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## BOARD OF DIRECTORS MEETING

*December 14<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 December 14, 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, Dean Klute, Kevin Choquette, Rick Bergman, Mike Lowry, Lee Grove, Marvin Fishler, Bob Kieborz, Joel Kuehn, Kevan Reeson, 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**

There were no revisions made to the minutes of the November 9, 2022 regular Board meeting.

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

#### **RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the minutes of the November 9, 2022 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 Bergman, seconded by Director Katzberg, 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 Choquette, Kuehn and Kieborz attended the Safety Council meeting on Wednesday, November 23<sup>rd</sup>.
- Directors Lowry, Bergman and Klute attended the Energy Park Committee meeting on Wednesday, December 7<sup>th</sup>.
- Directors Fishler, Benson, Kieborz and Chairman Jacobitz attended the Director Search Committee meeting on Tuesday, December 13<sup>th</sup>.

Chairman Jacobitz introduced Joe Gustafson from Phillips who has been elected to the Board of Directors representing Hamilton County. Mr. Gustafson will be replacing Kevan Reeson. Mr. Gustafson commented he was looking forward to joining the Board in January.

### MANAGEMENT REPORTS:

#### President's comments:

- CEO Niedfeldt attended the following meetings and activities during the past month:
  - SPPD – Attended the Western Region's Managers meeting on November 10<sup>th</sup> at South Central PPD in Nelson. Attended the Adam's County Farmers and Rancher Ag BBQ event on November 10<sup>th</sup>. Attended the Franklin Wind Farm tour with Blue Stem and staff from the Franklin office on November 17<sup>th</sup>. Attended the VCV Digital special use permit hearing with the Hall County Commissioners meeting on November 22<sup>nd</sup>. Attended the Safety Council quarterly meeting in Grand Island on November 23<sup>rd</sup>. Conducted orientation sessions for incoming Directors Curtis Rohrich and Joe Gustafson. Attended the Energy Park Committee meeting on December 7<sup>th</sup>. Attended the Director Search Committee meeting on December 13<sup>th</sup>.
  - NPPD – Participated in various webinars and conference calls on subjects such as PURPA standards, Demand Response programs, Capacity studies for loads in the Energy Park and Board meeting agendas.
  - NPA – Attended the Bi-Monthly meeting on November 16<sup>th</sup> at LES in Lincoln.
- NPPD Issues:
  - October 2022 Rate Stabilization Fund – NPPD has reported a \$12.2 million surplus for October and a YTD surplus of \$65.6 million through October 31, 2022. The year-end forecast for the fund is a surplus of \$68.1 million. The Wholesale Production share of the forecasted surplus is \$59.1 million with the remainder assigned to NPPD's retail division.
- Human Resources: Work continues with Sage Collaborative on Human Resource issues. Revisions to the District's disciplinary and harassment policies along with non-union grievance procedures are being reviewed by staff and the District's attorney. Job descriptions for Department Heads and Area Managers are being amended and updated.
- Personnel: The Electrical Engineering position has been filled. Tom Schoenstein has accepted the District's offer of employment and will start with the District on December 16<sup>th</sup>. Tom is a graduate of Grand Island Public Schools and the UNL Engineering college. He has been with LES since June, 2021 as a Customer Service Engineer. Matt Lovejoy has been transferred back to Central City to fill the last Journeyman Lineman opening. One opening remains, the Survey Technician position in Grand Island.

#### Financial Reports:

- Summary of Revenues. CFO Shannon Peard provided a comparison of revenues between October 2021 and 2022. Year-to-date revenues through October 2022 amounted to \$79.11 million as compared to \$74.86 million in 2021.
- Power Costs. CFO Peard provided a summary of the power bill for October 2022 indicating a peak demand of 132,399 kW as compared to 130,274 kW recorded in October 2021. The District purchased 80.94 million kWh in October 2022 as compared to 81.06 million kWh in October 2021.
- Balance Sheet and Income Statement. CFO Peard provided a comparison of income statements from October 2022 and October 2021. Year-to-date net margins as of October 31, 2022 were \$9,775,728 as compared to \$8,555,366 as of October 31, 2021.
- Cash Flow Summary. CFO Peard provided a summary of the statements of cash flows. Cash and investments at October 31, 2022 were \$69.5 million compared to \$66.2 million at October 31, 2021.

#### Customer Service and Collection Report:

- The District's disconnect day was scheduled for Thursday, December 1<sup>st</sup>. District personnel worked 27 accounts, with all 27 accounts being disconnected remotely.

#### Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown has been assisting with the design work with ArchGreen LLC on the Cryptocurrency project at the Energy Park.
- Brown is working with Summit Carbon Solutions on two carbon sequestration projects at both the Wood River Ethanol and Central City Ethanol locations.
- Osmose pole testing results this year include 9,073 poles being inspected and 350 poles being rejected. The failure rate is 3.9%.

#### Energy Services Report:

- During the month of November, the District issued eight (8) water heaters and provided incentives totaling \$10,403 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives total \$148,300. The District provided \$8,059 in Efficient Electrification incentives during November. Year-to-date Efficient Electrification incentives total \$26,100.
- Work continues on releasing well applications to customers who have requested to have an irrigation service built for the 2023 season. All applications received after November 30<sup>th</sup> will be on the 2024 well list.

#### Communications and Public Relations Report:

- Public Relations Manager Amanda Groff stated that the District is currently running Holiday greeting ads on various radio stations.
- The Employee Recognition Banquet is set for February 10<sup>th</sup>. The Social Committee will be working to finalize details.
- Groff gave an update on the District's social platform growth this past year and mentioned various upcoming social promotions.

#### Safety Report:

- Safety Manager Todd Bailey reported that there were no incidents for the month of November.

- Federated Rural Electric Insurance conducted their annual walk-through on December 12<sup>th</sup> and 13<sup>th</sup> resulting in only minor concerns. A final inspection report will be sent to each area once it is received back from Federated.
- A Safety Council meeting was held in Grand Island on Wednesday, November 23<sup>rd</sup>

**CUSTOMER REPORTS:**

**DIRECTORS:**

- There no customer reports from the Directors.

**MANAGEMENT:**

- The District has received three additional inquiries from companies who have interest in properties located at the District's Energy Park.

**COMMITTEE REPORTS:**

**FINANCE COMMITTEE:**

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

**ENERGY PARK COMMITTEE:**

- Committee Chairman Lowry stated that the committee met on December 12<sup>th</sup> with Bryan French, Project Manager with GMCO Corporation. GMCO is interested in purchasing a 27-acre site for a plant to produce liquid deicer and liquid fertilizer.

A motion was duly moved by the Energy Park Committee to continue moving forward with the GMCO Corporation project at Energy Park.

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves authorizing management's formal negotiations of a Memorandum of Understanding for the sale of 27 acres in the Energy Park to the GMCO Corporation.

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

***LUNCH RECESSED AT 11:45 P.M.,  
THE MEETING RECONVENED AT 12:34 P.M. IN OPEN SESSION.***

**COMMITTEE REPORTS (cont):**

**DIRECTOR SEARCH COMMITTEE:**

- Committee Chairman Benson reported that the committee met with four candidates for the open Board of Directors position for Merrick County. Upon conclusion of interviews, the Committee reviewed the qualifications of each candidate and their responses. By consensus, the Committee recommends the appointment of Courtney Retzlaff to replace Marvin Fishler, who will be retiring at the end of 2022, for the Merrick County Board position.

A motion was duly moved by the Director Search Committee to appoint Courtney Retzlaff to the Board of Directors representing Merrick County for a two-year term starting in January 2023.

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves appointing Courtney Retzlaff to the Board of Directors representing Merrick County for a two-year term starting in January 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 \$3,255.30.

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 \$3,255.30 as recommended by management.

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

**Two-Year Tree Clearing Contracts**

Engineering/Operations Manager Brown reviewed previous contracts, including hours of work and costs and compared those contracts to the cost of using the District's equipment and linemen. Those comparisons indicated that the continued use of contractors for tree clearing activities were more efficient than using staff. Brown then presented proposed service contracts for 2023 and 2024 with Griffith Tree and Stump Removal, Brandenburg Tree & Lawn LLC, R&J Tree and Lawn LLC and KW & Son's Tree Service.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves two-year tree trimming contracts with Griffith Tree and Stump Removal, Brandenburg Tree & Lawn LLC, R&J Tree and Lawn LLC and KW & Son's Tree Service as recommended by management.

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

**Amending the 2023 Lineworker Scholarship Program**

CEO Neal Niedfeldt reviewed the current scholarship program the District offers to high school seniors and stated that the scholarship amounts have not been updated for several years. CEO Niedfeldt is proposing increasing the scholarship levels to \$2,500 for a one-year program and to \$3,000 for a two-year program due to the increase in tuition, fees, books and tools. This would assist the students with approximately 25% of the cost to attend the college of their choice.

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 to increase the scholarship levels to \$2,500 for a one-year program and to \$3,000 for a two-year program as

recommended by management.

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

**New Standards Issued Under the Public Utility Regulatory Policies Act (PURPA)**

CEO Niedfeldt stated that Congress periodically amends the PURPA Act policies requiring qualifying utilities to consider new standards. CEO Niedfeldt explained the process of how various utility

Boards will review and consider these new standards. CEO Niedfeldt shared the recommended timeline and process for the District and recommended that the Board approve the process to respond to the new PURPA requirements.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the process to consider and approve new standards that are set forth by the Public Utility Regulatory Policies Act. Roll call vote: Yes 14, No 0, Absent 0

*Proposal from Utility Financial Solutions for a Cost of Service and Rate Design Study*

CEO Niedfeldt reviewed a proposal provided by Utility Financial Solutions to complete a Cost of Service and Rate Design study for the District in 2023. Niedfeldt stated that the District's cost structure has changed since the last study was performed in 2018 and would recommend that the studies be updated with the objective of implementing any new recommendations in 2024.

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 proposal from Utility Financial Solutions to complete a Cost of Service and Rate Design Study in 2023 for a fee of \$22,500 plus incidentals and travel expenses. Roll call vote: Yes 14, No 0, Absent 0

*Salary and Contract for President/CEO*

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves to extend CEO Niedfeldt's Employment Agreement to have a termination date of September 30<sup>th</sup>, 2023. Roll call vote: Yes 14, No 0, Absent 0

*Change of March 2023 Board Meeting Date*

CEO Niedfeldt requested the Board meeting date in March be changed due to it conflicting with the 2023 NRECA Annual Meeting during that same week.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves changing the date of the March 2023 Board meeting from Wednesday, March 8<sup>th</sup> to Wednesday, March 15<sup>th</sup>. Roll call vote: Yes 13, No 1 (Director Kuehn), Abstain 1 (Director Lowry)

*Resolution of Kevan Reeson*

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

**WHEREAS**, Kevan Reeson, a member of the Southern Public Power District Board of Directors representing customers from Hamilton County, Nebraska, has exemplified

outstanding dedication, commitment and service to the public and to the electric utility industry in Nebraska; and

**WHEREAS**, Kevan was elected to the Board of Directors for the Southern Public Power District and served from 2017 through 2022; and

**WHEREAS**, Kevan served on numerous special Board committees during his six years with the Southern Public Power District; and

**WHEREAS**, Kevan will retire from the Board of Directors in December 2022, after faithfully serving his customers and public power for a total of six years.

**NOW, THEREFORE BE IT RESOLVED**, that we, as the Board of Directors of Southern Public Power District, do hereby extend to Kevan, our sincere and grateful appreciation for his leadership and dedicated service to the electric consumers in Hamilton County and extend our congratulations on his retirement, and our best wishes to him for continued success, happiness and good health in the years to come.

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

Resolution of Mike Lowry

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

**WHEREAS**, Mike Lowry, a member of the Southern Public Power District Board of Directors representing customers from Hall County, Nebraska, has exemplified outstanding dedication, commitment and service to the public and to the electric utility industry in Nebraska; and

**WHEREAS**, Mike was elected to the Board of Directors for the Southern Public Power District and served from 1999 through 2022; and

**WHEREAS**, Mike served in the offices of Board Chairman, Vice Chairman, Secretary, and Treasurer, and served on numerous special Board committees during his 24 years with the Southern Public Power District; and

**WHEREAS**, Mike will retire from the Board of Directors in December 2022, after faithfully serving his customers and public power for a total of 24 years.

**NOW, THEREFORE BE IT RESOLVED**, that we, as the Board of Directors of Southern Public Power District, do hereby extend to Mike, our sincere and grateful appreciation for his leadership and dedicated service to the electric consumers in Hall County and extend our congratulations on his retirement, and our best wishes to him for continued success, happiness and good health in the years to come.

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

Resolution of Marvin Fishler

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

**WHEREAS**, Marvin Fishler, a member of the Southern Public Power District Board of Directors representing customers from Merrick County, Nebraska, has exemplified outstanding dedication, commitment and service to the public and to the electric utility industry in Nebraska; and

**WHEREAS**, Marvin was elected to the Board of Directors for the Southern Public Power District and served from 1998 through 2022; and

**WHEREAS**, Marvin served in the offices of Board Chairman, Vice Chairman, Secretary, and Treasurer, and served on numerous special Board committees during his 25 years with the Southern Public Power District; and

**WHEREAS**, Marvin will retire from the Board of Directors in December 2022, after faithfully serving his customers and public power for a total of 25 years.

**NOW, THEREFORE BE IT RESOLVED**, that we, as the Board of Directors of Southern Public Power District, do hereby extend to Marvin, our sincere and grateful appreciation for his leadership and dedicated service to the electric consumers in Merrick County and extend our congratulations on his retirement, and our best wishes to him for continued success, happiness and good health in the years to come.

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

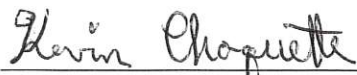
**MISCELLANEOUS BUSINESS:**

Next Board meeting is scheduled for Wednesday, January 18th, 2023.

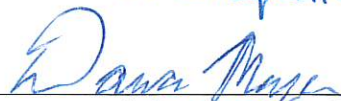
An S.I.D. #5 meeting will be held on Wednesday, January 18th, 2023 at 9:00 a.m.

The Annual Strategic Planning meeting is scheduled for Wednesday, January 25<sup>th</sup> in Doniphan.

There being no other business, the meeting was adjourned at 1:45 p.m.

  
\_\_\_\_\_  
~~Wayne Anderbery~~, Secretary

Kevin Choquette

  
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~~Arlon Jacobitz~~, Chairman

Dana Meyer