

SOUTHERN PUBLIC POWER DISTRICT

BOARD OF DIRECTORS MEETING

June 9th, 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 June 9th, 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, Kevan Reeson, Dean Klute, Kevin Choquette, Rick Bergman, Lee Grove, Mike Lowry (left at 12:00 p.m.), Joel Kuehn, Marvin Fishler, Bob Kieborz, Wayne Anderbery, Dana Meyer and Arlon Jacobitz. President/CEO Neal Niedfeldt and attorney Dave Jarecke were also present.

Directors absent: None.

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 May 12th, 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 May 12th, 2021 regular Board meeting.

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

BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

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 all bills and claims.

Roll call vote: Yes 14, No 0, Absent 0

TOM KENT, PRESIDENT OF NEBRASKA PUBLIC POWER DISTRICT

Tom Kent, President of NPPD, was present to give an overview of the events that took place during Southwest Power Pool's Energy Emergency in February, 2021. He provided an overview of how extreme cold temperatures impacted the demand for electricity and the availability of generating resources including natural gas and wind. He answered questions raised by the Board regarding system reliability and strategies for future energy production.

COMMENTS FROM THE PUBLIC

There were no comments made.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Directors Kieborz and Choquette attended the District's Safety Council meeting on May 26th.
- Director Katzberg attended the Roseland Village Board meeting on May 19th.

MANAGEMENT REPORTS:

President's comments:

- CEO Niedfeldt attended the following meetings and activities during the past month:
 - Southern Public Power Meetings – Attended the quarterly Union meeting on May 13th. Attended the Safety Council meeting on May 26th. Attended the joint planning meeting with the City of Grand Island on June 1st.
 - NPPD – Participated virtually in the meeting of the SPP Emergency Event Review Team on May 14th. Attended the Wholesale Customer meeting in Grand Island on June 3rd. Attended the monthly meeting of the Eastern Region's Managers in Lincoln on June 4th. Attended the monthly meeting of the Western Region's Managers at South Central PPD in Nelson on June 7th.
- NPPD Issues – Input has been provided on all of the following issues.
 - SPP Emergency Event Review – NPPD held a final meeting this past month to review the February weather event. Communication issues and critical load identification criteria continue to be topics for improvement. A report of the Committee's findings was shared at the Wholesale Customer meeting held on June 3rd.
 - Efficient Electrification – NPPD has added a \$2 million line item in their 2021 Budget for Efficient Electrification projects. This Budget amount is in addition to the current \$2.6 million for Energy Efficiency. While the Energy Efficiency program is geared towards incentivizing programs that allow retail customers to become more energy efficient and lower their energy costs (LED lighting, heat pumps, attic insulation, etc.), the new program promotes electric load growth that utilizes current assets and reduces carbon emissions (electric vehicles, heat pump driven water heaters, electric appliances, etc.). This month NPPD asked for feedback on a potential program to provide rebates for electric lawn mowers. Southern provided a response indicating the time and effort being spent on such a program would outweigh the benefits of the program and it will not have any significant impacts on load growth or carbon emissions.
 - April 2021 Financials – NPPD has reported a \$6.1 million surplus for April and a YTD Surplus of \$111.3 million through April 30, 2021. The Wholesale Production share of the YTD surplus is \$109.4 million.

- Renewable Energy Project – Site selections for the District’s solar project continues with discussions with the Villages of Cairo, Ayr, Doniphan and Bertrand. Future discussions with Kenesaw and Loomis are being scheduled.
- Personnel – Summer interns started May 24th. No other changes in personnel occurred this past month.

Financial Reports:

- Summary of Revenues. CFO Brad Kool provided a comparison of revenues between April 2020 and 2021. Year-to-date revenues for the month of April 2021 amounted to \$29.17 million compared to \$30.36 million in 2020.
- Power Costs. CFO Kool provided a summary of the power bill for April 2021 indicating a peak demand of 111,988 kW as compared to 116,762 kW recorded in April 2020. The District purchased 60.4 million kWh’s in April 2021 as compared to 62.1 million kWh’s in April 2020.
- Balance Sheets and Income Statements. CFO Kool provided a comparison of income statements from April 2021 and April 2020. Year-to-date net margins as of April 30, 2021 were \$6,948,512 as compared to \$7,239,276 as of April 30, 2020. CFO Kool also reviewed balance sheets from April 2021 and April 2020.
- 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 April 2021 was (\$135,548). Year to date 2021 the production cost adjustment reflected on customers’ bills has totaled (\$673,000).
- The District’s disconnect day was on Wednesday, May 26th. District personnel worked 65 accounts with 62 being disconnected remotely using the AMI disconnect collar.

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

Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown reported on the progress of the Green Plains Central City ethanol expansion project.
- The new Northwest Sub will be energized within the new few weeks.
- Mr. Brown reported on activities related to the NextEra Energy wind farm in Franklin County.
- District staff met with Bosselman Enterprises to review plans for potential charging stations and the various incentives available for such charging stations.
- The Construction Crew focused the past month on the replacements and installations of new 69kV switches.

Marketing Report:

- Energy Services Manager Sam Reinke finished up the attendance of this year's village board meetings throughout the month of April.
- Reinke participated in the Efficient Electrification Team meeting discussing various types of yard tools which would potentially qualify for incentives.
- Reinke attended the quarterly Customers Solution Network meeting pertaining to EnergyWise and this year's Husker Harvest Days event.
- The District issued seven water heaters and provided \$23,404.50 to customers for incentives under the EnergyWise Program during the month of April.

Communications Report:

- Public Relations Manager LeAnne Doose reported the District's Customer News Magazine is in development for the months of July and August.
- The spring Irrigation Newsletter was distributed to customers in May.
- As the season for control begins, the District will continue to promote the new Twitter handle established this year for load management customers.
- The next Operation Round Up meeting is scheduled for Tuesday, July 20th with a check presentation set to be conducted with the Loomis Volunteer Fire Department on July 13th.
- Doose highlighted various promotional efforts that are planned now through the end of July.

Safety Report:

- Safety Manager Todd Bailey reported on personnel injury reports from the month of May.
- The month of May concluded with meetings with State Patrol personnel on DOT inspections and proper tie down requirements.

CUSTOMER REPORTS:

DIRECTORS:

- Director Kuehn reported that a customer had questions regarding a deposit after installing a new service. Management will follow up with the customer.

MANAGEMENT:

- Irrigation Service Manager Anthony Bohaty provided an update regarding efforts to implement the power factor adjustment policy. The first communication was distributed in the annual Irrigation Newsletter. Further information is being provided to customers and he encouraged ongoing communication about the program. A power factor calculator was developed for the District's website and its functionality was demonstrated to the Directors.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

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

LEGISLATIVE COMMITTEE:

- CEO Niedfeldt reported that this year’s legislative session concluded on May 27th and he provided details on various legislative bills that have passed of interest to public power. CEO Niedfeldt specifically reviewed Bills LB40 and LB650. Bill LB40 provides an incentive to develop industrial rail access for business parks in communities of less than 100,000 in population. Those incentives may be available to the District’s Energy Park. LB650 adopts the Nebraska Geologic Storage of Carbon Dioxide Act. The Act defines terms, outlines the steps to obtain a permit to sequester carbon, and provides duties for the Nebraska Oil and Gas Conservation Commission and the Nebraska Department of Environment and Energy. The bill was supported by both the District and the ethanol industry.

RESTRUCTURING OF STANDING COMMITTEES:

- CEO Niedfeldt reviewed Articles II and VII of the District Bylaws which establish the structure of the Executive Committee and the 12 Standing Committees. Management has reviewed the District’s committee structure and found the duties of several of the committees could be reassigned and/or dissolved.

MOTIONS & RESOLUTIONS:

Alteration of Standing Committees

CEO Niedfeldt recommended to alter the number of Standing Committees from twelve to six committees and to amend the committee structure in the District Bylaws.

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 recommendation to reduce the Standing Committees from twelve down to six committees and to amend the District Bylaws as recommended by management.

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

Charge Off Uncollectible Accounts

CFO Kool provided a review of accounts recommended for charge-off. Kool reported that the list of recommended charge-offs totaled \$1,300.57.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves charge-offs of delinquent accounts totaling \$1,300.57 as recommended by management.

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

Membership Renewal in the Grand Island Area Chamber of Commerce

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 renewal of membership in the Grand Island Area Chamber of Commerce with a membership fee of \$975.00.

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

Resolution to Purchase Technological Complex Equipment

CEO Niedfeldt reviewed the necessity of purchasing a new industrial transformer for the expansion at the Green Plains Central City ethanol plant. Due to time constraints and the technologically complex equipment involved, CEO Niedfeldt recommended approval of an expedited transformer purchase without going through the public bidding process as permitted by Neb. Rev. Stat. 70-637. Engineering/Operations Manager Aaron Brown conducted an informal purchase request from the manufacturers of the type of transformer required and recommended GE Prolec be selected to provide the equipment.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves GE Prolec as the manufacturer for an expedited transformer purchase for Green Plains Central City LLC to serve their plant expansion.

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

Power Purchase Agreement with Green Plains Central City LLC Ethanol Plant

CEO Niedfeldt reviewed and recommended the District enter into a Power Purchase Agreement with Green Plains Central City LLC for a maximum load of 20 Megawatts. This five-year agreement will qualify for the large power rate with a semi-monthly billing schedule.

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

RESOLUTION


RESOLVED, that the Board of Directors of Southern Public Power District approves the five-year Power Purchase Agreement with Green Plans Central City LLC ethanol plant recommended by management.

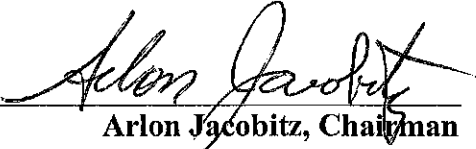
Roll call vote: Yes 13, No 0, Absent 1 (Director Lowry)

MISCELLANEOUS BUSINESS:

The next Board meeting is scheduled for Wednesday, July 14th at 10:00 a.m.

There being no other business, the meeting was adjourned at 2:05 p.m.


Wayne Anderbery, Secretary


Arlon Jacobitz, Chairman