THE CENTRAL NEBRSKA PUBLIC POWER AND IRRIGATION DISTRICT

MEMORANDUM

To: Jerry Kenny, PH.D., Executive Director - PRRIP
Jeff Fassett, Director - Nebraska Department of Natural Resources
Diane Wilson, COO/CFO - Nebraska Community Foundation
From: Don Kraus, PE, General Manager - CNPPID
Subject: Quarterly J-2 Regulating Reservoir Report - through March 2016
Date: May 25, 2016

Progress Report

The RJH J-2 Project quarterly progress report is attached.

Financial Report

Funds received to date	$	20,475,000.00
J-2 Operating Fund	$	10,786,941.87
Construction Phase Decommissioning Fund		2,252,443.50
Construction Phase Reserve Fund		2,653,158.21
Construction Phase Project Fee		374,108.31
Total	**$**	**16,066,651.89**
March Expenses not Reflected in Bank Balance		301,474.19
Adjusted Quarterly Balance as of March 31	**$**	**15,765,177.70**
J2 Project Expense 1st Quarter 2016		346,926.31
J2 Project Expenses 2013		77,400.79
J2 Project Expenses 2014		1,570,395.85
J2 Project Expenses 2015		2,715,099.35
Total J-2 Project Expenses Paid Through March 2016	**$**	**4,709,822.30**

J-2 Regulating Reservoirs Project
Report Period: March to May, 2016

The purpose of this Quarterly Report is to provide a general summary of the work performed for the J-2 Regulating Reservoirs Project (Project) during March, April, and May, 2016. This report does not include details of all the subtasks performed. The summary of work is organized into the following general categories of work:

- General Project Management and Implementation Tasks
- Permitting Activities
- Land Purchase Activities
- Water Rights Petition Filing
- Engineering Tasks

General Project Management and Project Implementation Tasks

- Continued to coordinate as a team through recurring teleconferences.
- Maintained a Project website to provide information to the public.
- Continued to hold topic-specific coordination meetings to support various aspects of permitting and engineering.
- Continued to manage specialized sub consultants related to environmental and cultural resource permitting.
- Revised the overall Project schedule to reflect the changes in project concept.
- Began working to revise the agreement between Central and the Program to reflect a single reservoir concept.
- Held a meeting at Central's offices to collaborate on strategies and tasks to perform during the next 6 months and to evaluate possible effects of land ownership/access on the long term Project schedule.

Permitting Activities

- Met with Program to discuss development of a purpose and need statement that would facilitate overall 404 permitting requirements on the Project.
- Continued preparation of the Phase I archeological reports.
- Continued report preparation for the wetland and stream data collection and functional assessment.
- Completed evaluation of the 2015 water quality data and confirmed that additional sampling and testing is needed during 2016 to support establishment of baseline water quality data. Began confirming that 2016 data collection for water quality would meet all requirements of the study plan.

- Met with FERC in Washington D.C. to discuss the changes to the project concept and schedule.
- Continued to evaluate and discuss the change to a single reservoir concept and the expected permitting process.
- Continued development of the Phase II CRSP.
- Continued to develop an approach to consultations with the Pawnee Nation.

Land Purchase Activities

- Paused discussions with Landowners until a new agreement between Central and the Program had been reached.

Water Rights Petition Filing

- No work was performed on this task.

Engineering Tasks

- Advanced 14 exploratory boreholes to evaluate the feasibility of the seepage barrier wall.
- Installed seven new monitoring wells, to assist in evaluating the feasibility of the seepage barrier wall.
- Began evaluation of geotechnical data related to feasibility of the barrier wall concept.
- Continued to monitor the groundwater levels at 28 monitoring well locations along the Phelps Canal and around the proposed reservoir areas.
- Continued laboratory testing and compilation of geotechnical data.
- Began evaluation of the Unnamed Tributary Structure to evaluate options for reducing Project costs.
- Continued evaluating a VE concept proposed by the special advisor to the Program.
- Began evaluation of using geophysical techniques to explore the low-permeability layers at the Project.

Tasks Anticipated for the Next Quarter

- Begin collecting water quality data for 2016 in accordance with the approved study plan.
- Complete a draft of the Phase II CRSP and issue for stakeholder comment.
- Complete and file with FERC and Nebraska SHPO the reports from the Phase I and Cultural Resource studies.

- Complete the reports of the wetlands survey and stream functional assessment. Issue draft reports for preliminary USACE review and stakeholder review.
- Continue development of purpose and need statement, and approach to obtain the USACE 404 permit.
- Finalize the revised agreement between Central and the Program.
- Potentially resume negotiations to access land for continued geotechnical and cultural resource studies.
- Continue evaluation of the feasibility of a barrier wall seepage management system.
- Continue engineering tasks to advance the concept for a single reservoir project.

Potential Issues:

The key issues for the Project at this time are:

- We need to continue progress towards gaining access to, or ownership of the private land at the identified Project location to advance data collection for permitting and engineering design.