

**Minutes of the 136th Regular Meeting of the Board of Directors
Northeast Nebraska Public Power District**

The 136th regular meeting of the Northeast Nebraska Public Power District was called to order at 10:02 a.m., on March 24, 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 Loberg Director Bodlak
Director Silhacek Director Kneifl Director Gustafson Director Lebsock
Director Birkley

Mark Shults, Manager

Christopher J. Connolly, Attorney

Others present: Jan Kristjanson, Dean Bruggeman and Randy Belt

Minutes of the February 27, 2009 Meeting: There was a motion to approve the minutes of the February 27, 2009 meeting made by Director Gustafson and seconded by Director Bodlak and was approved 9-0 on a voice vote.

Public Comment: Doug and Jim Nelson from Willis were present to discuss the amount of their monthly minimum bill for large grain bins. They are concerned that the \$800.00 minimum bill based on the rate for excess transformer capacity would be more than the cost of energy consumed by the grain bins in a year. They stated that they requested their electrician to allow for future growth when sizing the transformer, but admitted they didn't realize the cost would be this much. The 1,000 kVA transformer was installed based on information provided by the Nelson's electrician.

The Nelson's proposed that they be permitted to 'bank' kWh's from months where the energy costs did not meet the minimum bill and then credit those kWh against kWh use in months that exceeded the minimum charge. They described this was their practice when they read their own meter prior to the District reading meters with the AMR system. Mark Shults made some general comments on behalf of the District. He acknowledged that many self-read customers banked kWh from month to month or season to season to get the most attractive rate, but that shouldn't have been the case with the Nelson's previous grain bin account and that if a month's use was below the transformer minimum they should have paid per the rate card provided without banking kWh. Shults said he understood the Nelson's point, but that the District couldn't administer a system where kWh use was banked and credited at a later time on all grain bins. This may have been easier when some grain bins were billed annually, but with the AMR system the District intends to bill all customers monthly. Shults also explained the need to set minimum bills where the District has installed equipment like large transformers that are used only a few times per year. Shults continued that

such expenses had to be paid for either by the general ratepayer or the customer for whom the transformer was installed. Several Board members inquired as to the amount of connected load at the grain bin service and how that compared with the size of the transformer. The Nelson's were not sure and said they would check further with their electrician to see what the actual load requirements are.

Authorization of February, 2009 Expenses: There was then a discussion of various bills, including a discussion of in lieu of taxes, gross revenue tax and exemptions. There was then a motion to approve the February, 2009 expenses made by Director Lebsock and seconded by Director Gustafson.

The following roll call vote was taken upon the motion:

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

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

Financial Reports for 2009: There was a discussion about increased spending on tree trimming in the first two months of 2009. It was noted that tree trimming expense was substantially over budget. Shults explained that the monthly budget amount on the Form 7 was 1/12 th the annual budget amount and that tree trimming was performed mostly in the winter. Even though the summer of 2008 had rapid tree growth and required more expense in the area of trimming, that the 2009 expense to budget should smooth out as the crews stopped trimming and started their normal construction routines in the spring and summer. There was a discussion of the negative percentage of line loss, to which Shults responded that this resulted in some 2008 sales being booked in early 2009 as a result of shifting accounting periods due to District billing vs. Self-billing. There was a discussion as to the growth in plant investment. Shults reminded the Board that plant investments are being made with 70% of the money being paid from current revenues (pay as you go) and 30% from long term debt. There was then a motion to approve the financials made by Director Bodlak and seconded by Director Birkley and approved 9-0 on a voice vote.

New Business:

1. Aid to Construction. There was a discussion about the practice of customers paying 'Aid to Construction'. There was a review of the purpose of the policy , that is to ask customers to pay for new line that does not benefit the general purpose electric system and is required specifically to meet an individual customer's needs. This practice avoids having all rate payers pay for single customer's needs. The Policy under consideration recognizes that any new customer has some benefit to the long term success of the District and hence a credit is offered by the District to help offset some of the cost of the line extension. The components to the credit are: The value of the difference between Retail Rates less Wholesale Power costs ; the amount of power expected to be purchased by the customer; the Discount Rate to be used; and the recovery period – Farm and Residential are at 7 years, Industrial is at 3 years, Commercial is at 5 years and Irrigation is at 3 years.

One way to look at the credit amount is that the District will decrease the cost of the line extension by an amount that is equal to 100% of the money the District will retain from power sales to the customer for the entire length of the recovery period.

There was then a discussion of a proposed new line extension policy. There was also a

discussion of how costs for transformers are averaged and the customer is not charged for a brand new transformer each time. There was then a discussion of recalculation when a new service comes in before the recovery period expires. There was a discussion of increasing the recovery period to five years for irrigation. There could be complications from adding new customers during the recovery period.

2. Resolution 2009-03-01: New Line Extension Policy. There was a motion to approve this resolution made by Director Lebsock and seconded by Director Ganseboom and was approved 9-0 on a voice vote. There was consensus among the Board to review this again next year.

The Board then recessed at 12:07 p.m. for lunch and reconvened at 12:44 p.m.

There are questions as to why the rate consultant numbers changed from last month. Mark Shults responded that the projections had changed.

Management Reports:

- a. Dean Bruggeman: All trucks are on the road, which hopefully ends a spell of maintenance issues. Maintenance costs for the trucks continue. Hopefully the costs will get better down the road. One truck has boom problems that will be expensive. It is generally a good fleet. Many trucks still under warranty. Trucks No. 31 & 49 are having electronic problems. International is having problems with their electronics. Mark Shults then advised that employees are starting to be held more responsible for failure to take care of the trucks. Additional boom maintenance is now being done. Rotation bolts are now being checked and replaced or torqued. Dielectric testing by Dueco has been very good. There is a need to line up a crane for the new transformer in Sholes. Recent storms didn't affect many things and down time was minimal.
- b. Randy Belt: Lots of trees have been trimmed this winter. There was a discussion of trimming complaints from customers. The District's Engineer, Ron Luth, came to inspect work orders. The inspection went well. The District retains Ron to conduct a random inspection of work to verify that the standards for the construction work are met. A transit level has been purchased for measurements. Luke McGill has been hired as an apprentice. He begins June 1, 2009. Two interns have been hired for the summer. Randy visited with the Doffins in Hoskins about location of a 3Phase line that is too close to their building. Originally they were willing to pay for moving the line. Now they are not willing to do so. The District is down to 12-15 new irrigation services to be installed. Randy may go to the 2010 list if there is enough time. About 300 AMR meter change-outs are left. They have begun trouble-shooting the problem areas. The District will take over four NPPD customers west of the Twin Church Substation near Dakota City, NE. Director Bodlak thanked the staff for doing so much more work now than previously. Mark Shults echoed the sentiments. Mark Shults then reviewed the Doffin problem and advised the Board that there are serious safety concerns with the line near the Hoskins manufacturing building.
- c. Jan Kristjanson: Following up on late notices for construction bills to customers. There was then a review of the SEDC training schedule through the summer. They expect to go online with the billing module in August. Auditors will be here next week.
- d. Mark Shults: Radio stations will be announcing changes in the control day notifications.

The District will also have text messages, a call-in telephone number, and radio spots for notice. Mark has talked with Telebeep and American Broadband about selling the Emerson radio tower. There is no equipment there now and the tower could be sold.

Board Reports:

1. G & T: The G & T meets tomorrow.
2. NREA: They have now moved into their new office. There was then a discussion of net metering. The NPPD redistricting statute has been passed.
3. Audit Committee: The committee will meet the first week of April.
4. NRECA: There was a discussion of communications policy.

Policy 04-05: There was a discussion of the per diem for travel days. Some portions of the policy are not being followed, some are not interpreted the same and need to be changed. Changes are necessary to this policy. The attorney for the District will make some requested changes and present them to the Board at a later date.

CD Investments: President Larsen presented information on CD's and asked questions about policy implementation. Questions have been raised about whether or not the District is authorized to invest in CD's out of state, whether done directly or through a broker. President Larsen advised that there is need to develop an investment policy.

As a result of training that several Board members have received recently, there was a discussion regarding boardroom decisions. Suggestions include that Board members should not keep copies of the minutes in the event that changes are made. Board members are also encouraged to toss packets after each meeting. Boards are also encouraged to identify problems then seek a solution. There was then a discussion of a presentation by Dr. Vick Hall. He advises that there are three common problems for boardroom decisions:

- a) No agreement on a problem;
- b) We all believe we have the same duty to solve the problem;
- c) Too much reliance on "Rule of Thumb" that is faulty.

There was then a discussion of how the Board should appraise itself when doing the manager evaluation. The attorney for the Board should also be evaluated.

There was then a discussion of whether staff should be present during the meetings. Perhaps they should be moved up on the agenda. Mark Shults advised that both the Board and staff have become accustomed to direct communication in reaching decisions on policy and direction. Shults felt that staff would appreciate the opportunity to spend less time in Board meetings, especially night meetings, but that the Board would have to adjust to less information presented at the current meeting and more follow up information presented later to answer Board inquiries. Shults thought it was about as easy to have staff present as to ask them to prepare a written report and the Board seemed to better enjoy the interaction with the full staff.

There was then a discussion of a customer complaint issue. There was then further discussion of the Nelson grain bin issue and the consensus of the Board is to allow the Nelson's to discuss matter with their electrician as it appears that the minimum charge has been properly calculated and applied.

There was then a motion to adjourn the meeting made by Director Gustafson and seconded by Director Birkley and the meeting was adjourned at 5:07 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