



## **MINUTES**

### **BOARD OF DIRECTORS' MEETING**

**October 17, 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 October 17, 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, R. J. Rogers, D. C. Mueller, M. Sedky, M. R. Jones, P. E. Lukowski. Others present included Blake Nixon and Tim Polz with Geronimo Energy, LLC, 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 October 11, 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 August 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. 5974** authorization for Management to execute a long-term Power Purchase Agreement for Grande Prairie Wind Farm Project. Committee Chair Barrett reported this is a historic day for OPPD. During the summer of 2013, OPPD received wind proposals from all known eligible Nebraska wind projects advanced enough to take advantage of the 2013 federal production tax credit. Approval is requested to enter into a power purchase agreement for up to 400 megawatts of wind energy for a term of 20 years with Geronimo Energy, LLC, for purchases from a wind energy facility located in Holt County in Nebraska, near the City of O’Neill. The facility is expected to be in service in the second half of 2015. Participation in this wind energy project is consistent with OPPD’s desire to support cost-effective renewable energy projects and the current Integrated Resource Plan. This purchase will achieve 30% of retail sales by 2016. The agreement is contingent on the extension of the federal production tax credits by Congress through 2013, and on approval by the Nebraska Power Review Board. The addition of this 400 megawatt project will bring OPPD’s renewable energy generation capacity to a total of 817 megawatts. At this time, Director Barrett introduced Dean Mueller, division manager – Sustainable Energy & Environmental Stewardship,

Mr. Mueller presented the following slides:

Grande Prairie Wind Farm Facts

- OPPD Wind Energy
  - Eastern Holt County
  - Near O’Neill, NE
  - 60,000 acres
  - Equivalent to 235 GE 1.7 MW turbines totaling 400 MW
  - Represents 100% of the farm

Grande Prairie Wind Facts

- Approximate construction cost: \$700,000,000.
- Significant economic development benefits for state and surrounding community.
- The agreement will have a 20-year term.
- With Grande Prairie, 30% of OPPD retail sales will come from renewable sources by 2016.
- Geronimo Energy is utility-scale developer
  - Based in Edina, Minnesota
  - Active farms in MN and other farms in various stages across the Midwest
  - Aggregate nameplate capacity exceeding 3,000 MW

At this time, Mr. Mueller introduced Blake Nixon, president of Geronimo Energy LLC, and Vice President Tim Holtz.

Director Mines asked about the decision making process. Mr. Mueller commented there were a number of competitive bids for this project. The bid selected was the lowest bid, and the fact that the wind farm is located along a high-voltage transmission line which means there will be less chance of transmission congestion, only helped to make this the best choice.

Director McGuire asked Vice President Doghman to discuss the Southwest Power Pool's (SPP) role in this project. Mr. Doghman said SPP is conducting a study which will determine if there are any upgrades to the grid that need to be made; however, the preliminary findings indicate we should not have any transmission issues.

Director Gay asked about the makeup of the project team and Mr. Mueller said there were six members on the generation options team and well as employees from OPPD's operating areas that were consulted during the process.

Director Barrett asked is there was a limit to the amount of renewable energy the utility would be able to handle. Mr. Mueller responded that OPPD's membership in the Southwest Power Pool has made the amount of power plants available to balance the load much larger and this should not be an issue going forward.

Director McGuire said that this wind project will result in a 50% capacity wind farm and commented on the importance of the demand side management study that will be conducted. Vice President Hutcherson added the supply side for sustainability is important, but also stressed the importance of demand side projects as an alternative to building new generation. She said the study will include future planning around energy efficiency, reduction in demand, and will include additional customer data gathering. Once all the information is gathered, it will be reviewed in the Stakeholder Process and then shared with the Board to determine the appropriate future demand side management programs.

Director Mines said that historically wind has been more expensive than coal or natural gas, and he asked how rates would be affected with this additional wind project. Mr. Mueller said there would be no effect on rates and added that as long as the federal production tax credits are in place, the cost of wind is very competitive with our existing resources.

Director Cavanaugh asked about the improvements in technology over the years in the wind industry, and Mr. Mueller said the turbine manufacturers have gotten more efficient in the last few years.

Chairman Ulrich asked about the cost of wind now versus five years ago, and Mr. Mueller said the cost of wind has come down more than 50% from five years ago.

Director Gay asked how we will monitor Geronimo to ensure the District is receiving the correct benefit from the wind farm. Mr. Mueller said there are processes in place, such as OPPD's Energy Marketing area will be connected electronically to the wind farm 24/7, to ensure compliance.

Director Weber commented that projects such as this have begun to change the business model about how power is produced and how companies operate.

Director Barrett asked about other potential buyers of electricity from wind farms besides NPPD, OPPD, and LES. Mr. Mueller said other public power districts in the state or municipalities could choose to purchase the wind energy.

Director Weber asked the total generation of wind energy in Nebraska at this time, and Mr. Mueller said the total is approximately 1200-1300 MW.

At this time, member of the public were invited to speak on this item.

Mr. David Corbin, 1002 N. 49 St., Omaha, NE, congratulated the Board on the addition of the wind farm into OPPD's portfolio of renewable resources.

Mr. John Pollack, 1412 N. 35 St., Omaha, NE, added his thanks on the addition of the wind farm and pointed out the integration of meteorological data into OPPD's load forecasts.

Mr. Laverne Thraen, 4728 Cass St., #12, Omaha, NE, voiced his appreciation of the Board's action on the addition of the wind farm and presented micro grid system information. The information is available to be reviewed in the office of the District's Corporate Secretary.

Mr. John Atkieson, representing the Nebraska Wildlife Federation, also voiced his appreciation for the Board's action on the addition of the wind farm.

Mr. Ken Winston, 4905 S. 149 St., representing the Sierra Club voiced his thanks for the Board's action on the wind farm.

Ms. Krystal Craig, 7110 S. 76 St., LaVista, NE voiced her thanks for the Board action on the wind farm.

Mr. Graham Christiansen with Burt County Wind, LLC, also voiced his appreciation for the Board's action and added that OPPD is one of the more innovative utilities in the area. He also urged the Board to continue to look for different ways to develop energy and support C-BED projects. Mr. Christiansen presented a copy of Burt County Wind LLC dividend check from a wind farm in Minnesota ([attached](#)) and a chart showing economic impacts of various wind projects ([attached](#)).

Dr. Bobby Davis, 4947 Spaulding St., Omaha, NE, thanked the Board for the addition of wind resources.

Mr. Sharif Liwaru of 3448 Evans St., Omaha, NE, who works with the Malcom X Memorial Foundation, echoed the positive sentiments of others for the addition of the wind farm and let the Board know their work is well received in the community.

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. 5975** approval of Amendments to the Retirement Plan and Supplemental Retirement Savings 401(k) and 457 Plans. Committee Chair Green reported this item is to amend the Retirement Plan, 401(k) and 457 Supplemental Retirement Savings Plans to incorporate provisions agreed to through collective bargaining. Since the last plan submitted in 2008, there have been two rounds of labor negotiations which have resulted in Retirement and Supplemental Retirement Savings 401(k) and 457 plan changes. Changes are set forth in the attached Exhibit A.

Director Green also complimented the groups that coordinated the action whereby participants with balances of \$10,000 or more will pay for costs of administration and maintenance of plans as that may encourage greater participation in the Plans.

Director Cavanaugh asked if the statement that 457(b) Plan participants may withdraw balances after attaining age 59 1/2 is correct, and Vice President Hutcherson indicated that is correct.

Director Gay thanked Director Green and his committee as well as Sherrye Hutcherson for their work on these negotiated changes.

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.

At this time, Mr. Gates added that it was important to note the unions were also instrumental in their cooperation with management during negotiations and he appreciates their efforts.

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:
  - The Fort Calhoun outage
  - Two forced outages (NO4 and NC1)
  - Two inspection outages at the peaking stations (BSDG and JS1).
- 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 September with the exception of a five-day outage on Unit No. 4 to repair a boiler leak and a 3-day reserve shutdown on Unit No. 1.
- NC1 conducted a tube leak repair outage early in September with a total time off-line of 35 hours, which is the second quickest repair outage ever conducted at NCS.
- During this outage, crews were able to eliminate the high vibration levels on the "B" ID Fan which allowed the unit to remove the gas flow limitation and restore to the unit to full load capability.
- NC2 was in service for the entire month of September and has operated with a monthly capacity factor of 95.5% which is the second highest ever behind July 2013.
  - During the month, a test was conducted to verify the ability of an amended silicates product to remove mercury from the unit's emissions and potentially be used as a suitable alternative to Activated Carbon.
- On October 1 the Peaking Plants' staff completed 19 years without a lost-time accident.

### Energy Marketing & Trading

- Renewable energy contributed 6.7% of OPPD's retail energy sales in September and the renewable portfolio capacity factor was 48.1%.

- SPP Structured Market Trials continue for the Integrated Marketplace.
- The Go-Live Team voted unanimously to proceed with the Transmission Congestion Rights (TCR) Market as scheduled.

## **Fort Calhoun Station**

### Plant Status

Plant remains in cold shutdown with fuel assemblies loaded in the reactor and the reactor coolant system pressurized.

### Status of On-going Work

- Vacuum fill of the reactor coolant system (RCS) and steam generator tubes was completed. This required RCS level to be lowered to mid-loop (reduced inventory) which was a high-risk evolution. The evolution was completed with no events.
- The reactor vessel head cable tray bridge was lowered and final electrical connections were completed.
- Reactor vessel head missile shield was installed.
- The reactor coolant system was pressurized and all four reactor coolant pumps were started for various post-maintenance tests.
- The condensate system was restarted to commence secondary system cleanup for plant heat up.
- Tornado missile protection modifications continue with focus on the Auxiliary Building Room 81 roof blowout panels and turbine deck doors.
- 480V electrical buses 1B3A-4A and 1B4A were returned to service following current injection testing on all the associated breakers.
- Piping was replaced and a partial system operability acceptance of the chemical and volume control system (CVCS) was approved by operations.
- Installation of additional solenoid valves to resolve a high energy line break (HELB) issue associated with the steam driven auxiliary feedwater pump is complete - - testing is in progress.
- Repairs to the Auxiliary Building Room 81 and 82 floor coatings are in progress to restore the floors as a water and high energy line break barrier.
  - This is necessary to prevent water and steam from entering the diesel generator and electrical switchgear rooms.
- Post maintenance testing of replacement containment penetration feed throughs continues.
- The containment internal structure project has completed the containment structures analysis.
  - Additional work to answer an NRC question on the Finite Element Analysis is underway.
  - The schedule for completion of that work was October 11. The team will continue to have dialogue with the NRC once they return to work after the furlough is over.

### Regulatory

- OPPD leadership attended a drop-in meeting on September 27 with the Executive Director for Operations, Mark Satorius at NRC headquarters.
- The topics discussed encompassed Fort Calhoun Station's history that led to the performance decline, the progress that has been made toward restart and post restart activities.
  - The NRC was able to operate during the government shutdown by using "carryover" funds through October 9. At that time, the normal functioning of the NRC ceased and only essential activities were authorized. The resident inspectors will continue to perform normal functions as they are designated as "excepted employees."

## **TRANSMISSION & DISTRIBUTION (T&D)**

-The annual T&D Emergency Response drill will be held in early November.

This year's drill is being held in conjunction with OPPD's Business Continuity Drill.

The intent of both drills is to prepare participants to respond in a timely and appropriate manner in the event of a serious incident/emergency at OPPD or in the service territory.

The T&D Emergency Response drill uses an external consultant to review and validate our response and to ensure that we are adequately prepared for a large scale catastrophic event.

Members from all areas of the company support these drills.

-On September 17, Project Oasis (Travelers Insurance) announced that they have selected the OPPD Power Park location (144th & Schram Road) in Sarpy County for their new data center facility.

## **FINANCE**

-OPPD received \$10 million from the Nebraska Emergency Management Agency (NEMA) for partial settlement of the 2011 flood claims.

The District incurred significant costs related to the 2011 flood event for mitigation and repair work.

Some of these costs were eligible for reimbursement from NEMA or District insurance policies.

Approximately \$12 million was previously received from insurance from FM Global as well as \$400,000 from NEMA.

OPPD expects to receive another \$11 million in funds from NEMA as that work is reviewed over the next year.

## **CUSTOMERS**

-OPPD was awarded an Offutt AFB Project totaling \$3,377,978.

-This Project is associated with ECO 24/7 implementation work on a variety of buildings.

-As a result of our combined efforts, Offutt has experienced significant energy reductions base-wide while improving the reliability and life-expectancy of base systems. Including this Project, OPPD has been awarded approximately \$29,285,860 in energy conservation projects since our ECM partnership began.

-OPPD's 16th Annual Customer Meeting was held on October 5 at the Kroc Center.

Information was presented on the electric utility industry as well as the state of the utility - and the Senior Team was available for a question and answer session.

The customers highly rated the annual meeting and provided 100% response in the top two box scores.

-Omaha Airport Authority ATO Switch Upgrade – Thanks to a lot of great teamwork, planning and execution, the Main Terminal Outage on Saturday evening, October 5 went exactly as planned.

**PEOPLE/TEAM**

-Fifty-eight OPPD employees were recognized for reaching the 25-year service milestone this year at a banquet in their honor.

-The Young Professionals Group (YPG) summit was an interactive event aimed to give young professionals networking and professional development opportunities.

Approximately 130 OPPD employees attended on October 10 and listened to speakers (David Moore – Google), participated in a Leadership Q&A discussion with OPPD senior management, and learned about OPPD Strategic Initiatives being implemented to support Business Unusual.

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

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

Mr. David Corbin, 1002 N. 49 St., Omaha, NE, asked about the process for approval of purchases over \$500,000 that is discussed at Board Committee meetings. Chairman Ulrich provided information.

Mr. Blake Nixon, president, Geronimo Energy, LLC, thanked the Board for the decision to proceed with the Grande Prairie wind farm.

Mr. Laverne Thraen, 4728 Cass St., #12, Omaha, NE, asked about what is included in the \$500,000 that has been set aside for the demand-side management study. Vice President Hutcherson provided information. He also asked about the costs to the District for not having NRC inspectors on-site during the government shutdown and President Gates provided information.

At this time, Director Weber congratulated and thanked Dean Mueller as well as the management team for their hard work on the wind project. Director Weber said it is important to note that these are complex issues that involve several aspects of the organization.

There being no further business, the meeting adjourned at 10:56 a.m.

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S. L. Hutcherson  
Assistant Secretary

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D. S. Emerson  
Corporate Secretary