

MINUTES OF THE BOARD OF PUBLIC WORKS

A special meeting of the Beatrice Board of Public Works was held concurrent with the City Council meeting on the 19th day of October, 2015 at 7:03 p.m. in the BPS Administration Meeting Room, 320 North 5th Street, Beatrice, Nebraska.

ROLL CALL

Attending: Boardmembers: Baehr, Leech, and Moran.

Absent: Boardmembers: Eskra and Moon.

Acting Chairman Bob Moran announced that a copy of the Open Meetings Act is available in the meeting room and is accessible to members of the public.

CONSENT AGENDA

- a. Approve agenda as submitted.
- b. Receive and place on file all notices pertaining to this meeting.
- c. Receive and place on file all materials having any bearing on this meeting.

Moved by Baehr, seconded by Leech, that the items listed under the consent agenda, be approved, accepted, and/or ratified as presented.

Roll Call: Yea: Baehr, Leech, Moran

Nay: None

MOTION CARRIED.

The Board of Public Works sat through the City Council meeting.

PUBLIC HEARINGS/BIDS

There were no public hearings/bids.

RESOLUTIONS

There were no resolutions.

ORDINANCES

There were no ordinances.

PUBLIC FORUM

No one appeared at public forum.

Boardmember Eskra arrived at 7:36 p.m.

DISCUSSIONS/REPORTS

NPPD Presentation

Gary Thompson, NPPD Board Member, Traci Bender, Vice President and Chief Financial Officer, Tom Kent, Vice President and Chief Operating Officer, Ken Curry, Vice President of Customer Services, and Chad Podolak, Customer Account Manager, representatives of Nebraska Public Power District (NPPD), were present to give a presentation on NPPD's financial position, future plans for NPPD, and answer any questions or concerns the City Council had in regards to the upcoming contract renewal.

Traci Bender reported NPPD's current outstanding debt is approximately \$1.7 billion dollars, noting that approximately \$700 million dollars of that debt will be paid off by the time the new agreement will take place. Bender noted that NPPD recently spent \$600 million dollars to ensure Cooper Nuclear Station can run an additional twenty (20) years. Bender went on to report that NPPD's debt service coverage is approximately 1.5 times, equaling about 182 days of cash, which is on the high side in comparison of their peers. Bender noted that NPPD tries to have a rapid pay down for their debt. Recently the debt service has been increasing the transmission rates due to significant transmission upgrades.

Tom Kent reported NPPD owns and/or operates thirty-three (33) generating facilities, which had a combined capacity of over 3,000 megawatts in 2014. NPPD has tried to focus on a less carbon intensive generation for over a decade, which will help with the EPA's clean power plan's latest rules that were published in August. Looking at all of NPPD's energy resources, forty-two percent (42%) are carbon free resources. Kent also gave an overview of how the daily price for energy is set. Councilman Fairbanks inquired why NPPD could not simply put all of their generating facilities online and help to reduce cost for everyone. Kent noted the reason is that NPPD cannot store the excess and the cost is based on the instantaneous match for the demand of electricity at the present time.

Ken Curry noted that NPPD plans for long term benefits for their customers and it is very important to them to help keep costs low. Curry noted that in the proposed contract there will be a performance based clause which will hold NPPD accountable and will be an incentive to continue to keep rates low. Curry closed noting NPPD will be here for the long term should the City decide to sign with NPPD. Councilman Clabaugh inquired if NPPD will be more active with economic development in the future. Curry noted NPPD still has a team focused on economic development with a reduced staff.

Tobias Tempelmeyer, City Administrator, inquired what the proposed rate increase will be in 2020 and 2021. Traci Bender noted it is anticipated to be three percent (3%). Tempelmeyer also inquired why NPPD suddenly feels the need to have the OPEP trust fully funded today. Bender noted NPPD has accrued liabilities should they start catching up. Bender also noted that there are some customers that want to stay with NPPD, however, they do not want to pay for obligations of those who customers who do not stay.

Tempelmeyer also inquired why NPPD is not looking to start collecting the OPEB costs for their retail customers. Bender noted that no decision has been made by the NPPD Board at this time on the transmission or retail share.

BPW Boardmember Baehr inquired why NPPD has not asked the retail customers to start funding the OPEB costs. Bender noted that at this point in time NPPD has unfunded liability for the duration of the contract, which is five (5) to six (6) years. BPW Boardmember Baehr inquired why NPPD is deferring retail until it is closer to the term of the contract. Bender noted they have put off borrowing at this time.

Tempelmeyer inquired if NPPD had not struggled with getting the contract signed with their wholesale customers, would NPPD not have collected OPEB. Bender noted this acceleration is not being done because of the customers that have left, it is due to unfunded obligations and sensing through negotiations that customers may look to do different things.

Boardmember Baehr left at 8:35 p.m.

ADJOURNMENT

The next regular Board of Public Works meeting is scheduled for October 28, 2015 at 12:10 p.m. in the City Hall Conference Room, 400 Ella Street, Beatrice, Nebraska.

Moved by Leech, seconded by Eskra, that the meeting be adjourned at 8:42 p.m.

Roll Call: Yea: Eskra, Leech, Moran
Nay: None

MOTION CARRIED.

Bob Moran, Secretary

Dave Eskra, Chairman