



BOARD OF DIRECTORS MEETING

February 8th, 2023

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 February 8, 2023, 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, Neal Katzberg, Dean Klute, Kevin Choquette, Rick Bergman, Courtney Retzlaff, Joe Gustafson, Lee Grove, Bob Kieborz, Joel Kuehn (left at noon), Curtis Rohrich, Wayne Anderbery, Dana Meyer and Arlon Jacobitz. President/CEO Neal Niedfeldt and attorney Ellen Kreifels 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.

INSTALLATION OF ELECTED DIRECTOR AND OATH OF OFFICE

Attorney Ellen Kreifels administered the Oath of Office to newly elected Board member Joe Gustafson.

MINUTES

There were no revisions made to the minutes of the January 25, 2023 regular Board meeting.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the minutes of the January 25, 2023 regular Board meeting.

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

BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Grove, seconded by Director Meyer, 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:

- Director Grove attended the Funk Village Board meeting on Monday, February 6th.

MANAGEMENT REPORTS:

President's comments:

- CEO Niedfeldt attended the following meetings and activities during the past month:
 - SPPD – Attended the Eastern Managers Meeting in Lincoln on January 20th. Attended the Western Managers Meeting at Southwest PPD on January 26th. Provided a presentation on the Franklin County Wind Project to the Central Public Power and Irrigation District Board of Directors on January 30th. Attended the NPPD Demand Response meeting on January 31st. Conducted an orientation session for new employees on February 1st.
- NPPD Issues:
 - December 2022 Rate Stabilization Fund – NPPD has not reported December's surplus results. The year-end forecast for the fund is a surplus of \$68.1 million. The Wholesale Production share of the forecasted surplus is \$58.9 million with the remainder assigned to NPPD's retail division.
 - Integrated Resource Plan – NPPD is completing their Integrated Resource Plan that lays out their best projections of generation resources for the next five years. Their first draft indicates they will continue to operate Gerald Gentleman Station, making a decision on relicensing Cooper Nuclear Station through 2054 by the end of next year, converting Sheldon Station at Hallam to natural gas (currently it is a coal plant), increase funding for energy efficiency programs and study additional demand response programs to reduce peak loads.
 - Demand Response Pilot Program - NPPD has approved a new program to test in 2023 allowing single site customers or an aggregation of customers to allow their loads to be interrupted and to be offered as a resource into the SPP market. The SPP offers certain payments and incentives for customers who allow their loads to be controlled for short time increments of approximately 10 minutes per event.
- GMCO Corp. – Survey work of the site is being organized and must be completed before the sale of property can be executed. GMCO has indicate there are no permitting requirements from the County for this project.

- Arch Green LLC Crypto-Mining Project – The Electric Service Agreement, the Interruptible Rate Agreement and the property Lease Agreement have been forwarded to Arch Green LLC for their review. The intent will be to bring executed agreements to the March Board meeting for approval. There have been numerous media inquiries about the project since announced in late January
- Personnel – Offers of employment have been accepted by Arik Ackerman of Bertrand and Issak Norman of Fullerton for full time employment as Apprentice Linemen in May in the Funk and Central City offices. Arik and Issak will be finishing up school in May. The Survey Technician position in Grand Island remains open.

Financial Reports:

- Summary of Revenues. CFO Shannon Peard provided a comparison of revenues between December 2021 and 2022. Year-to-date revenues through December 2022 amounted to \$89.83 million as compared to \$85.19 million in 2021.
- Power Costs. CFO Peard provided a summary of the power bill for December 2022 indicating a peak demand of 152,585 kW as compared to 128,463 kW recorded in December 2021. The District purchased 84.68 million kWh's in December 2022 as compared to 79.77 million kWh's in December 2021.
- Balance Sheet and Income Statement. CFO Peard provided a comparison of income statements from December 2022 and December 2021. Year-to-date net margins as of December 31, 2022 were \$8,055,761 as compared to \$7,783,768 as of December 31, 2021.
- Cash Flow Summary. CFO Peard provided a summary of the statements of cash flows. Cash and investments at December 31, 2022 were \$57.0 million compared to \$59.1 million at December 31, 2021.

Customer Service and Collection Report:

- The District's disconnect day was scheduled for Thursday, January 26th. District personnel worked 57 accounts, with 51 accounts being disconnected remotely.

Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown reported that 24 of the District's 600 9S meters are being delivered and the District will be releasing 200 load control units to be refurbished.
- Mr. Brown reviewed transformer test results for two of the eight substation transformers from Virginia Transformers.
- Work continues with NPPD on the Grand Island 115kV substation to upgrade from 34.5kV to 69kV.

Energy Services Report:

- Energy Services Manager Sam Reinke stated that the EnergyWise allocation for 2023 is \$214,662.
- Mr. Reinke has prepared and distributed February's Village Board meeting schedule.
- Mr. Reinke stated that the Village of Wood River has an interest in the Lighting and HVAC incentive program for their second phase renovation of the Stick Creek Kids facility.
- Work continues on the progress for the EV charging station at Bosselman's Travel Center.
- Mr. Reinke hosted a booth at Aurora Ag Day on January 31st.

- During the month of January, the District issued four (4) water heaters and provided incentives totaling \$18,800 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives totaled \$195,861. The District provided \$4,000 in Efficient Electrification incentives during January.
- Work continues with customers on new/existing irrigation well applications and the irrigation department has started a list for the 2024 season.
- The District processed 228 capacitor rebate applications in January and delivered customer rebates totaling \$85,768.

Communications and Public Relations Report:

- Public Relations Manager Amanda Groff reviewed upcoming promotional efforts that are planned through the end of March.
- All details have been finalized for the February 10th Employee Appreciation Banquet in Kearney.
- The next customer magazine is due to be printed on February 28th.

Safety Report:

- Safety Manager Todd Bailey reported on personnel and equipment claims for the month of January.
- CPR and First Aid training has been completed for all areas.
- Mr. Bailey conducted sticks and ground testing at each area office.
- There will be a Safety Council meeting held in Grand Island on Wednesday, February 22nd.

***LUNCH RECESSED AT 12:00 P.M.,
THE MEETING RECONVENED AT 12:40 P.M. IN OPEN SESSION.***

STRATEGIC PLANNING REPORTS:

2023 – 2027 Business Plan:

- Chief Financial Officer Peard provided an overview of the District's Business Plan and Statistical Review. The results are based on assumptions taken from projected revenues, power costs, operating expenses, depreciation expense, interest expense and debt service costs.
- CFO Peard also reviewed benchmarking statistics of the District's financial position with the other rural power districts in Nebraska. This statistical report illustrated the District's rates and financial position was very favorable in comparison to other Districts. Rate information on a national basis was also reviewed indicating the District and Nebraska as a whole is very competitive with the rest of the nation.

2020 Subtransmission Plan:

- Engineering and Operations Manager Brown provided a summary of the District's 69kV Sub-transmission history and a projected overview of a five-year sub-transmission plan for the District.

2023 Communication Plan:

- Communications Manager Groff discussed a variety of suggested improvements for the District in external and internal communications and customer relationships.

CUSTOMER REPORTS:

DIRECTORS:

- Director Grove requested that the topic of the District having a potential membership in NREA be a part of future strategic planning discussions.

MANAGEMENT:

- CEO Niedfeldt stated that Foundry Digital will be taking over the Minden site originally selected by Compute North and the District will be considering reassigning the Economic Development Rate Agreement to them.
- The District is awaiting execution of the lease agreement, electric service agreement and interruptible rate agreement by ArchGreen, LLC to be presented at the March Board meeting.
- A purchase agreement will be prepared once a land survey is completed for the GMCO, Corp. site at Energy Park.
- Zenith Energy Management has indicated an interest in leasing a few acres for a storage tank terminal at Energy Park.
- CEO Niedfeldt has had communications with NPPD relating to a company called Skeiron Green Energy that is interested in developing a green ammonia plant west of Aurora.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

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

LEGISLATIVE COMMITTEE:

- Director Kieborz reported that the Legislative Committee will be in Lincoln on Monday, February 13th, to visit with the District's lobbyist and to meet with Nebraska Senators on upcoming Legislative Bills relating to public power.

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 \$1,350.84.

A motion was duly moved by Director Klute, 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 \$1,350.84 as recommended by management.

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

Electric Service Agreement with KAAPA Partners Aurora, LLC

CEO Niedfeldt stated this KAAPA Partners Aurora, LLC has completed negotiations to purchase the ethanol plant in Aurora currently owned by Aurora Cooperative, Inc. The District currently has five large power services associated with the ethanol plant. The five electric service agreements have been amended in which KAAPA has reviewed and agreed to all five new agreements. Management is requesting authorization to execute the five agreements upon receipt from KAAPA.

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 execution of the Electric Service Agreements with KAAPA Partners Aurora, LLC, consisting of five new amended contracts as recommended by management.

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

Subtransmission and Substation Transformation Rate Schedule "STS"

CFO Peard reviewed the proposed changes to the "STS" rate schedule for billing customers receiving sub-transmission line and/or substation transformation services for 2023.

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 revised rate change for Rate Schedule "STS" for billing customers using sub-transmission line service of \$1.15 per kW and for substation transformation service of \$1.05 per kW.

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

Distributed Generation Rate Schedule "DG"

CFO Peard reviewed the Distributed Generation Service rate schedule and staff's recommendation to adjust the rate from 2.64¢ per kWh to 2.67¢ per kWh.

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 revised rate change for Rate Schedule DG – Distributed Generation Service from 2.64¢ to 2.67¢ per kWh.

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

Simultaneous Buy/Sell Rate Schedule "SBS"

CFO Peard reviewed the Simultaneous Buy/Sell rate schedule and staff's recommendation to adjust the rate from 2.64¢ per kWh to 2.67¢ per kWh.

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 revised rate change for Rate Schedule SBS – Simultaneous Buy/Sell from 2.64¢ to 2.67¢ per kWh.

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

Large Power Service – Economic Development Rate Schedule "LP-ECDV"

CFO Peard reviewed the Economic Development Rate and recommends to adjust certain rate components to match up with NPPD's Economic Development Rate which was amended by the NPPD Board of Directors in December. Staff recommends the adjustments and the change of the billing date to September 30th for the end of the summer season.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the revised rate changes and end date of the summer billing season for Rate Schedule LP-ECDV – Large Power Service – Economic Development Rate Schedule.
Roll call vote: Yes 13, No 0, Absent 1 (Director Kuehn)

Change of May's Board Meeting Date

CEO Niedfeldt requested a change of date for the May 2023 Board meeting in order to accommodate the schedule for Ken Holmes of Holmes Executive Search LLC to meet with the Directors.

A motion was duly moved by Director Klute, seconded by Director Benson, 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 2023 Board meeting to May 17th.
Roll call vote: Yes 13, No 0, Absent 1 (Director Kuehn)

Electric Service Agreement with Mid Nebraska Aggregate

Energy Services Manager Sam Reinke reviewed the electric service agreement with Mid Nebraska Aggregate requiring a 1,500 kVA service for a sandpit dredging operation.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the execution of an Electric Service Agreement with Mid Nebraska Aggregate for a 1,500 kVA service.
Roll call vote: Yes 13, No 0, Absent 1 (Director Kuehn)

Facility Use Agreement with Hall County Election Commission

CEO Niedfeldt stated that the Hall County Election Commissioner would like to again use the Grand Island facility for a polling site for voters for the 2024 elections. It was recommended by management that the District execute the proposed Facility Use Agreement.

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 Facility Use Agreement between the District and the Hall County Election Commission for the purpose of an election site for the 2024 elections.
Roll call vote: Yes 13, No 0, Absent 1 (Director Kuehn)

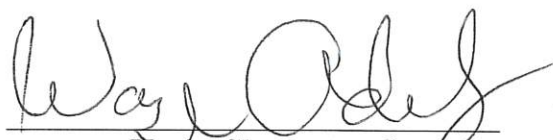
MISCELLANEOUS BUSINESS:

A Safety Council meeting will be held on Wednesday, February 22nd, in Grand Island.

NRECA's PowerXchange Meeting will be held in Nashville, TN, on March 3rd – 8th, 2023.

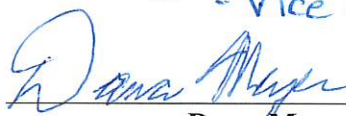
The next Board meeting will be held on Wednesday, March 15, 2023.

There being no other business, the meeting was adjourned at 2:20 p.m.



~~Kevin Choquette, Secretary~~

Wayne Anderberg
- Vice Chairman



Dana Meyer, Chairman