

**Minutes of the 133rd Regular Meeting of the Board of Directors
Northeast Nebraska Public Power District**

The 133rd regular meeting of the Northeast Nebraska Public Power District was called to order at 10:08 a.m., on December 16, 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 Loberg
Director Silhacek Director Kneifl Director Bodlak Director Gustafson

Directors absent: Director Birkley, 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.

Minutes of the November 25, 2008 Meeting: There was a motion to approve the minutes of the last meeting, as corrected. The motion was made by Director Gansebom and seconded by Director Bodlak and was approved 7-0 on a voice vote.

Minutes of the Employee Safety Meeting of December 12, 2008:

Director Loberg arrives at 10:15 a.m.

There was then a discussion of safety vests and flame retardant clothing. An Arc Hazard Survey has been conducted by the District's consulting engineer with results forthcoming. There was then a motion to approve the Safety Meeting Minutes of December 12, 2008 made by Director Kneifl and seconded by Director Silhacek and was approved 8-0 on a voice vote.

Public Comment: Customer Loren Victor was present to discuss his feelings about his grain bin account being re-classified to Seasonal Rates instead of remaining on 3 ph. Farm Service Rate. There was then a discussion of seasonal service. Several directors noted that larger bin operations will be used year-round and so the definition of seasonal service may be changing. The Board noted that the energy profile of ag customers is changing and it may be possible that there will be more

discrepancies in classifying certain uses and services. Mark Shults advised that he had contacted the district's rate consultant. The issue was raised as to whether or not it may make sense to go with a winter/summer differential on the seasonal rate. The Board determined that more investigation is necessary. No action was taken.

Authorization of November, 2008 Expenses: There was then a discussion of a bill for tree removal service. There was a discussion of satellite dish purchases and DBS services that the District provides. There was also a discussion about the purchase of tree killing chemicals. There was a discussion about the Board's desire for greater detailed reports of spending for the office project. Monthly reports will be provided in future Board packets. There was then a motion to approve the November, 2008 expenses made by Director Gustafson and seconded by Director Bodlak.

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 | |

All directors present voting yes, the chairman declared the motion carried 8-0.

Review of the Financial Statements for November, 2008: There was a discussion of a statistic anomaly which showed negative electrical loss in the sales reports and additionally the effect of grain bin dryers on cash flows. After that, there was a motion to approve the financial reports made by Director Gansebom and seconded by Director Gustafson and was approved 8-0 on a voice vote.

Old Business: None.

New Business:

1. Resolution 2008-12-01: MEETING SCHEDULE FOR 2009.

Before this resolution could be voted on, Mark Shults took a phone call from the rate consultant, Mark Beauchamp, regarding the seasonal rate issue. He provided Mark Shults with a possible solution regarding the grain bin rate. The manager reported on his discussion about moving grain bins to the 3Phase rate. Other utilities are going to a grain bin rate. There was also a discussion of monthly v. annual billings on grain bins.

The Board elected to set the start time for the September meeting at 7:30 p.m. There was then a motion to approve Resolution 2008-12-01 made by Director Bodlak and seconded by Director Kneifl and was approved 8-0 on a voice vote.

2. Resolution 2008-12-02: RETAIL RATE INCREASES FOR 2009. There was a presentation by Mark Shults. The overall average increase over all rate classifications will be about 7.5%. The irrigation time of use rate will no longer have fixed red days. High cost peak times will be floating in the future and a notification system will need to be established to provide notice to irrigators. There was then a motion to approve Resolution 2008-12-02 made by Director Lebsock and seconded by Director Bodlak.

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 | |

All directors present voting yes, the chairman declared the motion carried 8-0.

The Board then recessed at 12:04 p.m. for lunch and reconvened at 12:42 p.m.

3. There was then a discussion of whether wholesale power costs should be a line item on each bill. It may be education for customers to see the proportion of their bill that is spent on purchased power.
4. Review of Policy 11-10. There was a discussion of whether the District should refund “over billings” or “collect under billings” when the District discovers a wrong rate class. After a discussion, Mark Shults will rework the policy and bring a new policy to the Board. There was also a discussion of creating a policy preventing or discouraging B phase services.
5. There was a discussion of including the cost of distribution transformers as part of the aid to construction policy. This would improve cash flow because it recovers these costs more quickly. Dean Bruggeman discussed a typical example with the Board. Mark Shults will make a presentation of this matter at a later date.
6. Management Reports:
 - a. Jan Kristjanson: Jan reported on the letters of credit and they are all current at the time of the report. Husker Ag is looking to supplement its cash deposit with a letter of credit.
 - b. Dean Bruggeman: Dean expressed his thanks to Mark Shults and the Board for the Christmas gift. He then talked about prices for transformers. The typical 25kVa transformer costs about \$1,500.00. Dean reported the last slab of concrete has been poured between the storage building and the yard area. The newest bucket truck had to be towed in as the engine would not run due to a bad injector. The GMC bucket truck sometimes runs very slow. Unit 29 has an oil leak. Dueco will be down next month to test buckets. Mowing grass for the substations will go out for bids for next year.
 - c. Randy Belt: A transmission pole was replaced near Randolph on December 14, 2008. There was a near miss accident when a guy wire broke the shroud on a bucket. The 69KV line near Osmond was disconnected for a time due to blinking caused by heavy wind. Ponca has had more blinking – may be due to unbalanced load. Two house moves have occurred in the last month and another scheduled for next month. Crews are putting in new bin services and upgrades to existing ones. Will need to replace some 120-130 single phase CT service AMR meters. A representative of a Uniform company has been in to talk about fire retardant clothing. The Sholes transformer will be delivered in April. Scattered outages this past weekend were due to the wind. There was then a discussion of the cost of house moves.
 - d. Mark Shults: RVW nearly finished with digitized maps. This will be very helpful with easily using many kinds of data. There was then a discussion of the Coop Connection card. Mark visited with Dave Ley of State National Bank & Trust Company. The

direct costs for State National to administer the District's accounts are very low and this is a savings to electric customers. Expenses with the bank are low. Salary ads for manager and officers were published in the *Omaha World-Herald* and the *Sioux City Journal* in December. Mark talked with Breck Giese about the purchase of the Emerson pole yard. He is still very interested. NRECA needs representatives appointed for the annual convention. Dan Loberg agreed to be the primary representative, with Dan Gansebom as the alternate.

Director Silhacek was presented with a 5-year service award and Director Bodlak was presented with a 25-year service award.

There was a thank you circulated from the Wayne Softball Association for donating the ice machine to the new sports complex.

Director Bodlak gave a brief report on matters involving the G & T. There was then discussion of a proposed letter to Power Up Nebraska Program, authored by Mark Shults.

Director Gansebom then gave a report on the NREA annual meeting.

Director Silhacek then gave a report on liability insurance on co-generation operations regarding what happens if a co-generation operation causes damages. Grinnell Mutual Insurance does provide such insurance, but has underwriting restrictions.

The next Board meeting will be held on January 27, 2009 at 10:00 a.m.

There was then a motion to adjourn the meeting made by Director Silhacek and seconded by Director Gansebom and was approved 8-0 on a voice vote and the meeting was adjourned at 3:17 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