



MINUTES

BOARD OF DIRECTORS' MEETING

September 19, 2013

The regular meeting of the Board of Directors of the Omaha Public Power District was held in the Board Room on the Atrium Level of Energy Plaza East on September 19, 2013, at 10:00 a.m.

Present were Directors T. S. Barrett, M. J. Cavanaugh, T. W. Gay, J. K. Green, A. L. McGuire, M. A. Mines, and D. D. Weber. Also present were W. G. Gates, President, and Steve Bruckner and Troy Meyerson of General Counsel for the District. Mr. Ulrich, Board Chairman, presided and Ms. Emerson, Corporate Secretary, recorded the minutes. Other members of Management present were: T. J. Burke, L. Cortopassi, M. I. Doghman, E. E. Easterlin, J. T. Hansen, S. L. Hutcherson, L. A. Olson, T. G. Tamke, D. C. Mueller, R. J. Baker, M. R. Jones, P. E. Lukowski, J. M. Baker. Others present included Steve Boyer and Monica Jensen with WindLab Developments, as well as several customer owners and OPPD employees.

The Corporate Secretary read the following:

“Notice of the time and place of this meeting was publicized by notifying the area news media; by publicizing the same in the Omaha World-Herald and Outlets; by displaying such notice on the Arcade Level of Energy Plaza since September 13, 2013; and by mailing such notice to each of the District’s Directors on that same date.

“A copy of the proposed agenda for this meeting has been maintained, on a current basis, and is readily available for public inspection in the office of the District’s Corporate Secretary.

“Additionally, a copy of the Open Meetings Law is available for inspection in the public meeting book located in this meeting room.”

It was moved and seconded that the Board reviewed the July 2013 Comprehensive Financial and Operating Report and the minutes for the last meeting be approved. The vote was recorded as follows: Barrett – Yes; Cavanaugh – Yes; Gay – Yes; Green – Yes; McGuire – Yes; Mines – Yes; Ulrich – Yes; Weber – Yes. The motion carried.

Thereafter, the Corporate Secretary read the following:

“Persons wishing to address the Board on a particular item are asked to approach the microphone as that agenda item is discussed. Comments will be heard following Board discussion of the item and prior to a vote by the Board. Persons wishing to address the Board on all other matters will have an opportunity before the close of the meeting.”

The following resolutions were then read, and upon motion duly seconded, were then placed on roll call. The vote on each resolution is indicated following the description of that resolution.

RESOLUTION NO. 5970 approve Stakeholder Process. Committee Chair Barrett reported this item is to approve the Stakeholder Process. Management has developed a stakeholder process to gather input on a wide variety of matters. The purpose of this process is to gather input for Senior Management and OPPD’s Board of Directors to enable well-informed, participatory decision-making. The Stakeholder Process was established through an extensive development process over the past several months indicated in the steps below:

1. Identified nationally recognized stakeholder processes and benchmarked four organizations.
2. Conducted six workshops of a cross representation of customer and organizations from across the District’s 13 counties to develop the Stakeholder Process framework.
3. Surveyed and interviewed employees, customers and investment community.
4. Followed up with 11 open houses and on-line meetings.
5. Various interactions have occurred through comments, surveys, website and publications.
6. Final report and recommendations were presented to the Public Information Committee at OPPD’s August Committee Meetings.

Director Green asked Lisa Olson, division manager Corporate Communications, to provide any additional information on the Process. Ms. Olson said the team has been talking about possible pilot projects that would benefit from the Stakeholder Process. She also said that the information would then be brought back to the Board of Directors and the senior team.

Mr. Laverne Thraen, 4728 Cass St., #12, Omaha, NE, voiced his approval for the Stakeholder Process and said it is a great way for the utility to move forward.

Following the discussion, the vote was recorded as follows: Barrett – Yes; Cavanaugh – Yes; Gay – Yes; Green – Yes; McGuire – Yes; Mines – Yes; Ulrich – Yes; Weber – Yes. The motion carried.

RESOLUTION NO. 5971 authorization to award a contract for the purchase two 161-13.8-13.8kV 30/40/50(56)MVA Power Transformers. Committee Chair Weber reported this item is to approve the award for the purchase of two 161-13.8-13.8kV 30/40/50(56) MVA Power Transformers. The two transformers being purchased will serve as spares: the first will replace the previous single spare recently used to replace a failed transformer; and the second will ensure system reliability support for the aging fleet of 40 similar transformers, nine of which are older than 40 years. Seven proposals were received; three are technically responsive, and five are legally responsive. The Engineer’s Estimate for the total contract is \$1,900,000. Director Weber recommends the Board approve the award of the contract to Hyundai Heavy Industries and Hyundai Corporation USA in the amount of \$1,934,000 for the purchase of two 161-13.8-13.8kV 30/40/50(56) MVA Power Transformers.

Following the discussion, the vote was recorded as follows: Barrett – Yes; Cavanaugh – Yes; Gay – Yes; Green – Yes; McGuire – Yes; Mines – Yes; Ulrich – Yes; Weber – Yes. The motion carried.

RESOLUTION NO. 5972 authorization to amend the District's Charter to change election subdivisions. Committee Chair Green reported this item is to approve an amendment to the District's Charter to change election subdivision boundaries for the Board of Directors as required by Nebraska Legislative Bill 646. Nebraska Legislative Bill 646 requires the District to have eight election subdivisions. In the opinion of the District's General Counsel, the proposed Charter Amendment, as described on the attachment to the proposed Board resolution, meets the requirements of LB 646 and Nebraska election law. The proposed Charter Amendment must be approved by a three-fifths vote of the Board of Directors. After approval by the Board of Directors, the Charter Amendment must be submitted to the Nebraska Power Review Board for review and approval. The Power Review Board has a six-week period for public notice of charter amendments. The District's proposed Charter Amendment will become effective upon approval by the Nebraska Power Review Board. Director Green recommended approval of Charter Amendment as set forth in the attachment to the proposed Board resolution and the District's General Counsel and Management are hereby authorized and directed to present the Charter Amendment to the Nebraska Power Review Board for review and approval.

Director Green commented this is the next phase of implementation of LB 646 and by approval of this resolution, the Board amends the District's Charter which divides the OPPD service territory into eight election subdivisions. Mr. Green also commented this is an appropriate way for the District to move forward.

Director Cavanaugh thanked Director Green and the District's General Counsel for their hard work to create fair election districts; however, he voiced his displeasure at the Nebraska Legislature for the passage of LB 646.

Board Chairman Ulrich and Director Green also voiced their appreciation for the District's General Counsel's time that has been devoted to this work.

Director Gay asked when the Nebraska Power Review Board will receive the amended Charter, and Steve Bruckner said his staff will file the petition to approve the Charter amendment in the next week. Steve said he is confident the entire process with the Nebraska Power Review Board should be completed by November or before.

Director Mines asked about the redistricting process. Mr. Bruckner said that after each federal census, the District will redistrict (rebalance) the population numbers.

Mr. Laverne Thraen, 4728 Cass St., #12, Omaha, NE, voiced his approval for the change in the District's election subdivisions.

Following the discussion, the vote was recorded as follows: Barrett – Yes; Cavanaugh – Yes; Gay – Yes; Green – Yes; McGuire – Yes; Mines – Yes; Ulrich – Yes; Weber – Yes. The motion carried.

RESOLUTION NO. 5973 approval of compensation adjustment for Vice President and Chief Financial Officer Edward Easterlin. Committee Chair Green said that compensation adjustments for corporate officers are approved by the Board of Directors on an annual basis. The compensation adjustment recommended for Vice President and Chief Financial Officer, Edward E. Easterlin, is listed on the attached exhibit and is effective October 1, 2013. Director Green recommended Board approval of the compensation adjustment for Vice President and Chief Financial Officer, Edward E. Easterlin.

Several directors voiced their appreciation for Vice President Easterlin's effort and work in managing the District's finances through some challenging times.

Following the discussion, the vote was recorded as follows: Barrett – Yes; Cavanaugh – Yes; Gay – Yes; Green – Yes; McGuire – Yes; Mines – Yes; Ulrich – Yes; Weber – Yes. The motion carried.

Copies of the foregoing resolution are filed in the District's Corporate Records file.

The next item of business was the State of the Utility Report.

President and Chief Executive Officer Gary Gates gave the following report:

GENERATION

Production Operations

- Central Maintenance supported projects at all locations during the month, specifically supporting the Fort Calhoun outage and an outage at North Omaha.
- High priority on-line projects are in progress at North Omaha, Nebraska City and the peaking stations.
- All five units at North Omaha Station have been on-line during the month of August with the exception of a three-day outage on Unit No. 5 to repair a boiler leak.
- It has been 132 days since the last reportable accident at North Omaha Station.
- Nebraska City Station worked through the months of July and August with no injuries. The last station accident occurred on June 26, 2013.
- Both Nebraska City units have performed well over the past month with no outages or major operational upsets.
- Load remained high for both units with capacity factors of 88.4% and 96.7% for Unit No. 1 and Unit No. 2 respectively.
- Jones Street 2 returned to service.
- Jones Street 1 and 2 were URGE tested with acceptable results
- All other units in the combustion turbine fleet were in service and used frequently during this peak summer season.

Energy Marketing & Trading

- Renewable energy contributed 4.2% of OPPD's retail energy sales in August 2013.
- The renewable portfolio capacity factor is 34% in August.

Fuels

- On September 1, Ron Boro retired as the Division Manager of Fuels with over 38 years with OPPD.
- With Ron's departure the Fuels Division was combined with the Production Engineering and Technical Support division which will now be called the Production Engineering and Fuels Division and Jeff Karloff will be the division manager

GENERATION (CONT'D)

Fort Calhoun Station

FCS Priorities

Safety, Human Performance, Fix the Plant, use Corrective Action Program and Training

Plant Status

Plant remains in cold shutdown with fuel assemblies loaded in the reactor and the reactor vessel head installed and tensioned

Status of On-going Work

- The Station returned to the more restrictive on-line work hour limits when the NRC authorized period for outage work hours rules expired.
- Tornado missile protection modifications continue with focus now on the auxiliary building roof room 81 blowout panels. Protection of a 4160V electrical bus duct along with missile protection of the "B" raw water strainer and "A" raw water grating were completed.
- Underwater divers removed the damaged portion of the upper guide structure (UGS) lift rig. Debris from the UGS damage was also removed from the reactor vessel.
- UGS and hold-down ring were installed in the reactor vessel.
- Reactor vessel head was installed and fully tensioned.
- Incore instrumentation (ICI) graylocs and heated junction thermocouples (HJTC) were installed on the reactor vessel head.
- Control element drive motors (CEDM) were coupled to the control element assemblies (CEA). CEDM position indicator checks were completed. All repairs and testing are complete.
- The fuel transfer tube flange was installed and its local leak rate test was completed.
- Final flow testing and balancing of the HPSI system and new flow orifices was successfully completed which allowed removal of the alternate hot leg injection project from the plant startup list.
- Diesel generator DG-2 was returned to service following various maintenance tasks and testing.
- Raw water pump AC-10B was returned to service following rebuild.
- All replacement containment penetration feed throughs are installed and post maintenance testing continues.
- The containment internal structure project has completed the containment structures analysis. An operability evaluation has been approved and is ready for inspection by the NRC. Dialogue will continue with the NRC to gain closure on this item. Calculations to support power operations are in progress and being reviewed with the project team and the recovery manager. No physical work is planned at this time.

Regulatory

- The Emergency Planning graded exercise scheduled for August was canceled due to severe weather at the station. The primary concerns were to protect the drill participants and the station equipment.
- The exercise was rescheduled for December 3 and will include numerous agencies participating in the exercise.
- Jeff Clark, the Deputy Director for the Division of Reactor Services, was on site in August to discuss the status of Electrical Equipment Qualification and High Energy Line Break(s).
- The meetings with the FCS technical staff, senior leadership team provided alignment on the status of these areas.

- New NRC Region IV Administrator Marc Dapas visited FCS on Aug. 15-16. Mr. Dapas replaced Art Howell, who recently announced his retirement.
- Accompanied by Mike Hay, chief – Division of Reactor Projects, and NRC Senior Resident Inspector John Kirkland, Mr. Dapas met with FCS senior leaders prior to taking an extensive tour of the plant.
- The tour and meetings were productive providing Mr. Dapas with an appreciation for the amount of work that has been accomplished at the station.
- The NRC 0350 follow up inspection status briefing was held on August 16 at Fort Calhoun.
- The briefing was provided by 0350 Inspection Team Lead Jeff Josey, Jacob Wingeback, Branch Chief Mike Hay and Region IV Administrator Marc Dapas.
- The status briefing helped FCS leadership team gain alignment with the NRC on the status of inspection items and included 19 additional line items recommended for closure to the 0350 panel.

Public Meeting was held on August 27 in Region IV

- Discussion topics included:
 - Plant Status and Major Remaining Work
 - Plan for Sustained Improvement with Region IV personnel
 - The Key Drivers for Achieving and Sustaining Excellence
 - FCS Performance Improvement Policies and Procedure
 - Integration of FCS into the Exelon Nuclear Fleet
 - The Exelon Nuclear Management Model
- Information was well received, feedback has been positive

The next Public Meeting is planned for the evening of September 24 at the Comfort Inn and Suites in Omaha.

TRANSMISSION & DISTRIBUTION (T&D)

- The president of the Midwest Reliability Organization (MRO) briefed Senior Management on a new initiative to reduce risks and the administrative burden of Bulk Electric System users and operators, like OPPD.
- Dan Skaar, president and chief executive officer of the MRO, presented a summary of the new Reliability Assurance Initiative (RAI).
- The RAI program is a strategic initiative of the North America Electric Reliability Corporation (NERC) to transform the current compliance and enforcement program and for better alignment to a culture of reliability, crediting organizations that demonstrate strong management practices.
- The MRO is responsible for performing audits on OPPD and manage enforcement initiatives pertaining to the NERC reliability standards.
- New fall-restraint devices were placed in service beginning September 9 for all T&D Operations personnel that climb.
- These devices provide for continuous protection while climbing and working on poles and, when used properly, eliminate the potential for falling helping to ensure that our employees remain safe while they serve our customers.

FINANCE

North Omaha Station Unit No. 5 Insurance Settlement

- The District has reached an insurance settlement with FM Global, the District's non-nuclear property insurer, concerning the rewind of the generator at North Omaha Station Unit No. 5.
- The District submitted \$2.8 million in damages and incurred a deductible of \$1.5 million plus 10%. The District has agreed to settle the claim with FM Global for \$1.17 million. The settlement amount exceeded the booked receivable by \$170,000.

CUSTOMERS

- Hosted the NAACP Executive Committee at the North Omaha Station on Saturday September 14 for a tour and conversation about the station and Sierra Club claims.
- OPPD hosted three community leaders meetings and one tour of the North Omaha Station.
- Project Oasis, Travelers Insurance, was announced on September 13.
- Initial investment will be \$200 million and 30 employees. Many OPPD employees were involved in this project.
- Tim O'Brien, Manager of Economic Development, will be taking over for the retiring Roger Christianson as the Chair of the Greater Omaha Partnership's Site Tag Committee
- Over 50 OPPD employees are involved in community mentoring as the Midlands Mentoring Partnership kicks off the three-month recruitment campaign.

PEOPLE/TEAM

- OPPD's women's employee resource group - "Network" - has recently revised its by-laws and infrastructure.
- The group's mission is to attract, develop, advance and retain talented women. The Network supports the company's engagement culture and diversity & inclusion objectives, while seeking to enhance the organization's competitive edge in the marketplace for human capital.

The next item of business was the opportunity for those in attendance to address the Board on any items of District concern.

Mr. David Corbin, 1002 N. 49 St., Omaha, NE, thanked Sherrye Hutcherson and her team for meeting with David and others on renewable energy. Mr. Corbin also commented on the OWH article on the North Omaha Station and passed along copies of articles ([attachment A](#), [attachment B](#)) to the Board.

Mr. John Pollack, 1412 N. 35 St., Omaha, NE, advised the Board on weather conditions.

Minutes
Regular Board Meeting
September 19, 2013
Page 8

Mr. Laverne Thraen, 4728 Cass St., #12, Omaha, NE, commented on OPPD's downgrade by Moody's Investor Service ([attachment](#)), the finances of the District, and operations at the Fort Calhoun Station.

There being no further business, the meeting adjourned at 10:44 a.m.

S. L. Hutcherson
Assistant Secretary

D. S. Emerson
Corporate Secretary