

April 2024 Post-Board Video with Tom Kent

Hello, customers and teammates,

Back in 2022, several of NPPD's leaders and key stakeholders began to examine the District's decades-long story in hopes of gleaning wisdom from our past. Looking into our 50-plus-year history, they found periods of great transformation and growth much like the stage we find ourselves in today. Interestingly, no matter the year or the specific circumstances, the recurring theme of NPPD's successes came down to two things – our collaborative relationships with our customers and our teammates' drive to provide outstanding service.

2024 has been a whirlwind thus far, and we are gaining momentum. Now, more than ever, we are leaning on the expertise and talents of our teammates to take the challenges before us and turn them into opportunities to serve our customers the very best of public power. I see the power of our people in both the everyday tasks they perform to ensure the safe, reliable delivery of electricity, and in the future-focused planning taking place behind the scenes. During April's Board meeting, our directors and guests were given a similar glimpse into the work teammates are doing to meet the needs of today, without losing sight of tomorrow.

An update on Strategic Directive 2, Safety and Human Performance, highlighted the progress we are making in our safety culture thanks to efforts from every level of the organization. The report-out included information about positive trends seen in NPPD's OSHA recordable incidents and preventable vehicle accidents. Additionally, as a result of our 2023 performance, we were recently named one of Nebraska's safest companies by the National Safety Council, as well as given Diamond Status from the American Public Power Association's Safety Awards of Excellence. Furthermore, an internal survey conducted last year revealed we are moving closer to interdependence, ensuring a continued commitment to personal and collective safety.

Moving on to Strategic Directive 5, the Board was apprised of the status of NPPD's carbon emissions reductions via a comparison of data from 2005 and throughout the last 10 years. NPPD is actively balancing how to reach our stated goal of net-zero by 2050, all while upholding affordability, reliability, and resiliency. Key to our progress thus far has been a diverse energy mix. The new generation resource projects announced during February's meeting will further complement this mix as NPPD continues to pursue alternative sources of generation, certified offsets, energy efficiency efforts, beneficial electrification, and other routes to carbon neutrality.

The Board presentation on CO₂ business risks led nicely into some updates on new or changing environmental regulations relating to greenhouse gases, regional haze, air quality, and air toxicity. Like other utilities nationwide, NPPD seeks to understand and appropriately meet the terms of these various rules. At times, charting a path forward during regulatory changes can be

difficult, and I applaud our knowledgeable teammates for helping us navigate that path.

On a more local level, Nebraska's 2024 legislative session wraps up this week. Overall, this was a very demanding, but productive session for the state's public power utilities. I'm grateful to those on our team who supported the education of our lawmakers and to our directors who provided timely guidance throughout the past few months.

Continuing with governmental updates, NPPD has submitted or is in the process of submitting several grant applications tied to the Infrastructure Investment & Jobs Act. Similarly, the District is investigating tax credit opportunities in relation to the Inflation Reduction Act. Those working on IJJA- and IRA-related assignments have been incredibly flexible amid hectic application deadlines. Funds awarded or credits secured by their hard work have the potential to maximize the value of public power in the state, contribute to grid resiliency, and drive forward clean energy initiatives.

Switching gears, the third and final Strategic Directive reviewed last week was SD-11 – Research and Development. NPPD prioritizes investing in research and development in the energy industry knowing that today's studies could bring great value to tomorrow's customers. We've established an ongoing partnership with UNL's Nebraska Center for Energy Science Research, a membership with the Electric Power Research Institute, and we are facilitating various District projects in alignment with this directive. Projects of note include next generation nuclear, alternative fuels, carbon sequestration, and biomass utilization, among others.

Later in the meeting, directors voted on several agenda items. First to pass was an engineer's certificate for the engineering, procurement, and installation of a nominal 636 megawatts of additional generating capacity at Beatrice Power Station and/or Sheldon Station in the form of reciprocating internal combustion engines and combustion turbines. Approval for these projects was granted in February due to the significant load growth we are anticipating. Our 2025 budget will include additional capital funding to cover an expanded work scope and other costs associated with construction and related transmission system upgrades.

Finally, a motion carried for the rental of diesel generators for Zone 5. Identical to 2023's rental plan, this will help mitigate transmission constraints we typically see in north central Nebraska during irrigation season, as we await approval for construction of the R-Project transmission line.

Financially for the month of March, NPPD had a \$900,000 surplus, which brought the year-to-date surplus to \$2.9 million. There is a projected year-end deficit of \$500,000 for the District, as revenues have been lower than expected due to mild weather and lower-than-expected market prices in the Southwest Power Pool.

I'd also like to extend my appreciation to District teammates for a clean 2023 audit report from PricewaterhouseCoopers, which the Board accepted at the meeting. This successful outcome is the result of each of you doing your part to ensure standards and procedures are followed and financial transactions are recorded accurately.

As you can see, this is a busy and exciting time to be part of NPPD's team. Personally, I feel privileged to witness the power of our people in action and to watch this story unfold. I'm confident that when we look back at this chapter someday, we'll remember how teammates came together, rose to the occasion, and seized the opportunity to advance public power.

Until next time, stay healthy, and stay safe.

Tom