

MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
NEBRASKA PUBLIC POWER DISTRICT
FEBRUARY 12-13, 2009

(Marginal Index for Informational Purposes Only)

A meeting of the Board of Directors of Nebraska Public Power District was held at the Columbus General Office, Columbus, Nebraska, beginning at 10:00 a.m. on Thursday, February 12, 2009.

In compliance with state law, legal notice announcing the date, hours, location and availability of Board agenda for the meeting was published in advance of the meeting in the following newspapers:

- (1) Columbus Telegram, Columbus, Nebraska;
- (2) Kearney Hub, Kearney, Nebraska;
- (3) Lincoln Journal Star, Lincoln, Nebraska;
- (4) Norfolk Daily News, Norfolk, Nebraska;
- (5) North Platte Telegraph, North Platte, Nebraska;
- (6) Omaha World-Herald, Omaha, Nebraska;
- (7) Scottsbluff Star-Herald, Scottsbluff, Nebraska;
- (8) York News-Times, York, Nebraska.

Chairman Rasmussen called the regular meeting to order at 10:00 a.m. and directed the roll be called:

Present: Wayne E. Boyd, Jerry L. Chlopek, Virgil L. Froehlich, Ken Kunze, Ronald W. Larsen, Larry E. Linstrom, Darrell J. Nelson, Dennis L. Rasmussen, Edward J. Schrock, Gary G. Thompson

Absent: Mary A. Harding

constituting a quorum of the Board of Directors.

Chairman Rasmussen announced that there was a posting of the Open Meetings Law and a copy of the Board Agenda at the entrance of the Board Room for anyone wishing to examine those documents.

Chairman Rasmussen welcomed guest Bruce Pontow of the Nebraska Electric G&T.

Vice-President of Governmental Affairs and General Counsel John C. McClure provided an overview of legislative matters at the federal and state levels. Specific discussion items related to federal legislation included the Presidential Stimulus Plan, renewable energy and energy efficiency initiatives, and Clean Renewable Energy Bonds (CREB).

LEGAL NOTICE RUN
PRIOR TO THE
MEETING

ROLL CALL,
10:00 A.M.,
FEBRUARY 12, 2009

ANNOUNCEMENT OF
POSTING OF OPEN
MEETINGS LAW AND
AGENDA

GUESTS
WELCOMED TO
MEETING

LEGISLATIVE
UPDATE

President and CEO Ronald D. Asche reported on his attendance at the recent Large Public Power Council (LPPC) meeting and discussions on national renewable energy standards and their potential effects on public power entities.

Vice-President of Governmental Affairs and General Counsel John C. McClure provided updates with regard to several bills introduced during the 2009 Nebraska Unicameral Legislative Session, including: LB 300, which deals with bidding thresholds for public power districts; LB 388, which relates to compensation provisions for public power district officers; LB 436, which would provide for net metering; LB 437, aimed at creating a Wind Energy Development Zone Task Force; LB 561, which would provide for restriction of eminent domain for wind energy projects; LB 567, which would change provisions relating to the State Energy Office; and LB 678, which would change provisions relating to minutes of public meetings.

President and CEO Ronald D. Asche reviewed the District's Energy Efficiency Program and management's recommended changes to the program, upon which the Board would be asked to take action on Friday, February 13. Program recommendations included continuation of customer working groups; program funding changes; and investment in the EnergyWise™ Loan Program.

A lunch recess was taken from 12:05 to 1:10 p.m.

The Nuclear Committee met from 1:10 to 3:19 p.m. Following the Nuclear Committee meeting, Director Thompson temporarily stepped out of the room and Director Nelson left the meeting.

It was moved by Director Larsen and seconded by Director Linstrom that the Board go into Executive Session at 3:29 p.m. to discuss proprietary business matters, contract matters, and personnel matters, and to obtain legal advice. Votes were cast and recorded as follows:

Voting Aye:	Boyd, Chlopek, Froehlich, Kunze, Larsen, Linstrom, Rasmussen, Schrock
Voting Nay:	None
Abstaining:	None
Present But Not Voting:	None
Absent:	Harding, Nelson, Thompson

Whereupon the Chairman declared the motion carried to go into Executive Session to discuss proprietary business matters, contract matters, and personnel matters, and to obtain legal advice.

Director Thompson entered the room during the Executive Session, and later left the meeting during the Executive Session.

ENERGY
EFFICIENCY
UPDATE

LUNCH RECESS

NUCLEAR
COMMITTEE
MEETING

**MOTION (CARRIED):
GO INTO EXECUTIVE
SESSION AT
3:29 P.M. TO
DISCUSS
PROPRIETARY
BUSINESS
MATTERS,
CONTRACT
MATTERS, AND
PERSONNEL
MATTERS, AND TO
OBTAIN LEGAL
ADVICE**

It was moved by Director Boyd and seconded by Director Linstrom that the Board come out of Executive Session at 4:33 p.m. Votes were cast and recorded as follows:

Voting Aye: Boyd, Chlopek, Froehlich, Kunze, Larsen, Linstrom, Rasmussen, Schrock
Voting Nay: None
Abstaining: None
Present But Not Voting: None
Absent: Harding, Nelson, Thompson

Whereupon the Chairman declared the motion carried.

The meeting was recessed at 4:33 p.m., to reconvene at 8:00 a.m. on February 13, 2009.

**MOTION (CARRIED):
COME OUT OF
EXECUTIVE
SESSION AT
4:33 P.M.**

**MEETING
RECESSED AT
4:33 P.M.**

FEBRUARY 13, 2009 – 8:00 A.M.

Chairman Rasmussen called the regular meeting to order at 8:00 a.m. and directed the roll be called:

Present: Wayne E. Boyd, Jerry L. Chlopek, Virgil L. Froehlich, Mary A. Harding, Ken Kunze, Ronald W. Larsen, Larry E. Linstrom, Darrell J. Nelson, Dennis L. Rasmussen, Gary G. Thompson

Absent: Edward J. Schrock

**ROLL CALL,
8:00 A.M.,
FEBRUARY 13, 2009**

constituting a quorum of the Board of Directors.

Chairman Rasmussen announced that there was a posting of the Open Meetings Law and a copy of the Board Agenda at the entrance of the Board Room for anyone wishing to examine those documents.

**ANNOUNCEMENT OF
POSTING OF OPEN
MEETINGS LAW AND
AGENDA**

Chairman Rasmussen asked for discussion of any consent agenda items, which included the following:

CONSENT AGENDA

- Approval of Minutes of January 8-9, 2009, Regular Board Meeting
- April Regular Board Meeting Scheduled for April 8-9, 2009, in Columbus (March Regular Board Meeting Previously Scheduled for March 12-13, 2009, in Columbus)
- Ratification/Confirmation of Signatures of Staff Members
- Approval of December 2008 Summary of Disbursements

Chairman Rasmussen asked whether any Directors desired any items on the consent agenda to be placed on the regular agenda and voted on separately. There were none.

It was moved by Director Kunze and seconded by Director Boyd that all items on the consent agenda be approved as listed above. Votes were cast and recorded as follows:

Voting Aye: Boyd, Chlopek, Froehlich, Harding, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson
 Voting Nay: None
 Abstaining: None
 Present But Not Voting: None
 Absent: Schrock

Whereupon the Chairman declared the motion carried.

Chairman Rasmussen welcomed guests Bruce Pontow of the Nebraska Electric G&T; John Schmid and Gary Westphal of Butler Public Power District; Dave Watts of Watts Electric Company; Arlene Engel and Janet Vetick, NPPD retirees; and Adrian Sanchez of the *Columbus Telegram*.

President and CEO Ronald D. Asche provided the Board an update on safety and system operations.

Due to inclement weather, President and CEO Ronald D. Asche forwent discussion of the 2008 Year-End Performance Review, and copies of the presentation were instead provided to all Directors for their consideration.

President and CEO Ronald D. Asche presented the Report on Retirements and Former District Employee Rehires, which is on file with the Assistant Secretary and attached and made a part of these minutes.

Vice-President of Governmental Affairs and General Counsel John C. McClure facilitated a discussion of Legislative Bill 53, Chartered Territory. Discussion of this item was deferred from February 12 due to Director Harding's absence. Mr. McClure stated that the LB 53 had received first-round approval in the Legislature by a vote of 36-2, advancing the bill to Select File.

Director Harding voiced her concern with LB 53 and the rapidity in which the issue was being pursued, further stating that she felt there had been some miscommunication over the Chartered Territory matter.

It was moved by Director Harding and seconded by Director Thompson that the Board 1) reconsider its position on the formation and makeup of Chartered Territory for public power districts in Nebraska, and 2) support an Interim Study with regard to Chartered Territory and Legislative Bill 53.

Following brief discussion, Director Harding requested that this motion be withdrawn.

**MOTION (CARRIED):
APPROVE CONSENT
AGENDA**

GUESTS
WELCOMED TO
MEETING

SAFETY AND
SYSTEM UPDATE

NPPD 2008 YEAR-
END PERFORMANCE
REVIEW

RETIREMENTS AND
REHIRE FOR
FEBRUARY 2009

LEGISLATIVE
UPDATE

**MOTION TO
1) RECONSIDER
POSITION ON
CHARTERED
TERRITORY /
LEGISLATIVE
BILL 53, AND
2) SUPPORT AN**

INTERIM STUDY

It was moved by Director Harding and seconded by Director Thompson that the Board support an Interim Study with regard to Chartered Territory and Legislative Bill 53. Votes were cast and recorded as follows:

Voting Aye: Harding, Thompson
 Voting Nay: Boyd, Chlopek, Froehlich, Kunze, Larsen, Linstrom, Nelson, Rasmussen
 Abstaining: None
 Present But Not Voting: None
 Absent: Schrock

Whereupon the Chairman declared the motion failed.

Director Boyd left the meeting.

Director Thompson, First Vice-Chairman of the Nuclear Committee, reported that the Committee met on February 12, 2009.

Director Thompson, First Vice-Chairman of the Nuclear Committee, reported that the following Capital Projects Report for the Nuclear group was discussed by the Committee and was presented to the Board for approval:

Report No. N-1	Capital Projects \$100,000 and above not specifically identified in the Budget that require approval by the Board for the period January 1, 2009, through January 31, 2009 – 2009 Capital Additions Budget.
----------------	---

It was moved by Director Thompson and seconded by Director Kunze that Capital Projects Report No. N-1 be approved for the period January 1, 2009, through January 31, 2009 (2009 Capital Additions Budget), which included: 1) Capital Project C/3451, Supplement No. 1, Independent Spent Fuel Storage Installation (ISFSI) Project (CNS); 2) Capital Project C/5243, On-Line Noble Chemistry Injection Skid Project (CNS); and 3) Capital Project C/5283, Emergency Operations Facility and Sheridan Training Facility Communications Upgrade Project (CNS). Votes were cast and recorded as follows:

Voting Aye: Chlopek, Froehlich, Harding, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson
 Voting Nay: None
 Abstaining: None
 Present But Not Voting: None
 Absent: Boyd, Schrock

Whereupon the Chairman declared the motion carried.

**MOTION (FAILED):
 SUPPORT INTERIM
 STUDY ON
 CHARTERED
 TERRITORY**

**MOTION (CARRIED):
 APPROVE CAPITAL
 PROJECTS REPORT
 NO. N-1**

Director Thompson, First Vice-Chairman of the Nuclear Committee, recommended the following resolution:

RESOLUTION NO. 09-11

WHEREAS, pursuant to Board Resolution No. 08-154, management was authorized under an Engineer's Certificate to negotiate with Siemens Demag Delaval Turbomachinery, Inc., the successor company to the original equipment manufacturer of the turbine, for the parts, materials, and services for the disassembly, repair, inspection, reassembly, and refurbishment of spare steam path parts for the Reactor Feed Pump Turbine B at Cooper Nuclear Station, and bring a contract back to the Board for approval, after review and approval by Legal Counsel; and

WHEREAS, the Board approved the funding for this project at the January 2009 Board of Directors meeting, and management has completed negotiations, and recommends acceptance of a Contract with Siemens Demag Delaval Turbomachinery, Inc.; and

WHEREAS, this Board has determined and does hereby find that the proposal negotiated with Siemens Demag Delaval Turbomachinery, Inc., is the lowest and best negotiated proposal.

NOW, THEREFORE, BE IT RESOLVED that the proposal negotiated with Siemens Demag Delaval Turbomachinery, Inc., in the form of Contract No. 09-26, in the amount of \$3,500,000, be accepted by the District.

BE IT FURTHER RESOLVED that the President of the District is hereby authorized and instructed to execute for and on behalf of the District, a Contract with the aforementioned vendor in accordance with the plans and specifications and on the form of Contract submitted.

BE IT FURTHER RESOLVED that the award of the Contract is contingent upon receipt and approval by the District of a performance bond and certificate of insurance from Siemens Demag Delaval Turbomachinery, Inc., as provided in the Contract.

It was moved by Director Thompson and seconded by Director Linstrom that the foregoing resolution be adopted. Votes were cast and recorded as follows:

Voting Aye:	Chlopek, Froehlich, Harding, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson
Voting Nay:	None
Abstaining:	None
Present But Not Voting:	None
Absent:	Boyd, Schrock

Whereupon the Chairman declared Resolution No. 09-11 adopted.

**RESOLUTION NO. 09-11 (ADOPTED):
AWARD CONTRACT NO. 09-26, REACTOR FEED PUMP TURBINE "B" OVERHAUL (CNS), TO SIEMENS DEMAG DELAVAL TURBOMACHINERY, INC., NEGOTIATED AMOUNT OF \$3,500,000**

Director Thompson, First Vice-Chairman of the Nuclear Committee, recommended the following resolution:

RESOLUTION NO. 09-12

WHEREAS, management has determined that it is in the best interest of the District to procure the services to disassemble, inspect and evaluate the condition of the Gyrol Fluid Drive Unit of the Reactor Recirculation Motor Generator 'B' during the upcoming Fall 2009 Refueling Outage at Cooper Nuclear Station; and

WHEREAS, the District has determined, as certified by a competent engineer, that it would be impractical and not in the public interest to comply with Neb. Rev. Stat. Sections 70-637 through 70-639, with regard to the procurement of the above-mentioned services.

NOW, THEREFORE, BE IT RESOLVED that this Board does hereby approve the attached engineer's certification, which is on file with the Assistant Secretary and which states that it would be impractical and not in the public interest to comply with said Neb. Rev. Stat. Sections 70-637 through 70-639.

BE IT FURTHER RESOLVED that management be and hereby is authorized to enter into and execute for and on behalf of the District, after review and approval by legal counsel, a contract with Howden Buffalo, Inc., for the procurement of services to disassemble, inspect and evaluate the condition of the Gyrol Fluid Drive Unit of the Reactor Recirculation Motor Generator 'B' at Cooper Nuclear Station, after first advertising notice pursuant to Nebraska law of its intention to enter into said contract.

It was moved by Director Thompson and seconded by Director Harding that the foregoing resolution be adopted. Votes were cast and recorded as follows:

Voting Aye:	Chlopek, Froehlich, Harding, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson
Voting Nay:	None
Abstaining:	None
Present But Not Voting:	None
Absent:	Boyd, Schrock

Whereupon the Chairman declared Resolution No. 09-12 adopted.

Director Thompson, First Vice-Chairman of the Nuclear Committee, recommended the following resolution:

RESOLUTION NO. 09-13

WHEREAS, management has determined that it is in the best interest of the District to procure the necessary GE-Hitachi Nuclear Energy Americas, LLC (GE-Hitachi) NobleChem™ application skid and Electro

**RESOLUTION NO. 09-12 (ADOPTED):
APPROVE ENGINEER'S CERTIFICATE, "B" REACTOR RECIRCULATION MOTOR GENERATOR (RRMG) FLUID COUPLING REFURBISHMENT (CNS)**

**RESOLUTION NO. 09-13 (ADOPTED):
APPROVE ENGINEER'S CERTIFICATE, ON-**

Chemical Potential (ECP) manifold for Cooper Nuclear Station (CNS); and

WHEREAS, the District has determined, as certified by a competent engineer, that it would be impractical and not in the public interest to comply with Neb. Rev. Stat. Sections 70-637 through 70-639, with regard to the procurement of the above-mentioned GE-Hitachi NobleChem™ application skid and ECP manifold.

NOW, THEREFORE, BE IT RESOLVED that this Board does hereby approve the attached engineer's certification, which is on file with the Assistant Secretary and which states that it would be impractical and not in the public interest to comply with said Neb. Rev. Stat. Sections 70-637 through 70-639.

BE IT FURTHER RESOLVED that management be and hereby is authorized and instructed to enter into and execute for and on behalf of the District, after review and approval by legal counsel, a contract with GE-Hitachi for the procurement of the NobleChem™ application skid and ECP manifold, after first advertising notice pursuant to Nebraska law of its intention to enter into said contract.

It was moved by Director Thompson and seconded by Director Froehlich that the foregoing resolution be adopted. Votes were cast and recorded as follows:

Voting Aye:	Chlopek, Froehlich, Harding, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson
Voting Nay:	None
Abstaining:	None
Present But Not Voting:	None
Absent:	Boyd, Schrock

Whereupon the Chairman declared Resolution No. 09-13 adopted.

Director Thompson, First Vice-Chairman of the Nuclear Committee, reviewed the Request for Approval of Procurements for Services, Equipment and/or Materials for Items \$100,000 and Above (Part 1 – Nuclear), which included: 1) Agreement with GE-Hitachi Nuclear Energy Americas, LLC, which provided for engineering services and a license fee related to performing NobleChem™ applications as recommended by reactor vessel manufacturer and industry guidelines (CNS); 2) Amendment No. 1 to the Agreement with Engineering Planning and Management, Inc., which provided for additional new alternate rule 10 C.F.R 50.48(c) and National Fire Protection Association (NFPA) 805 Performance Based Standard Fire Protection for Light Water Reactor Electric Generating Stations consistent with guidance provided in Nuclear Regulatory Commission (NRC) Guide 1.205 (CNS); 3) Amendment No. 1 to the Agreement with Michael L. Sparr dba Rocky Mountain Engineering, which provided for the extension of an individual through approximately June 30, 2009, to provide continued licensing engineer staff augmentation services for the Independent Spent Fuel Storage Installation (ISFSI) Facility

**LINE NOBLE
CHEMISTRY
INJECTION SKID
(CNS)**

(CNS); and 4) Amendment No. 4 to the Agreement with Michael L. Sparr dba Rocky Mountain Engineering, which provided for the extension of an individual through approximately June 30, 2009, to provide continued project engineer staff augmentation services for the ISFSI Facility (CNS).

It was moved by Director Thompson and seconded by Director Kunze that the Request for Approval of Procurements for Services, Equipment and/or Materials for Items \$100,000 and Above (Part 1 – Nuclear) be approved. Votes were cast and recorded as follows:

Voting Aye:	Chlopek, Froehlich, Harding, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson
Voting Nay:	None
Abstaining:	None
Present But Not Voting:	None
Absent:	Boyd, Schrock

Whereupon the Chairman declared the motion carried.

Director Thompson, First Vice-Chairman of the Nuclear Committee, and Vice-President of Nuclear Energy and Chief Nuclear Officer Stewart B. Minahan reviewed the Report of Procurements Authorized Prior to Board Approval Due to Compelling Business Reasons, Pursuant to Board Resolution No. 99-32, for Professional Services to Conduct a Failure Modes and Mechanism Analysis for Diesel Generator Lube Oil Piping System (CNS).

Director Thompson, First Vice-Chairman of the Nuclear Committee, reported that the Committee also heard reports on the following matters: 1) Report of Procurements Authorized Prior to Board Approval Due to Compelling Business Reasons; 2) Power Uprate Project Overview; 3) Entergy Contract Update; 4) Independent Spent Fuel Storage Installation (ISFSI) Project Update; 5) Current plant status; 6) Budget performance; and 7) Regulatory status.

During the time designated for public comments, Mr. Dave Watts of Watts Electric Company, a bidder on Contract No. 09-19, Installation of Pole Storm Structures – Cody to Valentine, addressed the Board with regard to the recommendation for contract award and Watts Electric Company's desire to secure future contracts and other projects let by the District.

Director Harding temporarily stepped out of the room.

Director Linstrom, Second Vice-Chairman of the Energy Supply Committee, reported that the Committee met on February 12, 2009.

Director Linstrom, Second Vice-Chairman of the Energy Supply Committee, recommended the following resolution:

**MOTION (CARRIED):
APPROVE REQUEST
FOR APPROVAL OF
PROCUREMENTS
FOR SERVICES,
EQUIPMENT AND/OR
MATERIALS FOR
ITEMS \$100,000 AND
ABOVE (PART 1 –
NUCLEAR)**

REPORT OF
PROCUREMENTS
AUTHORIZED PRIOR
TO BOARD
APPROVAL DUE TO
COMPELLING
BUSINESS
REASONS

NUCLEAR
COMMITTEE
REPORT

PUBLIC COMMENTS

RESOLUTION NO. 09-14

WHEREAS, pursuant to and in accordance with law, bids on Contract No. 09-3, Ainsworth Wind Energy Facility Maintenance Lifting Equipment, have been duly invited, received, opened, read, and tabulated; and

WHEREAS, at the time the bid documents were issued, experience requirements were written for only manufacturers of the equipment and since that time, the District has determined that both manufacturers and distributors could supply the equipment and that there may be more than one brand of equipment that can meet the needs of the District; and

WHEREAS, it would be in the best interest of the District to reject all bids received on Contract No. 09-3, and rebid a contract for the purchase of the Ainsworth Wind Energy Facility Maintenance Lifting Equipment to allow more competition in the bid process.

NOW, THEREFORE, BE IT RESOLVED that the bids submitted on Contract No. 09-3 be and hereby are rejected and that the bid security submitted by the bidders as evidence of good faith be returned to the bidders.

BE IT FURTHER RESOLVED that management be and hereby is authorized to request new bids for the Ainsworth Wind Energy Facility Maintenance Lifting Equipment as contemplated by Contract No. 09-3, after the appropriate equipment brands and the experience levels of the vendors have been incorporated into the Contract, and bring a contract back to the Board for approval at a future Board meeting.

It was moved by Director Linstrom and seconded by Director Chlopek that the foregoing resolution be adopted. Votes were cast and recorded as follows:

Voting Aye:	Chlopek, Froehlich, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson
Voting Nay:	None
Abstaining:	None
Present But Not Voting:	None
Absent:	Boyd, Harding, Schrock

Whereupon the Chairman declared Resolution No. 09-14 adopted.

Director Linstrom, Second Vice-Chairman of the Energy Supply Committee, recommended the following resolution:

RESOLUTION NO. 09-14 (ADOPTED): REJECT AND REBID CONTRACT NO. 09-3, MAINTENANCE LIFTING EQUIPMENT (AINSWORTH WIND ENERGY FACILITY)

RESOLUTION NO. 09-15

WHEREAS, pursuant to and in accordance with law, bids on Contract No. 09-10, Ainsworth Wind Energy Facility Climb Assist, have been duly invited, received, opened, read, and tabulated; and

WHEREAS, management has studied and analyzed the bids received and it was determined that the bids contained significant exceptions and are considered non-responsive; and

WHEREAS, it would be in the best interest of the District to reject the bids pursuant to Neb. Rev. Stat. Section 70-637.

NOW, THEREFORE, BE IT RESOLVED that the bids submitted on Contract No. 09-10 be and hereby are rejected and that the bid security submitted by the bidders as evidence of good faith be returned to the bidders.

BE IT FURTHER RESOLVED that management be and hereby is authorized to request new bids for the Ainsworth Wind Energy Facility Climb Assist as contemplated by Contract No. 09-10, in accordance with the Neb. Rev. Stat. Section 70-637, after the appropriate specifications, equipment brands, and the experience levels of the vendors have been incorporated into the Contract, and bring a contract back to the Board for approval at a future Board meeting.

It was moved by Director Linstrom and seconded by Director Kunze that the foregoing resolution be adopted. Votes were cast and recorded as follows:

Voting Aye:	Chlopek, Froehlich, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson
Voting Nay:	None
Abstaining:	None
Present But Not Voting:	None
Absent:	Boyd, Harding, Schrock

Whereupon the Chairman declared Resolution No. 09-15 adopted.

Director Harding entered the room.

Director Linstrom, Second Vice-Chairman of the Energy Supply Committee, recommended the following resolution:

RESOLUTION NO. 09-16

WHEREAS, management of the District has reviewed and analyzed the costs and revenue requirements for the District's irrigation system and has determined that the District needs to implement new rates for the delivery of irrigation water.

**RESOLUTION NO.
09-15 (ADOPTED):
REJECT AND REBID
CONTRACT
NO. 09-10, CLIMB
ASSIST
(AINSWORTH WIND
ENERGY FACILITY)**

**RESOLUTION NO.
09-16 (ADOPTED):
APPROVE REVISED
SURFACE
IRRIGATION WATER
RATES FOR 2009**

NOW, THEREFORE, BE IT RESOLVED that the following rates for the delivery of irrigation water, which are fair, reasonable, and nondiscriminatory, be established as follows:

RATES FOR THE DELIVERY OF IRRIGATION WATER

<u>Service Option</u>	<u>New Rate/Acre</u>
Complete Coverage (As Available)	
Tap/Pump	\$27.10
Pump and Meter	\$25.10
Floating Option	<u>Dawson County</u>
Tap/Pump	\$33.60
Pump and Meter	\$31.60
Excess Water	\$37.60
Floating Option	<u>Gothenburg, Kearney Canal</u>
Tap/Pump	\$29.10
Pump and Meter	\$27.10
Excess Water	\$37.60

BE IT FURTHER RESOLVED that payments for the delivery of irrigation water will be due and payable on May 1 of each year, and that an annual interest rate at the highest rate allowed by law shall be charged on all payments received after May 1.

BE IT FURTHER RESOLVED that the rates for the delivery of irrigation water approved by Resolution No. 07-153 are hereby rescinded, and the above rates for the delivery of irrigation water shall become effective upon the adoption of this Resolution, and shall remain in effect until such time as this Board of Directors adopts new rates for the delivery of irrigation water.

It was moved by Director Linstrom and seconded by Director Froehlich that the foregoing resolution be adopted. Votes were cast and recorded as follows:

Voting Aye:	Chlopek, Froehlich, Harding, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson
Voting Nay:	None
Abstaining:	None
Present But Not Voting:	None
Absent:	Boyd, Schrock

Whereupon the Chairman declared Resolution No. 09-16 adopted.

Director Linstrom, Second Vice-Chairman of the Energy Supply Committee, recommended the following resolution:

RESOLUTION NO. 09-17

WHEREAS, Nebraska Public Power District (NPPD) owns and operates Spencer Hydro, near Spencer, Nebraska, for the generation of electricity; and

WHEREAS, NPPD has senior appropriated water rights on the Niobrara River for power at the Spencer Hydro, as documented in three appropriations in the name of Northern Nebraska Plant No. 1. Those appropriations provide for the use of 2,035 cubic feet per second (cfs) of natural flow under Water Appropriation Nos. A-359R (35 cfs with a priority date of September 12, 1896), A-1725 (1,450 cfs with a priority date of October 30, 1923), and A-3574 (550 cfs with a priority date of June 8, 1942); and

WHEREAS, the Nebraska Department of Natural Resources may determine that the waters of the Niobrara River are not sufficient for the uses desired by all appropriators of this natural stream; and

WHEREAS, the laws of Nebraska provide that a junior priority user with a higher preference may acquire the right to use streamflow out of priority, if they pay just compensation to the senior priority user, and there may be junior priority users with a higher preference that want to implement said preference; and

WHEREAS, the diversion or use of water upstream of the Spencer Hydro by junior appropriators will cause a loss of water power and generating capacity to NPPD, and NPPD needs to establish a rate for just compensation.

NOW THEREFORE, BE IT RESOLVED that the rate for just compensation from junior appropriators for the loss of water power and generating capacity to NPPD be established at \$0.80 / acre-foot, with interest at the highest rate allowed by law for all delinquent payments.

BE IT FURTHER RESOLVED that the above rate for just compensation from junior appropriators that enter into a subordination agreement with NPPD, shall become effective upon the adoption of this Resolution, and shall remain in effect until such time as this Board of Directors adopts a new rate.

It was moved by Director Linstrom and seconded by Director Kunze that the foregoing resolution be adopted. Votes were cast and recorded as follows:

Voting Aye:	Chlopek, Froehlich, Harding, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson
Voting Nay:	None
Abstaining:	None
Present But Not Voting:	None
Absent:	Boyd, Schrock

RESOLUTION NO. 09-17 (ADOPTED): APPROVE REVISED SPENCER HYDRO WATER COMPENSATION RATES FOR 2009

Whereupon the Chairman declared Resolution No. 09-17 adopted.

Director Linstrom, Second Vice-Chairman of the Energy Supply Committee, reported that a request was made to the Energy Supply Committee for funding from the Domestic Energy Research and Application Initiative, for NPPD's Membership in the Partnership for CO₂ Capture.

It was moved by Director Linstrom and seconded by Director Larsen that the Board approve funding from the Domestic Energy Research and Application Initiative for NPPD's Membership in the Partnership for CO₂ Capture, in the amount of \$75,000. Votes were cast and recorded as follows:

Voting Aye:	Chlopek, Froehlich, Harding, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson
Voting Nay:	None
Abstaining:	None
Present But Not Voting:	None
Absent:	Boyd, Schrock

**MOTION (CARRIED):
APPROVE FUNDING
OF \$75,000 FROM
THE DOMESTIC
ENERGY
RESEARCH AND
APPLICATION
INITIATIVE
FOR MEMBERSHIP
IN THE
PARTNERSHIP FOR
CO₂ CAPTURE**

Whereupon the Chairman declared the motion carried.

Director Linstrom, Second Vice-Chairman of the Energy Supply Committee, reported that the Committee also heard reports on the following matters: 1) Norfolk Operations Center Project Update; 2) Water Supply Update (Water Resources); 3) Statewide Radio Project Update; 4) Energy Risk Management Report; 5) Energy Supply Monthly Performance; 6) Energy Supply Look-Ahead for March; and 7) Capital Projects Report No. ES-2.

ENERGY SUPPLY
COMMITTEE
REPORT

Director Larsen, Chairman of the Customer and Support Services Committee, reported that the Committee met on February 12, 2009.

Vice-President and Chief Financial Officer Traci L. Bender presented an overview of the 2008 year-end financial performance, which included financial performance measures for December as well as the monthly financial report, which indicated that operating revenues from electric sales were favorable to budget by \$1.1 million for the month and unfavorable by \$15.0 million year to date. Firm electric sales were favorable to budget by \$0.7 million for the month and unfavorable by \$24.3 million year to date. Total operating expenses were over budget by \$21.2 million for the month and under budget by \$26.7 million year to date. The balance in the Deferred Revenue account as of December 31, 2008, was a \$53.6 million surplus, an \$8.5 million decrease in the surplus balance from last month. This balance represents surplus net revenues to be utilized during the remainder of the current rate period or applied to revenue requirements in future rate periods.

DECEMBER 2008
FINANCIAL
STATEMENTS /
YEAR-END RESULTS

It was moved by Director Larsen and seconded by Director Chlopek that the December 2008 Financial Statements be accepted, as presented. Votes were cast and recorded as follows:

**MOTION (CARRIED):
ACCEPT DECEMBER
2008 FINANCIAL**

Voting Aye: Chlopek, Froehlich, Harding, Kunze, Larsen,
Linstrom, Nelson, Rasmussen, Thompson
Voting Nay: None
Abstaining: None
Present But Not Voting: None
Absent: Boyd, Schrock

Whereupon the Chairman declared the motion carried.

Vice-President and Chief Financial Officer Traci L. Bender presented information on ancillary service rates for Southwest Power Pool (SPP), stating that NPPD must provide its rates for five ancillary services to SPP for billing purposes. Ms. Bender explained that the Board will be asked to consider the proposed Ancillary Service Rate Schedules at their March meeting and, if approved, would take effect April 1, 2009, and would apply to new transmission service requests under the SPP tariff.

Vice-President and Chief Financial Officer Traci L. Bender discussed the District's Financing Plan for 2009. Ms. Bender stated that management will bring a parameters resolution and a proposed financing team to complete a new money bond issue later this year.

Vice-President and Chief Financial Officer Traci L. Bender presented information related to NPPD's Projected Days of Cash 2009.

Vice-President and Chief Financial Officer Traci L. Bender provided an overview of recent financial market developments, along with an update on NPPD's general system investments and decommissioning funds investments, and a status update on NPPD Capital Programs.

Director Larsen, Chairman of the Customer and Support Services Committee, reported that the following Capital Projects Report for the Customer Services and Delivery group was discussed by the Committee and was presented to the Board for approval:

Report No. CSD-1 Capital Projects \$100,000 and above not specifically identified in the Budget that require approval by the Board for the period January 1, 2009, through January 31, 2009 – 2009 Capital Additions Budget.

It was moved by Director Larsen and seconded by Director Froehlich that Capital Projects Report No. CSD-1 be approved for the period January 1, 2009, through January 31, 2009 (2009 Capital Additions Budget), which included: 1) Capital Project C/4124, Shelton Tap East Distribution Under-Build Project; and 2) Capital Project C/4248, Supplement No. 1, 115 kV Breaker Additions (Creighton). Votes

STATEMENTS

SOUTHWEST
POWER POOL
ANCILLARY SERVICE
RATES UPDATE

2009 FINANCING
PLAN

NPPD DAYS OF
CASH REPORT AND
LIQUIDITY GOALS
UPDATE

UPDATE ON NPPD
INVESTMENTS AND
CURRENT
FINANCIAL MARKET
CONDITIONS

**MOTION (CARRIED):
APPROVE CAPITAL
PROJECTS REPORT
NO. CSD-1**

were cast and recorded as follows:

Voting Aye:	Chlopek, Froehlich, Harding, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson
Voting Nay:	None
Abstaining:	None
Present But Not Voting:	None
Absent:	Boyd, Schrock

Whereupon the Chairman declared the motion carried.

Director Larsen, Chairman of the Customer and Support Services Committee, recommended the following resolution:

RESOLUTION NO. 09-18

WHEREAS, pursuant to and in accordance with law, bids on Contract No. 09-17, Sulfur Hexafluoride Gas Transfer System, have been duly invited, received, opened, read, and tabulated; and

WHEREAS, management has studied and analyzed the bids received and it was determined that the bids contained significant exceptions and are considered non-responsive; and

WHEREAS, it would be in the best interest of the District to reject the bids and negotiate a contract for the purchase of one Sulfur Hexafluoride Gas Transfer System pursuant to Neb. Rev. Stat. Section 70-637.

NOW, THEREFORE, BE IT RESOLVED that the bids submitted on Contract No. 09-17 be and hereby are rejected as being non-responsive to the bid documents and that the bid security submitted by the bidders as evidence of good faith be returned to the bidders.

BE IT FURTHER RESOLVED that management be and hereby is authorized to negotiate with vendors who can provide a Sulfur Hexafluoride Gas Transfer System, as contemplated by Contract No. 09-17, and bring a contract back to the Board for approval at a future Board meeting if the dollar value exceeds \$100,000.

It was moved by Director Larsen and seconded by Director Chlopek that the foregoing resolution be adopted. Votes were cast and recorded as follows:

Voting Aye:	Chlopek, Froehlich, Harding, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson
Voting Nay:	None
Abstaining:	None
Present But Not Voting:	None
Absent:	Boyd, Schrock

**RESOLUTION NO.
09-18 (ADOPTED):
REJECT BIDS AND
NEGOTIATE
CONTRACT
NO. 09-17, SULFUR
HEXAFLUORIDE
GAS TRANSFER
SYSTEM**

Whereupon the Chairman declared Resolution No. 09-18 adopted.

Director Larsen, Chairman of the Customer and Support Services Committee, recommended the following resolution:

RESOLUTION NO. 09-19

WHEREAS, pursuant to and in accordance with law, bids on Contract No. 09-19, Installation of Pole Storm Structures – Cody to Valentine, have been duly invited, received, opened, read, and tabulated; and

WHEREAS, management has studied and analyzed the bids and recommended acceptance of a certain bid as the lowest and best evaluated bid, as per data filed with the Board; and

WHEREAS, on the basis of evidence and information received, and after an analysis of the responsibility of the bidders, amounts and terms of the bids, delivery dates, and the needs of the District, this Board has determined and does hereby find that the bid of Aerial Contractors, Inc., Moorhead, Minnesota, is the lowest and best evaluated bid on Contract No. 09-19.

NOW, THEREFORE, BE IT RESOLVED that, subject to receipt and approval of a performance bond and certificate of insurance as herein provided, the following bid submitted on Contract No. 09-19 be accepted by the District:

Aerial Contractors, Inc., Moorhead, Minnesota, firm base bid price of \$177,840.

BE IT FURTHER RESOLVED that the President of the District is hereby authorized and instructed to execute for and on behalf of the District, a Contract with the aforementioned bidder in accordance with the plans and specifications and on the form of Contract submitted to bidders.

BE IT FURTHER RESOLVED that the award of the Contract is contingent upon receipt and approval by the District of a performance bond and certificate of insurance from Aerial Contractors, Inc., as provided in the Contract.

It was moved by Director Larsen and seconded by Director Chlopek that the foregoing resolution be adopted. Votes were cast and recorded as follows:

Voting Aye:	Chlopek, Froehlich, Harding, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson
Voting Nay:	None
Abstaining:	None
Present But Not Voting:	None

**RESOLUTION NO. 09-19 (ADOPTED):
AWARD CONTRACT NO. 09-19, INSTALLATION OF POLE STORM STRUCTURES – CODY TO VALENTINE, TO AERIAL CONTRACTORS, INC., FIRM BASE BID PRICE OF \$177,840**

Absent: Boyd, Schrock

Whereupon the Chairman declared Resolution No. 09-19 adopted.

Director Larsen, Chairman of the Customer and Support Services Committee, recommended the following resolution:

RESOLUTION NO. 09-20

WHEREAS, pursuant to and in accordance with law, bids on Contract No. 09-22, All Wheel Drive 6 x 6 Cab and Chassis, have been duly invited, received, opened, read, and tabulated; and

WHEREAS, management has studied and analyzed the bids and recommended acceptance of a certain bid as the lowest and best evaluated bid, as per data filed with the Board; and

WHEREAS, on the basis of evidence and information received, and after an analysis of the responsibility of the bidders, amounts and terms of the bids, delivery dates, and the needs of the District, this Board has determined and does hereby find that the bid of Sioux City Truck & Trailer, Inc., a subsidiary of North American Truck & Trailer, Inc., Sioux City, Iowa, is the lowest and best evaluated bid on Contract No. 09-22.

NOW, THEREFORE, BE IT RESOLVED that, subject to receipt and approval of a performance bond and certificate of insurance as herein provided, the following bid submitted on Contract No. 09-22 be accepted by the District:

Sioux City Truck & Trailer, Inc., a subsidiary of North American Truck & Trailer, Inc., Sioux City, Iowa, firm base bid price of \$242,000.

BE IT FURTHER RESOLVED that the President of the District is hereby authorized and instructed to execute for and on behalf of the District, a Contract with the aforementioned bidder in accordance with the plans and specifications and on the form of Contract submitted to bidders.

BE IT FURTHER RESOLVED that the award of the Contract is contingent upon receipt and approval by the District of a performance bond and certificate of insurance from Sioux City Truck & Trailer, Inc., a subsidiary of North American Truck & Trailer, Inc., as provided in the Contract.

It was moved by Director Larsen and seconded by Director Froehlich that the foregoing resolution be adopted. Votes were cast and recorded as follows:

Voting Aye: Chlopek, Froehlich, Harding, Kunze, Larsen, Linstrom, Nelson, Rasmussen, Thompson

RESOLUTION NO. 09-20 (ADOPTED): AWARD CONTRACT NO. 09-22, ALL WHEEL DRIVE 6 x 6 CAB AND CHASSIS, TO SIOUX CITY TRUCK & TRAILER, INC., A SUBSIDIARY OF NORTH AMERICAN TRUCK & TRAILER, INC., FIRM BASE BID PRICE OF \$242,000

Voting Nay: None
 Abstaining: None
 Present But Not Voting: None
 Absent: Boyd, Schrock

Whereupon the Chairman declared Resolution No. 09-20 adopted.

President and CEO Ronald D. Asche recommended approval of the District's Energy Efficiency Program, and outlined management's specific recommendations related to the Program, as presented during the Board Strategic Session on February 12:

- 1) Continue to use the current customer energy efficiency working groups and customer meetings to gather input regarding the Energy Efficiency Programs.
- 2) Energy Efficiency Program Funding changes:
 - a. Roll over \$2.2 million of unused 2008 energy efficiency incentive funds to 2009 and retain \$0.3 million from the 2009 budget, for a total incentive funding of \$2.5 million, to be allocated among the wholesale customers for energy efficiency incentives in 2009.
 - b. Establish a common fund of \$500,000 in 2009 for those wholesale customers that have needs in excess of their allocated funds.
 - c. Items a & b would result in total program funding of \$3.0 million for 2009, which is a reduction of \$1.7 million from the current program funding for 2009.
 - d. Accumulate any unspent funds at the end of 2009, including the \$1.7 million funding reduction, in the Rate Stabilization Account.
 - e. Reassess 2010 funding needs as part of the budget process for next year.
 - f. Implement a 15% adder to incentive payments in 2009 to cover wholesale customers' marketing and administrative costs in support of the Energy Efficiency Programs.
- 3) Invest \$500,000 in the State's Energy Office EnergyWise™ Loan Program through an advance from NPPD General Funds, which will help provide low interest loans to end-use customers for targeted Energy Efficiency Programs.

Discussion followed on the 15% adder for wholesale customers' marketing and administrative costs. Mr. Asche responded that while the wholesale customers had provided a range of responses, it was management's recommendation to implement the adder, in an effort to incent customers to engage in the Energy Efficiency Program.

It was moved by Director Larsen and seconded by Director Kunze that the District's Energy Efficiency Program be approved, as presented by President and CEO Ronald D. Asche. Votes were cast and recorded as follows:

**MOTION (CARRIED):
 APPROVE ENERGY
 EFFICIENCY
 PROGRAM**

Voting Aye: Chlopek, Froehlich, Kunze, Larsen, Linstrom,
Rasmussen, Thompson
Voting Nay: None
Abstaining: Harding, Nelson
Present But Not Voting: None
Absent: Boyd, Schrock

Whereupon the Chairman declared the motion carried.

Vice-President of Customer Services Michael E. (Ed) Wagner provided a status report for the Electric Transmission Reliability (ETR) Project for East-Central Nebraska, including status of right-of-way acquisition; status of pole deliveries, and continued negotiations with the pole supplier and the construction contractor; update on substation upgrade projects associated with the new transmission line; overview of public communications related to the project; and a revised schedule for completion of the line.

ELECTRIC
TRANSMISSION
RELIABILITY (ETR)
PROJECT FOR
EAST-CENTRAL
NEBRASKA UPDATE

Director Larsen, Chairman of the Customer and Support Services Committee, reported that the Committee also heard reports on the following matters: 1) 2009 Financing Plan; 2) NPPD Days of Cash Report and Liquidity Goals Update; 3) Energy Risk Management Report; 4) Norfolk Operations Center Project Update; 5) District Identity Theft Prevention Program Overview; 6) Capital Projects Report No. CSD-2; and 7) Customer Services and Delivery Look-Ahead for March 2009.

CUSTOMER AND
SUPPORT SERVICES
COMMITTEE
REPORT

Due to time constraints, the Southwest Power Pool (SPP) Ancillary Service Rates Update and an Update on NPPD Investments and Current Financial Market Conditions were deferred for presentation to the full Board on Friday, February 13. Also due to time constraints, a presentation on 2010 Employee Benefit Planning was forgone, and conference calls were to be scheduled with each member of the Customer and Support Services Committee to discuss the item.

Director Froehlich, First Vice-Chairman of the Budget Committee, reported that the Committee met on February 12, 2009. Vice-President and Chief Financial Officer Traci L. Bender presented updates to the proposed reductions and deferrals to the 2009 Revenue & Expense and Capital Projects Budgets. Ms. Bender stated that the proposed 2009 Revised District Budgets would be presented to the full Board on February 13 for review, and at the March Board meeting for consideration of approval. In addition, Controller Donna K. Starzec also presented the proposed Native Load Forecast for the 2010 Budget and Rate Outlook.

BUDGET
COMMITTEE
REPORT

Director Rasmussen, Chairman of the Audit Committee, reported that the Committee met on February 12, 2009, to: 1) review and approve the Internal Audit Services 2009 Audit Plan; 2) review the results of an External Peer Review of the Internal Audit Services Department conducted in the fall of 2008; and 3) receive an update on the Internal Audit Department's 2009 O&M Budget, 2009 Business Plan, and results related to the Department's 2008 Business Plan goals.

AUDIT COMMITTEE
REPORT

Vice-President of Governmental Affairs and General Counsel
John C. McClure provided background information on a summons received by
the District for a claim against a total of 195 defendants, several of which are
utilities, relating to asbestos.

GENERAL LEGAL
MATTERS

There being no further business to come before the Board, the
meeting was duly adjourned at 10:07 a.m.

ADJOURNMENT
10:07 A.M.

_____/s/_____
Dennis L. Rasmussen, Chairman

Minutes approved at
the meeting of
March 12-13, 2009

_____/s/_____
Mary A. Harding, Secretary

**REPORT ON RETIREMENTS AND
FORMER DISTRICT EMPLOYEE REHIRES
FEBRUARY 2009 BOARD MEETING**

RETIREMENTS

1. Arlene G. Engel, Custodian, General Office, Columbus, was employed on January 16, 1980, and retired as of January 28, 2009.
2. Steven R. Werner, Nuclear Instructor, Cooper Nuclear Station, Brownville, was employed on February 16, 1978, and retired as of January 31, 2009.
3. David W. Chrisman, Engineering Specialist, Gerald Gentleman Station, Sutherland, was employed on January 16, 1978, and is retiring as of March 31, 2009.

REHIRES

In accordance with the Board motion approved in February 1988, employees re-employed by the District within one year of their termination date (including those rehired directly or indirectly as a consultant) require approval of the President. Pursuant to that Board motion, Mr. Asche has approved the following re hires:

Gary F. Heimes was employed by NPPD on December 18, 1967. Gary retired from the position of Senior Project Coordinator at Norfolk effective January 3, 2008. Mr. Heimes was rehired as Temporary Senior Project Coordinator at the York Operations Center effective April 1, 2008, to October 30, 2008. On April 16, 2009, he is being rehired as Temporary Senior Project Coordinator.