

Six guiding principles shape board-approved wholesale contract

Hello, customers and teammates!

At the special board meeting held in Columbus on Wednesday, July 23, our directors discussed an important topic for public power. By the end of the meeting, they approved the terms and conditions of NPPD's 2026 Wholesale Power Contract as presented. NPPD may now begin offering the contract to its wholesale customers.

This contract memorializes the relationship between NPPD and our wholesale customers. It explains how utilities across the state work together to bring the best of public power to end-use customers, consistently providing some of the nation's lowest-cost electricity. We've been doing this for more than 50 years, and at this time of growth and change in our industry, we are setting a foundation that can support all of us into the future. The journey to create this new contract started two years ago at the July 2023 board meeting and was introduced to wholesale customers in August 2023.

NPPD began contract conversations by listening and learning, and followed that by documenting key themes repeated by wholesale customers. Next, we developed guiding principles that reflected the key themes and concept papers that shaped the draft contract, which customers have been providing feedback on since February of this year.

Today, I want to walk you through the six guiding principles that got us to this final version that will carry public power's legacy forward.

1. We viewed all provisions through a lens of how the contract impacts end-use customers.
2. We strove to provide the financial security needed to stabilize the cost of electricity and manage risks appropriately for all customers we serve together.
3. We proposed a contract length that supports cycles of building and financing.
4. We ensured the contract allows customers to change their contractual relationship, as long as others are not disadvantaged.
5. We developed a contract which promotes the unique benefits of an all public power state.
6. We utilized a framework that adapts to statutory, regulatory and technology changes.

During the special July board meeting and in all the conversations leading up to this pivotal moment, every key provision discussed has been rooted in public power's mission to put customers first. This is the hallmark of public power in Nebraska.

So why now? One reason is that new businesses are interested in calling the "Good Life" home. That is a proud moment for all of us and a testament to how public power collectively serves our state. Another reason is that our base load has grown into our existing resources. We need this contract to position our existing and new generation resources for a sustainable, affordable, reliable and resilient future. Finally, the Southwest Power Pool is also experiencing significant load growth, and due to various historic events, has set significantly higher planning reserve margins. They have also made other changes regarding generation accreditation requiring additional generation be available for load responsible entities who must assure a reliable power supply. The new contract will stabilize the cost of electricity and optimally manage risks for customers while we build and finance planned future generation, benefiting everyone.

Because of the significant investment NPPD is making to bring new generation on-line, and for continued use of existing generation such as the subsequent license extension of Cooper Nuclear Station, the contract term of 35 years will support the build/finance cycle. An important aspect we heard from customers is the ability to change their relationship with NPPD as long as other

customers are not disadvantaged. An exit provision and associated exit fee provides that flexibility. As an incentive to sign early, customers who sign by October 31, 2025, would be eligible for an exit fee offset provision tied to NPPD's cost competitiveness benchmarking. In addition, the contract includes the opportunity for customers to choose to cap their purchase from NPPD and either self-supply or find power supply from another provider above the capped amount and enhanced Qualifying Local Generation provisions to offer future flexibility and optionality for customers. A Customer Committee was also created within the contract, keeping the focus on end-use customers and allowing wholesale customer representatives more formalized input with NPPD's board.

To summarize, this agreement reflects our accountability to each other and to the Nebraska of today and of the future. It is how we serve and deliver on accountability and show Nebraska that we are aligned. Thank you to all our customers. We look forward to continuing our long and storied history of working together to bring reliable, affordable, resilient and sustainable electricity to the customers we all serve as part of Nebraska's unique all public power electric industry.

Until next time, stay healthy, and stay safe.

Tom