



BOARD OF DIRECTORS MEETING

August 14, 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 July 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, Dana Meyer, Arlon Jacobitz, Neal Katzberg, Joe Gustafson, Wayne Anderbery, Kevin Choquette, Dean Klute 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

CEO Chad Waldow reported on safety and emergency protocols and an update on the current status of the SPPD system.

MINUTES

There were no revisions made to the minutes of the July 10, 2024 regular Board meeting.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the minutes of the July 10, 2024 regular Board meeting.

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

BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

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 all bills and claims.

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

COMMENTS FROM THE PUBLIC

There were no comments from the public.

ROBIN HINRICHS

Robin Hinrichs was present to announce his candidacy for Nebraska Public Power District, Subdivision 6. The NPPD Board seat is up for election in 2024 and is currently being held by Ed Schrock who has indicated he will not seek re-election. Hinrichs also stated that he serves as Secretary on the Tri-Bason Natural Resource District Board.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Directors Benson, Kieborz, Gustafson and Klute attended a NPPD Board Member luncheon on Wednesday, July 14th.
- Directors Kieborz and Meyer attended the NREA Board Meeting on Wednesday, August 7th.
- Directors Bergman, Benson, Katzberg, Klute and Meyer attended an Irrigation Committee meeting on Wednesday, August 14th.

MANAGEMENT REPORTS:

President's comments:

- NPPD Contact Talks - There has been a break in the action. NPPD is taking a month to prepare concept papers explaining specific changes in the contract. We will need time to discuss the items we want to discuss and not just what is desired by NPPD.
- An NPA meeting was held on July 17th. The topics for discussion included the Lineman Rodeo, marketing campaign for the upcoming Husker sports season, Load & Capabilities Report and the Special Legislative Session. The importance of the NE Chamber study of Public Power was also shared. We spent a good amount of time on a resolution that opposes the EPA Regulations on power generation. This discussion was based on the NE G&T Resolution that was passed at their quarterly board meeting. The State Attorney General is joining other states in suing the EPA with concerns over these regulations. After much discussion the resolution passed.
- A Wholesale Customer Meeting was held in Columbus on July 18th with NPPD. The discussions at this meeting included a rate making discussion by Dave Jaracke and John McClure, wholesale power contract and 2025 Wholesale Rate Update by Todd Swartz. NPPD is not raising wholesale rates for 2025, however, they will be adjusting the demand/energy split. This will affect each District differently and we are looking to see how this will impact Southern. The PCA will be reduced slightly in 2025 as well.
- NPPD held a Board Member Luncheon in York on July 24th. I attended this with Directors Benson, Kieborz, Gustafson and Klute. A wide variety of topics were covered including generation assets for the future, financing of those assets and wholesale contract points of discussion.
- Qualified Local Generation - We have had two large customers inquire about Combined Heat Process (CHP). I started to look at the options within the current NPPD contract and our rate schedules. I think we have two options that I can see benefit to Southern and our customer, but we need to learn more about these options. I have briefly discussed with Utility Financial Solutions

and hope to dive deeper into this concept looking for a win-win solution for both the customer and the utility.

- NE State Chamber Study of Public Power - The NE State Chamber is looking at a nonpartisan study of Public Power in Nebraska. They are conducting interviews with several NPA members, including myself. They want to know what the benefits are and what might be some of our concerns for the future. They also asked about some of our challenges that we face on a regular basis. They also asked about the load queue and generation shortage facing NPPD. The overall goal of this study is to try and break down any barriers for Public Power that might hamper economic growth across the state.
- NREA Quarterly Meeting in Scottsbluff - The meeting included committee meetings on Wednesday followed by the board meeting on Thursday. Some of the highlights included the proposed budget for NREA for 2025. This includes a slight decrease in overall dues. The audit report was presented to the Audit Committee in full detail with an overview at the board meeting. The JT&S Committee gave an update on some changes coming to the training offerings. They also discussed some of the activities in the coming months including the Commitment to Zero 2.0 program they are rolling out across the state. There was a legislative update on the Special Session that is going on now. This is a very fluid situation with several moving parts. The information is old news by the time James gets it out to the membership. Dave Jaracke gave a regulatory report and discussed the new reporting requirements for PPDs on their websites. He also covered conflict of interest for board members

Additional Items:

- NPPD Financials: NPPD had a good start to the summer with net margins of \$8.4M in May and \$2.2M in June. This was due to off-system sales in May and lower than expected expenses including fuel and O&M expenses for June. NPPD has a YTD (as of June) surplus of \$19.0M with 3 summer months remaining. As we use up the capacity of NPPD, the off-system sales will decrease in the coming years.
- Energy Park Tour: I have invited Tom Kent, CEO of NPPD and Mick Spencer, COO of NPPD, for a tour of the Energy Park. NPPD is hosting a Wholesale Customer Meeting in Grand Island on September 19th and will tour Energy Park following that meeting (approx. 1-1:30 pm). I have been asking them to visit this area for a while now and I want to show them the potential for growth. We need an investment in electrical capacity to build out this area to its full potential. I know this might be difficult timing with harvest around the corner, but I would like to invite all of our directors to attend the tour. We are going to meet at the office at 1:30 p.m., tour the Energy Park and end with a stop at our Procurement Center.
- Special Legislative Session: James Dukesherer gave an overview of the session. There have been 81 bills and 24 constitutional amendments introduced for this session. Bills were limited to reducing property tax, but we still have many different ideas how to accomplish that. James did not think there were enough votes to get something passed, so several additional bills will be considered to pull some votes along. This is something that can change quickly and have serious consequences to our industry. We will keep following this as it develops.
- Upcoming meetings: NRECA Region 7 Meeting in Sacramento is September 25 & 26. The Annual Nebraska Power Association (NPA) in Kearney is October 29-30th. Please let me or Terri know if you would like to attend either of these meetings.

MANAGEMENT REPORTS:

Financial Reports:

- Summary of Revenues. CFO Peard provided a comparison of revenues between June 2023 and 2024. Year-to-date revenues through June 2024 amounted to \$46.2 million as compared to \$42.7 million in 2023.
- Power Costs. CFO Peard gave a summary of the power bill for June 2024 indicating a peak demand of 207,486 kW as compared to 279,487 kW recorded in June 2023. The District purchased 117.15 million kWh's in June 2024 as compared to 103.97 million kWh's in June 2023.
- Balance Sheet and Income Statement. CFO Peard provided a comparison of income statements from June 2024 and June 2023. Year-to-date net margins as of June 30, 2024 were \$3,718,061 as compared to \$4,303,141 as of June 30, 2023.
- Cash Flow Summary. CFO Peard provided a summary of the statements of cash flows. Cash and investments at June 30, 2024 were \$47.0 million compared to \$50.70 million at June 30, 2023.

Customer Service and Collection Report:

- The District's disconnect day was Wednesday, July 29th. District personnel worked 43 accounts, with 42 accounts being disconnected remotely.

Operations Report:

- Operations Manager Zeb Graham stated the District sent 22 linemen to assist OPPD for mutual aid due to a storm that occurred on July 31st.
- Osmost poles: 9,180 poles have been inspected with 482 poles being rejected. That is a 5.3% rate of rejection.
- Meetings continue with NPPD, RVW and the City of Central City regarding the NPPD/69kV Conversion with a project completion date at the end of 2026.
- The District participated the Linemen Rodeo in Broken Bow.
- Zeb attended the NREA Job Training and Safety meeting and also attended the NREA Operations Managers meeting in Scottsbluff.

Engineering Report:

- Engineering Manager Travis Dahlin reported that Dean Eubanks is currently working as a summer intern for the District. Dean is a student from Iowa State University and will graduate in May.
- The District had a kick-off meeting going over the District's proposed 69kV Sub-T route from NPPD Central City 115kV substation to the east side of Central City.

Energy Services Report:

- Energy Services Manager Sam Reinke continues to work on the analysis of the Water Heater program and has been providing information to District customers regarding concerns on various energy usages.
- During the month of July, the District issued three (3) water heaters and provided incentives totaling \$14,133 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives totaled \$113,834 and has provided \$473 in Efficient Electrification incentives during July.
- The Irrigation Department prepared and edited the July HP billing for the second HP charges and continues discussions with staff and the Irrigation Committee on updating the District's irrigation policies.

Communications and Public Relations Report:

- Communications Manager Amanda Groff reviewed upcoming social platform promotions that are planned through the end of August.
- The Operation Round Up Board met for their Quarter 2 meeting on July 16th with 11 out of 12 application grants being awarded. That Board also welcomed Stacci Urbom as their new Phelps County representative.
- The District participated in parades, the Nebraska Lineworkers Rodeo and will contribute to the Nebraska State Fair public power booth.
- Amanda has began conducting focus group meetings for the District's Strategic Communications Plan.

Safety Report:

- Safety Director Todd Bailey reported on personnel and equipment claims that occurred during the month of July.
- A safety meeting was held with the Kearney and Doniphan dispatch teams.
- Bailey attended the Nebraska Lineworkers Rodeo in Broken Bow.
- Safety training will be held in Grand Island the week of August 19th.

IT Report:

- IT Director Travis Doht gave an update on how the Windows-CrowedStrike outage impacted the District. The District's goal is to identify potential services that the District employs that could be the cause of an outage of this sort, and how the District can better insulate from this sort of outage in the future.

***LUNCH RECESSED AT 11:50 A.M.,
THE MEETING RECONVENED AT 12:45 P.M. IN OPEN SESSION.***

CUSTOMER REPORTS:

DIRECTORS:

- Director Choquette stated that a customer from Roseland expressed their gratitude of the quick response time from the District following a storm.

MANAGEMENT:

- CEO Waldow spoke about the potential development of a sustainable aviation fuel productions facility in Phelps County.
- Waldow stated the District had an inquiry of a traditional data center out at Energy Park.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

- Director Kuehn reported that all funds were adequately covered by FDIC insurance and joint custody receipts.
- Director Bergman reported on an Irrigation Committee meeting which was held prior to the Board meeting discussing various subject matters on irrigation policies.

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 \$408.36.

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 charge-offs of delinquent accounts totaling \$408.36 as recommended by management.

Roll call vote: Yes 14, No 0

Changes to District Irrigation Policies and Procedures

CEO Waldow reviewed the District's 2024 Irrigation Policies and Procedures. It was requested the Board review and consider the suggested changes to the District's Irrigation Policies and Procedures as presented by management.

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 the review and consideration of the 2024 Irrigation Policies and Procedures as presented by management.

Roll call vote: Yes 14, No 0

Voting Delegate for the NRECA Region 7 Meeting

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves appointing CEO Chad Waldow as the 2024 Voting Delegate for the NRECA Region 7 meeting in Sacramento, California.

Roll call vote: Yes 14, No 0

Electric Service Agreement with KAAPA CO2 MINDEN LLC

CEO Waldow reviewed the standard electric service agreement with KAAPA CO2 Minden LLC.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the Electric Service Agreement between the District and KAAPA CO2 Minden LLC as presented by management.

Roll call vote: Yes 13, No 0, Abstain 5 (Directors Anderbery, Bergman, Grove, Jacobitz and Rohrich)

A Conflict of Interest Disclosure Form was made available for any volunteer Director who may have a possible conflict.

Electric Service Agreement with KPA CO2 MINDEN LLC

CEO Waldow reviewed the standard electric service agreement with KPA CO2 Aurora LLC.

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

RESOLUTION

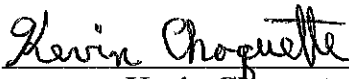
RESOLVED, that the Board of Directors of Southern Public Power District approves the Electric Service Agreement between the District and KPA CO2 Aurora LLC as presented by management. Roll call vote: Yes 13, No 0, Abstain 5 (Directors Anderbery, Bergman, Grove, Jacobitz and Rohrich)

MISCELLANEOUS BUSINESS:

The next Board of Directors meeting will be held on Wednesday, September 11th.

CEO Waldow reviewed upcoming meeting dates for the months of August, September and October.

There being no other business, the meeting was adjourned at 1:55 p.m.



Kevin Choquette, *Secretary*



Dana Meyer, *Chairman*