

2024 August Post-Board Script – Mick Spencer

Hello, customers and teammates!

Our customers rely on us to provide affordable, reliable and resilient power around the clock. And while we strive toward performance excellence in everything we do, the truth is, sometimes challenges arise, bringing setbacks that require quick thinking, flexibility and fortitude.

Such was the case in May when, following its spring outage, Gerald Gentleman Station, or GGS, Unit 1 experienced a generator stator cooling water failure that put the unit off-line. Now, GGS is a powerhouse for NPPD and its customers. It plays a vital role in helping NPPD power the state, and it's absolutely critical to support large load during times of high irrigation and hot temperatures, as well as severe winter weather.

There was a very real possibility the outage would lead to a complete overhaul of the unit's generator, which could have taken up to two years. Though the industry standard was to leave the unit off-line, GGS teammates refused to accept that fate. It's thanks to those resourceful, skilled teammates that the unit was back up and running in little over a month – just in time for the plant to acquire two new daily generating records in late July. A full rewind of the generator is still required and is expected to occur either in the fall of 2025 or the spring of 2026, depending on how the unit is performing.

At this month's Board meeting, directors acknowledged this herculean effort with a resolution that praised GGS teammates' work, which went above and beyond in helping to ensure ongoing reliability for customers and negated any adverse, long-term financial impacts to our operations.

Speaking of financial impacts, the Board reviewed our Strategic Directive BP-SD-04 on Wholesale Cost Competitiveness. NPPD benchmarks our wholesale rates against the Cooperative Finance Corporation's KRTA Ratio 88 "Cost per kWh Purchased" annual survey. This benchmark is built into our 2016 Wholesale Power Contract with exit provisions if rates exceed the 45th percentile. I am pleased to announce that in 2023, we achieved the best quartile for the fourth consecutive year with a ranking at the 16.7 percentile, even amid industry-wide rate pressures surrounding the cost of purchased power, inflation and supply chain challenges.

This success is 100% attributable to teammates District-wide for their unwavering focus on cost control and operational excellence. Our folks work every day to ensure we're using the assets entrusted to us by customers in the best possible way to seamlessly power their lives.

Finally, the board heard great news relating to a Climate Pollution Reduction Grant received by the Nebraska Department of Environment and Energy, or NDEE. The Environmental Protection Agency, or EPA, allotted \$5 billion in grant funding to support greenhouse gas emission

reduction through 2050. Upon submitting a grant application for \$341 million, the EPA announced in late July \$307 million in funding was approved for the NDEE. This is the largest grant received by NDEE to date, and it's remarkable considering 300 applications were submitted to the EPA, requesting nearly \$33 billion. Though an extremely competitive process, Nebraska was one of 25 states awarded funding. NDEE's new, five-year program will be officially awarded in October and will be branded under the name ONE RED, which stands for Opportunity for Nebraska: Reducing Emissions and Decarbonization Program.

I can say there is a LOT of excitement over this funding from several organizations and entities statewide, as the opportunities to bolster our economy, expand electrification, establish Nebraska as a leader in sustainable ag, empower rural communities, and lead projects in innovation are limitless. Much more to come on this in the months ahead.

In closing, I want to express management's deep appreciation to all those involved in storm restoration efforts throughout these occasionally volatile spring and summer seasons. Thank you to the crews who have supported our customers and our neighbors in need, especially OPPD, who recently experienced their worst outage event in history from a severely damaging windstorm.

I am proud to be part of this incredible NPPD team, who every day shows the value of public power in their actions and tenacity of spirit. I can't wait to witness the wonderful things this team accomplishes throughout the rest of the year.

Until next time, stay healthy, and stay safe.

Mick