

Hello, customers and teammates!

Each year, we take one of our board meetings on the road. This time, we went west to Scottsbluff. It's an important tradition because it gives our board a chance to see more of our service territory up close, meet with customers, and witness the incredible progress happening in our communities.

This trip included tours of our local office, the Scottsbluff community solar farm, the historic Consumers office, and even a stop at the Scotts Bluff National Monument. We also viewed new transmission line construction and drove by customer-owned businesses, including Western Sugar, Regional West Medical Center, and Uptown Scottsbluff.

A special thanks to Jodi Lewellen from the Scottsbluff Chamber who joined us for part of the tour, and to local teammates - we enjoyed a great breakfast with many of you and truly appreciate the warm welcome and everything you do every day. Now, onto three takeaways from the meeting.

The first was director approval for a special, in-person board meeting on July 23. That meeting will have just one action item: to formally authorize offering a new 2026 wholesale power contract to customers. This is a big step forward and one we've been preparing for very carefully alongside several customers. Expect to hear much more in the coming months.

To that end, we next reviewed comprehensive rate outlook results spanning 2026 through 2031. This analysis considered how key trends, assumptions, and increasing customer energy needs will impact our rates—especially as we continue to invest in generation, transmission, and distribution infrastructure. The takeaway? A new contract is necessary to meet this growing load and continue to deliver reliable, affordable energy, all while remaining cost competitive. We are committed to staying within the board's established benchmarking goals for rates, even as capital costs, debt, and expenses increase to account for new generation and infrastructure builds.

Here's a brief overview of what that means. Retail rate recommendations include a 3% base rate increase for 2026. Looking ahead, we're planning strategies to minimize and smooth future increases, which could be in the 4–7% range yearly through 2031. We expect to remain within the Energy Information Administration's 15th percentile for the next several years.

Wholesale recommendation include a 1% overall base rate increase in 2026 and a Production Cost Adjustment refund of \$30.8 million to customers. And, though we expect future wholesale rate increases between 1-3% yearly through 2031, we project to remain below the 25th percentile in benchmarking throughout that timeframe.

Of course, uncertainties remain—timing, cost, and options to serve new load continue to evolve. We'll need to refine our forecasts as we go.

Proposed 2026 rates and budget details will be shared with the board this fall for final approval by year's end.

Lastly, we heard a thorough summary of the 2025 legislative session. The Nebraska Legislature adjourned in early June with the signing of several bills that directly impact public power. One notable change was the merging of the Department of Natural Resources with the Department of Environment and Energy, forming the new Department of Water, Energy and Environment. Other approved legislation:

- Altered how public power board members are elected,
- Updated requirements for public power budget and audit filings,
- Added new powers for public power districts around cryptocurrency mining, and
- Addressed drone and UAV purchasing guidelines.

As Mayor Betsy Vidlak noted in her welcome to our board, teammates and customers last week, Scottsbluff is a special place. It was a pleasure to hold our June board meeting there. Thanks again to everyone who traveled, planned, and participated in this important meeting. As always, I am grateful to our entire team and all our customers, especially as we look forward to continuing to serve the greater parts of Nebraska together.

Until next time, stay healthy, and stay safe.

Tom