



BOARD OF DIRECTORS MEETING

March 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 March 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, 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 and attorney Dave Jarecke 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

Slight revisions were made to the minutes of the February 14, 2024 regular Board meeting.

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

RESOLUTION

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

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

SAFETY MESSAGE/SYSTEM STATUS

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

BILLS AND CLAIMS

Management and staff answered questions regarding bills and claims.

A motion was duly moved by Director Klute, 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 14, No 0

COMMENTS FROM THE PUBLIC

A District customer was present to state her position and opinion regarding the District's payment due date and associated late fees.

DIRECTOR TRAINING

The District's Attorney Dave Jarecke presented the Board of Directors Training on Statutory Responsibilities.

DIRECTOR AND MANAGEMENT REPORTS

DIRECTOR REPORTS:

- Directors Meyer, Benson and Klute attended NRECA's Annual meeting in San Antonio, Texas, on March 2nd - 6th.
- Directors Kuehn, Kieborz and Rohrich attended the Safety Council meeting on February 21st.
- Director Katzberg attended the Kenesaw Village Board meeting on Tuesday, March 12th.
- Director Meyer attended the Franklin Village Board meeting on Tuesday, March 12th.

MANAGEMENT REPORTS:

President's comments:

- NPPD has assembled a Customer Working Group to address the future Load Queue Process. This process will set the rules on how NPPD will address the shortage in generation capacity and how new load will be added to the system. They are looking at new guidelines to determine which projects will be built with existing capacity and which ones will wait until new capacity is available. A couple things we are considering include project size, new projects vs expansion of existing customers, and speculative projects or the "build it and they will come" projects.
- NPPD Financials for the month of December showed a deficit due primarily to lower firm sales and mild weather. The monthly O&M expenses were higher and capital projects funded from cash were also factors. There was a monthly deficit of \$6.8M reducing the year-to-date total to \$67.0M down from a YTD margin of \$77.3M at the end of November. This is a strong position for 2023 and will create some interesting discussion for the 2025 PCA. NPPD's days of cash remained in the best quartile at 301 days.
- NPPD Wholesale Contract talks will begin later in March. If you have any initial thoughts or comments about this next version of the contract, please reach out to me. I will be sharing this information as we move forward.
- I attended NRECA Annual Meeting in San Antonio with Dana, Dean and Larry.
 - The theme of the conference was Reliability. This was kicked off by CEO Mathison's opening comments on Day 1 and carried into breakout sessions. I believe the concerns we have been voicing for years have finally resonated with NRECA. 92% of all power outages happen at the distribution level so we must keep working to improve.
 - One very interesting breakout session was on artificial intelligence talking about the early technologies that could be utilized in our business.

- The business meeting went as expected except for 4 resolutions removed from the consent agenda. This included an attempt by Nebraska to stop the resolution removing “rural” from the resolution book when referring to electric cooperatives.
- Resolutions considered at the business meeting:
 - Proposed resolution 1 would replace the terms “rural electric cooperatives”, “rural electrics” and “rural electric systems” with “electric cooperatives”. Passed on a 402/267 vote. I think the Nebraska effort to send a message was heard loud and clear.
 - 3.27 Support for Electric Vehicles was removed from the consent agenda to be considered. The representative that removed didn’t speak on the floor, so I don’t know what the basis for removal was. Membership voted to adopt.
 - State of Colorado removed 3 additional resolutions for consideration. These included Support for Keystone XL Pipeline, Support for Renewable and Environmentally Favorable Energy and Environmental Externalities in another effort to push the green agenda. However, the membership voted this attempt down overwhelmingly.
 - There were two additional resolutions the committee has been working on and passed with full support of the membership. These are Support for Hydroelectric Dams and Nuclear Fuels resolution.

***LUNCH RECESSED AT 12:10 P.M.,
THE MEETING RECONVENED AT 1:00 P.M. IN OPEN SESSION.***

President’s comments (cont.):

Additional Items:

- Safety Improvement Plan-This document has been included in your board materials. This document was created by the Safety Council members at their meeting on February 21st. I want this plan to be a company-wide effort and move our safety program forward. I will be asking the Board to consider adopting a resolution in support of this plan.
- Legislative Update: At the time I am writing this report, there has been no new information on any of our bills. Below are a few of the bills I am watching. If you have questions on these or any other bills please let me know.
 - LB 837 (Lowe) Election precinct bill-Hearing 2/8
 - LB 969 (DeKay) Change provisions related to sealed bids-Hearing 2/7
 - LB 1369 (J Cavanaugh) Self-generation by ag facilities-Hearing 2/8
 - LB 1370 (Bostelman) Retirement requirements for generation facilities-Hearing 1/31
- Strategic Planning Update
 - All Irrigation applications received prior to March 1 have been released. March 1 is the deadline for 2024 irrigation service applications. As part of our strategic plan, we are going to review the policies and process for adding irrigation services over the next few months. I will be reaching out to the Irrigation Committee to work through this process and then ask the board to consider these updates. I want to thank the staff and linemen for working through this long list!

- Update of Policy J as discussed at the Strategic Planning meeting. We are only updating the dollar amounts to reflect current cost levels. A redline is included in the materials. I believe we discussed \$1000 for the Economic Development dues and \$100,000 for un-budgeted items for board approval. With the last couple of Economic Development invoices being over \$1000, I have listed options.

Financial Reports:

- Summary of Revenues. CEO Waldow provided a comparison of revenues between January 2023 and 2024. Year-to-date revenues through January 2024 amounted to \$5.7 million as compared to \$5.1 million in 2023.
- Power Costs. CEO Waldow gave a summary of the power bill for January 2024 indicating a peak demand of 146,565 kW as compared to 1347,276 kW recorded in January 2023. The District purchased 98.01 million kWh's in January 2024 as compared to 83.21 million kWh's in January 2023.
- Balance Sheet and Income Statement. CEO Waldow provided a comparison of income statements from January 2024 and January 2023. Year-to-date net margins as of January 31, 2024, were (\$1,215,338) as compared to (\$1,205,598) as of January 31, 2023.
- Cash Flow Summary. CEO Waldow provided a summary of the statements of cash flows. Cash and investments at January 31, 2024 were \$49.0 million compared to \$59.5 million at January 31, 2023.

Customer Service and Collection Report:

- The District's disconnect day was Tuesday, February 27th. District personnel worked 58 accounts, with 56 accounts being disconnected remotely.

Engineering/Operations Report:

- Engineering/Operations Manager Aaron Brown stated that the Construction crew finished the Howard Greely Tap project and are now working on two miles of Sub-T line for Mission Critical in Aurora.
- Aaron stated that work continues with Tallgrass on potential carbon sequestration sites at several ethanol sites.
- Aaron met with NPPD on the Central City 115kV conversion project from 34.5kV to 69kV.
- Ordered five new Landis & Gyr load control units so the District can test them this summer.

Energy Services Report:

- Energy Services Manager Sam Reinke attended various village board meetings and is preparing a schedule for village board meetings in April.
- During the month of February, the District issued eight (8) water heaters and provided incentives totaling \$9,857 to customers through the Energy Efficiency Program. Year-to-date Energy Efficiency incentives totaled \$189,455. The District provided \$188 in Efficient Electrification incentives during February.
- Irrigation department released the remaining service applications for the 2024 irrigation season. As of March 1st, the District will no longer be accepting irrigation service applications for the 2024 season.

Communications and Public Relations Report:

- Public Relations Manager Amanda Groff reviewed upcoming social platform promotions that are planned through the end of April.
- There are radio PSAs scheduled for electrical safety during this upcoming planting season.

- The March/April Customer Magazine is scheduled to hit mailboxes on March 15th.
- Celebrated Employee Appreciation Day on March 1st with the District’s office staff, mechanics, engineering and procurement staff.
- The Social Committee will be making preparations for Lineworkers Appreciation in April.

Safety Report:

- Safety Manager Todd Bailey reported on personnel and equipment claims that occurred during the month of February.
- A Safety Council meeting was held in Grand Island on February 21st.
- Safety meetings were conducted in Grand Island on February 28th and 29th.

CUSTOMER REPORTS:

DIRECTORS:

- There were no Director customer reports.

MANAGEMENT:

- There were no Management customer reports.

COMMITTEE REPORTS:

FINANCE COMMITTEE:

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

MOTIONS & RESOLUTIONS:

Amending District Policy “U” – Cash Reserve Policy

CFO Peard explained the proposed changes to District Policy “U” for the annual cash reserves calculated based on the 2024 Budget.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the proposed changes to District Policy “U” for annual cash reserves calculated based on the 2024 Budget.

Roll call vote: Yes 14, No 0

Amending District Policy “J” – Delegation of Authority from the Board of Directors

CEO Waldow explained the proposed changes to District Policy “J” for non-budgeted items and organizational membership fees.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the proposed changes to District Policy “J” for non-budgeted items and organizational membership fees.

Roll call vote: Yes 14, No 0

Membership in the Nebraska State Chamber of Commerce

CEO Waldow recommended that the District renew its membership with the State Chamber of Commerce with membership dues totaling \$1,071.00.

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 renewal of membership in the State Chamber of Commerce with 2024 dues totaling \$1,071.00.

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

Adoption of the District's Safety Improvement Plan

CEO Waldow introduced the 2024 Safety Improvement Plan Objectives recommended by District employees and the Safety Council.

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

RESOLUTION

RESOLVED, that the Board of Directors of Southern Public Power District approves the 2024 Safety Improvement plan as recommended by management.

Roll call vote: Yes 14, No 0

Electric Service Agreement with M&K Gas, LLC

Energy Service Manager Sam Reinke reviewed and recommends entering into an Electric Power Service agreement with M&K Gas, LLC, which is a large power 1,500 kVa service.

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 approves entering into an Electric Power Service Agreement with M&K Gas, LLC, as recommended by management.

Roll call vote: Yes 14, No 0

MISCELLANEOUS BUSINESS:

The next Board of Directors meeting will be held on Wednesday, April 10th.

There being no other business, the meeting was adjourned at 2:10 p.m.



Kevin Choquette, Secretary



Dana Meyer, Chairman