

Virtual Conference
Board of Directors and Executive Committee
Public Alliance for Community Energy
In-Person Meeting Site: 8377 Glynoaks Dr, Lincoln, NE
March 19, 2024 - 2:00 p.m. (CT)

A G E N D A

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 17, 2024, Meeting
 - B. Next Meeting
 - C. Financial Report
 - I. FORVIS Pre-Audit Communication Letter
 - D. Consent Resolution
4. Modifications to Policies and Guidelines
5. Director of Gas Operations Report
6. Choice Gas Program
 - A. Tallgrass Pipeline Rate Increase
7. Retail Gas Services Coordinator Report
8. Contracts and General Counsel Report
9. Items for Future Agenda
10. Adjournment

CONSENT AGENDA

| | |
|-------------------------------------|--------------------|
| Date: | March 19, 2024 |
| Initiator/Staff information source: | Chairperson Devine |
| Action Proposed: | Approval |

Minutes of the January 17, 2024, 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 15, 2024, at the Younes Conference Center South, Kearney, Nebraska.

ACE financials for December 2023 and January 2024 were previously distributed. Jamie Johnson, Director of Finance and Accounting, will review the January 2024 financials for the NMPP Energy organizations and 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 19, 2024 |
| 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 17, 2024, 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 15, 2024, 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 2023 and January 2024 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.*

MODIFICATIONS TO POLICIES AND GUIDELINES

| | |
|-------------------------------------|----------------|
| Date: | March 19, 2024 |
| Initiator/Staff information source: | Jamie Johnson |
| Action Proposed: | Informational |

A redline of suggested modifications to ACE’s Policies and Guidelines is provided for review as Attachment D. Jamie Johnson, Director of Finance and Accounting will provide additional information at the meeting. The modifications include updates to match current practices as a result of the annual policy review. Staff has also provided a more robust cash reserve policy based on discussion at the January 2024 board meeting. Staff expects action to be taken on the proposed modifications at a future meeting.

DIRECTOR OF GAS OPERATIONS

| | |
|-------------------------------------|----------------|
| Date: | March 19, 2024 |
| 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 and a preview of the 2024-25 Choice Gas Program.

CHOICE GAS PROGRAM – TALLGRASS PIPELINE RATE INCREASE

| | |
|-------------------------------------|----------------------------------|
| Date: | March 19, 2024 |
| Initiator/Staff information source: | Beth Ackland |
| Action Proposed: | Informational / Potential Action |

Ackland will discuss the Tallgrass Interstate Gas Transmission pipeline rate increase, which goes into effect June 1, 2024, its impact on customers and management of these costs.

RETAIL GAS SERVICES COORDINATOR

| | |
|-------------------------------------|----------------|
| Date: | March 19, 2024 |
| 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 GENERAL COUNSEL REPORT

| | |
|-------------------------------------|----------------|
| Date: | March 19, 2024 |
| Initiator/Staff information source: | Michelle Lepin |
| Action Proposed: | Informational |

Contracts Report:

| Other Party | Agreement Name | Effective Date | Termination Date |
|---|--|----------------|--|
| Interactive Information Research and Development, L.L.C. (i2rd) d/b/a Proteus, Inc. | Work Order for Fall 2024 TheRMS Updates Maintenance Agreement for the ACE TheRMS Application (2023-2024) | 1/13/2024 | Terminates upon completion and payment |

Legal and Regulatory Report:

National Level:

U.S. Supreme Court Reconsidering Power of Government Agencies

The Supreme Court heard oral arguments on January 17, 2024, in two cases that could limit the power of government agencies such as the Federal Energy Regulatory Commission and the Environmental Protection Agency, by overturning a long-standing principle known as the Chevron doctrine. A ruling is likely by July 2024.

The Chevron doctrine holds that courts should defer to federal agencies' reasonable interpretations of ambiguous statutes and is one of the most frequently cited cases in American administrative law. Chevron supporters argue that if the principle is overturned or limited, courts will lose the expertise that the federal agencies provide in interpreting ambiguous statutes in their area of authority. Those wanting to overturn the 40-year-old Chevron doctrine argue it impermissibly limits judicial review and violates separation of power (takes power from Congress and shifts it to the Executive/federal agencies).

Unapproved Minutes
Board of Directors Annual Meeting
Executive Committee Meeting
Public Alliance for Community Energy
Younes Conference Center South
416 W Talmadge St, Kearney, NE 68845
January 17, 2024 - 10:00 a.m. (CT)

The Board of Directors and Executive Committee of the Public Alliance for Community Energy (ACE) met on Wednesday, January 17, 2024, at the Younes Conference Center South, 416 W Talmadge St, Kearney, Nebraska, the designated public meeting site. Notice of the meeting was given to the Board of Directors and Executive Committee by email and to the public by publication in the January 10, 2024, edition of the *Lincoln Journal Star* newspaper and on the NMPP Energy website. The notice and agenda were posted upon issuance at the NMPP Energy office at 8377 Glynoaks Drive, Lincoln, Nebraska, and kept continually current and available for public inspection. All documents being considered at the meeting and the current version of the Nebraska Open Meetings Act were made available at the meeting location and 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.

ROLL CALL

Quorum was declared with 22 of the 76 Members present. 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 | 12. Holdrege – Chris Rector |
| 2. Alliance – Kirby Bridge | 13. Lewellen – Joy Trim |
| 3. Arapahoe – Dixie Sickels | 14. Loup City – AJ Reimers |
| 4. Bartley – Ronni Harding | 15. McCook – Gene Weedin |
| 5. Cairo – Jaime Rathman | 16. Minden – Larry Evans |
| 6. Chappell – Todd Rust | 17. Morrill – Janine Schmidt |
| 7. Cozad – Ron Olds | 18. NPPD – Stan Clouse |
| 8. Curtis – Andrew Lee | 19. Oshkosh – James Bondegard |
| 9. Franklin – Michelle Kahrs | 20. Oxford – Duane Hoffman |
| 10. Gibbon – Matt Smallcomb | 21. Plainview – Jeremy Tarr |
| 11. Gothenburg – Gary Greer | 22. Sidney – Mike Palmer |

Absent: Ainsworth, Ansley, Atkinson, Bassett, Bayard, Beaver City, Benedict, Benkelman, Bertrand, Blue Hill, Brady, Bridgeport, Broken Bow, Burwell, Cambridge, Chadron, Clay Center, Creighton, Dalton, Edgar, Edison, Gering, Gordon, Gurley, Hartington, Hemingford, Henderson, Holbrook, Indianola, Kimball, Laurel, Long Pine, Loomis, Lyman, Mitchell, Neligh, Ogallala, Ord, Orleans, Osmond, Paxton, Potter, Ravenna, Red Cloud, Rushville, Saint Paul, Sargent, Scottsbluff, Shelton, Spalding, Stamford, Terrytown, Wausa, and Wood River

PUBLIC COMMENT

Chairperson Devine asked if there were members of the public body in attendance who would like to make agenda comments. There were no public comments.

INTRODUCTION AND WELCOME

Chairperson Devine announced the new representatives to the board and thanked all for being in attendance.

CONSENT AGENDA

Minutes

Minutes of the November 15, 2023, 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 19, 2024, at the NMPP Energy offices, Lincoln, Nebraska.

Financial Report

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

CONSENT RESOLUTION

Motion: Chris Rector, Holdrege, moved to approve the following Resolution. Mike Palmer, Sidney, 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 15, 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 Tuesday, March 19, 2024, 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 2023 are hereby reviewed and accepted.*

DIRECTOR OF GAS OPERATIONS REPORT

Beth Ackland, Director of Gas Operations, provided updates on various work activities since the last meeting and a preview of the 2024-25 Choice Gas Program.

RETAIL GAS SERVICES COORDINATOR REPORT

Motion: Joy Trim, Lewellen, 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 ACE Member community employee or elected official, as well as any NMPP Staff member may participate in the closed session. Andrew Lee, Curtis, 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 proprietary and competitive information relating to ACE marketing and pricing.

The board went into closed session at 10:20 a.m.

Devine asked for any objections to return to open session, hearing none, the meeting reconvened in open session at 10:35 a.m. There was no action taken during or as a result of the closed session.

BUDGET FOR FISCAL YEAR 2024-2025

Johnson discussed ACE's proposed Budget for Fiscal Year 2024-2025. A detailed analysis of the budget including narrative discussion was included in the meeting packet as Attachment C.

Motion: Andrew Lee, Curtis, moved to approve the following Resolution. Gene Weedin, McCook, 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, 2025, 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 2024-2025, as presented, is hereby approved and made a part of the official minutes folder.

MEMBER DISTRIBUTION

Motion: Chris Rector, Holdrege, moved to go into closed session for the protection of the public interest to discuss proprietary and competitive information relating to ACE natural gas supply arrangements. ACE reps, alt reps, any ACE Member community employee or elected official, as well as any NMPP Staff member may participate in the closed session. Duane Hoffman, Oxford, 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 proprietary and competitive information relating to ACE natural gas supply arrangements.

The board went into closed session at 10:53 a.m.

Devine asked for any objections to return to open session, hearing none, the meeting reconvened in open session at 11:05 a.m. There was no action taken during or as a result of the closed session.

The board has the discretion to approve a member distribution. The member distribution policy was included within the meeting packet. *Discussion ensued.*

Motion: Mike Palmer, Sidney, moved to approve the following Resolution. Chris Rector, Holdrege, seconded the motion, which carried unanimously on a roll call vote.

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 19, 2023, and January 17, 2024, and then the additional amount to reach the total of \$350,000.

NMPP MODERNIZATION – JOINT OPERATING COMMITTEE AGREEMENT MODIFICATIONS

Bob Poehling, Executive Director/CEO, provided updates on the Nebraska Municipal Power Pool modernization initiative.

Proposed modifications to the Joint Operating Committee Agreement were previously reviewed at the November 15, 2023, Board of Directors Meeting and were included as Attachment D to the January 17 meeting packet. The proposed modifications incorporate changes in the composition of the Joint Operating Committee due to the recent changes in governance of NMPP, other modernization changes, and updates to match current practice.

Motion: Gene Weedin, McCook, moved to approve the following Resolution. Andrew Lee, Curtis, seconded the motion, which carried unanimously on a roll call vote.

ACE BOARD OF DIRECTORS RESOLUTION

BE IT RESOLVED BY the ACE Board of Directors that the Board of Directors hereby approves the modifications to the Joint Operating Committee Agreement as presented.

ELECTION OF OFFICERS

The following nominations were received by email for Chairperson, Vice Chairperson, and Secretary-Treasurer on the ACE Board of Directors for Fiscal Year 2024-2025: Chairperson – Andrew Devine, Albion; Vice Chairperson – Jeremy Tarr, Plainview; Secretary-Treasurer – Mike Palmer, Sidney.

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

Motion: Joy Trim, Lewellen, 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. Chris Rector, Holdrege, 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 2024-2025:

1. Raquel Felzien, Franklin
2. Chris Rector, Holdrege
3. Stan Clouse, NPPD
4. Duane Hoffman, Oxford
5. Kellie Crowell, Ravenna

Lepin opened the floor for additional nominations for the five At-Large Representatives to the Executive Committee. There were no additional nominations.

Motion: Dixie Sickels, Arapahoe, moved that nominations cease and a ballot be cast for the slate as nominated: Raquel Felzien, Franklin; Chris Rector, Holdrege; Stan Clouse, NPPD; Duane Hoffman, Oxford; and Kellie Crowell, Ravenna. Jeremy Tarr, Plainview, seconded the motion which carried unanimously via voice acclamation.

ELECTION OF AT-LARGE REPRESENTATIVE TO THE JOINT OPERATING COMMITTEE

The following nomination by email was received for At-Large Representative to the Joint Operating Committee for Fiscal Year 2024-2025:

- Duane Hoffman, Oxford

Lepin opened the floor for additional nominations for At-Large Representative to the Joint Operating Committee. Matt Smallcomb, Gibbon, nominated Chris Rector, Holdrege. Nominees were offered the opportunity to speak.

Motion: Mike Palmer, Sidney, moved that nominations cease and a secret ballot be cast for At-Large Representative to the Joint Operating Committee. Andrew Lee, Curtis, seconded the motion.

Results of the secret ballot vote for At-Large Representative to the Joint Operating Committee:

- | | |
|--------------------------|----|
| • Duane Hoffman, Oxford | 15 |
| • Chris Rector, Holdrege | 7 |

Duane Hoffman, Oxford, was elected, via secret ballot, to serve as the At-Large Representative to the Joint Operating Committee for Fiscal Year 2024-2025.

CONTRACTS AND NATURAL GAS COUNSEL REPORT

The following contracts were reported to the board:

- Constellation NewEnergy - Gas Division LLC: Rider #003 to Master Retail Natural Gas Supply Agreement (Choice Program)
- Constellation NewEnergy - Gas Division LLC: Amendment No. 1 to Master Retail Natural Gas Supply Agreement (Choice Program)

General Counsel Report:

Black Hills Energy has finalized new cybersecurity liability and errors and omissions insurance requirements for suppliers in the Nebraska Choice Gas program, effective with the 2024-2025 program year. The requirements will result in a small increase in annual insurance costs for ACE.

Chris Dibbern, former General Counsel at NMPP Energy, has been appointed by the Nebraska Public Service Commission (PSC) Executive Director to serve as the Public Advocate.

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 11:38 a.m.

Recorded by:
Laurie Keiser, Administrative Assistant

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

NMPP Energy
Balance Sheets
January 2024

| | NMPP | MEAN | NPGA | ACE |
|--|---------------------|-----------------------|---------------------|---------------------|
| Assets and Deferred Outflows of Resources | | | | |
| Cash and cash equivalents | \$ 660,717 | \$ 28,791,614 | \$ 2,650,739 | \$ 1,308,012 |
| Investments (Short-term, Long-term & Restricted) | 190,000 | 38,684,628 | - | 2,496,952 |
| Accounts receivable | 964,387 | 22,445,225 | 2,309,248 | 113,514 |
| Gas in storage | - | - | 667,800 | - |
| Prepaid expenses and other | 1,314 | 350,805 | - | 4,797 |
| Productive capacity & lease assets, net and related operating assets | - | 119,867,179 | - | - |
| Capital assets, net | 13,288 | 4,107,931 | - | 16,385 |
| Costs recoverable from future billings | - | 39,833,670 | - | - |
| Deferred loss on refunding | - | 4,813,773 | - | - |
| Deferred costs for asset retirement obligation | - | 783,663 | - | - |
| Deferred outflows from derivative instruments | - | - | 2,461,000 | - |
| Total assets and deferred outflows of resources | \$ 1,829,706 | \$ 259,678,488 | \$ 8,088,787 | \$ 3,939,660 |
| Liabilities and Deferred Inflows of Resources | | | | |
| Accounts payable and accrued expenses | \$ 790,378 | \$ 14,106,250 | \$ 1,467,945 | \$ 55,488 |
| Storage deposits | - | - | 1,182,000 | - |
| Unearned revenue | 42,760 | - | - | - |
| Distributions payable | - | - | - | 350,000 |
| Lease liability, long-term debt, related premium & interest payable | - | 154,465,984 | - | - |
| Asset retirement obligation | - | 783,663 | - | - |
| Deferred inflow - deferred revenue - rate stabilization | - | 27,766,670 | - | - |
| Deferred inflow - deferred gain on refunding | - | 2,558,620 | - | - |
| Fair value of derivative investments | - | - | 2,461,000 | - |
| Total liabilities and deferred inflows of resources | 833,138 | 199,681,187 | 5,110,945 | 405,488 |
| Net Assets/Net Position | 996,568 | 59,997,301 | 2,977,842 | 3,534,172 |
| Total liabilities, deferred inflows & net position | \$ 1,829,706 | \$ 259,678,488 | \$ 8,088,787 | \$ 3,939,660 |

NMPP Energy
Statements of Revenues and Expenses
For the Fiscal Year to Date: April 2023 - January 2024

| | NMPP | MEAN | NPGA | ACE |
|--|-------------------|--------------------|------------------|---------------------|
| Operating Revenues | | | | |
| Member and champion dues | \$ 213,672 | \$ - | \$ - | \$ - |
| Marketing fees | - | - | - | 875,000 |
| Sales - product/services, electric, gas | 190,153 | 104,024,313 | 6,619,304 | - |
| Transfer from (provision for) rate stabilization | - | 833,330 | - | - |
| Other | - | 1,781,669 | - | - |
| Total operating revenues | 403,825 | 106,639,312 | 6,619,304 | 875,000 |
| Operating Expenses | | | | |
| Commodity costs (electric energy & gas) | - | 88,626,576 | 6,207,398 | - |
| Administrative and general | 570,692 | 9,399,728 | 419,427 | 521,408 |
| Depreciation and amortization | 3,040 | 6,376,681 | - | 20,676 |
| Total operating expenses | 573,732 | 104,402,985 | 6,626,825 | 542,084 |
| Operating Income (Loss) | (169,907) | 2,236,327 | (7,521) | 332,916 |
| Income from Discontinued Operations | 341,878 | - | - | - |
| Nonoperating Revenues (Expenses) | | | | |
| Net costs to be recovered in future periods | - | (1,121,910) | - | - |
| Investment return | 32,584 | 2,280,299 | 87,248 | 150,081 |
| Interest expense | - | (3,320,010) | - | - |
| Distribution to members | - | - | - | (350,000) |
| Net Revenue (Loss) | \$ 204,555 | \$ 74,706 | \$ 79,727 | \$ 132,997 |
| Budgeted Net Revenue (Loss) | 46,891 | 174,685 | 20,955 | 378,056 |
| +/- Variance to Budget | \$ 157,664 | \$ (99,979) | \$ 58,772 | \$ (245,059) |
| Fiscal Year Budgeted Net Revenue (Loss) | \$ 39,887 | \$ 340,637 | \$ - | \$ 451,206 |

Public Alliance for Community Energy

Balance Sheets

| | January 2024 | March 2023 | \$ +/- |
|---|---------------------|---------------------|-------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 1,308,012 | \$ 964,496 | \$ 343,516 |
| Investments | 2,496,952 | 2,356,401 | 140,551 |
| Accounts receivable | 113,514 | 101,135 | 12,379 |
| Prepaid expenses | 4,797 | 2,700 | 2,097 |
| Capital assets, net | 16,385 | 24,352 | (7,967) |
| Total assets | \$ 3,939,660 | \$ 3,449,084 | \$ 490,576 |
| Liabilities | | | |
| Accounts and distributions payable | 365,055 | 15,937 | 349,118 |
| Due to coalition members | 40,433 | 31,972 | 8,461 |
| Total liabilities | 405,488 | 47,909 | 357,579 |
| Total Net Position | 3,534,172 | 3,401,175 | 132,997 |
| Total liabilities and net position | \$ 3,939,660 | \$ 3,449,084 | \$ 490,576 |

Public Alliance for Community Energy

Statements of Revenues and Expenses

For the Fiscal Year to Date: April 2023 through January 2024

| | Fiscal Year to Date | | | Prior Year | vs. Prior Year \$ +/- |
|--|---------------------|-------------------|---------------------|-------------------|--------------------------|
| | Actual | Budget | \$ +/- | | |
| Revenues | | | | | |
| Marketing fees | \$ 875,000 | \$ 875,000 | \$ - | \$ 882,498 | \$ (7,498) |
| Operating Expenses | | | | | |
| Administrative and general | 521,408 | 514,844 | 6,564 | 510,776 | 10,632 |
| Depreciation | 20,676 | 20,820 | (144) | 23,086 | (2,410) |
| Total operating expenses | 542,084 | 535,664 | 6,420 | 533,862 | 8,222 |
| Operating Income / (Loss) | 332,916 | 339,336 | (6,420) | 348,636 | (15,720) |
| Investment return | 150,081 | 38,720 | 111,361 | 13,161 | 136,920 |
| Net Revenue Before Distribution | 482,997 | 378,056 | 104,941 | 361,797 | 121,200 |
| Distribution to Members | (350,000) | - | (350,000) | (200,000) | (150,000) |
| Change in Net Position | \$ 132,997 | \$ 378,056 | \$ (245,059) | \$ 161,797 | \$ (28,800) |

FORVIS Planning Communication to the Board of Directors and Management

Public Alliance for Community Energy
January 30, 2024

Thank You for Selecting FORVIS

We are grateful for the opportunity to serve Public Alliance for Community Energy and gain insight into your operations. This communication provides useful information relevant to your role as those charged with governance of the entity, including summarized information required by professional standards, such as the planned scope and timing of the audit.

Our goal is to establish a foundation for effective two-way communication throughout the audit. We are available at your convenience to discuss this information and answer questions as we begin our audit.

Contacts During the Engagement

We understand the appropriate person in the governance structure with whom to communicate is:

- Mr. Andrew Devine, Chair of the Board of Directors

Your audit leader for any questions or communications is:

- Abby Dobson | abby.dobson@forvis.com | 402.473.7600

Overview & Responsibilities

| Matter | Description of Audit Area |
|--|--|
| Scope of Our Audit | <p>We have been engaged to audit the financial statements of Public Alliance for Community Energy for the year ended March 31, 2024.</p> <p>Please refer to our contract dated October 17, 2023, for additional information and the terms of our engagement.</p> |
| Audit Standards & Materiality | <p>We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.</p> <p>References to items that are material refer to misstatements, including omissions, that could, in our professional judgment, reasonably be expected to influence the economic decisions of users made on the basis of the financial statements.</p> |
| Our Responsibilities | <p>We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework.</p> |
| Your Responsibilities | <p>Our audit of the financial statements does not relieve you or management of your responsibilities.</p> |



FORVIS is a trademark of FORVIS, LLP, registered with the U.S. Patent and Trademark Office.

| Matter | Description of Audit Area |
|---------------------------------|--|
| Distribution Restriction | This communication is intended solely for the information and use of the Board of Directors and, if appropriate, management of the entity and is not intended to be, and should not be, used by anyone other than these specified parties. |

Planned Timing of the Engagement

We succeed in our engagements by collaborating with management through frequent communication. We require the assistance of management and staff to prepare supporting documents, schedules, and analysis and depend on those items to be ready no later than the dates that we mutually agree will meet your deadlines.

We expect to begin our audit on approximately April 29, 2024.

Draft financial statements are expected to be ready and we will issue our report in early May 2024.

Planned Audit Scope

We welcome any input you may have regarding the information discussed below. We also welcome any insight you have related to any other risk areas or other significant risk areas you believe warrant particular attention.

Extent of Testing

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Establishing Our Understanding

An audit also includes obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we will express no such opinion.

Communicating Deficiencies or Significant Matters

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate internal control related matters that are required to be communicated under professional standards.

We will also communicate significant matters arising during the audit of the financial statements that are relevant to you in overseeing the financial reporting process as required by professional standards.

Significant Risks of Material Misstatement

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 Areas

Risk of management override of controls

Audit Approach

Analyze accounting estimates for bias, test selected journal entries, evaluate business rationale for unusual transactions



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Improper revenue recognition

Agree payments to contract with third-party gas provider, perform revenue cut-off testing, analytically test revenue reasonableness

Other Procedures to Be Performed

We may also request written representations from the entity's general counsel as part of the engagement.

At the conclusion of our audit, we will require certain written representations from management about the financial statements and related matters.

We may identify additional significant risks as we complete our procedures.

Audit Implications of Significant Changes or Conditions

Critical audit areas

- Related party transactions
- Revenue recognition

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
- Inquiries of management and others
- Reviewing accounting estimates for bias




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| | | |
|---|--|--|
|  | Revision No. | 78.0 |
| | Effective Date | March 9, 2023 <u>May 15, 2024</u> |
| Policies and Guidelines | Distribution Restriction: Public Document | |

Table of Contents

| | |
|--|---------------------|
| Section 1: General..... | <u>323</u> |
| 1.1 General Statement..... | 3 |
| 1.2 Purpose | 3 |
| 1.3 Applicability..... | 3 |
| Section 2: Program and Organizational Structure | 3 |
| 2.1 Program Structure | 3 |
| 2.2 Roles and Responsibilities..... | 3 |
| Financial Policies and Guidelines | 4 |
| Section 3: Liquidity..... | 4 |
| Section 4: Cash Contingencies | <u>554</u> |
| Section 5: Investments..... | <u>664</u> |
| 5.1 Objective of Investment Policy | <u>664</u> |
| 5.2 Approved Investments..... | <u>664</u> |
| 5.3 Investment Restrictions | <u>775</u> |
| Section 6: Natural Gas Pricing..... | <u>775</u> |
| Section 7: Contracts | <u>776</u> |
| Section 8: Credit..... | <u>887</u> |
| Section 9: Internal Control Procedures..... | <u>887</u> |
| Section 10: Annual Budget and Financial Forecasts | <u>997</u> |
| Section 11: Commercial Insurance | <u>997</u> |
| Section 12: Member Distribution..... | <u>998</u> |
| Section 13: Business Travel Reimbursement Policy..... | <u>10109</u> |
| Administrative Policies and Guidelines | <u>10109</u> |
| Section 14: Conflict of Interest | <u>10109</u> |
| Section 15: Whistleblower | <u>11119</u> |
| Section 16: Records Retention and Disposition..... | <u>11119</u> |
| Section 17: Anti-Harassment Policy | <u>11119</u> |
| Section 18: Board Member and Board Chair Job Descriptions..... | <u>11119</u> |
| Section 19: Identity Theft Prevention Program | <u>111110</u> |
| Section 20: Public Participation Policy | <u>111110</u> |

| | | |
|---|---|--|
|  | Revision No. | 78 .0 |
| | Effective Date | March 9, 2023 <u>May 15, 2024</u> |
| Policies and Guidelines | Distribution Restriction: Public Document | |

Appendix A: Business Travel Reimbursement Policy ~~131~~11

Appendix B: Board Member and Board Chair Job Descriptions ~~161~~13

Appendix C: Anti-Harassment Policy for Members of the Board of Directors ~~Error! Bookmark not defined.~~Error! Bookmark not defined.15

Appendix D: Public Participation Policy ~~202~~17

| | | |
|---|---|---------------------------------------|
|  | Revision No. | 78.0 |
| | Effective Date | March 9, 2023 May 15, 2024 |
| Policies and Guidelines | Distribution Restriction: Public Document | |

Section 1: General

1.1 General Statement

Public Alliance for Community Energy (ACE) sets forth written documentation of the Policies and Guidelines it uses to conduct business and administer the organization. The Policies and Guidelines are approved by the ACE Board of Directors (Board).

1.2 Purpose

The Purpose of the Policies and Guidelines is to guide staff and the Board in appropriate mechanisms to maintain the fiscal integrity of ACE and assist in the administration and proper governance of the organization.

1.3 Applicability

The Policies and Guidelines applies to all staff working for ACE and all representatives serving on the Board. Staff would include, but would not be limited to, operations, risk, legal, human resources, finance and accounting; and the Executive Director.

Section 2: Program and Organizational Structure

2.1 Program Structure

To ensure effective governance of ACE's financial operations and administration, the organizational reporting structure will require timely and meaningful performance as well as compliance and risk reporting.

2.2 Roles and Responsibilities

The Board is responsible for approving Policies and Guidelines. The Executive Director will oversee the administration of and compliance with the Policies and Guidelines. The Executive Director will delegate responsibilities for the administration of the Policies and Guidelines, ~~to the Director of Finance and Accounting, the Director of Enterprise Business Support and the General Counsel,~~ as appropriate, to other staff.

The Director of Finance and Accounting will be responsible for the day to day administration of the Financial Policies and Guidelines. The Director of Finance and Accounting will be responsible for reporting material matters involving the Financial Policies and Guidelines to the Board. The Director of Finance and Accounting is responsible for ensuring the Financial Policies and Guidelines are reviewed and revised, if necessary, at least once per year.

The General Counsel will be responsible for the day to day administration of the Administrative Policies and Guidelines. The General Counsel will be responsible for reporting material matters involving the Administrative Policies and Guidelines to the Board. The General Counsel is responsible for ensuring the Administrative Policies and Guidelines are reviewed and revised, if necessary, at least once per year.

| | | |
|---|---|---------------------------------------|
|  | Revision No. | 78.0 |
| | Effective Date | March 9, 2023 May 15, 2024 |
| Policies and Guidelines | Distribution Restriction: Public Document | |

Financial Policies and Guidelines

Section 3: Cash Reserve and Liquidity

3.1 Objective of Cash Reserve Policy

ACE has established cash reserve policies and guidelines to maintain appropriate cash reserves to help ensure:

- Cash exists for timely payment of bills
- The short term and long term financial health of ACE
- Cash exists to fund items as determined by the Board and to address unexpected events that could arise over the course of business

3.2 Assessment of Cash Reserve Guidelines

Minimum cash reserve guidelines have been established by the Board with the expectation that funds, consisting of unrestricted cash, cash equivalents, and investments, will regularly exceed the minimum cash reserve guidelines. ACE recognizes that financially healthy agencies have fund balances that range from the minimum, established by the cash reserve guidelines, up to 2.5 times the minimum. The decision to hold more funds than the minimum amount established by the cash reserve guidelines is based on assessments of uncertainties and other financial policies such as:

- Financial risks facing ACE
- Counterparty agreements for natural gas supply
- Variability in operating revenues and expenses
- Future capital improvements
- Changes in operations including requirements of the Nebraska Choice Gas Program established by the Program administrator
- Future business opportunities including potential expansion of the Choice Gas Program


ACE will review its cash reserve balances and targets annually to ensure that the funding levels continue to provide the expected level of liquidity protection and financial health. These levels can be adjusted as directed by the Board. In the event, fund balances fall below desired levels, ACE will replenish the cash reserve funds in the succeeding two to five years in order to provide for uninterrupted operations and maintain the financial health of ACE.

3.3 Determining the Reserve Levels

The reserve levels are calculated based on budgeted cash operating expenses. Budgeted cash operating expenses include fiscal year administrative and general expenses and capital costs.

ACE's cash reserve goal relates to the following items:

- ACE requires adequate liquidity to fund its normal, recurring business activities, as well as to provide for extraordinary expenses. ACE's liquidity related goal covers ACE's working capital lag.

| | | |
|---|---|---------------------------------------|
|  | Revision No. | 78.0 |
| | Effective Date | March 9, 2023 May 15, 2024 |
| Policies and Guidelines | Distribution Restriction: Public Document | |

Working capital lag recognizes that timing differences exist between when expenses are incurred and revenues are received.

- To ensure funds exist for routine cyclical capital costs, ACE includes capital costs in the minimum cash reserve guidelines.
- Operating revenues are determined through the terms of the agreement negotiated with the natural gas supply counterparty. A change in the agreement terms or a change in the counterparty may result in a fluctuation in operating revenues. Operating expenses are subject to volatility due to changes implemented by the Nebraska Choice Gas Program administrator or regulatory bodies. ACE offers three year sign ups under the Nebraska Choice Gas Program which commits ACE to obligations for a forward three years. The minimum cash reserve guidelines consider the risk that costs may exceed budget and revenues may fall short of budget.
- To provide funds for extraordinary purchases, future capital costs, impact of known or potential changes in ACE's operations, etc.
- The minimum cash reserve guidelines are also intended to demonstrate a level of financial security to allow ACE to enter into agreements and remain attractive to current and prospective members.

–ACE's minimum cash reserve goal is to maintain funds in the operating funds at least equal to four years of one-year's budgeted cash operating expenses.

3.4 Handling of Funds

ACE's cash reserve funds consist of ACE's operating fund.

The Operating operating funds =includes operating cash and cash equivalents +and operating investments.

~~Budgeted cash operating expenses = fiscal year administrative and general expenses and capital costs.~~

ACE will evaluate its operating fund at least annually. Evaluation will occur as part of the annual Member Distribution process. The Board may choose to maintain funds in excess of ACE's goal in order to have funds available for potential new projects, expansion into new territories, or other opportunities that may arise.

Section 4: Cash Contingencies

ACE maintains relationships with several national banking institutions that have the ability and capacity to facilitate lines of credit in the event that ACE would need to borrow funds. Currently, ACE does not maintain an open line of credit. The Executive Director has authorization to borrow, at his or her discretion, an amount not to exceed \$200,000.00 or one month's expected revenues; whichever is greater, for the use of ACE per Article VII, Section 7 of the Amended and Restated Bylaws of ACE.

| | | |
|---|--|--|
|  | Revision No. | 78.0 |
| | Effective Date | March 9, 2023 <u>May 15, 2024</u> |
| Policies and Guidelines | Distribution Restriction: Public Document | |

Section 5: Investments

ACE maintains an investment policy to guide and protect investments in financial assets and to serve as a guide to ACE's investment decisions. The investment policy is reviewed on an annual basis in order to utilize any new investment vehicle to maximize return on investments without exposing ACE to undue risks.

Under the laws of the State of Nebraska, all investments made by ACE must follow the prudent investor standard and the investment policy approved by the Board.

5.1 Objective of Investment Policy

- Assure safety of principal
- Retain liquidity to meet projected cash needs
- Realize the best available yield, while minimizing risk, to make productive use of idle funds

5.2 Approved Investments

- a) Bills, notes, bonds or other obligations which as to principal and interest constitute direct obligations of the United States of America
- b) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories (without regard to qualifiers) assigned by such agencies.
- c) Any bonds or other obligations which as to principal and interest are guaranteed by the United States of America, including obligations of any agency thereof or corporation which has been or may hereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America to the extent unconditionally guaranteed by the United States of America.
- d) Senior obligations issued or guaranteed by any of the following which obligations are not fully guaranteed by the full faith and credit of the United States of America: (i) Federal Home Loan Bank Systems (FHLB); (ii) Federal Home Loan Mortgage Corporation (FHLMC); (iii) Federal National Mortgage Association (FNMA); (iv) Student Loan Marketing Association (SLMA); (v) Resolution Trust Funding Corporation (REFCORPs); and (vi) Farm Credit Corp.
- e) Commercial paper, which is rated at the time of purchase, "A-1" by S&P and "P-1" by Moody's and which matures not more than two hundred seventy (270) days after the date of purchase.
- f) Certificates of deposit and time deposits of any U.S. depository institution or trust company.
- g) Money market mutual fund accounts that adhere to SEC rule 2a-7

| | | |
|---|--|---------------------------------------|
|  | Revision No. | 7 8.0 |
| | Effective Date | March 9, 2023 May 15, 2024 |
| Policies and Guidelines | Distribution Restriction: Public Document | |

5.3 Investment Restrictions

- Limit of \$500,000 with a single issuer, other than the U.S. Government
- Certificates of deposit and time deposits limited to no more than \$250,000 invested in any one Federal Deposit Insurance Corporation (FDIC) covered bank or financial institution to ensure ACE is covered under FDIC insurance
- Maximum investment term of two (2) years
- Should investment opportunities arise that are not listed above, investment consent can be obtained through the approval of at least two of the following: Chair of the Board, Secretary/Treasurer of the Board, or ACE Executive Director. This approval must be in writing and reported to the Board at their next meeting.

Section 6: Natural Gas Pricing


All pricing for Choice Gas Program accounts is run through ACE's contracted natural gas supplier's pricing model. The Director of Gas Operations is authorized to negotiate with the contracted natural gas supplier to modify the pricing if desired, based on market conditions and competitive pricing. The Director of Gas Operations may also request hedging of a portion of anticipated load by the contracted natural gas supplier throughout the year as indicated by market conditions and forecasts. Prices for residential and commercial customers obtained from the contracted natural gas supplier may be quoted by ACE call center staff and staff members assigned to ACE.

Section 7: Contracts

Pursuant to the ACE Bylaws, ACE's Executive Director is authorized to execute or delegate the authority to execute any contract or other instrument which has been approved by the Board. The Executive Director is also authorized to execute or delegate the authority to execute any contract or other instrument necessary to effectively operate ACE where, in the judgment of the Executive Director, it is not in the best interests of ACE to delay action until the next meeting of the Board. At the next Board meeting following such action, where the amount involved exceeds \$10,000, the Executive Director shall report the execution of such contract or other instrument, excluding routine sales transactions.

~~ACE's~~ The Executive Director has made ~~the following~~ delegations of signature authority, which may be changed by the Executive Director from time to time. Delegations of signature authority are maintained by the General Counsel. ~~Changes to these delegations will be incorporated into these Policies and Guidelines and reported to the Board at the next regularly scheduled meeting.~~

- ~~• ——— Delegated authority to the Director of Gas Operations to sign contracts for ACE that are for one year or less.~~
- ~~• ——— Any contract with an initial term of more than one year must be signed by the Executive Director or his delegee.~~

| | | |
|---|---|---------------------------------------|
|  | Revision No. | 78.0 |
| | Effective Date | March 9, 2023 May 15, 2024 |
| Policies and Guidelines | Distribution Restriction: Public Document | |

- ~~• The Director of Gas Operations must get approval of the Executive Director for all contracts with a dollar amount exceeding \$750,000 annually.~~
- ~~• The Director of Gas Operations is authorized to execute contracts for services of a routine nature prescribed within the ACE budget.~~
- ~~• 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 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 are absent, the Director of Finance and Accounting followed by the Director of Wholesale Electric Operations and the General Counsel in that order, are authorized to execute contracts and other instruments as necessary to effectively operate ACE.~~

Members of staff authorized to sign contracts are accountable to minimize risk to members and ensure compliance with appropriate laws, regulations, bylaws and policies.

Section 8: Credit

ACE's credit policy is established to address financial risk including prevention of loss of revenue due to the inability of counterparties to meet their payment obligations. Before entering into an agreement with a natural gas supplier, ACE will investigate the counterparty's financial solvency and business reputation.

ACE will review financial information such as current financial statements and audited financial statements, with accompanying footnotes, for the two immediately preceding fiscal years for financial solvency and contingencies that could impact the counterparty's financial strength and will consider the counterparty's financial position, references, rating agency reports, and other available information.

Section 9: Internal Control Procedures

In order to maintain the integrity and accuracy of ACE's financial records, internal control processes and procedures have been developed and implemented in all areas of financial accountability, which include the following:

1. Purchases, accounts payable, cash disbursements and electronic payments,
2. Invoicing, accounts receivable, cash receipts and bank reconciliations, and
3. Payroll processing

The internal control processes are reviewed annually by an independent auditor as part of the annual financial statement audit. The auditors consider internal control processes relevant to the preparation and fair presentation of the financial statements but not for the purpose of expressing an opinion on the

| | | |
|---|--|--|
|  | Revision No. | 78 .0 |
| | Effective Date | March 9, 2023 <u>May 15, 2024</u> |
| Policies and Guidelines | Distribution Restriction: Public Document | |

effectiveness of ACE's internal control processes. Such review includes analysis of adequate segregation of duties between department personnel and evaluating the appropriateness of accounting policies.

Section 10: Annual Budget and Financial Forecasts

Annually, ACE will prepare a detailed budget for the immediately succeeding fiscal year based on known information and other quantifiable information.

ACE may also prepare a financial forecast based on projected costs and capital needs.

Section 11: Commercial Insurance

To minimize the risk of loss due to an event beyond ACE's control, ACE reviews its insurance package on an annual basis to ensure that insurance coverage is in effect for any area of exposure of loss of a catastrophic nature. Coverage limits are increased, added or deleted as the situation warrants.

Commercial Insurance coverage may include: Property and contents, business interruption, general liability, automotive, inland marine, workers' compensation, cyber risk, crime, commercial umbrella, directors and officers, fiduciary and dishonesty and may include other applicable insurance products when relevant and reasonable.

Section 12: Member Distribution

At least annually, the Board will consider the projected fiscal year financial results and net position of ACE in determining whether to authorize a Member Distribution. The Board will generally consider a Member Distribution at the January meeting.

The Board will first consider a Member Distribution based on Board meeting attendance. To qualify for the Member Distribution, the Member's representative or alternate representative must have counted toward meeting quorum. The Member Distribution will consist 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, rolling distribution to distribution.

The Board will then consider a Member Distribution consisting of \$1,000 per Member for completing a qualifying Choice Gas year marketing activity, as determined by ACE staff, rolling distribution to distribution.

After consideration of the projected fiscal year financial results and net position of ACE including any Member Distributions based on Board meeting attendance and qualifying Choice Gas year marketing activity, the Board may consider an additional Member Distribution of an amount to be determined by the Board to be distributed to Members and allocated as follows:

- 45% to all Members allocated based upon each Member's volumes as a percentage of the total volumes of all Members for the rolling last three calendar years.
- 50% to Qualifying Members allocated based upon each Qualifying Member's volumes as a percentage of the total volumes of all Qualifying Members for the rolling last three calendar

| | | |
|---|--|---------------------------------------|
|  | Revision No. | 7 8.0 |
| | Effective Date | March 9, 2023 May 15, 2024 |
| Policies and Guidelines | Distribution Restriction: Public Document | |

- years. Qualifying Members will consist of Members who had ACE as the natural gas supplier for the Member's eligible municipal accounts on the date the Member Distribution is authorized. Members who do not have a municipal account in the Choice Gas Program will also be deemed a Qualifying Member. Qualifying Members will be determined by ACE staff with discretion given to ACE staff for consideration of balloting errors by Members.
- 5% to Qualifying Founding Members allocated based upon each Qualifying Founding Member's contribution as a percentage of the total contributed by all Qualifying Founding Members. Qualifying Founding Members will consist of Founding Members who had ACE as the natural gas supplier for the Founding Member's eligible municipal accounts on the date the Member Distribution is authorized. Founding Members who do not have a municipal account in the Choice Gas Program will also be deemed a Qualifying Founding Member. Qualifying Founding Members will be determined by ACE staff with discretion given to ACE staff for consideration of balloting errors by Members.

Payment of approved Member Distributions will generally occur in February or March and will consist of the combined total of the amounts authorized for Board meeting attendance, qualifying Choice Gas year marketing activity, and any additional Member Distribution.

Section 13: Business Travel Reimbursement Policy

ACE does not reimburse Directors or Alternate Directors for travel to ACE Board meetings. The Board has approved a Business Travel Reimbursement Policy ("Travel Policy") that provides guidelines for reimbursement to ACE Directors or Alternate Directors for reasonable business travel expenses incurred while traveling to ACE Executive Committee meetings not held in conjunction with ACE Board meetings and on other ACE company business approved by the Board, Executive Director or Director of Gas Operations, ~~not including travel to or from Board meetings~~. The Travel Policy may be modified by the Board from time to time. The Travel Policy is included as Appendix A.

Administrative Policies and Guidelines

Section 14: Conflict of Interest

The Board has determined that effective oversight and governance has components of legal, fiduciary and policy responsibilities, and that the Board has a fiduciary duty of reasonable care, loyalty, and good faith. The ACE Interlocal Agreement does not directly address conflict of interest, standards for the Board of Directors, nor a code of conduct. The Amended and Restated Bylaws of ACE, revised November 13, 2013, include Article XI Indemnification of Directors, Officers, Agents and Employees.

The Joint Operating Committee Agreement, signed by ACE, contains Section XIV regarding "Conflict of Interest", whereby the parties waive any actual or potential conflict of interest, in matters mutual in nature that may arise as a result of the shared status of Directors, Officers, trustees, employees or agents. All parties have access to independent legal counsel.

| | | |
|---|---|---------------------------------------|
|  | Revision No. | 78.0 |
| | Effective Date | March 9, 2023 May 15, 2024 |
| Policies and Guidelines | Distribution Restriction: Public Document | |

Section 15: Whistleblower

The NMPP Energy Employee ~~Policy Manual Handbook~~ includes a whistleblower policy which defines a whistleblower as an employee of NMPP who reports an activity that he/she considers to be illegal or dishonest, to an appropriate person as outlined in the policy. The Policy provides examples and guidelines regarding reporting.

Section 16: Records Retention and Disposition

Guidelines are available to staff and the Board to define a record and a non-record. Records are retained and disposed of in accordance with Records Retention Schedules that have been approved by the Nebraska Records Management Division.

Section 17: Anti-Harassment Policy

The Board is committed to providing an environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment. As part of that commitment, the Board has adopted an Anti-Harassment Policy which is included as Appendix ~~CB~~.

Section 18: Board ~~Member-Director and Alternate Director~~ and Board Chair Job Descriptions

The Board adopted job descriptions for Board ~~Members-Directors and Alternate Directors~~ and the position of Board Chair as helpful tools to outline what is expected of the Board ~~Member-Directors and Alternate Directors~~ and member ~~community~~ communities. These job descriptions do not replace the guidelines provided in the ACE Bylaws. The job descriptions are included as Appendix ~~BC~~.

Section 19: Identity Theft Prevention Program

The Board adopted an Identity Theft Prevention Program (Program) to detect, prevent and mitigate Identity Theft in connection with the opening and maintenance of utility accounts. The Program Administrator is the Executive Director. The Program will be reviewed and updated, if necessary, on an at least annual basis. Staff will report on any red-flags identified, resulting actions or needed changes to the Program ~~at least annually~~ as needed.

Section 20: Public Participation Policy

The Board adopted a policy regarding public participation at ACE meetings which qualify as a meeting under the Nebraska Open Meetings Act. The Public Participation Policy is included as Appendix D.

Revision History

| Version | Effective Date | Description of Revision |
|---------|-------------------|--|
| 1.0 | November 14, 2018 | Adoption of full policy and guidelines document including Member Distribution revision from the May 16, 2018 meeting |

| | | |
|---|----------------|--|
|  | Revision No. | 78 .0 |
| | Effective Date | March 9, 2023 <u>May 15, 2024</u> |
| Policies and Guidelines | | Distribution Restriction: Public Document |

| | | |
|------------|---------------------|--|
| 2.0 | November 20, 2019 | Errata changes. Clarification of Board approved company business in Section 13: Business Travel Reimbursement Policy. Addition of Section 19: Identity Theft Prevention Program. |
| 3.0 | November 10, 2020 | Revision of Member Distribution to include an incentive of \$1,000 per Member that completes a qualifying Choice Gas year marketing activity |
| 4.0 | February 1, 2022 | Approved at January 19, 2022 Board meeting. Errata changes. Revision to Section 5: Investments to provide better clarity. Revision to Section 7: Contracts to report “execution of” rather than “significant details” of contracts. Revision to Section 11: Commercial Insurance for consistency with policy for other NMPP Energy organizations. Revision to Section 12: Member Distribution related to attendance at virtual meetings and distribution allocation. |
| 5.0 | November 16, 2022 | Adoption of Section 20: Public Participation Policy |
| 6.0 | January 18, 2023 | Revision of Section 12: Member Distribution to correct formula for allocating distribution to Qualifying Founding Members |
| 7.0 | March 9, 2023 | Update to Section 7: Contracts to incorporate changes made by the Executive Director/CEO to the delegations of signature authority. |
| <u>8.0</u> | <u>May 15, 2024</u> | <u>Update to Section 3: Liquidity to include a more robust cash reserve policy. Miscellaneous updates to reflect current procedures.</u> |

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|---|----------------|---|
|  | Revision No. | 5-06.0 |
| | Effective Date | February 1, 2022 May 15, 2024 |
| Business Travel Reimbursement Policy | | Distribution Restriction: Public Document |

Appendix A: Business Travel Reimbursement Policy

Section 1: General Statement

Subject to the provisions set forth below, the Public Alliance for Community Energy (ACE) will reimburse ~~directors~~ Directors for reasonable business travel expenses incurred while traveling to ACE Executive Committee meetings not held in conjunction with an ACE Board meeting or on other ACE company business approved by the Board, Executive Director or Director of Gas Operations, not including travel to or from ACE Board of Directors (Board) meetings or committee meetings held in conjunction with ACE Board meetings.

~~Travel incurred by committee members related to ACE Executive Committee meetings qualifies for reimbursement. Reimbursement for attendance at ACE Executive Committee meetings that include a virtual option will be at the discretion of the Executive Director or Chair of the Board based on the expected length, nature and topic of the meeting and will be communicated to committee members prior to the meeting.~~

Section 2: Expenses

Section 2.1 Reimbursable Expenses

The actual costs of meeting registration, travel, meals, lodging and other expenses directly related to accomplishing business travel objectives will be reimbursed by ACE. Directors are expected to limit expenses to reasonable amounts. Meal costs will not be reimbursed when a meal option has been provided by ACE or another NMPP Energy organization. Directors are asked to consider projected time and distance of travel and the resulting actual costs in determining whether to fly or drive and whether to rent or use a personal or employer-provided vehicle. First class and/or charter travel will not be reimbursed unless required for the completion of ACE business and the receipt of prior Board approval. Directors will be reimbursed for use of a personal or employer-provided vehicle for ACE business at the then-current Internal Revenue Service auto mileage reimbursement rate. Directors are asked to consider hotel amenities, location, convenience and comparable costs in selecting reasonable lodging arrangements. – Directors shall make use of available corporate and discount rates for lodging.

In addition, ACE will reimburse reasonable business travel expenses incurred by Directors while on other ACE business. Other ACE business must be approved in advance by the Board, Executive Director, or Director of Gas Operations and includes attendance at events such as conventions, workshops and related events.

Section 2.2 Travel Arrangements

The Administrative Assistant for ACE, who serves as the ACE travel coordinator, is available to assist Directors in selecting lodging arrangements and making lodging reservations.

| | | |
|---|----------------|---|
|  | Revision No. | 5-06.0 |
| | Effective Date | February 1, 2022 May 15, 2024 |
| Business Travel Reimbursement Policy | | Distribution Restriction: Public Document |

When possible, travel arrangements and lodging reservations for other ACE business including attendance at events such as conventions, workshops and related events should be made through ACE.

Section 2.3 Non-Reimbursable Expenses

Other expense categories excluded from reimbursement include, but are not limited to: housing allowance or residence for personal use, payments for business use of personal residence, health or social club dues or initiation fees, personal services (e.g. maid, chauffeur, chef), tax indemnification and gross up payments, discretionary spending accounts, in-room movies, parking tickets or fines, entertainment expenses unless associated with a business activity, travel insurance, valet parking service (unless personal parking is not available), and purchase of personal items (clothing, toiletry items, spa use). First class and/or charter travel will not be reimbursed unless required for the completion of ACE business and the receipt of prior Board or Executive Director approval.

Section 3: Accidents

Directors who are involved in an accident while traveling on ACE business must promptly report the incident to Nebraska Municipal Power Pool's General Counsel. Vehicles owned, leased, or rented by ACE or another NMPP Energy organization may not be used for personal use without prior approval by the Executive Director.

Section 4: Travel with Family Member or Friend


Directors on business travel may be accompanied by a family member or friend, when the presence of a companion will not interfere with successful completion of business objectives. Additional or incremental expenses arising from a family member or friend are the responsibility of the Director.

Section 5: Travel Expense Documentation

Section 5.1 Process

When travel is completed, directors should submit completed, itemized business travel reimbursement request reports within 30 days to the Director of Gas Operations or his/her designee. A sample Business Travel Reimbursement Request form is available upon request. Business travel reimbursement request reports must be accompanied by an itemized receipt for each business expense item explaining the business purpose of the expense. Specifically, in order to provide proof during a sales tax audit, ACE must be able to show documentation that sales tax is paid on each purchase. Mileage requests should note the location and mileage traveled and be supported by an internet printout verifying the related mileage from the Director's community to the site of the business meeting or event. This support is not expected to agree exactly to the mileage requested as additional business travel within the individual cities, etc. is expected. The printout serves to support the reasonableness of the request. Request for reimbursement of an expense without an itemized receipt will be refused. Payment will be made by ACE as directed on the travel expense report through ACE's normal payment process.

Section 5.2 Expenses Report

| | | |
|---|----------------|--|
|  | Revision No. | <u>5-06.0</u> |
| | Effective Date | February 1, 2022 <u>May 15, 2024</u> |
| Business Travel Reimbursement Policy | | Distribution Restriction: Public Document |


Submission of an expense report requesting reimbursement payment to the Director shall constitute a certification the Director has not and will not be reimbursed by the Director's community or any other party for the same expenses and the Director's community prefers direct payment to the Director rather than to the Director's community.

Section 5.3 Abuse

Abuse of this business travel reimbursement policy, including falsifying expense reports to reflect costs not incurred by the Director, can be grounds for denial of reimbursement and filing of criminal charges.

Revision History

| Version | Effective Date | Description of Revision |
|------------|---------------------|---|
| 1.0 | June 9, 2010 | Adoption of policy |
| 2.0 | November 19, 2014 | Periodic review and update |
| 3.0 | November 14, 2018 | Periodic review and update & clarify Executive Committee reimbursement |
| 4.0 | November 20, 2019 | Errata changes, clarified Board approved company business, meal cost reimbursement when a meal has been provided, and added availability of Administrative Assistant to assist with travel arrangements |
| 5.0 | February 1, 2022 | Approved at January 19, 2022, Board meeting. Errata changes. |
| <u>6.0</u> | <u>May 15, 2024</u> | <u>Added section headings for readability. Updated to reflect changes in practices.</u> |

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|  | Revision No. | 1-02.0 |
| | Effective Date | November 14, 2018 May 15, 2024 |
| Anti-Harassment Policy for Members of the Board of Directors | | Distribution Restriction: Public Document |

Appendix ~~CB~~: Anti-Harassment Policy for Members of the Board of Directors

NMPP Energy (Nebraska Municipal Power Pool, Municipal Energy Agency of Nebraska, National Public Gas Agency, and the Public Alliance for Community Energy, referred to as “the organization”) is committed to providing an environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment.


Actions, words, jokes, or comments based on an individual’s sex, race, color, sexual orientation, gender identity, national origin, age, religion, disability, genetic information, pregnancy, or any other legally protected characteristic are not appropriate and may rise to the level of unlawful harassment if they are unwelcome, severe or pervasive, and/or create a hostile environment. There are numerous Federal, State, and local laws which govern discriminatory and harassing conduct.*

Sexual harassment is defined as unwanted sexual advances, or visual, verbal, or physical conduct of a sexual nature. This definition includes many forms of offensive behavior and includes gender based harassment of a person of the same sex as the harasser. The following is a partial list of examples of inappropriate behaviors that are to be avoided because they might be unlawful if they meet the definition of harassment:

- Unwanted sexual advances.
- Offering employment benefits in exchange for sexual favors.
- Making or threatening reprisals for a negative response to sexual advances.
- Visual conduct that includes leering, making sexual gestures, or displaying of sexually suggestive objects or pictures, cartoons or posters.
- Verbal conduct that includes making or using derogatory comments, epithets, slurs, or jokes.
- Verbal sexual advances or propositions.
- Verbal abuse of a sexual nature, graphic verbal commentaries about an individual's body, sexually degrading words used to describe an individual, or suggestive or obscene letters, notes, or invitations.
- Physical conduct that includes touching, assaulting, or impeding or blocking movements.

In the course of carrying out their duties for NMPP Energy, no board member has been given any authority by the organization to require any employee, vendor, member or supplier to enter into any type of sexual relationship, to demean any individual because of gender/sex or any other protected characteristic, or to require any such person to listen to or participate in sexual discussions (including sexual jokes) which are unwelcome or offensive to such individual.

Likewise, no board member has been given any authority to require any employee, vendor, member or supplier to adopt any particular religious views, to demean any individual because of their religious views, or to require any such person to listen to or participate in religious discussions which are unwelcome or offensive to that individual. Furthermore, no board member has been given any

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|  | Revision No. | 1-02.0 |
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| Anti-Harassment Policy for Members of the Board of Directors | | Distribution Restriction: Public Document |

authority to demean any employee, member, vendor, or supplier because of their race or ethnic background or the existence of any disability, or to require any such individual to listen to offensive or unwelcome jokes or remarks based upon race, ethnicity or disability.

Under the law, this type of rude behavior is also likely to be considered unlawful “harassment” if the initiator knew that the conduct would be unwelcome or offensive (or the conduct was of the type which most reasonable people would have realized would be offensive under the circumstances). If an employee is offended, the offender should be informed that his or her conduct is upsetting, and be given a chance to correct the problem. However, common sense should prevail, and cases of serious misbehavior should be brought immediately to the attention of management (as should situations where offensive behavior continues, even after objection has been registered) so that an investigation can be conducted.


Any board member who is determined, after an investigation, to have engaged in sexual or other unlawful harassment shall be subject to disciplinary action, including removal from the Board of Directors where warranted.

The Board of Directors recognizes that the NMPP Energy ~~Policy Manual~~ Employee Handbook shall include a Workplace Harassment Policy for staff.

**A sample of these laws include, but are not limited to,: Title VII of the Civil Rights Act, Age Discrimination in Employment Act (ADEA), Equal Pay Act, Pregnancy Discrimination Act, Immigration Reform and Control Act, Americans with Disability Act (ADA), Nebraska Fair Employment Practice Act.*

Revision History

| Version | Effective Date | Description of Revision |
|------------|---------------------|---|
| 1.0 | November 14, 2018 | Adoption of policy |
| <u>2.0</u> | <u>May 15, 2024</u> | <u>Updated referenced title of NMPP Energy Policy Manual to Employee Handbook</u> |
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|  | Revision No. | 2-03.0 |
| | Effective Date | November 20, 2019 May 15, 2024 |
| Board Member-Director and Alternate Director and Board Chair Job Descriptions | | Distribution Restriction: Public Document |

Appendix ~~BC~~: Board ~~Member-Director and Alternate Director~~ and Board Chair Job Descriptions

Board ~~Member-Director and Alternate Director~~ Job Description

Responsibilities

- Regularly attend Board meetings.
- Make a serious commitment to participate actively in Board and committee work, including planning work and development of organizational strategy and goals.
- Review agenda and supporting meeting materials prior to Board and committee meetings.
- Be informed about the organization's mission, services, policies and programs.
- Keep up to date on developments in the organization's field.
- Get to know other Board ~~members-Directors and Alternate Directors~~ and build a collegial working relationship that contributes to consensus.
- Follow ~~all organizational conflict of interest and anti-harassment~~ policies, and abide by confidentiality agreements and provisions.
- Assist the Board in carrying out its fiduciary responsibilities such as regularly reviewing the organization's financial performance, approving the annual budget, accepting the annual audit, and establishing investment policies and monitoring investment performance.
- Maintain professional working relationship with staff, utilize appropriate chain of command for questions or concerns, recognize and appropriately manage authority and role as a Board ~~member-Director or Alternate Director~~.
- Promote mission and visibility of ACE in the community.


Personal Characteristics to Consider

- Ability to listen, analyze, think clearly and creatively, work well with people individually and in a group.
- Willing to prepare for and attend Board and committee meetings, ask questions, actively provide input, interact respectfully with staff and Board ~~members-Directors and Alternate Directors~~, and contribute positively to group dynamics.
- Maintain or develop skills necessary to read and understand financial statements, learn more about the energy and energy services business, understand role and responsibility as a Board ~~member-Director or Alternate Director~~.
- Possess honesty, sensitivity to and tolerance of differing views, a friendly, responsive, and patient approach, community-building skills, personal integrity, and concern for the organization's welfare.

Board Chair Job Description

Responsibilities

- Preside over meetings of the Board. See that it functions effectively, interacts with management and staff optimally, and fulfills all of its duties.
- Assist with the development of agendas.
- Encourage regular attendance and active participation in meetings by all Board ~~members-Directors and Alternate Directors~~.

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|  | Revision No. | 2-03.0 |
| | Effective Date | November 20, 2019 May 15, 2024 |
| Board Member-Director and Alternate Director and Board Chair Job Descriptions | | Distribution Restriction: Public Document |


- Ask for nominations and appoint representatives to committees as needed.
- Represent the Board on the Joint Operating Committee. Report to the Board the actions of the Joint Operating Committee.
- Reflect any concerns management has in regard to the role of the Board or individual Board ~~members~~Directors or Alternate Directors. Reflect to the Executive Director the concerns of the Board and other constituencies.
- Oversee development of any policies and procedures to ensure Board is complying with its fiduciary responsibilities, and legal and regulatory requirements.
- Oversee role planning and strategy development.
- Establish a relationship to outside counsel as needed if situation arises.
- Welcome new Board ~~members~~Directors and Alternate Directors and ensure they are oriented to their new role and responsibilities.
- Annually review the performance of the Board and take steps to improve its performance.
- Serve as the ACE- appointed representative on the Nebraska Municipal Power Pool Board of Directors.

Personal Characteristics to Consider (in addition to those of a Board ~~Member~~Director and Alternate Director)

- Skills as a group facilitator, including ability to lead by example, encourage active participation, listen attentively, pose questions to achieve clarification and shared meaning, respond with respect and courtesy, and intervene privately when necessary. Maintain confidentiality in dealing with sensitive matters.
- Understanding of financial statements and sound business management practices.
- Ability to establish a positive working relationship with key staff and engage in discussions regarding Board and staff roles, responsibilities, and performance.
- Ability to provide candid and constructive feedback.

Revision History


| Version | Effective Date | Description of Revision |
|------------|---------------------|--|
| 1.0 | January 21, 2015 | Adoption of Job Descriptions |
| 2.0 | November 20, 2019 | Errata changes |
| <u>3.0</u> | <u>May 15, 2024</u> | <u>Miscellaneous changes to reflect current practices.</u> |
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|  | Revision No. | 1.0 |
| | Effective Date | November 16, 2022 |
| Public Participation Policy | Distribution Restriction: Public Document | |

Appendix D: Public Participation Policy

In accordance with the Open Meetings Act of the State of Nebraska Neb. Rev. Stat. § 84-1407 et seq. (Act), which provides that every meeting of a public body shall be open to the public in order that citizens may exercise their democratic privilege of attending and speaking at meetings of public bodies, except as otherwise provided by the Constitution of Nebraska, federal statutes, and the Open Meetings Act, and which provides that a body may not be required to allow citizens to speak at each meeting, but it may not forbid public participation at all meetings, the Public Alliance for Community Energy (ACE) Board of Directors (Board) has adopted the following policy for public participation at ACE meetings which qualify as a meeting under the Act:

1. Attendance
 - a. Members of the public are permitted to attend meetings of the Board and committees of the Board which are open to the public.
 - b. ACE will not require members of the public to identify themselves as a condition for admission to a meeting.
2. Speaking
 - a. For meetings at which a public comment period is offered as noted on the meeting agenda, the public comment period will generally be a maximum of (30) minutes and will be handled on a first-come, first-served basis. The presiding officer shall have the discretion to adjust the amount of time set aside for public comment, and the amount of time set aside may, at the presiding officer's discretion, vary from meeting to meeting.
 - b. Every member of the public addressing the public body shall begin by stating his or her name, address (unless the address requirement is waived to protect the security of the individual) and the name of any organization represented by such person, for the purpose of maintaining a proper record.
 - c. Remarks shall be concise and limited to no more than three (3) minutes unless further time is granted by the presiding officer.
 - d. All remarks made shall be addressed to the Board or committee as a body and not to any individual member thereof.
3. Recording
 - a. The presiding officer of the meeting may designate a location for persons attending, videotaping, televising, photographing, broadcasting or recording the meetings.
4. All members of the public in attendance and those speaking are required to be courteous and respectful to others in attendance and to members of the public body. Members of the public are not allowed to interrupt other speakers or public body members, to threaten the safety of meeting attendees, to behave in a hostile or disruptive manner.
5. Persons in violation of this policy may be asked to leave.
6. ACE may at any time make and enforce other rules regarding the conduct of persons attending or speaking at ACE meetings.

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| Public Participation Policy | Distribution Restriction: Public Document | |

Revision History

| Version | Effective Date | Description of Revision |
|---------|-------------------|-------------------------|
| 1.0 | November 16, 2022 | Adoption of policy. |