

SOUTHERN PUBLIC POWER DISTRICT

BOARD OF DIRECTORS MEETING

February 10th, 2021

The Board of Directors of Southern Public Power District met in regular session at The Quality Inn at 7838 S US Hwy 281, Grand Island, Nebraska, on February 10th, 2021, 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, Rick Bergman, Lee Grove, Kevan Reeson, Marvin Fishler, Bob Kieborz, Joel Kuehn, Wayne Anderbery, Dana Meyer and Arlon Jacobitz. President/CEO Neal Niedfeldt and attorney Dave Jarecke were also present.

Directors absent: Mike Lowry and Dean Klute

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 January 13th, 2021 regular Board 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 the minutes of the January 13th, 2021 regular Board meeting.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Lowry and Klute)

SPECIAL MEETING - 2021 STRATEGIC PLANNING

There were no revisions made to the minutes of the January 27th, 2021 Special Meeting of the Board of Directors.

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 the minutes of the January 27th, 2021 Special Meeting of the Board of Directors.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Lowry and Klute)

BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Kieborz, seconded by Director Choquette, 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 12, No 0, Absent 2 (Directors Lowry and Klute)

COMMENTS FROM THE PUBLIC

There were no comments made.

DIRECTOR TRAINING

The District's Attorney Dave Jarecke presented the Board of Director Training on Statutory Responsibilities.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Directors Lowry, Anderbery, Fishler, Choquette, Bergman, Benson, Meyer, Jacobitz (attended virtually), Katzberg, Reeson, Kuehn, Grove, Klute and Kieborz attended the Strategic Planning Meeting on January 27th in Wood River.
- Directors Kuehn, Kieborz, Anderbery, Fishler and Jacobitz attended the Legislative Committee meeting on January 27th.

MANAGEMENT REPORTS:

President's comments:

- CEO Niedfeldt attended the following meetings and activities during the past month:
 - Southern Public Power Meetings – Attended the quarterly meeting of the SPPD Area Development Fund (Operation Round Up) on January 19th. Attended the Strategic Planning Meeting in Wood River on January 27th. Participated in the Employee Recognition Virtual event on January 28th. Attended the Franklin County Commissioners Meeting on February 2nd.
 - NPPD – Attended the monthly meeting of the Eastern Region's Managers at York on January 22nd.
 - NPA – Participated in the bi-monthly virtual Board Meeting on January 20th. Participated in the monthly virtual meeting of the Power Review Board on February 8th to review Joint Planning activities with neighboring utilities.

Projects:

NPPD Issues:

- 2020 Financials - NPPD has reported a surplus of \$14.9 million for the year ending December 31, 2020. The breakdown of the surplus is as follows: Production - \$7.6 million, Transmission - \$1.6 million and Retail - \$5.7 million.

- **Plan B Studies** – NPPD will hold a public meeting to review the results of the Carbon Regulation Business Risk Studies (Plan B) performed by two consultants, Siemens Industry, Inc., and Ascent Analytics. The meeting will be held in York on March 10th.
- **Operations and Construction** – Operations personnel continue with winter maintenance activities and several irrigation installations. Tree contractors are clearing right of ways where directed.
- **Bluestem Energy Solutions Wind Project** – The Franklin County Commissioners met on February 2nd and unanimously approved the Special Use Permit for Bluestem to construct a two-turbine wind facility just west of Upland. District personnel will be reviewing interconnection agreements to be finalized before construction can commence.
- **N Solar Project** – Two sites have been identified for a 1 MW solar generation project for each site. Other sites are under review.
- **Personnel** – Interviews are being scheduled for the open position on the subtransmission construction crew. John Ciemnoczowski, Hastings Area Manager, has announced his plans for retirement effective February 26, 2021. A search for John’s replacement will begin immediately.

Financial Reports:

- Summary of Revenues. CFO Brad Kool provided a comparison of revenues between December 2019 and 2020. Year-to-date revenue ending the month of December 2020 amounted to \$85.10 million compared to \$79.71 million in 2019.
- Power Costs. CFO Kool provided a summary of the power bill for December 2020 indicating a peak demand of 127,768 kW as compared to 154,079 kW recorded in December 2019. The District purchased 75.7 million kWh’s in December 2020 as compared to 87.9 million kWh’s in December 2019.
- Balance Sheet and Income Statement. CFO Kool provided a comparison of income statements from December 2020 and December 2019. Year-to-date net margins as of December 31, 2020 were \$11,671,180 as compared to \$6,451,081 as of December 31, 2019. CFO Kool also reviewed balance sheets from December 2020 and December 2019.
- Cash Flow Summary. CFO Kool provided a summary of the statements of cash flows.

Customer Service and Collection Report:

- The production cost adjustment reflected on customers’ bills for December 2020 was (\$177,474). Year to date 2020 the production cost adjustment reflected on customers’ bills has totaled (\$2,451,005).
- The District’s disconnect day was scheduled for Tuesday, January 28th. It was decided based on the weather conditions, that disconnects would be delayed and possibly worked the first week of February, weather permitting.

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

Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown reported that the District has agreed to engage H&K Scholz for upcoming work at Green Plains Ethanol in Wood River for their expansion project that will include upgrading relays and testing switchgear equipment.
- The Sub-Transmission Construction crew began working on Budget Project 301 to construct two miles of 69kV sub-transmission line near the Aurora substation.

Marketing Report:

- Energy Services Manager Sam Reinke reported that he is preparing specs for the Grand Island roof replacement project.
- Reinke participated in the EnergyWise/GoEV zoom meeting in February. Preparations are being made to combine the EnergyWise and GoEV websites into one, which will assist customers who are looking for energy efficiency and electric vehicle incentives from their local utility.
- The District did not issue any water heaters to customers during the month of January but provided \$5,407.25 to customers for incentives under the EnergyWise Program.

Communications Report:

- Public Relations Manager LeAnne Doose reported that the Operation Round Up Board met on Tuesday, January 19th, and reviewed seven applications with \$11,600 awarded to six applicants. This grant cycle brings the total funds awarded to \$353,315 since the program was initiated.
- The 2020 Annual Report is being drafted and is under review by management.
- As a result of NPPD updating their wholesale advertising program, the District is eligible for a greater reimbursement value. The program is being reviewed and will be applied to the District's advertising program going forward.
- Doose reviewed the District's promotional efforts that will be highlighted now and through the month of March.

Safety Report:

- In the absence of Safety Manager Todd Bailey, Brad Kool reported on the personnel and equipment incidents that took place during the month of January.

CUSTOMER REPORTS:

DIRECTORS:

- None.

MANAGEMENT:

- CEO Niedfeldt reviewed a presentation he had provided the Power Review Board on joint planning activities and services the District provides to villages and neighboring utilities.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

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

LEGISLATIVE COMMITTEE:

- Legislative Committee Chairman Kuehn indicated the Legislative Committee met on Wednesday, January 27th, to review legislative bills that have been introduced that would be of interest to the District. CEO Niedfeldt reviewed the bills that were discussed with the Committee and the position the District would be taking on each, including bills that pertained to broadband pole attachments, provisions relating to net metering provided by local distribution utilities, qualifications and terms of public power district board members and the potential adoption of the Nebraska Geologic Storage of Carbon Dioxide Act.

STRATEGIC PLANNING COMMITTEE:

- Strategic Planning Committee Chairman Meyer presented an overview of the Strategic meeting that was held at the Wood River Community Center on January 27th and commended all the Board members for taking part.

MOTIONS & RESOLUTIONS:

Charge Off Uncollectible Accounts

CFO Kool provided a review of accounts recommended for charge-off. Mr. Kool reported that the list of recommended charge-offs totaled \$959.54.

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 charge-offs of delinquent accounts totaling \$959.54 as recommended by management.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Lowry and Klute)

District's Contribution in Aid and Line Extension Policies

CEO Niedfeldt reviewed discussions that were held at the Strategic Planning meeting regarding the District's contribution in aid and line extension policies. Niedfeldt proposed moving forward with management's recommended changes to the District's Line Extension Policies. CFO Kool provided a summary of proposed changes, including reviewing the current policies in comparison to the proposed policies for various rate classes. The proposed policy would become effective May 1, 2021.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the proposed changes to the District's Contribution in Aid and Line Extension Policies as recommended by management.

Roll call vote: Yes 11, No 1, Absent 2 (Directors Lowry and Klute)

District's Policies on Capacitor Requirements for Irrigation Services

CEO Niedfeldt reviewed the proposed changes for requiring capacitors on irrigation services which was discussed in greater detail at the Strategic Planning meeting. Engineering/Operations Manager Aaron Brown reviewed the benefits for both the District and the customer for improving customer power factors. The current policy of requiring the installation of capacitors on all new irrigation services would be replaced with a new policy that would apply assess a power factor adjustment charge to all irrigation customers that do not correct their power factor to a minimum level. Discussion followed.

No action was taken on the agenda item. Management will continue to study options regarding this issue and report back at the March Board meeting.

Rate Change for Rate Schedule DG – Distributed Generation Service

CEO Niedfeldt reviewed the Distributed Generation Service rate schedule and staff's recommendation to adjust the rate from 2.60¢ per kWh to \$.0266 per kWh.

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 the revised rate change for Rate Schedule DG – Distributed Generation Service from 2.60¢ to \$.0266 per kWh.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Lowry and Klute)

Rate Change for Rate Schedule "STS" - Subtransmission and Substation Transformation Service

CEO Niedfeldt reviewed the proposed changes to the "STS" rate schedule for billing customers receiving subtransmission line and/or substation transformation services in 2021.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the revised rate change for Rate Schedule STS for billing customers using sub-transmission line service of \$1.03 per kW and for substation transformation service of \$0.97 per kW.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Lowry and Klute)

Minden Chamber of Commerce

CEO Niedfeldt presented the annual membership fee to the Minden Chamber of Commerce. No action was taken on this agenda item. The membership will not be renewed.

Change of Date of March Board Meeting

CEO Niedfeldt requested that the Board March 10th Board meeting date be changed due to the NPPD Plan B Studies meeting being held on March 10th.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves changing the date of the March Board meeting from Wednesday, March 10th to Tuesday, March 9th.
Roll call vote: Yes 12, No 0, Absent 2 (Directors Lowry and Klute)

Resolution of Appreciation to John Ciemnoczolowski

WHEREAS, John Ciemnoczolowski, Area Manager at Southern Public Power District's Hastings Office, has exemplified outstanding dedication and commitment during his career serving the customers of the District; and

WHEREAS, John began his career at Southern Public Power District beginning on September 13, 1978 as an Apprentice Lineworker for the District's Hastings Office. He advanced through the ranks as a Journeyman Lineworker, Lead Lineworker and Maintenance Supervisor, and assumed the role of Area Manager on January 1, 2014; and

WHEREAS, John has demonstrated thoughtful leadership in guiding the employees of the Hastings Service Center and providing superior service to the customers in his operating area; and

WHEREAS, John's experience at all levels of his career resulted in his vast knowledge of the operation and maintenance of the District's electric facilities, metering and technical equipment, and customer service policies. John was a valuable asset in the District's efforts to expand into new technologies, and he embraced those efforts for the purpose of efficiency and reliability; and

WHEREAS, John has retired from service to the District and its customers on February 26, 2021, after faithfully serving the customers of Southern Power District for over 42 years.

THEREFORE, BE IT RESOLVED, that we, the Members of the Board, do hereby extend to John, our sincere and grateful appreciation for his dedicated service to Southern Public Power District and extend our congratulations on his well-earned retirement, and our best wishes to him and his wife Becky for continued success, happiness, and good health in the years to come.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Lowry and Klute)


MISCELLANEOUS BUSINESS:

The next Board meeting is scheduled for Tuesday, March 9th at 10:00 a.m.

NRECA Annual Member Business Meeting will be held virtually on March 4th from 3 to 5:00 p.m.

NRECA Directors Conference will be held virtually on March 23rd and 24th, 2021.

There being no other business, the meeting was adjourned at 3:00 p.m.


Wayne Anderbery, Secretary


Arlon Jacobitz, Chairman