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## BOARD OF DIRECTORS MEETING

*May 7, 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 May 7, 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, Courtney Retzlaff, Curtis Rohrich, Joel Kuehn, Rick Bergman, Arlon Jacobitz, Neal Katzberg, Joe Gustafson, Wayne Anderbery, Kevin Choquette, Dean Klute, Dana Meyer and Bob Kieborz. President/CEO Chad Waldow was also present.

Directors absent: None.

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.

### SAFETY MESSAGE/SYSTEM STATUS

CEO Chad Waldow reported on safety and emergency protocols and an update on the current status of the SPPD system.

### MINUTES

There were no revisions made to the minutes of the April 10, 2024 regular Board meeting.

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

#### **RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the minutes of the April 10, 2024 regular Board meeting.

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

### BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Bergman, seconded by Director Gustafson, 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

### **COMMENTS FROM THE PUBLIC**

Judy Rieken, Board Director at Polk County Rural Public Power District, was present to introduce Dan Lonowski who is a candidate for the 2024 Nebraska State Senate – District 33.

### **DIRECTOR AND MANAGEMENT REPORTS**

#### **DIRECTOR REPORTS:**

- Directors Kieborz, Anderbery, Gustafson and Meyer attended a Legislative Committee meeting on May 7<sup>th</sup>.
- Director Jacobitz visited the Hastings shop on Lineman Appreciation Day on April 18<sup>th</sup>.
- Director Anderbery visited the Funk shop on Lineman Appreciation Day on April 18<sup>th</sup>.
- Director Choquette visited the Franklin shop on Lineman Appreciation Day on April 18<sup>th</sup>.

#### **MANAGEMENT REPORTS:**

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

- Southern transition of the Operations Department continues. Zeb Graham will be starting as the new Manager of Operations on May 6<sup>th</sup>. I am very excited to get him started and start bringing him up to speed. Jeff Chase has retired as Area Manager in Funk. He has been replaced by Brian Andersen who moved up from Maintenance Supervisor. At the time of writing this update, we've had no electrical engineers put in for the Manager of Engineering position. I have hit up those in my circles looking for options with no luck. We are going to evaluate what our minimum requirements are for this position and see if we can find options to move forward.
- Wholesale Customer Meeting was held in Norfolk on April 24<sup>th</sup>. Tom led a candid conversation discussing the contract and the new compensation package they put in place.

The compensation package has made some headlines in various newspapers and even the legislature. Senator Brewer made comments on the situation publicly. I have concerns about what this will do to the regional labor market. I think we are experiencing it firsthand as we try and hire an engineer.

The new Load Queue and Transmission Extension Policy were discussed with no major changes to these processes since we last met. We have started to communicate this new procedure to some of the larger loads looking at locating in Nebraska. This communication has already deterred one data center load from locating in Nebraska. This was not a Southern project.

NPPD also discussed options for financing the new generation proposed for the state. They have evaluated both short and long-term financing options. Issuing long-term debt beyond the length of the contract has been identified as a concern. This will increase risk and likely drive up the interest rate due to a lower bond rating. Therefore, NPPD is looking to extend the contract to match the life of the debt.

- NPPD Financials were not available when writing this report.

- NPPD Wholesale Contract Small Group met on April 22<sup>nd</sup>. The discussion centered around the same key components discussed last month. The significance of NPPD's bond rating was discussed in full. They are very concerned they might see a drop in their rating if they finance the new generation debt beyond the life of the contract. If we don't sign new, long-term contracts, they will be required to compress the debt into shorter terms increasing cost.

Tom has revealed two areas he would like to see in the new contract: Much longer terms in the contract and exit fees if anyone leaves. They are looking to shift the risk to the wholesale customers.

- Legislative Update-The 2024 Legislative Session ended on April 18<sup>th</sup>. There were a few bills of interest that were passed and signed into law:

Natural Resources Committee Priority Package #2 included Senator DeKay LB 969 that changed provisions relating to contracts and sealed bids for PPDs. Also included a scaled down version of Senator Bostelman's LB 1370 bill addressing the retirement of dispatchable generation.

Government, Military, & Veteran Affairs Package #3 included Senator McDonnell LB 1358 requiring voter approval for salary increases for governing bodies of political subdivisions of the state.

Senator Jacobson has also dropped an interim study to examine the impact of digital asset data mining on Nebraska Public Power Districts, rate payers and communities. I believe we have an interest in this study due to the amount of mining operations we have in the District. We will discuss this further at the board meeting.

#### **Additional Items:**

- Mutual Aid Assistance-Southern crews have helped in two separate mutual aid situations. We sent crews to Wheat Belt PPD in Sidney and also helped Howard-Greeley RPPD in St Paul. We have been fortunate so far to have missed a majority of the storms. Ice and wind caused the damage at Wheat Belt and tornados at Howard-Greeley. Southern was represented very well with many comments from other Districts and even customers. This is what makes Public Power special in Nebraska!
- Engineering & Operations Update
  - Sub T project in the Central City area is being re-evaluated for new timelines. Engineering delays and securing materials and contractors to complete the work are issues for Southern and City of Central City. NPPD is working through that with us to coordinate the new load.
  - Carbon Capture projects are moving along with estimated cost and contracts nearing completion. I have concerns with two projects and the associated timelines. These are Minden and Central City. We are working through this with the customers and NPPD planning.
  - Arch Green has been shut down by Hall County Building Inspector for code violations. They are working to get these resolved and the facility back up and running. They were energized for a short time in April.

- Jeff Chase has retired as Area Manager at the Funk office. Congratulations Jeff and wish you well in retirement!
- Scheduled a meeting with Landis and Gyr to resolve the load control issue. I expect us to be fine for the 2024 irrigation season.

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

RESOLUTION

*RESOLVED*, the Board of Directors of Southern Public Power District approves going into executive session at 11:00 a.m. for discussions pertaining to the NPPD Wholesale Contract.  
Roll call vote: Yes 14, No 0

A motion was duly moved by Director Jacobitz, seconded by Director Choquette, to adopt the following resolution:

RESOLUTION

*RESOLVED*, the Board of Directors of Southern Public Power District approves coming out of execution session at 11:30 a.m.  
Roll call vote: Ye 14, No 0

Financial Reports:

- Summary of Revenues. CFO Peard provided a comparison of revenues between March 2023 and 2024. Year-to-date revenues through March 2024 amounted to \$27.9 million as compared to \$25.6 million in 2023.
- Power Costs. CFO Peard gave a summary of the power bill for March 2024 indicating a peak demand of 126,039 kW as compared to 123,832 kW recorded in March 2023. The District purchased 99.47 million kWh's in March 2024 as compared to 76.03 million kWh's in March 2023.
- Balance Sheet and Income Statement. CFO Peard provided a comparison of income statements from March 2024 and March 2023. Year-to-date net margins as of March 30, 2024, were \$7,714,683 as compared to \$6,897,283 as of March 30, 2023.
- Cash Flow Summary. CFO Peard provided a summary of the statements of cash flows. Cash and investments at March 30, 2024 were \$45.5 million compared to \$50.5 million at March 30, 2023.

Customer Service and Collection Report:

- The District's disconnect day was Tuesday, April 25<sup>th</sup>. District personnel worked 83 accounts, with 77 accounts being disconnected remotely.

Engineering/Operations Report:

- CEO Chad Waldow stated that the Sub-T project in Central City will be pushed back to the spring of 2027 due to delayed engineering and material issues.
- The District is working through various estimates on carbon capture sequestration projects.
- After 10 days, load has been shut down at ArchGreen due to specific motives by the Hall County electrical inspector.
- The District sent the Construction Crew out to Wheat Belt Public Power in Sidney for mutual aid assistance and also assisted in mutual aid assistance with Howard-Greeley Public Power.

#### Energy Services Report:

- Energy Services Manager Sam Reinke participated in a Teams meeting with NPPD to discuss battery storage on DC fast chargers.
- During the month of April, the District issued one (1) water heater and provided incentives totaling \$12,159 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives totaled \$165,788. The District provided \$1,669 in Efficient Electrification incentives during March.
- Irrigation Department continues to work on updating the Load Control messaging notifications listing and completed the Interruptible Irrigation letter and Irrigation Newsletter for mailing.

#### Communications and Public Relations Report:

- Communications Manager Amanda Groff reviewed upcoming social platform promotions that are planned through the end of May.
- Radio PSA's continue to run for electrical safety during planting season.
- The District was a part of the CCC-Holdrege High School Career Fair on April 23<sup>rd</sup>.
- A Touch-a-Truck event took place in Grand Island on April 28<sup>th</sup>.
- An Operation RoundUp Board meeting took place on April 19, receiving 17 applications for the 1<sup>st</sup> quarter of 2024.
- NTV News and Local 4 covered outages and efforts of Linemen during March 25-26 storm.

#### Safety Report:

- Safety Manager Todd Bailey reported on personnel and equipment claims that occurred during the month of April.
- The District sent three employees to attend the Safety Summit in Kansas City.
- A Safety Council meeting will be held in Grand Island on 22<sup>nd</sup>.
- Safety meetings will be conducted in Grand Island on May 29<sup>th</sup> and 30<sup>th</sup>.

***LUNCH RECESSED AT 12:00 P.M.,  
THE MEETING RECONVENED AT 12:45 P.M. IN OPEN SESSION.***

Zeb Graham introduced himself as the new Operations Manager for the District and stated his experiences he has retained with Southern for the past 20 years.

#### IT Report:

- IT Director Travis Doht provided the Board with tips on malicious cyber activity and cyber threats.
- Doht reported on the location upgrades on reporting services which will save time with troubleshooting issues that arise from power or hardware failures.
- Doht demonstrated how the District uses AI in the IT Department.

#### **CUSTOMER REPORTS:**

##### **DIRECTORS:**

- Director Retzlaff stated that a customer from Clarks went back to a 3-phase years back and he is having issues with neighbors tapping onto his line and was informed he would be receiving money back due to the timeline and is currently concerned about the District's policy and is requesting an explanation.

**MANAGEMENT:**

- CEO Waldow gave an update on the Synergen project, KAAPA's improvement of their carbon capture intensity score and the progress on the mission critical project

**COMMITTEE REPORTS:**

**FINANCE COMMITTEE:**

- Director Kuehn reported that all funds were adequately covered by FDIC insurance and joint custody receipts.
- CEO Waldow reported on the most recent Legislative Committee meeting discussing bids on contracts; LB 1300 that pertains to director compensation billing and Legislation Resolution 432 which is an interim study to examine the impact of digital asset data mining on Nebraska public power districts, electric rate payers and communities.

**MOTIONS & RESOLUTIONS:**

**Electric Service Agreement with Juniata Feed Yards**

Energy Service Manager Sam Reinke reviewed the Electric Service Agreement with Juniata Feed Yards upgrading their service to its quaker mill from a 500 kVa transformer to a 750 kVa transformer with an addition of 250 HP.

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

**RESOLUTION**

**RESOLVED**, that the Board of Directors of Southern Public Power District approves the Electric Service Agreement with Juniata Feed Yards upgrading to a 750 kVa with an additional 250 HP.

Roll call vote: Yes 14, No 0

**Amendment to Electric Service Agreement with ArchGreen**

CEO Waldow stated that during the time of operation, ArchGreen reached their 6.25 MW load with an ability to go on the interruptible service rate through NPPD. While increasing their load, their current contract states 12.5 MW, allowing the District to increase their load. Amendments to the contract will occur throughout each load growth.

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

**RESOLUTION**

**RESOLVED**, that the Board of Directors of Southern Public Power District approves the amendment to the Electric Service Agreement with ArchGreen.

Roll call vote: Yes 14, No 0

**Resolution of Appreciation for Jeff Chase**

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

**WHEREAS**, Jeff Chase, Area Manager at Southern Public Power District's Funk Service Area, has exemplified outstanding leadership, dedication and commitment during his career serving the customers of the District; and

**WHEREAS**, Jeff began his career at Southern Public Power District beginning on August 29, 1988 as a storekeeper for the District's Grand Island Office. He transferred to the Hastings Office as an Apprentice 2 Lineman in March of 1989.

He advanced through the ranks as a Journeyman Lineworker, Lead Lineworker, Area Maintenance Supervisor for the Holdrege Office, and assumed the role of Area Manager on February 1, 2008; and

**WHEREAS**, Jeff's experiences as a lineworker prepared him to assume leadership as a manager. His vast knowledge of the system that serves our customers, and his experiences as a lineworker prepared him to lead Holdrege/Funk lineworkers to successfully respond to the needs of their customers; and

**WHEREAS**, Jeff has demonstrated an ambitious and tireless work ethic, always stepping forward when a difficult or challenging job or task needed a champion; and

**WHEREAS**, Jeff has retired from service to the District and its customers on April 30, 2024, after faithfully serving the customers of Southern Public Power District for over 35 years.

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

Roll call vote: Yes 14, No 0

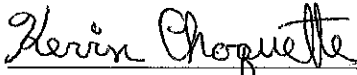
**MISCELLANEOUS BUSINESS:**

The next Board of Directors meeting will be held on Wednesday, June 12<sup>th</sup>.

A Safety Council meeting will be held in Grand Island on Wednesday, May 22<sup>nd</sup> at 10:00 a.m.

Potential of Irrigation Committee meeting held prior to the June and July Board meetings.

There being no other business, the meeting was adjourned at 2:25 p.m.

  
Kevin Choquette, *Secretary*

  
Dana Meyer, *Chairman*