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## BOARD OF DIRECTORS MEETING

### *October 9, 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 October 9, 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, Dana Meyer, Neal Katzberg, Wayne Anderbery, Kevin Choquette, Dean Klute and Bob Kieborz. President/CEO Chad Waldow and attorney Dave Jarecke were also present.

Directors absent: Director Gustafson.

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 September 11, 2024 regular Board meeting.

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

#### **RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the minutes of the September 11, 2024 regular Board meeting.

Roll call vote: Yes 12, Abstain 1 (Director Jacobitz) Absent 1 (Director Gustafson)

#### **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 13, Absent 1 (Directors Gustafson)

### **COMMENTS FROM THE PUBLIC**

There were no comments from the public.

### **DIRECTOR AND MANAGEMENT REPORTS**

#### **DIRECTOR REPORTS:**

- Directors Klute, Choquette, Rohrich, Jacobitz and Meyer attended the Energy Park tour on Thursday, September 19<sup>th</sup>.
- Directors Meyer, Benson, Katzberg, Bergman and Grove attended the Labor Committee meeting on Wednesday, October 9<sup>th</sup>.

#### **MANAGEMENT REPORTS:**

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

- NREA Legal Seminar – Terri and I attended the legal seminar hosted by Dave Jarecke and Ellen Kriefels on September 18<sup>th</sup>. Topics covered in the session included the following:
  - Open Meetings and How to Properly Conduct Executive Session
  - Live Demo of Deposition of Manager Subject to EEOC Claim
  - Corporate Record Keeping
  - Public Records Request
  - New Meeting Notice Requirements
- NRECA Manager's Association Meeting - I attended this meeting the day before the Legal Seminar on September 17<sup>th</sup>. This meeting covered a variety of topics including an update from Bryan Slone, President of the NE Chamber. He gave an update on several topics including the non-partisan Energy Survey for Public Power that will be rolled out to the public later this month. I was also interviewed as part of the study.
- NRECA Region 7 Meeting in Sacramento - I attended the Region 7 Meeting and presented the proposed resolutions to the attendees. These resolutions were then considered at the Region 7 Business meeting. The final vote on these resolutions will be at the Annual Meeting in Atlanta next March. Some of the speakers included:
  - NRECA's CEO, Jim Mathisen, talked about protecting utilities and communities from the threat of wildfires. This issue is not just a mountain state issue, with one of the largest claims Federated has ever seen has been a Nebraska fire. Jim also covered some of the legislative challenges presented with the upcoming election.
  - EPRI presented on the future load growth of the country and the generation resources that will be required to serve the load. The information shared included a look at 2050 and the expected changes in the generation fleet. The load growth driven by AI and carbon capture will likely delay the closure of fossil fuel plants. The new generation added will struggle to keep up with new demand without the closure of existing plants.
  - There was a presentation by NRECA that discussed protecting the Snake River Dam System in the Pacific Northwest. There was an effort by the Biden Administration to breach the lower system of the dam. NRECA's efforts were discussed.

- NPPD Wholesale Power Contract - The last Small Contract Meeting was held on September 30<sup>th</sup>. The discussion centered around Customer Committee and QLG Flexibility. I did not attend this meeting, but the consensus from the group was that very little was accomplished. This contract is going to stall at this point until NPPD is willing to move off some of their positions. After the Energy Park tour, I had a long discussion with Tom in my office about some of the issues with the contract. He understood some of the issues, but we will see if they make any adjustments in their course.
  - Customer Committee - One thing I have asked for is customer representation if we sign a longer-term deal. The concept paper (authored by Tom) creates a customer committee that really is nothing more than the RRC/PRAB Committees we have now.
  - QLG Flexibility - There have been several Districts that have expressed interest in changing the QLG options to give them options to utilize and benefit from the program. They have made some adjustments, but there are still issues that keep the customers from utilizing the program.

***Additional Items:***

- NPPD Financials: July financials show a favorable month with a surplus of \$5M. This surplus was gained despite lower-than-expected firm and off-system sales. The difference was made up by purchase power, fuel expense and O&M expenses that were less than expected. This pushes the YTD surplus to \$24M with a year-end forecast of only \$9.1M surplus. If that forecast holds true, I expect the PCA credit to end for 2026.
- 2025 SPPD Rates: I would like to discuss a rate strategy for the next few years. The wholesale power costs appear to be increasing in 2027 with the actual impact unknown at this time. We are still unsure the cost of new generation and we don't know the impact of new revenues. We also don't know if those new assets will be financed over the life of this contract or a longer-term contract. We must consider the uncertainty when deciding our next moves.
- Energy Park Tour: Tom Kent and Mick Spencer attended from NPPD, Rick Nelson and Wayne Price from NREA and Dana, Dean, Kevin and Curtis were also in attendance. We had a good visit within the board room with NPPD/SPPD issues being discussed. We talked about economic development projects and the challenges energizing these loads. I hope NPPD sees the importance of getting capacity to the Energy Park and other areas in the District including the new DG Fuels project. Mick was clear that we currently do not have the gas capacity at Energy Park for gas-fired generation assets to be located there.
- Stand-By Rate for Combined Heat Process (CHP): The only update here is that KAAPA did submit the K450 detailing the CHP project they are proposing.
- Upcoming meetings:
  - The Annual Nebraska Power Association (NPA) in Kearney on October 29-30<sup>th</sup>
  - NPPD Board Forum in Lexington at Kirk's Nebraskaland Restaurant
  - SPPD Budget Meeting on October 28<sup>th</sup>

**Operations Report:**

- Operations Manager Zeb Graham reviewed the annual osmose pole results that had been completed on September 20<sup>th</sup>.
- Graham attended a meeting with NPPD, RVW and the City of Central City discussing the participants timelines.

- Graham met with all departments in preparation of the 2025 Budget and Work Plans.
- Graham has been in the processes of reviewing employee evaluations.

#### Financial Reports:

- Summary of Revenues. CFO Peard provided a comparison of revenues between August 2023 and 2024. Year-to-date revenues through August 2024 amounted to \$72.8 million as compared to \$69.7 million in 2023.
- Power Costs. CFO Peard gave a summary of the power bill for August 2024 indicating a peak demand of 306,577 kW as compared to 331,773 kW recorded in August 2023. The District purchased 179.88 million kWh's in August 2024 as compared to 159.98 million kWh's in August 2023.
- Balance Sheet and Income Statement. CFO Peard provided a comparison of income statements from August 2024 and August 2023. Year-to-date net margins as of August 31, 2024 were \$11,614,625 as compared to \$11,879,290 as of August 31, 2023.
- Cash Flow Summary. CFO Peard provided a summary of the statements of cash flows. Cash and investments at August 31, 2024 were \$39.7 million compared to \$46.86 million at August 31, 2023.

#### Customer Service and Collection Report:

- The District's disconnect day was Thursday, September 26<sup>th</sup>. District personnel worked 89 accounts, with 31 accounts being irrigation customers.

#### Engineering Report:

- Engineering Manager Travis Dahlin stated that the District's substation transformer was installed at the Aurora Data Center substation which was heated up on September 30<sup>th</sup>.
- The District accepted a bid from Richard's Electric who will be responsible for many aspects of the KAAPA Ethanol Minden substation expansion.
- The District is working on finalizing the route for the Central City 115kV to Central City 69kV Sub-T project.

#### Energy Services Report:

- Energy Services Manager Sam Reinke assisted with the Energy Park tour and participated in the NPPD Solar Sub-Committee and Beneficial Electrification Sub-Committee meetings.
- During the month of August, the District issued two (2) water heaters and provided incentives totaling \$56,763 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives totaled \$169,693 and has provided \$4,910 in Efficient Electrification incentives during September.
- The Irrigation Department participated in a Teams meeting with Landis & Gyr discussing Command Center and Power Center.

#### Communications and Public Relations Report:

- Communications Manager Amanda Groff reviewed upcoming social platform promotions that are planned through the end of October.
- Crews have finished up participation in various community fall events.
- Radio campaigns are running on the subjects of Public Power Awareness and Harvest Safety.
- Newspapers and radio stations are recognizing the press release on the District's Irrigation Policy changes.

Safety Report:

- Safety Director Todd Bailey reported on personnel and equipment claims that occurred during the month of September.
- Forklift certification was held at all locations.
- A positive report came from the facility audits in each area.

IT Report:

- IT Director Travis Doht spoke about the various sessions he attended at NISC's MIC 2025 Conference in Florida.
- Travis discussed the Verizon nation-wide outage and is looking into ways the District can insulate part of our infrastructure from these outages in the future.

**CUSTOMER REPORTS:**

**DIRECTORS:**

- Director Klute stated an area farmer struck a guy wire and that the District had restored the power within 45 minutes.
- Director Jacobitz stated that a customer inquired as to the District publicizing the irrigation application process changes.

**MANAGEMENT:**

- CEO Waldow spoke about a resurfaced green pneumonia plant with a potential site east of Hastings who will be co-locating with an existing customer of the District.

**COMMITTEE REPORTS:**

**FINANCE COMMITTEE:**

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

**MOTIONS & RESOLUTIONS:**

**Charge Off Uncollectible Accounts**

CFO Peard provided a review of accounts recommended for charge-off. CFO Peard reported that the list of recommended charge-offs totaled \$81.57.

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves charge-offs of delinquent accounts totaling \$81.57 as recommended by management.

Roll call vote: Yes 13, Absent 1 (Director Gustafson)

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

**RESOLUTION**

*RESOLVED*, the Board of Directors of Southern Public Power District approves going into executive session at 11:28 a.m. to discuss personnel items.

Roll call vote: Yes 13, Absent 1 (Director Gustafson)

*(Executive session was suspended at 12:00 p.m. and reconvened at 12:40 p.m.)*

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

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

**RESOLUTION**

*RESOLVED*, the Board of Directors of Southern Public Power District approves coming out of execution session at 1:27 p.m.

Roll call vote: Ye 13, Absent 1 (Director Gustafson)

**MOTIONS & RESOLUTIONS: (cont.)**

***Labor Agreement between Southern Public Power District & Local Union 1597 of the IBEW***

A motion was duly moved by the Labor Committee to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves the Labor Agreement between Southern Public Power District and IBEW Local Union 1597 as recommended by the Board Labor Committee and authorized President/CEO Waldow to execute the Agreement on behalf of the District.

Roll call vote: Yes 13, Absent 1 (Director Gustafson)

***Salary Adjustments for Salaried Personnel***

Director Benson, Labor Committee Chairman, indicated the Committee reviewed management's recommendations for salary adjustments for all Salaried Personnel to become effective November 1, 2024.

A motion was duly moved by the Labor Committee to adopt the following resolution:

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District approves salary adjustments for salaried personnel to be effective November 1, 2024, as recommended by the Board Labor Committee.

Roll call vote: Yes 13, Absent 1 (Director Gustafson)

***2025 Salary and Contract for the President/CEO***

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

**RESOLUTION**

*RESOLVED*, that the Board of Directors of Southern Public Power District authorizes Board Chairman Meyer to set President/CEO Waldow's salary as requested and execute President/CEO Waldow's Employment Agreement to be effective October 1, 2024.

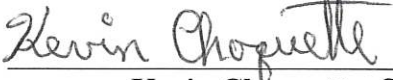
Roll call vote: Yes 13, Absent 1 (Director Gustafson)

**MISCELLANEOUS BUSINESS:**

Chairman Meyer reviewed upcoming meeting dates for the months of October and November.

The next Board of Directors meeting will be held on November 13<sup>th</sup>.

There being no other business, the meeting was adjourned at 1:30 p.m.

  
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**Kevin Choquette, Secretary**

  
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**Dana Meyer, Chairman**