

ANNUAL REPORT

2021



SOUTHERN
public power district

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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

It is my pleasure to report that our District completed another year that was focused on our mission statement:

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

The year brought several challenges that we met head on to ensure that we never lost sight of our purpose. For that I thank our team of Directors and employees for their leadership and service provided this past year.

Four major challenges of 2021 will be remembered for a long time to come. In the spring we continued our battle with COVID-19 restrictions and our need to keep our employees safe and healthy without impacting the customer service that we are proud to provide. In February, storm URI struck the Midwest from Canada to Texas. Extreme cold conditions put pressure on generating plants and transmission systems leading to rolling blackouts throughout a 17-state region. We were required to shed loads for short periods of time over a two-day period leading to 6,000 District customers losing power. While it placed a cloud over our proud service history the rolling blackouts were necessary to protect the Midwest power grid which could have been lost for days had we not balanced the system. There has been lots of dialogue and studies since the event to prevent a similar situation in the future. Our third and fourth challenges of the year were not unique to the District but were felt throughout the country and still are present today. Those two issues are problems with our material supply chain along with

recruiting and retaining great talent during this period dubbed “the great retirement”. District staff have worked tirelessly to ensure adequate materials and supplies are available for the operation and maintenance of our electric system. We experienced more turnover in 2021 than in previous years and have worked hard at retraining, recruiting and restructuring to meet our customers' demands.

With those issues present throughout 2021 we still had many positive highlights for our 85th year of service to the customers in our seven-county service area. The District is in excellent financial condition after finishing the year with Net Margins of \$7.8 million that was used to finance improvements in our electric system. Stable wholesale power rates and our control of internal operating costs led to the decision to reduce rates by approximately 1%, the third reduction in the last five years! We successfully managed three major storms in 2021 in February, July and in December. We appreciate the patience and support of our customers that were impacted by those events. We continued to provide our customers with incentives for becoming more energy efficient and provided our communities and non-profit entities with Operation Roundup grants throughout the year. We worked with our wholesale power provider, Nebraska Public Power District, on carbon reduction policies and made progress on a two-turbine wind project that will serve the southern part of our District. The 5.6 MW project is scheduled to be operational in July, 2022.

As we look forward, we are confident our drive to retain our reputation as a superior provider of customer service will be ongoing into the future. On behalf of our Board of Directors and our dedicated employees, we say thank you for allowing us to serve you in 2021.



EXECUTIVE STAFF



**NEAL
NIEDFELDT**
CHIEF
EXECUTIVE
OFFICER



**AARON
BROWN**
ENGINEERING/
OPERATIONS
MANAGER



**LEANNE
DOOSE**
PUBLIC
RELATIONS
MANAGER



**BRAD
KOOL**
CHIEF
FINANCIAL
OFFICER



**SAM
REINKE**
ENERGY
SERVICES
MANAGER



**JACK
WELCH**
INFORMATION
TECHNOLOGY
MANAGER

ABOUT THE DISTRICT

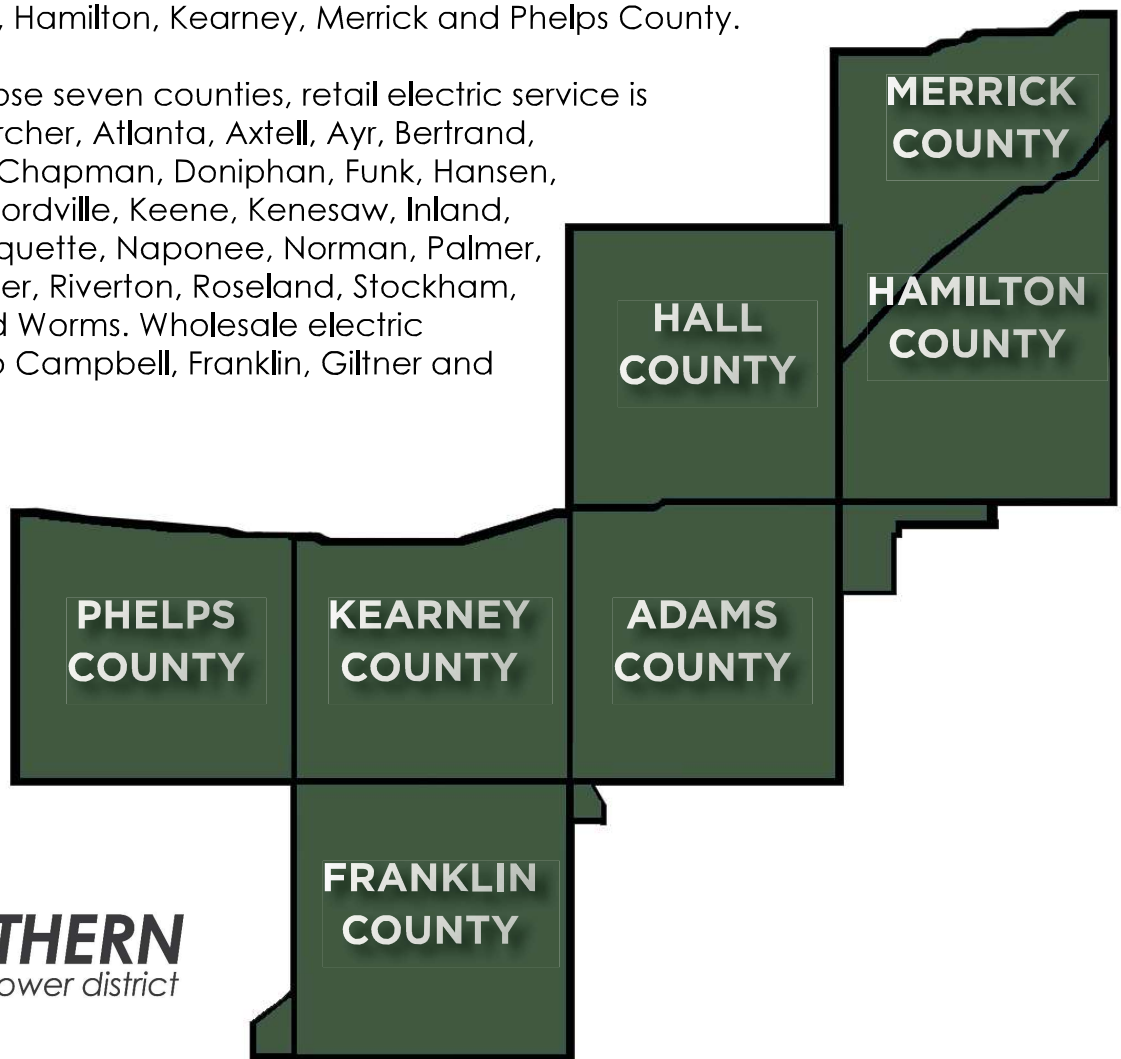
Southern Public Power District is a publicly-owned electric distribution system providing electricity to customers in south central Nebraska.

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 7,088 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.



2021 PROJECTS

SUBSTATION PROJECTS

- OLD ATLANTA SUBSTATION
Removal of old town substation
- FORT KEARNEY SUB #40
Upgrade transformer to a 7.5/10.5 MVA
- 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

- AURORA 115 TO NORTH AURORA 76-38
Construction of two miles of 69kV T2-4/0
- CITY OF MINDEN
Removed old 34.5 kV line
- CHAPMAN 76-6 TO ARCHER 76-16
Construction of five miles of 69kV T2-4/0 including four miles of T2-1/0 for distribution under build
- 69kV SWITCH REPLACEMENTS
Turner 3-way switch replacement for ten switches throughout the district

OTHER SYSTEM PROJECTS COMPLETED

- DISTRIBUTION LINE IMPROVEMENTS & INSTALLATIONS
40 miles of new or upgraded lines.



STATEMENTS OF NET POSITION

	2021	2020
Capital Assets	\$ 294,495,042	\$ 286,458,084
Less: Accumulated Depreciation	(99,770,663)	(95,453,889)
Net Capital Assets	<u>194,724,379</u>	<u>191,004,195</u>
Deferred Outflows of Resources:		
Deferred Charges	<u>2,902,389</u>	<u>3,612,235</u>
Non-Current Assets:		
Investments, Unrestricted	1,000,000	2,500,000
Unamortized Bond Issue Costs	402,615	451,180
Unamortized Pension Costs	2,799,267	3,107,022
Other Assets	253,042	261,612
Investments in Associated Organizations	1,862,755	1,811,454
Total Non-Current Assets	<u>6,317,679</u>	<u>8,131,568</u>
Current Assets:		
Cash and Cash Equivalents	30,943,031	31,943,261
Cash and Cash Equivalents, Restricted	7,142,878	2,442,500
Investments, Unrestricted	20,000,000	18,500,000
Accounts Receivable, less allowance for doubtful accounts of \$100,000	5,578,778	5,077,128
Unbilled Revenue	1,416,142	1,607,019
Interest Receivable	51,114	117,927
Materials and Supply Inventory	8,261,904	6,883,732
Prepaid Expenses	246,688	294,251
Total Current Assets	<u>73,640,535</u>	<u>66,865,818</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 277,584,982</u>	<u>\$ 269,613,816</u>

STATEMENTS OF NET POSITION

	2021	2020
Net Position:		
Investments in Capital Assets	\$ 160,100,593	\$ 152,002,938
Unrestricted	<u>63,174,321</u>	<u>63,488,208</u>
Total Net Position	<u>223,274,914</u>	<u>215,491,146</u>
Deferred Inflows of Resources:		
Deferred Credits	<u>5,640,608</u>	<u>1,869,161</u>
Non-Current Liabilities:		
Revenue Bonds Payable	35,026,401	39,452,736
Less Current Maturities	<u>(4,515,794)</u>	<u>(4,426,336)</u>
Total Non-Current Liabilities	<u>30,510,607</u>	<u>35,026,400</u>
Current Liabilities:		
Accounts Payable	8,393,595	8,424,673
Accrued Expenses	3,239,123	3,319,117
Consumer Deposits	2,010,341	1,056,983
Current Maturities of Revenue Bonds	<u>4,515,794</u>	<u>4,426,336</u>
Total Current Liabilities	<u>18,158,853</u>	<u>17,227,109</u>
Total Liabilities & Net Position	<u>\$ 277,584,982</u>	<u>\$ 269,613,816</u>

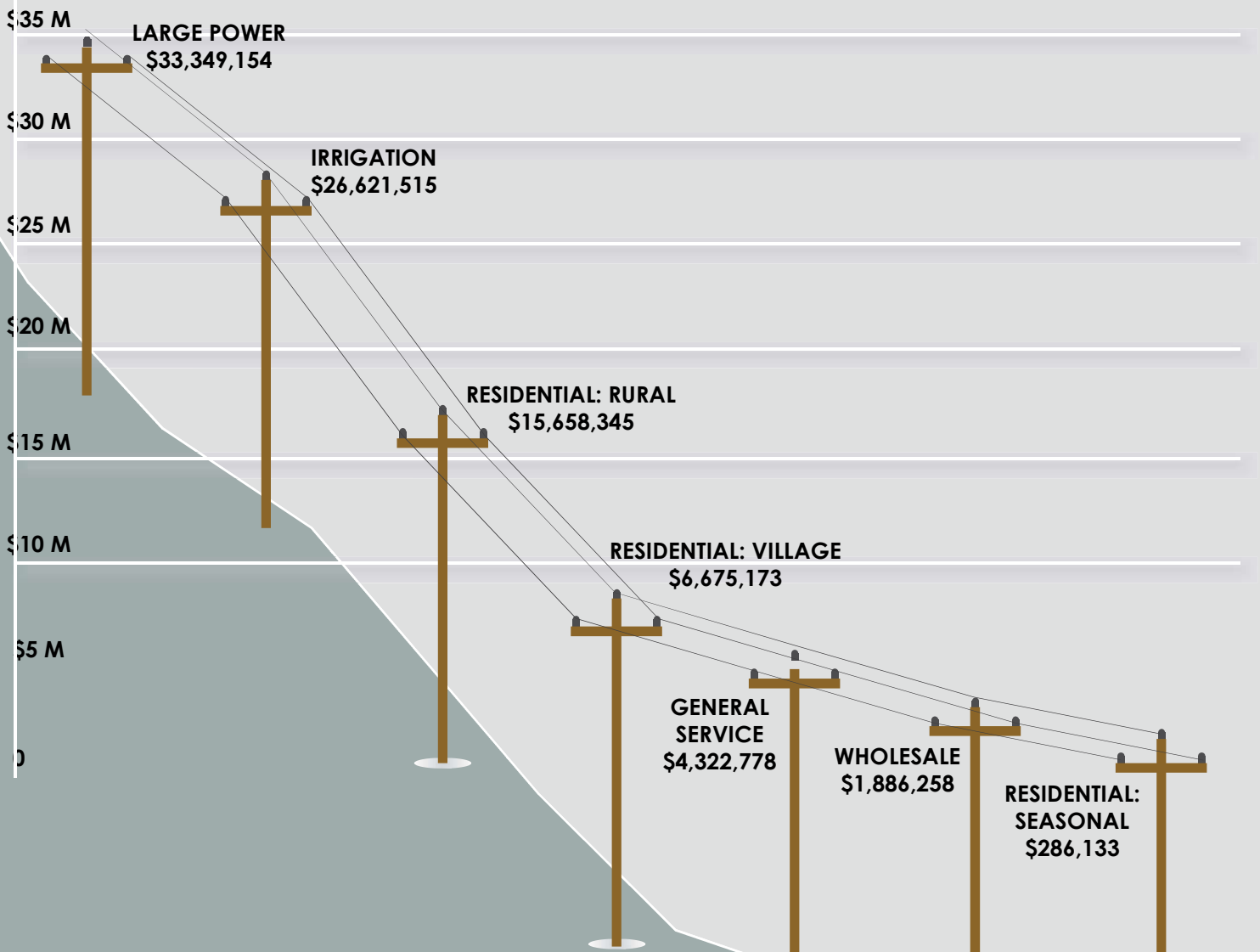
STATEMENTS OF REVENUE & EXPENSE

	2021	2020
Residential Sales - Rural	\$15,658,345	\$16,076,172
Residential Sales - Villages	6,675,173	6,869,519
Residential Sales - Seasonal	286,133	270,808
Irrigation	26,621,515	28,350,052
General Services	4,322,778	4,167,803
Large Power	33,349,154	33,729,244
Wholesale	1,886,258	1,922,589
Unbilled Revenue Adjustment	(190,877)	143,152
Total Electric Revenues	<u>88,608,479</u>	<u>91,529,339</u>
Rate Stabilization	(3,833,087)	(1,609,339)
Sub-Transmission Wheeling Revenue	55,708	52,381
Other Electric Revenue	362,468	337,184
Total Operating Revenues	<u>85,193,568</u>	<u>90,309,565</u>
Cost of Power	55,976,040	58,786,602
Transmission - Operations	287,383	279,921
Distribution - Operations	1,340,173	1,231,903
Customer Accounts	764,890	773,528
Customer Service and Information	313,271	349,552
Administrative and General	2,572,966	2,315,588
Maintenance Expense	6,564,486	6,363,194
Depreciation and Amortization	9,854,906	9,499,622
Taxes	49,261	49,152
Total Operating Expenses	<u>77,723,376</u>	<u>79,649,062</u>
Operating Income	<u>\$ 7,470,192</u>	<u>\$ 10,660,503</u>

STATEMENTS OF REVENUE & EXPENSE

	2021	2020
OPERATING INCOME	\$ 7,470,192	\$ 10,660,503
Investment and Other Income		
Interest Revenue	353,118	813,643
Other Income	1,186,181	1,006,910
Total Investment and Other Income	<u>1,539,299</u>	<u>1,820,533</u>
Income Before Debt and Other Expenses	<u>9,009,491</u>	<u>12,481,056</u>
Debt and Other Expenses:		
Interest on Long-Term Debt	(1,157,078)	(1,271,195)
Amortization of Bond Issue Costs	(48,865)	(34,529)
Other Expenses	(19,780)	(20,758)
Total Debt and Other Expenses	<u>(1,225,723)</u>	<u>(1,326,482)</u>
Increase In Net Position	7,783,768	11,154,574
Net Position, Beginning of Year	<u>215,491,146</u>	<u>204,336,572</u>
Net Position, End of Year	<u>\$223,274,914</u>	<u>\$215,491,146</u>

REVENUE SOURCES



LARGE POWER

\$33,349,154

IRRIGATION

\$26,621,515

RESIDENTIAL: RURAL

\$15,658,345

RESIDENTIAL: VILLAGE

\$6,675,173

GENERAL SERVICE

\$4,322,778

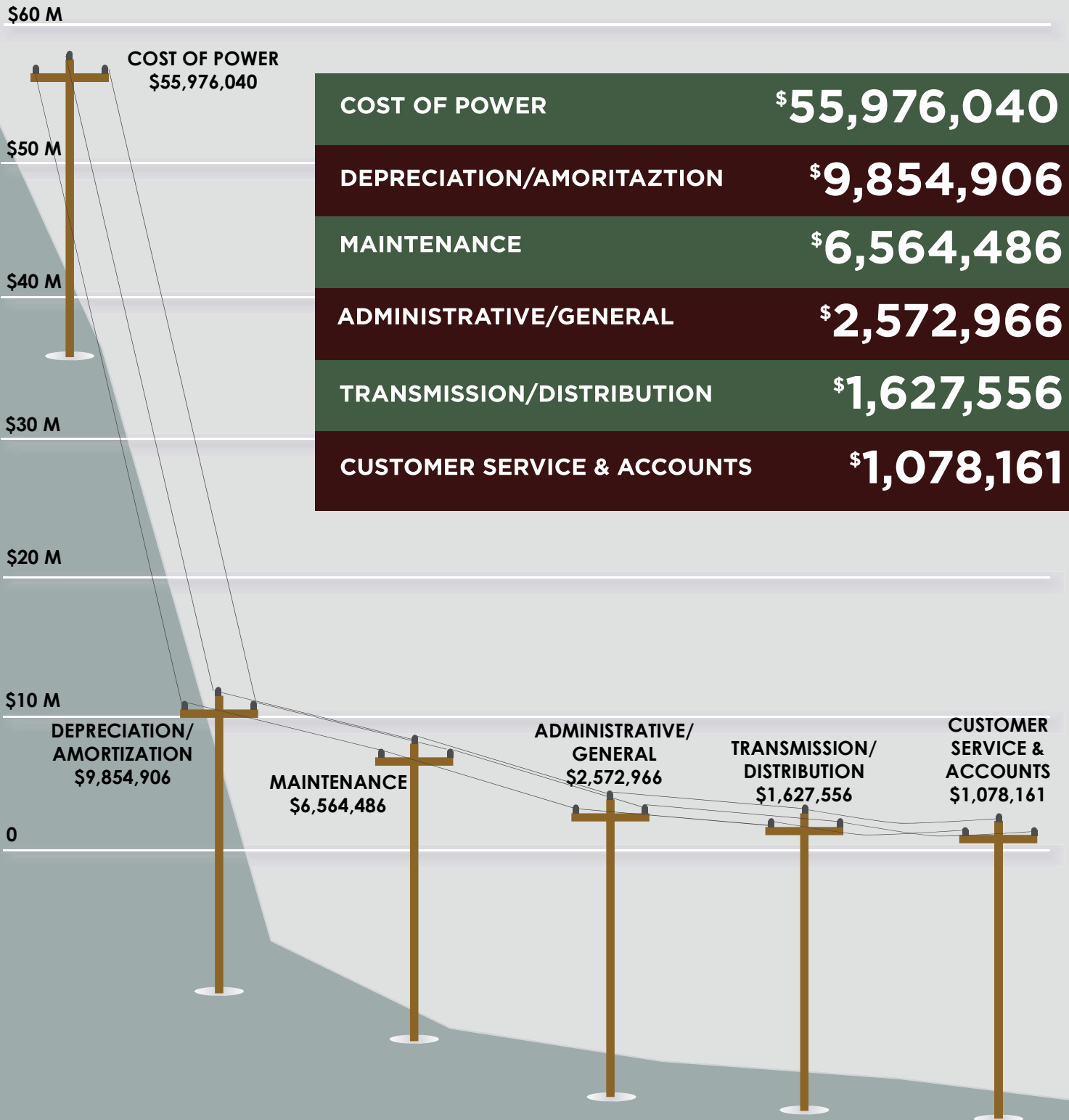
WHOLESALE

\$1,886,258

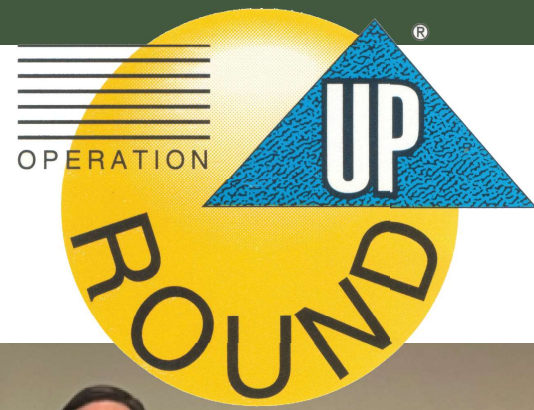
RESIDENTIAL: SEASONAL

\$286,133

EXPENSES



OPERATION ROUND UP



BOARD MEMBERS

Top Row: Joel Bergman, Phelps County; Jay Meyer, Franklin County; Mark Utter, Adams County. Seated: Terry Sorensen, Kearney County; Jayne Smith, Hamilton County; Terry Connick, Hall County; and Bill Bolte, Merrick County.



	2021	SINCE 2014	GRANTS HAVE BEEN AWARDED TO THESE CATEGORIES:
ADAMS COUNTY	\$8,700	\$83,865	HEALTH & SAFETY
FRANKLIN COUNTY	\$22,500	\$77,746	\$143,480
HALL COUNTY	\$18,950	\$86,200	RECREATION/ QUALITY OF LIFE
HAMILTON COUNTY	\$5,750	\$43,165	\$80,844
KEARNEY COUNTY	\$5,400	\$44,900	COMMUNITY FACILITIES
MERRICK COUNTY	\$0	\$37,929	\$105,061
PHELPS COUNTY	\$6,500	\$47,250	YOUTH & EDUCATION
TOTAL, 2021	\$67,800	\$421,115	\$91,730

ENERGY SERVICES



TOTAL ENERGYWISE PROGRAM FUNDS GRANTED TO CUSTOMERS IN 2021: \$195,029

HEAT PUMP	\$120,300	COOLING TUNE-UP	\$1,440
PRESCRIPTIVE LIGHTING	\$50,251	HEAT PUMP WATER HEATER	\$1,200
IRRIGATION	\$12,000	SMART THERMOSTAT	\$1,125
DEALER INCENTIVE	\$4,500	ATTIC INSULATION	\$1,018
COMMERCIAL HVAC	\$3,195		

MARATHON WATER HEATERS



50-Gallon.....38
85-Gallon
with Time Clock36

TOTAL UNITS: 74

EFFICIENT ELECTRIFICATION

Electric Vehicle/Charger\$13,500
Residential Wiring/
EV Charger\$2,759
Lawn & Garden.....\$50

TOTAL: \$16,309





ARLON JACOBITZ
CHAIRMAN



DANA MEYER
VICE CHAIRMAN



WAYNE ANDERBERY
SECRETARY



KEVAN CHOQUETTE
TREASURER

BOARD MEMBERS



**LARRY
BENSON**
MERRICK
COUNTY



**ROBERT
KIEBORZ**
HALL
COUNTY



**RICK
BERGMAN**
PHELPS
COUNTY



**DEAN
KLUTE**
HAMILTON
COUNTY



**MARVIN
FISHLER**
MERRICK
COUNTY



**JOEL
KUEHN**
KEARNEY
COUNTY



**LEE
GROVE**
PHELPS
COUNTY



**MIKE
LOWRY**
HALL
COUNTY



**NEAL
KATZBERG**
ADAMS
COUNTY



**KEVAN
REESON**
HAMILTON
COUNTY