

November 22, 2024

TO: Board of Directors, Staff and District's Attorney

FROM: Curtis Kayton, General Manager

RE: Board Meeting Agenda

Gentlemen:

*The Regular monthly meeting of the Board of Directors will be **Tuesday November 26th, 2024**, at **8:00 a.m. (MT)**, at the District's Headquarters, at 128 West 8th Street, Bayard, Nebraska.*

Items on the Agenda will be:

Opening Business

Call the meeting to order.

- 1. Approve the agenda and Managers memo.*
- 2. Approve the minutes of the October 16th, regular meeting,*
- 3. Approval of General Fund Expenditures.*
- 4. Review of Operating Statement, Year to Date Budget
Report, Balance Sheet, Cashflow statement, Investment report, and Power Bill.*
- 5. Operations report including Construction, Maintenance,
Outage summary, New services, Fleet, and Training reports.*
- 6. Report on District's employee Job Training and Safety activities.*

- 7. Public comment period on any agenda items.*

8) - Old Business

- a) Discussion and revisions to Policy B-6 Board Compensation and Expenses – Board Action Required

9) - New Business

- a) 2025 Cost of Service Study presentation – John Krajewski, JKenergyconsulting.com
- b) Declare Unit #5 salvage property and authorize Management to arrange for disposal. – Board Action Required
- c) Discussion regarding legal counsel – Board Action Required
- d) Presentation of the 2025 preliminary budget – Management and staff.

Reports and Announcements

- 10) NREA- Annual Meeting
- 11) Tri-State G & T/Basin Electric – Contract Committee, FRTC progress
- 12) NRECA –
- 13) CFC
- 14) FEDERATED
- 15) Misc.
- 16) Manager’s Report
- 17) Attorney’s Report

Executive Session if Necessary

Adjournment

CRPPD reserves the right to re-arrange the agenda at anytime.

TO: BOARD MEMBERS, STAFF AND ATTORNEY
 FROM: CURTIS KAYTON
 DATE: NOVEMBER 22, 2024
 SUBJECT: BOARD MEETING

ITEM 8 –

- a) These policy revisions are in response to LB 1358 becoming law this year that allows PPD’S to increase their director per Diems to the following limits:

	<u>Old Law—Under \$40 Million</u>	<u>Old Law Over \$40 million</u>
Board Member	\$6,720	\$13,440
President	\$7,560	\$15,120
	<u>New Law—Under \$500 Million</u>	<u>New Law Over \$500 million</u>
Board Member	\$13,440	\$26,880
President	\$15,120	\$30,240

2001 was the last time these amounts were adjusted. I have highlighted suggested language and talking points with the current policy.

ITEM 9 –

- a) John Krajewski will be here to present the results of the Cost-of-Service Study and the associated adjustments to our rates. In addition to suggesting a 4% increase, we have eliminated all kWh blocks, consolidated Large Commercial with Small Commercial, and implemented a demand charge for all commercial accounts. I will have some rate comparison/perspectives to review. PCS will help us reorganize our bill components and bill formatting to make the rate effective 2/1/2024 with one exception is the General Seasonal accounts will need to be effective 1/1/2024 so we can bill them annually in January.
- b) We need to do this to sell existing unit #5 on Purple Wave
- c) Discussion to retain Kendra Strommen permanently or put an RFP out for legal counsel. I have included a retainer employment agreement she sent in August. We should discuss how to be fair when she is representing WBPPD and CRPPD at trainings or meetings, etc.
- d) Next year’s budget will include two contingent projects that have high ticket prices attached to them but are listed as contingent until we know if we will be awarded DOE funding on one, and the other will be if TSGT can get the BEPC Crypto high-density load rate through to us to proceed with our crypto-miner wanting to locate in our service territory.

“Well traveled” would characterize me from the last time we met. TSGT trips to Denver, and an NREA trip to D.C. will prompt an oil change far sooner than a normal interval.

I’m going to hit the highlights of the last month starting with Tri-State G&T:

Fair and Reasonable Tilt Coalition – We have had several calls with our group and Jason Gray our FERC Attorney. We are at the point where we all agree there is so much uncertainty looking ahead, we have concluded to take this message to the settlement hearing in Washington on 12/12&13. The message is we all agree that the TSGT rate should continue for approval and the three reserved issues (Tilt, East/West, and Direct Assignment) should be allowed to stay for 24 months, then bring back a recommendation substantiated with real data. It is our belief everyone will be able to see the effects of retiring the Craig Units, replacing them with PPA’S, New ERA funding, terms of the contract, exiting members, and what resources are going to become available. These unknowns have great potential to impact carrying costs and cost recovery. For example, depreciation and fixed cost recovery will be the responsibility of the generation owner. If TSGT enters more PPA’S than building owned resources the overall carrying costs will be less. Debt service will be less, ownership expenses will be less but overall Wholesale power costs could be more. FRTC group is not going to say that we will have absolute clarity on this in 24 months but 24 months could be enough time to see clearly enough to make a decision that could have decades long impacts.

The contract committee has had two meetings so far. This last one was to go line by line through the contract language and discuss suggested changes to the contract. Jay has offered several substitutions for language that should have been purged years ago. TSGT was given much feedback and have homework to bring back in January when we meet next. In the end, they want to have a signed contract on file with FERC by 7/1/2025. I have included the comments regarding contract rewrite, and an email from Dennis Herman stating the next steps as of this point.

We have been presented with indicative calculations regarding the East/West split. Not surprisingly, there was not enough benefit in either the snapshot look, or the 3-year historical perspective to support the endeavor of splitting the rate. So for now, we are going to monitor the effects of transitioning generation resource mix, Basin’s growth plans, SPP West, and the Transmission build. Currently all of this is socialized into the west rate.

I had a meeting with Ray McHugh, Dan Walter, and Mike Mason who work with settlements. After our discussion I am convinced TSGT’S Transmission network does position itself well in the world of congestion revenues (TCR’S) when the Integrated Marketplace (SPP West) goes live in Q1 2026. Generation on the other hand will be a different story. Right now, and as expected, turbine manufactures are backlogged out to 2031-2. The demand from data center/cryptocurrency loads is skyrocketing and yet dispatchable generation is declining at an unsustainable rate. Interesting times ahead.....

TSGT did trade the airplane, and like anything it is amazing how much used equipment brings. The plane was purchased for \$3.5M and flew for 5,500 hours. It was sold for slightly less than the original purchase price. The new aircraft was purchased for \$7M.

Lastly, we do hope you have had a chance to consider how to handle Stan's replacement on the TSGT board. We will need to have this discussion at this meeting and name a successor so we can get the new delegate information to Shannon Bradley.

Finally, our newly elected successor on the CRPPD board Dan Carnine will be in attendance this month and next. I think it will be good for him to see our budget process and a couple of board meetings before swearing in at the January reorganization.

Rates, budgets, projects, transitions, succession planning, a new administration, and lots of other things that are in clear view will ensure we finish strong in 2024.