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Annual Report

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Mission, Vision & Values

Mission

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

Vision

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

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

I want to start by saying I am honored to be part of the success here at Southern Public Power District. I began as the President and CEO on October 1, 2023. Whenever there is a change in leadership at the top of an organization, there can be some tension, but I was very impressed with the level of support from everyone throughout the company. Commitment and opportunity will shape our future for the District.

Our Mission Statement is to safely provide our customers with highly reliable and competitively priced electricity, superior customer service and innovative energy solutions and that is our commitment. Under the guidance of our Board of Directors, we will be committed to the high level of reliability and customer service our customers deserve.

Our Vision Statement is powering a brighter future for our customers and communities with supporting Public Power in Nebraska. The changes in this industry are coming at a pace we have never seen before. These changes are opportunities for us to look for better ways to serve our customers and communities.

We continue to see growth across the District with many new homes, businesses and irrigation services. This load growth is carefully managed to ensure we continue to serve our existing customers at the same time as we grow new load. We sold over 1 billion kilowatt hours in 2023 with 217 new services added. This new growth is essential in keeping rates low as we continue to see dramatic increases in several sectors of our business, including materials. We have seen double digit increases over multiple years on some specialty items needed to grow our system such as transformers. Despite these inflationary challenges, we have not taken a rate increase for the eleventh consecutive year. We also continued to pass 83% of the wholesale power cost credit back to our customers as a line-item credit on their bill. This credit totaled just shy of \$2.5M for 2023.

In addition, we are tasked with keeping the reliability of our system at a very high level. We

understand that our customers want the power available when they need it. We are up to that challenge and we are taking proactive steps to make sure we can deliver. The capital improvement investment for 2023 was over

\$22 million. We are building out a robust sub-transmission system upgraded to 69kV and continue to upgrade substations. We also have multiple maintenance programs in place to limit outages and inconveniences for our customers. These include pole testing, substation transformer testing and vegetation management. This proactive approach to maintaining an electric system improves the overall reliability and comes with a substantial cost benefit to the District.

I want to thank our entire team for their hard work in 2023. We have a great group of talented employees, and it takes every single one of us to accomplish our mission. I also want to thank the following individuals for the many years of service at Southern and wish them well in their retirement: Jack Welch (11 years of service), Tom Smith (42 years of service), Neal Niedfeldt (11 years of Service). I also want to personally thank Neal for setting up a smooth transition and helping me get started at Southern.

On behalf of our Board of Directors and dedicated employees, I want to thank you for allowing us to serve you in 2023. I am confident, with the support of our talented team, we will continue to fulfill our mission and provide vision into the future.



**Chad
Waldow**

Chief Executive Officer

A stylized, handwritten signature in black ink that reads "Chad Waldow". The signature is fluid and cursive, with a long, sweeping underline.

Executive Staff



Aaron Brown

Engineering/Operations
Manager



Shannon Peard

Chief Financial Officer



Amanda Groff

Public Relations Manager



Sam Reinke

Energy Services Manager



Travis Doht

Information Technology
Manager

Board of Directors



Dana Meyer
Chairman
Franklin County



Wayne Anderbery
Vice Chairman
Kearney County



Kevin Choquette
Secretary
Franklin County



Joel Kuehn
Treasurer
Kearney County



Larry Benson
Merrick County



Courtney Retzlaff
Merrick County



Rick Bergman
Phelps County



Lee Grove
Phelps County



Robert Kieborz
Hall County



Curtis Rohrich
Hall County



Neal Katzberg
Adams County



Arlon Jacobitz
Adams County



Joe Gustafson
Hamilton County



Dean Klute
Hamilton County



About Our District

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 7,098 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, Philips, Prosser, Riverton, Roseland, Stockham, Trumbull, Upland and Worms. Wholesale electric service is provided to Campbell, Franklin, Giltner and Wood River.



2023 Projects

Major construction projects included sub-transmission lines, substations and distribution line upgrades. During 2023 SPPD upgraded five substations, completed multiple subtransmission line projects and made improvements to 40 miles of distribution line. In addition to the projects listed below SPPD moved forward with the replacement of rejected poles and new irrigation installations and upgrades.

Substation Projects

- **Phillips East Substation**
Upgraded Substation to 69kV
- **IAMS Substation**
Upgraded Substation to 69kV
- **Giltner Substation**
Upgraded Substation to 69kV
- **Oswald Substation**
Upgraded Substation to 69kV
- **Energy Park Northeast Substation**
Built new 69kV substation
- **Substation Revitalization**
Various substation equipment including reclosers, regulators, fuse assemblies and other equipment
- **Substation Relay Replacement**
Replacement of equipment that can no longer be repaired

Subtransmission Line Projects

- **Giltner Sub to Giltner West Tap**
6 miles of 69kV T2-4/0
- **Chapman Sub to Howard Greeley Tap**
5Miles of 69kV T2-4/0
- **69kV Switch Replacements**
Turner 3-way switch replacements for 10 switches throughout the District



Other System Projects

- **Distribution Line Improvements and Installations**
40 miles of new or upgraded lines

Statements of Net Position

Years ended December 31, 2023, 2022, and 2021

Assets and Deferred Outflows of Resources

	2023	2022	2021
Capital Assets	\$323,539,193	\$307,603,044	\$294,495,042
Less: Accumulated Depreciation	(110,452,849)	(106,329,261)	(99,770,663)
Net Capital Assets	213,086,344	201,273,783	194,724,379
Deferred Outflows of Resources:			
Deferred Debits	1,639,814	2,244,058	2,902,389
Non-Current Assets:			
Investments, Unrestricted		20,000,000	1,000,000
Unamortized Bond issues Costs	304,886	353,751	402,615
Unamortized Pension Costs	1,589,444	1,783,745	2,799,267
Other Assets	109,833	118,985	253,042
Investments in Associated Organizations	2,099,166	1,982,625	1,862,755
Total Non-Current Assets	4,103,329	24,239,106	6,317,679
Current Assets:			
Cash and Cash Equivalents	17,509,889	9,448,386	30,943,031
Cash and Cash Equivalents Restricted	12,945,427	11,533,805	7,142,878
Investments, Unrestricted	20,000,000	16,000,000	20,000,000
Accounts Receivable, less allowance for doubtful accounts of \$100,000 in 2023, 2022 and 2021	5,586,183	5,596,563	5,578,778
Unbilled Revenue	1,391,106	2,107,354	1,416,142
Interest Receivable	458,436	246,958	51,114
Materials and Supply Inventory	15,293,321	9,929,288	8,261,904
Prepaid Expenses	257,039	248,620	246,688
Total Current Assets	73,441,401	55,110,974	73,640,535
Total Assets and Deferred Outflows of Resources	\$292,270,888	\$282,867,921	\$277,584,982

Statements of Net Position

Years ended December 31, 2023, 2022, and 2021

Liabilities, Deferred Inflows of Resources and Net Position

	2023	2022	2021
Net Position:			
Investments in Capital Assets, Net of Related Debt	\$187,498,758	\$171,116,926	\$160,100,593
Unrestricted	51,894,737	59,861,169	63,174,321
Total Net Position	239,393,495	230,978,095	223,274,914
Deferred Inflows of Resources:			
Deferred Credits	11,340,288	10,298,937	5,640,608
Non-Current Liabilities			
Revenue Bonds Payable	25,892,472	30,510,608	35,026,401
Less Current Maturities	(4,722,195)	(4,618,137)	(4,515,794)
Total Non-Current Liabilities	21,170,277	25,892,471	30,510,607
Current Liabilities			
Accounts Payable	9,849,119	5,587,675	8,393,595
Accrued Expenses	3,360,442	3,399,745	3,239,123
Consumer and Other Deposits	2,435,072	2,092,861	2,010,341
Current Maturities of Revenue Bonds	4,722,195	4,618,137	4,515,794
Total Current Liabilities	20,366,828	15,698,418	18,158,853
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$292,270,888	\$282,867,921	\$277,584,982

Statements of Revenue & Expense and Changes in Net Position

Years ended December 31, 2023, 2022, and 2021

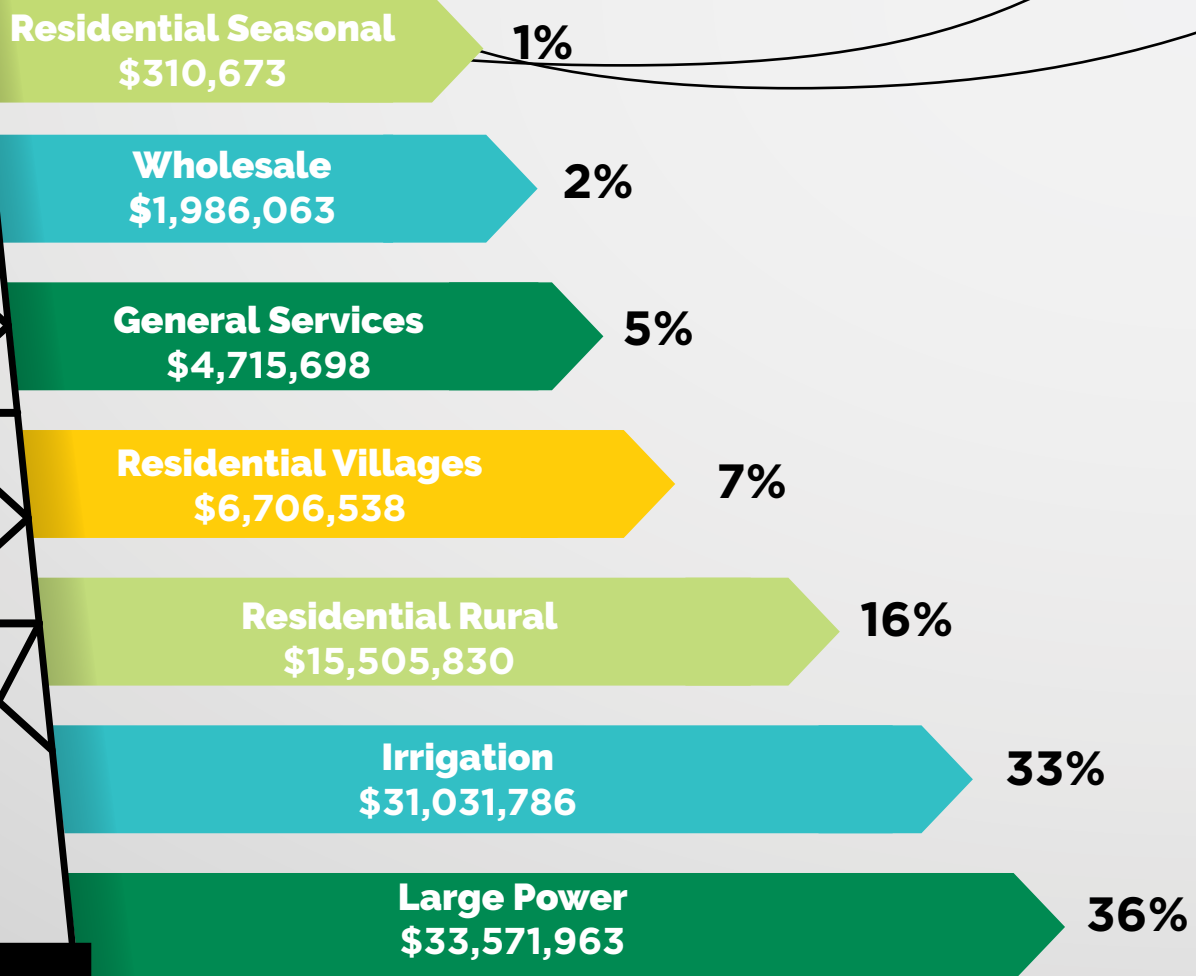
	2023	2022	2021
Operating Revenues			
Residential Sales - Rural	\$15,505,830	\$15,541,014	\$15,658,345
Residential Sales - Seasonal	310,673	308,697	286,133
Residential Sales - Villages	6,706,538	6,727,467	6,675,173
Irrigation	31,031,786	30,036,238	26,621,515
General Services	4,715,698	4,594,288	4,322,778
Large Power	33,517,963	34,138,201	33,349,154
Wholesale	1,986,063	1,893,220	1,886,258
Unbilled Revenue Adjustment	(560,339)	419,297	(190,877)
Total Electric Revenues	93,214,212	93,658,422	88,608,479
Rate Stabilization	(786,347)	(4,317,885)	(3,833,087)
Sub-Transmission Wheeling Revenue	60,798	58,887	55,708
Other Electric Revenue	481,531	430,641	362,468
Total Operating Revenues	92,970,194	89,980,065	85,193,568
Operating Expenses			
Cost of Power	63,423,704	58,570,552	55,976,040
Transmission - Operations	261,303	294,073	287,383
Distribution - Operations	1,286,685	1,200,730	1,340,173
Customer Accounts	1,056,958	805,128	764,890
Customer Service and Information	460,931	1,195,397	313,271
Administrative and General	3,052,873	2,928,574	2,572,966
Maintenance Expense	7,539,993	7,134,161	6,564,486
Depreciation and Amortization	10,670,744	10,158,507	9,854,906
Taxes	45,826	48,389	49,261
Total Operation Expenses	87,799,017	82,335,511	77,723,376
Operating Income	5,171,177	\$7,494,554	\$7,470,192

Statements of Revenue & Expense and Changes in Net Position

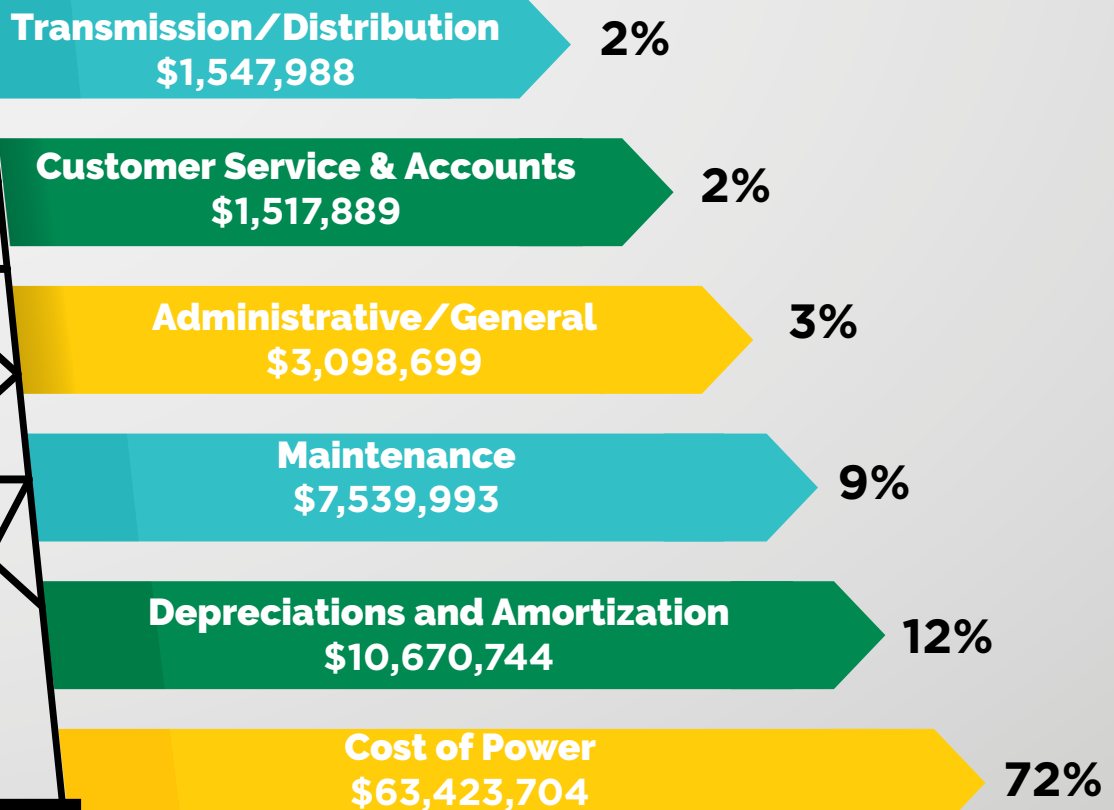
Years ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Operating Income	\$5,171,177	\$7,494,554	\$7,470,192
Investment and Other Income			
Interest Revenue	2,373,417	774,573	353,118
Other Income	1,922,382	741,711	1,186,181
Total Investment and Other Income	4,295,799	1,516,284	1,539,299
Income Before Debt and Other Expenses	9,466,976	9,010,838	9,009,491
Debt and Other Expenses			
Interest on Long-Term Debt	(878,936)	(1,027,942)	(1,157,078)
Amortization of Bond Issue Costs	(48,865)	(48,865)	(48,865)
Other Expenses	(123,775)	(230,850)	(19,780)
Total Debt and Other Expenses	(1,051,576)	(1,307,657)	(1,225,723)
Increase in Net Position	8,415,400	7,703,181	7,783,768
Net Position, Beginning of Year	230,978,095	223,274,914	215,491,146
Net Position, End of Year	\$239,393,495	\$230,978,095	\$223,274,914
Debt Coverage Ratio	3.93	3.73	3.73

2023 Revenue Sources



2023 Expenses





2023 Operation Round Up Review



	2023	Since 2014
Adams	\$4,000	\$112,645
Franklin	6,400	\$90,521
Hall	\$20,750	\$121,525
Hamilton	\$7,000	\$59,502
Kearney	\$11,700	\$60,960
Merrick	\$8,500	\$47,679
Phelps	\$9,000	\$60,750
Total 2023	\$67,350	\$553,582

Categories Awarded To:

Health & Safety
\$185,755

Recreation/Quality of Life
\$102,106

Community Facilities
\$153,311

Youth & Education
\$112,410

Energy Services

A variety of energy efficiency incentives are available to SPPD customers through the EnergyWise program. Below is a breakdown of how those incentives were paid out to customers.



Incentives

Heat Pump	\$121,200.00
Prescriptive Lighting	\$6,412.96
Irrigation	\$9,450.00
Irrigation VFD	\$4,410.00
Cooling Tune Up	\$2,490.00
Attic Insulation	\$1,940.40
Smart Thermostat	\$2,175.00
Heat Pump Water Heater	\$2,000.00
Induction Cooktop/Range	\$2,598.80
Total Incentives	\$152,677.16

Beneficial Electrification

Electric Vehicle	\$4,000.00
Charging Station	\$1,500.00
Residential Wiring/EV Charger	\$3,902.97
Lawn and Garden	\$10,467.90
Total Incentives	\$19,870.87



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