



Powering A Brighter Future

ANNUAL REPORT 2020



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VISION

Powering a brighter future for our customers and communities while supporting public power in Nebraska.

MISSION

To safely provide our customers with highly reliable and competitively priced electricity, superior customer service and innovative energy solutions.

VALUES

We value our employee and customer opinions.

We work together to support, trust and respect each other.

We conduct business in a safe and honest manner.

We do what is right, treat others the way we want to be treated and lead by example.

We strive for excellence.

PRESIDENT'S MESSAGE

Looking back on 2020, the year began as expected, with our team members executing the annual work plan as approved by our Board of Directors. Then the year changed dramatically with an unprecedented challenge in facing the worst public health crisis since the early 1900's. The COVID-19 pandemic arrived in March and we immediately developed objectives and solutions for keeping our employees safe while continuing to provide our customers with low-cost reliable electric power and outstanding customer service. We closed offices to protect those staff members who typically meet with customers on a personal basis and learned how to support our customers remotely from home. We staggered working hours for many of our outside crews and didn't miss a beat in completing facility improvement projects throughout the year. Most importantly, we maintained a safe environment for our employees and kept our focus on supporting our customers. It was a long year and we missed our face-to-face contacts with customers and team members. I am so proud of our employees in how they responded. My thanks go out to our customers as they too had to adjust with our doors closed and turned to our online applications to pay bills and request various forms of service. It was a learning process for all of us. Everyone's patience and understanding were much appreciated.

We were fortunate to have a strong financial year in 2020. The year started with a .50% rate reduction as we continued to strive to maintain our competitive ranking with our rural counterparts. Revenues increased almost 7.0% due to a significantly warmer and dryer year requiring our irrigation customers to increase water applications resulting in increased energy usage. Net Margins were unusually high reaching \$11.2 million which allowed us to establish a rate stabilization account to be used in future years to keep rates low. We invested almost \$17.0 million in our electric facilities to ensure high reliability and adequate capacity for future growth. We also took advantage of the low interest rate environment by issuing new debt in the summer at less than 2.0% and refinancing some old debt at the end of the year at less than 1.0%. Those actions will keep financing costs low as we now are capitalized sufficiently for several years to come.

Strategically we executed new retail lease agreements with the Villages of Chapman, Loomis, Palmer, Atlanta and Hordville, securing those loads through 2040.

We made progress on two renewable energy projects leading to a purchase power agreement for a two-turbine 5.64 MW wind project and made plans for several 1 MW solar projects strategically placed throughout our service area. These projects will provide for clean low-cost energy and will act as a pricing hedge against our current wholesale power contract.

We completed our new service center in Funk, which became operational last spring. Customers realized savings through our EnergyWise programs and we continued to see support from our customers through their participation in our Operation Round Up program. Both programs broke records in 2020 for the number of participants and the funds provided.

On a more somber note, we lost Board member and my predecessor, Gary Hedman, to a brief illness last March. Gary served on our staff for 38 years and on the Board for 8 years before his passing. We miss Gary's support and his immense knowledge of the industry.

I would also like to extend a special thank you to Dirk Nickel, our Board representative from Kearney County, who resigned his position with the District at the end of 2020 after 29 years of service. Dirk's contributions during his tenure and his unwavering support of the agriculture industry in Nebraska were very much appreciated and we wish him well in his future endeavors.

I am very proud of the work we have accomplished in 2020 for our customers and our ability to keep our employees safe and healthy. As we emerge from this challenging year, we will continue to solidify our reputation as the premier service provider in our industry while earning your trust to do business with us. My thanks go out to our Board of Directors and our very valuable group of dedicated employees for their commitment during this past year as we look forward to 2021.



NEAL NIEDFELDT
CHIEF EXECUTIVE OFFICER

A stylized, handwritten signature in black ink, appearing to read 'Neal Niedfeldt'.



EXECUTIVE STAFF



**AARON
BROWN**
ENGINEERING/
OPERATIONS MANAGER



**BRAD
KOOL**
CHIEF FINANCIAL
OFFICER



**LEANNE
DOOSE**
PUBLIC RELATIONS
MANAGER



**SAM
REINKE**
ENERGY SERVICES
MANAGER



**JACK
WELCH**
IT MANAGER



**ANTHONY
BOHATY**
IRRIGATION SERVICES
MANAGER



ABOUT SPPD

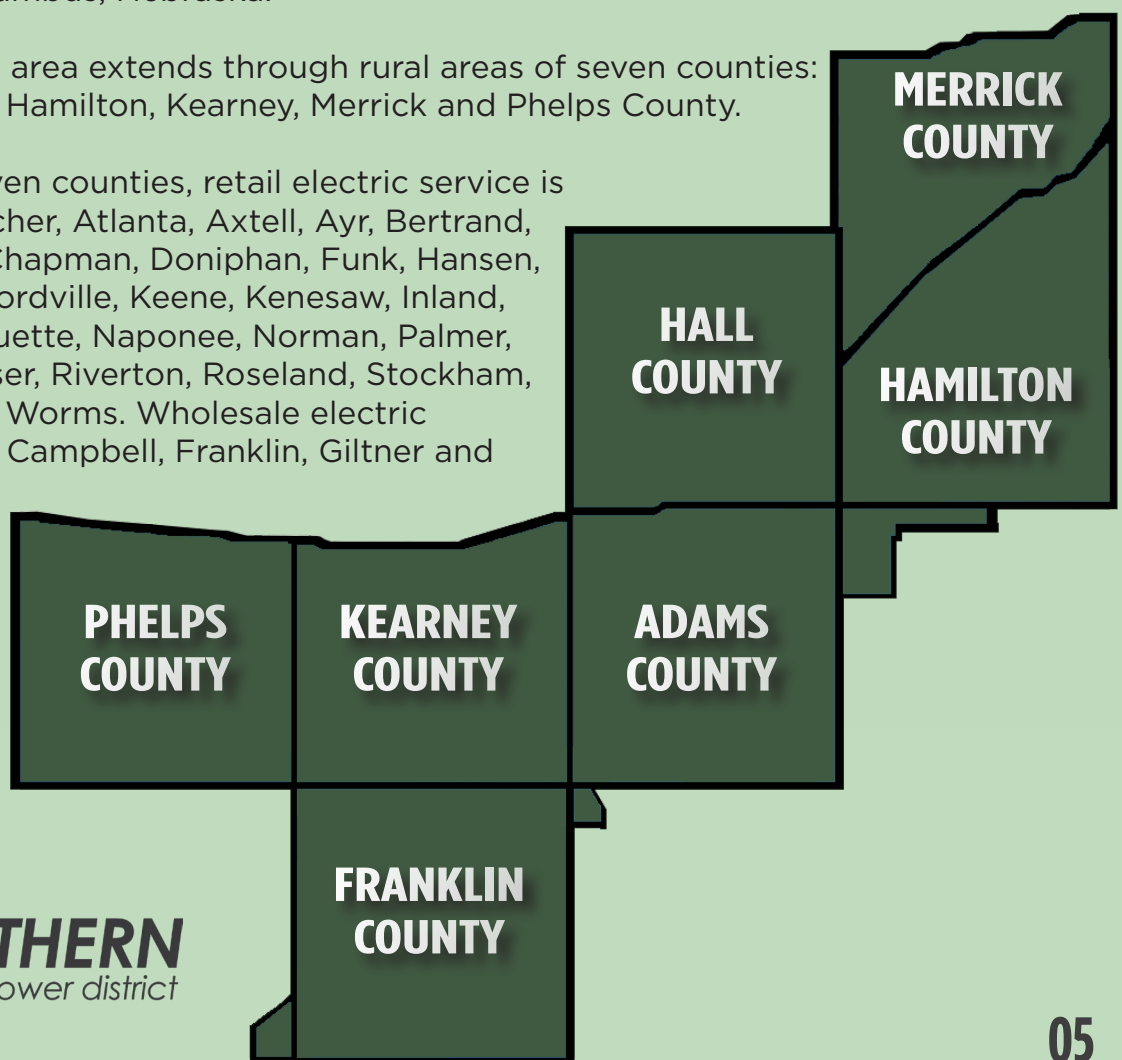
Southern Public Power District is a publicly-owned electric distribution system providing electricity to customers in south central Nebraska.

We are a non-profit political subdivision of the State of Nebraska. Policies and rates are established by an elected 14-member board of directors. Each county served by Southern is represented by two Directors who serve six-year terms.

Southern operates 7,088 miles of lines throughout the District's 4,028 square mile service area. Southern purchases all of its power from Nebraska Public Power District (NPPD), headquartered in Columbus, Nebraska.

Our chartered service area extends through rural areas of seven counties: Adams, Franklin, Hall, Hamilton, Kearney, Merrick and Phelps County.

Throughout those seven counties, retail electric service is provided to: Alda, Archer, Atlanta, Axtell, Ayr, Bertrand, Bloomington, Cairo, Chapman, Doniphan, Funk, Hansen, Heartwell, Holstein, Hordville, Keene, Kenesaw, Inland, Loomis, Macon, Marquette, Naponee, Norman, Palmer, Pauline, Phillips, Prosser, Riverton, Roseland, Stockham, Trumbull, Upland and Worms. Wholesale electric service is provided to Campbell, Franklin, Giltner and Wood River.





PROJECTS IN 2020

SUBSTATION PROJECTS

- **NORTHWEST SUBSTATION:** New 69kV substation in Hall County
- **FORT KEARNEY SUBSTATION:** Relocation of switch, and replacement of high side fuse holders in Kearney County
- **MINDEN SUBSTATION:** Replacement of bus work in existing substation, including bypass switches in Kearney County
- **ATLANTA SUBSTATION:** New 69kV substation in Phelps County

SUBTRANSMISSION LINE PROJECTS

- **OLD GILTNER TOWN 76-77 TO AURORA 76-66 TAP:** Construction of four miles of 69kV with one mile of distribution under build.
- **CAAP 76-99 TO NORTHWEST TAP:** Construction of four miles of 69kV with one mile of distribution under build.
- **CHAPMAN 76-6 TO ARCHER 76-16:** Construction of five miles of 69kV with five miles of distribution underbuild.
- **ELM CREEK TO OVERTON INTERSTATE CROSSING:** Construction of 1-3/4 miles of 69kV subtransmission line crossing Interstate 80 and the Platte River.

OTHER SYSTEM PROJECTS COMPLETED

- **DISTRIBUTION LINE IMPROVEMENTS & INSTALLATIONS:** 50 miles of new or upgraded lines.

SERVICE CENTER FACILITY COMPLETION

In February, the District's new Funk Service Center was completed. Although the pandemic prevented us from welcoming customers into the facility, the building was occupied by Funk Area employees in February. The new building houses personnel, equipment and vehicles, with offices, warehouse space and the truck barn encompassing 26,700 square feet.

STATEMENTS OF NET POSITION

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2020	2019
Capital Assets	\$ 286,458,084	\$ 274,160,961
Less: Accumulated Depreciation	(95,453,889)	(90,527,013)
Net Capital Assets	<u>191,004,195</u>	<u>183,633,948</u>
Deferred Outflows of Resources:		
Deferred Charges	<u>3,612,235</u>	<u>2,197,881</u>
Non-Current Assets:		
Investments, Unrestricted	2,500,000	7,500,000
Unamortized Bond Issue Costs	451,180	264,952
Unamortized Pension Costs	3,107,022	3,611,388
Other Assets	261,612	270,397
Investments in Associated Organizations	1,811,454	1,798,586
Total Non-Current Assets	<u>8,131,568</u>	<u>13,445,323</u>
Current Assets:		
Cash and Cash Equivalents	31,943,261	9,697,175
Cash and Cash Equivalents, Restricted	2,442,500	---
Investments, Unrestricted	18,500,000	26,000,000
Accounts Receivable, less allowance for doubtful accounts of \$100,000	5,077,128	6,344,449
Unbilled Revenue	1,607,019	1,463,866
Interest Receivable	117,927	342,140
Materials and Supply Inventory	6,883,732	6,895,226
Prepaid Expenses	294,251	296,731
Total Current Assets	<u>66,865,818</u>	<u>51,039,587</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 269,613,816</u>	<u>\$ 250,316,739</u>

STATEMENTS OF NET POSITION

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

	2020	2019
Net Position:		
Investments in Capital Assets	\$ 152,002,938	\$ 152,926,599
Unrestricted	<u>63,488,208</u>	<u>51,409,973</u>
Total Net Position	<u>215,491,146</u>	<u>204,336,572</u>
Deferred Inflows of Resources:		
Deferred Credits	<u>1,869,161</u>	<u>272,620</u>
Non-Current Liabilities:		
Revenue Bonds Payable	39,452,736	30,972,302
Less Current Maturities	<u>(4,426,336)</u>	<u>(3,440,260)</u>
Total Non-Current Liabilities	<u>35,026,400</u>	<u>27,532,042</u>
Current Liabilities:		
Accounts Payable	8,424,673	9,972,344
Accrued Expenses	3,319,117	3,314,778
Consumer Deposits	1,056,983	1,448,123
Current Maturities of Revenue Bonds	<u>4,426,336</u>	<u>3,440,260</u>
Total Current Liabilities	<u>17,227,109</u>	<u>18,175,505</u>
Total Liabilities & Net Position	<u>\$ 269,613,816</u>	<u>\$ 250,316,739</u>

STATEMENTS OF REVENUE & EXPENSE

OPERATING REVENUES

	2020	2019
Residential Sales - Rural	\$16,076,172	\$16,770,426
Residential Sales - Villages	6,869,519	7,022,567
Residential Sales - Seasonal	270,808	343,542
Irrigation	28,350,052	19,469,473
General Services	4,167,803	4,213,782
Large Power	33,729,244	35,743,942
Wholesale	1,922,589	2,010,702
Unbilled Revenue Adjustment	143,152	37,706
Total Electric Revenues	<u>91,529,339</u>	<u>85,612,140</u>
Rate Stabilization	(1,609,339)	0
Sub-Transmission Wheeling Revenue	52,381	46,961
Other Electric Revenue	337,184	362,539
Total Operating Revenues	<u>90,309,565</u>	<u>86,021,640</u>

OPERATING EXPENSES

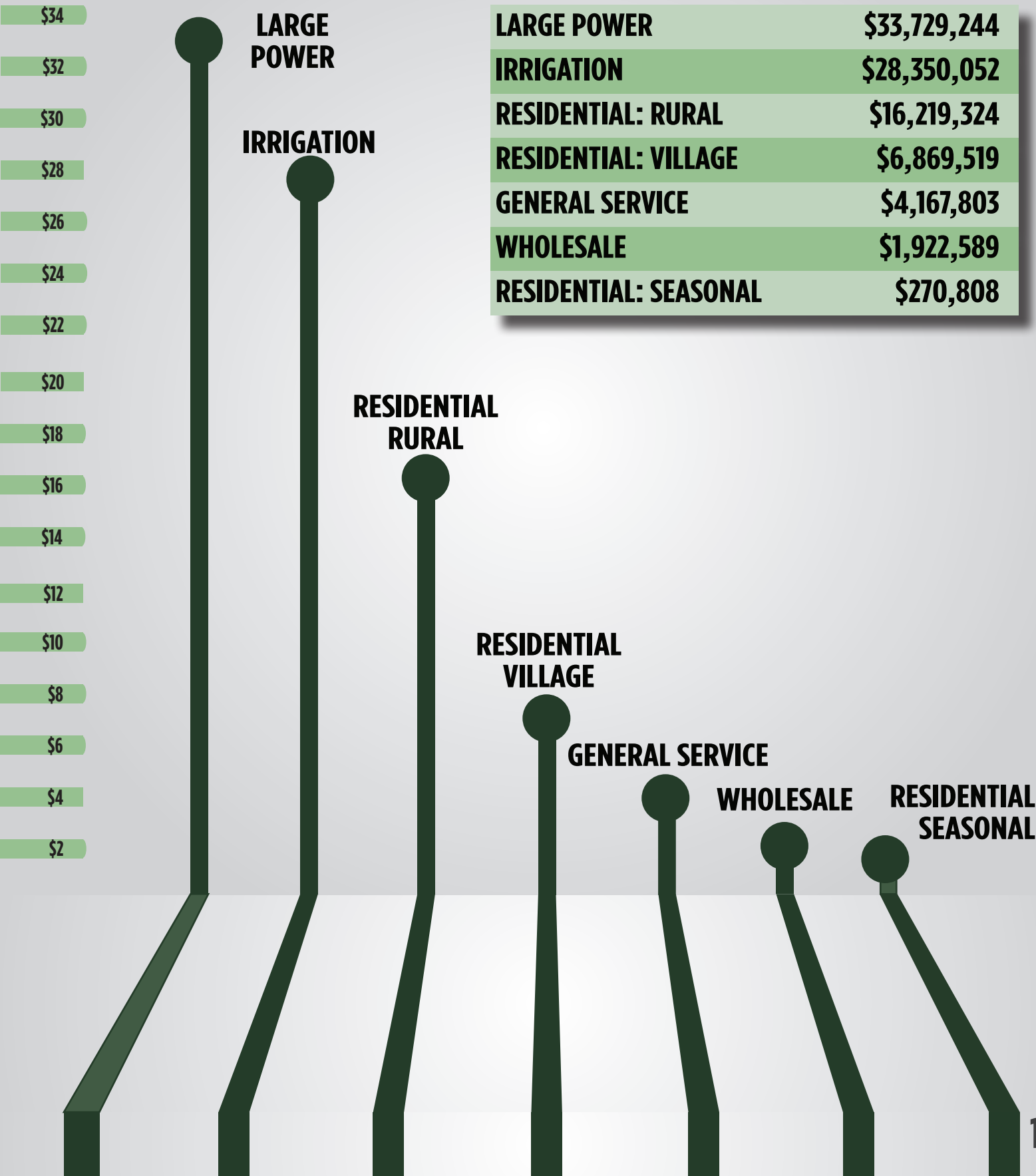
Cost of Power	58,786,602	59,518,847
Transmission - Operations	279,921	283,806
Distribution - Operations	1,231,903	1,183,495
Customer Accounts	773,528	744,527
Customer Service and Information	349,552	360,583
Administrative and General	2,315,588	2,601,704
Maintenance Expense	6,363,194	6,212,848
Depreciation and Amortization	9,499,622	9,085,009
Taxes	49,152	53,694
Total Operating Expenses	<u>79,649,062</u>	<u>80,044,514</u>
Operating Income	\$ <u>10,660,503</u>	\$ <u>5,977,126</u>

STATEMENTS OF REVENUE & EXPENSE

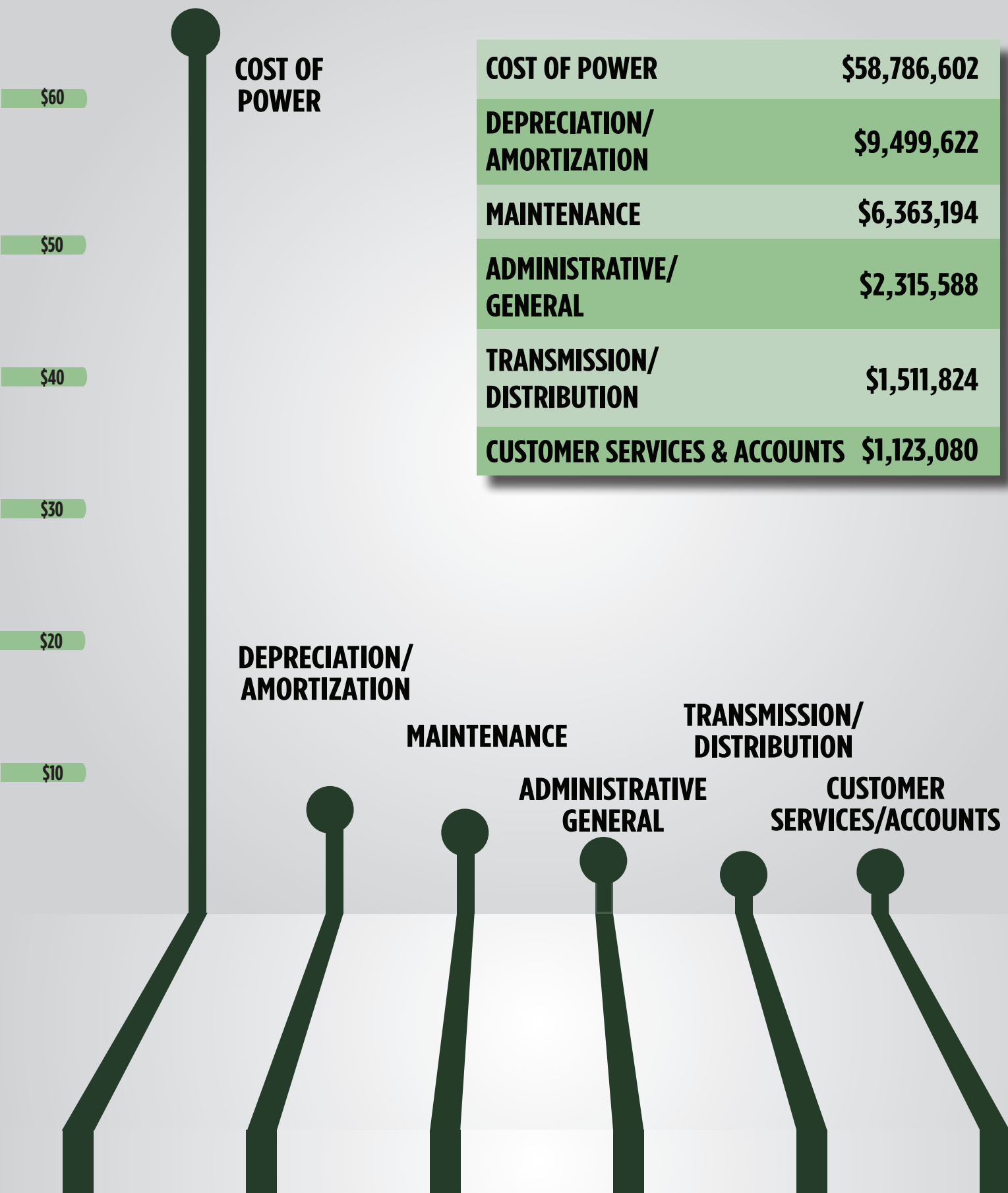
OPERATING EXPENSES, CONTINUED

	2020	2019
OPERATING INCOME	\$ 10,660,503	\$ 5,977,126
Investment and Other Income		
Interest Revenue	813,643	1,092,759
Other Income	1,006,910	961,683
Total Investment and Other Income	<u>1,820,533</u>	<u>2,054,442</u>
Income Before Debt and Other Expenses	<u>12,481,056</u>	<u>8,031,568</u>
Debt and Other Expenses:		
Interest on Long-Term Debt	(1,271,195)	(1,296,036)
Amortization of Bond Issue Costs	(34,529)	(29,439)
Other Expenses	(20,758)	(1,077)
Total Debt and Other Expenses	<u>(1,326,482)</u>	<u>(1,326,552)</u>
Increase In Net Position	11,154,574	6,705,016
Net Position, Beginning of Year	<u>204,336,572</u>	<u>197,631,556</u>
Net Position, End of Year	<u>\$215,491,146</u>	<u>\$204,336,572</u>

REVENUE SOURCES



EXPENDITURES



OPERATION ROUND UP

BOARD MEMBERS

TERRY NELSON

Phelps County

JAY MEYER

Franklin County

TERRY CONNICK

Hall County

MARK UTTER

Adams County

TERRY SORENSON

Kearney County

JAYNE SMITH

Hamilton County

BILL BOLTE

Merrick County



ADAMS COUNTY	2020	\$7,250	SINCE 2014	\$73,665
FRANKLIN COUNTY	2020	\$15,166	SINCE 2014	\$57,746
HALL COUNTY	2020	\$20,450	SINCE 2014	\$63,750
HAMILTON COUNTY	2020	\$8,500	SINCE 2014	\$39,415
KEARNEY COUNTY	2020	\$2,060	SINCE 2014	\$36,060
MERRICK COUNTY	2020	\$4,200	SINCE 2014	\$34,929
PHELPS COUNTY	2020	\$6,500	SINCE 2014	\$45,750
TOTAL, 2020		\$64,126	SINCE 2014	\$351,315

**GRANTS HAVE BEEN
AWARDED TO THESE
CATEGORIES:**

**HEALTH & SAFETY
\$125,340**

**RECREATION/
QUALITY OF LIFE
\$77,644**

**COMMUNITY
FACILITIES
\$72,101**

**YOUTH &
EDUCATION
\$78,230**

ENERGY SERVICES

**TOTAL ENERGYWISE PROGRAM FUNDS
GRANTED TO CUSTOMERS IN 2020:**

\$219,741

ENERGYWISESM
Use less. Spend less. Do more.

HEAT PUMP \$151,000

PRESCRIPTIVE LIGHTING \$55,403

DEALER INCENTIVE \$5,250

IRRIGATION \$3,000

SMART THERMOSTAT \$1,750

COOLING TUNE-UP \$1,260

HEAT PUMP WATER HEATER \$800

ATTIC INSULATION \$778

COMMERCIAL HVAC \$500

**TOTAL MARATHON WATER HEATERS
DISTRIBUTED IN 2020:**



**WATER HEATERS
DISTRIBUTED IN 2020:**

50-Gallon.....	49
85-Gallon with Time Clock	35
All Others.....	1
TOTAL UNITS:	85

**TOTAL ELECTRIC VEHICLE
INCENTIVES DISTRIBUTED IN 2020**



**LEVEL 2
RESIDENTIAL CHARGER \$500**

Two electric vehicle incentives were pending at the close of 2020. Both pending incentives included new vehicle purchases and Charge Point residential charging station incentives.



DEAN KLUTE
CHAIRMAN



ARLON JACOBITZ
VICE CHAIRMAN



DANA MEYER
SECRETARY



WAYNE ANDERBERY
TREASURER

BOARD MEMBERS



**NEAL
KATZBERG**
ADAMS COUNTY



**KEVIN
CHOQUETTE**
FRANKLIN COUNTY



**ROBERT
KIEBORZ**
HALL COUNTY



**MIKE
LOWRY**
HALL COUNTY



**KEVAN
REESON**
HAMILTON COUNTY



**DIRK
NICKEL**
KEARNEY COUNTY



**LARRY
BENSON**
MERRICK COUNTY



**MARVIN
FISHLER**
MERRICK COUNTY



**RICK
BERGMAN**
PHELPS COUNTY



**LEE
GROVE**
PHELPS COUNTY



GARY HEDMAN

On March 26, 2020, Board Member Gary Hedman passed away following a brief illness.

Hedman served as a Board Member for the District for eight years. We are forever grateful for the leadership demonstrated by Hedman during his time of service.

Long-time Doniphan, resident Robert Kieborz was selected to fill Hedman's seat on the Board. He was administered the Oath of office on October 14, 2020.