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## BOARD OF DIRECTORS MEETING

*April 10, 2024*

The Board of Directors of Southern Public Power District met in regular session in the Boardroom of the District's corporate office at 4550 West Husker Highway, Grand Island, Nebraska, on April 10, 2024, at 10:00 a.m. pursuant to the mailed notice of the meeting sent to all Directors of the District and notice posted. Dana Meyer, Chairman of the District, called the meeting to order.

Directors present were as follows: Larry Benson, Lee Grove, Courtney Retzlaff, Curtis Rohrich, Joel Kuehn, Rick Bergman, Arlon Jacobitz, Neal Katzberg, Joe Gustafson, Wayne Anderbery, Kevin Choquette, Dean Klute, Dana Meyer and Bob Kieborz. President/CEO Chad Waldow and attorney Dave Jarecke were also present.

Directors absent: None.

Chairman Meyer publicly stated to all in attendance that a current copy of the Nebraska Open Meetings Act was available for review and indicated the location of such copy in the room where the meeting was being held.

### AGENDA

There were no additions requested to the agenda.

### SAFETY MESSAGE/SYSTEM STATUS

Communications Manager, Amanda Groff, reported on safety and emergency protocols and CEO, Chad Waldow, gave an update on the current status of the SPPD system.

### MINUTES

There were no revisions made to the minutes of the March 15, 2024 regular Board meeting.

A motion was duly moved by Director Katzberg, seconded by Director Anderbery, to adopt the following resolution:

#### **RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the minutes of the March 15, 2024 regular Board meeting.

Roll call vote: Yes 14, No 0, Absent 0

### BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Klute, seconded by Director Grove, to adopt the following resolution:

## RESOLUTION

*RESOLVED*, that the Board of Directors of Southern Public Power District approves all bills and claims.

Roll call vote: Yes 14, No 0, Absent 0

### COMMENTS FROM THE PUBLIC

None.

### DIRECTOR AND MANAGEMENT REPORTS

#### DIRECTOR REPORTS:

- Directors Jacobitz, Choquette and Kuehn attended the Audit Committee meeting on April 4<sup>th</sup>.
- Director Anderbery attended the Axtell Village Board meeting on April 8<sup>th</sup>.
- Director Bergman attended the Atlanta Village Board meeting on March 13<sup>th</sup>.
- Director Choquette attended the Naponee Village Board meeting on April 13<sup>th</sup>.
- Director Klute attended the Hordville Village Board meeting on March 13<sup>th</sup>.

#### MANAGEMENT REPORTS:

##### *President's comments:*

- NPPD held a Wholesale Customer Meeting in Grand Island on March 21<sup>st</sup>. An update was given on Electric Vehicle incentives with new limits for installing chargers. Nebraska State Fair plans were shared including a new location for the live line demo. An environmental update was presented including EPA Greenhouse gas information, regional haze and other proposed rules. The legislative update was presented. The highlight from the contract talks and load queue meetings were briefly discussed.
- NPPD Financials were not available when writing this report.
- NPPD Wholesale Contract - NPPD has a small group put together to discuss a new whole power contract. This group met on March 14<sup>th</sup>. This meeting was kicking off contract talks with a summary of the key themes they heard when visiting with each of us in small groups or individually. The key themes were as follows:
  - 1) Reliability
  - 2) Rate Stability/Affordability
  - 3) Flexibility
  - 4) Ability to Change Relationship

Reliability and Affordability are some obvious choices to top the list. Flexibility and Ability to Change Relationship are concepts that require some discussion. I personally believe NPPD is looking to shift much of the risk to wholesale customers through a new contract and defined exit fees if you decide to leave. Currently if the CFC ranking goes south and we choose to leave, we can do that in approximately three years. This strands investment with NPPD. I look for them to close that gap with a defined exit fee (calculated to make sure NPPD is 100% covered).

Missing from their list was Availability. This issue developed as we were having these conversations, so I do not think it was top of mind for most. The recent load queue meetings have elevated this in my opinion.

- Load Queue discussions at a small group meeting on March 18<sup>th</sup>. The load growth is out pacing the generation resources available.

There was a good discussion around what process is fair for all Districts and customer classes. We need to protect the existing customers that will not benefit from the new load. We also need to allow our system to naturally grow through this time including new homes, bins sites, irrigation, etc. We also need to add load to grow our local economies across the state.

All new loads over 5MW will have to flow through the queue process. This concept is to eliminate the planning for transmission/generation resources for speculative loads or “tire kickers!” The queue has three levels including expected, moderate, and low. To advance from one level to another, there is a payment requirement. This is to ensure progress is being made on the project prior to earmarking generation resources. The existing projects are being dumped into one of these three categories and I am concerned with how this process is being managed.

- Staff transition has been taking place over these last few weeks before Aaron leaves. I have met with the Executive Team, Engineering Department and Area Managers. I shared how we would handle the time of transition and my vision for the future. We discussed what is working and what gaps we need to fill. I have had multiple people share they are willing to step up in this time of transition. We have looked at the structure of the company, direct reports, and job duties for most positions. I have come up with a few adjustments to address some issues, better align resources and improve the overall effectiveness of the team. We will discuss the personnel matters in executive session toward the end of our meeting.

#### **Additional Items:**

- Minden Mining is working through the process to participate in the DR Rate that we implemented earlier this year. We are working on service agreements and operating agreements for this to happen. Minden Mining would be our only customer on this rate. Shannon and I have been working through this process.
- Sub-Transmission project is moving forward in the Central City area. We have added some people to these discussions. Aaron and NPPD have been working to hand this project off to Travis Dahlin, Todd Barger and myself. It will be important to keep this project on schedule as other utilities are involved.
- Legislative Update:  
The last day of the session will be April 18<sup>th</sup>. There really are no updates when I am writing this. Our bill is currently stuck in committee with no real shot at getting advanced. The list of bills I am watching includes the following:
  - LB 837 (Lowe) Election precinct bill-Hearing 2/8
  - LB 969 (DeKay) Change provisions related to sealed bids-Hearing 2/7
  - LB 1369 (J Cavanaugh) Self-generation by ag facilities-Hearing 2/8
  - LB 1370 (Bostelman) Retirement requirements for generation facilities-Hearing 1/31
- We have our first candidate coming to our board meeting, Dan Lonowski, for District 33. He has a webpage, and you can find him at Lonowski for Legislature.  
<https://www.lonowskiforlegislature.com/> I plan to invite candidates into the board room for a short discussion and ask questions about our industry. Please bring your questions to the meeting.

#### Financial Reports:

- Summary of Revenues. CFO Peard provided a comparison of revenues between February 2023 and 2024. Year-to-date revenues through February 2024 amounted to \$11.1 million as compared to \$9.8 million in 2023.
- Power Costs. CFO Peard gave a summary of the power bill for February 2024 indicating a peak demand of 124,830 kW as compared to 146,479 kW recorded in February 2023. The District purchased 91.92 million kWh's in February 2024 as compared to 74.77 million kWh's in February 2023.
- Balance Sheet and Income Statement. CFO Peard provided a comparison of income statements from February 2024 and February 2023. Year-to-date net margins as of February 29, 2024, were (\$2,228,482) as compared to (\$2,921,954) as of February 28, 2023.
- Cash Flow Summary. CFO Peard provided a summary of the statements of cash flows. Cash and investments at February 29, 2024 were \$42.1 million compared to \$58.3 million at February 28, 2023.

#### Customer Service and Collection Report:

- The District's disconnect day was Tuesday, March 27<sup>th</sup>. District personnel worked 55 accounts, with 53 accounts being disconnected remotely.

#### 2024 AUDIT

Bob Beran, Auditor from Dana Cole, was present to review the 2023 Audit Report and was available to answer any questions from the Directors. Mr. Beran noted that the District is receiving an unmodified opinion which indicates the financial statements are presented fairly in all material respects.

CFO Shannon Peard reviewed the 2023 Annual Financial Report to all Directors. Discussion followed.

#### Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown stated the District received a voltage conversion box from Landis & Gyr for load controls and will work to see if there is a better box design.
- Aaron stated that the Construction Crew is working on two miles of Sub-T line for Mission Critical in Aurora.
- NPPD continues to work on the conversion of their Grand Island 115kV substation from 34.5kV to 69kV.
- Osmose pole testing began testing poles and thus far have inspected 457 with 27 poles being rejected. The failure rate is 8.6%.

#### Energy Services Report:

- Energy Services Manager Sam Reinke reported that all Village Board visits have been completed and overall, the villages are extremely satisfied with their service from the District.
- During the month of March, the District issued eight (8) water heaters and provided incentives totaling \$11,508 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives totaled \$177,945. The District provided \$1,594 in Efficient Electrification incentives during March.
- Irrigation Department has completed updating and processing test bill calculation for the March Horsepower billing and is preparing the Interruptible Irrigation letter and Irrigation Newsletter to be sent out at the end of April.

Communications and Public Relations Report:

- Communications Manager Amanda Groff reviewed upcoming social platform promotions that are planned through the end of May.
- There are radio PSAs scheduled for electrical safety during this upcoming planting season.
- Groff continues working on the May/June Magazine.
- A Round Up Board meeting was held on April 9<sup>th</sup> receiving 17 applications for the first quarter of 2024.
- Area news channels covered outages and the efforts of the linemen from a storm which occurred on March 25<sup>th</sup> and 26<sup>th</sup>.

Safety Report:

- Safety Manager Todd Bailey reported on personnel and equipment claims that occurred during the month of March.
- A Safety Council meeting was held in Grand Island on February 21<sup>st</sup>.
- Safety meetings were conducted in Grand Island on February 28<sup>th</sup> and 29<sup>th</sup>.

**CUSTOMER REPORTS:**

**DIRECTORS:**

- Director Bergman received a call from a Phelps County customer in regard to their loss of power due to the weather.
- Director Anderbery heard from a customer who had been obtaining random power flickers.

**MANAGEMENT:**

- CEO Waldow reported on projects that the District is currently billing out.

**COMMITTEE REPORTS:**

**FINANCE COMMITTEE:**

- Director Kuehn reported that all funds were adequately covered by FDIC insurance and joint custody receipts.

**MOTIONS & RESOLUTIONS:**

*Acceptance of the 2023 Audit Report*

A motion was duly moved by the Audit Committee to adopt the following resolution:

**RESOLUTION**

RESOLVED, that the Board of Directors of Southern Public Power District accepts the District's 2023 Audit Report including the Auditor's opinion from Dana Cole.

Roll call vote: Yes, 14, No 0, Absent 0

*Charge Off Uncollectible Accounts*

CFO Peard provided a review of accounts recommended for charge-off. CFO Peard reported that the list of recommended charge-offs totaled \$7,299.03.

A motion was duly moved by Director Jacobitz, seconded by Director Kieborz to adopt the following resolution:

**RESOLUTION**

RESOLVED, that the Board of Directors of Southern Public Power District approves charge-offs of delinquent accounts totaling \$7,299.03 as recommended by management.

Roll call vote: Yes 14, No 0, Absent 0

Proposal from Federated Rural Electric Insurance Exchange

CFO Peard reported that the District's property and liability insurance coverage is set to expire on April 30, 2024. CFO Peard recommended the District renew the annual coverage with Federated for the policy year effective May 1, 2024.

A motion was duly moved by Director Grove, seconded by Director Choquette to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the proposal from Federated Rural Electric Insurance Exchange for the one-year period starting May 1, 2024.  
Roll call vote: Yes 14, No 0, Absent 0

Lineman Scholarships

CFO Peard recommended that four (4) scholarships be awarded for the Lineman Scholarship Program for the year 2024. The four applicants include: Holden Moural and Colby Beard, both from Grand Island, and Brendan Story and Calub Clark, both from Hastings.

A motion was duly moved by Director Bergman, seconded by Director Rohrich, to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves awarding four lineman scholarships for the year 2024. The recipients being: Holden Moural and Colby Beard, both from Grand Island, and Brendan Story and Calub Clark, both from Hastings.  
Roll call vote: Yes 14, No 0, Absent 0

Resolution for Lineman Appreciation Day

A motion was duly moved by the Board of Directors, to adopt the following resolution:

**WHEREAS**, the Southern Public Power District's linemen are responsible for building and maintaining a complex system of more than 7,098 miles of subtransmission and distribution lines, which contributes to the livelihood of our region and the local economy as electricity is delivered to homes, businesses, farms, churches and schools; and

**WHEREAS**, the electrical grid must be maintained and operated twenty-four hours a day, seven days a week and three hundred sixty-five days a year in all weather conditions; and

**WHEREAS**, the District's 53 linemen have demonstrated outstanding skill and dedication to safe work practices, while building and maintaining the electric grid and learning new skills as new technologies are introduced into their profession; and

**WHEREAS**, the linemen of Southern Public Power District risk their lives daily to ensure the reliable delivery of electricity to the customers, and are deserving of honor, respect and gratitude of the public.

**THEREFORE, BE IT RESOLVED**, that we, the Members of the Board of the Southern Public Power District, recognize the significant contributions and efforts of our linemen who work in challenging conditions to power a brighter future for our customers, and we express our appreciation to them, as we recognize April 18, 2024 as Lineman Appreciation Day.

Roll call vote: Yes 14, No 0, Absent 0

Change of May's Board Meeting Date

CEO Waldow requested a change of date for the May 2024 Board meeting.

A motion was duly moved by Director Anderbery, seconded by Director Gustafson, to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the change of date request of the May 2024 Board meeting to May 7th.

Roll call vote: Yes 14, No 0, Absent 0

**EXECUTIVE SESSION:**

A motion was duly moved by Director Klute, seconded by Director Choquette, to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves going into executive session at 12:46 p.m. to discuss a personnel matter with potential litigation.

Roll call vote: Yes 14, No 0, Absent 0

A motion was duly moved by Director Gustafson, seconded by Director Bergman, to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves coming out of executive session at 1:06 p.m. resuming the normal open meeting and agenda.

Roll call vote: Yes 14, No 0, Absent 0

**MISCELLANEOUS BUSINESS:**

The next Board of Directors meeting will be held on Tuesday, May 7<sup>th</sup>.

There being no other business, the meeting was adjourned at 2:12 p.m.

  
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Kevin Choquette, Secretary

  
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Dana Meyer, Chairman