors present voting yes, the chairman declared the motion carried 9-0.

There was then a motion to adjourn the last meeting of the 2008 Board Sine Die. The motion was made by Director Lebsock and seconded by Director Kneifl and was approved 9-0 on a voice vote and the Board was adjourned at 10:46 a.m.

The meeting of the new Board was then called to order by Director Larsen, who then asked the attorney to conduct the initial election of officers. The floor was then open to nominations and Director Birkley nominated Director Larsen to be President. There was then a motion to close nominations made by Director Birkley and seconded by Director Bodlak.

The following roll call vote was taken upon the motion:

Director Larsen – yes	Director Loberg – yes	Director Birkley – yes
Director Lebsock – yes	Director Silhacek – yes	Director Kneifl – yes
Director Gansebom – yes	Director Bodlak – yes	

All directors present voting yes, the chairman declared the motion carried 8-0, with Director Gustafson not present for the vote. Director Larsen was elected President by acclamation.

Director Larsen then took over as Chair of the meeting and conducted the remaining elections. The floor was open to nominations for Vice President and Director Kneifl nominated Director Bodlak. There was then a motion to close the nominations made by Director Birkley and seconded by Director Gustafson and was approved 9-0 on a voice vote. Director Bodlak was elected Vice President by acclamation.

The floor was then open for nominations for Treasurer and Director Gansebom nominated Director Kneifl to be the Treasurer. There was then a motion to close nominations made by Director Birkley and seconded by Director Lebsock and was approved 9-0 on a voice vote. Director Kneifl was elected Treasurer by acclamation.

The floor was then open for nominations for Secretary and Director Lebsock nominated Director Loberg. There was then a motion to close nominations made by Director Kneifl and seconded by Director Gansebom and was approved 9-0 on a voice vote. Director Loberg was elected Secretary by acclamation.

The meeting then moved onto committee appointments. After discussions, all of the appointments for the following committees were done voluntarily and without need for a formal appointment

process. Representatives and alternates as designated, are as follows:

G & T Representative: Tom Gustafson
Alternates: Lowell Birkley and Mark Shults

NEPA Representative: Tom Gustafson
Alternates: Lowell Birkley and Mark Shults

NREA Representative: Dan Gansebom
Alternate: Dan Loberg

Audit Committee Representative: Larry Silhacek, Lowell Birkley, and Paul Bodlak

NRECA, Federate Insurance, CFC, and NRTC Representative: Dan Loberg
Alternate: Dan Gansebom

(These are the same representatives appointed in the December, 2008 meeting.)

There was then a discussion of the Safety Meeting held on January 9, 2009. There was then a motion to approve the minutes of the Safety Meeting made by Director Kneifl and seconded by Director Bodlak and was approved 9-0 on a voice vote.

Public Comment: Nothing.

The Board then moved onto a discussion of rate classifications. There was a discussion of changing seasonal rates with a move to monthly billing. Some customers will be affected, others will not. Annual billing will continue for customers using 500 kw or less each year. If the use is more than 500 kw annually, then monthly billing will be implemented. The demand charge starts at 100 kw in any three months of a year. Above that, customers should be on the demand charge.

There was then introduction of Mary Harding, a member of the Board of Directors of NPPD, and a representative of the Nebraska League of Conservation Voters, Eva Sohl, the Executive Director of the NLCV.

Mary Harding started her presentation with a discussion of the importance of rural public power in Nebraska. She also gave a description of the NLCV. Her priorities include national security concerns and climate change. On national security, there is a need for energy independence. Although use of oil for power generation is low in the U.S., there is still part of the energy policy that includes imports from the Middle East. The Clean Air Act has increased life expectancy by 3 years since the 1970's. Under economic development, wind and solar needs to be developed here or else someone else will. Public power could become irrelevant if technologies are not developed in this state. Increased efficiency can lead to better service to the customers. This includes weatherization. The public needs to think about costs in a different way. Life cycle costs or shortened life span is a cost. Moral responsibility is a cost issue. Eva Sohl offered some comments at this point. She began with a short biography. She believes that she has connections with young people and sees things as they do. She tries to keep track of what is the vision of young people for the future of energy generation and how to make it affordable. She wants to have a conversation on the topic so that groups can come together.

Mark Shults then offered some comments. The Board may be willing to come together in the middle on some issues. Paying for these ideas is difficult. Who pays? Mary Harding then responded by

saying that in generation, the industry has not done a good job of requiring payment for its impact. Generators should pay, along with rate payers for health care. Everyone must take responsibility and pay own costs. Director Lebsock then responded: Other countries are not cooperating with the principals. Other technologies should be explored – nuclear, improved hydropower can achieve Mary’s goals and maybe at less costs. Wind power is not reliable. Mary Harding agrees that increased efficiency would help. She wants to focus on reduced usage, not improved generating productivity. She sees costs going to \$90.00 per mega watt hour depending on the technology. Director Bodlak: Who should fund the conservation? Mary Harding responded that the customers should pay. She also believes that the power districts should enforce the conservation. Mark Shults then added that rate signals could be used to encourage conservation. Eva Sohl then asked the question of who takes lead on efficiency? Mary Harding stated that the cheapest monthly bill is the most important, not the lowest kilowatt cost. California is 48th highest state in rate, but 24th highest for month bills. It is the 5th best state for investment in conservation. Director Kneifl then added that wind generation is not efficient, with Director Gustafson asking if Lincolmites are willing to pay extra for wind generation, how much more are they willing to pay? Mary Harding does not know. Mark Shults discussed that the NREA customer survey indicates that customers will tolerate a 10% increase in retail costs to support climate change, but customers say a 50% increase in electric bills would present a hardship on personal and family finances.

President Larsen then recessed the meeting for lunch at 12:00 p.m. and the meeting reconvened at 12:34 p.m.

Eva Sohl stated that she thinks some common ground has been found. She hopes that dialog continues. Director Silhacek asked if the cost of deposing CFL’s will wipe out the value of the energy savings? There was no answer. Mary Harding then asked the Board to reexamine the energy pledge and Director Lebsock stated that the cost of changes needs to be considered. The Board then thanked Mary Harding and Eva Sohl for their time and their input.

New Business:

The Board then moved on to consideration of the following items:

1. Policy 11-25: SINGLE PHASE MOTORS IN LIMITED SIZE. There was a discussion of whether 3 Phase lines will normally be subject to Aid to Construction from customers. There was also a discussion of power problems and challenges in serving large single-phase motors. There was also a discussion of irrigation moratoriums. Management proposed changes to Policy 11-25 based on review by the District’s consulting engineer. Generally, the limits were increased to permit larger single phase motor connections. . There was then a motion to approve Policy 11-25 as amended made by Director Loberg and seconded by Director Lebsock and was approved 8-1 on a voice vote with Director Gansebom voting no.
2. Work Practice No. 10: This work practice details procedures for tagging and lock-out of equipment for safety communications. The change was wording to show that only the person putting a tag on a cabinet can remove it. There was then a motion to approve Work Practice No. 10 made by Director Bodlak and seconded by Director Gansebom and was approved 9-0 on a voice vote.
3. Management Reports:
 - a. Jan Kristjanson: Jan advised that the letter of credit is still in place for Siouxland Ethanol.

Husker Ag increased their deposit and paid off their note. The auditors will be in on April 1, 2, and 3, 2009. Exercise equipment is available through the District if the cost is up to \$200.00. The Wellness Program will happen in February for examinations.

- b. Randy Belt: Tree cutting is the primary job right now. Crews are also doing line patrol. They are finding floaters. The infrared camera is now being used. It can pinpoint line noise. ATI tested all transformers in the subs. Some transformers need to be retested after testing high for methane. The ARC Flash study has been completed. Four areas have a risk of ARC Flash for the transformer. This is a result of the flame retardant clothing issue. They are changing out old 3 Phase meters for irrigation with new AMR meters. The McLean project still needs to be finished. There is construction of T-2 line west of Carroll. Some customers will be removed from the NPPD area near the Twin Church substation. The Winside project needs to be completed. Total cost for all projects is \$700,000 – 800,000.00.
- c. Dean Bruggeman: They are taking bids on mowing at the substations. He is getting lots of interest. Dueco is here this day to check bucket trucks. One truck was rejected for upper boom problems. Pole prices have dropped a lot recently. Cross-arms are hard to find because saw mills are not running. On AMR, we are close to being able to do real time pinging to find outages. Probably will be available next year. Billing software proposals will be available next month. Questions regarding credit card fees. There was also a discussion of year-end inventory. There was then a discussion of how wire is measured for accounting purposes.
- d. Mark Shults: Director classes have been set up for early March. He is receiving more 'high bill complaints' because of the rate increases. He also described to the Board how he is reluctant to overturn decisions made by another employee when the decision follows established policy and procedures.

There was then a discussion of the irrigators meeting to be held on February 9, 2009. There was a discussion of communications for time of use controls.

There was then a motion to go into Execution Session for purposes of discussing personnel issues when said personnel has not requested an open meeting. The attorney and staff are to be present. The motion was made by Director Ganseboom and seconded by Director Birkley and was approved 9-0 on a voice vote and the Board went into Executive Session at 2:37 p.m.

There was then a motion to come out of Executive Session made by Director Birkley and seconded by Director Gustafson and was approved 9-0 on a voice vote and the Board came out of Executive Session at 2:47 p.m.

There was then a motion to adjourn the meeting made by Director Kneifl and seconded by Director Lebsack and was approved 9-0 on a voice vote and the meeting was adjourned at 2:47 p.m.

I, the undersigned, secretary of the Northeast Nebraska Public Power District, Wayne, Nebraska, hereby certify that all of the subjects included in the foregoing proceedings were contained in the agenda for the meeting, kept continually current and available for public inspection at the office of the District; that minutes of the District were in written form and available for public inspection

within ten working days and prior to the next convened meeting of said body; that all news media requesting notification concerning meeting of said body were provided advance notification of the time and place of said meeting and the subject matters to be discussed at said meeting.

Attest: _____

Secretary

President