



MINUTES

BOARD OF DIRECTORS' MEETING

January 16, 2014

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 January 16, 2014, 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. Cobleigh, 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. J. Jacobberger P. E. Lukowski, B. Hansen, as well as several customer owners and OPPD employees.

Chairman Ulrich introduced his daughter Jennifer and her two daughters, Rachel and Samantha.

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 January 10, 2014; 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 approve the November 2013 Comprehensive Financial and Operating Report and the minutes for the last meeting. 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. 5983 authorization of the earnings rates used in the Fort Calhoun Station decommissioning funding analysis. Director Mines reported this item is to authorize the decommissioning fund earnings rates for use in the 2014 Fort Calhoun Station Decommissioning Funding Analysis. The Nuclear Regulatory Commission (NRC) requires that the District maintain an external trust fund to accumulate funds for the future decommissioning of Fort Calhoun Station. The District began accumulating monies for decommissioning in an external trust fund in 1983. Funding is based on an NRC defined cost formula which is updated by the District on an annual basis. The annual funding analysis uses rates from IHS Global Insight for projected decommissioning cost inflation and decommissioning fund earnings. The IHS rates for decommissioning fund earnings are adjusted since the IHS rates are based on 5-year Treasury Notes and the decommissioning funds are invested in U.S. government agency securities, corporate securities and two fixed income funds which result in higher yields than 5-year Treasury Notes. The difference between the decommissioning earnings rates and decommissioning cost inflation rates (real rate of return) used in the 2014 Decommissioning Funding Analysis was greater than 2% in most future years. NRC regulations require OPPD to obtain Board approval when the real rate of return is greater than 2 percent. Director Mines requests authorization of the earnings rates used in the 2014 Fort Calhoun Station decommissioning funding analysis.

Director Gay commented that he liked the idea of approving this item separate and not including it in the Corporate Operating Plan as has been done in previous years.

Director McGuire asked about the amount the District is contributing to the decommissioning fund, and Vice President Easterlin indicated there are actually two funds: 1) an NRC minimum required fund to ensure we can decommission the nuclear portion of the plant, and 2) a fund to take the entire site to green field status. He said the District is contributing \$3.4 million in 2014 to ensure we can decommission the nuclear portion of the plant and take the entire site to green field status.

Director Mines inquired about the fact the District is required to report when earnings rates exceed 2%; however, there is no requirement to report earnings rates below 2%. Vice President Easterlin said the purpose of this item is to ensure adequate funding is realized.

Director Green said the attachment includes the year 2067 and asked if that includes the time from the expiration of the license plus an additional amount of years. Vice President Easterlin said by regulation, it could potentially take 60 years to decommission a nuclear plant.

Mr. John Pollack, 1412 N. 35 St., Omaha, NE agreed with the Board on separating this item from the Corporate Operating Plan, and asked the Board to be cautious on the realized rate of return.

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. 5984 authorization to award a contract to supply labor for the removal and replacement of waterwall tubing on the North Omaha Station Unit No. 3 boiler. Committee Chair Weber reported this item is to provide the labor for the removal and replacement of sections of Waterwall Tubing on the North Omaha Station Unit 3 boiler. Sections of the front/rear waterwall arch tubing of the Unit 3 boiler have been evaluated and are recommended for replacement in order to maintain reliable operation of the unit. Installation of OPPD supplied materials will occur during a scheduled maintenance outage that will begin on March 1, 2014. Four bids were received. All bids were technically and legally responsive. The Engineer's Estimate is \$1,300,000.

Director Gay asked if this project would be required if the District switches the unit to natural gas, and Director Weber indicated it would be required.

Mr. David Corbin, 1002 N. 49 St., Omaha, NE, expressed his disappointment in spending additional money for work at the North Omaha Station as well as the fact there has been no clear plan for the future of the Station.

Mr. Graham Jordison also voiced his disappointment in spending additional money for work at the North Omaha Station and asked the Board to delay a vote until groups can engage in discussion through OPPD's stakeholder process.

Ms. Cynthia Tiedeman, 7562 Drexel St., urged the Board for a long-range plan for the North Omaha Station and asked for discussion with the public before moving forward with any plans for the Station.

Ms. Patricia Fuller, Council Bluffs, IA told the Board the decisions for the North Omaha Station do affect people outside of the service territory and advised the Board on other plants that are being retired or reconfigured to natural gas.

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. 5985 authorization to award a contract for the purchase of transmission tubular steel poles for Line 104. Committee Chair Weber reported this item is to purchase steel poles to relocate approximately 0.5 miles of transmission line. The steel poles are required to relocate an existing 345kV transmission line to the edge of a customer's property. The proposal includes seven transmission structures. Nine proposals were received. Two proposals are legally nonresponsive. One proposal is commercially nonresponsive. An evaluation of the proposals was completed and the TransAmerican Power Products, Inc. bid was selected as the lowest and best evaluated bid. The Engineer's Estimate is \$677,250.

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 completion of the Fort Calhoun outage and the CC1 overhaul with all crafts.
- They also supported work on two outages at North Omaha and two small peaking station outages during the month. High priority on-line projects are in progress at North Omaha, Nebraska City and the peaking stations.
- Planning activities for this spring's outages are nearing completion for NC2, NO4 and NO3. Pre-outage work has started.
- Unit outages in December included an outage on Unit 4 to repair a leak on the cold reheat header and outages on Units 2, 3 and 5 due to a failure on a potential transformer located in Substation 1211.
- NC2 established another monthly record for generation (486,279 net MWH) and capacity factor (94.6%) during December.
- The Bucket Wheel Reclaimer gearbox for the main bucket drive failed on Friday, December 13 and was out of service for 7 days while maintenance staff worked around the clock to restore its service.
- During this time, coal trains were stopped, and before full train service was restored, the Coal Handling workgroup had reclaimed over 150,000 tons of coal to allow NC1 and NC2 to continue with uninterrupted operation.
- The Cass County 1 overhaul was completed during December.
- Renewable energy contributed 6.2% of OPPD's retail energy sales in December and the December renewable portfolio capacity factor was 46.1%.
- OPPD has successfully completed 9 deployment tests with SPP. A deployment test is when SPP takes over the control of our units and dispatches them based on the needs of the systems.

Fort Calhoun Station

Plant Status

Plant is at 100% power

Status of On-going Work

- On January 9, the plant was shut down to repair an intake structure sluice gate that was found damaged because it was frozen in place.
 - The intake sluice gates must be able to fully close to provide flooding protection for the station's four raw water pumps. Repairs are currently in progress and the station came back on line Monday afternoon..
- On January 7, power was reduced to 98% to perform Moderator Temperature Coefficient Determination test RE-ST-RX-0003.
- The station remains in AOP-01, Acts of Nature, Section IV, Low River level, since the Missouri River level remains around 983' due to reduced release rates from Gavins Point Dam.
- Breakers were closed at 2100 on December 21 and reactor power stabilized at 100% on December 26.
- Low power physics testing was completed and the plant entered Mode 1 when reactor power achieved 2% at 1630 on December 19.
- The reactor coolant system was diluted and then control rods were pulled to take the reactor critical (Mode 2) at 1848 on December 18.

- A cover was designed and installed on the auxiliary feedwater pump FW-10 steam piping coffer dam in Room 81 to address HELB concerns.
- Final containment closeout inspections and personnel air lock (PAL) door testing were completed.
- The Emergency Response Organization graded exercise was conducted satisfactorily.

Regulatory

- Significant work was performed throughout the month of December by both the NRC and FCS staff members.
- On December 17, the NRC formally notified OPPD by letter that FCS can begin the process of restarting the reactor. The NRC provided 24 hour/day coverage for the reactor startup, power ascension, and operations for approximately 10 days.
- The NRC Access Authorization inspection exited with one licensee identified violation and two minor violations.
- The NRC Emergency Planning graded exercise inspection exited with one potential violation in the area of Command and Control for the OSC.
- On January 9, INPO CEO Bob Willard visited the plant

Upcoming inspections/activities:

- Jan. 13-24 Security Programs & Fitness for Duty NOS Audit
- Jan. 17 INPO ATV Closing Exit
- Jan. 27-Feb. 7 INPO Crew Performance Evaluation (CPE)
- Feb. 10-21 Maintenance Functional Area NOS Audit
- Feb. 25 ERO Training Drill (Red Team responds / White Team controls & evaluates)
- Mar. 3-14 WANO Plant Evaluation (E&A)
- Mar. 10-21 Emergency Preparedness NOS Audit
- Mar. 19 National Nuclear Accrediting Board
- Apr. 7-11 Aircraft Threat NRC Inspection (Operations, Emergency Planning, Security)
- Apr. 14 Initial License Training (ILT) Audit Exam

TRANSMISSION & DISTRIBUTION (T&D)

- Because of the extreme cold weather in late December, OPPD's transmission system saw higher power flows than normal during that time period, but the system held up well under the extreme winter conditions.
- T&D completed another year with a significant improvement in personal injury performance.
 - Over the past five years there has been a declining trend with 2013 being the lowest level of DART (days away, restricted, transferred) classified injury. The Substation and System protection department, of 75 employees which routinely drive many miles to facilities across our 13 counties, went over 1,040 days without a preventable vehicle accident.
- On January 8, OPPD crews completed a key project milestone when they energized two distribution circuits to serve Fidelity's new data center, located at 114th and Cornhusker Rd.
 - Fidelity will begin their commissioning soon, and expects to have the data center operational by mid-summer. Engineering and purchasing are in progress to complete the final phase of the project by relocating a high voltage transmission line running through the middle of Fidelity's property to the edge and at their expense. The relocation is scheduled for construction in fall 2014.
- T&D completed an assessment of over 800 miles of high-voltage transmission lines to ensure proper safety clearances.
 - This program is also a part of a plan to improve the reliability of our power grid and to proactively ensure compliance with NERC reliability standards. To date we have remediated 87% of identified improvements with plans to be done by the end of 2014.

FINANCE

-The District continues to negotiate with our insurance carrier, Nuclear Electric Insurance Limited (NEIL), regarding an outage claim arising from property damage sustained at Fort Calhoun Station as a result of the 2011 Missouri River flood event. On site meetings are scheduled with NEIL for the last week in January and mid-February, 2014.

CUSTOMERS

- OPPD finished the year with one of the best safety records in decades.
 - In 2013, OPPD had 18 DART cases compared to 24 in 2012 and 27 in 2011. Total injury cases in 2013 were 31 compared to 45 and 50 in 2012 and 2011, respectively.
 - Congratulations to the OPPD team for their continued focus on injury prevention.
- The OPPD team completed a Value Streaming event to improve concerning customer communications during outages. This was the first value streaming event at OPPD and the Senior Team plans to embark on a Corporate Value Streaming Activity in 2014.

PEOPLE/TEAM

- Over 140 employees attended the OPPD Women's Network kickoff on Tuesday, December 10.
- Sherrye Hutcherson opened the event with an inspirational talk urging women to make their voices heard. An Open Space brainstorming activity helped the women generate ideas on how to support the network's mission to "attract, develop, advance, and retain talented women".
- Committees will be working on 2014 programs including professional and personal development learnings, networking and mentoring opportunities, and increased community involvement.

The next order of business was election of Board officers. Chairman Ulrich indicated the Board offices are elected annually and announced that nominations were open for Chairman of the Board.

CHAIRMAN OF THE BOARD

Director McGuire nominated Mike Cavanaugh for the office of Chairman of the Board. As there were no other nominations, nominations were closed and 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.

VICE CHAIRMAN OF THE BOARD

Director Gay nominated Anne McGuire for the office of Vice Chairman of the Board. As there were no other nominations, nominations were closed and 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.

TREASURER OF THE BOARD

Director Barrett nominated John Green for the office of Treasurer of the Board. As there were no other nominations, nominations were closed and the vote was recorded as follows: Barrett – Yes; Cavanaugh – Yes; Green – Yes; McGuire – Yes; Mines – Yes; Ulrich – Yes; Weber – Yes. The motion carried.

SECRETARY OF THE BOARD

Director Gay nominated Mick Mines for the office of Secretary of the Board. As there were no other nominations, nominations were closed and 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, President Gates recognized Chairman Ulrich. Mr. Gates thanked Mr. Ulrich for his leadership and his service. Mr. Gates said that Mr. Ulrich was appointed by the Governor to the Board in 1986 and has served in every officer position. At this time, Chairman Cavanaugh presented Director Ulrich with a plaque and also thanked him for his service.

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 updated the Board on winter weather.

Ms. Krystal Craig, 7110 S. 76 St., LaVista, NE was concerned the work at the North Omaha Station and the repairs at the Fort Calhoun Station would be passed on to the ratepayers. Chairman Ulrich said that the repairs are minimal and the work at the North Omaha Station has been budgeted; therefore, no rate increase is planned.

Mr. Ben Nelson, 14349 Hamilton St., Omaha, NE advised the Board on the positive aspects of carbon dioxide.

Matt Cronin, 4515 Charles St., Omaha, NE, asked the Board to consider other forms of energy other than coal.

Mr. John Atkieson, representing the Nebraska Wildlife Federation, advised the board on climate and other aspects of carbon dioxide.

Director Gay asked to have a presentation to the Board on the District's involving the upcoming Southwest Power Pool Integrated Marketplace.

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

E. E. Easterlin
Assistant Secretary

D. S. Cobleigh
Corporate Secretary