

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE SIOUX VALLEY-SOUTHWESTERN ELECTRIC COOPERATIVE, INC.
February 27, 2024**

The regular meeting of the Board of Directors of Sioux Valley-Southwestern Electric Cooperative, Inc. (DBA Sioux Valley Energy) was held on February 27, 2024 commencing at 8:30 a.m. in the Colman boardroom.

The meeting was called to order by President Gary Fish who presided and Don DeGreef, Secretary, acted as Secretary.

Roll call showed the following members present:

Don DeGreef	Dan Leuthold	Allan Weinacht
Ann Vostad	Dave Daniel	Gary Fish
Lucas Roskamp	Mark Rogen	
Gregg Johnson	Dr. Leslie Heinemann	

Also present were Attorney Mike Nadolski, General Manager Tim McCarthy, Strategic Leadership Team members Ted Smith, Kimberlee Hansen, Jason Maxwell, Justin Moose, and Carrie Vugteveen along with Executive Assistant, Brenda Schelhaas. Guest in attendance was Chris Graff.

REVIEW AND CONSIDERATION OF AGENDA

The agenda was presented for consideration. President Fish asked that Executive Session be moved to 11:00 a.m. and the Safety Steering Committee Update be moved to the March 2024 board meeting. A motion to approve the amended agenda was made by Mr. Daniel, seconded by Mr. DeGreef. The motion carried.

REVIEW AND CONSIDERATION OF MEETING MINUTES

A motion to approve the minutes of the January 22, 2024 regular board meeting was made by Mr. Roskamp, seconded by Mr. Johnson. The motion carried.

REVIEW AND CONSIDERATION OF 2024-2027 CONSTRUCTION WORK PLAN

Manager McCarthy called upon Chris Graff to present and review the 2024-2027 Construction Work Plan. This four-year work plan totals \$82,858,369 and includes construction of 500 miles of line (125 miles per year). Mr. Weinacht made a motion to approve the four-year construction work plan, seconded by Dr. Heinemann. The motion carried.

FINANCIAL FORECAST 2024

Jason Maxwell presented the financial forecast for 2024-2033. His forecast included kWh sales, total revenue, cost of power, expenses, and assets. He also reviewed the rate outlook for the next several years. Jason and Manager McCarthy led a discussion on the equity levels that are required per the SVE bylaws. Discussion was held regarding the options available to keep SVE's equity ratio between 32% and 38%.

EXECUTIVE SESSION

Mr. Weinacht made a motion to move into executive session at 11:05 a.m. to discuss internal cooperative business, seconded by Mr. Leuthold. The motion carried. Director DeMent joined the executive session via Zoom. The executive session adjourned at 11:55 a.m.

RESOLUTIONS

Two resolutions were discussed in the Executive Session. A motion was made by Mr. Daniel, seconded by Mr. Roskamp to approve the resolution authorizing Manager McCarthy to hire legal counsel to assist the Cooperative with respect to Basin’s new wholesale power rates and intervene on its behalf when the rates are filed with the Federal Energy Regulatory Commission. The motion carried.

RESOLUTION OF THE BOARD OF DIRECTORS

WHEREAS, Basin Electric Power Cooperative intends to file a new Large Load Rate and Crypto Rate with the Federal Energy Regulatory Commission (FERC); and

WHEREAS, The Cooperative has determined it is in its best interests and its members to hire legal counsel to assist the Cooperative with respect to Basin’s new wholesale power rates and intervene on its behalf when the rates are filed with FERC.

NOW, THEREFORE BE IT RESOLVED, that the Cooperative General Manager is authorized to hire legal counsel to assist the Cooperative with respect to Basin’s new wholesale power rates and intervene on its behalf when the rates are filed with the Federal Energy Regulatory Commission.

BE IT FURTHER RESOLVED that the Cooperative may hire the same legal firm and legal counsel East River Electric Power Cooperative, Inc. has engaged to represent it regarding the new proposed rates at FERC long as our interests align and waive any appearance of conflict.

A motion was made by Mr. Rogen, seconded by Dr. Heinemann to approve the Basin Electric Large Load Resolution. The motion carried.

RESOLUTION OF THE BOARD OF DIRECTORS

BASIN ELECTRIC LARGE LOAD RESOLUTION

WHEREAS, Basin Electric Power Cooperative intends to file a new Large Load Rate with the Federal Energy Regulatory Commission (FERC); and

WHEREAS, Large Loads typically bring significant economic benefits and jobs to communities and oftentimes provide local businesses and agricultural producers with new, expanded, or diverse market opportunities; and

WHEREAS, when appropriate steps are taken, Large Loads are efficiently integrated into the cooperative business model and any associated risks can be mitigated; and

WHEREAS, most Large Loads provide consistent sales that benefit the local cooperatives, their power suppliers, and all ratepayers by helping to mitigate rising costs through additional sales that are more resistant to weather fluctuations and economic conditions than sales from traditional cooperative members; and

WHEREAS, prospective Large Loads have indicated their displeasure with mandatory market-based rate offerings because of their inability to interrupt their operations during peak times and the high cost of entry into markets; and

WHEREAS, in Minnesota and South Dakota, Large Loads may choose alternative power suppliers and any rate offering with undesirable features like mandatory market access may encourage Large Loads to pick non-cooperative power suppliers depriving Class C Members of Basin Electric the opportunity to serve desirable loads; and

WHEREAS, voluntarily providing market access through this proposed Large Load may be problematic at FERC, create challenges to the wholesale power contract, and increased attempts to implement deregulation/market choice at state legislatures; and

WHEREAS, distribution cooperatives, like Sioux Valley Energy, need the ability to offer competitive rates during a bid process to secure new and permanent large electric loads; and

WHEREAS, Sioux Valley Energy believes the increase in the proposed Large Load Rate from 50 MWs to 75 MWs does provide benefits as many of the next generation of location-based Large Loads may fall within the 50 to 75 MW range and we thank the Basin Electric Board of Directors for this improvement; and

NOW, THEREFORE, BE IT RESOLVED, that the Sioux Valley Energy Board of Directors encourages Basin Electric, in consultation with its full membership, to continue to evaluate the merits of the Large Load Rate --and potential alternatives-- with a goal of minimizing harm to both the overall membership and individual distribution members; and

BE IT FURTHER RESOLVED, that Sioux Valley Energy encourages Basin Electric to look for solutions that acknowledge the substantial benefits that potential new Large Loads provide to its member cooperatives, and the overall membership, while recognizing that significant detriment may result if potential new loads are served by other electric utilities or power marketers.

STRATEGIC PLANNING SCORECARD

Manager McCarthy presented the Strategic Planning Scorecard and discussed the objectives, initiatives, and the current status of those initiatives.

STRATEGIC PLANNING

Manager McCarthy discussed equity level management and the need for a plan to be determined during the strategic planning session in June.

BRANDON SERVICE CENTER UPDATE

Ted Smith gave an update on the Brandon building project. Ted stated that there has been lots of progress and the project is on schedule. He also reviewed the change orders that have been needed and the costs associated with the changes.

REVIEW AND CONSIDERATION OF GENERAL MANAGER'S REPORT

Manager McCarthy reviewed wholesale power purchases, sales, and revenue. He noted that sales and revenue were down due to the warmer than usual January temperatures.

Manager McCarthy presented key highlights of the East River General Manager's report including Basin financials, East River setting an all-time sales peak, and a Senate bill that was introduced to help improve the transformer supply chain.

ACCEPT GENERAL MANAGER'S REPORT

A motion to accept the General Manager's Report was made by Mr. Weinacht, seconded by Mr. DeGreef. The motion carried.

REPORTS ON POWER SUPPLY MEETING

L&O Power – Director Leuthold reported on his attendance of the L&O Power board meeting.

REPORTS ON MEETINGS ATTENDED

BLC 925.1 Co-op Bylaws: Guiding Principles and Current Issues – Director Vostad reported on her attendance at this class.

Esat River Energize Forum – Directors Daniel, Rogen, and DeGreef reported on their attendance at this meeting.

Co-op Day at the Capitol – Director Weinacht reported on his attendance at this event.

OTHER BUSINESS

There was no other business.

NEXT MEETING

The next regular board meeting will be held on Tuesday, March 26, 2024 at 8:30 a.m. in the Colman boardroom.

ADJOURNMENT

Mr. Roskamp made a motion to adjourn the Sioux Valley Energy board meeting at 1:30 p.m., seconded by Mr. Johnson. The motion carried.

Donald DeGreef, Secretary

Date Approved: _____