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## BOARD OF DIRECTORS MEETING

*January 17, 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 January 17, 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, Kevin Choquette, Joel Kuehn, Rick Bergman, Arlon Jacobitz, Neal Katzberg, Joel Gustafson, Wayne Anderbery, Dean Klute, Dana Meyer and Bob Kieborz. President/CEO Chad Waldow and attorney Dave Jarecke were also present.

Directors absent: Courtney Retzlaff and Curtis Rohrich

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.

### **MINUTES**

A slight revision was made to the minutes of the December 13, 2023 regular Board meeting.

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

#### **RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the revised minutes of the December 13, 2023 regular Board meeting.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Retzlaff and Rohrich)

### **BILLS AND CLAIMS**

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Bergman, seconded by Director Kieborz, 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 Retzlaff and Rohrich)

## COMMENTS FROM THE PUBLIC

There were no comments made.

## DIRECTOR AND MANAGEMENT REPORTS

### DIRECTOR REPORTS:

- No reports were made by the Directors.

### Excused Absence for Director Retzlaff

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

#### RESOLUTION

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the excused absence of Director Retzlaff.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Retzlaff and Rohrich)

### MANAGEMENT REPORTS:

#### *President's comments:*

- NPPD Wholesale Customer meeting was held in Columbus on December 21, 2023. Some of the highlights from the meeting include an R-Project update. This included a new timeline with January of 2025 marking the beginning of construction. They also have some updated project estimates, and the cost went from \$313M to \$528M. This cost will be shared by the Southwest Power Pool, however, that will increase NPPD's portion of the cost.  
  
NPPD also presented the same presentation that we saw at our December meeting covering Demand Response. This was another good discussion for future rates at Southern. We are considering a Demand Response (DR) rate passing this program through to our customers. NPPD also presented an update on Generation Capacity. They will be taking a 50MW battery storage project to their board at the January meeting for Phase 1. Then will be analyzing the needs for 2027 with economic development projects submitted totalling 1,200 MW of new load.
- NPA Meeting was held in Lincoln on December 12<sup>th</sup>. This was the first meeting I have attended since taking over as CEO at Southern. A few items discussed included the NPA Load and Capabilities Report, Power Review Board Legislation, 2024 Budget and dues assessment. There was a resolution adopted by the board to honor Kevin Wailes for his contributions to the board and wish him well in his retirement. Norris Public Power District has requested a permanent seat on the board similar to Southern.
- NPPD Contract Discussion began with a very preliminary meeting between Tom Kent and me. Tom just wanted to start those conversations, so we talked about the timeline and what triggered a new contract for NPPD. I will say that our current contract was a good contract and has turned out to be very good for all Nebraskans. I credit some of that to Pat Pope and his commitment to a low-cost energy supply and some of it to favorable market prices. Regardless of how NPPD reached this point, it has been very good for Southern.
- NPPD October Financials showed another good month for NPPD with a \$5.6M surplus for the month and \$71.7M surplus year-to date. This favorable margin was primarily due to off-system sales, reduced O&M expenses and other revenue from interest earned. Native load demand units

were higher than budget offsetting the lower energy sales due to the mild weather. NPPD is now forecasting a \$69.3M year-end surplus. The days of cash have increased to 302 days.

*Additional Items:*

- Edwards Westerhold Moore (EWM) Update as of Day 4 (1/8/24) - bills have just been introduced but have not reviewed them in depth with EWM. I hope to get the legislative fix to our PRB issues with our Charter. We will have conversations over these at our meeting as necessary, but through Day 4, we look to be in good shape. Keep in mind, bill introduction is not complete.
- PACE Project Update-After reviewing the challenges with this grant and discussing with Shannon and Aaron, I am going to recommend we withdraw our application. I am basing this on the following reasons: PRB/Charter deficiency requiring an application extension from RUS, Energy pricing of nearly 40% above current costs and overall workload. If we want to add to our QLG and increase renewable energy production, then this might be our best option. We also must comply with the government requirements associated with these grant funds. If the board's desire is to pursue the grant, then quickly submit for an extension and apply once the charter issue is resolved.
- I am attending the NRECA Legislative Committee meeting in Phoenix on January 10<sup>th</sup>. I will have an update at the board meeting.
- Southern PPD Strategic Planning is scheduled for 9:00am on January 24<sup>th</sup> at the Quality Inn south of Grand Island. I have some topics that I would like to cover starting with some background information from staff with open discussion to follow. I am looking for strategic direction from the board, and management will then move Southern in that direction. In some cases, we may be confirming that we are on the right track and in some areas, we may need to make some adjustments. The information gathered will be key to developing budgets, setting rates and assisting in decision making as we move throughout the year. I welcome discussion and encourage everyone to ask questions. This is a good time to have open conversations about many different topics. I will also have time at the end of the day with just myself and the board. Once again, I look forward to the discussion.
- Employment changes: We are pleased to announce we have hired Tyson Coble to fill the IT Support Technician position. We look forward to him joining the Southern Team later in January! I also would like to wish Tom Smith well on his retirement! His last day after 42 years was January 5<sup>th</sup>. We have a resolution prepared for board consideration.

Financial Reports:

- Summary of Revenues. CFO Shannon Peard provided a comparison of revenues between November 2022 and 2023. Year-to-date revenues through November 2023 amounted to \$87.4 million as compared to \$84.1 million in 2022.
- Power Costs. CFO Peard provided a summary of the power bill for November 2023 indicating a peak demand of 130,930 kW as compared to 128,120 kW recorded in November 2022. The District purchased 79.30 million kWh's in November 2023 as compared to 80.28 million kWh's in November 2022.

- Balance Sheet and Income Statement. CFO Peard provided a comparison of income statements from November 2023 and November 2022. Year-to-date net margins as of November 30, 2023, were \$8,527,123 as compared to \$8,887,830 as of November 30, 2022.
- Cash Flow Summary. CFO Peard provided a summary of the statements of cash flows. Cash and investments at November 30, 2023 were \$55.8 million compared to \$69.5 million at October 31, 2022.

#### Customer Service and Collection Report:

- The District's disconnect day was Thursday, December 28<sup>th</sup>. District personnel worked 43 accounts, with 42 accounts being disconnected remotely.

#### Engineering/Operations Report:

- Engineering and Operations Manager Aaron Brown reported that Minden Mining is up and running and has requested for more capacity from the District due to an expansion.
- A GE Transformer has been delivered to the Arch Green site which has been connected and energized.
- Two Virginia Transformers will be delivered to the Procurement Center next week.
- Mr. Brown continues to work with Landis & Gyr on billing issues and has requested information on the arrival of more load control units.
- Engineering department continues the search for an Electrical Engineer.

#### Energy Services Report:

- Energy Services Manager Sam Reinke presented the 2024 Village Board meetings set for the month of February.
- During the month of December, the District issued four (3) water heaters and provided incentives totaling \$19,870 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives totaled \$152,279. The District provided \$1,542 in Efficient Electrification incentives during December.
- Irrigation department continues to work through the well progress spreadsheet and evaluate workload and inventory for possible release of additional applications.
- Preparing for the mailing of the Interruptible Service Agreement letter and Rate brochure to be mailed out the first part of February.

#### Communications and Public Relations Report:

- Public Relations Manager Amanda Groff reviewed upcoming promotional efforts that are planned through the end of February.
- The Customer Magazine will hit customer mailboxes on January 16<sup>th</sup>.
- Mrs. Groff gave an update on the Engineering Supervisory campaign.
- The Operation Round Up Board will meet on Friday, January 19<sup>th</sup> to review 16 applications which were received for the fourth quarter of 2023. The Round Up Board will welcome Steve Cole who has been appointed as the new Phelps County Board representative.

#### Safety Report:

- In the absence of Safety Manager Todd Bailey, Aaron Brown reported on personnel and equipment claims that occurred during the month of December.
- Mr. Bailey conducted and completed Ground and Stick testing throughout the District.

**CUSTOMER REPORTS:**

**DIRECTORS:**

- No customer reports were made by the Directors.

**MANAGEMENT:**

- CEO Waldow stated that A-NE Data Center received an approval from the Planning and Zoning Commission in Adams County for the Prosser Project.
- CEO Waldow reported that Minden Mining is moving forward with a 7MW addition to their existing site and the District will be submitting that project to NPPD/SPP for engineering studies.

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

**Excused Absence for Director Curtis Rohrich**

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the excused absence of Director Rohrich.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Retzlaff and Rohrich)

**COMMITTEE REPORTS:**

**FINANCE COMMITTEE:**

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

**MOTIONS & RESOLUTIONS:**

**Adjustments to the District's 2024 Water Heater and EnergyWise Programs**

Energy Services Manager Reinke stated there will be no increases in Marathon water heaters for 2024 and presented a table showing the 2024 prices to remain the same. Mr. Reinke stated that changes to the EnergyWise Program came as adjustments to the incentive amounts and the efficiency levels of equipment, though the electric charger incentive and wiring incentive remained .

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 increase to the District's EnergyWise Program in 2024 due to increases in incentive amounts and efficiency levels of equipment as recommended by management.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Retzlaff and Rohrich)

**Resolution of Appreciation for Tom Smith**

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

**WHEREAS**, Tom Smith, Leadman at Southern Public Power District, has exemplified outstanding expertise, dedication and commitment during his career serving the customers of the District; and

**WHEREAS**, Tom began his career at Southern Public Power District beginning on August 31, 1981 as an Apprentice Lineworker for the District's Grand Island Office. He achieved the role of Journeyman Lineworker on March 1, 1987 and assumed the role of Leadman on December 1, 1990; and

**WHEREAS**, Tom demonstrated outstanding technical expertise in his duties, trained numerous new lineworkers; and

**WHEREAS**, Tom demonstrated his leadership abilities, serving as the Central City Area Steward and the Chief Steward for Local Union IBEW 1597 for a combined 35 years, negotiating contracts that served the employees and the customers of the District with thoughtfulness and respect; and

**WHEREAS**, Tom has retired from service to the District and its customers on January 5, 2024, after faithfully serving the customers of Southern Public Power District for over 42 years.

**THEREFORE BE IT RESOLVED**, that we, the Members of the Board, do hereby extend to Tom, 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 Sheri for continued success, happiness, and good health in the years to come.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Retzlaff and Rohrich)

**MISCELLANEOUS BUSINESS:**

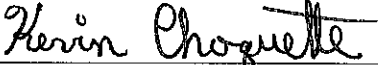
There will be a Strategic Planning meeting on January 24, 2024, starting at 9:00 a.m.

The next Board of Directors meeting will be held on Wednesday, February 14<sup>th</sup>.

A Legislative Committee meeting will be held on Wednesday, February 14<sup>th</sup> at 9:00 a.m.

NRECA and CRS Annual meetings will be held on March 2<sup>nd</sup> – 6<sup>th</sup> in San Antonio, Texas

There being no other business, the meeting was adjourned at 12:48 p.m.

  
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Kevin Choquette, *Secretary*

  
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Dana Meyer, *Chairman*