



BOARD OF DIRECTORS MEETING

September 11, 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 September 11, 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, 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 Jacobitz and 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 August 14, 2024 regular Board meeting.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the minutes of the August 14, 2024 regular Board meeting.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Jacobitz and Gustafson)

BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Grove, seconded by Director Bergman, 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 Jacobitz and Gustafson)

COMMENTS FROM THE PUBLIC

There were no comments from the public.

RON TILLERY

Phelps County Economic Development's Executive Director, Ron Tillery, spoke about Phelps County being chosen for a site of one of Nebraska's largest industrial projects. This project will produce low carbon airplane fuel out of corn stover to meet airline demand for low carbon fuel.

Excused Absence for Director Gustafson

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the excused absence of Director Gustafson.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Jacobitz and Gustafson)

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Directors Meyer, Benson, Katzberg, Bergman and Grove attended the Labor Committee meeting on Wednesday, September 11th.
- Directors Rohrich, Benson and Kieborz attended the Safety Council meeting on Wednesday, August 21st.
- Directors Grove, Retzlaff, Meyer and Jacobitz attended the District's Focus Group Planning meeting on Tuesday, August 27th.
- Directors Choquette and Kieborz attended the NPPD Customer Meeting and Appreciation Event on August 15-16.

MANAGEMENT REPORTS:

President's comments:

- NPPD Annual Meeting in Norfolk - Chad attended the meeting and golf outing with Bob and Kevin in Norfolk. The speakers included:
 - Lanny Nickell from Southwest Power Pool (SPP). Lanny gave a presentation discussing SPP's generation challenges with all the new load growth and the reduction in fossil fuel plants. He noted that SPP's generation capacity is shrinking to dangerously low levels. SPP is making some adjustments in the reserve requirements to help combat this trend.
 - Nicole Sedlacek from NPPD Economic Development. Nicole discussed the anticipated new load coming into the NPPD footprint and explained the new load queue. Mick Spencer updated the group on new generation additions that are expected in the future.
 - There was a financial update from Laura Kapustka stating that the new debt will require NPPD to seek contract extensions from NPPD Wholesale Customers.
 - Tom Kent wrapped up the day with the State of NPPD. He also stressed the importance of a new contract and tied it to the ability to serve the new load growth of Nebraska. He reviewed some of the options NPPD is considering for the new generation. It was noted the CHP at Ethanol Plants made the list.

- NPPD Wholesale Power Contract - NPPD emailed concept papers out to the small group detailing new terms for a wholesale contract. Two of the four concepts were discussed on August 29th at a Small Group Contract meeting. The concepts were not received well by the wholesale customer group.
 - Term and Exit Provision - concept is to do away with the performance standard and include an exit provision allowing customers to buy out of the contract. With the current performance standard, we could leave at no cost over a short period if they exceed the allowable limit. The exit provision would only allow a wholesale customer to buy out of the contract shifting 100% of the risk onto the wholesale customers. The term they are asking for is 40 years with an evergreen clause. The key then becomes the calculation of the exit clause and that is tilted in NPPD's favor.
 - Production Cash Reserve - NPPD is looking to add separate cash reserve policies for each division of NPPD-generation, transmission and retail. They also want to keep the Rate Stabilization Fund as a tool to generate the cash for the funds. They have plenty of cash on hand now and the rate making authority allows them to adjust quickly to a major issue. Other G&Ts do not have that flexibility, forcing them to have higher cash positions.
 - Customer Committee - One thing Chad 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.

In conclusion, the concept papers outlined everything NPPD asked for in a contract and a small concession here or there for the customers. Chad believes we are further away from a new contract now than ever before. These proposals NPPD has made are not beneficial to Southern or its customers therefore Chad cannot say we have made any progress. The contract we have now is much better than the proposal so until they decide to put real concepts out there, Chad says we wait.

- Safety Council Meeting: Chad attended a Safety Council meeting on August 21st with Directors Kieborz, Rohrich and Benson. There was good discussion at the meeting covering a variety of topics. The safety culture is improving, and the conversation is much more free flowing.

Additional Items:

- NPPD Financials: July financials have not been released at this time.
- Energy Park Tour: The agenda is set for the Energy Park tour on September 19th at approximately 1:30pm. We have Tom Kent and Mic Spencer of NPPD, Rick Nelson and Wayne Price of NREA and our staff and Board Members attending. The tour will start at the HQ office in Grand Island with a short promotional video. Then we will tour the available sites, explain the Cathcart Project and make a quick stop at Southern's Procurement Center. We will have refreshments and open the museum of old material and linemen gear that has been collected by Rocky over the years. All of our Directors are welcome to take the tour, just let Terri know if you haven't already done so.
- Stand-By Rate for Combined Heat Process (CHP): I continue to work with NPPD and UFS to develop a Stand-by Rate for CHP. This rate will pass through the NPPD Stand-by Rate and add our Sub transmission/Distribution Stand-by charges. NPPD is looking at adding excess capacity

credit for customers that generate more than they consume. I have received interest in this rate from two companies with four plants.

- Union Meetings: The discussions have begun to work on a new contract. No details to report currently. The Labor Committee is meeting prior to the board meeting to discuss.
- Upcoming meetings: The Annual Nebraska Power Association (NPA) in Kearney is October 29-30th. Please let me or Terri know if you would like to attend this meeting.

MANAGEMENT REPORTS:

Financial Reports:

- Summary of Revenues. CFO Peard provided a comparison of revenues between July 2023 and 2024. Year-to-date revenues through July 2024 amounted to \$60.6 million as compared to \$58.3 million in 2023.
- Power Costs. CFO Peard gave a summary of the power bill for July 2024 indicating a peak demand of 327,065 kW as compared to 345,583 kW recorded in July 2023. The District purchased 154.78 million kWh's in July 2024 as compared to 160.72 million kWh's in July 2023.
- Balance Sheet and Income Statement. CFO Peard provided a comparison of income statements from July 2024 and July 2023. Year-to-date net margins as of July 31, 2024 were \$9,751,820 as compared to \$10,437,388 as of July 31, 2023.
- Cash Flow Summary. CFO Peard provided a summary of the statements of cash flows. Cash and investments at July 31, 2024 were \$37.2 million compared to \$54.45 million at July 31, 2023.

Customer Service and Collection Report:

- The District's disconnect day was Wednesday, August 28th. District personnel worked 42 accounts, with 40 accounts being disconnected remotely.

***LUNCH RECESSED AT 11:45 A.M.,
THE MEETING RECONVENED AT 12:30 P.M. IN OPEN SESSION.***

Operations Report:

- Operations Manager Zeb Graham along with area managers visited Perennial PPD to assess their Outage Management Program.
- Out of 10,000 osmose poles, 558 have been rejected which is a 5.6% rejection rate.
- The Construction Crew is working on the Tyler Sub to N. Hampton Tap and will start assisting Grand Island by retiring a section of line east of Grand Island.
- Zeb will be visiting each area to go over their 2025 Budge Projects.

Energy Services Report:

- Energy Services Manager Sam Reinke stated the District hosted the Customers Solutions Network quarterly meeting regarding Husker Harvest Days.
- During the month of August, the District issued six (6) water heaters and provided incentives totaling \$13,169 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives totaled \$100,665 and has provided \$4,231 in Efficient Electrification incentives during August.
- The Irrigation Department has arranged a letter explaining the new application process and application fee and also assisted in helping create a Desk Top estimate platform which provides irrigators with a rough estimate to install or upgrade services.

Communications and Public Relations Report:

- Communications Manager Amanda Groff reviewed upcoming social platform promotions that are planned through the end of September.
- A new promotional video has been completed for Energy Park
- Amanda has completed all the focus group meetings for the District's Strategic Communications Plan.

Safety Report:

- Safety Director Todd Bailey reported on personnel and equipment claims that occurred during the month of August.
- NREA hosted Pole Top Rescue training in Grand Island.
- District linemen attended the Overhead and Underground Schooling in Sidney, Nebraska.
- Crew visits were conducted in the Franklin and Funk areas.
- Todd reviewed the Safety Council meeting minutes.

IT Report:

- IT Director Travis Doht gave a cyber tip regarding Google Form links in social media ads and when not to impede on those links.
- The new virtual infrastructure has been configured in the new server room and will begin testing by the first of the year.
- A full-scale test has begun of a new point-to-multipoint communications system with FirstNet.

CUSTOMER REPORTS:

DIRECTORS:

- Director Choquette inquired if the District could advertise in the Newsletter an article that would request customers to notify the District before adding new types of bin services and/or expansions for the sake of customers obtaining sufficient power.
- Director Bergman stated that a customer inquired about the reimbursement period for incentives purchases.

MANAGEMENT:

- CEO Waldow spoke about a potential site for a data center out at Energy Park.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

- Director Kuehn reported that all funds were adequately covered by FDIC insurance and joint custody receipts.
- Director Benson stated that the Labor Committee met prior to the Board meeting discussing ideas and issues regarding management's recommended salary adjustments for all Non-Union personnel which will become effective November 1, 2024.

MOTIONS & RESOLUTIONS:

Changes to District's Irrigation Policies and Procedures

CEO Chad Waldow reviewed the suggested changes to the District's irrigation policies and procedures that had been previously discussed in the August Board meeting.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the changes to the District's Irrigation Policy and Procedures as recommended previously by management.
Roll call vote: Yes 12, No 0, Absent 2 (Directors Jacobitz and Gustafson)

NRECA Insurance Plans for 2025

CFO Shannon Peard reported that the District has received the renewal billing rates from NRECA for the District's health insurance plan for 2025. The renewal results in an increase of 4.4% for the NRECA insurance plans. Management recommends the Board of Directors approve the renewal of the insurance program with NRECA for 2025.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the renewal of insurance coverage through NRECA and the health insurance options for 2025 as presented by management.

Roll call vote: Yes 12, No 0, Absent 2 (Directors Jacobitz and Gustafson)

Electric Service Agreement with CHS Agri Service Center

Energy Service Manager Sam Reinke stated that there are two new electric service agreements with CHS Agri Service Center which are service transfers from the Cargill-Holdrege lab on the grounds pile and elevator.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the Electric Service Agreement between the District and CHS Agri Service Center as presented by management.

Roll call vote: Yes 12, No 0, Absent (Directors Jacobitz and Kieborz)

Voting Delegate for the CFC District Business Meeting

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 appointing CEO Waldow as the 2024 voting delegate for the CFC Business meeting at the 2024 NRECA Regional meeting in Sacramento, California.

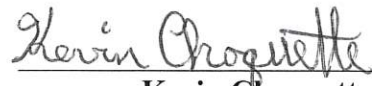
Roll call vote: Yes 12, No 0, Absent 2 (Directors Jacobitz and Gustafson)

MISCELLANEOUS BUSINESS:

The next Board of Directors meeting will be held on Wednesday, October 9th.

CEO Waldow reviewed upcoming meeting dates for the months of September, October and November.

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



Kevin Choquette, *Secretary*



Dana Meyer, *Chairman*