

Hello, customers and teammates,

As we reflect on the past year's financial performance and look ahead to what's next, I want to share important board updates. At NPPD, our ever-present focus remains on operating responsibly, keeping energy affordable for our customers, and investing in the infrastructure Nebraska needs to grow.

Now that year-end 2025 numbers are official, I first want to dive deeper into our financial performance than I usually do within my post-board newsletter. We closed out last December with a total surplus of \$8.9 million for the month, thanks to strong energy sales into the market and efficient management of administrative costs.

We finished 2025 with a total surplus of \$39.6 million, marking our 13th consecutive year of surplus results. That consistency reflects our commitment to financial responsibility in how we operate our system, manage our work and invest in critical infrastructure. These efforts help us keep rates competitive, support Nebraska's economic growth, and ensure we can meet rising energy demand reliably and affordably.

One of the most significant projects moving forward right now is the R-Project transmission line. This 345-kV line will run from Gerald Gentleman Station near Sutherland to Holt County, improving grid reliability, reducing congestion, and providing opportunities for new generation, including renewables.

The U.S. Fish & Wildlife Service has signed a Record of Decision for the issuance of an Incidental Take Permit for the American burying beetle, which will allow our project team to resume field activities. This comes after nearly a five-year construction pause on the R-Project due to the rescinding of the Incidental Take Permit.

Right-of-way agents will begin contacting final landowners along the route about easement acquisition.

In addition, training and field prep are beginning, with major work starting in March and completion of the line expected in 2028. This is a critical investment to strengthen Nebraska's energy backbone for decades to come.

We're also preparing for the future with new generation resources. The Board approved a resolution to enter into reservation agreements for up to three combustion turbines at our existing Beatrice Power Station. With negotiations still underway, we're being proactive in securing materials to meet Nebraska's growing energy needs.

In addition, we're expanding our renewable portfolio through power purchase agreements with Greeley Wind Nebraska and Burt County Solar, pending final approvals. These projects will add capacity to our mix and help us continue delivering clean, affordable energy to our customers.

Together, we're building a stronger energy future for Nebraska, and one that ensures we can meet the needs of our customers for generations to come.

Until next time, stay healthy, and stay safe.

Tom