

Hello, customers and teammates!

We may be closing the book on 2023, but our story is far from over. In fact, several of the projects we've pursued this year will only gain momentum in 2024 and beyond.

Working together to achieve our collective goals has resulted in much success this year, from controlling costs and rates to operating our plants and transmission and distribution system safely, reliably and securely. Even as we pursue new generation to meet growing load while managing our carbon risk, our team is focused on improving the customer experience. We recognize that to do so requires us to also improve our culture and the opportunities available within our own organization.

Approval of our multi-year Strategic Plan at this month's Board meeting provides us with specific objectives and metrics derived from the strategic directives set by our Board and in alignment with our values, vision and mission. While our Strategic Plan will keep us focused on the big picture, many real-life examples were given at the Board meeting of how teams District-wide are meeting independent goals and achieving positive results that serve to further our efforts.

First, our team was recognized nationally for our level of planning and participation in a recent GridEx security drill, which resulted in many lessons learned to strengthen our security posture and become more deeply rooted in reliability and resiliency for our customers.

Several teammates reported on the health of various NPPD assets, including production, transmission and distribution, operational support and enterprise technology. All areas shared metrics revealing that while each of these business units are performing quite well, they aren't hesitating to pursue continuous improvement activities to harden our assets, gain efficiencies and improve sustainability. New technologies like drones and artificial intelligence assist in this effort, even amidst continued supply chain disruption and inflation challenges.

Details on NPPD's competitive retail rates for the final 2022 Energy Information Administration (EIA) rankings were also shared with the Board. NPPD's goal is to maintain a total Retail base rate position in the lowest 15% of providers. Our most recent ranking improved from 7.7% in 2021 to 3.1% in 2022! What's more, the state of Nebraska ranks fifth lowest in total rate position nationally.

Financially, our team shared a surplus of \$2 million for the month of November due to favorable variances in off-system sales and fuel expenses. NPPD has a year-to-date surplus of \$73.8 million, with a 2023 year-end forecast of \$77.3 million.

NPPD's safety performance continues to be better than it was this time last year, with 19 OSHA recordable injuries compared to 27 last year; 12 DART injuries compared to 17 last year, and 12

preventable vehicle accidents compared to 21 last year. While our goal is certainly a zero-injury workplace, each year can be a steppingstone in that direction. We will continue to seek an interdependent safety culture where we watch out for one another, hold each other accountable and resolutely adhere to our safety standards and procedures. As teammates set their performance goals for next year, please think of how you can actively be part of our effort to minimize injuries both within our organization and at home, now and in the future.

I was proud to announce to the Board two awards recently presented to our team. First was the Hispanic Heritage Month Award for NPPD's Diversity and Inclusion efforts to empower our state's Latino communities, build awareness on current cultural issues, and create opportunities for customers and teammates.

Next, NPPD received the American Public Power Association's Smart Energy Provider Award for the second time due to our commitment to and proficiency in energy efficiency, distributed energy resources, renewable energy, and environmental initiatives that have helped us lead the way for others in our industry. Congratulations to our team for these notable achievements!

The Board approved a laundry list of projects to occur in the near future at several of our generation facilities, as well as the purchase of 12 large power transformers for future projects. They also heard the latest on our Norfolk-Stanton North 115-kV transmission line project. A public hearing and open house were held for the project on Dec. 12, and the final line route will be announced in early 2024, with construction set for mid-2024 to late 2025.

These projects and their connection to projected load growth, as well as our continued focus on affordability, reliability, resiliency and sustainability for customers, reveal the large extent of work that lies ahead for teammates. It's why I will meet with the Executive team this week to continue looking at staffing needs to best support teammates and ensure we have the right long-term strategy, resources and team in place to carry out all our substantial goals.

One way the Board continues to recognize our teammates' excellent performance is through our Merit Pay Program. This program is tied to teammates' annual, individual performance reviews. The Board approved a pay structure movement of 3% and merit pool funding of approximately \$8.8 million, effective March 1, 2024.

Our teammates are true examples of the power of people. Each year, you elevate your performance and your commitment to provide customers with outstanding service. So, I want to thank the entire team – every single member across the state – for doing what you do each day. You bring pride to public power and immeasurable value to our customers and the state.

I wish you all a meaningful holiday season, and a very happy New Year.

Until next time, stay healthy, and stay safe.

Tom