

Hello, customers and teammates!

Though Veterans Day was last week, it's never too late to recognize the courageous and selfless folks who serve or have served in our military. I'd especially like to recognize Directors Schrock, Gale and Chlopek for their contributions to our country. A special thank you to all veterans and active service members within our organization and our customer base for your commitment to keep our nation, people and values safe.

As our first and foremost value, safety should always be prioritized by teammates as well. Please consider all variables at play before beginning a job, including seasonal attention to temperature, amount of daylight and weather conditions like rain, wind or snow. Also consider your current concentration and energy levels, as well as your surroundings. Make sure you have the right tools or equipment on hand, and discuss risks of your pending work openly with your colleagues to ensure everyone is mentally and physically prepared.

Last week, the Board approved 2024 wholesale and retail rates. As expected, wholesale base rates will remain the same for the seventh consecutive year, and retail base rates for the 11th straight year. In addition, a Production Cost Adjustment, or PCA, will be returned to wholesale customers for the sixth year in a row. The 2024 PCA amount of \$56.8 million is the result of our 2022 surplus. Rate adjustments will still be made in various wholesale rate schedules and for several retail rate classes. Retail rates will not include a PCA in 2024. NPPD's rates continue to be highly competitive year-over-year within our ongoing annual benchmarks, and this is 100% a result of our team's commitment to operate our assets safely, reliably and efficiently, as well as control costs even as we plan for a transformative future. Thanks to our entire team for your hard work and consistent focus on keeping rates affordable for our customers.

Customers are seeing that value and dedication, and it's why I'm excited to announce the Board approved the addition of a new wholesale customer that has been offered our 2016 wholesale power contract starting May 1, 2024. We look forward to building this partnership in the coming months as we finalize details. Located in Hay Springs, Northwest RPPD has 3,300 meters within their service territory.

Our partnerships don't end there! I'm pleased to share NPPD was recently awarded the SAP Excellence in Collaboration Award during the October SAP for Utilities conference. NPPD shares this award alongside Lincoln Electric System and Metropolitan Utilities District, who also use SAP as a core enterprise management system. As each of our utilities aspire toward excellence by learning and growing together, we're able to better leverage technology to more effectively serve our Nebraska customers. Congratulations to our entire SAP team who has worked tirelessly in their pursuit of excellence collaborating with these utilities. As SAP shared, NPPD and its Nebraska utilities are shining examples of what can be accomplished when we work together.

Southwest Power Pool President and Chief Executive Officer Barbara Sugg joined our Board meeting for the first time, overviewing the organization's top grid priorities, strategies, opportunities and the benefits of NPPD's membership. SPP shares NPPD's mission and vision, and our membership gives us access to transmission funding that helps us build necessary infrastructure. It also affords us transparency in pricing and provides us with more efficient ways to sell generation, providing beneficial opportunities for our fleet to frequently run due to its competitiveness. Ultimately, it's a great revenue source for any excess generation, and that helps us keep rates low in Nebraska.

It was a great presentation, and I encourage you to view it from the recording of the entire Board meeting on nppd.com.

An overview of the Nebraska Power Association's Load and Capability Report was provided to the Board. The state's projected load growth rate tripled from 0.4% to 1.5% between 2022 and 2023. The report showed 650 megawatts that are already committed and 2,000 megawatts that are being studied as part of the planning process. It revealed that if load growth occurs as projected, Nebraska's utilities will need to add resources beyond 2026 to meet that growth along with SPP's recently increased summer generation planning reserve margin. The report assists in estimating how much generation capacity is needed to serve future needs in the state. We are working hard to plan for and meet these upcoming requirements, especially considering shared decarbonization goals among Nebraska's larger utilities.

Financially, NPPD achieved a surplus of \$5.6 million in October due primarily to favorable variances for firm sales, purchased power, fuel, O&M expenses and interest income. Year to date, NPPD has a surplus of \$71.7 million due to favorable variances for firm and off-system sales, fuel, O&M expenses and interest income. Our year-end forecast is for a surplus of \$69.3 million.

The Board approved 2024 retiree plan funding, with no change in pre-Medicare base plan funding, which is self-funded. A 5% funding increase in the annual retiree stipend was approved for NPPD's Health Reimbursement Arrangement Retiree Healthcare Plan, which applies to pre-Medicare and Medicare reimbursement amounts and is funded through NPPD's Other Post Employment Benefit Plan Trust.

Finally, the Board approved their proposed meeting schedule for 2024. The 2024 schedule includes nine regular board meetings and one strategic retreat. This change from the historical 12 regular meeting schedule was discussed extensively by the Board and Management at the October retreat. The Board determined the schedule they approved will provide efficiencies for the Board while still providing the proper level of governance and oversight for the District.

I wish you all a happy Thanksgiving. I'm thankful to know you and work with you. Enjoy that turkey and all the trimmings with your favorite people!

Until next time, stay healthy, and stay safe.

Tom