



BOARD OF DIRECTORS MEETING

November 13, 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 November 13, 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, Joe Gustafson, Joel Kuehn, Rick Bergman, Arlon Jacobitz, Dana Meyer, Neal Katzberg, Wayne Anderbery, Kevin Choquette, Dean Klute and Bob Kieborz. President/CEO Chad Waldow and attorney Ellen Kreifels were 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 slight revisions made to the minutes of the October 9, 2024 regular Board meeting.

A motion was duly moved by Director Anderbery, 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 October 9, 2024 regular Board meeting as revised.

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

SPECIAL BUDGET MEETING MINUTES

There were no revisions made to the minutes of the October 28, 2024 Special Budget meeting.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the minutes of the October 28, 2024 Special Budget meeting.

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

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 14, No 0, Absent 0

COMMENTS FROM THE PUBLIC

There were no comments from the public.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Directors Kuehn, Kieborz and Rohrich attended the Safety Council meeting on Wednesday, November 6th.
- Directors Bergman, Rohrich, Meyer and Anderbery attended the NPA Annual Conference on October 29-30th in Kearney.

MANAGEMENT REPORTS

President's comments:

2025 Southern Public Power District Electric Rates: As I have mentioned in the past, we will not recommend increasing rates for 2025. We will be making some adjustments to the large power services to pass through the adjustments NPPD has made in the wholesale rates. This equates to an increase in demand offset by a decrease in energy. We will also make adjustments to a few rates that require an annual calculation. Here are the rates adjustments recommendations for 2025. The redline changes will be available for your review.

- Irrigation rates will be adjusted to reflect the billing changes for 2025.
- Large Power rates will be adjusted to pass through the NPPD adjustments.
- Annually calculated rates will reflect the 2025 calculations including Subtransmission rates, Simultaneous Buy/Sell, Distributed Generation and PCA.

2025 Southern Public Power District Work Plan and Budget: There have been no major changes to the budget that was presented at the budget meeting in October. The 2025 work plan and budget is attached for your review.

Consider Policy "G" Director Compensation & Expense Reimbursement: I have been reviewing the new legislation for Director Compensation and believe our current policy fits within the new law. The new laws do not change our compensation caps. However, after some discussion, I thought it would be good to review the director's compensation. I don't believe it has been reviewed for quite some time now.

President's Activities:

- NPA Annual Meeting in Kearney: The meeting was well attended by other utilities all across the state. Shannon, Amanda and I along with Dana, Wayne, Rick and Curtis all represented Southern.
 - The meeting started with an update from Lieutenant Governor Joe Kelly. He discussed the Governor's activities including the appointments and the BioEconomy.
 - NE Chamber Energy Study discussion. This study highlighted the value of Public Power and some of the upcoming challenges. It has been relatively positive for the industry.
 - Election preview was given by a government relations consultant. This discussion was a high energy discussion that painted a very different picture than what actually happened on election day.
 - Large Customer Perspective Panel spoke to the various needs each customer may have for the different loads being served in Nebraska. This included panelists from Google, Trenton Agri Products (ethanol) and Farm Bureau.
 - State of Public Power was discussed by NPPD, OPPD, LES and NREA CEOs. They touched on several issues including new generation challenges, customer needs and priorities going forward.

- NPPD Wholesale Customer Meeting: A Wholesale Customer Meeting was held in York on October 17th. Topics for discussion included:
 - Laura Kapustka gave a report on various debt service scenarios for new generation
 - Courtney Dentlinger gave a report on the new loads and their locations
 - Mick Spencer gave an update on the new generation options
 - Todd Swartz gave an update on the 2024 irrigation load control season

- NPPD 2025 Budget Webinar: NPPD gave a short review of their 2025 budget via zoom call. They only hit some highlights but after several questions were asked. Here are some of the points of interest:
 - Firm Revenue up 11% in 2025
 - Market sales decline to offset the growth
 - Expenses increased \$42M primarily due to compensation/benefits, new FTE and inflation
 - Full time employee count is up 63
 - Incentive program is up from \$14M to \$20M
 - Benefits cost significantly increased
 - Capital Budget of \$2.6B compared to \$862M in 2024
 - Adding 1400MW of gas generation on top of the 600MW in 2024

- Union Contract Signing on October 24th and Area Office Visits: Zeb and I went around to all the area offices and went over several topics including union contract, budget and 2025 rates. Zeb gave some updates on programs for the operations department and the upcoming training in 2025. I wanted to give the employees the opportunity to ask questions about the contract and other topics on their mind. I thought the meetings went very well and they were received well by the employees. We will continue to do these a couple times a year to keep the line of communication open.

- Public Power Data Center Concept: We have had some very preliminary discussions with six other Districts on the concept of a shared data center to host a variety of applications. I started this discussion with other CEOs, and we thought there would be merit in having the discussion with the IT folks in our organizations. I will provide more detail at the meeting.
- Safety Council Meeting: A Safety Council Meeting was held on November 6th. There was again very good discussion.
- Village of Campbell: Sam, Zeb, Harley and I met with Steve Skupa about the future relationship between Southern and the Village of Campbell. Steve asked us to put together a proposal that includes Southern taking over the system and serving the customers at retail. This is very early on in the process, but I will share our next steps at the meeting.

Additional Items:

- **Election Results**: The local races include the following:
 - Justin Katzberg was newly elected to the Southern Board. Congrats to Justin, I look forward to working with him!
 - Lee Grove, Wayne Anderbery, Robert Kieborz, Courtney Retzlaff, Kevin Choquette all ran unopposed for their Southern board seat and won re-election. Congratulations, and I look forward to working with you all!
 - Robin Hinrichs defeated Gwen Kautz for NPPD Subdivision 6 seat
 - Dan Lonowski defeated Michelle Smith for the Legislative District 33 seat
 - Dan Quick defeated Ray Aguilar for the Legislative District 35 seat
 - Stan Clouse defeated Lana Peister for the Legislative District 37 seat
 - Dan McKeon defeated Ethan Clark for the Legislative District 41 seat
- **NPPD Financials**: August financials have not been released at the time.
- **Stand-By Rate for Combined Heat Process (CHP)**: We have developed a proposed Stand-By Rate for the potential CHP projects for ethanol loads in conjunction with NPPD. The customer requested a proposed rate to allow for their analysis of the project. I have also consulted with our rate consultant to work through this as well. This is new territory for Southern and we want to make sure and get this right.
- **Upcoming meetings**:
 - The NREA Annual Meeting in Kearney, December 4-6th
 - SPPD Meeting on December 11th
 - SPPD Strategic Planning Meeting on January 22, 2025

Financial Reports:

- Summary of Revenues. CEO Waldow provided a comparison of revenues between September 2023 and 2024. Year-to-date revenues through September 2024 amounted to \$82.2 million as compared to \$76.6 million in 2023.
- Power Costs. CEO Waldow gave a summary of the power bill for September 2024 indicating a peak demand of 273,478 kW as compared to 281,271 kW recorded in September 2023. The District purchased 134.47 million kWh's in September 2024 as compared to 99.69 million kWh's in September 2023.
- Balance Sheet and Income Statement. CEO Waldow provided a comparison of income statements from September 2024 and September 2023. Year-to-date net margins as of September 30, 2024 were \$11,937,423 as compared to \$10,563,645 as of September 30, 2023.

- Cash Flow Summary. CEO Waldow provided a summary of the statements of cash flows. Cash and investments at September 31, 2024 were \$46.0 million compared to \$50.50 million at September 31, 2023.

Customer Service and Collection Report:

- The District's disconnect day was Tuesday, October 29th. District personnel worked 34 accounts.

Operations Report:

- Operations Manager Zeb Graham assisted with onsite RESAP inspections at Dawson and Custer PPD and invited an employee from each area to be part of the observation team.
- The Construction Crew continues to work on the Tyler Sub to North Hampton Tap.
- Area offices continue to work on osmose poles.
- Mechanics have been preparing trucks for auction, preparing a new chipper truck for the Funk area and managing various service jobs.

Engineering Report:

- Engineering Manager Travis Dahlin stated that Riley Malasek began full-time employment with the District as an Engineering Technician.
- The District is in the process of hiring an electrical engineer to restore full staff in the Engineering department.

Energy Services Report:

- Energy Services Manager Sam Reinke attended a monthly safety meeting, met with the Village of Campbell, attended the NPPD Customer meeting and is preparing a new Wholesale Electric Service Agreement with the City of Wood River.
- During the month of October, the District issued three (3) water heaters and provided incentives totaling \$43,809 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives totaled \$188,561 and has provided \$18,868 in Efficient Electrification incentives during October.
- The Irrigation Department continues to work with irrigation customers with well desktops and applications and is preparing an Irrigation Winter Newsletter.

Communications and Public Relations Report:

- Communications Manager Amanda Groff reviewed upcoming social platform promotions that are planned through the end of November.
- The Operation Round Up Board met in November and check presentations will be scheduled for the Quarter Three grant recipients.
- Groff attended the NPPD Communication Workshop and participated in the Doniphan-Trumbull School's career fair.
- Groff presented the District's new Strategic Communication Plan.

Safety Report:

- Safety Director Todd Bailey reported on personnel and equipment claims that occurred during the month of October.
- Safety meetings were conducted in Grand Island for all employees.
- NREA communicated with various linemen discussing the District's safety program.
- A Safety Council meeting was held on November 6th in Grand Island.

IT Report:

- IT Director Travis Doht is working with various departments to begin collecting data aimed at cleaning up data infecting the mapping and customer databases, auditing irrigation services in the field and preparing for implementation of Outage Management.

***LUNCH RECESSED AT 12:10 P.M.,
THE MEETING RECONVENED AT 12:50 P.M. IN OPEN SESSION.***

CUSTOMER REPORTS:

DIRECTORS:

- Director Anderbery stated that a resident in Axtell inquired about tree trimming services the District offers.

MANAGEMENT:

- CEO Waldow discussed the security request by NPPD for one of the Large Power projects being built in the District.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

- Director Kuehn had no report.

PUBLIC HEARING – PROPOSED 2025 WORK PLAN AND BUDGET

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 to suspend the regular Board meeting and open the public hearing to consider the 2025 proposed Work Plan and Budget.

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

Operations Manager Zeb Graham reported slight changes to the preliminary budget that was presented on October 28, 2024.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves to conclude the public hearing and resume the regular Board meeting.

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

MOTIONS & RESOLUTIONS:

2025 Work Plan and Budget

A motion was duly moved by Director Grove, seconded by Director Retzlaff, to approve the 2025 Work Plan and Budget as presented during the public hearing held on November 13th, 2024.

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the 2025 Work Plan and Budget as presented.

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

District Policy G – Director Compensation & Expense Reimbursement

Discussions were held regarding District Policy G. It was decided to take no action at this time, but to continue discussions on this topic at the December Board meeting.

CEO Waldow presented the results of statistical reports prepared by the Nebraska G&T and the Energy Information Administration (EIA) and also the 2025 rate adjustments

2025 Southern Public Power District's Rate Schedule

CEO Waldow gave an overview of the proposed rate adjustments for 2025.

A motion was duly moved by Director Jacobitz, seconded by Director Benson, to approve the following resolution:

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the proposed changes and adjustments to individual rate schedules of the District for 2025 as recommended by management


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

MISCELLANEOUS BUSINESS:

NREA Annual Meeting will be held December 5th – 6th in Kearney.

The next Board of Directors meeting will be held on December 11th, 2024.

There being no other business, the meeting was adjourned at 2:15 p.m.



Kevin Choquette, Secretary



Dana Meyer, Chairman