



Electric Power Board Meeting

Wednesday, 8/27/2025

8:00 - 9:30 AM CT

Board Chair - Anne Davis

1. Call to Order

Call to Order - Page 3

2. Administration of Oath of Office to Ian Prunty - David Frankenberg

Oath Of Office - Ian Prunty - Page 4

3. Safety Tip - Daniel Johnson

Safety Tip - Distracted Driving - Page 5

4. Public Comment Period - David Frankenberg

Public Comment Period - Page 6

5. Consent Agenda

Consent Agenda - Page 7

a. Recommendation for approval of minutes from the regular and annual meetings held July 23, 2025

i. Power Board Meeting Minutes

Power Board Meeting Minutes - July 23, 2025 - Page 8

ii. Annual Board Meeting Minutes

Annual Board Meeting Minutes - July 23, 2025 - Page 17

6. Discussion Items

Discussion Items - Page 19

a. Recommendation for approval of Home Uplift Contributions and Quarterly Home Uplift | Power of Change Update - Jay Neal

Recommendation for approval of Home Uplift Contributions and Quarterly Home Uplift - Power of Change Update - Page 20

b. Recommendation for approval of Professional Services for Engineering Technical Staff Augmentation Services Contract - Dray Moultrie

Recommendation for approval of Professional Services for Engineering Technical Staff Augmentation Services Contract - Page 23

c. Recommendation for approval of Purchases - David Frankenberg

Purchases - Page 24

7. Financial Report - David Frankenberg

Financial Report - Page 29

8. Quarterly Asset Manager's Report - David Frankenberg

Quarterly Asset Manager's Report - Page 32

9. Investment Program and Investment Activity Report - Tabitha Beach

Investment Program and Investment Activity Report - Page 35

10. Quarterly Operations Report - Daniel Johnson

Quarterly Operations Report - Page 37

11. President's Report - Teresa Broyles-Aplin

President's Report - Page 48

12. Miscellaneous

Miscellaneous - Page 50

13. Recess to Civil Service Board Meeting

Recess to Civil Service Board Meeting - Page 51

14. Consent Agenda

Consent Agenda - Page 52

a. Recommendation for approval of Civil Service Minutes from the meeting held July 23, 2025

Civil Service Minutes - July 23, 2025 - Page 53

15. HR - Corporate Services Workforce Update - Dr. Trish Holliday

HR - Corporate Services Workforce Update - Page 55

16. Miscellaneous

Miscellaneous - Page 56

17. Adjournment of Civil Service Meeting

Adjournment of Civil Service Meeting - Page 57

18. Reconvene to ratify actions taken by Civil Service Board

Reconvene to ratify actions taken by Civil Service Board - Page 58

19. Adjournment of Electric Power Board Meeting

Adjournment of Electric Power Board Meeting - Page 59

Call to Order

OATH OF OFFICE

I, Ian Prunty, having been appointed by the Mayor and confirmed by the Metropolitan Council, as a member of the Electric Power Board of the Metropolitan Government of Nashville and Davidson County, for a five-year term of office commencing August 5, 2025, and expiring July 1, 2030, do hereby affirm that I am a citizen of the United States of America, that I am not an officer, director, employee or agent of any company producing, selling, or furnishing electric light, power, current, or services, and that I do not now hold any public office, nor am I am applicant or candidate therefore; that I will faithfully and honestly discharge the duties of my office.

Mr. Ian Prunty

Sworn to and Subscribed before me,
this 27th day of August, 2025

Notary Public

My Commission Expires

Safety Tip: Distracted Driving

Distracted driving is the act of driving while engaged in activities that divert the driver's attention away from the road. There are three forms of distracted driving: cognitive, visual, and manual.

1. Cognitive distraction occurs when the driver's mind is not focused on driving. Examples include talking to passengers in the vehicle or thinking about stressful issues.
2. Visual distraction occurs when the driver is not focused on looking at the road ahead. Examples include looking for items around the vehicle, looking down at a mobile device.
3. Manual distraction occurs when the driver takes one or both hands off the wheel for any reason. Examples include eating food or drinking, reaching for something in the vehicle, or handling a mobile device.

4 Tips to prevent distracted driving:

1. Set your GPS in advance.
Program your GPS navigation before you leave the driveway. If you need to adjust your GPS, then pull over. Never operate GPS navigation while driving.
2. Safely secure children, pets and all items.
Make sure all passengers are properly secured before you begin driving. If child become disruptive within the vehicle, then pull over to address the disruptions.
3. Eat beforehand.
Make time in your schedule to eat before your trip. Never eat behind the wheel.
4. Put your mobile phone away.
Pull over, if you need to make a phone call or send a text message. Never use a mobile device while driving. A hands-free device is safer to use, but the driver should still exercise caution and remain focused on the road. Remember, it is illegal for a driver to hold a mobile device, write, send or read a text message, watch video or record and broadcast video from a mobile device while driving.

Public Comment Period

Consent Agenda

**MINUTES OF THE
ONE THOUSANDTH THREE HUNDREDTH AND SIXTY SIXTH MEETING
ELECTRIC POWER BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
HELD JULY 23, 2025**

The regular meeting of the Electric Power Board was held on Wednesday, July 23, 2025.

Members present: Clifton Harris; Casey Santos, and Board Chair Michael Vandenberg; Anne Davis attended virtually

Officers present: Teresa Broyles-Aplin, David Frankenberg, Laura Smith, Dr. Trish Holliday and Brent Baker

Board Chair Michael Vandenberg called the meeting to order at 8:04 a.m.

SAFETY TIP

Brad Heck presented a safety tip on Pedestrian Safety and outlined the responsibilities of drivers and pedestrians.

INTRODUCTION OF NES INTERNS

Dr. Trish Holliday introduced the incoming NES interns and provided information regarding the internship's learning objectives and how it fits into broader career development goals.

PUBLIC COMMENT PERIOD

David Frankenberg informed the Board that there were no public comment requests for the month of July.

COMMITTEE REPORT

Legal Committee

Chair Vandenberg reported that the Legal Committee met this morning and received a Quarterly Legal Report.

RECOMMENDATION FOR APPROVAL OF THE JUNE 25, 2025, ELECTRIC POWER BOARD MINUTES

Upon motion by Member Santos and seconded by Member Harris the Board approved the June 25, 2025, Electric Power Board minutes with four ayes and zero nays.

RECOMMENDATION FOR APPROVAL OF A NEW LEASE WITH ENBRIGHT CREDIT UNION

Laura Smith reported that in 1951, a group of NES employees established what was then known as the Electric Service Credit Union to support their colleagues and their families. The institution, now called Enbright Credit Union, broadened its membership eligibility in 2008 to include anyone

living or working in Davidson or Sumner County. This expansion was followed by the opening of two additional branches in Donelson and Hendersonville.

Ms. Smith stated that Enbright's transition to a community credit union led NES to reassess the terms under which Enbright occupied NES property. In 2015, the two parties formalized a five-year lease based on market rates. By 2020, they agreed to a reduced rate in exchange for NES installing bill payment kiosks at Enbright's Donelson and Hendersonville branches. Currently, Management and Enbright have agreed, pending Board approval, to a new five-year lease at \$1,663.77 per month. She stated that this rate reflects market increases while preserving a discount due to continued NES kiosk usage. The lease includes provisions for further discounts should NES revive its remote teller services at these locations.

Management recommended approval of a five-year lease at a monthly amount of \$1,663.77 per month with Enbright Credit Union for its use of space in the NES main building.

Upon motion by Member Harris and seconded by Member Santos, the Board approved the new five-year lease with Enbright Credit Union for its use of space in the NES main building in the amount of \$1,663.77 per month with four ayes and zero nays.

RECOMMENDATION FOR APPROVAL OF AN AMENDMENT TO CONTRACT WITH IVOX SOLUTIONS

Sonya Pullens stated that NES partnered with iVox Solutions in April 2024 under a two-year contract to help manage excess call volume. The agreement was awarded through a standard RFP process and received approval by the Power Board in December 2023. Initially valued at \$2.04 million, a later review revealed that the original figure was based on outdated call-volume assumptions from the prior Cooperative Response Center agreement. Management therefore proposed to increase the contract amount by \$5.8 million, bringing the total authorized amount to \$7.8 million. This amendment ensures sufficient funding through the contract's end in March 2029.

Chair Vandenberg remarked that he did not interpret this as a sign of customer dissatisfaction with NES, but rather a matter of how incoming calls are being managed. He questioned the underlying reasons for the increased spending on call response.

Ms. Pullens responded that this contract would be beneficial during high volume times and would allow service advisors to answer the calls by service levels.

Upon motion by Member Harris and seconded by Member Santos, the Board approved the Amendment to the iVox Solutions contract for a not-to-exceed amount of \$7.8 million, bringing the total authorized amount to \$5.8 million.

RECOMMENDATION FOR APPROVAL OF PURCHASES

Mr. Frankenberg stated that in addition to the \$5.8 million item that was approved separately, he presented Management's recommendation for approval of a list of purchases and contracts (greater than \$50,000) in the amount of \$5,800,000. This included \$1.6 million of purchases and contract additions throughout the month that were between the \$50,000 and \$250,000 threshold that were approved by Management.

Upon motion by Member Santos and seconded by Member Harris, the Board approved the list of purchases and contracts with four ayes and zero nays. This list consists of four pages and has been attested to on each page by the signature of the Secretary and is attached hereto as "Appendix A"¹ to these minutes. Total cost of purchases and contracts, as approved, amounts to \$5,800,000.

FINANCIAL REPORT

David Frankenberg acknowledged the end of the fiscal year and noted that financial performance stayed consistent with the budget throughout the year. Mr. Frankenberg stated that as of June 30, 2025, operating revenues were \$1.6 billion, offset by purchased power of \$1.1 billion, resulting in a sales margin of approximately \$472 million. He reported that it was favorable to budget by \$39 million, although the month itself was slightly unfavorable with the prior year unbilled true-up. Overall, throughout the full year sale volumes were higher than forecast due to customer growth and sales demand.

On the expense side, operating expenses were \$276 million excluding purchased power, which was slightly unfavorable to budget. He said the largest driver was retirement costs related to the pension Cost of Living Adjustment (COLA) which was offset with favorable market returns, favorable assumptions with the latest Other Post-Employment Benefit actuarial analysis, lighter than expected tree trimming volume, and across the board savings in IT. He indicated that the recoveries were attributed to two sources which included a large NES customer and the other was related to FEMA settlements.

There was a net gain of approximately \$36 million favorable to budget and cash on hand was \$494 million which allows for 129 days of operating cash. Mr. Frankenberg noted that Capital expenditures were lower than projected totaling \$212 million versus the budgeted \$255 million and was primarily attributed to Encompass favorability.

Chair Vandenberg asked how much of the increase in electricity demand is driven by growth of the population in Nashville and inquired if there have been any signals about future demand. Mr. Frankenberg explained that the figures referred to actuals versus budget. He reported a 3% favorable variance in volume and approximately a 2.5% increase in residential customer growth and 3% favorability in degree days, indicating that the positive variance was primarily due to those two factors.

Chair Vandenberg asked whether this indicates that customer growth in Nashville is exceeding budget expectations, and if this reflects an emerging trend. Mr. Frankenberg replied that NES continues to see customer growth above 2% but noted that this growth has not resulted in a proportional 3% increase in margin.

Teresa Broyles-Aplin pointed out that even though customer growth, reflected in building permits and similar signs, seemed strong when budgeting for revenue a few years ago, better construction standards and energy efficiency have meant that revenue has not increased at the same pace.

¹ Appendix A Electronically Filed

REPORT ON SUPPLIER DIVERSITY PROGRAM

Amy McGlother reported that total Supplier Diversity payments for the fourth quarter of FY2025 totaled \$18,714,611 which represents twenty-one percent of the total spend. Payments to Supplier Diversity Program businesses increased by \$7,412,281, which represents an increase of approximately 10%. The total supplier diversity spend for the fourth quarter of FY2025 included purchases of goods and services from 126 diverse business enterprises. Ms. McGlother stated that the overall supplier diversity spend goal, and the minority spend goal, were both met for the quarter. She noted that a detailed report was provided in the board materials.

QUARTERLY REPORT ON COMMUNITY INVOLVEMENT AND ECONOMIC DEVELOPMENT

In her Q4 FY2025 report, Laura Smith shared that NES contributed \$18,000 to community involvement efforts, supporting seven local organizations. She also noted a \$54,918 economic development payment to Partnership 2030 and highlighted the Board-approved \$1,000,000 contribution to Needlink Nashville to assist with customer bill support. This brought the total for the quarter to \$1,072,918.00. She reminded the Board that the funds are generated from non-electric revenues.

Member Santos asked if any of the organizations are new relationships. Ms. Smith responded that all of the items listed for this quarter are continuing relationships. She further explained that most contributions are aligned with the leadership roles NES employees hold within these organizations.

LED STREETLIGHT PROJECT UPDATE

Vaughan Charles, along with Joey Streisel, provided an update on the LED Conversion Project, detailing the progress made since the previous report. Mr. Charles stated that it has been a collaborative effort with NDOT and PATH Company and progress is being made ahead of schedule.

Noting the project's early progress, Chair Vandenberg asked what was contributing to its success. Mr. Charles replied that by not knowing what to expect going into the project there was a conservative approach to the timeline.

Member Santos asked about the cause of higher productivity in some months compared to others. Mr. Charles explained that productivity was lower in certain months due to crew involvement in storm restoration efforts.

Mr. Charles noted that between January 2024 and June 2025, a total of 29,655 locations were completed, accounting for roughly 52.7% of the overall LED Conversion Project. He presented the project's current financial status, while Mr. Streisel discussed the cost savings achieved by the City of Nashville thus far.

Member Davis expressed appreciation for the work that has gone into the project, noting that it represents significant benefits to the city, its citizens, and NES customers.

PRESIDENT’S REPORT

Teresa Broyles-Aplin delivered the President’s Report, highlighting the customer relations milestones for June, the staff’s involvement in community projects, and conferences attended by NES team members.

During the Tennessee Municipal Electric Power Association Annual Conference held July 9-11 in Nashville, Brent Baker delivered a presentation *NES Vision to Action: Igniting Purpose, Driving Results*. Teresa Broyles-Aplin contributed to a CEO panel discussion titled “*Challenges and Opportunities*” and Dr. Trish Holliday facilitated the Customer Engagement Panel. Two NES employees received major awards during the conference:

- Leonard Leech was honored with the Public Power Employee of the Year Award for his extraordinary 60-year career in public power, marked by transformational contributions to NES and a lasting impact on both the industry and the community.
- Laura Smith received the Power of Excellence Award for her outstanding leadership, dedication to public service, and commitment to strengthening her community.

Ms. Broyles-Aplin pointed out that twenty NES volunteers, consisting of vice presidents, managers, and graduates from NES’s Emerging Leaders Institute, contributed to a Habitat for Humanity build on July 17.

As part of her ongoing engagements, Ms. Broyles-Aplin noted her guest appearance on *Urban League Live*, hosted by Member Harris.

MISCELLANEOUS

There were no miscellaneous items to report.

RECESS AND RECONVENE

At this point, the Board recessed and reconvened to ratify the actions taken by the Civil Service Board.

Upon motion by Member Harris and seconded by Member Santos, the Board ratified the actions taken during the Civil Service Board meeting with four ayes and zero nays.

ADJOURNMENT

The meeting adjourned at 9:06 a.m.

Attest:

Approved,

Board Chair

Secretary

July 23, 2025

Appendix “A”

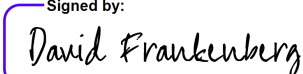
Recommendation of Purchases and Contracts
at the Meeting on Wednesday July 23, 2025

Management recommends Board approval
of the following purchases and contracts:

Total Materials and Supplies Purchases	\$2,274,742.00
Total Contracts and Services	\$1,326,458.00
Total Additions, Extensions, and Changes	\$576,358.00
Total Ratified Purchases and Contracts	\$1,595,622.50
TOTAL	\$5,773,180.50

Total Line Items	\$5,800,000.00
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<u>Ethnic/Gender/Size</u>	<u>Amount</u>
African American, male, small	\$21,000.00
Caucasian, female, large	\$2,389,094.00
Caucasian, male, small	\$148,000.00
Supplier Diversity Program Total	\$2,558,094.00
Note: Vendors not otherwise indicated are not part of the NES Supplier Diversity Program.	

Signed by:

Attested by: 0AE47D2A19884AE
David Frankenberg, Secretary

All above items have been processed in accordance with Board approved policy and applicable rules and regulations.

July 23, 2025

MATERIALS AND SUPPLIES PURCHASES

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Cable, Copper, 15 KV EPR 150 W/TS 1C 3CT (8,000 circuit ft.)	City Electric Supply <i>Caucasian, female, large</i>	\$757,776.00	Competitive	3/6
Pole, Steel, Galvanized, H3, 60 ft., 0243 FT-KIPS (120)	MD Henry Co., Inc. <i>Caucasian, female, large</i>	587,040.00	Competitive	6/8
Pole, Steel, Galvanized, H3, 65 ft., 0265 FT-KIPS (50)	Stuart C. Irby	283,900.00	Competitive	6/8
Pole, Steel, Self-Weathering, H1, 50 ft. (108)	Valmont Industries	315,576.00	Competitive	6/8
Pole, Steel, Self-Weathering, H1, 80 ft. (80); H3, 50 ft. (15)	MD Henry Co., Inc. <i>Caucasian, female, large</i>	330,450.00	Competitive	6/8
TOTAL		\$2,274,742.00		

CONTRACTS AND SERVICES

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Concrete Repair Services	Pavement Restorations <i>Caucasian, female, large</i>	\$350,000.00	Competitive (3 Years)	4/11
Electrical Repair Services	Jarrett Electrical LLC	400,000.00	Competitive (5 Years)	1/11
i3-Milestone ePortal Mobile Application	i3-Milestone	256,458.00	Sole Source (1 Year)	N/A
LIDAR Pilot Program	Fugro USA Land, Inc	320,000.00	Sole Source (1 Year)	N/A
TOTAL		\$1,326,458.00		

ADDITIONS, EXTENSIONS, AND CHANGES

<u>Item Description</u>	<u>Contractor</u>	<u>Additional Amount</u>	<u>Change Requested</u>
Central Substation, Duct Bank Installation	Garney Construction	N/A	Extension (6 Months)

Signed by: 
Attested by: _____
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David Frankenberg, Secretary

All above items have been processed in accordance with Board approved policy and applicable rules and regulations.

July 23, 2025

EV Forecast and Distribution Grid Impacts Analysis	Energy and Environmental Economics	\$100,000.00	Addition (New NTE \$450,000.00) Extension (1 Year, 17 Days)
Encompass Project Executive	TMG Utility Advisory Services	50,000.00	Addition (New NTE \$2,350,000.00)
Extended Cab Chassis, 56K Tandem Axle, 60' Material Handler Overcenter Aerial Device, New (3)	Altec Industries	257,358.00	Addition (New NTE \$1,227,981.00)
Performance and Professional Development Training	Peak Learning, Inc. <i>Caucasian, male, small</i>	148,000.00	Addition (New NTE \$297,000.00)
Performance and Professional Development Training	YMG Enterprises LLC <i>African American, male, small</i>	21,000.00	Addition (New NTE \$355,000.00)
TOTAL		\$576,358.00	

RATIFIED PURCHASES AND CONTRACTS

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Crossarm, Weathered Steel, 4"x4"x9' (120)	Stuart C. Irby	\$105,000.00	Competitive	3/6
Fuel Pricing Service	Oil Price Information Service	120,000.00	Sole Source (5 Years)	N/A
Ground Rod CW 5/8x8 (4,800)	Wesco Distribution	67,728.00	Competitive (1 Year) Blanket	6/9
Overhead Crane Repair and Inspection	Overhead Crane Conveyor	120,000.00	Competitive (5 Years)	1/5
Pole, Steel, Weathered, H3, 60 ft. (24); H5, 60' (12)	MD Henry Co., Inc. <i>Caucasian, female, large</i>	190,248.00	Competitive	6/8
Pole, Steel, Galvanized, H3, 75 ft. (8)	Valmont Industries	52,640.00	Competitive	6/8
Pole, Steel, Galvanized, H4, 85 ft. (30)	Stuart C. Irby	246,000.00	Competitive	6/8
Pole, Steel, Galvanized, H4, 90' (20)	MD Henry Co., Inc. <i>Caucasian, female, large</i>	173,580.00	Competitive	6/8

Signed by:



Attested by:

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David Frankenberg, Secretary

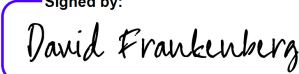
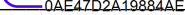
All above items have been processed in accordance with Board approved policy and applicable rules and regulations.

July 23, 2025

Pole, Steel, Galvanized, H5, 60 ft., 0325 FT-KIPS (24)	Stuart C. Irby	137,280.00	Competitive	6/8
Pole, Wood, C1, 50 ft. (143)	Stella-Jones Corp.	91,520.00	Competitive	8/9
Security and Traffic Control	Metro Nashville Police Dept.	150,000.00	Sole Source (1 Year)	N/A
Software and Hardware Maintenance and Support	Itron, Inc.	54,810.70	Sole Source (1 Year)	N/A
Terminator 3 2/0 AT & 4/0 AT Hole (460)	Border States Industries	86,815.80	Competitive Sole Brand	4/7
TOTAL		\$1,595,622.50		

LINE ITEMS

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Overflow Call Center Services	iVox Solutions	\$5,800,000.00	Addition (New NTE \$7,840,000.00)	N/A
TOTAL		\$5,800,000.00		

Signed by: 
Attested by: 
David Frankenberg, Secretary

All above items have been processed in accordance with Board approved policy and applicable rules and regulations.

**MINUTES OF THE
ONE THOUSANDTH THREE HUNDREDTH AND SIXTY SEVENTH MEETING
ELECTRIC POWER BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
ANNUAL MEETING HELD JULY 23, 2025**

The annual meeting of the Electric Power Board was held Wednesday, July 23, 2025.

Members Present: Board Chair Michael Vandenberg, Casey Santos, Clifton Harris, and attending virtually was Anne Davis.

Officers present: Teresa Broyles-Aplin, Laura Smith, David Frankenberg, Dr. Trish Holliday and Brent Baker.

Chair Vandenberg called the meeting to order at 9:07 a.m.

ELECTION OF ELECTRIC POWER BOARD CHAIR AND VICE CHAIR

Chair Vandenberg referenced a bylaw in NES's governance documents stating that the member serving their fifth year will assume the role of Chair, and the member in their fourth year will become Vice-Chair, barring a different decision by the Board.

Upon motion by Member Harris and seconded by Member Santos, the Board approved the nomination of Anne Davis, as Chair of the Electric Power Board for fiscal year 2026 with four ayes and zero nays.

Upon motion by Member Davis and seconded by Member Harris, the Board approved the nomination of Casey Santos, as Vice Chair of the Electric Power Board for fiscal year 2026 with four ayes and zero nays.

As Board Chair, Anne Davis confirmed Rob McCabe as Chair of the Audit and Ethics Committee for Fiscal Year 2026.

REPORT ON PAST 12 MONTHS' OPERATIONS

2025 Company-Wide Accomplishments

Teresa Broyles-Aplin recognized the broad range of employee accomplishments throughout Fiscal Year 2025, emphasizing their alignment with NES's mission to be a high-performing utility in reliability and customer satisfaction. She also highlighted the organization's growing commitment to community impact through sustainability, economic development, and improved quality of life. She noted that the achievements outlined in the report represent only a fraction of the full list, which was included in the board materials.

Member Davis remarked that NES achieved so much over the past year that it is impossible to capture every accomplishment. She highlighted the impressive impact of the Home Uplift

Program, which provided \$1.4 million in energy efficiency upgrades for more than 1,800 homes, along with over \$2 million contributed toward bill assistance programs. She expressed her appreciation for these outstanding efforts.

2025 Financial Operations

David Frankenberg delivered a summary of Financial Operations for Fiscal Year 2025, fulfilling the Board's annual reporting requirement under the Charter. He noted this is the initial draft of the FY 2025 analysis, with formal inclusion slated for the audited financial report later in the year.

Mr. Frankenberg reported that sales, as well as purchased power, had increased compared to last year, driven by TVA's rate increases, higher fuel costs, and a 3% rise in volume. Overall margin increased by approximately \$21 million compared to the prior year, while the net gain totaled \$101 million, about \$26 million lower than the previous year. He stated that the internal team will be working with PricewaterhouseCoopers (PwC) to issue the financial statements later this Fall.

RECESS AND RECONVENE

The Board recessed and reconvened immediately following the meeting of the Board of Trustees for Other Post-Employment Benefits Trusts.

Upon motion by Member Santos and seconded by Member Harris, the Board ratified the actions taken in the meeting of the Trustees for Other Post-Employment Benefits Trusts with five ayes and zero nays.

ADJOURNMENT

The Annual meeting adjourned at approximately 9:17 a.m.

Approved,

Chair

Attest:

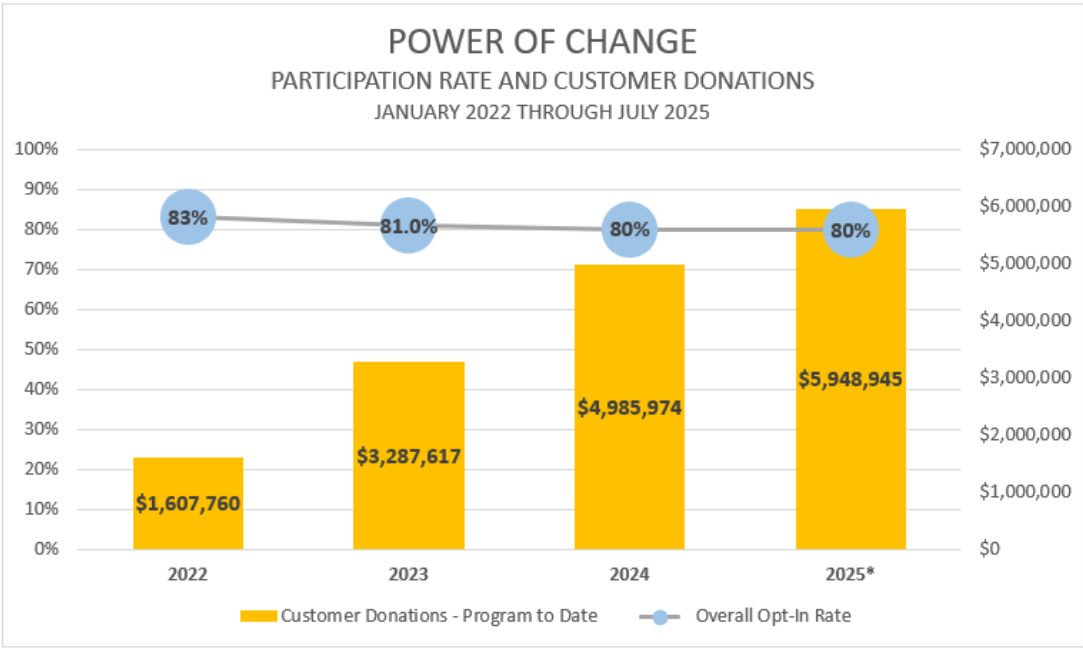
Secretary

Discussion Items

**QUARTERLY HOME UPLIFT – POWER OF CHANGE UPDATE
AND FUNDING REQUEST**

Power of Change

Since program inception in January 2022, NES customers have donated over \$5.9 million to the Power of Change program. These donations are remitted monthly to Pathway Lending for inclusion in the Home Uplift program for weatherization and energy efficiency purposes. The customer participation rate of 79.8 percent continues to exceed the required 70 percent participation rate. The chart below shows cumulative customer donations and participation rates since program inception.



* Data is through July 2025.

Home Uplift

The Home Uplift program funds home energy efficiency upgrades and weatherization measures that reduce low-income customers’ energy burdens and lowers energy carbon emissions while providing health benefits and improving quality of life. Current weatherization measures include HVAC and ductwork repair or replacement, insulation, air sealing, windows and doors, LED lightbulbs, and electric water heaters. Quality of life improvements include better air quality, humidity reduction in the home, reduction in thermal stress, and improved overall comfort. The weatherization and efficiency measures also enable participants to enjoy use of their homes more fully during summer and winter months.

Through July 2025, total funding for Home Uplift approximates \$19.4 million, of which \$17.9 million has been expended to install weatherization and energy efficiency measures. Administrative costs, such as CLEAResult program administration and Pathway Lending disbursement accounting and audit procedures, are covered by TVA outside of Home Uplift funding. Through July 2025, 1,872 homes have received Home Uplift weatherization and energy efficiency measures with 28 homes in progress.

The average spend per home, energy saving, and carbon impact statistics are as follows:

Completed Home Statistics		
	Single Home Stats	Program to Date
Average amount spent per completed home or total spend	\$9,893	\$17,881,089
TVA calculated average energy (kWh) savings (annual)*	3,740	11,694,986

* Determined by DNV (TVA's independent third-party data provider), energy saving calculations are based on industry best practices and measurement type installed.

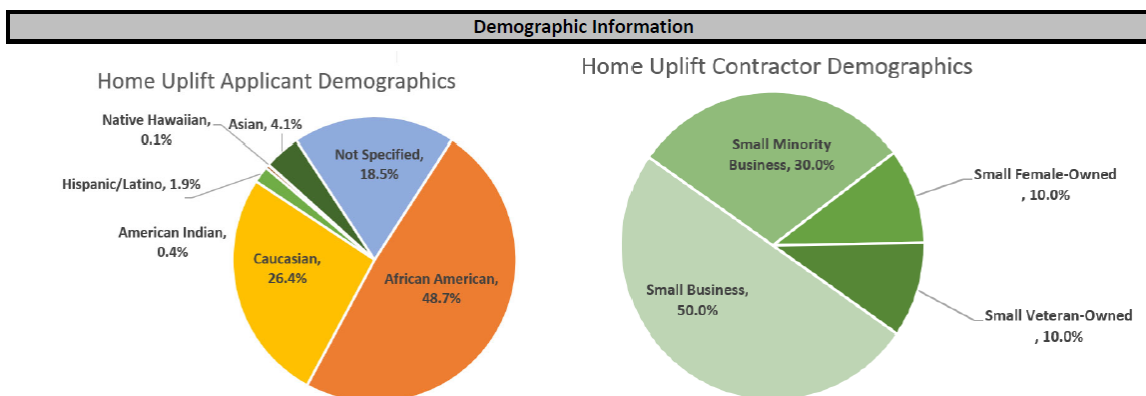
Applications and Demographics

NES Corporate Communication, CLEAResult, and TVA plan to hold monthly events during which customers are provided program information and assisted with any questions and documentation requirements.

Due to the numerous program events and marketing efforts, the Home Uplift program has a wait list of 193 approved participants and CLEAResult is working with over 570 customers on applications that are in the review queue. New applications are primarily received through the online portal and NES and CLEAResult are actively working with participants on missing or incomplete documentation.

Application Statistics	
Received (<i>not reviewed</i>)	1
Incomplete (<i>lacks required documentation or information</i>)	577
Waitlist (<i>approved, but not started</i>)	193
In Progress (<i>started, but not completed</i>)	28
Completed (<i>total since inception</i>)	1,872

Both applicant and contractor demographics are tracked by CLEAResult and are shown in the charts below. Demographic information is requested from applicants, but not required. Specific contractor demographics are not required by CLEAResult.



Recommendation

Annually, TVA determines the amount of available funding for the Home Uplift program and for fiscal year 2026, TVA's maximum program donation is \$899,822. To make the program donation, TVA requires a matching donation from NES. Management recommends contributing to Home Uplift the amount budgeted for fiscal year 2026 of \$1,200,000. These funds will be derived from non-electric revenue.

Donations from TVA and NES are made to TVA's partner, Pathway Lending, which handles the accounting, expense verification, and auditing functions of the Home Uplift program.

RECOMMENDATION FOR PROFESSIONAL SERVICES FOR ENGINEERING TECHNICAL STAFF AUGMENTATION

The Engineering Department of NES evaluated twelve (12) qualified proposals for Engineering Technical Staff Augmentation Services on a project assignment basis, for engineering related work on the distribution/transmission systems.

The criteria on which the firms were evaluated included:

- Engineering Qualifications
- Experience with Scope of Services
- Personnel Competence
- Previous Project Experience

An RFQ evaluation committee comprised of representatives from the Engineering Department and the Procurement Section was established. The RFQ committee recommends entering into contracts with TRC Environmental Corporation, DRG Technical Solutions, and Patterson & Dewar Engineers, Inc.

For TRC Environmental Corporation, the committee is recommending a five (5) year contract beginning November 1, 2025, through September 30, 2030. The contract shall not exceed \$20,000,000.00.

For DRG Technical Solutions, the committee is recommending a five (5) year contract beginning November 1, 2025, through September 30, 2030. The contract shall not exceed \$5,000,000.00.

For Patterson & Dewar Engineers, Inc, the committee is recommending a five (5) year contract beginning November 1, 2025, through September 30, 2030. The contract shall not exceed \$5,000,000.00.

Management recommends approval of these contracts with TRC Environmental Corporation, DRG Technical Solutions, and Patterson & Dewar Engineers, Inc.

**Recommendation of Purchases and Contracts
at the Meeting on Wednesday August 27, 2025**

**Management recommends Board approval
of the following purchases and contracts:**

Total Materials and Supplies Purchases	\$622,800.00
Total Contracts and Services	\$1,958,650.50
Total Additions, Extensions, and Changes	\$4,655,000.00
Total Ratified Purchases and Contracts	\$2,496,841.70
TOTAL	\$9,733,292.20
Total Line Items	\$30,000,000.00

MATERIALS AND SUPPLIES PURCHASES

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Conductor, Aluminum, 25KV EPR 4/0 W/CN 3CP AWG 19 Strand (36,000 circuit ft.)	Border States Industries	\$622,800.00	Competitive (1 Year) Blanket	3/8
TOTAL		\$622,800.00		

CONTRACTS AND SERVICES

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Health and Safety Management Software Platform	Origami Risk	*\$397,347.50	Competitive (5 Years)	8/5
Joint Use Agreement – Excess Heights	AT&T	350,000.00	Sole Source (5 Years)	N/A
System Implementer for ServiceNow IRM Module	Atos IT Solutions Services, Inc.	*861,303.00	Competitive (5 Years)	9/17
Vehicle and Equipment Tire Service	Southern Tire Mart	350,000.00	Competitive (1 Year)	1/7
TOTAL		\$1,958,650.50		

*Price includes a 10% contingency.

ADDITIONS, EXTENSIONS, AND CHANGES

<u>Item Description</u>	<u>Contractor</u>	<u>Additional Amount</u>	<u>Change Requested</u>
C2M Development Services	Pinnacle IT Consulting	\$1,000,000.00	Addition (New NTE \$3,000,000.00)
CCTV Material and Labor	Tristar Digital Connections	100,000.00	Addition (New NTE \$850,000.00)
Cellular Telephone Service	Cellco dba Verizon Wireless	150,000.00	Addition (New NTE \$370,000.00) Extension (4 Months)

All above items have been processed in accordance with Board approved policy and applicable rules and regulations.

August 27, 2025

Janitorial Services	Bestway Services, Inc.	2,300,000.00	Addition (New NTE \$6,500,000.00)
Non-Warranty Parts and Service for Construction Equipment	Forklift Systems LiftOne, LLC Parman Tractor & Equip. Sherman Reilly, Inc. Tennant Sales Service, Co. Thompson Machinery Vermeer Heartland	100,000.00	Addition (New NTE \$400,000.00)
Non-Warranty Repair Parts and Service for Aerial Device and Mounted Equipment	Altec Industries Hiab, Inc. Nesco, Inc. Palfinger USA, LLC Terex Utilities South, Inc. UTV International Utility Equipment Service	640,000.00	Addition (New NTE \$3,940,000.00)
Non-Warranty Repair Parts and Service for Trucks	Clark Power Services Cumberland International Cummins Crosspoint Freightliner of Arizona MHC Tennessee Kenworth McMahon Truck Center	220,000.00	Addition (New NTE \$2,788,341.71)
OEM Repair Parts for Various Make/Model Vehicles and Equipment	Ken Smith Auto Parts Mid-Tenn Ford Town & Country Ford	145,000.00	Addition (New NTE \$955,000.00)
TOTAL		\$4,655,000.00	

RATIFIED PURCHASES AND CONTRACTS

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Asbestos Abatement	Envirowerks, LLC	\$100,000.00	Addition (New NTE \$250,000.00)	N/A
Cabinet, Sectionalizing, Three Phase, 25K (60)	Wesco Distribution	188,580.00	Competitive	7/5
Cable, ACSR Bare 795 36/1 (38,400 ft.)	Gresco	78,720.00	Competitive	7/8
Cable, Copper, 4/0 AWG, Soft Drawn (12,000 ft.)	Border States Industries	68,760.00	Competitive	5/23
Center of Excellence Advisory Services	RJS Consulting Services	250,000.00	Professional Service (1 Year)	N/A

All above items have been processed in accordance with Board approved policy and applicable rules and regulations.

August 27, 2025

Crossarm, Weathered Steel, 4"x4"x9'-4" (225)	Border States Industries	114,714.00	Competitive	5/6
Crossarm, Weathered Steel, 4"x6"x9'-4" (120)	Wesco Distribution	106,714.80	Competitive	3/7
Crossarm, Fiberglass, 4x6x10	Stuart C. Irby	60,412.50	Competitive	4/6
Doors and Hardware	Isenhour Door Products	100,000.00	Competitive (5 Years)	2/11
Emergency Roofing Repair	Baker Roofing Company	40,000.00	Addition (New NTE \$114,900.00) Extension (2 Years)	N/A
Energy to Community Project Facilitation	Greater Than Equal, LLC	150,000.00	Professional Service (17 Months)	N/A
Fasteners (Fleet)	Fastenal Company	40,000.00	Addition (New NTE \$105,000.00)	N/A
HVAC Supplies	Johnstone Supply	50,000.00	Addition (New NTE \$120,000.00)	N/A
Insulator, Guy Strain (2,880)	Wesco Distribution	91,612.80	Competitive (1 Year) Blanket	6/8
Legal Services	Adams & Reese LLP	150,000.00	Addition (New NTE \$225,000.00) Extension (1 Year)	N/A
PCB Contaminated Solid Waste Disposal	CWM, Inc. dba WM	50,000.00	Addition (New NTE \$200,000.00) Extension (2 Years)	N/A
Pole, Steel, H7, 90 ft. (6)	MD Henry Co., Inc.	72,708.00	Competitive	6/8
Pole, Wood, C4, 40 ft. (180)	Thomasson Company	50,940.00	Competitive	6/10
Regulated Waste Material Shipment and Disposal	Waste Management NS	N/A	Extension (1 Year)	N/A
Service to Develop a Comprehensive Data Strategy	HCL America	N/A	Extension (5 Months)	N/A
Spida Studio Software Subscription and Maintenance	Bentley Systems, Inc.	92,209.00	Sole Source (1 Year)	N/A

All above items have been processed in accordance with Board approved policy and applicable rules and regulations.

August 27, 2025

Sprinkler Maintenance and Repair	John Bouchard & Sons Co.	87,000.00	Competitive (3 Years)	3/5
Steel and Aluminum Bars, Length and Sheets	Loftis Steel & Aluminum	100,000.00	Competitive (1 Year)	1/17
Switch, Pad Mount, PMH-11, 125Bil, 600A, 25KV LB (3)	Wesco Distribution	103,515.00	Competitive	4/4
Transformer, Pad Mount, Single Phase, 13.8/23.9Y 240/120, DF 50 (10); DF 100 (10); DF 250 (4); 18.8/23.9Y 240/120, DF 50 (10)	Gresco	206,885.60	Competitive	5/8
Transformer, Pad Mount, Single Phase, 13.8/23.9Y 240/120, DF 167 (10)	Central Moloney	89,070.00	Competitive	5/8
Wash Bay Sediment Cleaning, Rinsing, and Disposal	Spectrum Environmental Services	15,000.00	Addition (New NTE \$85,000.00)	N/A
Wrecker Service	Dads Towing Service	40,000.00	Addition (New NTE \$65,000.00)	N/A
TOTAL		\$2,496,841.70		

LINE ITEMS

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Engineering Technical Staff Augmentation	DRG Technical Solutions	\$5,000,000.00	Competitive (5 Years)	12/18
Engineering Technical Staff Augmentation	Patterson and DeWar Engineering	5,000,000.00	Competitive (5 Years)	12/18
Engineering Technical Staff Augmentation	TRC Environmental Corp.	20,000,000.00	Competitive (5 Years)	12/18
TOTAL		\$30,000,000.00		

All above items have been processed in accordance with Board approved policy and applicable rules and regulations.

**NASHVILLE ELECTRIC SERVICE
MONTHLY FINANCIAL OVERVIEW
YEAR TO DATE AS OF JULY 31, 2025**

FINANCIAL RESULTS

<u>(millions)</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	\$ 161.5	\$ 152.5	\$ 9.0	5.9%
Purchased Power	(122.2)	(112.5)	(9.7)	8.6%
Sales Margin	\$ 39.3	\$ 40.0	\$ (0.7)	-1.8%
Operating Expenses	(22.4)	(23.2)	0.8	-3.4%
Other Revenues	2.6	2.4	0.2	8.3%
Depreciation	(8.9)	(9.7)	0.8	-8.2%
Taxes	(3.7)	(3.7)	-	0.0%
Interest Income	2.3	2.0	0.3	15.0%
Other Non-Operating Income	0.3	0.2	0.1	50.0%
Interest/Other Expense	(1.9)	(1.9)	-	0.0%
Change in Net Position	\$ 7.6	\$ 6.1	\$ 1.5	24.6%

Highlights

Margin - unfavorable primarily due to weather patterns/temperatures that were more extreme than forecasted

Operating Expenses - primarily due to favorability in IT shared services, outside services, OPEB & uncollectible accounts, offset by contract tree and grass, retirement & survivors, labor & medical

Other Revenues - favorable late fees and pole attachments, offset by lower turn on fees

Depreciation - timing of asset capitalization

Interest Income - investable balances and interest rates greater than planned

FINANCIAL GOALS

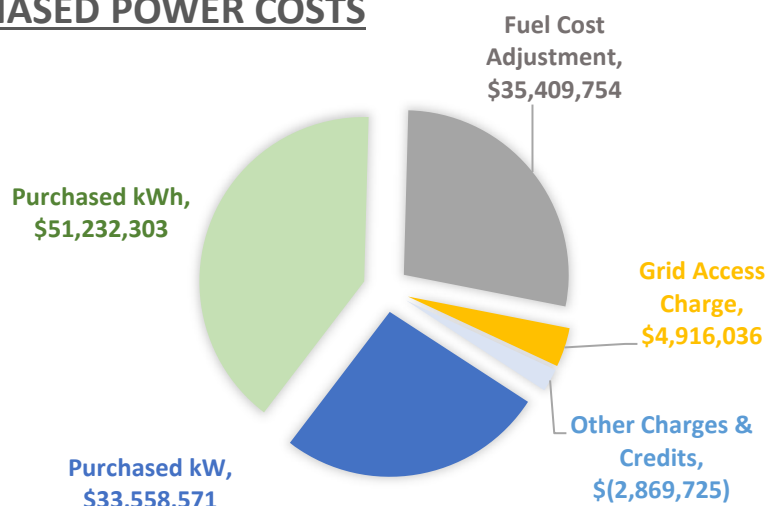
<u>GOAL</u>	<u>TARGET</u>	<u>ACTUAL</u>
Debt Service Coverage	2.0	3.6
Days Cash on Hand Value	\$349.5M	\$520.0M

**NASHVILLE ELECTRIC SERVICE
MONTHLY FINANCIAL OVERVIEW
YEAR TO DATE AS OF JULY 31, 2025**

WHOLESALE UNITS AND CHARGES

Purchased kW	2,657,450	\$	33,558,571	27.5%
Purchased kWh	1,364,401,784	\$	51,232,303	41.9%
Fuel Cost Adjustment		\$	35,409,754	29.0%
Grid Access Charge		\$	4,916,036	4.0%
Other Charges & Credits		\$	(2,869,725)	-2.3%
Total Purchased Power Costs		\$	122,246,939	

PURCHASED POWER COSTS



Units & Charges: Retail Sales vs. Wholesale Purchased

<u>Description</u>	<u>Retail</u>	<u>Wholesale</u>
kWh	1,260,297,336	1,364,401,784
KW	1,620,379	2,657,450
Sales / Purchases	\$ 161,516,897	\$ 122,246,939
FCA	\$ 33,885,487	\$ 35,409,754
Degree Days	526	579
Temperature at Peak	Various	Various

**NASHVILLE ELECTRIC SERVICE
MONTHLY FINANCIAL OVERVIEW
YEAR TO DATE AS OF JULY 31, 2025**

SALES VOLUME & CUSTOMER STATS

SALES VOLUME - MWH				
Sales Volume	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>	<u>%</u>
Residential	556,438	516,692	39,746	7.7%
Small Commercial	87,138	84,433	2,705	3.2%
Large Commercial	607,652	579,325	28,327	4.9%
Street & Highway Lighting	9,069	9,457	(388)	-4.1%
Total MWH Sales	1,260,297	1,189,907	70,390	5.9%

NUMBER OF CUSTOMERS	
Residential	428,941
Small Commercial	37,419
Large Commercial	7,223
Large Commercial BCD	44
Street & Highway Lighting	208
Total Number of Customers	473,835

CAPITAL BUDGET RESULTS

<u>(millions)</u>	<u>FY25 Budget</u>	<u>YTD Actuals</u>	<u>FY25 Balance</u>	<u>YTD % Budget</u>
New Business	20,031	235	19,796	1%
System Construction - Capacity	22,641	701	21,940	3%
System Construction - Reliability	1,641	4	1,637	0%
System Construction - Asset Mgmt	31,074	1,575	29,499	5%
Unplanned Replacements	20,137	1,113	19,024	6%
Relocations	6,613	174	6,439	3%
Lighting Systems	20,651	361	20,290	2%
Meters	6,447	1,122	5,325	17%
Transformers	41,100	2,266	38,834	6%
Equipment & Facilities	48,756	291	48,465	1%
Total Capital Budget Results	219,091	7,842	211,249	4%

**NASHVILLE ELECTRIC SERVICE
QUARTERLY ASSET MANAGER'S REPORT
JUNE 30, 2025**

Pension Results for the Quarter

The NES Plan had a gain of 7.61 percent for the quarter as compared to a gain of 8.13 percent for the dynamic index. A summary of the results for the funds follows (benchmark indexes are italicized):

<u>Description</u>	<u>Balance</u>	<u>Quarter Ended June 30, 2025</u>	<u>12-Months Ended June 30, 2025</u>	<u>Since Inception July 31, 2001</u>
<u>Large Cap</u>				
S&P 500 Index Fund	\$163,782,794	10.94%	15.11%	13.10%
<i>S&P 500 Index</i>		<i>10.94%</i>	<i>15.16%</i>	<i>13.14%</i>
US All Cap Factor Equity	\$71,103,472	9.43%	17.27%	17.96%
<i>Russell 3000</i>		<i>10.99%</i>	<i>15.30%</i>	<i>16.55%</i>
SEI Extended Market Index Fund	\$28,346,947	12.29%	16.01%	9.69%
<i>Russell Small Cap Completeness Index</i>		<i>12.38%</i>	<i>16.18%</i>	<i>9.62%</i>
<u>Small-Mid Cap</u>				
SEI Small-Mid Cap Fund	\$14,102,406	5.84%	5.82%	10.94%
<i>Russell 2500</i>		<i>8.59%</i>	<i>9.91%</i>	<i>11.54%</i>
<u>International</u>				
SEI World Equity Ex-US Fund	\$184,246,135	10.86%	20.24%	7.49%
<i>Net MSCI All Country World Ex-US</i>		<i>12.03%</i>	<i>17.72%</i>	<i>6.32%</i>
<u>Bonds</u>				
SEI Core Fixed Income Fund	\$120,049,451	1.32%	6.56%	4.19%
<i>Barclay US Aggregate</i>		<i>1.21%</i>	<i>6.08%</i>	<i>3.56%</i>
Limited Duration Fund *	\$56,430,970	1.42%	6.50%	5.25%
<i>ICE B of A ML 1-3 Year Treasury</i>		<i>1.18%</i>	<i>5.69%</i>	<i>4.27%</i>
SEI High Yield Bond Fund	\$35,434,467	3.27%	10.76%	7.17%
<i>SEI US HY Historical Blend</i>		<i>3.57%</i>	<i>10.28%</i>	<i>6.38%</i>
SEI Emerging Markets Debt Fund	\$35,367,500	6.59%	14.19%	4.95%
<i>Emerging Markets Debt Index</i>		<i>5.47%</i>	<i>11.93%</i>	<i>4.14%</i>
Cash	\$3257			
Composite	\$708,867,398	7.61	13.92%	6.58%
Net Dynamic Index		8.13	13.25%	6.79%

‘*’ Fund established in May 2023

Individual Fund Performance

US All Cap Factory Equity underperformed its index by 1.56 percent. Low volatility, quality and value underperformed the benchmark.

SEI Small-Mid Cap Fund underperformed its index by 2.75 percent. Extreme activity occurred in the second quarter, from lows in April to a 35% rise in the Nasdaq at the end of June, a pace not seen since the last Dot Com Bubble. As a result of the pause in tariffs following “Liberation Day” all positive returns from Q1 were sharply reversed.

World Equity Ex-US Fund underperformed its index by 1.17 percent. The Fund faced value and quality headwinds over the quarter, pared by momentum tailwinds. An underweight to semiconductor manufacturer TSMC, which rose approximately 35% over the quarter, proved costly.

SEI Emerging Markets Debt Fund outperformed its index by 1.12 percent. The fund gained on overweights to duration (local interest rate positions in South Africa and Brazil), outperforming hard-currency high-yield debt (Ecuador and Argentina) and rallying emerging market foreign currencies.

Asset Allocation

The Plan’s asset allocation for the quarter’s end consists of 39 percent domestic equity, 35 percent fixed income, 26 percent foreign equity, and less than one percent cash. The investment strategy goal is to have no more than one percent of the fund in cash.

<u>Manager</u>	<u>Benchmark Index</u>	<u>Market Value (Millions)</u>	<u>Goal %</u>	<u>Actual %</u>
S&P 500 Index Fund	S&P 500	\$163.7	23.0%	23.1%
US All Cap Factor Equity	Russell 3000	\$71.1	10.0%	10.0%
SEI Extended Market Fund	Russell Small Cap	\$28.3	4.0%	4.0%
SEI Small-Mid Cap Fund	Russell 2500	\$14.1	2.0%	2.0%
SEI World Equity Ex-US Fund	MSCI All Country World X-US	\$184.2	26.0%	26.0%
Core Fixed Income Funds	Barclays Aggregate	\$120.0	17.0%	16.9%
Limited Duration Fund	ICE B of A	\$56.4	8.0%	8.0%
SEI High Yield Bond Fund	SEI US HY Historical Blend	\$35.4	5.0%	5.0%
SEI Emerging Markets Debt Fund	JPM EMBI Global Diversified/JP M GBI EM	\$35.3	5.0%	5.0%
Cash		\$.3	0.0%	0.0%
Total		<u>\$708.8</u>	<u>100.0%</u>	<u>100.0%</u>

Dynamic Index

The Pension Plan, OPEB Plan, and the 401(a) Plan use a dynamic benchmark index representing a fund currently consisting of 23 percent S&P 500 Index, 10 percent Russell 3000 Index, 4 percent Russell Small Cap Completeness Index securities, 2 percent Russell 2500 Index, 26 percent MSCI All Country World Ex-US Index, 17 percent Bloomberg Barclays US Aggregate Bond Index, 8 percent ICE Bank of America 1-3 year Treasury Index, 5 percent Historical Blend High Yield Bond Index and 5 percent Emerging Markets Debt Index.

OPEB (Other Post-Employment Benefits) Trust Results for the Quarter

The composite result for the OPEB trust had a gain of 7.60 percent as compared to the dynamic index which had a gain of 8.13 percent. The OPEB trust held \$286.9 million of assets as of June 30, 2025. The asset mix mirrors the Pension Plan allocation.

401(a) Defined Contribution Trust Results for the Quarter

The composite result for the 401(a) Trust had a gain of 8.11 percent as compared to the dynamic index which had a gain of 8.13 percent. The 401(a) Trust held \$49.8 million of assets as of June 30, 2025.

REPORT ON INVESTMENT PROGRAM AND INVESTMENT ACTIVITY

The NES investment policy requires Management to present an annual report on the investment program and investment activity to the Board within 90 days of the end of the fiscal year. Such report shall include a twelve-month comparison of returns and include an investment plan for the ensuing fiscal year. The following report is in response to this requirement.

Twelve-Month Comparison of Returns

Management monitors three different interest rate benchmarks: 1) The 90 day U.S. Treasury Bill which is the goal, 2) The State of Tennessee's Local Government Investment Pool (LGIP) which is an investment pool managed by the State of Tennessee's Treasurer and invests in short term U.S. Treasury products, offering more liquidity similar to a money market type fund, and 3) The earnings rate offered by Tennessee Valley Authority (TVA) for power companies who want to prepay their purchased power bill.

NES investment returns averaged 4.87 percent which was 25 basis points (bps) higher than the average 90-day U.S. Treasury Bill benchmark's return of 4.62 percent. The average rate of return was comparable to the LGIP and TVA benchmarks. The table below shows average rates for the twelve months ended June 30, 2025.

AVERAGE INVESTABLE BALANCE	YTD INTEREST INCOME	AVERAGE RATE OF RETURN	AVERAGE 90-DAY T-BILL RATE	LGIP RATE	TVA RATE
\$442,925,000	\$21,944,000	4.87%	4.62%	4.66%	4.62%

Average 90-day Treasury bill rates ranged between 4.32 percent in April 2025 and 5.43 percent in July 2024. As of June 30, 2025, the bank interest rates were approximately 4.50 percent, Federal Funds Rates were 4.33 percent to 4.45 percent, and the 90-day Treasury Bill rate was 4.41 percent.

Investment Structure

NES has a short-term investment policy that has a principal-preservation focus. Investment maturities are restricted to terms of no more than two years to reduce exposure to interest rate volatility. Investment instruments that are authorized by the Tennessee Code Annotated are limited to the following: United States treasury securities and other obligations guaranteed by the federal government or its agencies, collateralized certificates of deposit or other collateralized bank deposits, bonds of the State of Tennessee and institutions under its control, bonds of any county or municipal corporation of the State of Tennessee, prime bankers' acceptances, prime commercial paper, and the State's LGIP. Management utilizes these conservative investment options to earn interest on funds held in the General Fund.

Funds held in depository accounts are required to be secured under State of Tennessee ("State") statute. Deposits held by financial institutions must be insured by the FDIC or secured and collateralized by the institutions. The collateral must meet certain requirements and have a total minimum market value of up to 105 percent of the value of the deposits placed in the institutions

less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State's collateral pool.

Currently, all of NES' bank deposits are held by financial institutions which are FDIC insured or participate in the bank collateral pool administered by the State Treasurer. Public-fund accounts covered by the State's pool are considered to be insured for purposes of credit risk. As of June 30, 2025, NES has an investment of \$6.9 million in the State's LGIP and intends to keep a nominal amount in that account so that it is immediately available.

Investment Strategy for Fiscal 2026

NES expects to continue to hold cash at the bank as a primary means of achieving its investment objectives. The bank contract awarded in June of 2020 guarantees variable interest tied to the Federal Funds rate (upper limit) plus five basis points with a minimum of 30 bps on the first \$200 million on deposit. Those deposits are held in an FDIC insured network of approximately 800 banks such that no one bank's deposit is greater than the \$250,000 FDIC insured limit. All other cash in bank earns a variable interest tied to the Federal Funds rate (upper limit) minus five basis points with a minimum of 20 bps based and is collateralized through the State's collateral pool. NES will retain its investment in the LGIP so that this vehicle is available as an option.

NES will continue to evaluate options to purchase U.S. Treasury and U.S. government agency securities and commercial paper keeping in mind the risks associated with market rate volatility.

OPERATIONS REPORT

Fourth Quarter

Fiscal 2025 Summary

Description	Fiscal Year 2025 Goal	Results as of 6/30/2025*
(Goals Met are in Bold)		
<u>SAFETY</u>		
Recordable Injuries per 200,000 man-hours worked	No more than 3.8	3.0
At-Fault Vehicle Accidents per one million miles driven	No more than 4.3	3.0
NES Safety Index	No more than 90.0	66.4
<u>RELIABILITY TARGETS</u>		
System Average Interruption Duration Index - SAIDI	Range of IEEE 2 nd quartile is 84 to 119 minutes	85.94
Customer Average Interruption Duration Index - CAIDI	Range of IEEE 1 st quartile is less than 109 minutes	88.88
System Average Interruption Frequency Index - SAIFI	Range of NES standard of 0 to 1.63 events	0.97
Average System Availability Index - ASAI	Range of IEEE 2 nd quartile is 99.9774% to 99.9840%	99.9836%
<u>CUSTOMER SERVICE</u>		
Percentage of Calls Answered (Combined)	Not less than 90 percent	95%
Percentage of Calls Answered (Rep Only)	Not less than 80 percent	87.33%
Average Speed of Answer (Combined)	120 seconds or less	49.33
Average Speed of Answer (Rep Only)	210 seconds or less	149
Grade of Service (Combined)	Not less than 75 percent	88.33%
Grade of Service (Rep Only)	Not less than 50 percent	68.66%
<u>FINANCIAL**</u>		
Operations & Maintenance Expense per customer	Less than \$633.93 per customer	\$577.98
Distribution Expense per customer	Less than \$260.66 per customer	\$241.60
Customer Service Expense per customer	Less than \$95.33 per customer	\$82.80
Administrative & General Expense per customer	Less than \$277.95 per customer	\$253.57
Capital Expenditures	\$255.18 million	\$212.31 million
Days in Receivables	25 days or less	23.33 days

*All amounts based on rolling twelve months unless otherwise noted

** Excludes non-cash retirement cost impacts

MANAGEMENT’S DISCUSSION AND ANALYSIS OF THE FOURTH QUARTER OPERATIONS

SAFETY

All three Safety Goals for the 4th quarter were met. Recordable injuries for the 4th Quarter 2025 continued to support the overall downward trend for the fiscal year end. The NES Safety team continued to roll out employee safe work behavioral management processes with the Transmission and Distribution employees.

Overall, the total recordable injuries over a 4-fiscal year period continues a small trend down (29% below the FY23 high point). The at-fault vehicle crashes over a 4-fiscal year period are nearly flat with an inappreciable downward trend (although 9% below the FY23 high point).

RELIABILITY

Engineering and Operations started a new reliability initiative this year to address our under-performing circuits. The program focuses on specific areas on the NES system that have seen reduced reliability. While NES maintains robust vegetation management and asset management system-wide programs, this initiative puts added focus on specific areas and develops tailored jobs to address the root causes, such as enhanced trimming, equipment maintenance, or replacement of damaged infrastructure to create better reliability for our customers.

This program has helped NES meet all four of the reliability goals for the quarter despite the active storm season this Spring. NES customers experienced 38,970,491 minutes out the last 12 months, which was a 28% decrease from the previous 12 months. We also saw a 30% improvement in sustained outages with 438,425 in the last 12 months compared to 626,652 customers in the previous 12 months. This year,

Additionally, we trimmed 348 miles to finish out the year at approximately 690 miles. While this was lower than the projected annual miles, we were able to drastically increase production by trimming 348 miles in the 4th quarter due to completing some of the largest circuits on the system last quarter which cover difficult terrain. As a result, we have realized positive improvements to our reliability indices. Our vegetation management vendor (ABC Professional Tree Services, Inc) has ramped up resources this year and currently has 39 crews on the system. They are averaging 25-30 miles completed per week, positioning us for a strong start to FY26.

The following table provides the relevant statistics for the twelve-month rolling average.

Description	Last Twelve Months	Previous Twelve Months
Number of Active Meters	458,915	445,992
Total Customers Interrupted	2,081,878	2,327,377
Total Customer-Minutes Out	38,970,491	53,697,116
Customer’s Interrupted (Momentary)	1,643,453	1,700,725
Customer’s Interrupted (Sustained)	438,425	626,652

CUSTOMER RELATIONS

Customer Relations had a strong performance this quarter, answering a total of 527,500 calls between April and June. We are proud to report that all six of our quarterly performance goals were successfully met. To maintain consistent service levels, we continued our strategy of supplementing our call center workforce with contract employees. This approach allows us to manage staffing gaps due to illness and respond effectively to higher-than-average call volumes. As of this quarter, 22 contract employees are actively supporting our call center operations.

Advisor Achievements

We are pleased to recognize several outstanding accomplishments among our advisors:

- Two team members received *Advisor of the Month* honors.
- One contract advisor was recognized as *Contract Advisor of the Month*.
- Nine advisors earned *Pacesetters Club* status.
- Thirty-two advisors achieved *100 Percenters Club* status.

Additional Highlights

- In June 2025, NES resumed the severance process (DNP). The first disconnection occurred later due to the weather moratorium and holidays.
- Successfully launched the *Impact for Insulation Program* for residential customers.
- Customer Relations received three 5-star reviews on Google, reflecting our team's ongoing commitment to delivering excellent service.

CORPORATE COMMUNICATIONS

- Managed all communications during severe weather events in May and June, including social media, customer emails, and statements to the media.
- Coordinated 95 touchpoints with media regarding power outage updates, severe weather, energy-saving tips, energy curtailment and TVA EnergyRight programs.
- Published 27 positive stories on NESPowerNews.com. Quarterly website unique visitors came in at 5,186 which included 9,506 page views.
- Posted 381 social media posts on Facebook, Instagram and X regarding Home Uplift, electrical safety and reliability, storm safety, weather warnings, outage alerts, community involvement and events, website tools, scam prevention and energy-savings tips.
- Gained 450 new followers on Facebook, 306 followers on X and 107 followers on Instagram.
- Deployed 5 general customer emails to an average of 285,124 customers with an average open rate of 52%. We also sent one campaign email (TVA EnergyRight) to 12,783 customers with an open rate of 37%.

FINANCIAL

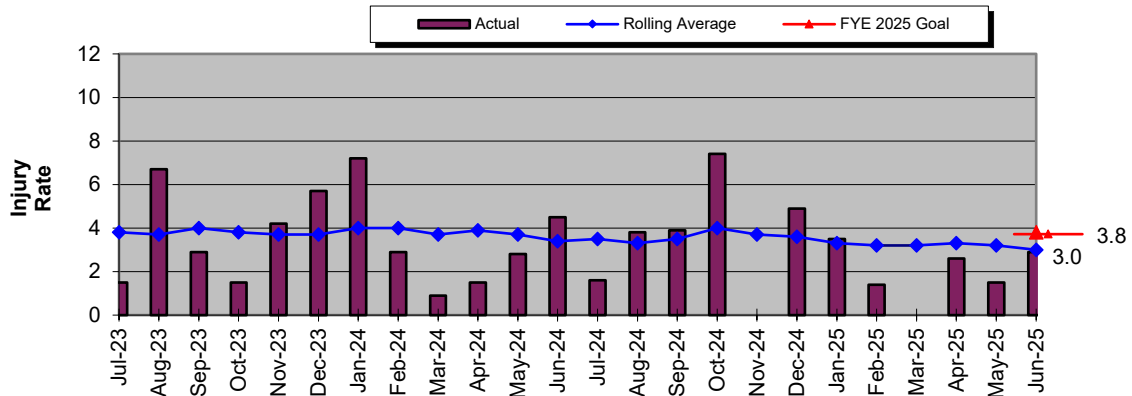
Financial goals are established based on the annual budget approved by the Board in May of each year. The Operation and Maintenance Expense and the Administrative and General Expense goal and actual expense calculations both exclude non-cash retirement costs in their calculations.

We met all six of our financial goals for the annual reporting period.

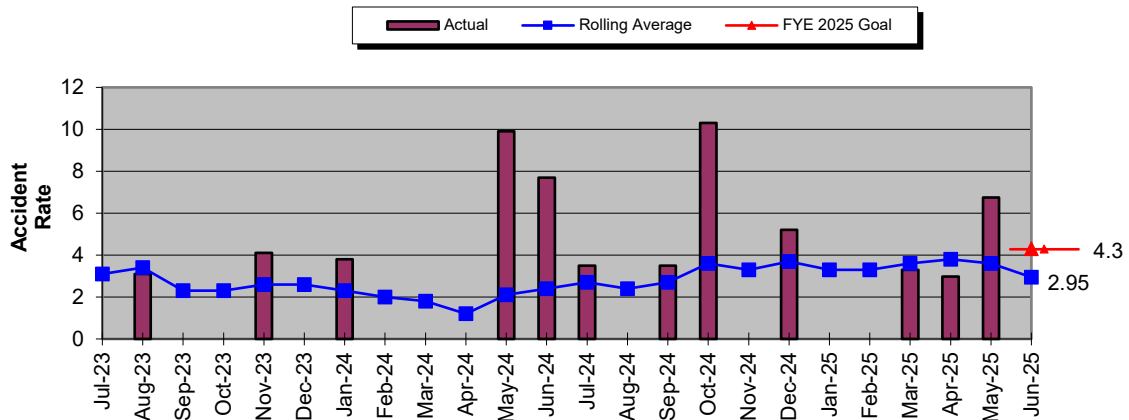
		June YTD Actual	June YTD Budget	Over (Under)	Explanations
	Total Operating Expenses	276,473,000	271,999,000	4,474,000	
	Labor	92,584,000	89,569,000	3,015,000	Over budget primarily due to timing of leave usage, accrual adjustment, more regular overtime and storm labor, offset by fewer employees than planned.
3	Temporary Agency Services	1,384,000	2,000,000	(616,000)	Temporary agency services lower than planned.
12	Travel	395,000	638,000	(242,000)	Under budget due to less travel required than budgeted.
14	Education and Training	1,094,000	1,448,000	(354,000)	Less education required than budgeted.
16	Outside Services	25,011,000	29,506,000	(4,495,000)	Under budget due to services not incurred, offset by greater contractor costs.
19	Postage	1,972,000	2,110,000	(138,000)	Postage costs lower due to fewer mailings than projected.
20	Materials & Supplies	3,849,000	4,361,000	(512,000)	Material usage less than planned.
21	Software/Hardware Maintenance	1,008,000	1,131,000	(123,000)	Lower software maintenance than estimated.
23	Professional Fees	2,244,000	2,717,000	(473,000)	Professional fees for legal & financial services less than anticipated.
29	Contract Tree & Grass	13,763,000	18,223,000	(4,460,000)	Under budget due to accrual adjustment and fewer miles trimmed than planned.
34	Accrual for Uncollected Accounts	908,000	3,500,000	(2,597,000)	Under budget due to recovery of receivables previously reserved as uncollectible.
38	Civic Involvement	1,727,000	1,129,000	598,000	Over budget primarily due to contributions greater than anticipated for customer's utility bill assistance program.
42	Medical*	9,592,000	12,415,000	(2,823,000)	Medical costs lower than planned, offset by overhead allocation less than budgeted.
44	Insurance Premiums*	1,973,000	2,219,000	(246,000)	Under budget due to favorable policy renewals, offset by overhead allocation lower than planned.
45	Retirement & Survivors*	67,969,000	32,275,000	35,694,000	Over budget due to COLA adjustment for retirees and greater actuarial report values, offset by favorable market adjustments and overhead allocation lower than planned.
46	Other Post Employment Benefits*	(3,070,000)	5,627,000	(8,697,000)	Under budget due to favorable actuarial report values and GASB adjustments, offset by overhead allocation less than planned.
365	Information Technology*	37,081,000	45,395,000	(8,314,000)	Information technology costs lower than projected.
366	Accounting Work Order Transfers	382,000	534,000	(152,000)	Under budget due to greater transfers to Capital than anticipated.
	TOTAL	259,862,000	254,797,000	5,065,000	

*Amounts are net of absorbed overhead.

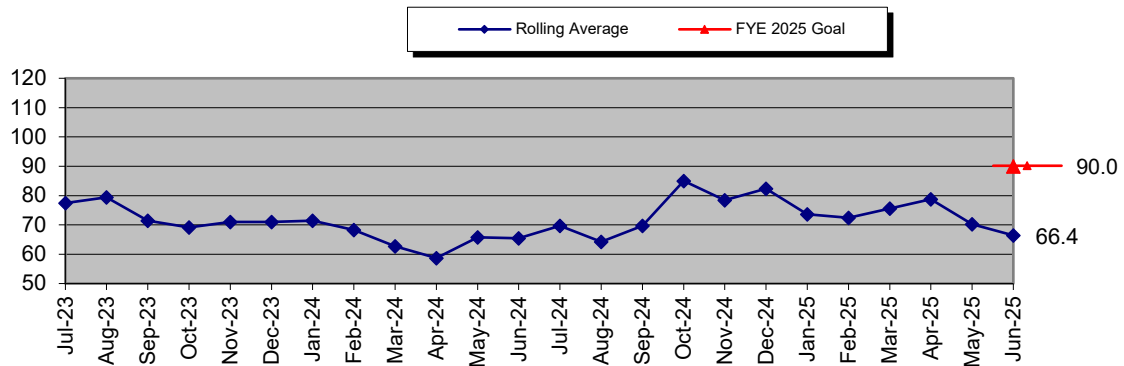
RECORDABLE INJURY RATE FISCAL YEARS ENDING JUNE 30, 2024 AND 2025



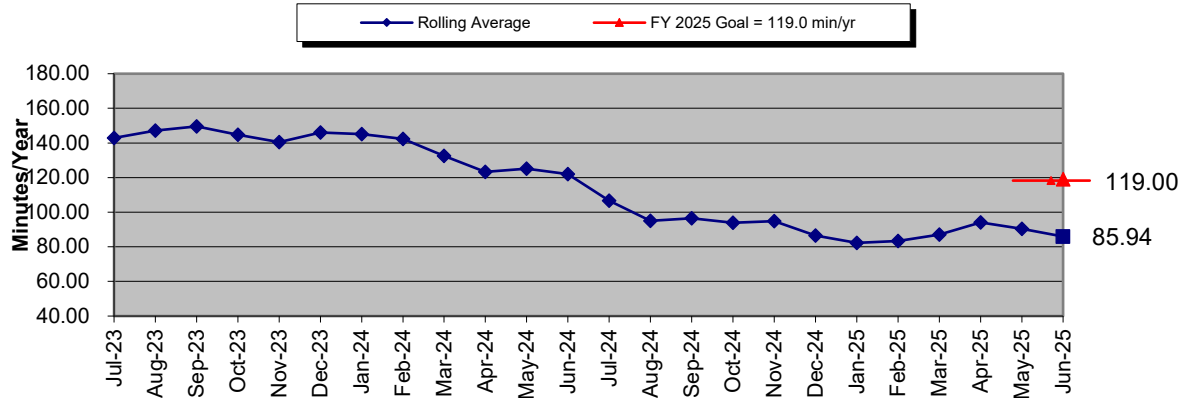
AT-FAULT VEHICLE ACCIDENT RATE FISCAL YEARS ENDING JUNE 30, 2024 AND 2025



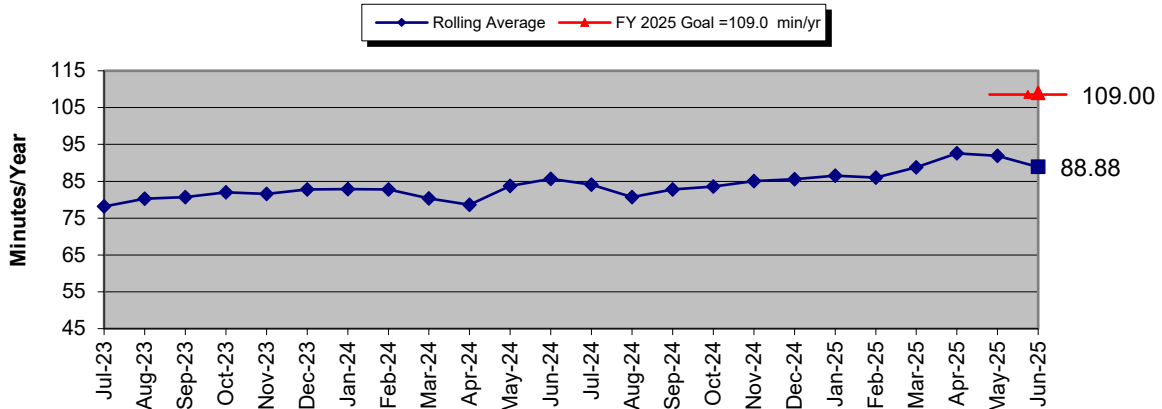
NES SAFETY INDEX ROLLING INDEX FISCAL YEARS ENDING JUNE 30, 2024 AND 2025



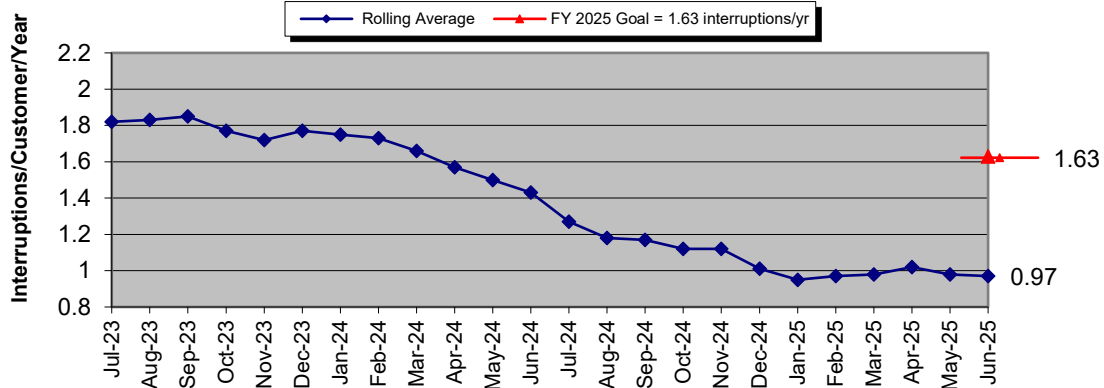
System Average Interruption Duration Index (SAIDI)-Moving 12 Month Minutes/Year



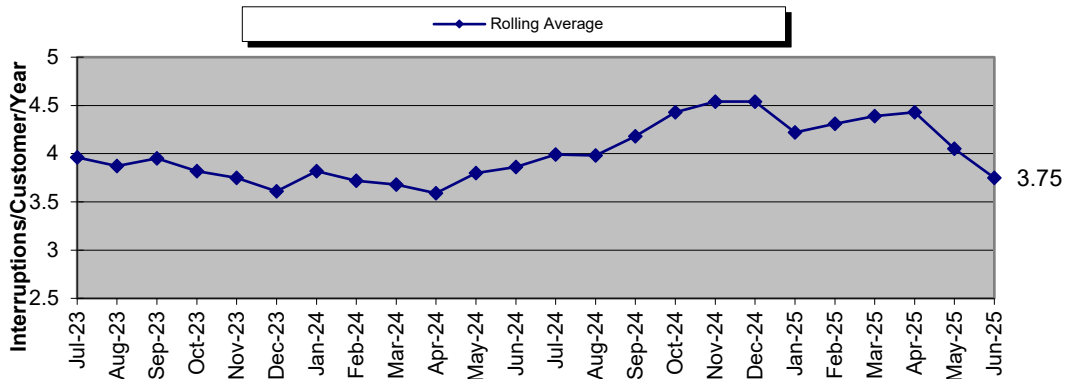
Customer Average Interruption Duration Index (CAIDI)-Moving 12 Month Minutes/Year



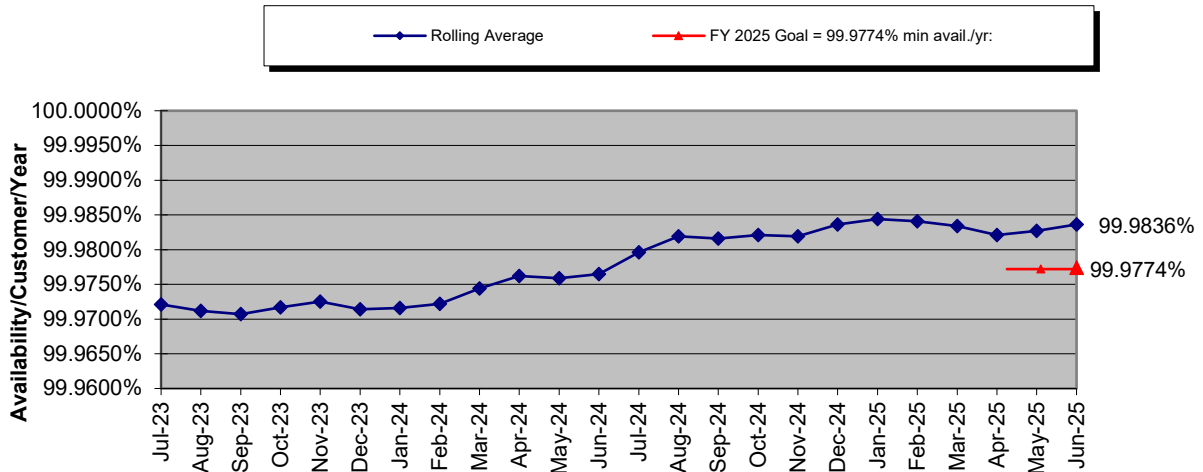
System Average Interruption Frequency Index (SAIFI)-Moving 12 Month Interruptions/Year

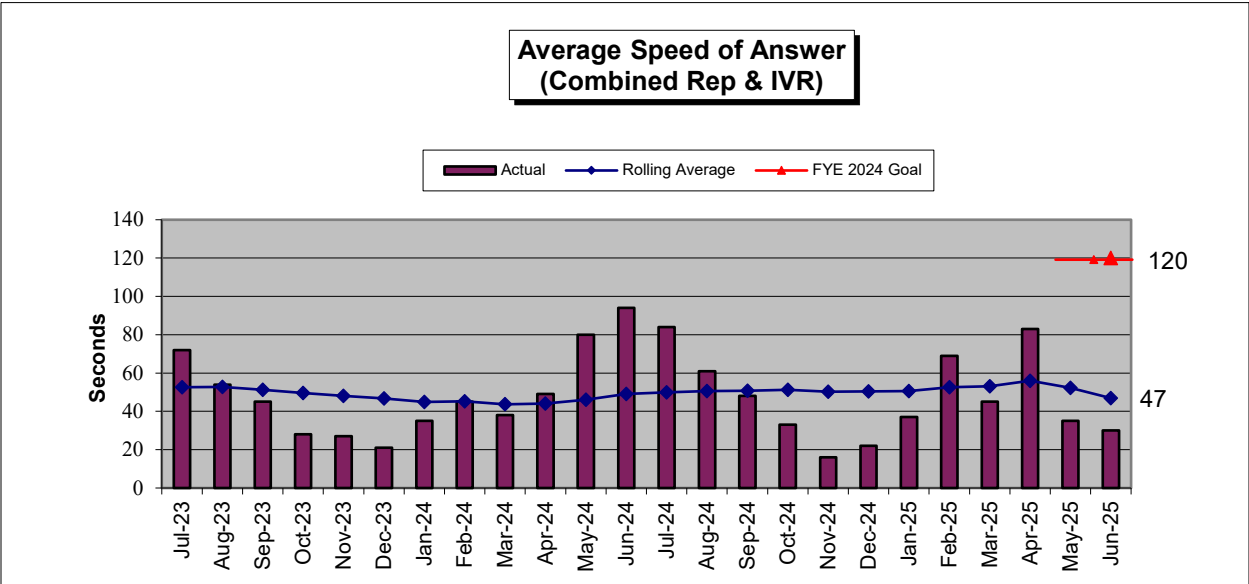
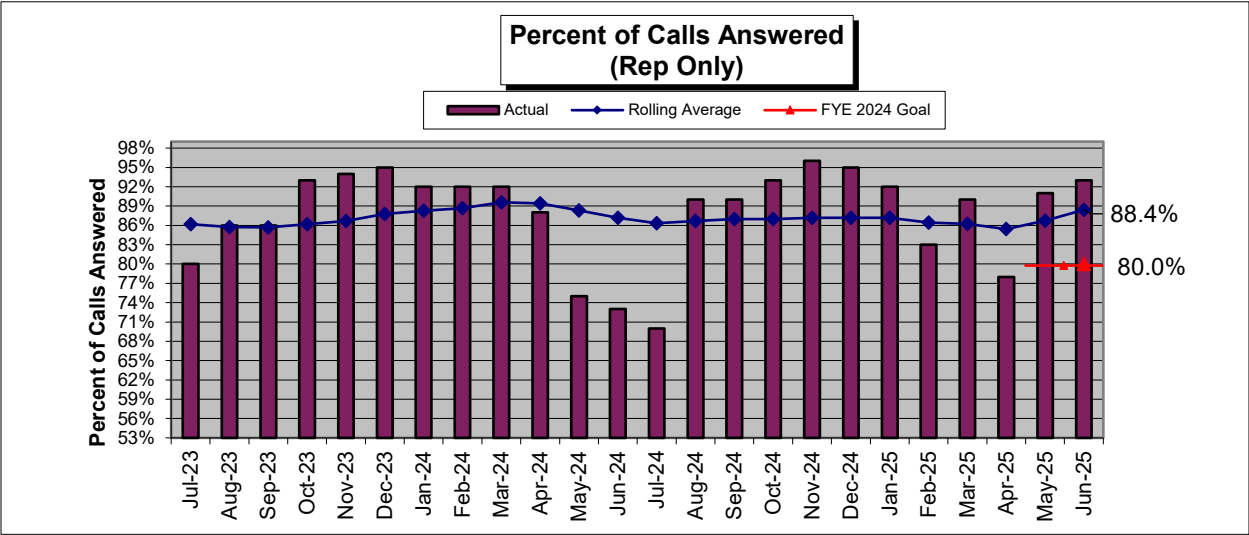
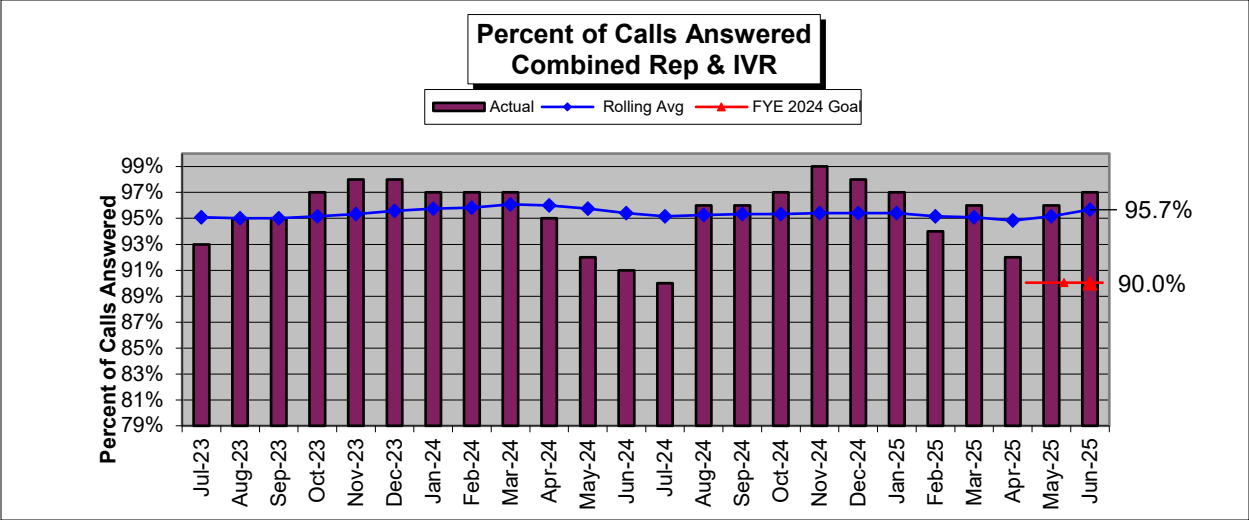


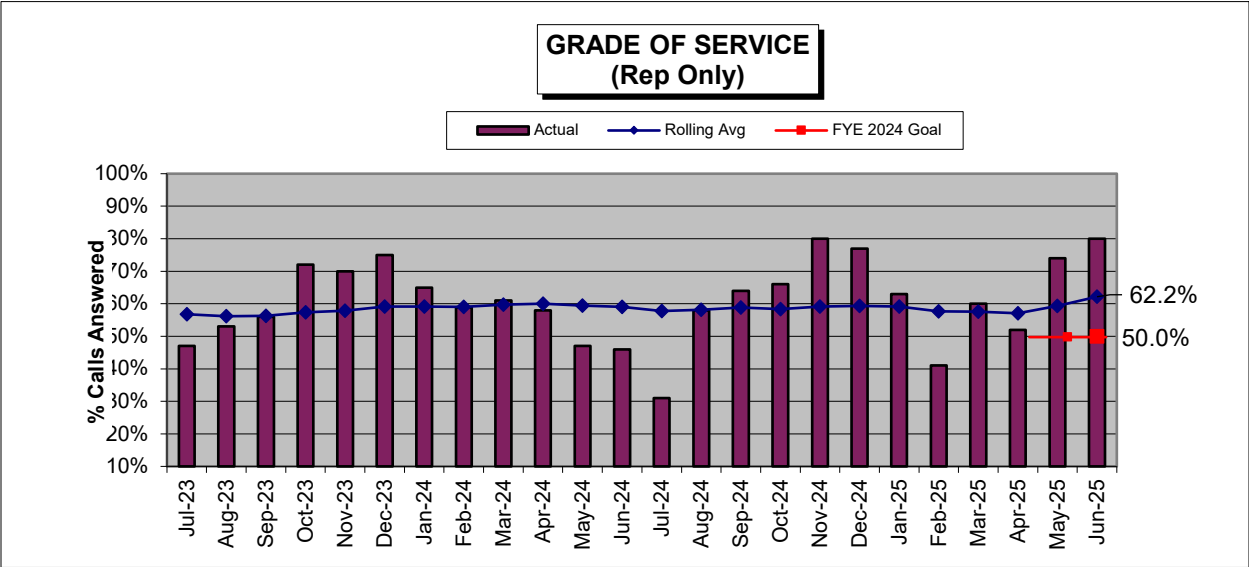
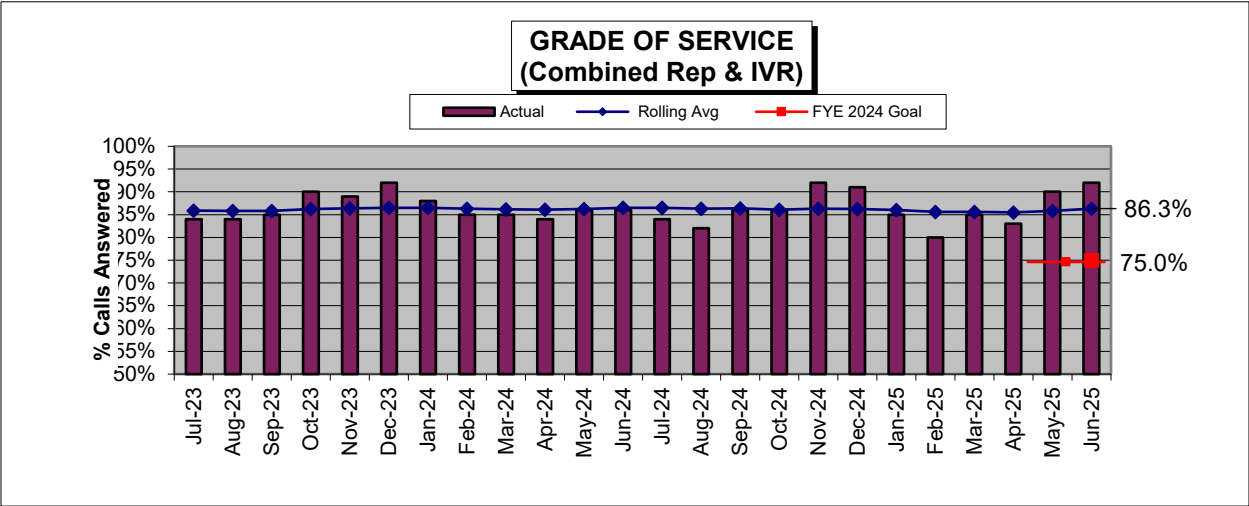
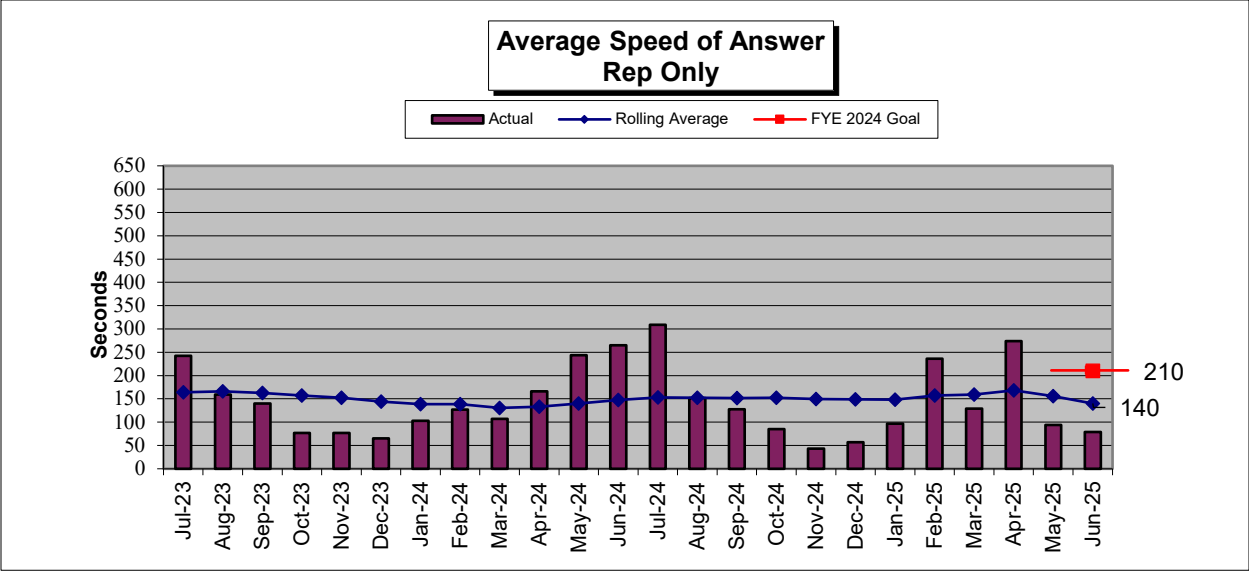
Momentary Average Interruption Frequency Index (MAIFI)-Moving 12 Months Interruptions/Year

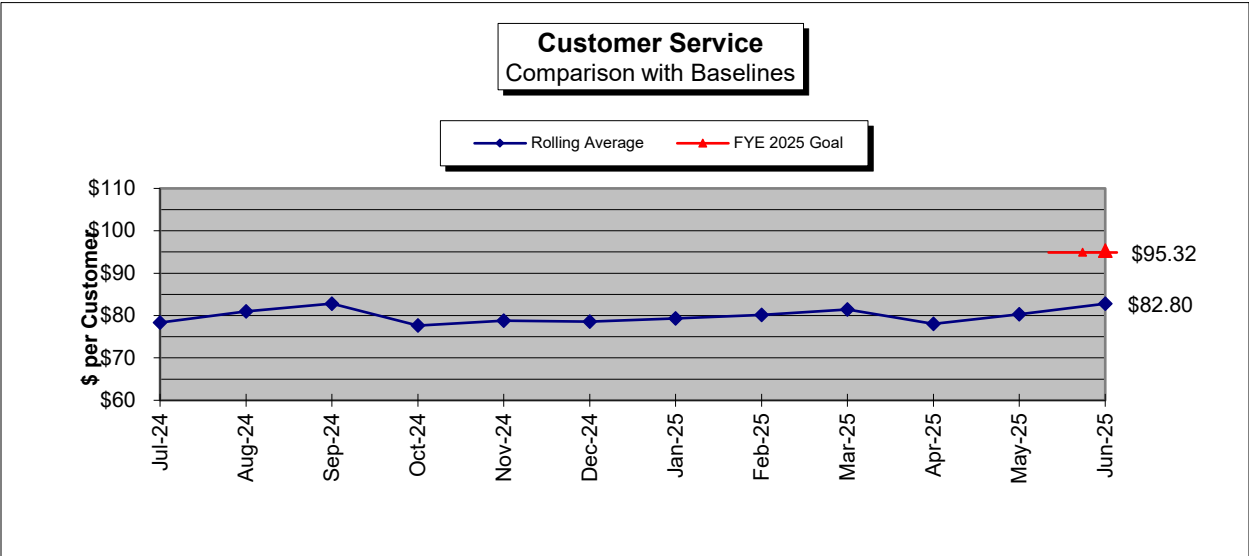
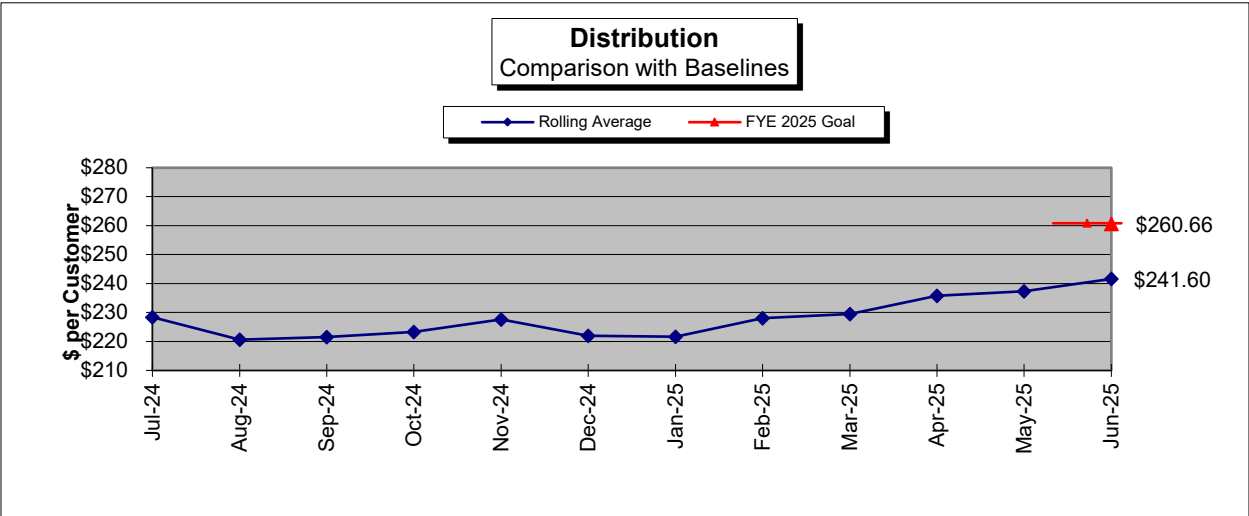
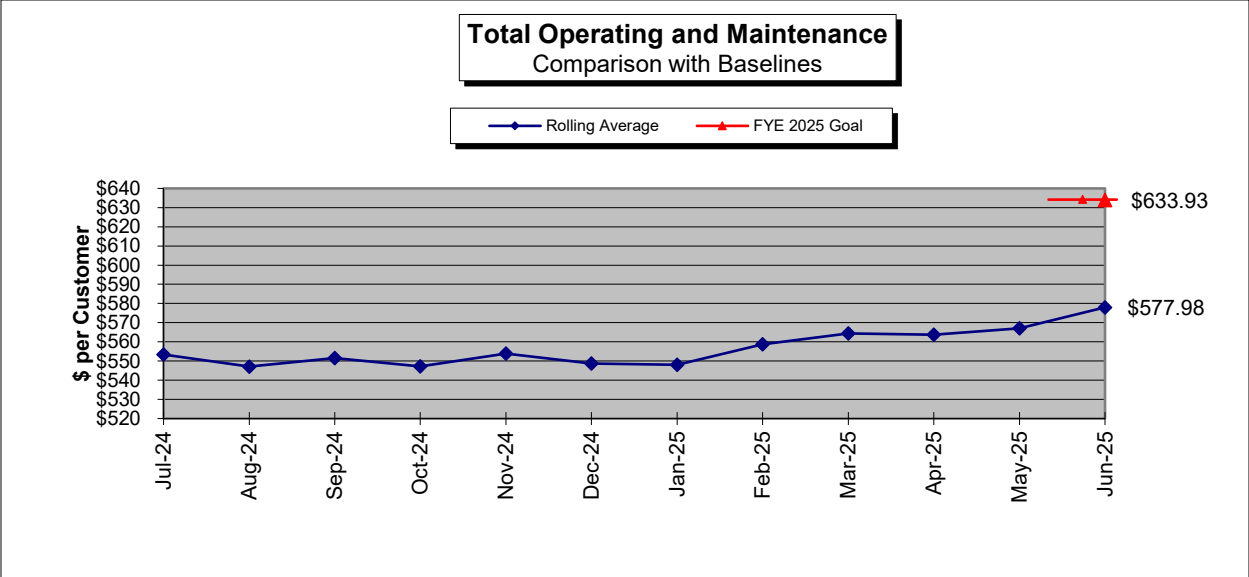


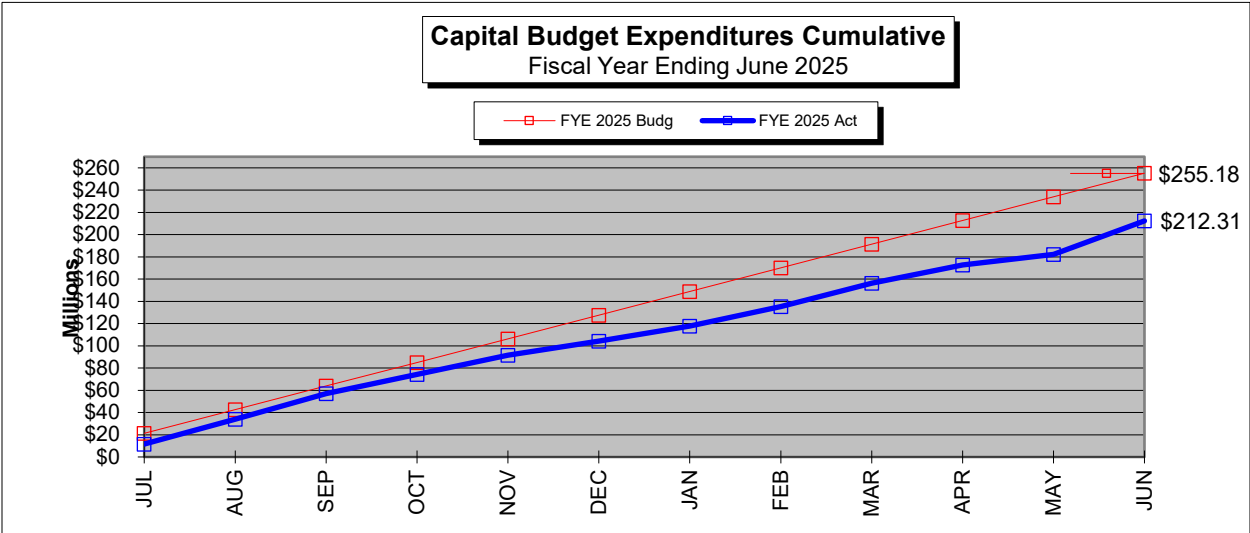
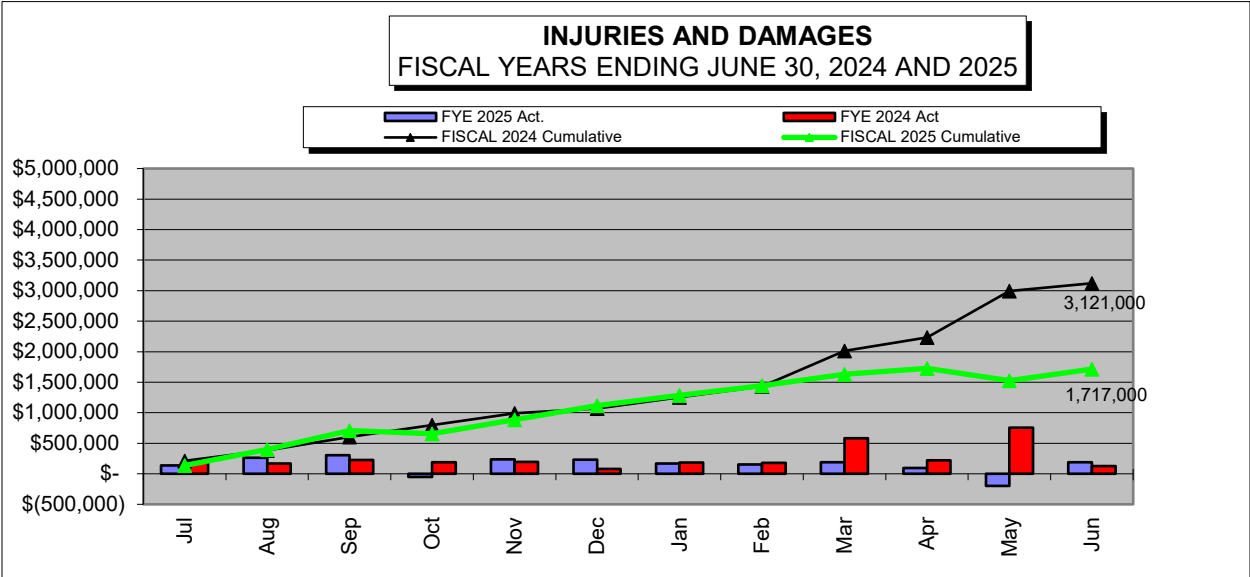
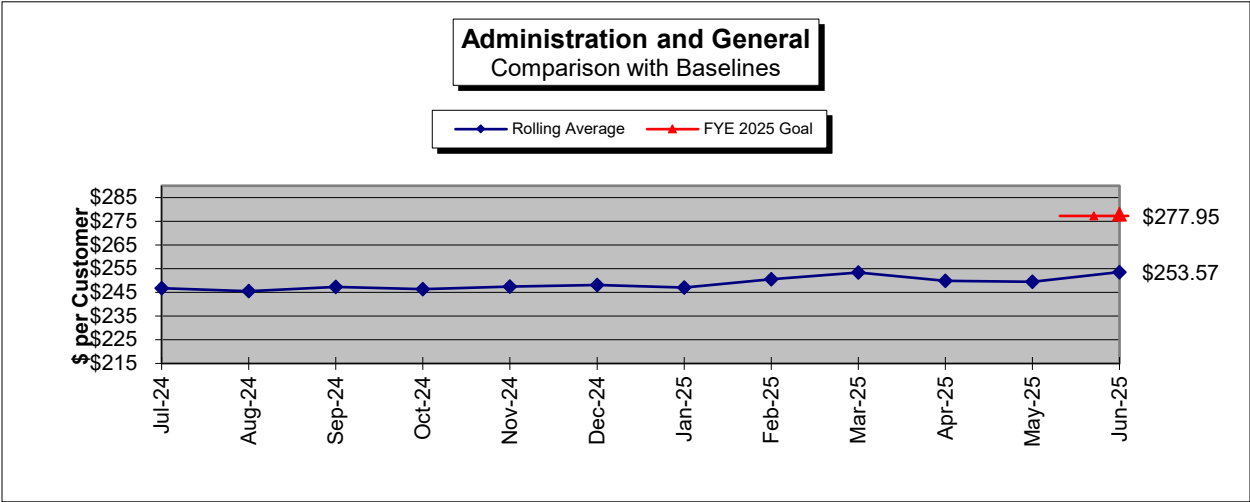
Average System Availability Index (ASAI)-Moving 12 Months Availability/Year











PRESIDENT'S REPORT

August 2025

OPERATIONS

We trimmed 114 circuit miles for the month of July.

CUSTOMER RELATIONS

Congratulations to Daphne Dodson, our Service Advisor of the Month, and Zaria Satterwhite, our Contractor Advisor of the Month. Two advisors achieved Pacesetter status by exceeding their productivity goals and 8 are members of the 100 Percenters Club for reaching 100 percent in all call monitoring categories in the month of July.

COMMUNITY INVOLVEMENT

NES took part in five Back to School Bash events, where we handed out energy-efficient lightbulbs to help families kick off the school year with savings. The schools included Hillsboro, East Nashville, Overton, Glenciff, and Maplewood High Schools.

On July 23, NES opened its boardroom for a Home Uplift Application Assistance event to help customers apply for free home energy upgrades.

NES is proud to celebrate eight local winners of TVA's Robotics Award — including Madison Creek Elementary, Hillsboro High, Stratford High, Hendersonville High, Whites Creek High, Aventura Community School, Ellis Middle, and the nonprofit ADROIT. TVA awarded \$655,000 to 179 schools and nonprofits across its seven-state region to expand youth robotics programs.

On August 15, NES hosted a Safety Workshop for local power companies in the service area.

On August 19, NES hosted a free home energy workshop at Mount Bethel Baptist Church. Attendees learned simple ways to save energy and lower bills and received a free energy-savings toolkit.

On August 28 and 29, NES will be at the Nashville Sounds game sharing energy-saving tips and handing out fun giveaways.

NES is honored to receive TVA's Top Performer Award for FY24, recognizing our leadership in helping customers save energy and money through EnergyRight programs. NES ranked 1st in both PowerFlex participation and total demand response participants, 2nd in most improved energy savings, 3rd in total energy savings, 5th in total demand response capacity, and was named North Regional Champion for community program savings. This reflects our team's strong commitment to delivering innovative energy solutions for our community.

MISCELLANEOUS

On August 5, Dr. Trish Holliday served as keynote speaker at the Valley Public Power Leadership Academy kickoff, sharing insights on the “3 C’s”: Collaboration, Community, and Connection.

On August 7, NES hosted the TVA Congressional Visit.

NES’ Engineering team has completed Phase I of the Central Substation project. The substation is now energized and carrying the full network load. Phase II of the project begins later this month.

Miscellaneous

Recess to Civil Service Board Meeting

Consent Agenda

**THE MINUTES OF THE ONE THOUSAND SEVEN
MEETING OF THE ELECTRIC EMPLOYEES'
CIVIL SERVICE AND PENSION BOARD**

HELD JULY 23, 2025

The regular meeting of The Electric Employees' Civil Service and Pension Board was held July 23, 2025.

Board Members Present: Michael Vandenberg, Chair, Clifton Harris, Casey Santos, Anne Davis (virtual). Officers Present: Teresa Broyles-Aplin, David Frankenberg, Laura Smith, Brent Baker, and Dr. Trish Holliday.

Chair Vandenberg called the meeting to order at 8:56 am and stated that the matters on the consent agenda have been provided to the Board in advance. The consent agenda included the recommendation for approval of the Civil Service Minutes from the meeting held June 25, 2025.

Upon motion by Member Harris and seconded by Member Santos, the consent agenda was approved, which included the minutes from June 25, 2025.

MANAGEMENT / NESEA MEETING

Dr. Holliday mentioned that Management and NESEA are continuing conversations with positive working relationships. No concern or issue is going unaddressed.

RECOMMENDATION FOR APPROVAL OF REVISIONS TO THE POLICY MANUAL, BYLAWS AND CIVIL SERVICE RULES

Management proposes revisions to the Policy Manual, Bylaws, and Civil Service Rules to enhance organizational transparency and improve operational efficiency.

The most significant revisions are to the Policy Manual. These include:

- A new Centralized Document Repository Policy, developed in response to a finding from the Corporate Governance and Legal audit, which establishes a digital repository for departmental policies that supplement or expand upon those included in the NES Policy Manual
- Clarification and standardization in the Travel Policy of Reimbursement Requirements related to flight selection and per diem meal rates
- Codification in the Ethics Policy of the directives of an existing operating memorandum permitting employees to attend contractor-sponsored events under certain conditions
- Alignment of various IT policies with current practices regarding the use of cloud-based services, USB storage devices, and remote access to the NES network
- Clarification in the Executive Board Service Policy of the expectation that executives receive advance approval before accepting compensated positions on a corporate board
- Updating executive leadership titles throughout the Policy Manual

Revisions to the Bylaws and Civil Service Rules reflect updates in executive leadership titles and incorporate proper workers' compensation terminology.

Management recommends the approval of these revisions.

Upon motion by Member Harris and seconded by Member Santos, the recommendation for approval of revisions to the Policy Manual, Bylaws and Civil Service Rules were approved

CULTURAL TRANSFORMATIONAL JOURNEY

Dr. Holliday summarized that our cultural transformation journey has been centered on creating a workplace where employees feel valued, supported, and inspired to do their best work. We have shifted from focusing solely on processes and tasks to prioritizing people and the employee experience—cultivating a culture where employees know they matter, and their contributions make a difference. Through intentional efforts around communication, recognition, developmental, and growth, we are building a “go-to” workplace culture—one that attracts talent, engages employees at every level, and empowers individuals to thrive both personally and professionally. This journey is ongoing, and each step brings us closer to a workplace where our employees are proud to belong.

HUMAN RESOURCES - CORPORATE SERVICES WORKFORCE UPDATE

Dr. Holliday noted that the HR – Corporate Services Workforce Update is in the Board packet for review. Highlights from Training, Staffing and Employee Relations, Safety, Fleet, and Facilities and Security sections were shared to emphasize the significant activities within the department.

The Annual Civil Service Report was presented to the Board.

MISCELLANEOUS

There were no miscellaneous items to come before the Board.

ADJOURNMENT

The meeting adjourned at approximately 9:05 a.m.

Approved,

Chair

Attest:

Secretary
07-23-2025

HUMAN RESOURCES / CORPORATE SERVICES WORKFORCE UPDATE

August 27, 2025

Below are section updates within the HR and Corporate Services Department:

Training Section

The company store is officially live, and a notification has been distributed to all employees. The Performance Appraisal goal report will be pulled on Wednesday, and we intend to inform the Emerging Leaders Institute finalists promptly once the Vice Presidents have completed their voting process.

Staffing and Employee Relations

As of August 19, NES has 904 employees. This includes 148 female employees and 756 male employees. As of August 19th, there have been two new hires: Tupac Moseley, Engineer, System Control - Test and Christopher Johnson, Fleet Technician- Fleet Section.

Compensation & Benefits

Completed the 401(a)-plan contribution for the first half of 2025. 474 participants received a total of \$4.1M. Completed oral presentations from each of the four vendors that submitted proposals for the medical third-party request for proposals.

Safety

Safety Section attended Confined Space Rescue, Forklift Training, Arc Flas Survivor Safety, PCB Training and other hazard awareness.

Facilities & Security

Customer Parking Deck – Shoring has started under the remainder of deck C. Shoring will be completely removed under deck D on Monday. Breakroom furniture for the centers – scheduled to be delivered August 25th. Elevator 4 remodel will start at the end of September.

Miscellaneous

Adjournment of Civil Service Meeting

Reconvene to ratify actions taken by Civil Service Board

Adjournment of Electric Power Board Meeting