



BOARD OF DIRECTORS MEETING

September 13, 2023

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 13, 2023, at 9:30 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, Kevin Choquette, Joel Kuehn, Rick Bergman, Courtney Retzlaff, Joe Gustafson, Arlon Jacobitz, Dean Klute, Neal Katzberg, Curtis Rohrich, Wayne Anderbery, Dana Meyer and Bob Kieborz. President/CEO Neal Niedfeldt 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.

MINUTES

There were no revisions made to the minutes of the August 9, 2023 regular Board meeting.

A motion was duly moved by Director Benson, 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 August 9, 2023 regular Board meeting.

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

MINUTES

There were no revisions made to the minutes of the August 18, 2023 Special 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 August 18, 2023 Special Board meeting.

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

BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Anderbery, 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

There were no comments made.

TOM KENT

Tom Kent, NPPD President and CEO, provided the Board with an update and status of NPPD with upcoming new loads and the need for an updated contract between NPPD and all the wholesale customers.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Director Kieborz attended the NPA Annual Conference on Tuesday, August 22nd.
- Directors Benson, Bergman, Katzberg and Meyer attended the Labor Committee meeting on Tuesday, September 12th.

MANAGEMENT REPORTS:

President's comments:

- CEO Niedfeldt attended the following meetings and activities during the past month:
 - SPPD – Attended the quarterly meeting of the Union stewards on August 16th in Grand Island. Attended the service award luncheon in Funk on August 24th. Attended the Safety Council quarterly meeting in Hastings on August 29th.
 - NPPD – Attended the Annual Wholesale Customer meeting in Kearney on August 17th. Reviewed the new WAPA Transmission contract with Franklin personnel on September 6th. Attended the Western Manager's Meeting in Palisade on September 7th.
 - NPA – Attended the Annual Conference in Kearney on August 22nd and 23rd.
- NPPD Issues:
 - August Financials – NPPD has reported a surplus of \$7.2 million for August and a Year-To-Date surplus through August 31st of \$58 million.
 - General Firm Power Service Rate Study – NPPD has issued their Rate Study report for 2024 and the corresponding wholesale rates. While there are some changes in the demand and energy components, there is no overall base rate increase for 2024. The impact to Southern is minimal. The Production Cost Adjustment (PCA) is scheduled to increase and expected to generate additional funds for the District in 2024. By the terms of the wholesale contract, the District has until September 22nd to request a rate hearing with the NPPD Board. Management does not anticipate the need for a rate hearing.
- Southwest Power Pool (SPP) Events – Alerts from SPP were received daily from August 22nd through August 26th indicating loads were reaching levels where generation resources were

running short. Most days SPP was in a Conservative Operations Advisory, indicating all utilities with generation were asked to operate as conservatively as possible.

- Operations – Personnel are completing typical summer activities including maintenance projects and Budget construction projects. Crews completed the underground installation at Eagle View Lake near Chapman. Issues in Kenesaw where several outages have been reported are being investigated and reviewed. Area Management is following up on irrigation estimates with customers for fall construction.
- Irrigation – The week of August 21st brought high temperatures with little rain leading to NPPD calling for load control each of the 5 days during the week. The District reached a non-controlled peak of 340 MW's, slightly less than the 347 MW's reached in July. Controlled billable peaks averaged between 240 MW's and 250 MW's.
- Economic Development – Management continues to work with several projects in locating to our service area. Meetings with county officials, local area economic development entities and landowners have taken place this past month.
- Personnel – There were no personnel changes since the August Board meeting.

Financial Reports:

- Summary of Revenues. CFO Shannon Peard provided a comparison of revenues between July 2022 and 2023. Year-to-date revenues through July 2023 amounted to \$58.3 million as compared to \$55.4 million in 2022.
- Power Costs. CFO Peard provided a summary of the power bill for July 2023 indicating a peak demand of 345,583 kW as compared to 308,468 kW recorded in July 2022. The District purchased 160.71 million kWh's in July 2023 as compared to 146.56 million kWh's in July 2022.
- Balance Sheet and Income Statement. CFO Peard provided a comparison of income statements from July 2023 and July 2022. Year-to-date net margins as of July 31, 2023, were \$10,437,388 as compared to \$9,710,484 as of July 31, 2022.
- Cash Flow Summary. CFO Peard provided a summary of the statements of cash flows. Cash and investments at July 31, 2023 were \$54.5 million compared to \$59.7 million at June 31, 2022.

Customer Service and Collection Report:

- The District's disconnect day was Tuesday, August 29th. District personnel worked 31 accounts, with 29 accounts being disconnected remotely.

Engineering/Operations Report:

- Engineering and Operations Manager Aaron Brown reported that Landis & Gyr agreed to lower the cost for the District's refurbished load control units.
- Fencing has been installed around Arch Green's two-acre site and work has started on the footings for Southern's substation at the Energy Park.
- Osmostic pole testing services have inspected 6,303 poles with 277 poles rejected. The failure rate is 4.4%.

Energy Services Report:

- Energy Services Manager Sam Reinke hosted the quarterly CSN meeting on August 17th.
- During the month of August, the District issued five (5) water heaters and provided incentives totaling \$11,933 to customers through the Energy Efficiency Program. Year-to-date Energy

Efficiency incentives totaled \$104,325. The District provided \$2,125 in Efficient Electrification incentives during August.

- Irrigation was controlled for six days in August for a total of 58 hours with an average load reduction of 92 MW's.
- Mr. Reinke attended a meeting with the NeDNR regarding the Republican River Compact Administration.

Communications and Public Relations Report:

- Public Relations Manager Amanda Groff reviewed upcoming promotional efforts that are planned through the end of September.
- District personnel assisted with the Public Power booth at the State Fair.
- Crews throughout the District participated in multiple Homecoming parades for our communities.
- The Social Committee has begun preparations for the Holiday Party.
- President Neal Niedfeldt's retirement party is scheduled for Thursday, September 21st.

Safety Report:

- In the absence of Safety Manager Todd Bailey, CFO Peard reported on various personnel and vehicle claims that occurred during the month of August.
- Underground schooling was conducted at the Grand Island facility.
- A Mock Mayday event was held in Holdrege

CUSTOMER REPORTS:

DIRECTORS:

- The Directors had no customer reports.

MANAGEMENT:

- CEO Niedfeldt had no customer reports.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

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

LABOR COMMITTEE:

- Labor Committee Chairman Benson reported that the Committee has reviewed management's recommended salary adjustments for all Non-Union personnel to become effective November 1, 2023. The Committee also reviewed the renewal plan with NRECA for the District's insurance plans for 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 the recommended salary adjustments for all Non-Union personnel to become effective November 1, 2023, and approves the renewal of the insurance program with NRECA for 2024 as presented by management.

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

MOTIONS & RESOLUTIONS:

Charge Off for Schemper Harvesting

CFO Peard stated that the District has pursued collecting on this account due to an incident which occurred back on October 16, 2022 and that no payment has been made. Management recommends the Board of Directors approve the write-off of this account and allow staff to send it on to collections.

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 write-off of the Schemper Harvesting account in the amount of \$7,439.98 and to allow staff to send it on to the District’s regular collection company.

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

DAN KASBOHM – UFS

Dan Kasbohm, Rates Manager of Utility Financial Solutions, was present via video conference and presented his conclusions upon his completion of the District’s cost of service study. Mr. Kasbohm also presented his financial forecasts for the District and presented several options in preparation of projected increases in power costs and operating expenses.

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

PUBLIC HEARING FOR PURPA STANDARDS:

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves going into a Public Hearing at 1:05 p.m. to discuss and consider PURPA Standards.

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

President/CEO Niedfeldt presented two PURPA standards for consideration by the Board due to the Infrastructure Investment and Jobs Act of 2021. Management presented reports and recommendations for policy statements related to Demand Response practices and Measures to promote electrification of the transportation sector.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves coming out of Public Hearing at 1:19 p.m.

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

MOTIONS & RESOLUTIONS: (cont.)

Adopting PURPA Standards for Demand Response Practices and Measures to Promote Electrification of the Transportation Sector

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 the District's modified standard for Demand Response Practices as recommended by management.

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

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the District's modified standard to Promote Electrification of the Transportation Sector as recommended by management.

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

Electric Service Agreement with Minden Mining, LLC

CEO Niedfeldt stated the District is finalizing the Electric Service Agreement with Minden Mining, LLC for a crypto-mining project and recommended the Board of Directors authorize Management to finalize and execute the Electric Service Agreement with Minden Mining, LLC.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the authorization of Management to finalize and execute the Electric Service Agreement with Minden Mining, LLC.

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

Electric Service Agreement with A-NE Data Centers, LLC – Prosser

CEO Niedfeldt stated the District is finalizing the Electric Service Agreement with A-NE Data Centers, LLC, Prosser, for a crypto-mining project and management would recommend the Board of Directors to authorize Management to finalize and execute the Electric Service Agreement with A-NE Data Centers, LLC, Prosser.

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 authorization of Management to finalize and execute the Electric Service Agreement with A-NE Data Centers, LLC, Prosser.

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

Interruptible Service Agreement with A-NE Data Centers, LLC – Prosser and NPPD

CEO Niedfeldt stated the District is finalizing the Interruptible Service Agreement with A-NE Data Centers, LLC, and NPPD for a crypto-mining project and management would recommend the Board

of Directors to authorize Management to enter into the Interruptible Service Agreement with A-NE Data Centers, LLC, and NPPD.

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 authorization of Management to finalize and execute the Interruptible Service Agreement with A-NE Data Centers, LLC, and NPPD.

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

Electric Service Agreement with B-NE Data Centers, LLC – Aurora

CEO Niedfeldt stated the District is finalizing the Electric Service Agreement with B-NE Data Centers, LLC, Aurora for a crypto-mining project and management would recommend the Board of Directors to authorize Management to finalize and execute the Electric Service Agreement with B-NE Data Centers, LLC, Aurora.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the authorization of Management to finalize and execute the Electric Service Agreement with B-NE Data Centers, LLC, Aurora.

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

Interruptible Service Agreement with B-NE Data Centers, LLC – Aurora and NPPD

CEO Niedfeldt stated the District is finalizing the Interruptible Service Agreement with B-NE Data Centers, LLC, and NPPD for a crypto-mining project and management would recommend the Board of Directors to authorize Management to enter into the Interruptible Service Agreement with B-NE Data Centers, LLC, and NPPD.

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 the authorization of Management to finalize and execute the Interruptible Service Agreement with B-NE Data Centers, LLC and NPPD.

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

Appointment of Voting Delegate for the CFC 2023 District Business Meeting

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves appointing Director Kieborz as the 2023 voting delegate for the CFC business meeting at the 2023 NRECA Regional Meeting in Omaha, NE.

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

Resolution of Appreciation for Neal Niedfeldt

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

RESOLUTION

WHEREAS, Neal F. Niedfeldt, President and CEO at Southern Public Power District has exemplified outstanding expertise, dedication and commitment to excellence during his career serving the customers of the District; and

WHEREAS, Neal began his career at Southern Public Power District on March 1, 2012 as the President and CEO; and

WHEREAS, Neal was instrumental in strengthening the District's reputation as a superior customer service provider and continuously improved the District's financial condition and operating efficiencies; and

WHEREAS, during his tenure, Neal was instrumental in the execution of a new wholesale power contract with NPPD, implemented the Operation Round Up program, oversaw the construction of a new Funk Service Center, led the addition of the Franklin County Wind Facility, and demonstrated thoughtful leadership in guiding the District through changes to operations during the COVID-19 pandemic; and

WHEREAS, Neal is retiring from service to the District and its customers on September 29, 2023, after faithfully serving the customers of Southern Public Power District for over 11 years and the public power industry for 40 years.

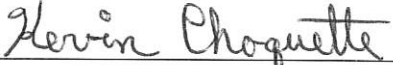
NOW, THEREFORE BE IT RESOLVED, that we, as the Board of Directors of Southern Public Power District, do hereby extend to Neal, our sincere and grateful appreciation for his dedicated service to Southern Public Power District and extend our congratulations on his well-earned retirement, and our best wishes to him and his wife Julie for continued success, happiness and good health in the years to come.

MISCELLANEOUS BUSINESS:

The NRECA Region 7 Meeting will be in Omaha on September 26th-28th.

The next Board of Directors meeting will be held on Wednesday, October 11th.

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


Kevin Choquette, Secretary


Dana Meyer, Chairman