

Virtual Meeting
Board of Directors and Executive Committee
Public Alliance for Community Energy
In-Person Meeting Site: 8377 Glynoaks Dr, Lincoln, NE
March 21, 2023 - 2:00 p.m. (CT)

REVISED AGENDA

All agenda items are for discussion and action will be taken as deemed appropriate.

1. Call to Order
 - A. Section 84-1412 (8) – Nebraska Open Meetings Act
 - B. Roll Call
 - C. Public Comment

2. Introduction and Welcome
 - A. Introductory Remarks
 - B. Welcome New ACE Community Representatives

3. Consent Agenda
 - A. Minutes of the January 18, 2023, Meeting
 - B. Next Meeting
 - C. Financial Report
 - i. FORVIS Pre-Audit Communication Letter
 - D. Consent Resolution

4. Policies and Guidelines, Section 7: Contracts

5. Reports
 - A. Director of Gas Operations
 - B. Retail Gas Services Coordinator

6. Contracts and Natural Gas Counsel Report

7. Items for Future Agenda

8. Adjournment

CONSENT AGENDA

Date:	March 21, 2023
Initiator/Staff information source:	Chairperson Devine
Action Proposed:	Approval

Minutes of the January 18, 2023, meeting were previously distributed to Board Members and are included as Attachment A.

The next meeting of the ACE Board of Directors is set for Wednesday, May 17, 2023, at the Younes Conference Center South, Kearney, Nebraska.

ACE financials for December 2022, January 2023, and February 2023 were previously distributed. Jamie Johnson, Director of Finance and Accounting, will review the January 2023 financials for the NMPP Energy organizations and the February 2023 ACE in more detail at the meeting (see Attachment B).

A copy of the Pre-Audit Communication Letter from FORVIS is included as Attachment C, which provides an overview of the upcoming audit process. Johnson will review this letter with the Board of Directors at the meeting.

CONSENT AGENDA (Continued)

Date:	March 21, 2023
Initiator/Staff information source:	Chairperson Devine
Action Proposed:	Approval

Consent Resolution

WHEREAS, certain business of the Board of Directors of the Public Alliance for Community Energy transpires on a regular and routine basis or is not of a controversial nature; and

WHEREAS, roll call votes on each individual issue greatly extend the meeting time.

NOW THEREFORE, BE IT RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that in the interest of economizing time yet complying with the Open Meetings Act of the State of Nebraska, which requires roll call voting, the following issues are hereby consolidated in this Consent Resolution:

- 1. BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the minutes of the January 18, 2023, meeting are hereby approved as presented; and*
- 2. BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the next regularly scheduled meeting will be on Wednesday, May 17, 2023, at the Younes Conference Center South, Kearney, Nebraska; and*
- 3. BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the financial statements for December 2022, January 2023, and February 2023, are hereby reviewed and accepted; and*
- 4. BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the pre-audit communication letter is hereby accepted.*

POLICIES AND GUIDELINES, SECTION 7: CONTRACTS

Date:	March 21, 2023
Initiator/Staff information source:	Jamie Johnson
Action Proposed:	Informational

The Executive Director/CEO made changes to the delegation of authority to sign contracts effective March 9, 2023. In accordance with ACE's Policies and Guidelines, Section 7: Contracts, the changes have been incorporated into Section 7 and are being reported to the Board of Directors. The changes made are as follows:

During periods in which the Executive Director/CEO is away from the NMPP Energy headquarters due to official travel, authorized leave, or incapacitation, the Director of Corporate Services ~~Enterprise Business Support~~ is authorized to execute contracts and other instruments as necessary to effectively operate ACE. When both the Executive Director/CEO and the Director of Corporate Services ~~Enterprise Business Support~~ are absent, the Director of Finance and Accounting ~~Retail Utility Services and Member Relations~~ followed by the Director of Wholesale Electric Operations ~~Finance and Accounting~~ and the General Counsel in that order, are authorized to execute contracts and other instruments as necessary to effectively operate ACE.

Jamie Johnson, Director of Finance and Accounting will review at the meeting.

DIRECTOR OF GAS OPERATIONS

Date:	March 21, 2023
Initiator/Staff information source:	Beth Ackland
Action Proposed:	Informational

Beth Ackland, Director of Gas Operations, will provide updates on various work activities since the last meeting.

RETAIL GAS SERVICES COORDINATOR

Date:	March 21, 2023
Initiator/Staff information source:	Mandy Heermann
Action Proposed:	Informational

Mandy Heermann, Retail Gas Services Coordinator, will update members on the various activities the ACE team has been working on since the last Board meeting.

CONTRACTS AND NATURAL GAS COUNSEL REPORT

Date:	March 21, 2023
Initiator/Staff information source:	Robin Spady
Action Proposed:	Informational

Robin Spady, Natural Gas Counsel, will update the Board on contracts to report since the last meeting and provide a legal and regulatory update.

Contracts:

- FORVIS, LLP, Engagement Letter for Audit Services
- Constellation Energy Generation, LLC, Delegation Form designating Constellation as Agent for Choice Gas Program contracts between ACE and Black Hills Energy 2023-2024

Unapproved Minutes
Virtual Conference
Annual Meeting
Board of Directors and Executive Committee
Public Alliance for Community Energy
January 18, 2023 - 10:00 a.m. (CT)

The Board of Directors and Executive Committee of the Public Alliance for Community Energy (ACE) met on Wednesday, January 18, 2023, via virtual conference due to inclement weather. Notice of the meeting was given to the Board of Directors and Executive Committee by electronic mail and to the public by publication in print and online in the Lincoln Journal-Star newspaper and website on January 4, 2023. An amended notice of a virtual conference in the event of inclement weather was given to members by e-mail, and the public was advised by publication in print and online in the Grand Island Independent on January 17, 2023. The notices and agenda were posted upon issuance at the NMPP Energy office, the designated public meeting site, at 8377 Glynoaks Drive, Lincoln, Nebraska, and kept continually current and available for public inspection. Instructions to join the meeting virtually were provided in the amended public meeting notice. All documents being considered at the meeting, and the current version of the Nebraska Open Meetings Act were made available on NMPP Energy's Public Meeting Information website.

CALL TO ORDER

Chairperson, Andrew Devine, called the meeting to order at 10:00 a.m. (CT). Devine announced that pursuant to Section 84-1412(8) of the Nebraska Open Meetings Act, a current copy of the Open Meetings Act was posted in the meeting room. The Public Comment Period was announced; there were no public comments.

ROLL CALL

Quorum was declared with 25 of the 76 Members present via teleconference. As there was quorum for the Board of Directors, a meeting of the Executive Committee was not called.

Quorum = 19 Members

1. Albion – Andrew Devine	14. Lewellen – Joy Trim
2. Alliance – Kirby Bridge	15. Loup City – Laura Hart
3. Arapahoe – Dixie Sickels	16. McCook – Gene Weedin
4. Atkinson – Nancy Kopejtka	17. Minden – Abbey Jordan
5. Bassett – Kristy Beard	18. Morrill – Janine Schmidt
6. Bridgeport – Mark Wickard	19. Ogallala – Kevin Wilkins
7. Cairo – Christy Osburn	20. Ord – Jeramie VanLeer
8. Cozad – Kelly Peden	21. Oxford – Duane Hoffman
9. Curtis – Andrew Lee	22. Plainview – Jeremy Tarr
10. Franklin – Raquel Felzien	23. Ravenna – Kellie Crowell
11. Gibbon – Matt Smallcomb	24. Saint Paul – Joel Bergman
12. Gothenburg – Gary Greer	25. Sidney – Mike Palmer
13. Kimball – Bill Hinton	

Absent: Ainsworth, Ansley, Bartley, Bayard, Beaver City, Benedict, Benkelman, Bertrand, Blue Hill, Brady, Broken Bow, Burwell, Cambridge, Chadron, Chappell, Clay Center, Creighton, Dalton, Edgar, Edison, Gering, Gordon, Gurley, Hartington, Hemingford, Henderson, Holbrook, Indianola, Kimball, Laurel, Long Pine,

Loomis, Lyman, Mitchell, Neligh, NPPD, Orleans, Oshkosh, Osmond, Paxton, Potter, Red Cloud, Rushville, Sargent, Scottsbluff, Shelton, Spalding, Stamford, Terrytown, Wausa, and Wood River

CONSENT AGENDA

Minutes

Minutes of the November 16, 2022, meeting were previously distributed as Attachment A. There were no changes to the minutes.

Next Meeting

The next meeting of the ACE Board of Directors is set for Tuesday, March 21, 2023, at the NMPP Energy offices, Lincoln, Nebraska.

Financial Report

Jamie Johnson, Director of Finance and Accounting, reviewed November 2022 financials for the NMPP Energy organizations and ACE, previously distributed as Attachment B.

Acknowledge Receipt of the Unapproved Minutes of the November 2, 2022, Joint Operating Committee (JOC) Meetings

Unapproved minutes of the November 2, 2022, Joint Operating Committee (JOC) meeting were included as Attachment C.

CONSENT RESOLUTION

Motion: Andrew Lee, Curtis, moved to approve the following Resolution. Kevin Wilkins, Ogallala, seconded the motion, which carried unanimously on roll call vote.

CONSENT RESOLUTION

WHEREAS, certain business of the Board of Directors of the Public Alliance for Community Energy transpires on a regular and routine basis or is not of a controversial nature; and

WHEREAS, roll call votes on each individual issue greatly extend the meeting time.

NOW THEREFORE, BE IT RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that in the interest of economizing time yet complying with the Open Meetings Act of the State of Nebraska, which requires roll call voting, the following issues are hereby consolidated in this Consent Resolution:

- 1. BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the minutes of the November 16, 2022, meeting are hereby approved as presented; and*
- 2. BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the next regularly scheduled meeting will be on Tuesday, March 21, 2023, at the NMPP Energy offices, Lincoln, Nebraska; and*

3. *BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the financial statements for October and November 2022, are hereby reviewed and accepted; and*
4. *BE IT FURTHER RESOLVED BY the Board of Directors of the Public Alliance for Community Energy that the receipt of the unapproved minutes of the November 2, 2022, meeting of the Joint Operating Committee are hereby acknowledged.*

DIRECTOR OF GAS OPERATIONS REPORT

Beth Ackland, Director of Gas Operations, discussed updates for the 2023-24 Choice Gas selection period and provided an overview of current gas pricing.

NATURAL GAS SUPPLY AND RETAIL GAS SERVICES COORDINATOR REPORT

Motion: Kellie Crowell, Ravenna, moved to go into closed session for the protection of the public interest to discuss proprietary and competitive information relating to ACE marketing and pricing. ACE Reps, Alt Reps, any NMPP Member community employee or elected official, as well as any NMPP staff member may participate in the closed session. Mike Palmer, Sidney, seconded the motion, which carried unanimously on roll call vote.

Devine restated on record that the limitation of the subject matter of the discussion was competitive information relating to ACE marketing and pricing.

The Board went into closed session at 10:22 a.m.

Devine asked for any objections to return to open session, hearing none, the meeting reconvened in open session at 11:15 a.m. There was no action taken during or as a result of the closed session.

BUDGET FOR FISCAL YEAR 2023-2024

Johnson discussed ACE's proposed Budget for Fiscal Year 2023-2024. A detailed analysis of the budget including narrative discussion was included in the meeting packet as Attachment D.

Motion: Kevin Wilkins, Ogallala, moved to approve the following Resolution. Duane Hoffman, Oxford, seconded the motion, which carried unanimously on roll call vote.

BUDGET RESOLUTION

WHEREAS, the ACE Board of Directors is authorized to annually prepare, establish, adopt and maintain a budget of revenues and expenditures; and,

WHEREAS, the proposed budget for Fiscal Year Ending March 31, 2024 has been reviewed by the ACE Board of Directors.

NOW, THEREFORE, BE IT RESOLVED BY the ACE Board of Directors that the budget for Fiscal Year 2023-2024, as presented, is hereby approved and made a part of the official minutes folder.

POLICIES AND GUIDELINES

Revisions to the Policies and Guidelines were presented with proposed changes to Section 12: Member Distribution to correct wording and ensure the entire amount authorized to Qualifying Founding Members is distributed. Once approved, changes are effective immediately. The document with redline changes was included in the packet as Attachment E.

Motion: Raquel Felzien, Franklin, moved to approve changes to the ACE Policies and Guidelines, as presented. Kellie Crowell, Ravenna, seconded the motion, which carried unanimously on roll call vote.

MEMBER DISTRIBUTION

Johnson reported the Board has the discretion to approve a member distribution. A member distribution policy is included in ACE's Policies and Guidelines. Distribution amount illustrations were provided to assist the Board when considering a member distribution. The member distribution will be paid February 2023.

Motion: Andrew Lee, Curtis, moved to go into closed session for the protection of the public interest to discuss proprietary and competitive information relating to ACE marketing and pricing. ACE Reps, Alt Reps, any NMPP Member community employee or elected official, as well as any NMPP staff member may participate in the closed session. Raquel Felzien, Franklin, seconded the motion, which carried unanimously on roll call vote.

Devine restated on record that the limitation of the subject matter of the discussion was competitive information relating to ACE marketing and pricing.

The Board went into closed session at 11:40 a.m.

Devine asked for any objections to return to open session, hearing none, the meeting reconvened in open session at 12:00 p.m. There was no action taken during or as a result of the closed session.

Motion: Mike Palmer, Sidney, moved to approve the following Resolution. Andrew Lee, Curtis, seconded the motion, which carried on a roll call vote 24-1-0.

Yays: Andrew Devine, Albion; Kirby Bridge, Alliance; Dixie Sickels, Arapahoe; Nancy Kopejtka, Atkinson; Kristy Beard, Bassett; Mark Wickard, Bridgeport; Jaime Rathman, Cairo; Kelly Peden, Cozad; Andrew Lee, Curtis; Raquel Felzien, Franklin; Matt Smallcomb, Gibbon; Gary Greer, Gothenburg; Bill Hinton, Kimball; Joy Trim, Lewellen; Laura Hart, Loup City; Gene Weedin, McCook; Abbey Jordan, Minden; Janine Schmidt, Morrill; Kevin Wilkins, Ogallala; Jeramie VanLeer, Ord; Duane Hoffman, Oxford; Jeremy Tarr, Plainview; Kellie Crowell, Ravenna; Mike Palmer, Sidney;

Nayes: Joel Bergman, Saint Paul

Abstain: None

MEMBER DISTRIBUTION RESOLUTION

WHEREAS, the Public Alliance for Community Energy has adopted a Member Distribution policy as noted in the Public Alliance for Community Energy Policies and Guidelines, and

WHEREAS, the policy includes consideration of a Member Distribution consisting of a member attendance incentive of \$300 for each Board meeting attended in-person by the Member's representative/alternate representative and \$100 for each Board meeting attended virtually by the Member's representative/alternate representative, as long as the Member's representative or alternate representative counted toward meeting quorum, rolling distribution to distribution; and

WHEREAS, the policy includes consideration of a Member Distribution consisting of a marketing incentive of \$1,000 per Member for completion of a qualifying Choice Gas year marketing activity, as determined by ACE staff, rolling distribution to distribution; and

WHEREAS, the policy includes consideration of an additional Member Distribution of an amount to be determined by the Board to be allocated based on volumes for the rolling last three calendar years and Founding Members contributions, subject to the Qualification as noted in the Member Distribution policy.

NOW THEREFORE, BE IT RESOLVED THAT the Board of Directors of the Public Alliance for Community Energy approve the distribution and allocation of funds to its membership consisting first of the total amount applicable under the member attendance incentive for all Board meetings attended and the total amount applicable under the marketing incentive for qualifying activity between January 20, 2022, and January 18, 2023, and then the additional amount to reach the total of \$200,000.

ELECTION OF OFFICERS

The following nominations by mail were received for Chairperson, Vice Chairperson, and Secretary-Treasurer on the ACE Board of Directors for Fiscal Year 2023-2024: Chairperson – Andrew Devine, Albion; Vice Chairperson – Jeremy Tarr, Plainview; Secretary-Treasurer – Mike Palmer, Sidney.

Chris Dibbern, General Counsel, opened the floor for additional nominations for the office of Chairperson, Vice Chairperson, and Secretary-Treasurer. There were no additional nominations.

Motion: Kellie Crowell, Ravenna, moved that nominations cease and a ballot be cast for the slate as nominated: Andrew Devine as Chairperson, Jeremy Tarr as Vice Chairperson, and Mike Palmer as Secretary-Treasurer. Joy Trim, Lewellen, seconded the motion which carried unanimously via voice acclamation.

ELECTION OF AT-LARGE REPRESENTATIVES TO THE ACE EXECUTIVE COMMITTEE

Pursuant to the Amended and Restated Bylaws of ACE, the Board of Directors may create an Executive Committee composed of Directors from at least ten percent of the membership, but shall be composed of no less than five Directors. The Executive Committee shall include the Chairperson, Vice Chairperson, and Secretary-Treasurer of ACE. The following nominations were received for the at-large positions on the ACE Executive Committee for Fiscal Year 2023-2024:

- Nancy Kopejtko, Atkinson – Respectfully declined nomination
- Raquel Felzien, Franklin
- Chris Rector, Holdrege
- Duane Hoffman, Oxford
- Kellie Crowell, Ravenna
- Andrew Lee, Curtis
- Stan Clouse, NPPD

Dibbern opened the floor for additional nominations for the five at-large Representatives to the Executive Committee. Dibbern offered the nominated individuals the opportunity to speak.

Motion: Mike Palmer, Sidney, moved that nominations cease and a secret ballot be cast for the At-Large Representatives. Kristi Beard, Bassett, seconded the motion.

Results of the secret ballot vote for At-Large Representatives

- Raquel Felzien, Franklin 21
- Chris Rector, Holdrege 21
- Duane Hoffman, Oxford 16
- Kellie Crowell, Ravenna 20
- Andrew Lee, Curtis 13
- Stan Clouse, NPPD 20
- Abstain 2

The following individuals were elected or re-elected, via secret ballot, to serve as the five At-Large Representatives to the Executive Committee: Raquel Felzien, Franklin; Chris Rector, Holdrege; Duane Hoffman, Oxford; Kellie Crowell, Ravenna; and Stan Clouse, NPPD.

CONTRACTS AND GENERAL COUNSEL REPORTS

The following contracts were reported to the Board:

- Black Hills Nebraska Gas LLC Nebraska Choice Gas Transportation Service Supplier Participation Agreement
- Black Hills Nebraska Gas, LLC Agreement regarding Mailing List and Marketing Practices
- Black Hills Nebraska Gas, LLC – Exhibit A to supplier Participation Agreement 2023-2024

Topics presented included the current Nebraska legislative session, Nebraska Public Service Commission, and Resource Adequacy; additional information was included in the packet as Attachment F.

ITEMS FOR FUTURE AGENDA

Devine reminded Members to forward any additional agenda items to ACE staff so they may be included on the agenda for the next meeting.

ADJOURNMENT

There being no further business, the meeting adjourned at 12:26 p.m.

Recorded by:
Laurie Keiser, Administrative Assistant

Submitted by:
Mike Palmer, Secretary-Treasurer
ACE Board of Directors

NMPP Energy
Balance Sheets
January 2023

	NMPP	MEAN	NPGA	ACE
Assets and Deferred Outflows of Resources				
Cash and cash equivalents	\$ 839,808	\$ 29,664,839	\$ 2,052,283	\$ 1,069,086
Investments (Short-term, Long-term & Restricted)	290,000	38,558,224	-	2,353,422
Accounts receivable	1,049,484	20,911,420	3,562,883	99,551
Gas in storage	-	-	573,324	-
Collateral deposit for swaps	-	-	900,000	-
Prepaid expenses and other	320,188	309,569	-	4,955
Productive capacity, net and related operating assets	-	102,271,223	-	-
Capital assets, net	17,078	4,367,435	-	28,969
Costs recoverable from future billings	-	39,856,788	-	-
Deferred loss on refunding	-	5,131,165	-	-
Deferred costs for asset retirement obligation	-	483,170	-	-
Deferred outflows from derivative instruments	-	-	1,516,000	-
Total assets and deferred outflows of resources	\$ 2,516,558	\$ 241,553,833	\$ 8,604,490	\$ 3,555,983
Liabilities and Deferred Inflows of Resources				
Accounts payable and accrued expenses	\$ 1,027,651	\$ 11,664,051	\$ 2,860,895	\$ 39,857
Storage deposits	-	-	1,278,000	-
Unearned revenue	741,866	-	-	-
Distributions payable	-	-	-	200,000
Debt, related bond premium, and accrued interest payable	-	137,918,375	-	-
Asset retirement obligation	-	483,170	-	-
Deferred inflow - deferred revenue - rate stabilization	-	27,480,051	-	-
Deferred inflow - deferred gain on refunding	-	2,871,920	-	-
Fair value of derivative investments	-	-	1,516,000	-
Total liabilities and deferred inflows of resources	1,769,517	180,417,567	5,654,895	239,857
Net Assets/Net Position	747,041	61,136,266	2,949,595	3,316,126
Total liabilities, deferred inflows & net position	\$ 2,516,558	\$ 241,553,833	\$ 8,604,490	\$ 3,555,983

NMPP Energy

Statements of Revenues and Expenses
For the Fiscal Year to Date: April 2022 - January 2023

	NMPP	MEAN	NPGA	ACE
Operating Revenues				
Member and champion dues	\$ 223,584	\$ -	\$ -	\$ -
Marketing fees	-	-	-	882,498
Sales - product/services, electric, gas	1,020,955	103,148,775	10,376,408	-
Transfer from (provision for) rate stabilization	-	833,330	-	-
Other	1,877	1,688,986	-	-
Total operating revenues	1,246,416	105,671,091	10,376,408	882,498
Operating Expenses				
Commodity costs (electric energy & gas)	-	86,231,859	9,949,453	-
Administrative and general	1,184,820	8,605,450	398,941	510,776
Depreciation and amortization	3,749	6,137,570	-	23,086
Total operating expenses	1,188,569	100,974,879	10,348,394	533,862
Operating Income (Loss)	57,847	4,696,212	28,014	348,636
Nonoperating Revenues (Expenses)				
Net costs to be recovered in future periods	-	(913,570)	-	-
Investment return	6,190	914,787	39,173	13,161
Interest expense	-	(3,542,090)	-	-
Distribution to members	-	-	-	(200,000)
Net Revenue (Loss)	\$ 64,037	\$ 1,155,339	\$ 67,187	\$ 161,797
Budgeted Net Revenue (Loss)	(4,646)	(1,498,501)	19,662	337,599
+/- Variance to Budget	\$ 68,683	\$ 2,653,840	\$ 47,525	\$ (175,802)
Fiscal Year Budgeted Net Revenue (Loss)	\$ 28,263	\$ (350,598)	\$ -	\$ 394,899

Public Alliance for Community Energy

Balance Sheets

	February 2023	March 2022	\$ +/-
Assets			
Cash and cash equivalents	\$ 923,892	\$ 698,497	\$ 225,395
Investments	2,350,861	2,374,457	(23,596)
Accounts receivable	100,367	93,061	7,306
Prepaid expenses	2,478	2,750	(272)
Capital assets, net	26,660	52,054	(25,394)
Total assets	\$ 3,404,258	\$ 3,220,819	\$ 183,439
Liabilities			
Accounts and distributions payable	1,076	23,050	(21,974)
Due to coalition members	39,985	43,440	(3,455)
Total liabilities	41,061	66,490	(25,429)
Total Net Position	3,363,197	3,154,329	208,868
Total liabilities and net position	\$ 3,404,258	\$ 3,220,819	\$ 183,439

Public Alliance for Community Energy

Statements of Revenues, Expenses and Changes in Net Position

For the Fiscal Year to Date: April 2022 - February 2023

	Fiscal Year to Date			Prior Year	vs. Prior Year \$ +/-
	Actual	Budget	\$ +/-		
Revenues					
Marketing fees	\$ 969,998	\$ 970,000	\$ (2)	\$ 996,720	\$ (26,722)
Operating Expenses					
Administrative and general	552,677	568,752	(16,075)	496,080	56,597
Depreciation	25,395	25,773	(378)	29,634	(4,239)
Total operating expenses	578,072	594,525	(16,453)	525,714	52,358
Operating Income / (Loss)	391,926	375,475	16,451	471,006	(79,080)
Investment return	16,942	5,390	11,552	(14,213)	31,155
Net Revenue / (Loss) Before Distribution	408,868	380,865	28,003	456,793	(47,925)
Distribution to Members	(200,000)	-	(200,000)	(200,000)	-
Change in Net Position	208,868	380,865	(171,997)	256,793	(47,925)
Net Position, Beginning	3,154,329				
Net Position, Ending	\$ 3,363,197				

FORVIS

1248 O Street, Suite 1040 / Lincoln, NE 68508

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forvis.com

January 26, 2023

Board of Directors
Public Alliance for Community Energy
Lincoln, Nebraska

The purpose of this communication is to summarize various matters related to the planned scope and timing for the March 31, 2023, audit of the financial statements of Public Alliance for Community Energy.

Please refer to our contract dated January 26, 2023, for additional information and the terms of our engagement.

Overview

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. An audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Planned Scope & Timing

Significant Risk Areas

We have preliminarily identified the following areas of significant risks of material misstatement due to error or fraud and propose to address these areas as described:

Risk Area	Audit Approach
Risk of management override of controls	Analyze accounting estimates for bias, test selected journal entries, evaluate business rationale for unusual transactions
Improper revenue recognition	Agree payments to contract with third-party gas provider, perform revenue cut-off testing, analytically test revenue reasonableness

We welcome any input you may have regarding the information discussed above. We also welcome any insight you have related to any other risk areas, or other significant risk areas, that you believe warrant particular attention. We may identify additional risks as we complete our risk assessment procedures.

We propose the following timeline:

- Drafts of the financial statements and management letter, together with our letter regarding auditor responsibilities, will be furnished in May 2023
- Final reports will be issued in May 2023

Contacts

We understand the appropriate person in the governance structure with whom to communicate is Mr. Andrew Devine, Chair of the Board of Directors.

If for any reason, any member of the Board of Directors would need to contact us, please call Chris Lindner or Abby Dobson at (402) 473-7600.

Accounting & Auditing Matters

The following matters are, in our judgment, relevant to the planned scope of the audit as well as your responsibilities in overseeing the financial reporting process.

Critical Accounting Policies and Practices

- Revenue recognition
- Related party transactions (transactions with coalition members)

Adoption of New Accounting Standards

Public Alliance for Community Energy must adopt Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, as of April 1, 2022. Implementation of this standard includes selection of a transition method for the entity, election of certain practical expedients, and adoption of new policies. In addition, implementation of this standard may affect internal controls over financial reporting. We encourage you to communicate with management regularly regarding the policy elections made, recognition of new financial statement amounts, and disclosures upon transition, if any.

Consideration of Error or Fraud

One of the most common questions we receive from governing bodies is, "How do you address fraud in a financial statement audit?" Our responsibility, as it relates to fraud, in an audit of financial statements is addressed in auditing standards generally accepted in the United States of America.

Our audit approach includes such procedures as:

- Engagement team brainstorming
 - Discussions include how and where we believe the entity's financial statements might be susceptible to material misstatement due to error or fraud, how management could perpetrate and conceal fraudulent financial reporting, and how assets of the entity could be misappropriated
 - An emphasis is placed on the importance of maintaining the proper state of mind throughout the audit regarding the potential for material misstatement due to error or fraud

- Inquiries of management and others
 - Personnel interviewed include the Executive Director, the Director of Finance and Accounting, the Director of Gas Operations, accounting personnel, and others
 - Inquiries are directed towards the risks of error or fraud and whether personnel have knowledge of any fraud or suspected fraud affecting the entity
- Reviewing accounting estimates for bias
- Considering the risk that management may attempt to present disclosures to the financial statements in a manner that may obscure a proper understanding of the matters disclosed (for example, by using unclear or ambiguous language)
- Evaluating business rationale for significant unusual transactions
- Evaluating business rationale for significant transactions with related parties
- Incorporating an element of unpredictability into the audit each year

This communication is intended solely for the information and use of those charged with governance, Board of Directors, and management and is not intended to be and should not be used by anyone other than these parties.

FORVIS,LLP