

SOUTHERN PUBLIC POWER DISTRICT

BOARD OF DIRECTORS MEETING

March 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 March 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, Kevin Choquette (via teleconference), Rick Bergman, Lee Grove, Kevan Reeson, Dean Klute, Marvin Fishler, Bob Kieborz, Wayne Anderbery, Dana Meyer and Arlon Jacobitz. President/CEO Neal Niedfeldt was also present.

Directors absent: Mike Lowry and Joel Kuehn

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 February 10th, 2021 regular Board meeting.

A motion was duly moved by Director Grove, 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 February 10th, 2021 regular Board meeting.

Roll call vote: Yes 11, No 0, Abstain 1 (Director Klute), Absent 2 (Directors Lowry and Kuehn)

BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Bergman, seconded by Director Anderbery, 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 Lowry and Kuehn)

COMMENTS FROM THE PUBLIC

There were no comments made.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Director Meyer attended the Campbell Village Board meeting on March 9th.
- Directors Kieborz and Choquette attended the Safety Council meeting on February 24th.

MANAGEMENT REPORTS:

President's comments:

- CEO Niedfeldt attended the following meetings and activities during the past month:
 - Southern Public Power Meetings – Attended the quarterly Safety Council meeting on February 24th and attended the Phillips Board meeting on March 2nd.
 - NPPD – Attended the monthly meeting of the Western Region Managers at McCook PPD on February 12th and attended the monthly meeting of the Eastern Region Managers at York on February 26th.
 - NRECA – Participated in the Power Exchange virtual conference (Annual Meeting) during the week of March 1st. Represented the District during the NRECA Annual Business meeting on March 4th.

Projects:

NPPD Issues – District personnel have provided input on all of the following issues.

- SPP Planned Outage Event – Management continues to have discussions with NPPD regarding the events of February 15th and 16th when the District lost service to approximately 6,000 customers due to the rolling blackouts ordered by the Southwest Power Pool. NPPD officials will be present at the March 9th Board meeting and will also be conducting a review for all wholesale customers on March 18th.
- Special Board Meetings to Contract Natural Gas – The NPPD Board of Directors conducted two Emergency Board meetings prior to the SPP events of February 15th and 16th. Resolutions were approved to authorize purchases of natural gas supplies for the Beatrice Power Station and the Canaday Power Station in the amount of \$126,280,000.
- 2020 Financials – NPPD has not reported results for January 2020. February results will be impacted by the SPP event. NPPD has not provided any estimates for February.
- Plan B Studies – NPPD will hold a public meeting to review the results of the Carbon Regulation Business Risk Studies (Plan B) performed by two consultants, Siemens Industry, Inc. and Ascend Analytics. The meeting will be held in York on March 10th.
- Operations and Construction – Operations personnel continue with winter maintenance activities and service installations. The subtransmission crew has completed Project 301 – the 69 kV line upgrade between the Aurora North 115 substation and the District's North Aurora substation. The tree crew in Franklin has completed their work for 2021. Other tree contractors will be working throughout the year.
- Personnel – Jeff Foster, Maintenance Supervisor in the Hastings Service Area has accepted the position of Area Manager for the Hastings Service area and will replace John Ciemnoczolowski who retired February 26th. A search for Mr. Foster's replacement is underway. Jacob Kubicka has accepted the District's offer

for the open position on the subtransmission construction crew. Mr. Kubicka is originally from Juniata and interned with the District in 2019.

Financial Reports:

- Summary of Revenues. CFO Brad Kool provided a comparison of revenues between January 2020 and 2021. Year-to-date revenue for the month of January 2021 amounted to \$5.02 million compared to \$5.77 million in 2020.
- Power Costs. CFO Kool provided a summary of the power bill for January 2021 indicating a peak demand of 132,377 kW as compared to 147,095 kW recorded in January 2020. The District purchased 80.0 million kWh's in January 2021 as compared to 90.9 million kWh's in January 2020.
- Balance Sheet and Income Statement. CFO Kool provided a comparison of income statements from January 2021 and January 2020. Year-to-date net margins as of January 31, 2021 were (\$1,140,231) as compared to (\$777,811) as of January 31, 2020. CFO Kool also reviewed balance sheets from January 2021 and January 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 January 2021 were (\$168,626).
- The District's disconnect day was scheduled for Thursday, February 25th. District personnel worked 69 accounts with 64 being disconnected remotely using the AMI disconnect collar.

CFO Brad Kool distributed and reviewed the 2020 Financial Report to all Directors. Discussion followed.

Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown reported new relay information was received from H&K Scholz so that work can begin on programming 13 replacement relays for the upcoming expansion at the Wood River Ethanol plant.
- The Subtransmission Construction Crew will be starting on Budget Project 303, a five-mile 69 kV line project from Chapman to Archer.
- Engineering personnel are completing their review of the K-450 application with NPPD on the Bluestem wind project and the Generator Interconnection Agreement with Bluestem.
- The District will only be accepting non-firm irrigation applications through the end of March.

Marketing Report:

- Energy Services Manager Sam Reinke participated in the Customer Solutions Network zoom meeting. Topic included an overview of LB83 regarding the Opens Meetings Act, a presentation on EnergyWise and EnergyWise/Go EV, and a discussion about Husker Harvest Days.
- Mr. Reinke participated in the Sustainable Energy Working group meeting and had met with the Aurora Development Corporation regarding their Target Industries Study.

- Reinke performed a site visit to the Franklin Locker assisting the owner in applying for a REAP Loan/Grant.
- The District did not issue any water heaters to customers during the month of February but provided \$11,665.50 to customers for incentives under the EnergyWise Program.

Safety Report:

- Safety Manager Todd Bailey reported on the personnel and equipment incidents that took place during the month of February.
- Bailey will be conducting this year's Safety Trainings at each area office location.

CEO Niedfeldt gave an overview of the District's statistics and the load affects the District experienced during the Southwest Power Pool emergency rolling blackout situation. Approximately 6,000 customers were affected with over 50 MW's of load shed during the two-day event.

Ken Curry, Vice President of Customer Service at NPPD, and Chris Hegert, Wholesale Customer Representative at NPPD, were present to discuss the February 14th and 15th Southwest Power Pool emergency rolling blackouts and the actions taken by NPPD during the outages that took place during that time. Discussion followed.

***LUNCH RECESSED AT 12:15 P.M.,
THE MEETING RECONVENED AT 1:00 P.M. IN OPEN SESSION.***

MANAGEMENT REPORTS: *(cont.)*

Communications Report:

- Public Relations Manager LeAnne Doose reported on the growth of followers on the District's social platforms due to the recent Southwest Power Pool rolling blackouts.
- Advertisements have been placed to begin promoting electrical safety during the planting season. The District will follow typical radio announcements and will include advertisements in small, local newspapers. The printed advertisements will include content provided by the NPPD Co-op Advertising program.
- Doose reviewed the District's other promotional efforts that will be highlighted now and through the month of April.

CUSTOMER REPORTS:

DIRECTORS:

- None.

MANAGEMENT:

- CEO Niedfeldt reviewed a presentation observing the unplanned downtime, production losses and damages to certain equipment experienced by KAAPA Ethanol at Minden during the SPP rolling blackout event.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

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

LEGISLATIVE COMMITTEE:

- Due to the absence of Legislative Committee Chairman Kuehn, CEO Niedfeldt reported that the District submitted one opposition letter to the Nebraska Legislature regarding LB257 that would shift the filling of vacancies on all Public Power District Board of Directors from the Governor to the Board of Directors.

MOTIONS & RESOLUTIONS:

Village Distribution Lease Agreement with the Village of Trumbull

CEO Niedfeldt reported that the Trumbull Village Board approved the new Village Distribution Lease Agreement which will become effective June 1, 2021 and continue for a 20-year period until May 31, 2041.

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 the Village Distribution Lease Agreement for the Village of Trumbull that becomes effective June 1, 2021 and continues to May 31, 2041.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Lowry and Kuehn)

District's Policies on Capacitor Requirements for Irrigation Services

CEO Niedfeldt reviewed the proposed changes for requiring capacitors on irrigation services which was discussed in detail at the February Board meeting. The current policy of requiring the installation of capacitors on all new irrigation services would be replaced with a new policy that would assess a power factor adjustment charge to all irrigation customers that do not correct their power factor to a minimum standard. Engineering/Operations Manager Aaron Brown reviewed the benefits for both the District and the customer for improving customer power factors. Discussion followed.

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 proposed changes for requiring capacitors on irrigation services that would apply to assess a power factor adjustment charge to all irrigation customers that do not correct their power factor to a minimum level.

Roll call vote: Yes 10, No 2 (Directors Klute and Reeson), Absent 2 (Directors Lowry and Kuehn)

Resolution of Appreciation for National Lineman Appreciation Day

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

WHEREAS, the Southern Public Power District's linemen are responsible for building and maintaining a complex system of more than 7,000 miles of subtransmission and distribution lines, which contributes to the livelihood of our region and the local economy as electricity is delivered to homes, businesses, farms, churches and schools; and

WHEREAS, the electrical grid must be maintained and operated twenty-four hours a day, seven days a week and three hundred sixty-five days a year in all weather conditions; and

WHEREAS, the District's 53 linemen have demonstrated outstanding skill and dedication to safe work practices, while building and maintaining the electric grid and learning new skills as new technologies are introduced into their profession; and

WHEREAS, the linemen of Southern Public Power District risk their lives daily to ensure the reliable delivery of electricity to the customers, and are deserving of honor, respect and gratitude of the public.

THEREFORE, BE IT RESOLVED, that we, the Members of the Board of the Southern Public Power District, recognize the significant contributions and efforts of our linemen who work in challenging conditions to power a brighter future for our customers, and we express our appreciation to them, as we recognize April 12, 2021 as Lineman Appreciation Day.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Lowry and Kuehn)

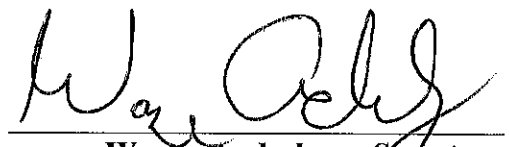
MISCELLANEOUS BUSINESS:

There will be an Audit Committee meeting on Wednesday, April 7th starting at 8:30 a.m.

NRECA Directors Conference will be held virtually on March 23rd and 24th, 2021.

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

There being no other business, the meeting was adjourned at 2:00 p.m.


Wayne Anderbery, Secretary


Arlon Jacobitz, Chairman