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## BOARD OF DIRECTORS MEETING

*August 17<sup>th</sup>, 2022*

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 August 17, 2022, at 10:00 a.m. pursuant to the mailed notice of the meeting sent to all Directors of the District and notice posted. Arlon Jacobitz, Chairman of the District, called the meeting to order.

Directors present were as follows: Larry Benson, Neal Katzberg, Kevin Choquette, Dean Klute, Rick Bergman, Mike Lowry, Joel Kuehn, Kevan Reeson, Lee Grove, Marvin Fishler, Bob Kieborz, Wayne Anderbery, Dana Meyer and Arlon Jacobitz. President/CEO Neal Niedfeldt and attorney Dave Jarecke were also present.

Directors absent: None

Chairman Jacobitz 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.

### MINUTES

No revisions were made to the minutes of the July 13, 2022 regular Board meeting.

A motion was duly moved by Director Kieborz, 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 July 13, 2022 regular Board meeting.

Roll call vote: Yes 13, No 0, Absent 0, Abstain 1 (Director Kuehn)

### BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Bergman, seconded by Director Benson, 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

There were no comments made.

## DIRECTOR AND MANAGEMENT REPORTS

### DIRECTOR REPORTS:

- Directors Grove, Meyer, Benson, Katzberg, Anderbery and Chairman Jacobitz attended the joint meeting of the Executive Committee and the Labor Committee on Thursday, August 11<sup>th</sup>.
- Directors Meyer, Choquette, Anderbery and Kuehn attended the Search Committee meeting on Monday, August 15<sup>th</sup>.
- Directors Grove, Meyer, Benson, Katzberg, Anderbery and Chairman Jacobitz attended the Labor Committee meeting on Wednesday, August 17<sup>th</sup>.

### MANAGEMENT REPORTS:

#### President's comments:

- CEO Niedfeldt attended the following meetings and activities during the past month:
  - SPPD - Attended the Operation Round Up Board meeting in Grand Island on July 19<sup>th</sup>. Attended the Culture Assessment Survey Review meetings at the District's five locations between July 21<sup>st</sup> and July 26<sup>th</sup>. Attended the Western Region's Managers meeting on July 26<sup>th</sup> at Twin Valleys PPD. Attended additional Small Group Employee meetings reviewing the Culture Assessment Survey with personnel from Central City, Grand Island Office, Grand Island Service Center, Subtransmission Construction Crew, Hastings, Funk and Franklin during July and August. Attended the Union contract negotiation meeting on July 28<sup>th</sup>. Attended the Eastern Region's Managers meeting on July 29<sup>th</sup> in Lincoln. Attended the Global Leadership Conference in Grand Island on August 4<sup>th</sup> and 5<sup>th</sup>. Attended the Upland Village Board meeting on August 8<sup>th</sup>. Attended the joint meeting of the Executive and Labor Committees on August 11<sup>th</sup>.
  - NPPD – Participated in the Long-Term Rate Outlook virtual meeting on July 19<sup>th</sup> and the 2023 Wholesale Rate Update virtual meeting on August 15<sup>th</sup>.
  - NPA – Attended the Bi-Monthly Board of Directors meeting in Lincoln on July 20<sup>th</sup>. Attended the Lineworkers Rodeo in Broken Bow on July 22<sup>nd</sup>.
- NPPD Issues:
  - Wholesale Rate Outlook – Rates are predicted to be stable through 2027. NPPD has exceeded the performance requirements in the wholesale contract as reported by CFC. The CFC 2021 survey indicates NPPD was in the 12.4% quartile of the wholesale suppliers. The target in the contract for NPPD to earn credits to be applied to future years is 25%. The results for 2021 are well under the maximum allowable target in the contract of 45%.
  - July 2022 Rate Stabilization Fund – NPPD has reported a \$10.4 million surplus for July and a YTD surplus of \$61.8 million through July 31, 2021. The Wholesale Production share of the forecasted surplus is \$53.3 million with the remainder assigned to NPPD's retail division.
- Irrigation Load Control – The District controlled irrigation wells for 67 hours in July. NPPD met their targeted threshold of 2,643 MW's and have raised their threshold strategy for the remainder of the summer. The District's 4 billing demands as controlled for July are estimated to average 225 MW's. The District's budget for July, 2022 was an average of 227 MW's. Southern produced a new record uncontrolled peak demand of 351 MW's in August.

- Bluestem Wind Project – There has been a slight delay before GE tests the turbines and signs off as operational. Plans are to finish remaining items and test the turbines around August 24<sup>th</sup>. Full operations should commence shortly thereafter.
- Funk Open House – Plans are being made for the Customer Appreciation Day and Open House at the Funk Service Center on September 1<sup>st</sup>. The event will run from 11:00 am through 2:00 pm. Staff will serve lunch, provide demonstrations and share information on various District programs.
- Personnel – Jacob Kubicka has transferred from the Subtransmission Construction crew to Hastings. Denton Stark has accepted the District’s offer to replace Jacob. Denton is originally from Hastings and completed his education at Northeast Community College. Cole Sundberg has accepted the offer for a second position on the Construction crew. Cole is originally from Grand Island and is currently with Polk PPD. Cole was a previous intern at Southern. The search process continues for a Public Relations Manager, an additional Customer Service Representative, a Payroll Specialist, a Survey Technician, one additional lineman for the Subtransmission Construction crew and one lineman for the Grand Island service center.

**EXECUTIVE SESSION**

A motion was duly moved by Director Benson, seconded by Director Meyer, to adopt the following resolution:

**RESOLUTION**

RESOLVED, that the Board of Directors of Southern Public Power District approves going into executive session at 10:58 a.m. to discuss an employee complaint filed with the Nebraska Equal Opportunity Commission.

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

A motion was duly moved by Director Benson, seconded by Director Lowry, to adopt the following resolution:

**RESOLUTION**

RESOLVED, that the Board of Directors of Southern Public Power District approves coming out of executive session at 11:39 a.m.

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

**MANAGEMENT REPORTS: (cont.)**

**Financial Reports:**

- Summary of Revenues. CFO Shannon Peard provided a comparison of revenues between June 2021 and 2022. Year-to-date revenues through June 2022 amounted to \$41.40 million as compared to \$40.58 million in 2021.
- Power Costs. CFO Peard provided a summary of the power bill for June 2022 indicating a peak demand of 258,157 kW as compared to 247,481 kW recorded in June 2021. The District purchased 98.98 million kWh in June 2022 as compared to 108.43 million kWh in June 2021.
- Balance Sheet and Income Statement. CFO Peard provided a comparison of income statements from June 2022 and June 2021. Year-to-date net margins as of June 30, 2022 were \$4,612,128 as compared to \$5,091,941 as of June 30, 2021.
- Cash Flow Summary. CFO Peard provided a summary of the statements of cash flows. Cash and investments at June 30, 2022 were \$56.5 million compared to \$58.9 million at June 30, 2021.

Customer Service and Collection Report:

- The District's disconnect day was scheduled for Wednesday, July 27<sup>th</sup>. District personnel worked 41 accounts, with all accounts being disconnected remotely using the AMI disconnect collar.

***LUNCH RECESSED AT 12:00 P.M.,  
THE MEETING RECONVENED AT 12:30 P.M. IN OPEN SESSION.***

MANAGEMENT REPORTS: *(cont.)*

Safety Report:

- Safety Manager Todd Bailey reported on personnel claims during the month of July.
- Bailey discussed matters surrounding a fatality incident in Merrick County and the importance of checking the voltage prior to working inside disconnect boxes.

Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown reported on the recent outage at the District's Fort Kearney substation due to an NPPD outage on their 115 substation.
- Brown gave an update on a lineman position that was filled in the Grand Island Service office and the remaining position that is open on the Construction Crew.
- Osmose pole testing started this year with 3,212 poles being inspected and 96 poles being rejected. The failure rate is 3.0%.

Energy Services Report:

- Energy Services Manager Sam Reinke is processing new service inquiries, work orders and estimates for new electric services.
- During the month of July the District issued two (2) water heaters and provided incentives totaling \$3,600 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives total \$102,248. The District provided \$350 in Efficient Electrification incentives during July. Year-to-date Efficient Electrification incentives total \$9,838.
- As of August 11, 2022, the District had controlled irrigation services 12 days for a total of 104 hours in 2022.

Communications Report:

- CEO Neal Niedfeldt reported that the Operation Roundup Board met on July 19<sup>th</sup>, awarding \$8,000 in grants for the second quarter.
- Niedfeldt reviewed the continued search for a Public Relations Manager.

**CUSTOMER REPORTS:**

DIRECTORS:

- No reports.

MANAGEMENT:

- CEO Niedfeldt provided an update on the potential Energy Park project that was introduced at July's Board meeting. Due to various supply chain issues, the potential customer indicated it would be at least 12 months or longer before the project could start construction. The sale of land to this project as authorized in July has been delayed.

- CEO Niedfeldt indicated there was interest from an additional potential customer for that same portion of land at Energy Park. District personnel will continue to work with both project owners.
- Compute North has been finalizing their incentive package for the Minden site and have requested updated rate information including the forecast for future economic development rates.

**COMMITTEE REPORTS:**

**FINANCE COMMITTEE:**

- Finance Committee Chairman Choquette reported that all funds were adequately covered by FDIC insurance and joint custody receipts.

**LABOR COMMITTEE:**

- Labor Committee Chairman Grove indicated that the committee met on Thursday, August 11<sup>th</sup> and Wednesday, August 17<sup>th</sup>, discussing requests from the Union regarding the new Union agreement. The committee also approved the amendment to the Nepotism policy and other and Human Resource issues.

**SEARCH COMMITTEE:**

- Search Committee Chairman Meyer indicated that the committee met on Monday, August 15<sup>th</sup>, to discuss the selection of a search firm for the next CEO position. The committee recommended that the District obtain the services of Holmes Executive Search out of Salina, Kansas, to assist in the search. The Directors also discussed the firm's start date and the extension of CEO Niedfeldt's employment contract to coincide with the completion of the search and selection of the new CEO.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves enlisting the services of Holmes Executive Search, LLC to provide professional guidance in the process of a CEO search.

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

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves modifying the ending date of CEO Neal Niedfeldt's Employment Contract from January 1, 2023 to September 30, 2023 and targeting the completion of a new CEO search by August 1, 2023.

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

**MOTIONS & RESOLUTIONS:**

**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 \$1,462.98.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves charge-offs of delinquent accounts totaling \$1,462.98 as recommended by management.

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

*Voting Delegate for the NRECA Region 7 Meeting*

Discussions resulted in continuing to have CEO Niedfeldt as the District’s current voting delegate and Chairman Arlon Jacobitz as the alternative voting delegate for the NRECA Region 7 Meeting. There was no further action taken on this motion.

*Purchase Agreement for Holiday Substation Site*

The District has abandoned the old Holiday substation site south of Interstate 80 on Highway 281. Engineering/Operations Manager Aaron Brown indicated that the previous landowners of this site are in agreement to purchase the site back from the District for \$500.00.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves selling the District’s Holiday Substation site back to the previous landowners Brad and Jill Kroeger for \$500.00.

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

*Economic Development Rate Schedule*

Management has updated the current Economic Development rate schedule for use in the remaining months of 2022. CEO Niedfeldt stated this rate passes through NPPD’s Economic Development Rate to customers with new or additional load requirements of 1,000 kW or greater with monthly load factors of 60% or higher.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the Economic Development Rate Schedule “LP-ECDV”.

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

*Interruptible Service Rider Rate Schedule*

Management recommends a new Interruptible rate schedule for large industrial customers that can operate with interruptions from NPPD under various scenarios. CEO Niedfeldt stated this rate is available to customers who qualify under the provisions of NPPD’s Special Power Product No. 8 – Large Customer Interruptible Rate schedule and who enter into a three-way service agreement with the District and NPPD.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the Interruptible Service Rider Rate Schedule “INTR-RIDER”.

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

Simultaneous Buy/Sell Rider Rate Schedule

Management recommends the new Simultaneous Buy/Sell rate schedule for customers installing distributed generation that exceed 25 KW. CEO Niedfeldt indicated this rate will allow for the District to purchase all energy not consumed by the customer and supplied to the District at the rate as provided in the schedule.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the Simultaneous Buy/Sell Rate Schedule “SBS”.

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

Nepotism Policy

Director Grove reviewed the discussions regarding amending the District’s Nepotism policy. The changes would allow relatives of current employees to be employed at the District at different locations and under different supervisory personnel. A motion was duly moved by the Labor Committee to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the amended changes to the District’s Nepotism Policy.

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

Evaluation of Zelle HR performance and Sage Collaborative Proposal

Attorney Dave Jarecke announced the resignation of Zelle HR Solutions from further services to the District effective immediately. CEO Niedfeldt introduced a proposal from Sage Collaborative to assist the District in HR services in the interim pending a decision on how the District will provide HR services in the future.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the proposal from Sage Collaborative to assist the District with temporary HR services.

Roll call vote: Yes 12, No 2 (Directors Choquette and Jacobitz), Absent 0

**MISCELLANEOUS BUSINESS:**

The 2022 NPPD Annual Customer Meeting will be held in Columbus August 18<sup>th</sup> – 19<sup>th</sup>.

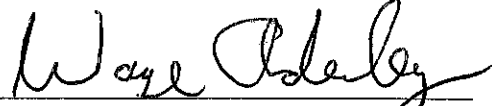
The next Safety Council meeting will be held in Funk on August 23<sup>rd</sup> starting at 9:00 a.m.

The 2022 NPA Annual Conference is in Kearney August 30<sup>th</sup> – 31<sup>st</sup>.

Next Board meeting is scheduled for Wednesday, September 14<sup>th</sup>.

The NRECA Region 7 Meeting will be in Portland, Oregon, September 27<sup>th</sup> – 29<sup>th</sup>.

There being no other business, the meeting was adjourned at 2:45 p.m.

  
Wayne Anderbery, Secretary

  
Arlon Jacobitz, Chairman