

**Minutes of the 127th Regular Meeting of the Board of Directors
Northeast Nebraska Public Power District**

The 127th regular meeting of the Northeast Nebraska Public Power District was called to order at 7:37 p.m., on June 24, 2008, 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 Birkley
Director Silhacek Director Kneifl Director Gustafson Director Bodlak

Director Absent: Director Loberg

Mark Shults, Manager

Christopher J. Connolly, Attorney

Others present: Jan Kristjanson, Dean Bruggeman, and Randy Belt

The Open Meetings Act advisement was also given.

President Larsen appointed Director Gustafson as the acting Secretary in the absence of Director Loberg.

Minutes of the May 27, 2008 Meeting: There was a motion to approve the minutes made by Director Gansebom and seconded by Director Gustafson and was approved 8-0 on a voice vote.

Safety Meeting Minutes: There was an employee safety meeting on June 6, 2008. The Safety Committee also met on June 6, 2008. The Board discussed a stringing truck accident that resulted in property damage. There was then a motion to approve the minutes of both meetings made by Director Kneifl and seconded by Director Lebsock and was approved 8-0 on a voice vote.

Public Comment: Georgia Schieffer and her son were present to discuss the basic facility charge. Ms. Schieffer has one transformer that runs two services, one of which is always running, the other is intermittent depending on whether or not there is a tenant in the house. Ms. Schieffer believes the district is double-dipping on transformer charges because the transformer is always running for the other service. There was then a discussion of the transformer size and the transformer charge because she has a need for a 25kva transformer for both services. Mark Shults advised Ms. Schieffer of how transformer charges are spread across the district evenly. The District's rates are "postage stamp" meaning that costs are averaged out to all customers and rates set to cover those costs. The District can't really cost out service to 8,000 individual customers and then set 8,000 different rates. Towns have not been charged the basic facility charge because NPPD never did that before realignment. Ms. Schieffer reiterated the unfairness of the charge as it stands and asked the Board to reconsider. Mark Shults thanked Ms. Schieffer for her input and was advised that the Board would be discussing this later in the meeting.

James Dukesherer was present to give a presentation on the Grassroots campaign started by NREA. There are three parts to this campaign: 1) Education of the public and elected officials; 2) Building relationships with elected officials; 3) Advocacy for the rate payers in challenging power producers to abandon or reduce programs for producing power based upon theories of climate change.

Mr. Dukesherer gave a preview of a new website being established at NREA for this project. Grass roots coordinators around the state will be at a meeting soon in Lincoln. Training for these grassroots coordinators will take place at that time. He then reviewed communications with various representatives from the State of Nebraska. There was also a discussion of NPPD's role in this

campaign. Mr. Dukesherer advised that he has seen some signs of progress already.

Authorization of May, 2008 Expenses: There was a discussion of an interest correction from State National Bank. There was also a discussion of a stripping tool and a mini locator. There was also a discussion of services for the standby generators. There was then a motion to approve the May, 2008 expenses made by Director Birkley and seconded by Director Bodlak.

The following roll call vote was taken upon the motion:

Director Larsen – yes	Director Gustafson – 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.

Review of the Financial Statements: There was a general discussion of the financial condition of the District. There was also a discussion of sale of old radio equipment as part of non-operating margins – other. There was also a discussion of continued drop in line loss. Sales are 22% higher this year than at the same time last year. The cold winter and cool spring are the main reasons. The budget is slightly off from projections on individual line items (especially in sales and purchased power costs), but the bottom line is still on target. There was then a motion to approve the financials made by Director Gustafson and seconded by Director Bodlak and was approved 8-0 on a voice vote.

New Business:

1. Basic Facility Charge: Mark Shults does not have a prepared resolution regarding the basic facility charge and asked the Board for guidance on dealing with this matter. He acknowledged that there is some unfairness in the current arrangement, but stated that the District needs to be able to recover the costs of having equipment and power on standby, available for customers. Policies 11-06 and 11-07 are affected as well as Operations Procedure 11-08. If changed, the basic facility charge would be in the rate schedules and the application for service. It was noted that the basic facility charge is not communicated in the application for service agreement. Mark Shults then reviewed each policy with possible changes. As part of this review, Mark Shults advised the Board that the basic facility charge started approximately 3-4 years ago after the billing procedures between the east side and the west side were merged. Under Policy 11-07, Mark Shults advised the Board that they may need to define the word “acceptable”. Under Operations Procedure 11-08, it was noted that this policy will need to be changed when there are no more self-read, self-bill accounts. It was also recommended that the time be changed to 3:00 p.m. in Subsection F and Subsection G. It was also recommended that “arrived” be changed to “dispatched” in Subsection G. The portion describing disconnections due to a bad check were also reviewed and will be clarified. There was also a discussion of collection of basic facility charge from towns in other districts. Mark Shults said that he would collect that data and present it to the Board next month.
2. Resolution 2008-06-01: Work Practices No. 9 and 10. Work Practice 9 would be approved concerning walk around procedures for trucks and Work Practice 10 would be approved regarding lock-out/tag-out procedures. There was a discussion by the Board of whether or not the consequences of failing to follow this policy should be stated in the policy. The attorney recommended that specific punishments not be included in the policy in order to allow for a free range of disciplinary actions taken by management. After additional discussion on this matter, there was a motion to approve Resolution 2008-06-01 made by Director Silhacek and seconded by Director Gustafson and was approved 8-0 on a voice vote.

Management Reports:

1. Randy Belt: There has been substantial damage to poles from lightning and wind. Fifteen to twenty poles have been damaged just by lightning. New poles are being put in to replace the damaged ones. New services continue to go in. This includes homes and hog confinement units. Substation transformers have been tested. The Osmond bucket truck is still being refurbished and should be ready soon. AMR meters continue to be changed out. Repeaters are being installed to help with meters that won't read properly. Fencers can affect the ability of meters to read.
2. Dean Bruggeman: Pouring concrete out back for pads for transformers and breakers. Landscaper is working in Osmond. New hoses are being put on the damaged bucket truck.

A new bucket truck is being assembled and should arrive in August. May need new pole stantions for steel poles. The generator at the Operations Building is working fine.

3. Jan Kristjanson: There are 300 customers that are close to being moved to the AMR system. Irrigation accounts have been read. Front office is getting ready for American Broadband to move in.

There was then a discussion of bins that are located too close to power lines. There was also a discussion of Sprint installing cell towers.

4. Mark Shults: The purchase agreement with American Broadband has been signed. They will be moving in August 1. The power district will need to remove some asbestos from some duct work in the basement and install a new furnace. Plans for the new building are now ready. Bid opening has now been set for July 23, 2008. After discussion, the Board decided that the regular meeting for July 22, 2008 should be moved to July 29, 2008 in order to be able to approve the bids submitted for building the office. The meeting on July 29th shall include strategic planning, bid opening, and regular Board meeting. Mark Shults and some of the staff will be going to Denison, Iowa to look at a software provider. On June 27, 2008, an NRECA representative will be providing a presentation on Touchstone Energy. For year to date, the District is the third largest district in the G & T in terms of energy sold. There was also a discussion of advertising expenses.

Board Member Reports:

1. There was a discussion of the NPPD Board Meeting attended by Mark Shults and two directors. Three of the wind generators in the Ainsworth area will need to be repaired for a total of \$600,000.00.

There was then a motion to go into Executive Session made by Director Silhacek for the purpose of discussing litigation, real estate sales strategy, and personnel. This motion was seconded by Director Kneifl.

The following roll call vote was taken upon the motion:

Director Larsen – yes	Director Gustafson – 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.

The staff and the attorney were requested to remain. The Board then went into Executive Session at 11:02 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 8-0 on voice vote and the Board came out of Executive Session at 11:23 p.m.

There was then a discussion of a billing error in Emerson. The amount of the error is approximately \$15,000 – \$25,000.00.

There was then a motion to adjourn made by Director Gustafson and seconded by Director Gansebom and the motion was approved 8-0 on a voice vote and the meeting was adjourned at 11:28 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.

Secretary

Attest: _____
President