

November 2024 Post-Board Script – Dallas Beshaler

Hello, customers and teammates!

The year is rapidly coming to a close. As such, NPPD's November board meeting was filled with important approvals and project updates. While they don't put a tidy bow on this year's many activities, they do allow us to carry many of these important initiatives seamlessly into the new year.

During the meeting, our newest board member, Rob Hinrichs, was welcomed by the team. Director-Elect Hinrich will replace Director Ed Schrock within Subdivision 6, who will retire from his position at the year's end. Director Hinrich will take office Jan. 9, and we look forward to his knowledge, experience and contributions. We wish Director Schrock the best in his retirement after 18 years on the NPPD board.

Moving onto the top three takeaways from the board meeting, I want to first address 2025 wholesale and retail rates. Wholesale customers will experience no change in their overall base rates next year, which will mark the eighth consecutive year with stable rates. In addition, \$53 million will be returned to customers in the form of a production cost adjustment. This is the amount that was above the 10% accumulation limit within NPPD's Production Rate Stabilization Fund at year-end 2023. It is the seventh year in a row wholesale customers will receive a production credit.

Meanwhile, retail customers will experience a 2% increase in overall base rates. This is the first base rate increase for retail customers since 2013. The cost-of-service study performed this year indicated a need for rate adjustments among various customer classes due primarily to cost pressures related to inflation, supply chain and material cost increases, and increases to fleet and facility costs. We strive to continue to provide stable rates with some of the most affordable and reliable power in the country, with our retail rates approximately 45 percent below the national average.

All rate changes will be effective Jan. 1, 2025.

The second board meeting takeaway relates to NPPD's 2025 Revenue, Expense, and Capital Budget. The capital budget, totaling \$2.6 billion, is one of the largest capital budgets in NPPD history, due largely to new generation that will be built to meet anticipated customer load growth. NPPD estimates projected revenues next year of \$1.3 billion, which will cover both internal expenses and inflationary pressures. It results in a balanced budget that will provide for continued financial stability for the District and rate stability for our customers. This focus on financial performance is a priority as we work to meet the board's strategic directive for cost competitiveness in relation to individual benchmarks set for wholesale and retail customers.

Finally, the third takeaway surrounds the Southwest Power Pool's 2024 Integrated Transmission Plan and NPPD's contributions to this plan. This long-term study details what transmission projects are needed for the continued long-term, successful operation of the electric grid. Top considerations in the study are how reliability, economics, and public policy influence potentially needed upgrades or new construction.

SPP's board recently approved \$7.7 billion for such projects in their footprint to build additional resiliency into the system, especially following load shed events from the 2021 winter storm. These upcoming projects are also meant to relieve points of congestion across the footprint and accommodate accelerated load growth from economic development, all in a cost-effective way that enhances reliability.

The need for 89 transmission upgrades, as well as 2,333 miles of new transmission and 495 miles of transmission rebuilds were identified. Many NPPD teammates serve on SPP committees and regularly help make decisions like this. In fact, we've identified six transmission projects in the NPPD service territory that can benefit SPP's goals, and we are ready to move forward with them as needed.

In closing, our teammates have done incredible work as of late, but that's no surprise – they are always aspiring toward excellence. I want to give a shout-out to the CNS team and those District-wide who supported a safe and error-free refueling outage. Second, to our Customer Care Center teammates, who fielded their 5 millionth call this month and who show what incredible customer service looks like every day. And third, to our crews and supporting wholesale customer utilities who provided recent mutual aid services, banding together to help our neighbors out in times of need. Finally, to all of our teammates who, year after year, continue to serve our customers with highly reliable power that is very affordable. This is exactly what makes public power unique and so special.

Happy Thanksgiving to you all.

Until next time, stay healthy, and stay safe.

Dallas