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## BOARD OF DIRECTORS MEETING

*July 12, 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 July 12, 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, Lee Grove, Kevin Choquette, Joel Kuehn, Rick Bergman, Courtney Retzlaff, Joe Gustafson, Dean Klute, Neal Katzberg, Curtis Rohrich, Wayne Anderbery, Dana Meyer and Arlon Jacobitz. President/CEO Neal Niedfeldt and attorney Dave Jarecke were also present.

Directors absent: Bob Kieborz

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

There were no revisions made to the minutes of the June 14, 2023 regular Board meeting.

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

#### **RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the minutes of the June 14, 2023 regular Board meeting.

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

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 the excused absence of Director Kieborz.

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

### BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Bergman, 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 13, No 0, Absent 1 (Director Kieborz)

#### **COMMENTS FROM THE PUBLIC**

There were no comments made.

#### **DIRECTOR AND MANAGEMENT REPORTS**

##### **DIRECTOR REPORTS:**

- Directors Bergman, Anderbery, Kuehn, Choquette and Meyer attended the Search Committee meeting on Wednesday,

##### **MANAGEMENT REPORTS:**

###### **President's comments:**

- CEO Niedfeldt attended the following meetings and activities during the past month:
  - SPPD – Attended the CFC Forum in Seattle on June 19<sup>th</sup>-21<sup>st</sup> which included the annual meetings for CFC, Federated Insurance and CRC. Participated in the Management Leadership training provided by Sage Collaborative on June 28<sup>th</sup> in Grand Island. Met with the Adams County Planning and Zoning Committee regarding the AAIM Data Centers project near Prosser on July 6<sup>th</sup>.
  - NPPD – Participated in the NPPD Rate Outlook virtual meeting on June 27<sup>th</sup>.
- NPPD Issues:
  - SPP Conservative Operations – On Thursday, June 29<sup>th</sup>, SPP declared a Conservative Operations Advisory Condition. Loads were growing faster than forecasted, some generation facilities were offline for spring maintenance and wind production was coming in below forecast. Utilities were not required to share this with the public. SPP's total load approached 52,000 MW's which is normally their summer peak load. If loads continued to grow and generation reserves became tight, there was a possibility SPP would move to issue an EEA1 Advisory, but that did not occur. The advisory ended Friday evening, June 30<sup>th</sup>.
  - 2024 Wholesale Power Rate Update
    - NPPD will be implementing the 2024 wholesale rates on January 1, 2024.
    - Overall, wholesale customers should not experience a rate increase in 2024.
    - The PCA credit will increase due to higher surplus's generated in 2022.
    - The outlook indicates additional generation assets of about 600 MW's will be needed by 2026.
- Operations – Construction in all areas include Budget projects, replacing the Osmose rejected poles, constructing several new dryer and residential services, and installing the facilities for several residential subdivisions. Crews finished the dedicated circuit for Hornady west of town and the new service for GMCO in the Energy Park is being staked. Summer maintenance continues along with trouble calls by Maintenance crews. Watts Construction is gearing up to start the 9-mile subtransmission project west of Grand Island in July.
- Economic Development: Management continues to field inquiries and meet with prospective customers evaluating sites in Southern's service area for Data Centers, Crypto-Mining and Green Ammonia production facilities.

- Personnel: Karson Sok, Journeyman Lineman on the Sub-T Construction crew has been transferred to the Grand Island crew to fill the position vacated by Taylor Cook. The process for replacing Karson is underway.

#### Financial Reports:

- Summary of Revenues. CFO Shannon Peard provided a comparison of revenues between May 2022 and 2023. Year-to-date revenues through May 2023 amounted to \$35.0 million as compared to \$34.6 million in 2022.
- Power Costs. CFO Peard provided a summary of the power bill for May 2023 indicating a peak demand of 139,921 kW as compared to 139,063 kW recorded in May 2022. The District purchased 84.85 million kWh's in May 2023 as compared to 72.51 million kWh's in May 2022.
- Balance Sheet and Income Statement. CFO Peard provided a comparison of income statements from May 2023 and May 2022. Year-to-date net margins as of May 31, 2023, were \$4,660,596 as compared to \$5,622,069 as of May 31, 2022.
- Cash Flow Summary. CFO Peard provided a summary of the statements of cash flows. Cash and investments at May 31, 2023 were \$59.0 million compared to \$62.3 million at May 31, 2022.

#### Customer Service and Collection Report:

- The District's disconnect day was Wednesday, June 28<sup>th</sup>. District personnel worked 41 accounts with 38 accounts being disconnected remotely.

CFO Peard presented the results of statistical reports of the Nebraska Rural Electric Systems and the Energy Information Administration (EIA).

#### Engineering/Operations Report:

- Engineering and Operations Manager Aaron Brown met with ArchGreen, RVW and Nelson Land Development regarding the ArchGreen Energy Park Project finalizing civil drawings and received quotes for dirt work on the site.
- Watts Construction will be starting Budget 301 Grand Island 115 to Chapman Tap nine miles of T2-4/0 on July 10<sup>th</sup>.
- Construction Crew continues to work on Budget 302 Giltner 76-20 to Giltner West tap to install 6 miles of T2-4/0.
- Osmose pole testing started testing poles and thus far they have inspected 3,214 with 81 poles rejected. The failure rate is 2.5%.

#### Energy Services Report:

- Energy Services Manager Sam Reinke participated in the Residential/Commercial Working Group meeting and in the Ag Working Group meeting.
- During the month of June, the District issued six (6) water heaters and provided incentives totaling \$17,031 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives totaled \$82,399. The District provided \$1,330 in Efficient Electrification incentives during June.
- Staff continues to work with irrigation customers on interruptible rate changes and capacitor rebates.
- Staff processed 72 capacitor rebate applications in June and delivered customer rebates totaling \$19,400.

Communications and Public Relations Report:

- Public Relations Manager Amanda Groff reviewed upcoming promotional efforts that are planned through the end of July.
- Mrs. Groff will be working with NPPD to assist with the Public Power State Fair booth.
- The Operation Round Up Board will meet on July 18<sup>th</sup> to review 11 applications for the second quarter.

Safety Report:

- Safety Manager Todd Bailey reported on personnel and equipment claims for the month of June.
- Mr. Bailey conducted crew visits throughout the month of June.

**RICK NELSON/PAT HECOX – NEBRASKA RURAL ELECTRIC ASSOCIATION (NREA)**

Rick Nelson, General Manager of the NREA and Pat Hecox, Board Chairman of the NREA spoke about various aspects of being a member of the NREA. Discussion and questions followed the presentation.

***LUNCH RECESSED AT 12:05 A.M.,  
THE MEETING RECONVENED AT 12:50 P.M. IN OPEN SESSION.***

**CUSTOMER REPORTS:**

**DIRECTORS:**

- There were no reports from the Directors.

**MANAGEMENT:**

- CEO Niedfeldt gave an update on various economic projects that the District is currently fielding.

**COMMITTEE REPORTS:**

**FINANCE COMMITTEE:**

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

**MOTIONS & RESOLUTIONS:**

***Amendment No. 1 to the Interruptible Rate Service Agreement between ArchGreen LLC, NPPD and the District***

CEO Niedfeldt stated that NPPD has requested additional language in the Interruptible Rate Service Agreement and added an additional Exhibit E documenting the scheduling process that customers will follow if NPPD requires interruption of service.

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 Amendment No 1 to the Interruptible Rate Service Agreement between ArchGreen, LLC, NPPD and the District.

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

Resolution Authorizing the District to Participate in Nebraska Cooperative Liquid Assets Securities System (Nebraska CLASS)

CFO Peard made the recommendation to open an account with Nebraska CLASS for the purpose of the joint investment of the District's money with those of other public agencies so as to enhance the investment earnings accruing to each public agency.

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 execution of a Resolution Authorizing Participation in the Nebraska CLASS.

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

Memorandum of Understanding (MOU) with Talus Renewables for an Industrial Project

CEO Niedfeldt stated that an MOU has previously been executed by Talus Renewables which states that both Talus Renewables and the District will pursue moving forward with a green hydrogen and ammonia facility project to be located at the District's Energy Park. Management requests the authorization to execute this Nonbinding MOU.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the execution of a Nonbinding Memorandum of Understanding between the District and Talus Renewables as requested by management.

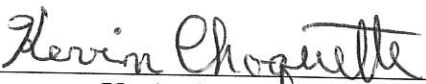
Roll call vote: Yes 13, No 0, Absent 1 (Director Kieborz)

**MISCELLANEOUS BUSINESS:**

The next Board meeting will be held on Wednesday, July 12<sup>th</sup> at 10:00 a.m.

CEO Niedfeldt will be attending the CFC Forum which will take place in Seattle on June 19<sup>th</sup> – 21<sup>st</sup>.

There being no other business, the meeting was adjourned at 1:10 p.m.

  
Kevin Choquette, Secretary

  
Dana Meyer, Chairman