

SOUTHERN PUBLIC POWER DISTRICT

BOARD OF DIRECTORS MEETING

July 14th, 2021

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 14th, 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, Dean Klute, Kevin Choquette, Rick Bergman, Lee Grove, Mike Lowry, Joel Kuehn, Marvin Fishler, Bob Kieborz, Wayne Anderbery, Dana Meyer and Arlon Jacobitz. President/CEO Neal Niedfeldt and attorney Ellen Kreifels were also present.

Directors absent: Kevan Reeson.

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 June 9th, 2021 regular Board meeting.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the minutes of the June 9th, 2021 regular Board meeting.

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

BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Grove, seconded by Director Klute, 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, Absent 1 (Director Reeson)

COMMENTS FROM THE PUBLIC

There were no comments made.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Directors Katzberg attended the Kenesaw Village Board meeting on July 13th.

MANAGEMENT REPORTS:

President's comments:

- CEO Niedfeldt attended the following meetings and activities during the past month:
 - Southern Public Power Meetings – Attended the CFC Summer Summit and CRC Annual Meeting the week of June 13th-16th in San Antonio. Attended the Kenesaw Village Board meeting on July 13th.
- NPPD Issues:
 - 2022 Wholesale Rates – NPPD's Board of Directors reviewed rate recommendations for 2022 at their Budget Committee Meeting on July 8, 2021. Those recommendations include a 5.0% increase in Transmission rates and an .8% decrease in Production demand and energy rates. On a combined basis, most wholesale customers should see no impact to their overall costs in 2022. The PCA refund for 2022 would refund \$11.7 million in surplus funds earned in 2020. A detailed discussion is planned for the Wholesale Rate Review Committee on July 29th.
 - 2023-2027 Wholesale Rate Outlook – NPPD Board of Directors also reviewed management's forecasts through 2027 with the outlook indicating there is no projected overall changes to base wholesale rates through this period.
 - May 2021 Financials – NPPD has reported a \$4.5 million surplus for May and a YTD Surplus of \$115.8 million through May 31, 2021. NPPD is forecasting a year-end 2021 Surplus of \$103.4 million. The Wholesale Production share of the forecasted surplus is \$99.5 million with the remainder assigned to NPPD's retail division.
- Irrigation Load Control – No control hours were required in June despite the higher demands experienced in the middle of the month. Demands reached 240-250 MW's in June; however, NPPD's demands were about 100 MW's short of their threshold to begin control.
- Operations and Maintenance – The District continues to experience material delivery issues. Four construction projects from the 2021 Budget and Workplan will be delayed until the District is able to maintain adequate material levels in inventories. Crews are still completing other Budget projects and summer maintenance.
- Special Projects – The management team has continued progress on the District's renewable energy projects and responding to various economic development projects.

- Personnel – Steve Steinhauser, Area Manager for Grand Island, announced his retirement effective July 15th. Todd Wilson, Maintenance Supervisor for Grand Island, has been selected to replace Steve effective July 16th. Kody Knopik, Construction Foreman in Grand Island, has been selected to replace Todd. Discussions are taking place regarding Kody’s open position on the construction crew. Jamie Promes, Customer Service Representative in Grand Island, has resigned effective July 9th. Jamie has been with the District since the spring of 2017. Discussions are also taking place regarding Jamie’s open position.

Financial Reports:

- Summary of Revenues. CFO Brad Kool provided a comparison of revenues between May 2020 and 2021. Year-to-date revenues for the month of May 2021 amounted to \$33.11 million compared to \$34.48 million in 2020.
- Power Costs. CFO Kool provided a summary of the power bill for May 2021 indicating a peak demand of 106,003 kW as compared to 110,019 kW recorded in May 2020. The District purchased 64.7 million kWh’s in May 2021 as compared to 60.5 million kWh’s in May 2020.
- Balance Sheets and Income Statements. CFO Kool provided a comparison of income statements from May 2021 and May 2020. Year-to-date net margins as of May 31, 2021 were \$5,725,547 as compared to \$6,256,347 as of May 31, 2020. CFO Kool also reviewed balance sheets from May 2021 and May 2020.
- Cash Flow Summary. CFO Kool provided a summary of the statements of cash flows.

Customer Service and Collection Report:

- The production cost adjustment credit reflected on customers’ bills for May 2021 was (\$138,595). Year to date 2021 the production cost adjustment reflected on customers’ bills has totaled (\$811,595).
- The District’s disconnect day was on Monday, June 28th. District personnel worked 42 accounts with 40 being disconnected remotely using the AMI disconnect collar.

CFO Kool presented the results of statistical reports prepared by the Nebraska G&T and the Energy Information Administration (EIA).

RUSS WESTERHOLD – NOWKA & EDWARDS

CEO Niedfeldt introduced Russ Westerhold, lobbyist from Nowka & Edwards, who reported that the legislature was back in full session this year. He discussed current leadership roles and activities of new speakers, senators, committee chairmen and various other officers of the legislature. Mr. Westerhold reflected on various committees and bills of significance to public power. Mr. Westerhold announced upcoming legislative events including redistricting which will be held during a special legislative session come early Fall.

MANAGEMENT REPORTS: *(cont.)*

Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown reported on the current storm damage that affected areas of the District on the evening of July 9th.

- Mr. Brown met with Green Plains Ethanol and their contractor to discuss the location of the new substation for their expansion project. Contract 21.02 was executed to purchase the 10/14 MVA transformers for Green Plains.
- The Construction Crew continues to work on Budget Project 303, Chapman to Archer, which includes five miles of 69kV subtransmission line.
- Osrose pole testing continues with 4,646 poles inspected and 99 poles rejected.

MOTIONS & RESOLUTIONS:

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

RESOLUTION

WHEREAS, Steve Steinhauser, Area Manager at Southern Public Power District’s Grand Island Service Area, has exemplified outstanding leadership, dedication and commitment during his career serving the customers of the District; and

WHEREAS, Steve began his career at the District on July 1, 1988 as an Apprentice Lineman for the District’s Hastings Office, and during his career, Steve held the positions of Journeyman Lineman, Lead Lineman, Staking Engineer, and assumed the role of Area Manager on February 14, 2011; and

WHEREAS, Steve has professionally and diligently served the customers of Southern Public Power District, demonstrated an ambitious and tireless work ethic, and could be depended upon when a difficult or challenging task needed a champion; and

WHEREAS, Steve will retire from service to the District and its customers on July 15, 2021, after faithfully serving the customers of Southern Public Power District for over 33 years.

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

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

***LUNCH RECESSED AT 11:50 A.M.,
THE MEETING RECONVENED AT 1:00 P.M. IN OPEN SESSION.***

MANAGEMENT REPORTS: (cont.)

Marketing Report:

- Energy Services Manager Sam Reinke participated in NPPD’s DC Fast Charging Stations Team meeting pertaining to the installation of DC Fast Chargers and Level II chargers.
- Mr. Reinke met with Schroeder Construction at the Funk Service Center to resolve roof issues.
- Mr. Reinke and the EnergyWise Ag sub-committee are reviewing a possible increase in the horsepower incentive for the Corner Pivot VFD and reevaluating the Prescriptive Irrigation programs for 2022.
- The District issued six water heaters and provided \$7,192.50 to customers for incentives under the EnergyWise Program during the month of June.

Communications Report:

- Public Relations Manager LeAnne Doose reported that the next Operation Round Up meeting is scheduled for Tuesday, July 20th. A check presentation will be conducted with the Loomis Volunteer Fire Department on Tuesday, July 13th.
- District personnel participated in community parades recently in Aurora, Central City, Bertrand and Juniata.
- Ms. Doose will be attending the Nebraska Lineworkers Rodeo in Broken Bow to cover and report on the SPPD participants as they compete in various events.
- Ms. Doose reported on upcoming promotional efforts that will be highlighted now through the month of August.

IT Report:

- IT Director Jack Welch provided an overview of cybersecurity threats to the District. Mr. Welch also outlined measures District personnel are taking to avoid incidents and measures being taken by the District to prevent and defend against cyber attacks.

Safety Report:

- In the absence of Safety Manager Todd Bailey, CFO Brad Kool reported on personnel and vehicle reports from the month of June.

CUSTOMER REPORTS:

DIRECTORS:

- Director Grove indicated customers have been inquiring on the proper use of VFD's on corner pivot systems and motor soft-starts. Management explained the similarities and the differences between both and will follow up with any customer for any concerns.
- Director Bergman asked about the District's communications to irrigation vendors regarding capacitor installations to improve load factors. Management will make sure vendors are contacted and willing to share additional information with their customers.
- Director Benson reported that he experienced issues with CRC's automated system the evening of the July 9th storm. Management will follow up with CRC to review the issues Mr. Benson reported on.

MANAGEMENT:

- None.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

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

MOTIONS & RESOLUTIONS: (cont.)

Emergency Meeting Section in District Bylaws and Attendance Policy in District Policies

CEO Niedfeldt summarized the review of Director Policies in previous months and indicated the remaining need to update policies due to the changes made to the Open Meetings Statutes during the 2021

Legislative session. Management recommends approval of the Bylaw change as presented and adopting the new Policy "F" to keep the District in compliance with the amended Statute 84-1411.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the changes to the Bylaws as presented and adopting the new Policy "F" in the District Policies to keep the District in compliance with the Open Meetings Statutes as recommended by management.
Roll call vote: Yes 13, No 0, Absent 1 (Director Reeson)

Street Light Rate Schedule

CFO Kool reviewed the need to modify the District's street lighting rate schedules due to the conversion of village lighting to LED. The current rates in place are recommended to be modified to reflect the new LED lights based on cost of service and rate of return. Mr. Kool also proposed to implement the new rates on September 1, 2021.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the recommended changes to the Street Lighting Service rates to reflect the conversion of village LED lighting as recommended by management.
Roll call vote: Yes 13, No 0, Absent 1 (Director Reeson)

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves going into executive session at 2:00 p.m. for the purpose of contract discussions.
Roll call vote: Yes 13, No 0, Absent 1 (Director Reeson)

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

RESOLUTION

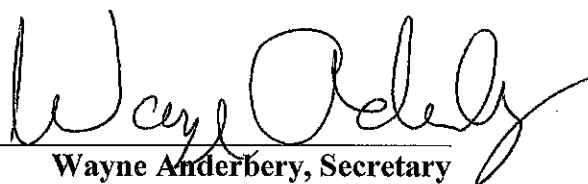
RESOLVED, that the Board of Directors of Southern Public Power District approves coming out of executive session at 3:00 p.m.
Roll call vote: Yes 13, No 0, Absent 1 (Director Reeson)

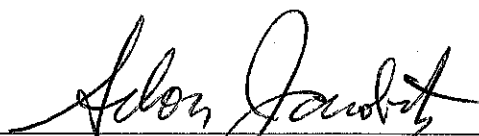
MISCELLANEOUS BUSINESS:

The next Board meeting is scheduled for Wednesday, August 11th at 10:00 a.m.

Golf outing scheduled for September 8th, 2021.

There being no other business, the meeting was adjourned at 3:05 p.m.


Wayne Anderbery, Secretary


Arlon Jacobitz, Chairman