



Electric Power Board Meeting

May 27, 2026 8:30 AM - 10:00 AM CDT

Power Board Room 121

1. Call to Order
2. Public Comment Period - David Frankenberg
3. Committee Reports
 - 3.1. Legal Committee
 - 3.2. Audit and Ethics Committee
4. Consent Agenda
 - 4.1. Recommendation for approval of minutes of the regular meeting held April 22, 2026
5. Discussion Items
 - 5.1. Winter Storm Fern Update - Teresa Broyles-Aplin
 - 5.2. Resiliency Update - Vegetation Management - Daniel Johnson
 - 5.3. Recommendation for approval of a Contract Extension for Vegetation Management Services - Daniel Johnson
 - 5.4. Recommendation for approval of a Five-Year Commitment to Partnership 2030 - Laura Smith
 - 5.5. Recommendation for approval of Company Memberships - Laura Smith
 - 5.6. Recommendation for approval of Informational Technology Contracts - Ron Womble
 - 5.7. Recommendation for approval of the Operating and Maintenance Budget for Fiscal Year 2027 and Capital Budget for Fiscal Years 2027 and 2028 - David Frankenberg and Matt Dodd
 - 5.7.1. Fiscal Year 2027 Budget Presentation
 - 5.7.2. Operating and Capital Budgets Recommendation
 - 5.8. Recommendation for approval of Purchases - David Frankenberg
 - 5.9. Referenced Items Included in Board Materials (Information Only) - No Presentation
 - 5.9.1. Financial Report
 - 5.9.2. Quarterly Asset Manager's Report
 - 5.9.3. Quarterly Home Uplift and Power of Change Update
 - 5.9.4. Quarterly Operations Report
 - 5.9.5. President's Report

6. Miscellaneous
7. Recess to Civil Service Board Meeting
8. Consent Agenda
 - 8.1. Recommendation for approval of the minutes from the Civil Service meeting held April 22, 2026
9. Civil Service Annual Report - Dr. Trish Holliday
10. Referenced Items Included in Board Materials (Information Only) - No Presentation
 - 10.1. HR - Corporate Services Workforce Update
11. Miscellaneous
12. Adjournment of Civil Service Board Meeting
13. Reconvene to ratify actions taken by the Civil Service Board
14. Adjournment of Electric Power Board Meeting

Call to Order

Public Comment Period

Committee Reports

Legal Committee

Audit and Ethics Committee

Consent Agenda

**MINUTES OF THE
ONE THOUSANDTH THREE HUNDREDTH AND SEVENTY SIXTH MEETING
ELECTRIC POWER BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
APRIL 22, 2026**

The meeting of the Electric Power Board was held on Wednesday, April 22, 2026.

Members present: Ian Prunty, Clifton Harris, and Rob McCabe; Anne Davis and Casey Santos attended virtually.

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

Interim Board Chair Clifton Harris called the meeting to order at 8:07 a.m.

SAFETY MOMENT

Kevin Phelps presented a safety moment on Spring driving tips.

PUBLIC COMMENT PERIOD

David Frankenberg reported that there were no public comment requests for the month of April.

COMMITTEE REPORTS

Legal Committee

Laura Smith reported that the Legal Committee met this morning and received a Quarterly Legal Report.

RECOMMENDATION FOR APPROVAL OF MINUTES FROM THE REGULAR MEETING HELD MARCH 25, 2026

Upon motion by Member McCabe and seconded by Member Prunty, the Board approved the minutes from the Electric Power Board meeting held March 25, 2026, with five ayes and zero nays.

INDEPENDENT REVIEW UPDATE

Bill Harbison and Aubrey Harwell provided an update on the preliminary After Action Review which was issued April 15th. They stated that the full report should be completed by June 15th.

WINTER STORM FERN UPDATE

Teresa Broyles-Aplin provided an overview of the recent April 16, 2026, spring storm. She applauded employees for their hard work and commitment to NES customers.

Ms. Broyles-Aplin delivered a Four Pillars update outlining the findings of PA Consulting's preliminary report which included five recommendations and comparing them to NES progress.

Member McCabe commented that NES has processes and procedures in four of the five initial recommendations but stated that the one gap is the damage prediction model and asked if that was an accurate assessment. Ms. Broyles-Aplin responded that it has the longest lead time out of all of the items they have recommended. Member McCabe commented that NES did not have any damage prediction and that it was more of a gap rather than a shortfall of processes or procedures. Ms. Broyles-Aplin concurred.

Ms. Broyles-Aplin clarified one section of the report that said NES's plans only contemplated a storm that would put up to 50,000 out of power. NES's plan actually states that a Class Five event is 50,000 or more customers without power. NES has had a lot of storms over the years in excess of 50,000 customers out. She stated that there are resource deployment initiatives and other activities that vary once you get above that number, but the 50,000 threshold was set to indicate that at 50,000, the Incident Command System (ICS) is fully deployed. The recommendation is that the Emergency Response Plan (ERP) be modified to provide clear guidance on specific processes, expectations, or governance structures for even larger scale events.

Member Prunty asked, when anticipating storms like this, whether there are any exercises that model scenarios that are beyond a 50,000 household outage? Ms. Broyles-Aplin responded yes and noted that the exercises apply to various situations, not just storms, and were also implemented during the pandemic. She stated that she wants it to be more prescriptive in the ERP and would like to outline various levels of activation.

Member Prunty inquired whether NES employees hold storm duty roles across the organization. Ms. Broyles-Aplin responded that employees have taken on various storm-related responsibilities over the years, and the goal is to establish a more formally defined and trained structure.

Chair Davis asked, regarding the new tree trimming policy and implementation of LIDAR, where NES stands with respect to the underground utilities pilot study. Ms. Broyles-Aplin responded that four locations have been identified for the project that is slated to begin in July. The study will include testing different technologies and approaches. She noted that a recommendation to approve a vendor to assist with the study will be presented later on the board agenda.

Member Prunty asked if the report from PA Consulting mentioned its perspective on NES's current vegetation management strategy. Ms. Broyles-Aplin replied that there was recognition that vegetation was a contributor to outages during Fern and immediately following Fern, and the report stated that NES took appropriate action to enhance vegetation trimming standards. These new standards include wider clearances between trees and power lines, as well as removing any overhanging limbs.

Member Prunty asked if there are any updates or if there is a timeline for when a Public Information Officer will be hired. Ms. Broyles-Aplin explained that it makes sense to onboard a Chief Communication person prior to the Public Information Officer since that role would report to the Chief Communications person. She invited Dr. Trish Holliday to comment. Dr. Holliday indicated that the role is intended to extend beyond one defined strategic role but rather will support a broader communications vision and added that the team is partnering with the recruitment agency Korn Ferry on the search.

RECOMMENDATION FOR APPROVAL OF A CONTRACT FOR INFORMATION TECHNOLOGY SUPPORT SERVICES

Ron Womble reported that NES currently leverages managed services for most of the enterprise IT support. The primary contract expires in October 2026. After initial scoring, three vendors were invited to give presentations and address additional questions by the committee. After deliberation and scoring, the RFP committee recommended entering a contract with Inspyr Solutions beginning July 1, 2026, for a term of five years with an additional five one-year options. Mr. Womble stated that the value of the agreement is not to exceed \$87,500,000.

Member McCabe asked whether Inspyr Solutions is a public or private company. Mr. Womble confirmed it is privately owned and added that Inspyr's acquisition of BG Staff Solutions, a previous vendor, will ensure employee continuity.

Upon motion by Member McCabe and seconded by Member Prunty, the Board approved a contract for IT support services with Inspyr Solutions with five ayes and zero nays.

RECOMMENDATION FOR APPROVAL OF ENGINEERING SERVICES FOR AN UNDERGROUND SYSTEM STUDY

Daniel Johnson stated that in response to Winter Storm Fern and as part of the Pillar 4 initiative, NES has committed to completing a system-wide undergrounding and grid hardening study. Management recommended entering into a professional services contract with Burns and McDonnell to perform the study. Mr. Johnson said that Burns and McDonnell have conducted similar studies for other large utilities and have experience in planning, reliability modeling, and cost-benefit evaluation. The contract term will extend through April 30, 2029.

Management recommended approval of a contract in the amount of \$3,000,000 to Burns and McDonnell for these services.

Upon motion by Member Prunty and seconded by Member McCabe, the Board approved engineering services for an underground system study with five ayes and zero nays.

RECOMMENDATION FOR APPROVAL TO ALLOCATE TVA'S COMMUNITY CARE MATCHING CONTRIBUTION TO SUPPORT EMERGENCY BILL ASSISTANCE FOR LOW-INCOME CUSTOMERS

Barry Daniel reported that TVA's Community Care Fund is a TVA-funded program that supports nonprofit and community organizations across the Valley that are actively meeting local needs, with matching funds made available in connection with qualifying local power company contributions. For fiscal year 2026, TVA has made \$227,000 available through the Community Care Fund. NES's \$1 million contribution in February 2026 has already unlocked the availability of the full \$227,000 in TVA matching funds.

Management recommended directing these funds to NeedLink Nashville to provide emergency bill assistance for low-income customers consistent with prior years.

Upon motion by Member McCabe and seconded by Member Prunty, the Board approved the allocation of TVA’s Community Care matching contribution to support emergency bill assistance for low-income customers with five ayes and zero nays.

RECOMMENDATION FOR APPROVAL OF PURCHASES

Amanda Cochran presented management’s recommendation for approval of \$19,547,778.80 in purchases and contracts exceeding \$50,000. This amount included \$2,132,092.40 in monthly purchases and contract additions between the \$50,000 and \$250,000 threshold that received prior management approval. She brought the Board’s attention to three sole source items and three sole brand items.

Upon motion by Member McCabe and seconded by Member Prunty, the Board approved the list of purchases and contracts with five ayes and zero nays. This list consists of five 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. Ms. Cochran brought the board’s attention to three sole source items and three sole brand items. Total cost of purchases and contracts, as approved, amounts to \$19,547,778.80.

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 Prunty and seconded by Member McCabe, the Board ratified the actions taken during the Civil Service Board meeting with five ayes and zero nays.

ADJOURNMENT

The meeting adjourned at 9:04 a.m.

Attest:

Secretary

Approved,

Board Chair

¹ Appendix A Electronically Filed


April 22, 2026

Appendix “A”

**Approval of Purchases and Contracts
at the Meeting on Wednesday April 22, 2026**

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

Total Materials and Supplies Purchases	\$2,974,645.00
Total Contracts and Services	\$10,741,041.40
Total Additions, Extensions, and Changes	\$3,700,000.00
Total Ratified Purchases and Contracts	\$2,132,092.40
TOTAL	\$19,547,778.80
Total Line Items	\$90,500,000.00

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.

April 22, 2026

MATERIALS AND SUPPLIES PURCHASES

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Connector, Three U-Bolt (1,800)	Stuart C. Irby	\$271,800.00	Competitive (1 Year) Blanket	2/8
Prinoth Panther T6, Tracked with Altec AA55E, 2026, New (1)	Global Rental Co.	390,721.00	Cooperative	N/A
Switch, Pad Mounted, Three Phase, Live Front, PMH-9 (18)	Stuart C. Irby	641,556.00	Competitive	4/5
Underground Distribution Switchgear (5)	Stuart C. Irby	1,670,568.00	Competitive Sole Brand	2/4
TOTAL		\$2,974,645.00		

CONTRACTS AND SERVICES

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Control Building Construction, White Bridge Road Substation	T.W. Frierson Contractor	*\$3,216,041.40	Competitive (1 Year)	1/34
Internal Audit and Consulting Services	Baker Tilly Advisory Group	7,000,000.00	Professional Service (5 Years)	N/A
NERC Reliability Standards Consulting Services	GDS Associates, Inc.	525,000.00	Professional Service (3 Years)	N/A
TOTAL		\$10,741,041.40		

*Price includes a 10% contingency.

ADDITIONS, EXTENSIONS, AND CHANGES

<u>Item Description</u>	<u>Contractor</u>	<u>Additional Amount</u>	<u>Change Requested</u>
Disaster Recovery and Lockbox Services for Mail Remittance Payments	First Horizon Bank	N/A	**Extension (6 Months)

Attested by: David Frankenberg
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 David Frankenberg, Secretary

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April 22, 2026

EV Forecast and Distribution Grid Impacts Analysis	Energy & Environmental Economics, Inc.	N/A	Extension (6 Months)
Grant Writing and Administrative Services	KPMG, LLP	N/A	Extension (1 Year)
Legal Services	Sherrard Roe Voigt & Harbison, PLC	\$700,000.00	Addition (New NTE \$950,000.00)
Paving Related to Central Substation	Jones Bros. Contractors	N/A	Extension (8 Months)
Street and Private Light Maintenance	Davis H. Elliot Construction	N/A	**Extension (6 Months)
Third Party Administrator for Worker's Compensation	Charles Taylor TPA, LLC	N/A	***Extension (3 Months)
Transmission and Distribution Storm Recovery	Delta Services	1,000,000.00	Addition (New NTE \$1,800,000.00)
Transmission and Distribution Storm Recovery	GMB Powerline Services, LLC	1,000,000.00	Addition (New NTE \$9,000,000.00)
Transmission and Distribution Storm Recovery	Service Electric Company	1,000,000.00	Addition (New NTE \$8,100,000.00)
TOTAL		\$3,700,000.00	

**Total contract term is five years and six months.
 ***Total contract term is five years and three months.

RATIFIED PURCHASES AND CONTRACTS

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Arm Cable 20 Inch (1,020); Cable Rack Support (790)	Border States Industries	\$118,808.40	Sole Brand	3/6
Audiovisual and Video Conferencing Equipment and Maintenance	Audio Visual Innovations	250,000.00	State of Tennessee (2 Years, 6 Months, & 16 Days)	N/A
Automatic Gate Services	Hydro-Exc., Inc.	25,500.00	Addition (New NTE \$74,500.00)	N/A

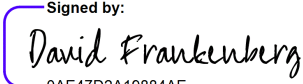
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 Attested by: _____
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 David Frankenberg, Secretary

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April 22, 2026

Cabinet, Sectionalizing, Three Phase, 25kV (60)	Stuart C. Irby	166,896.00	Competitive	4/4
Cabinet, Underground, Vista (10)	Stuart C. Irby	113,202.00	Competitive Sole Brand	2/3
CaseWare Software Renewal and Cloud Solution	CaseWare International, Inc.	69,803.00	Sole Source (1 Year)	N/A
Circuit Breakers and Equipment	Inline Electric Supply	135,000.00	Competitive (1 Year)	2/50
Connector, Copper, Stranded (13,500)	Wesco Distribution	63,180.00	Competitive (1 Year) Blanket	4/8
Distribution Transformer, Pole-Type, Three Phase, 45kVA (7)	Central Moloney	52,003.00	Competitive	1/2
Fasteners	Capital City Bolt & Screw	75,000.00	Competitive (5 Year)	8/8
GIS Support, Maintenance, and Transfer of Knowledge	Ferguson And Associates	240,000.00	Sole Source (6 Months)	N/A
Security Software	AmberBox, Inc.	150,000.00	Sole Source (1 Year)	N/A
Legal Services	Sherrard Roe Voigt & Harbison, PLC	100,000.00	Addition (New NTE \$250,000.00)	N/A
Pole, Steel, Galvanized, H1, 50' (60)	MD Henry Co., Inc.	212,700.00	Competitive	4/7
Post Fern Recovery Advisory Support	Burt Group Consulting	200,000.00	Professional Service (6 Months)	N/A
Strategic and Crisis Communication Services	Blake Harris & Associates	85,000.00	Professional Service (6 Months)	N/A
Welding Supplies	A-L Compressed Gasses	75,000.00	Competitive (5 Years)	1/18

TOTAL **\$2,132,092.40**

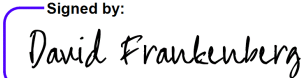

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April 22, 2026

LINE ITEMS

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
IT Staffing Services	INSPYR Solutions	\$87,500,000.00	Competitive (5 Years)	8/30
Engineering Services for UG System Study	Burns & McDonnell Engineering	3,000,000.00	Professional Service (3 Years)	N/A
TOTAL		\$90,500,000.00		

Signed by: 
Attested by: 
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David Frankenberg, Secretary

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Discussion Items

Winter Storm Fern Update

Resiliency Update – Vegetation Management

**RECOMMENDATION FOR APPROVAL OF A CONTRACT EXTENSION FOR
VEGETATION MANAGEMENT SERVICES**

ABC Tree originally was awarded a two-year contract with three 1-year extensions in July of 2024 in an amount of \$35,000,000. Additionally, NES has leveraged the ABC Tree contract to bring in additional resources to catch up on our tree trimming goals post-Winter Storm Fern. Based on this, NES is requesting to extend the ABC Tree contract by one year and add an additional \$20,000,000 to their contract.

NES is currently rebidding our vegetation management contracts for planned work and emergency storm response that should be before the board next month for approval. This contract would extend through June 30, 2027, which will give NES time to get new contracts in place and ensure a smooth transition without seeing a potential pause in work.

Management recommends approval of the contract extension through June 30, 2027, and the addition of \$20,000,000 to the ABC Tree contract for a new not-to-exceed value of \$55,000,000.

RECOMMENDATION FOR A FIVE-YEAR COMMITMENT TO PARTNERSHIP 2030

Partnership 2030 is the Nashville region's public-private initiative for long-term economic prosperity. The Partnership was formed in 1990 to maintain and grow the Nashville region's economy through job creation, talent attraction and retention, and promoting quality of place and livability. Since its inception, highlights of the Partnership's success include more than 560,000 new jobs created the relocation of more than 1,100 companies to the Nashville region, more than 2,150 company expansions, and per capita income growth of more than 325 percent.

Partnership 2030 focuses on three inter-connected strategic drivers: community vitality, community character, and community mobility. The drivers recognized that, ultimately, economic development is about creating better opportunities for people in the community

NES has been a lead investor in the Partnership since its inception in 1990. For the last five years, NES has supported Partnership 2030 with an annual gift of \$219,672. The Partnership has requested that NES increase its annual investment to \$263,606. NES renders financial support to the Partnership in lieu of maintaining its own economic development staff.

Management recommends that NES make a five-year commitment to Partnership 2030 at \$263,606 per year.

RECOMMENDATION FOR APPROVAL OF COMPANY MEMBERSHIPS

The NES Policy Manual requires that any company memberships for which the annual dues exceed \$50,000.00 require Board approval. (Policy Manual, Part I, Section 10(D)(1)(a).) NES is a member of four such organizations: the American Public Power Association (APPA), the Middle Tennessee Industrial Development Association (MTIDA), the Tennessee Valley Public Power Association (TVPPA), and the Large Public Power Council (LPPC).

APPA is a membership organization representing not-for-profit, community-owned utilities across the country and in U.S. territories. APPA works nationally to protect the interests of the 55 million people served by public power. They offer advice and expertise on electric policy, grid technology and operations, and workforce development in support of utilities. They also provide forums for the exchange of ideas and best practices. NES's annual dues are approximately \$151,000.00; dues are based on revenue and kWh.

MTIDA is an economic development agency funded by electric cooperatives, municipal electric systems, and natural gas distributors in Middle Tennessee. They represent and promote industrial development in 40 Middle Tennessee counties, providing plant location services in cooperation with the State of Tennessee Department of Economic and Community Development and the Tennessee Valley Authority. NES's annual MTIDA dues are approximately \$70,000.00, about half of which is reimbursable from TVA.

TVPPA is the nonprofit, regional service organization that represents the interests of consumer-owned electric utilities within the Tennessee Valley Authority's service area. TVPPA members include both municipal utilities and electric cooperatives, collectively serving more than ten million people across seven states. TVPPA serves as an advocate for member interests, provides learning opportunities to help its members drive success, and creates opportunities for connection. NES's annual dues are approximately \$69,000.00.

LPPC is comprised of 29 of the nation's largest public power systems. LPPC advances the interests of public power by championing member-informed policies, providing trusted insights top policymakers, and fostering collaboration among its members and partners. NES's annual dues are approximately \$140,000.00.

Management recommends approval of the APPA, MTIDA, TVPPA, and LPPC memberships for the fiscal year ending June 2027.

RECOMMENDATION FOR APPROVAL OF INFORMATION TECHNOLOGY CONTRACTS

Recommendation for Approval – Mythics: Management recommends Board approval of an additional \$20 million for the Mythics contract, increasing the total not-to-exceed amount to \$27 million. This additional authorization will support renewal of the Oracle Unlimited License Agreement and the continued procurement of Oracle hardware, software, licensing, and support necessary to sustain ongoing operations of critical systems including C2M, Ellipse, outage management, and other systems through 2029.

Recommendation for Approval – CDW Government: Management recommends Board approval of an additional \$15 million for the CDW Government contract, increasing the total not-to-exceed amount to \$30 million. This additional authorization will provide for projected technology expenditures during the remainder of the contract term, including endpoints such as PCs, laptops, iPads and printers, network and server equipment, and some implementation services.

Recommendation for Approval – World Wide Technology: Management recommends Board approval of a new 2-year agreement with World Wide Technology in an amount not to exceed \$5 million. This agreement will provide access to technology solutions, products, and services through a cooperative purchasing contract and is consistent with past procurement practices. This contract is used to purchase tools such as the security identity and access management solution, security monitoring and threat detection, application monitoring and alerting and endpoint management.

Management recommends Board approval of all three contract actions described above. Collectively, these approvals will ensure continued access to essential technology hardware, software, licensing, support, and related services needed to sustain operations, meet projected infrastructure and device rollout requirements, and expand procurement flexibility through cooperative purchasing vehicles.



**Nashville Electric Service
Budget Presentation
Fiscal Year Ending June 30, 2027**



BUDGET DISCUSSION

Budget Overview

The Operating & Maintenance (O&M) and Capital budgets are developed each year in a process from January through May and are presented together in a combined budget to the Board prior to July 1, as required by NES Bylaws. The budget is a collaborative effort between Financial Planning & Analysis, Revenue & Rates and includes input from all departments throughout the organization. The budget funds the highest priority projects and tasks necessary to achieve organizational goals while keeping costs and retail rates as low as possible.

Potential Budget Impacts

Listed below are potential budget impacts facing NES during Fiscal Year 2027 and future years:

Strategic impacts

- Storm response
- Future battery energy storage projects
- Targeted reliability initiatives
- Evolution of contractual relationship between TVA and NES
- Rate structure

Economic impacts

- Customer growth
- Improvements in energy efficiency
- Recession risk
- Market volatility and rate of inflation
- Technology improvements resulting in increased solar, wind and battery usage
- Global supply chain disruptions
- Electric vehicle rate of adoption
- Unforeseen or weather induced damage to or failure of grid or substations
- Impacts of government shutdowns and delays in federal reimbursements

Change in power costs

- Wholesale purchased power rate changes and/or increases
- Cost of fossil fuels
- Change in weather patterns
- Temperature spikes resulting in high demand costs with low energy consumption

Continued changes in regulatory mandates

- TVA/NERC/SERC compliance
- Governmental Accounting Standards Board (GASB) pronouncements
- Bond rating agency standards
- Grant compliance requirements
- Changes in regulations at the local, state and federal levels

Response to Potential Budget Impacts

- Reviewing rate structure continually and revising, if needed
- Managing consumption and reducing peak demand through initiatives and demand response programs
- Managing total spend through containment and prioritization of capital spend and expenses, exclusive of purchased power
- Managing the number of authorized and filled positions
- Exploring battery projects for peak shaving and energy arbitrage
- Implementing additional flexible solar programs to purchase energy from customers and solar developers

Financial Picture

NES Maintains the following financial goals which have been a major factor in maintaining our strong credit ratings.

- Days Cash on Hand minimum goal of 100 days

$$\text{Ending Cash Balance} / \text{Total Purchased Power Costs} + \text{O\&M Expenses} + \text{Taxes} \\ \text{\& Equivalents} / 365 \text{ Annual Days}$$

- Debt coverage of two times debt service to meet debt requirements

$$\text{Operating Income} / \text{Total Debt Service}$$

A summary of the key financial goals for the next five years is listed below. These financial goals are calculated using the Five-Year Financial Model.

(000's Omitted)	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31
Ending Cash Projected	\$511,915	\$507,713	\$469,575	\$444,790	\$447,311
Cash Minimum Goal	\$397,208	\$405,589	\$410,874	\$413,585	\$420,626
Excess (Deficiency) from Cash Goal	\$114,707	\$102,123	\$58,702	\$31,206	\$26,686
Debt Service Coverage	2.80	2.89	3.07	3.32	3.05
At least 2X on Debt Service Coverage	2.00	2.00	2.00	2.00	2.00
Percent of Capital Financed*	34%	47%	37%	37%	45%
Percent of Capital Financed Goal	45%	45%	45%	45%	45%

*Percentage fluctuations due to IT projects funded with cash and timing of bond draws.

Electric Sales Revenue and Purchased Power Forecasts

The electric sales revenue forecast for Fiscal Year 2027 is based on a time series and trending analysis that estimates customer growth and energy sales in five classes of customers: Residential, Small Commercial, Large Commercial and Industrial, Electric Vehicle Charging Stations and Public Street and Highway Lighting. NES' current wholesale rate structure is primarily based on seasonal and Time-Of-Use (TOU) energy and demand charges and includes the Grid Access Charge (GAC) which serve as a monthly fixed cost recovery component. In addition, retail energy and demand sales are on a billing cycle basis, whereas wholesale energy and demand are purchased on a calendar month basis. The difference related to the retail billing and wholesale purchasing cycles results in a misalignment which impacts monthly margin. Electric sales revenue and purchased power cost forecasts for Fiscal Year 2027 include consideration of varying seasonal rates, the GAC and TVA's forecasted fuel cost adjustments for the period.

Forecasted revenue and purchased power includes a three-year historical trend of individual customers with demands greater than 5,000 kW and large commercial/industrial customers that have elected time-differentiated rates. Historical metering data was used to forecast monthly wholesale energy and demand and was also used to determine the ratio of on-peak to off-peak energy hours for the total system. Forecasted purchased power includes consideration of seasonal variation in TVA wholesale seasonal rates, as well as the impact of usage during on-peak and off-peak hours.

As temperature materially and directly affects both revenue and purchased power costs, the forecast incorporates a temperature-normalized estimate based primarily on recent weather trends. Unpredictable weather occurrences without underlying energy sales can result in margin erosion (including months with high demand costs but relatively lower energy sales or "peaky" weather). The implementation of Smart Grid technology enables NES to partially mitigate the risk of margin loss by reducing purchased power demand costs.

For Fiscal Year 2027, NES customer growth is conservatively estimated at 1 percent; although growth is expected to be partially tempered by increased energy efficiency, renewable generation and trending of residential customers towards multi-unit housing rather than single-family homes. Residential customer energy consumption is heavily impacted by outdoor temperatures, and substantial increases in usage are typically seen during summer and winter months.

The forecasting of electric sales revenue for Fiscal Year 2027 considers these trends and is anticipated to be \$1.6 billion with energy unit sales totaling 12,163,308 megawatt hours. Annual purchased power cost is forecasted to be \$1.1 billion, or 70.5 percent of forecasted electric revenues.

The following table summarizes the Fiscal Year 2027 projected energy sales:

Customer Class	Number of Customers	FY26 MWh	FY27 MWh	FY27 Revenue (000's Omitted)
Residential	441,607	4,930,893	5,138,727	\$719,043
Small Commercial	37,742	815,893	826,015	130,302
Large Commercial & Industrial	7,288	5,974,747	6,104,347	682,140
Public St. & Hwy Lighting	204	108,504	94,219	28,862
Total	486,841	11,830,037	12,163,308	\$1,560,347

Operation & Maintenance Highlights

The proposed Fiscal Year 2027 O&M budget, excluding purchased power, reflects an increase of \$14.9 million over the Fiscal Year 2026 O&M budget. The increase is driven primarily by higher contract tree & grass services, professional fees and labor costs attributed to winter storm FERN response, offset by reduced other post-employment benefits and outside services.

Contract Tree & Grass

Contract Tree & Grass increased \$20.2 million from Fiscal Year 2026 to 2027 due to acceleration of the system trim cycle to a three year plan as well as a change in trimming standard which will increase cost-per-mile in the near-term.

Professional Fees

Professional Fees increased \$6.2 million from Fiscal Year 2026 to 2027 due to additional requests for anticipated consultant contracts to support storm-related events.

Labor

For Fiscal Year 2027, O&M labor increased by \$3.3 million. The increase is primarily due to wage and storm labor increases. Additional funding was also added for potential additional positions related to storm response initiatives of \$1.9 million offset by a vacancy factor of \$3.8 million.

The employee headcount is continuously reviewed to manage personnel levels that are sustainable for future years. Below is a summary of active employees as of March 2026 and retirement eligibility by Fiscal Year:

Number of Employees	
Active Employees as of March 2026	908
Unfilled Positions	50
Eligible to Retire by end of FY27	163
Additional Eligible to Retire by end of FY31	168

To meet future needs and ensure efficient operations, all open positions are thoroughly evaluated and reviewed prior to appointment. Management is committed to hiring and retaining the most qualified employees to provide the safest and most reliable power to our customer base at the lowest possible electric rates.

Other Post-Employment Benefits

Other Post-Employment Benefits (OPEB) decreased \$12.1 million from Fiscal Year 2026 to 2027. This decrease is primarily due to the final recognition of investment and experience losses from Fiscal Year 2022 in Fiscal Year 2026. As a result, these losses will no longer offset market gains. Plan gains now exceed plan costs, resulting in a credit to expense. Since the adoption of GASB 75, market fluctuations have had significant, largely uncontrollable impacts on the funding requirements. For budget planning, activity over the prior five years is analyzed to develop the amortization layers.. Adjustments are made to the budget based on historical data and market analysis to smooth the impact and lessen the burden of market swings from these uncontrollable events.

Outside Services

Outside Services decreased \$3.0 million from Fiscal Year 2026 to 2027 primarily due to reduction in approvals of additional requests and other cost reduction initiatives to meet financial targets and offset increases in other areas.

Current Programs and Initiatives

In addition to normal operating and capital improvement plans, NES has incorporated specific programs and initiatives directed at the response of winter storm FERN. Some items were already in the O&M and Capital budgets but were modified or expedited as a result of the four pillars response. Additional efforts in support of the four pillars work were also accommodated in the O&M and Capital budgets.

Below is a summary of funding and a brief description of the work to be completed:

FERN Response Pillar	FY27	Description
Pillar 1 Emergency Leadership	\$2,000,000	Additional dollars added to the O&M Storm budget to accommodate emergency staffing and additional contract resources for storm responses.
Pillar 1 Emergency Leadership	3,000,000	Additional dollars added to enhance our ICS framework, leadership structure, and proper communication channels during major events. Also establishing a PMO for proper execution of all of the four pillar efforts.
Pillar 2 Communications & Outage Information	500,000	Normal radio network upgrades and enhancements as part of our shared radio network with Metro.
Pillar 2 Communications and Outage Information	3,000,000	Additional dollars allocated to labor for additional headcount to support communications and other FERN response actions.
Pillar 3 Estimated Time of Restoration	2,315,000	Planned upgrade to the technology infrastructure for our SCADA system.
Pillar 3 Estimated Time of Restoration	400,000	Additional dollars added to the O&M budget to accommodate Outage Management System (OMS) upgrade.
Pillar 4 Resiliency and Vegetation Management	20,000,000	Additional dollars added to the existing vegetation management budget to meet new trimming standards. Also move from a four year trim cycle to a three year trim cycle.
Pillar 4 Resiliency and Vegetation Management	1,000,000	Additional dollars for undergrounding study to determine costs to underground more infrastructure and identify areas where its more feasible and affordable.
Pillar 4 Resiliency and Vegetation Management	9,000,000	Additional dollars added for pilot projects focused on strategic undergrounding. Four projects identified for FY27.
Pillar 4 Resiliency and Vegetation Management	3,000,000	Additional dollars added for distribution automation switches to better isolate fault areas on the line. Also, expediting a meter communications upgrade project for better meter connectivity from the AMI meters.
Total FERN	\$44,215,000	

Five-Year Financial Model

An important part of the budget discussion is the Five-Year Financial Model (“Model”). The Model is a tool for planning NES’ future needs for financial resources. The Model was developed to assist the Board and Management in making informed decisions regarding financial resources needed to meet NES’ obligation to serve stakeholders. The Model converts the income statement into a statement of funds available for debt service and construction.

The Model uses the Fiscal Year 2027 Operating Budget as its starting point with a net income of \$16.6 million as of June 30, 2027. Consistent with prior year plan, a retail rate increase of 4.5 percent is included in the Model effective October 2027, with an estimated annual revenue increase of approximately \$53.2 million for the nine months ending June 30, 2028. The rate adjustment directly supports capital and operating cash flow needs and enables the organization to achieve the financial metrics of the organization. Approval of the rate adjustment is not requested at this time.

The ability of NES to maintain consistent financial metrics supports the highest possible bond ratings. Favorable bond ratings contribute to reducing interest expenditures. This enables NES to pass these savings on to customers through a lower electric rate structure. Rating agencies view that systematic rate increases support stable financial metrics for bond issuers like NES. According to rating agency methodology, systematic adjustments offer predictability in the rate structure that allows commercial and residential customers the ability to budget power costs.

The Model projects that all financial goals will be maintained from Fiscal Year 2027 through Fiscal Year 2031.

Below is a summary of the major assumptions in the Model with discussion following:

Category	Model Assumption
Revenue Annual Increase	
Electric Revenue	1.0%
Other Revenue	1.0%
NES Rate Increase	
Methodology	Required to achieve 100 days cash on hand goal in FY28
Increase Percentage & Timing	4.5% in October 2027
Expenditure Annual Increase	
Operating Expenses	4.5% Net of one-time additional requests
Pension & OPEB	Based on historical averages
Capital Expenditures	4.0% Ops + Increased 4kV & Transformers
Taxes & Equivalents and Depreciation	3.0% No adjustments to equalization factors
Bond Issuance Assumptions	
Borrowing Philosophy	Fund 45% capital expenditures starting FY27
Interest Rate	4.75%
FY27 Bond Issuance	\$260.0M
FY30 Bond Issuance	\$290.0M
Commercial Paper	
	FY27 Issue \$100.0M at 4%
ERP Estimate	
O&M	FY28 - \$10.0M, FY29 and FY30 - \$4.0M
Capital	FY29 and FY30 - \$42.0M per year
Other	
Battery Storage Project	FY27 - \$2.5M
East Bank	FY27 - \$3.9M and FY28 - \$2.0M
Grant Funding	Not included
Solar Project Savings	FY28 - \$5.4M; FY29 and FY31 - \$10.9M
Four Pillars	
O&M	Increase tree trimming FY27-FY29 - \$20.0M per year
	Misc. Consulting and Contract \$6.0M
Capital	Undergrounding Pilot \$4.1M
	Thunderbird 4kV Undergrounding \$3.8M
	Increase to Reliability \$1.0M
Storm Budget	
O&M	FY27 - \$5.9M
Capital	FY27 - \$7.6M and FY28 - \$8.9M

Revenue and Purchased Power

In the Model, forecasted revenues for Fiscal Year 2027 are used as the starting point. NES anticipates a continued increase in customer base and conservatively escalates sales and purchased power by approximately 1% annually. In addition, net reductions to purchased power costs from the Magnolia solar power purchase agreement are included starting in Fiscal Year 2028.

NES Five-Year Financial Model projects annual compounded sales growth to be a conservative 1.0 percent in Fiscal Year 2027 to Fiscal Year 2031. The margin on electric sales is projected to be 29.5 percent for Fiscal Year 2027 and 31.7 percent for Fiscal Year 2028. The percent margin on electric sales will increase to approximately 32.7 percent in Fiscal Years 2029 through 2031 due to the projected retail rate adjustment effective October 2027 and savings from the Magnolia solar power purchase agreement.

Operating Expenses, Exclusive of Purchased Power

Operating expenses, exclusive of purchased power, for periods after Fiscal Year 2027, are projected to increase annually by 4.5 percent, net of one-time additional requests. The increase is based on anticipated inflationary impacts and historical cost increases in payroll and fringe benefits, outside services, regulatory mandates and updates to labor allocation changes between O&M and Capital.

Five-Year Financial Model

TVA Rate Increase

NES Rate Increase 4.5% - October 2027

Bond Issuance \$260.0M - February 2027

Bond Issuance \$290.0M - February 2030

	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31
<u>FORECASTED INCOME STATEMENTS</u>					
Electric Sales Revenue	\$1,560,347,506	\$1,575,950,981	\$1,591,710,491	\$1,607,627,596	\$1,623,703,872
Rate Increase – for NES	-	53,188,346	71,626,973	72,343,243	73,066,676
Cost of Purchased Power	1,099,846,729	1,113,522,029	1,119,260,182	1,130,546,583	1,141,945,996
Revenue less Power Cost	460,500,777	515,617,298	544,077,282	549,424,256	554,824,552
Other Revenues	28,839,566	29,127,962	29,419,242	29,713,435	30,010,570
Margin	489,340,343	544,745,260	573,496,524	579,137,691	584,835,122
O & M Expenses (excluding Pension and OPEB)	266,632,691	280,475,106	287,186,632	279,597,184	288,594,568
Pension and OPEB Expense	61,476,526	60,914,637	61,031,202	61,269,285	62,032,271
Pension GASB68 & GASB75 adjustment (amortization/other)	(26,250,506)	(24,058,268)	(18,822,928)	(14,394,317)	(11,430,798)
Tax Equivalents	48,104,797	49,547,941	51,034,379	52,565,411	54,142,373
Depreciation	120,298,363	125,396,136	130,498,690	135,854,711	154,312,796
	470,261,871	492,275,552	510,927,974	514,892,273	547,651,210
Interest Income & Other Non Operating Income	25,776,202	23,416,179	20,484,134	23,218,521	23,595,235
Interest Expense	28,230,040	28,634,144	27,111,382	33,345,184	36,807,103
Net Income	\$16,624,634	\$47,251,743	\$55,941,302	\$54,118,755	\$23,972,044
<u>FORECASTED FUNDS AVAILABLE FOR DEBT SERVICE AND CONSTRUCTION</u>					
Net Income	\$16,624,634	\$47,251,743	\$55,941,302	\$54,118,755	\$23,972,044
<u>Adjustments:</u>					
Depreciation	120,298,363	125,396,136	130,498,690	135,854,711	154,312,796
Pension GASB68 & GASB75 adjustment (amortization/other)	(26,250,506)	(24,058,268)	(18,822,928)	(14,394,317)	(11,430,798)
Interest Expense	28,230,040	28,634,144	27,111,382	33,345,184	36,807,103
Commercial Paper - Issuance	100,000,000				
Capital Draws from Bonds	66,512,986	86,666,667	86,666,667	91,666,667	96,666,667
Total Available for debt service, capital projects and working capital	\$305,415,517	\$263,890,422	\$281,395,112	\$300,591,000	\$300,327,812
<u>Requirements</u>					
Debt Service	76,258,908	82,644,261	82,142,438	79,009,157	84,136,505
Capital Project Costs	195,033,275	185,448,778	237,390,080	246,366,811	213,670,249
Total Requirements	271,292,183	268,093,039	319,532,518	325,375,968	297,806,754
Net Change in Cash	34,123,334	(4,202,617)	(38,137,406)	(24,784,969)	2,521,057
Ending Cash	\$511,915,407	\$507,712,790	\$469,575,384	\$444,790,415	\$447,311,472
Cash Minimum Goal of 100 Days	\$397,208,284	\$405,589,437	\$410,873,826	\$413,584,697	\$420,625,866
Excess or Deficiency from Cash Minimum Goal	\$114,707,123	\$102,123,353	\$58,701,557	\$31,205,718	\$26,685,606
Days Cash on Hand of 100 Days or Higher	128.9	125.2	114.3	107.5	106.3
Debt Service Coverage Ratio	2.80	2.89	3.07	3.32	3.05
At Least 2X on Debt Service Coverage	2.00	2.00	2.00	2.00	2.00
Percent of Capital Financed (Annual)*	34%	47%	37%	37%	45%
Percent of Capital Financed Goal	45%	45%	45%	45%	45%

*Percentage fluctuations due to IT projects funded with cash and timing of bond draws.

**ELECTRIC POWER BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE & DAVIDSON COUNTY**

**Forecast of Revenues and Expenses
Proposed Fiscal Year 2027 Budget Compared to Fiscal Year 2026 Budget**

	FY 2027 Budget	FY 2026 Budget	\$ Change	% Change
Operating Revenues				
Residential or Domestic	\$719,042,282	\$691,718,309	\$27,323,973	4.0
Small Commercial	130,302,365	128,538,190	1,764,175	1.4
Large Commercial & Industrial	682,140,414	666,787,432	15,352,982	2.3
Street & Highway Lighting	28,862,445	26,784,896	2,077,549	7.8
Total Electric Sales	1,560,347,506	1,513,828,827	46,518,679	3.1
Other Revenues				
Rev in Excess of Net Bills	8,300,177	5,646,284	2,653,893	47.0
Rentals of Elec Property	13,921,421	13,266,086	655,335	4.9
Misc. Service Revenue	6,596,714	8,127,476	(1,530,762)	-18.8
Other Electric Revenue	21,254	-	21,254	-
Total Other Revenues	28,839,566	27,039,846	1,799,720	6.7
Total Operating Revenues	1,589,187,072	1,540,868,673	48,318,399	3.1
Operating Revenue Deductions				
Purchased Power	1,099,846,729	1,069,561,611	30,285,118	2.8
Distribution Expenses	148,814,216	126,440,519	22,373,697	17.7
Customer Accounts Expense	37,811,092	35,363,037	2,448,055	6.9
Customer Service & Info	7,165,177	6,316,534	848,643	13.4
Admin & General Expense	108,068,226	118,822,570	(10,754,344)	-9.1
Total Operating Expense	1,401,705,440	1,356,504,271	45,201,169	3.3
Accrued Depreciation	120,298,363	116,349,102	3,949,261	3.4
Taxes & Equivalents	48,104,797	44,423,728	3,681,069	8.3
Total Operating Revenue Deductions	1,570,108,600	1,517,277,101	52,831,499	3.5
Gross Operating Revenue	19,078,472	23,591,572	(4,513,100)	-19.1
Interest Income	24,016,202	23,970,700	45,502	0.2
Other Non-Operating Income	1,760,000	1,872,000	(112,000)	-6.0
Gross Income	44,854,674	49,434,272	(4,579,598)	-9.3
Income Deductions				
Interest on Long-term Debt	36,230,863	31,846,581	4,384,282	13.8
Amort of Debt Expense	(9,121,410)	(9,785,332)	663,922	-6.8
Other Interest Expense	2,897,953	690,000	2,207,953	320.0
Int Charged to Construction	(1,777,366)	(2,176,142)	398,776	-18.3
Total Income Deductions	28,230,040	20,575,107	7,654,933	37.2
Change in Net Position	\$16,624,634	\$28,859,165	(\$12,234,531)	-42.4

**Proposed Operating Expenditures
For the Fiscal Year Ending June 30, 2027**

Budget Code	Budget Code Description	FY 2027 Budget	FY 2026 Budget	\$ Change	% Change
201	Labor - Straight Time	\$ 102,885,014	\$ 100,703,165	\$ 2,181,849	2.2%
202	Labor - Overtime Regular	5,662,727	5,480,300	182,427	3.3%
205	Labor - Overtime Storm	4,000,000	3,033,146	966,854	31.9%
	Labor Subtotal	112,547,741	109,216,611	3,331,130	3.1%
003	Temporary Agency Services	1,500,000	1,500,000	-	0.0%
008	Rentals	1,414,112	1,237,052	177,060	14.3%
010	Water, Gas & Trash Removal	318,650	318,650	-	0.0%
011	Office Supplies	211,342	221,942	(10,600)	-4.8%
012	Travel	604,687	961,723	(357,036)	-37.1%
013	Telephone	1,345,091	1,210,577	134,514	11.1%
014	Education & Training	1,254,158	1,715,362	(461,204)	-26.9%
015	Meals	214,150	293,616	(79,466)	-27.1%
215	Meals - Labor	149,535	156,700	(7,165)	-4.6%
016	Outside Services	37,601,688	40,616,601	(3,014,913)	-7.4%
017	Tools & Equipment	835,362	719,862	115,500	16.0%
018	Computer & Related Supplies	1,295,000	340,000	955,000	280.9%
019	Postage	2,073,154	2,022,379	50,775	2.5%
020	Materials & Supplies	5,023,105	6,088,318	(1,065,213)	-17.5%
021	Software/Hardware Subscriptions & Maintenance	18,693,122	19,982,262	(1,289,140)	-6.5%
022	Trade & Association Memberships	1,058,177	986,281	71,896	7.3%
023	Professional Fees	9,167,428	2,978,278	6,189,150	207.8%
024	Security/Police	2,413,200	2,558,000	(144,800)	-5.7%
025	Advertising	511,300	517,800	(6,500)	-1.3%
026	Banking Fees	125,000	110,000	15,000	13.6%
027	Injury & Damages	900,000	900,000	-	0.0%
028	Contract Data Processing	18,127,510	18,519,029	(391,519)	-2.1%
029	Contract Tree & Grass	40,169,673	19,937,527	20,232,146	101.5%
032	Contract Janitorial	1,215,792	1,215,792	-	0.0%
034	Accrual For Uncollectible Accounts	3,000,000	3,000,000	-	0.0%
038	Civic Involvement	1,557,434	1,646,706	(89,272)	-5.4%
039	Miscellaneous	213,950	273,554	(59,604)	-21.8%
041	Dental	896,000	926,400	(30,400)	-3.3%
042	Medical	11,941,600	11,085,100	856,500	7.7%
043	Life Insurance	192,800	541,600	(348,800)	-64.4%
044	Insurance Premiums	2,462,190	2,441,420	20,770	0.9%
045	Retirement & Survivors	39,756,691	40,621,813	(865,122)	-2.1%
046	Other Post-Employment Benefits (OPEB)	(4,530,672)	7,535,515	(12,066,187)	-160.1%
047	Service Connected Medical	480,000	520,000	(40,000)	-7.7%
048	Vision	243,200	229,600	13,600	5.9%
052	Meters and Related Materials	168,000	198,500	(30,500)	-15.4%
053	Building Supplies	504,250	535,320	(31,070)	-5.8%
054	Gasoline & Diesel Fuel	1,320,000	1,382,250	(62,250)	-4.5%
055	Automotive & Truck Parts	2,481,594	2,415,644	65,950	2.7%
056	Wrecker Service	29,000	22,000	7,000	31.8%
100	GASB Entries	(3,036,363)	(6,319,462)	3,283,099	-52.0%
372	Medicare Tax Employer	(400,000)	(400,000)	-	0.0%
	Non-Labor Subtotal	203,500,910	191,763,711	11,737,199	6.1%
	Sub-Total	316,048,651	300,980,322	15,068,329	5.0%
	Clearings (Data Processing, Transportation & Stores)	(14,189,940)	(14,037,662)	(152,278)	1.1%
	Total	\$ 301,858,711	\$ 286,942,660	\$ 14,916,051	5.2%

2027 CAPITAL BUDGET

Capital Budget Summary

The NES proposed Capital Budget for Fiscal Year 2027 is \$195.0 million. Management intends to fulfill all capital requirements within plus or minus 5.0 percent of this projection. However, due to unforeseen circumstances, expenditures may arise that exceed budgeted funding levels. If this occurs, Management will request Board approval of any additional funding required to meet the needs of the system.

Budget Category	FY 2027 Budget	FY 2026 Budget	Increase (Decrease)
New Business	\$ 16,621,958	\$ 20,031,144	-17.0%
System Construction Plan - Capacity	16,458,860	22,641,199	-27.3%
System Construction Plan - Reliability	2,252,628	1,641,240	37.3%
System Construction Plan - Asset Management	40,045,188	31,074,290	28.9%
Unplanned Renewals and Replacements	27,036,365	20,137,047	34.3%
Relocations	10,827,202	6,612,939	63.7%
Lighting Systems	13,649,745	20,650,408	-33.9%
Meters and Transformers	45,659,001	47,547,000	-4.0%
Equipment and Facilities	22,482,330	48,756,237	-53.9%
TOTAL	\$ 195,033,277	\$ 219,091,504	-11.0%

The Fiscal Year 2027 Capital Budget decreased \$24.1 million compared to the Fiscal Year 2026 Capital Budget of \$219.1 million. The decrease is primarily due to decreases in Facilities because of the McCann Substation land purchase, President's Choice Tariff impact funding and the completion of the Central Substation project.

New Business

This category provides funding for construction of electric system facilities for new customers, expansions for existing customers and new private lighting installations. The Fiscal Year 2027 budget is \$16.6 million compared to a budget of \$20.0 million in Fiscal Year 2026. The decrease of \$3.4 million is primarily due to decreases in New Business Residential, \$3.6 million and New Business Industrial, \$1.3 million, offset by an increase in New Business Substation, \$2.0 million. Expenditures in this section vary directly with customer demand and the scheduling of projects is driven by customer requirements. Transformers and meter costs are included in a separate section of this budget.

System Construction Plan

The System Construction Plan consists of Capacity, Reliability and Asset Management projects. The selection and prioritization of projects is based on system studies, planning criteria and other asset management attributes. Projects are planned and scheduled internally well in advance of construction. Budgets are prepared based on long-range system planning studies, reliability

studies, availability of resources, specific significant purchases and customer needs. Expenditures in this section are affected by the availability of resources and timing of major purchases.

System Construction Plan – Capacity

This category provides funding for planned projects to meet capacity requirements for new transmission line, substation, communication and distribution projects or upgrades to existing facilities. The Fiscal Year 2027 budget is \$16.5 million compared to a budget of \$22.6 million in Fiscal Year 2026. The decrease of \$6.1 million is primarily due to a decrease in Central Substation Construction, \$9.1 million, offset by an increase in distribution capacity projects, \$2.1 million.

System Construction Plan – Reliability

This category provides funding for planned projects to meet new transmission, distribution and substation reliability requirements or upgrades of existing facilities. The Fiscal Year 2027 budget is \$2.3 million compared to a budget of \$1.6 million in Fiscal Year 2026. The increase of \$0.7 million is due to more substation projects planned in Fiscal Year 2027.

System Construction Plan - Asset Management

This category provides funding for planned projects to replace existing infrastructure due to age and condition for transmission line, substation, communication and distribution projects. The Fiscal Year 2027 budget is \$40.0 million compared to a budget of \$31.1 million in Fiscal Year 2026. The increase of \$8.9 million is primarily due to increases in 4kV Conversions, \$5.7 million; transmission asset management projects, \$1.5 million; distribution asset management projects, \$1.2 million and substation asset management projects, \$0.6 million.

Unplanned Renewal and Replacement

This category provides funding for the unplanned replacement of inadequate or deteriorated transmission facilities, substation facilities, overhead distribution facilities, underground distribution facilities and underground network facilities. The Fiscal Year 2027 budget is \$27.0 million compared to a budget of \$20.1 million in Fiscal Year 2026. The increase of \$6.9 million is primarily due to an increase in funding for a mobile substation, \$6.2 million; emergency pole replacements, \$0.5 million and storms, \$0.3 million. Projects are generally short-term in length and are usually not planned or scheduled in advance. Projects in this section may be needed on short notice. Budgets are primarily prepared based on historical activity and expenditures vary with activity.

Relocations

This category provides funding for the relocation of electric system facilities as required by joint-use and make-ready work, road widening and customer requests. The Fiscal Year 2027 budget is \$10.8 million compared to a budget of \$6.6 million in Fiscal Year 2026. The increase of \$4.2 million is primarily due to the addition of strategic undergrounding, \$4.1 million. Projects may be reimbursed by the party requesting the relocation and may be planned and scheduled in advance or may be on short notice. Budgets are prepared based on historical activity and advance notice of specific construction activities. Expenditures in this section vary with activity, timing of relocation projects and availability of resources.

Lighting Systems

This category provides funding for construction, renewal and replacement for lighting systems (generally street and roadway lighting) for the Metropolitan Government of Nashville and Davidson County (Metro) and the various satellite city governments. This section also provides for renewal and replacement of private lighting for individual customers. The Fiscal Year 2027 budget is \$13.6 million compared to a budget of \$20.7 million in Fiscal Year 2026. The decrease of \$7.1 million is primarily due to an acceleration of funding for the NDOT LED streetlighting conversion project to accommodate completion of the project two years earlier than originally planned, \$6.7 million. Projects may be planned and scheduled in advance or may be on short notice. Budgets are prepared based on historical activity, advance notice of specific construction activities and forecasted customer activities. Expenditures in this section vary with maintenance activity, customer demand and availability of resources.

Meters & Transformers

This category provides funding for the purchase of meters, metering equipment and distribution transformers. The Fiscal Year 2027 budget is \$45.7 million compared to a budget of \$47.5 million in Fiscal Year 2026. The decrease of \$1.8 million is primarily due to a decrease in anticipated meter costs. These purchases are planned and scheduled. Budgets are prepared based on forecasted new business activity and forecasted replacement needs.

Equipment and Facilities

This category provides funding for additions, replacements and renewals of the fleet, non-electric facilities, computer equipment, tools, communication equipment and various miscellaneous projects not related to the electric system. The Fiscal Year 2027 budget is \$22.5 million compared to a budget of \$48.8 million in Fiscal Year 2026. The decrease of \$26.3 million is primarily due to decreases in Facilities, \$14.5 million; President's Choice, \$14.4 million and Computer Equipment, \$2.9 million, offset by increases in Fleet, \$4.4 million and Tools & Test equipment, \$1.1 million. Budgets are based on specific plans, contingencies and long-range programs. Expenditures are affected by timing of purchases and availability of equipment to be purchased.

Annual Budget Presentation

May 27, 2026



THE POWER OF PEOPLE

Overview

- Financial Principles
- Earnings and Expenses
- Capital Expenditures
- Winter Storm FERN Response
- Reliability Spend
- Financial Model
- Risks and Opportunities



Financial Principles

- Ratepayer Equity and Cost Causation
 - Rates and borrowing aligned so customers pay costs aligned with their use, no subsidization
- Financial Resilience and Liquidity
 - Strong liquidity enables predictable rate planning, targeting modest three to five percent increases every three to five years
- Long-Term Affordability
 - Prudent, planned debt usage supports affordability without reacting to short-term volatility
- Full Cost Recovery
 - Rates are structured to cover all necessary costs to operate sustainably
- Compliance
 - Financial practices meet regulatory, policy, and audit requirements with transparency and consistency
- Financial Discipline in Support of Reliability, Strategy, and Customer Satisfaction
 - Pursue targeted financial benchmarks against peers while still reaching NES' mission-driven objectives



Earnings and Expenses

	FY26 Budget	FY27 Budget
Operating Revenues	\$ 1,513.8	\$ 1,560.3
Purchased Power	1,069.5	1,099.8
Sales Margin	\$ 444.3	\$ 460.5
Labor	\$ 109.2	\$ 112.5
Contract Tree & Grass	19.9	40.2
Retirement & Survivors/OPEB	48.1	35.3
Outside Services	40.6	37.6
Software / Hardware	20.0	18.7
Medical	11.1	11.9
GASB Entries	(6.3)	(3.0)
Other	44.3	48.7
Operating Expenses	\$ 286.9	\$ 301.9
Other Revenue	\$ 27.0	\$ 28.8
Depreciation	116.3	120.3
Taxes	44.4	48.1
Interest Income	25.8	25.8
Interest/Other Expense	20.6	28.2
Change in Net Position	\$ 28.9	\$ 16.6

- Highlights
 - Annual wage adjustments and percentage change
 - Retirement & survivors and market impacts
 - Increased tree trimming activity
 - Decreased estimated IT maintenance spend

Capital Expenditures

Category (millions)	FY26 Budget	FY27 Budget	FY28 Budget
Transformers	\$ 41.1	\$ 41.1	\$ 40.4
System & Pole Replacements	33.2	39.5	43.7
Unplanned Replacements	12.9	19.5	16.6
New Business	20.0	16.6	17.6
4kV Conversions	9.5	15.2	11.1
Relocations	6.6	10.9	9.0
Fleet	4.9	9.4	13.8
Lighting - Metro LED	15.0	8.3	-
Storms	7.3	7.6	8.9
Tools & Other	9.7	6.3	5.3
Lighting - Other	5.7	5.3	5.8
Meters	6.4	4.6	4.8
Facilities	18.3	3.8	4.4
East Bank	3.4	3.8	2.0
Information Technology	5.9	3.0	2.0
Central Substation	9.2	0.1	-
Tariff Allowance	10.0	-	-
TOTAL CAPITAL FY26-FY28	\$ 219.1	\$ 195.0	\$ 185.4

- Funding Highlights

- Strategic transformer spend
- Additional focus and spend on 4kV conversion including strategic undergrounding projects
- New mobile substation for disaster response
- Early completion of Metro LED Lighting project
- Completion of McCann property purchase
- Completion of Central Substation



Winter Storm Fern Response

1 Emergency Mgmt Leadership

NES is formalizing its leadership structure, ICS framework, and emergency staffing to ensure streamlined coordination and clear accountability during major events.

FY27 Key Funding Items

- \$2M Additional Storm Costs
- \$3M General PMO Support for Four Pillars

2 Communications & Outage Info

A comprehensive review of storm-related communications, the outage map, and customer tools to ensure reliable, timely, and clear information during emergencies.

FY27 Key Funding Items

- \$500K Radio Network Updates
- \$3M for additional headcount to support Communications and other Fern response actions

3 Estimated Time of Restoration

Review and refine ETOR practices — how estimates are developed, updated, and communicated as field conditions evolve — to build transparency and customer trust.

FY27 Key Funding Items

- \$2.3M SCADA Upgrade
- \$400K CADOPS Upgrade

4 Resiliency & Vegetation Mgmt

Comprehensive evaluation of system resiliency, grid hardening, and vegetation management to reduce outage risk — including a system-wide undergrounding feasibility study.

FY27 Key Funding Items

- \$20M Veg Mgmt Increase
- \$1M System UG Study
- \$9M UG Pilot Projects
- \$3M Distribution and Meter Comms Upgrade

FY27 Budget includes over \$44M of funding for Winter Storm Fern Response Actions



Reliability Spend

- Maintaining a reliable electric system for customers is a primary objective of NES and is supported by the budget in the current year and beyond. The current NES financial plan also emphasizes the importance of investing in these reliability initiatives. The following shows the amounts allocated for reliability initiatives over the next five years.

Description	FY27	FY28	FY29	FY30	FY31	Total
Vegetation Management	\$ 40,100,000	\$ 41,904,500	\$ 43,790,200	\$ 22,937,000	\$ 23,969,000	\$ 172,700,700
Reliability - Pole Replacements and Substation	25,000,000	35,300,000	42,300,000	37,500,000	41,800,000	181,900,000
4kV Conversions	15,200,000	11,122,000	16,170,700	17,979,000	19,827,000	80,298,700
Strategic Undergrounding	4,100,000	4,000,000	2,080,000	2,163,200	2,250,000	14,593,200
Distribution Automation	2,000,000	4,000,000	4,000,000	4,000,000	4,000,000	18,000,000
Total	\$ 86,400,000	\$ 96,326,500	\$ 108,340,900	\$ 84,579,200	\$ 91,846,000	\$ 467,492,600

- In total, NES is allocating \$467M of its combined O&M and Capital budgets to reliability initiatives over the next 5 years.

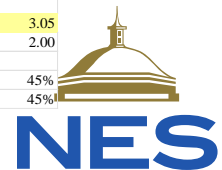


Financial Model

- Revenue growth 1%
- NES projected rate increase 4.5% in FY28
 - Amount and timing consistent with prior year plan
 - Last NES rate increase was October 2022
- Bond issuance:
 - \$260M February 2027
 - \$290M February 2030
- ERP replacement FY28-FY30
- Financial goals met throughout five-year window

Five-Year Financial Model					
TVA Rate Increase					
NES Rate Increase 4.5% - October 2027					
Bond Issuance \$260.0M - February 2027					
Bond Issuance \$290.0M - February 2030					
	Jun-27	Jun-28	Jun-29	Jun-30	Jun-31
FORECASTED INCOME STATEMENTS					
Electric Sales Revenue	\$1,560,347,506	\$1,575,950,981	\$1,591,710,491	\$1,607,627,596	\$1,623,703,872
Rate Increase – for NES	-	53,188,346	71,626,973	72,343,243	73,066,676
Cost of Purchased Power	1,099,846,729	1,113,522,029	1,119,260,182	1,130,546,583	1,141,945,996
Revenue less Power Cost	460,500,777	515,617,298	544,077,282	549,424,256	554,824,552
Other Revenues	28,839,566	29,127,962	29,419,242	29,713,435	30,010,570
Margin	489,340,343	544,745,260	573,496,524	579,137,691	584,835,122
O & M Expenses (excluding Pension and OPEB)	266,632,691	280,475,106	287,186,632	279,597,184	288,594,568
Pension and OPEB Expense	61,476,526	60,914,637	61,031,202	61,269,285	62,032,271
Pension GASB68 & GASB75 adjustment (amortization/other)	(26,250,506)	(24,058,268)	(18,822,928)	(14,394,317)	(11,430,798)
Tax Equivalents	48,104,797	49,547,941	51,034,379	52,565,411	54,142,373
Depreciation	120,298,363	125,396,136	130,498,690	135,854,711	154,312,796
	470,261,871	492,275,552	510,927,974	514,892,273	547,651,210
Interest Income & Other Non Operating Income	25,776,202	23,416,179	20,484,134	23,218,521	23,595,235
Interest Expense	28,230,040	28,634,144	27,111,382	33,345,184	36,807,103
Net Income	\$16,624,634	\$47,251,743	\$55,941,302	\$54,118,755	\$23,972,044
FORECASTED FUNDS AVAILABLE FOR DEBT SERVICE AND CONSTRUCTION					
Net Income	\$16,624,634	\$47,251,743	\$55,941,302	\$54,118,755	\$23,972,044
Adjustments:					
Depreciation	120,298,363	125,396,136	130,498,690	135,854,711	154,312,796
Pension GASB68 & GASB75 adjustment (amortization/other)	(26,250,506)	(24,058,268)	(18,822,928)	(14,394,317)	(11,430,798)
Interest Expense	28,230,040	28,634,144	27,111,382	33,345,184	36,807,103
Commercial Paper - Issuance	100,000,000				
Capital Draws from Bonds	66,512,986	86,666,667	86,666,667	91,666,667	96,666,667
Total Available for debt service, capital projects and working capital	\$305,415,517	\$263,890,422	\$281,395,112	\$300,591,000	\$300,327,812
Requirements					
Debt Service	76,258,908	82,644,261	82,142,438	79,009,157	84,136,505
Capital Project Costs	195,033,275	185,448,778	237,390,080	246,366,811	213,670,249
Total Requirements	271,292,183	268,093,039	319,532,518	325,375,968	297,806,754
Net Change in Cash	34,123,334	(4,202,617)	(38,137,406)	(24,784,969)	2,521,057
Ending Cash	\$511,915,407	\$507,712,790	\$469,575,384	\$444,790,415	\$447,311,472
Cash Minimum Goal of 100 Days	\$397,208,284	\$405,589,437	\$410,873,826	\$413,584,697	\$420,625,866
Excess or Deficiency from Cash Minimum Goal	\$114,707,123	\$102,123,353	\$58,701,557	\$31,205,718	\$26,685,606
Days Cash on Hand of 100 Days or Higher	128.9	125.2	114.3	107.5	106.3
Debt Service Coverage Ratio	2.80	2.89	3.07	3.32	3.05
At Least 2X on Debt Service Coverage	2.00	2.00	2.00	2.00	2.00
Percent of Capital Financed (Annual)*	34%	47%	37%	37%	45%
Percent of Capital Financed Goal	45%	45%	45%	45%	45%

Note: See Budget Presentation Document for full assumption list



Risks and Opportunities

Risks

- Additional actions for storm response
- Additional investment for long-term grid and innovation needs
- Additional power supply costs
- Inability to reduce or maintain planned spending levels

Opportunities

- Legacy recoveries of FEMA submissions
- Energy and demand that exceeds margin expectations
- Grant funding to cover future expenditures
- Future cost containment efforts

QUESTIONS?

**RECOMMENDATION FOR APPROVAL OF THE OPERATING
BUDGET FOR FISCAL YEAR 2027 AND CAPITAL BUDGET
FOR FISCAL YEARS 2027 AND 2028**

The Operating Budget for Fiscal Year 2027 and the Capital Budget for Fiscal Years 2027 and 2028 were prepared to maintain the mission of providing safe, reliable and affordable power and energy services to the communities we serve and to achieve the financial goals of the organization.

The Operating Budget projects a net income of \$16.6 million for the year ending June 30, 2027. In comparison, the budgeted net income for the year ending June 30, 2026, was \$28.9 million. The Fiscal Year 2027 net income budget is lower than Fiscal Year 2026 primarily due to increases in Contract Tree & Grass, \$20.2 million; Interest Expense, \$7.7 million; Professional Fees, \$6.2 million; Depreciation, \$3.9 million; Taxes, \$3.7 million and Labor, \$3.3 million. This is offset by increases in electric sales margin, \$16.2 million; Other Revenues, \$1.8 million as well as decreases in OPEB, \$12.1 million and Outside Services, \$3.0 million.

The proposed NES Capital Budgets for Fiscal Year 2027 and Fiscal Year 2028 are \$195.0 million and \$185.4 million, respectively. The projections include requirements for forecasted growth in building, improving and expanding the distribution system to meet anticipated demand, \$153.5 million; 4kV Conversions, \$15.2 million; LED Streetlight Conversion, \$8.3 million; Mobile Substation purchase, \$6.2 million; Strategic Undergrounding, \$4.1 million; White Bridge Switchgear, \$3.7 million; East Bank Projects, \$2.0 million and Battery Storage Project, \$2.0 million. The Fiscal Year 2027 Budget decreased \$24.1 million over Fiscal Year 2026. The decrease is primarily due to decreases in Facilities because of the McCann Substation land purchase, President's Choice Tariff impact funding expiration and the completion of the Central Substation project.

Management recommends approval of the Operating Budget for Fiscal Year 2027 and the Capital Budgets for Fiscal Years 2027 and 2028.

**Recommendation of Purchases and Contracts
at the Meeting on Wednesday May 27, 2026**

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

Total Materials and Supplies Purchases	\$4,560,904.70
Total Contracts and Services	\$1,500,000.00
Total Additions, Extensions, and Changes	\$8,603,990.00
Total Ratified Purchases and Contracts	\$2,893,435.68
TOTAL	\$17,558,330.38
Total Line Items	\$60,000,000.00

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

MATERIALS AND SUPPLIES PURCHASES

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Cable, Aluminum, 25kV, #1, 19 Strand (152,000 ft)	Border States Industries	*\$835,392.00	Competitive (1 Year) Blanket	3/8
Cable, Aluminum, 25V EPR, 500KCMIL W/CN 1C (18,000 ft.)	Wesco Distribution	*559,224.00	Competitive	3/5
Conductor, Aluminum, 25kV, #1, 7 or 19 Strand (78,000 CI)	Gresco	*930,384.00	Competitive (1 Year) Blanket	4/8
Conductor, Copper, 25kV, EPR 750 KCMIL W/CN 1 (10,800 ft.)	Wesco Distribution	*511,660.80	Competitive	3/5
Transformer, Pad Mount, Three-Phase, Live Front, 15,000kVA, 23.9/13.8-13.8/7.9 (1)	Stuart C. Irby	890,243.90	Competitive	1/3
Underground Distribution Switchgear (4)	Stuart C. Irby	834,000.00	Competitive Sole Brand	3/4
TOTAL		\$4,560,904.70		

*Price includes a 20% contingency.

CONTRACTS AND SERVICES

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Specialized Excavation for Large Drilled Shaft Poles	Long Foundation Drilling Co.	1,000,000.00	Competitive (3 Years)	2/26
Temporary Professional Accounting Services	Robert Half	500,000.00	Professional Service (5 Years)	N/A
TOTAL		\$1,500,000.00		

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

ADDITIONS, EXTENSIONS, AND CHANGES

<u>Item Description</u>	<u>Contractor</u>	<u>Additional Amount</u>	<u>Change Requested</u>
Banking Services	Pinnacle Financial Partners	N/A	**Extension (3 Months)
Diesel	JAT Oil, Inc.	N/A	Extension (2 Years)
Elevator Modernization	Premier Elevator	\$800,000.00	Addition (new NTE \$2,874,288.65) Extension (2 Years)
Engineering Services- SCADA Upgrades, Patching, Training, and Other Engineering Related Services	Anthony Smoke	N/A	Extension (1 Year)
ESRI Software Annual Maintenance and Online Services	ESRI, Inc.	87,970.00	Addition (New NTE \$304,648.63)
Ethanol	JAT Oil, Inc.	N/A	Extension (2 Years)
Gasoline	Petroleum Traders Corp.	N/A	Extension (2 Years)
High Volume Automated System, Outage IVR	Message Broadcast	157,000.00	Addition (New NTE \$1,262,200.00) Extension (2 Years)
Kiosks, Software, and Support	CityBase, Inc.	83,314.00	Addition (New NTE \$524,954.00) Extension (1 Year)
Mobile Substation, 35 MVA, Refurbished	Delta Star c/o ELUS Company	899,069.00	Addition (New NTE \$3,121,891.00)
Motorola Radio Equipment and Services	Motorola Network Services	N/A	***Extension (6 Months)
Power Circuit Breaker	Siemens Industry, Inc.	36,637.00	Addition (New NTE \$3,755,719.80)
Security and Traffic Control	Metro Nashville Police Dept.	40,000.00	Addition (New NTE \$290,000.00)
Substation Grass Mowing and Maintenance	Five Star Lawn Management	N/A	Extension (2 Years)

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

May 27, 2026

Transmission and Distribution Storm Recovery	Lewis Tree	5,000,000.00	Addition (New NTE \$9,000,000.00)
Transmission and Distribution Storm Recovery	PowerPros Powerline Solutions	1,000,000.00	Addition (New NTE \$4,000,000.00)
UVM Services Ground Maintenance	Wright Tree Service	500,000.00	Addition (New NTE \$6,000,000.00) ****Extension (3 Months)
TOTAL		\$8,603,990.00	

**Total contract term is six years and three months.

***Total contract term is five years and six months.

**** Total contract term is five years and three months.

RATIFIED PURCHASES AND CONTRACTS

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Aftermarket Repair Parts and Service	Nashville Spring Service	\$200,000.00	Competitive (5 Years)	6/6
Aftermarket Repair Parts and Service	Signal Industrial Products	200,000.00	Competitive (5 Years)	6/6
Aftermarket Repair Parts and Service	Truckers Lighthouse	200,000.00	Competitive (5 Years)	6/6
Aftermarket Repair Parts and Service	Vanguard Truck Centers	200,000.00	Competitive (5 Years)	6/6
Box Pad, Fiber Glass, 48" X 37½" (300)	Gresco	174,900.00	Competitive	3/4
Cable, Aluminum, 25kV, EPR 500KCMIL, E/CN 1C (18,000 ft.)	Border States Industries	*225,072.00	Competitive	4/21
CaseWare Software Renewal and Cloud Solution	CaseWare International, Inc.	5,748.97	Addition (New NTE \$75,551.97) Extension (47 Days)	N/A
Consulting Services in Connection with Development of Incident Command System	Crisis Leader Consulting	150,000.00	Addition (New NTE \$200,000.00)	N/A
Fasteners	Fastenal Company	N/A	Extension (1 Year)	N/A

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

May 27, 2026				
OEM Repair Parts and Service	Downtown Nashville Nissan	200,000.00	Competitive (5 Years)	5/6
OEM Repair Parts and Service	Kentucky Lake Tractor dba Coleman tractor	200,000.00	Competitive (5 Year)	5/6
OEM Repair Parts and Service	McMahon Truck Centers	200,000.00	Sole Source (5 Years)	N/A
OEM Repair Parts and Service	Specialty Fleet Sales	200,000.00	Competitive (5 Year)	5/6
OEM Repair Parts and Service	Thompson Machinery	200,000.00	Sole Source (5 Years)	N/A
Omicron Line Impedance Test System and Ground Impedance Step-Touch Voltage Set	Omicron Electronics	78,492.83	Competitive Sole Brand	2/23
On-Site Sampling, Analyzing, and Reporting Results of Oil Samples	United Power Services	N/A	Extension (2 Years)	
Pole, Wood, C4, 40' (228)	Stella-Jones Corporation	58,140.00	Competitive	9/11
Quattro Module Cover (36); Quattro NX64 C37.94 (20); Module Line SEL ICON 1470NM SFP (18)	Schweitzer Engineering Labs, Inc.	51,081.88	Competitive Sole Brand	5/17
Radiator Repair/Particulate Filter Cleaning Service	Emission & Cooling Solutions	40,000.00	Addition (New NTE \$85,000.00)	N/A
Security and Traffic Control	Metro Nashville Police Dept.	100,000.00	Addition (New NTE \$250,000.00)	N/A
Stanley Hydraulic Tools and Parts	Tool-Smith Co., Inc.	100,000.00	Competitive (1 Year) Sole Brand	1/20
Steel and Aluminum Bars, Length and Sheets	Loftis Steel & Aluminum	N/A	Extension (1 Year)	N/A
Truck Accessories, Components, and Other Body Fabrication Services	A&A Auto Stores General Parts Line-X of Nashville Reading Equipment Specialized Truck Repair Stringfellow Utility Equipment Service	110,000.00	Addition (New NTE \$230,000.00)	N/A
TOTAL		\$2,893,435.68		

*Price includes a 20% contingency.

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

LINE ITEMS

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
IT Hardware, Software and Services	CDW Government, Inc.	\$15,000,000.00	Addition (New NTE \$30,000,000.00)	N/A
Oracle ERP Hardware, Software, Licensing, and Support	Mythics, LLC	20,000,000.00	Addition (New NTE \$27,000,000.00)	N/A
Technology Solutions, Products, and Services	World Wide Technology	5,000,000.00	Cooperative (2 Years)	N/A
UVM Planned and Unplanned Cycle Maintenance	ABC Professional Tree Service	20,000,000.00	Addition (New NTE \$55,000,000.00) Extension (1 Year)	N/A
TOTAL		\$60,000,000.00		

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

Referenced Items Included in Board Materials (Information Only) – No Presentations

**NASHVILLE ELECTRIC SERVICE
MONTHLY FINANCIAL OVERVIEW
YEAR TO DATE AS OF APRIL 30, 2026**

FINANCIAL RESULTS (OPERATING EXPENSES SHOWN BELOW EXCLUDE EFFECTS OF WINTER STORM FERN)

<u>(millions)</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>	<u>%</u>
Operating Revenues	\$ 1,361.0	\$ 1,273.1	\$ 87.9	6.9%
Purchased Power	(937.8)	(889.0)	(48.8)	5.5%
Sales Margin	\$ 423.2	\$ 384.1	\$ 39.1	10.2%
Operating Expenses	(228.7)	(238.3)	9.6	-4.0%
Other Revenues	21.9	22.6	(0.7)	-3.1%
Depreciation	(87.1)	(97.0)	9.9	-10.2%
Taxes	(38.2)	(37.0)	(1.2)	3.2%
Interest Income	19.9	20.0	(0.1)	-0.5%
Other Non-Operating Income	1.4	1.6	(0.2)	-12.5%
Interest/Other Expense	(17.3)	(17.5)	0.2	-1.1%
Change in Net Position	\$ 95.1	\$ 38.5	\$ 56.6	147.0%

Highlights

Margin - favorable primarily due to favorable weather patterns/temperatures.

Operating Expenses - primarily due to favorability in labor, OPEB, outside services and IT shared services, offset by unfavorable retirement & survivors, contract tree & grass, civic involvement, uncollectible accounts and medical. Winter Storm Fern operating expenses reclassified to a Regulatory Asset, pending a final capitalization review on or before June 30.

Other Revenues - lower reconnect fees, offset by favorable late fees & pole attachments

Depreciation - fewer asset additions than planned

Taxes - unfavorable due to higher equalization factor impact than anticipated

Interest/Other Expense - greater AFUDC than projected

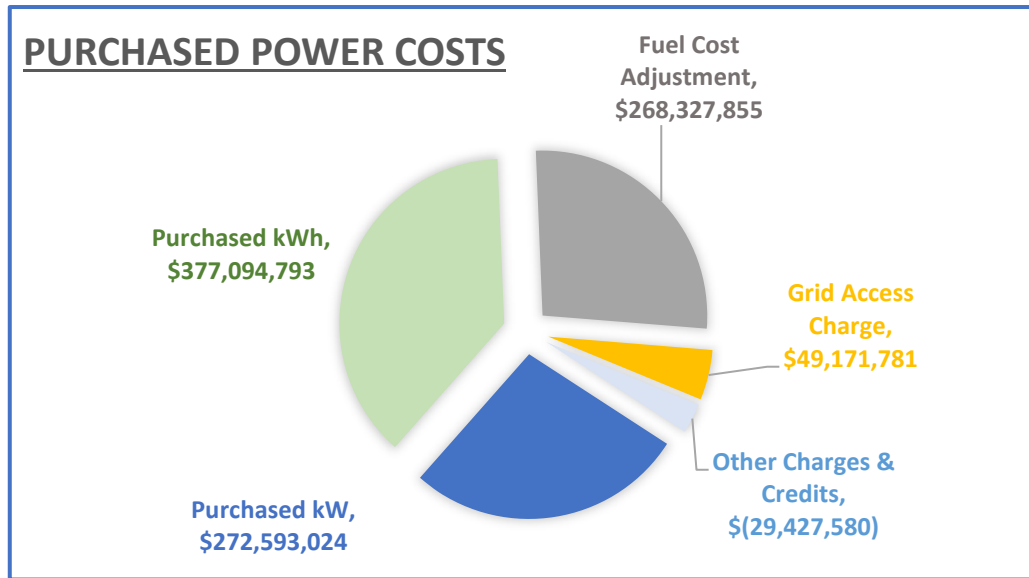
FINANCIAL GOALS

<u>GOAL</u>	<u>TARGET</u>	<u>ACTUAL</u>
Debt Service Coverage	2.0	3.4
Days Cash on Hand	90	123

**NASHVILLE ELECTRIC SERVICE
MONTHLY FINANCIAL OVERVIEW
YEAR TO DATE AS OF APRIL 30, 2026**

WHOLESALE UNITS AND CHARGES

Purchased kW	22,922,400	\$	272,593,024	29.1%
Purchased kWh	10,563,057,913	\$	377,094,793	40.2%
Fuel Cost Adjustment		\$	268,327,855	28.6%
Grid Access Charge		\$	49,171,781	5.2%
Other Charges & Credits		\$	(29,427,580)	-3.1%
Total Purchased Power Costs		\$	937,759,873	



Units & Charges: Retail Sales vs. Wholesale Purchased

Description	Retail	Wholesale
kWh	10,453,687,769	10,563,057,913
KW	15,204,999	22,922,400
Sales / Purchases	\$ 1,360,998,068	\$ 937,759,873
FCA	\$ 272,483,000	\$ 268,327,855
Degree Days	4,645	4,474
Temperature at Peak	Various	Various

**NASHVILLE ELECTRIC SERVICE
MONTHLY FINANCIAL OVERVIEW
YEAR TO DATE AS OF APRIL 30, 2026**

SALES VOLUME & CUSTOMER STATS

SALES VOLUME - MWH				
Sales Volume	YTD Actual	YTD Budget	Variance	%
Residential	4,538,849	4,215,208	323,641	7.7%
Small Commercial	702,849	683,674	19,175	2.8%
Large Commercial	5,125,904	4,967,394	158,510	3.2%
Street & Highway Lighting	86,086	91,370	(5,284)	-5.8%
Total MWH Sales	10,453,688	9,957,646	496,042	5.0%

NUMBER OF CUSTOMERS	
Residential	431,208
Small Commercial	37,562
Large Commercial	7,247
Large Commercial BCD	43
Street & Highway Lighting	207
Total Number of Customers	476,267

CAPITAL BUDGET RESULTS (AMOUNTS BELOW EXCLUDE EFFECTS OF WINTER STORM FERN)

(millions)	FY26 Budget	YTD Actuals	FY26 Balance	YTD % Budget
New Business	20,031	10,298	9,733	51%
System Construction - Capacity	22,641	11,641	11,000	51%
System Construction - Reliability	1,641	1,097	544	67%
System Construction - Asset Mgmt	31,074	20,187	10,887	65%
Unplanned Replacements	20,137	12,143	7,994	60%
Relocations	6,613	4,017	2,596	61%
Lighting Systems	20,651	14,794	5,857	72%
Meters	6,447	3,005	3,442	47%
Transformers	41,100	40,075	1,025	98%
Equipment & Facilities	48,756	25,199	23,557	52%
Total Capital Budget Results	219,091	142,456	76,635	65%

**NASHVILLE ELECTRIC SERVICE
QUARTERLY ASSET MANAGER'S REPORT
MARCH 31, 2026**

Pension Results for the Quarter

The NES Plan had a loss of -1.32 percent for the quarter as compared to a loss of -1.58 percent for the dynamic index. A summary of the results for the funds follows (benchmark indexes are italicized):

FUND DESCRIPTION	BALANCE	QUARTER ENDED 3/31/2026	12-MONTHS ENDED 3/31/2026	SINCE INCEPTION 7/31/2001
Large Cap				
S&P 500 Index Fund	\$167,100,960	-4.36%	17.72%	12.77%
<i>S&P 500 Index</i>		<i>-4.33%</i>	<i>17.80%</i>	<i>12.82%</i>
US Equity Factor Allocation Fund	73,037,776	-2.29%	18.48%	15.34%
<i>Russell 3000</i>		<i>-3.96%</i>	<i>18.09%</i>	<i>13.46%</i>
SEI Extended Market Index Fund	29,254,200	-1.17%	21.53%	9.82%
<i>Russell Small Cap Completeness Index</i>		<i>-1.19%</i>	<i>21.55%</i>	<i>9.75%</i>
Small-Mid Cap				
SEI Small-Mid Cap Fund	14,602,019	1.12%	12.14%	10.79%
<i>Russell 2500</i>		<i>2.04%</i>	<i>23.45%</i>	<i>11.87%</i>
International				
SEI World Equity Ex-US Fund	191,407,451	-0.09%	22.26%	7.79%
<i>Net MSCI All Country World Ex-US</i>		<i>-0.71%</i>	<i>24.91%</i>	<i>6.75%</i>
Bonds / Cash				
SEI Core Fixed Income Fund	124,447,759	0.06%	4.63%	4.19%
<i>Bloomberg US Aggregate Bond</i>		<i>-0.05%</i>	<i>4.35%</i>	<i>3.58%</i>
Limited Duration Fund *	58,455,847	0.34%	4.44%	4.92%
<i>ICE B of A ML 1-3 Year Treasury</i>		<i>0.29%</i>	<i>3.75%</i>	<i>4.04%</i>
SEI High Yield Bond Fund	36,619,873	-0.42%	6.76%	7.07%
<i>SEI US HY Historical Blend</i>		<i>-0.55%</i>	<i>6.90%</i>	<i>6.30%</i>
SEI Emerging Markets Debt Fund	36,215,959	-0.78%	15.81%	5.21%
<i>Emerging Markets Debt Index</i>		<i>-1.75%</i>	<i>11.11%</i>	<i>4.26%</i>
Cash/Cash Equivalents	1,695,135			
Composite	\$732,836,979	-1.32	14.71%	6.65%
Net Dynamic Index		-1.58	15.62%	6.87%

*Fund established May 2023

Individual Fund Performance

US Equity Factor Allocation overperformed its index by 1.67 percent. The value outperformed, driven by cyclical sectors including energy and financials, although portfolio participation was more limited due to underexposure. Overweighting APA and Devon contributed driven by higher oil prices, while underweighting Chevron and Exxon detracted. Underweighting Tesla contributed as softer EV demand and margin pressure weighed on the stock.

Asset Allocation

The Plan's asset allocation for the quarter's end consists of 38 percent domestic equity, 36 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 funds in cash.

Manager	Benchmark Index	Market Value (Millions)	Goal %	Actual %
S&P 500 Index Fund	<i>S&P 500</i>	\$167.1	23.00%	22.80%
US Equity Factor Allocation Fund	<i>Russell 3000</i>	73.0	10.00%	10.00%
SEI Extended Market Fund	<i>Russell Small Cap</i>	29.3	4.00%	4.00%
SEI Small-Mid Cap Fund	<i>Russell 2500</i>	14.6	2.00%	2.00%
SEI World Equity Ex-US Fund	<i>MSCI All Country World Ex-US</i>	191.4	26.00%	26.10%
Core Fixed Income Funds	<i>Bloomberg Aggregate</i>	124.4	17.00%	17.00%
Limited Duration Fund	<i>ICE B of A ML 1-3 Year Treasury</i>	58.5	8.00%	8.00%
SEI High Yield Bond Fund	<i>SEI US HY Historical Blend</i>	36.6	5.00%	5.00%
SEI Emerging Markets Debt Fund	<i>Emerging Markets Debt Index</i>	36.2	5.00%	4.90%
Cash/Cash Equivalents		1.7	0.00%	0.20%
Total		\$732.8	100.00%	100.00%

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 US Aggregate Bond Index, 8 percent ICE Bank of America ML 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 loss of -1.32 percent as compared to the dynamic index which had a loss of -1.58 percent. The OPEB trust held \$307.8 million of assets as of March 31, 2026. 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 loss of -1.44 percent as compared to the dynamic index which had a loss of -1.58 percent. The 401(a) Trust held \$61.0 million of assets as of March 31, 2026. The trust transitioned from a set fund allocation for all participants to a custom NES Target Date Fund Series in November 2025. The funds are tailored to based on age ranges and are designed to adjust investment risk as retirement approaches.

Investment Committee Actions

The Investment Committee approved a change to the portfolio mix for the Pension and OPEB Plans during the March 2026 Quarterly Investment Committee meeting. The change in the investment mix is intended to decrease risk of concentration in particular markets.

The revised portfolio allocation for the Pension and OPEB Plans for Board Recommendation are shown in the table below.

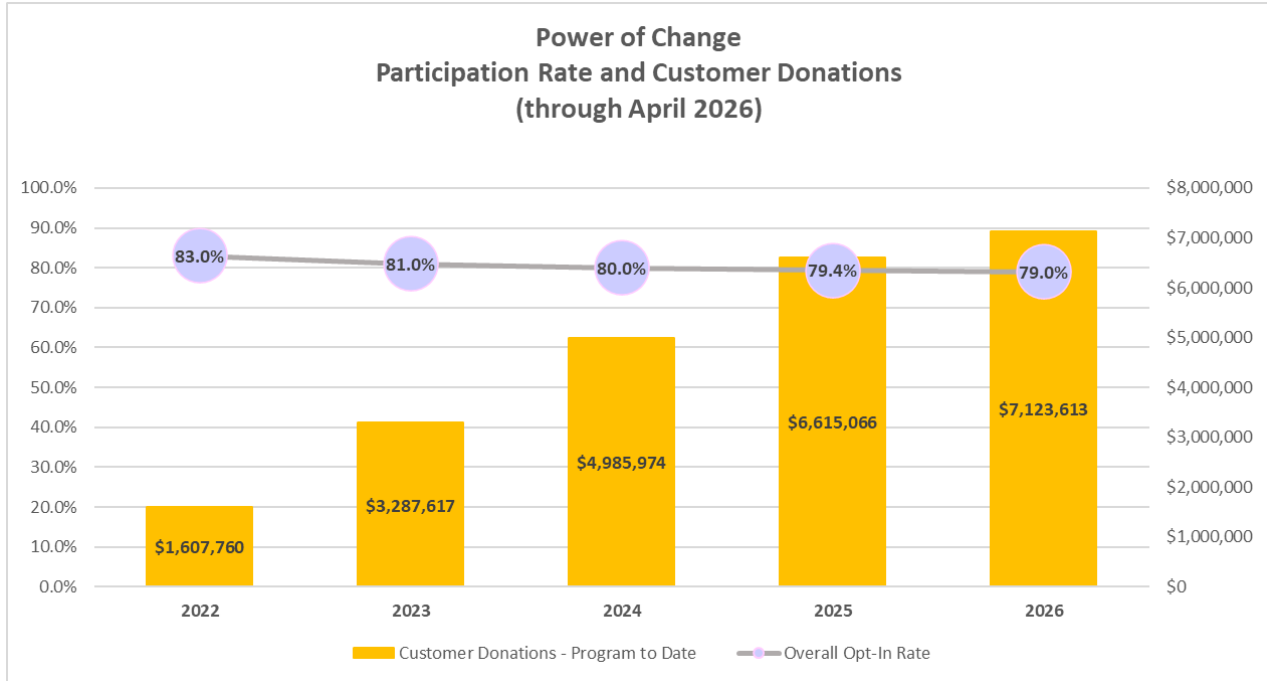
Fund Type	New Allocation	Prior Allocation
S&P 500 Index Fund	16%	23%
US Equity Factor Allocation Fund	19%	10%
SEI Extended Market Fund	4%	4%
SEI Small-Mid Cap Fund	0%	2%
SEI World Equity Ex-US Fund	26%	26%
Core Fixed Income Funds	17%	17%
Limited Duration Fund	8%	8%
SEI High Yield Bond Fund	5%	5%
SEI Emerging Markets Debt Fund	5%	5%
Total	100%	100%

The 401(a) Plan fund allocations are tailored based on age ranges of the participants and were not impacted by the portfolio allocation above.

QUARTERLY HOME UPLIFT – POWER OF CHANGE UPDATE

Power of Change

Since program inception in January 2022, NES customers have donated over \$7.1 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 79.0 percent continues to exceed the required 70 percent participation rate. The chart below shows cumulative customer donations and participation rates since program inception.



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 April 2026, total funding for Home Uplift approximates \$22.1 million, of which \$21.7 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 April, 2,167 homes have received Home Uplift weatherization and energy efficiency measures.

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	\$10,019	\$21,711,200
TVA calculated average energy (kWh) savings (annual)*	3,775	29,836,200

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

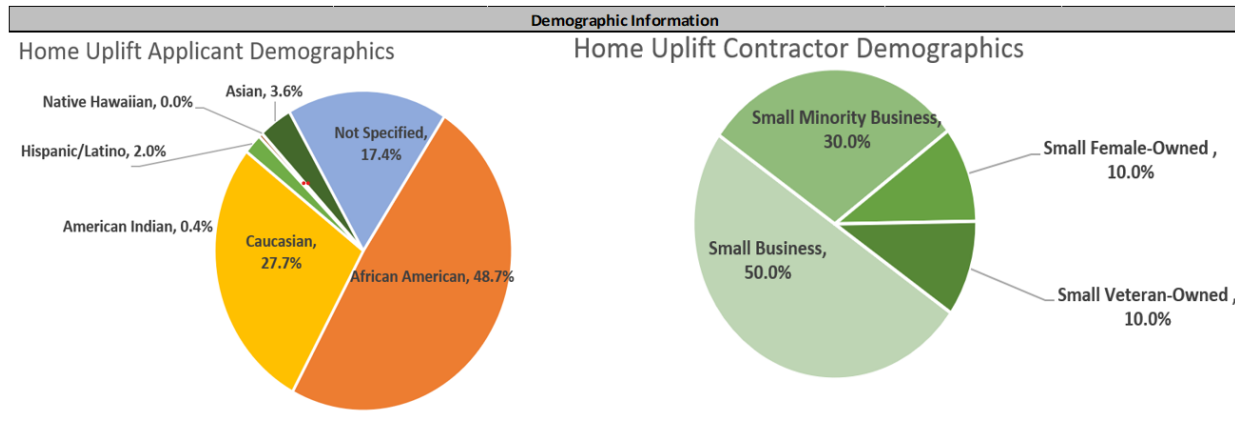
Applications and Demographics

NES employees engage with customers at community events providing Home Uplift program information and assisting with any questions and documentation requirements. Additionally, NES Corporate Communications and CLEAResult offer application assistance sessions monthly at NES.

Due to the numerous program events and marketing efforts, the Home Uplift program has a wait list of 182 approved participants and CLEAResult is working with over 200 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>)	241
Waitlist (<i>approved, but not started</i>)	182
In Progress (<i>started, but not completed</i>)	17

Both applicant and contractor demographics (requested from applicants and contractors, but not required) are tracked by CLEAResult and are shown in the charts below.



Conclusion

We will continue working with TVA, CLEAResult, and others to ensure the NES Board is periodically updated on the status of the Home Uplift and Power of Change programs as well as any material changes.

OPERATIONS REPORT
Third Quarter
Fiscal 2026 Summary

Description	Fiscal Year 2026 Goal	Results as of 12/31/2025*
(Goals Met are in Bold)		
SAFETY		
Recordable Injuries per 200,000 man-hours worked	No more than 3.8	2.9
At-Fault Vehicle Accidents per one million miles driven	No more than 4.3	2.0
NES Safety Index	No more than 90.0	54.2
RELIABILITY TARGETS		
System Average Interruption Duration Index - SAIDI	Range of IEEE 2 nd quartile is 95 to 137 minutes	76.66
Customer Average Interruption Duration Index - CAIDI	Range of IEEE 1 st quartile is less than 108 minutes	84.67
System Average Interruption Frequency Index - SAIFI	Range of NES standard of 0 to 1.65 events	0.91
Average System Availability Index - ASAI	Range of IEEE 2 nd quartile is 99.9739% to 99.9819%	99.9849%
CUSTOMER SERVICE		
Percentage of Calls Answered (Combined)	Not less than 90 percent	93.33%
Percentage of Calls Answered (Rep Only)	Not less than 80 percent	81%
Average Speed of Answer (Combined)	120 seconds or less	98.33
Average Speed of Answer (Rep Only)	210 seconds or less	325.33
Grade of Service (Combined)	Not less than 75 percent	80.33%
Grade of Service (Rep Only)	Not less than 50 percent	46.33%
FINANCIAL**		
Operations & Maintenance Expense per customer	Less than \$618.48 per customer	\$554.18
Distribution Expense per customer	Less than \$267.05 per customer	\$253.11
Customer Service Expense per customer	Less than \$93.57 per customer	\$88.80
Administrative & General Expense per customer	Less than \$257.86 per customer	\$212.27
Capital Expenditures	\$219.1 million	\$117.9 million
Days in Receivables	25 days or less	25.09 days

*All amounts based on rolling twelve months unless otherwise noted

** Excludes non-cash retirement cost impacts

Excludes impacts of Winter Storm Fern and non-cash retirement costs

MANAGEMENT’S DISCUSSION & ANALYSIS OF THE 3rd QUARTER OPERATIONS

SAFETY

All three Safety Goals for the third quarter were met. The NES employees are commended for their continued positive safety leadership and performance during their standard and emergency operations and practices.

Thank you NES employees, for demonstrating exceptional readiness and maintaining high safety standards to keep our various and demanding workplace environments safe while productive every single day.

RELIABILITY

NES experienced a significant ice storm this quarter that left nearly 232,000 customers without power. Restoration took nearly two weeks to complete. Under the IEEE standard for calculating reliability statistics, major events are excluded from the reliability calculations. Based on this standard, NES met all four reliability goals for the quarter, with SAIDI, CAIDI, and ASAI ranking in the first quartile. Over the last 12 months, customers experienced a 10% decrease in total customer-minutes out compared to the previous 12 months, along with a 5% improvement in sustained outages. However, while IEEE allows utilities to discount major events, we recognize that our customers still experience these outages. Therefore, post-Winter Storm Fern, NES has made a commitment to enhance our vegetation management policy by removing all overhang and maintain a larger lateral clearance of 15 feet to our conductors to limit outages during storm events. The commitment also included not only finishing the 600 miles that were planned for this year but to also ensuring that we have trimmed all circuits within the last 48 months by the end of the fiscal year. To do this, NES significantly increased the vegetation management work post-Winter Storm Fern by having 5 tree trimming contractors totaling approximately 183 crews on the system. They are averaging about 60 miles trimmed per week and are on track to meet our goal.

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

Description	Last Twelve Months	Previous Twelve Months
Number of Active Meters	463,942	456,412
Total Customers Interrupted	1,076,834	2,415,568
Total Customer-Minutes Out	35,232,061	39,205,457
Customer’s Interrupted (Momentary)	659,670	1,973,959
Customer’s Interrupted (Sustained)	417,164	441,609

CUSTOMER RELATIONS

During the January–March reporting period, Customer Relations answered 592,761 calls. Four of six performance goals were met. The two unmet goals were Grade of Service (Advisor Only), which fell short by 3.66% with a result of 46.33%, and Average Speed of Answer, which was 325.33 seconds, exceeding the target by 115.33 seconds. These missed goals were primarily attributable to technical issues experienced with the high-volume answering service during the Winter Storm Fern event.

Customer Relations continued its strategic use of contract advisors and overflow call centers to augment the workforce. This approach enabled the contact center to effectively address staffing gaps related to shrinkage and respond efficiently during periods of elevated call volume. During Fiscal Year 2026, Quarter 3, operations were supported by 19 active contract advisors, along with two overflow call centers, enhancing operational resiliency and helping maintain service level expectations.

Advisor Achievements and Recognition

- Three new Service Advisors I hired in February.
- Advisor of the Month honors were awarded to one advisor in January and another advisor in March.
- One contract advisor received Contract Advisor of the Month recognition in January, while a different contract advisor earned the same recognition in March.
- Nine advisors achieved Pacesetters Club status.
- Twenty-six advisors earned placement in the 100 Percenters Club, demonstrating exceptional adherence to quality monitoring standards.

CORPORATE COMMUNICATIONS

- **1,440 touchpoints with media** regarding Winter Storm Fern, Tree trimming, outage map enhancements, outages, storm preparation, Needlink donations, LIDAR technology, Power board representation, priority restoration, the critical referral task force, high bills and National Cut Your Energy Costs Day.
- Posted **322** social media posts across Facebook and X focused on Winter Storm Fern, response, restoration and progress updates, safety warnings, downed lines, energy-saving tips, bill assistance, electrical safety, weather preparedness and severe weather, vegetation management, customer service and public power, reliability and infrastructure, community involvement, clean energy and sustainability, safety and scam awareness, workforce and service commitment, and energy efficiency and savings.
- Gained **52.7K** new followers on Facebook, X and Instagram and yielded a **7.6K%** increase in reach on Facebook.
- Received **23.5 million views** from Facebook content with a **861.5% increase** from last quarter.
- Managed Instagram account, created **72** posts and yielded a **1.1K% increase in content reach**, between January 1 and March 31.
- Deployed **7** emails to our full customer list to an average of **280,890** customers with an average open rate of **18.8%**
- Deployed **1** email to key accounts to a list size of **191** recipients with an open rate of **17.7%**
- Deployed **1** email to a target contacts segment to a list size of **378** customers with an open rate of **19.8%**
- Deployed **2** emails to property managers:
 - 1 email with a list size of 1,298 recipients and an open rate of 31.3%
 - 1 email with a list size of 37 recipients and an open rate of 51.4%
- Published **7** stories on www.nespowernews.com leading to **27,680** site visitors and **121,894** page views.
- NES Employees attended **21** community events, providing resources and information to various organizations.
- Completed **61** Corporate Communications Requests from NES employees.
- **4** employee newsletters sent, covering need-to-know information from NES and industry-wide.

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 million in their calculations.

ACTUAL RESULTS BELOW EXCLUDE IMPACT OF WINTER STORM FERN

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

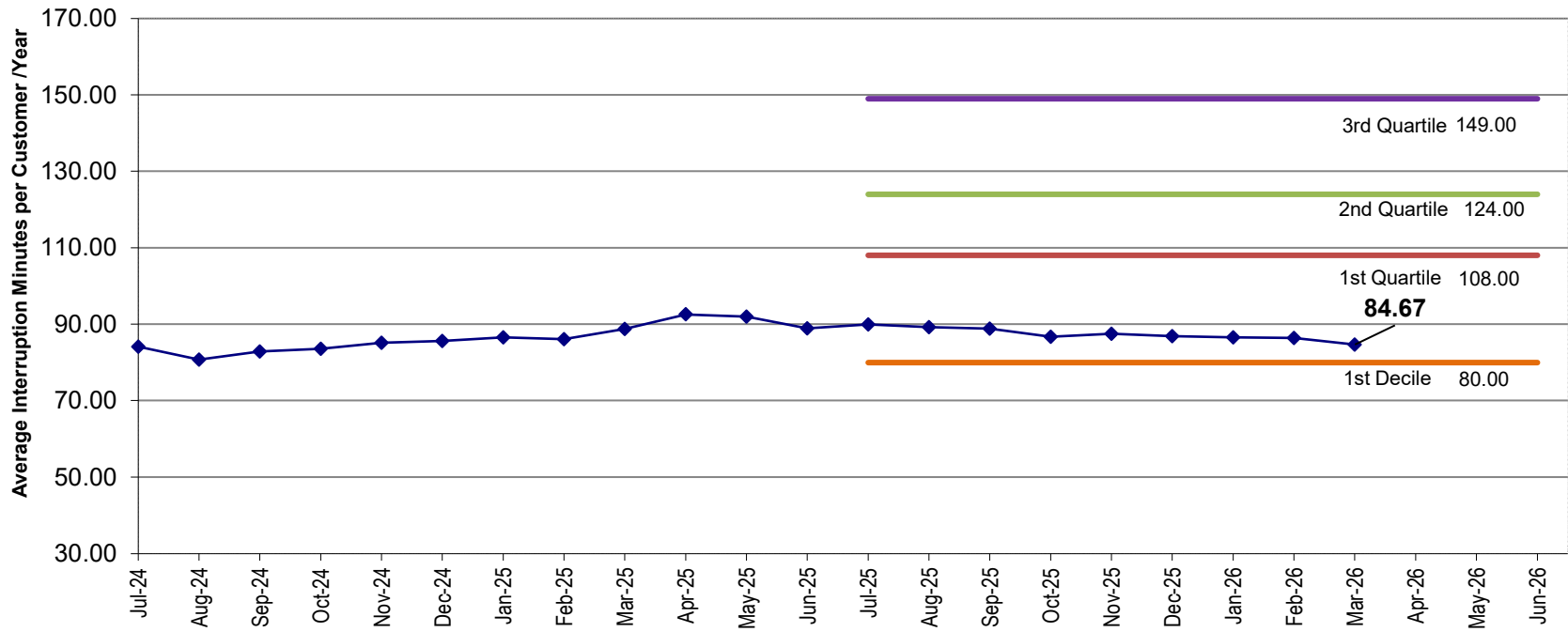
		March	March		
	Total Operating Expenses	YTD Actual	YTD Budget	Over (Under)	Explanations
		196,437,000	215,527,000	(19,090,000)	
	Labor	69,104,000	78,006,000	(8,902,000)	Under budget primarily due to fewer employees than planned, favorable storm overtime and timing of leave taken, offset by greater regular overtime than anticipated.
3	Temporary Agency Services	833,000	1,125,000	(292,000)	Temporary agency services lower than planned.
9	Transportation	4,475,000	4,323,000	152,000	Transportation costs greater than projected.
12	Travel	207,000	484,000	(277,000)	Training related travel cost lower than planned.
14	Education & Training	774,000	1,123,000	(349,000)	Less education required than budgeted.
16	Outside Services	14,964,000	23,685,000	(8,721,000)	Under budget due to fewer services required than anticipated and reclassified storm activity to the balance sheet for review and capitalization.
17	Tools & Equipment	352,000	467,000	(115,000)	Tool replacements less than projected.
19	Postage	1,415,000	1,515,000	(100,000)	Mailing services lower than estimated.
20	Materials & Supplies	3,860,000	3,404,000	456,000	Material usage greater than anticipated.
21	Software/Hardware Maintenance	585,000	844,000	(259,000)	Lower software maintenance than estimated.
24	Security/Police	1,747,000	1,918,000	(171,000)	Security guard services less than budgeted.
25	Advertising	591,000	389,000	202,000	Greater marketing campaigns than anticipated.
29	Contract Tree & Grass	14,365,000	14,931,000	(566,000)	Under budget due to fewer miles trimmed than planned and favorable Distribution Reliability Improvement Program, offset by unplanned trim with several large circuits cost higher than estimated.
34	Accrual for Uncollected Accounts	3,926,000	2,250,000	1,676,000	Analysis indicated a higher A/R reserve estimate over the initial plan.
38	Civic Involvement	4,302,000	1,314,000	2,988,000	customers utility bill assistance program.
41	Dental*	571,000	695,000	(124,000)	Dental costs less than projected, offset by overhead allocation lower than planned.
42	Medical*	9,554,000	8,305,000	1,249,000	Medical costs greater than anticipated and overhead allocation lower than planned.
43	Life Insurance*	293,000	406,000	(113,000)	Life insurance costs lower than budgeted.
45	Retirement & Survivors*	35,380,000	30,466,000	4,914,000	Over budget primarily due to higher interest expense and overhead allocation lower than planned, offset by favorable market adjustment and actuarial values.
46	Other Post Employment Benefits*	(927,000)	5,652,000	(6,579,000)	Under budget due to favorable actuarial values and market adjustments, offset by overhead allocation lower than planned.
47	Service Connected Medical*	217,000	390,000	(173,000)	Under budget due to a reduction in reserve balance for unfilled claims based on current actuarial values.
100	GASB Entries	(165,000)	(771,000)	606,000	Fewer contracts qualifying to amortize SBITA than budgeted.
365	Information Technology*	21,731,000	25,768,000	(4,037,000)	Information technology costs lower than planned.
366	Accounting Work Order Transfers	819,000	370,000	449,000	Greater transfers to O&M than anticipated.
372	Taxes & Equivalents	(730,000)	(300,000)	(430,000)	Medicare wages less than projected.
	TOTAL	188,243,000	206,759,000	(18,516,000)	

*Amounts are net of absorbed overhead.

**THE ELECTRIC POWER BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**

Operations Report Fiscal Year to Date

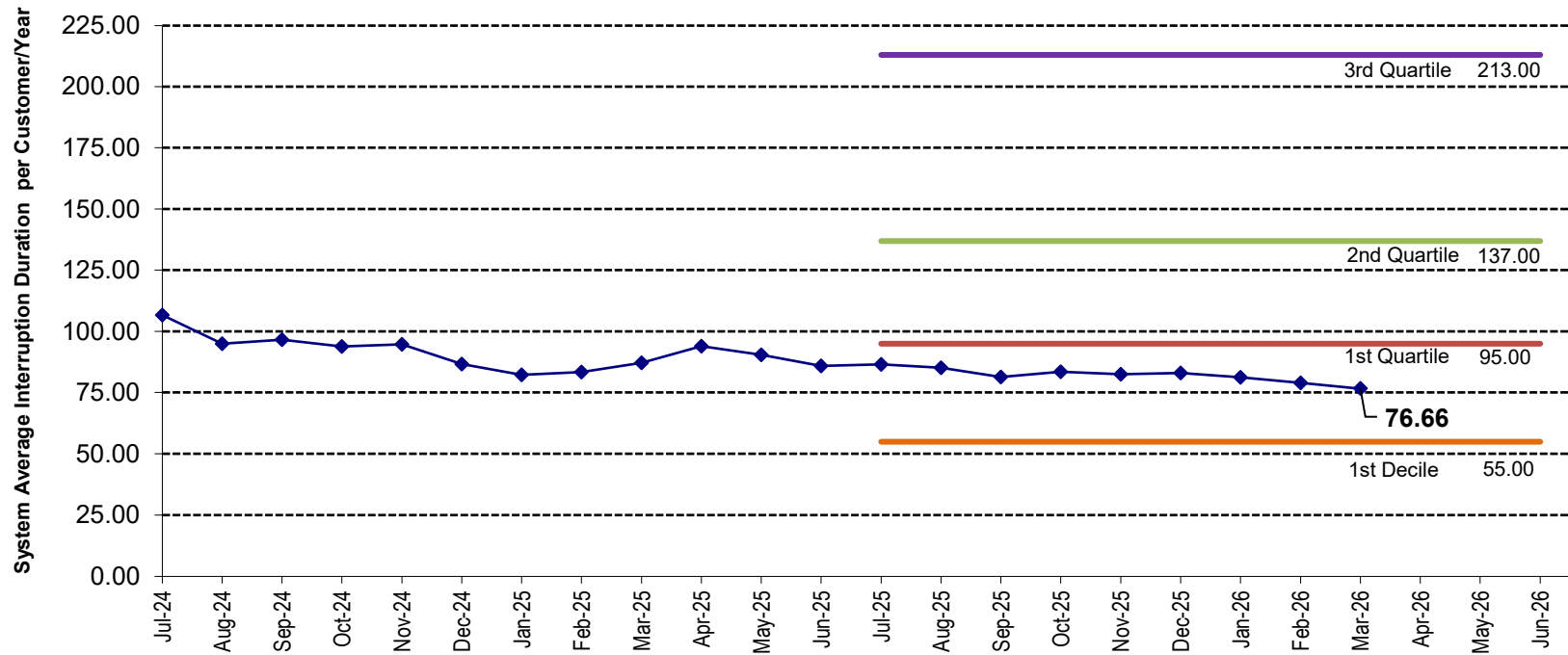
Customer Average Interruption Duration Index (CAIDI)-Rolling 12 Month Average Interruption Duration Minutes per Customer/Year



**THE ELECTRIC POWER BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**

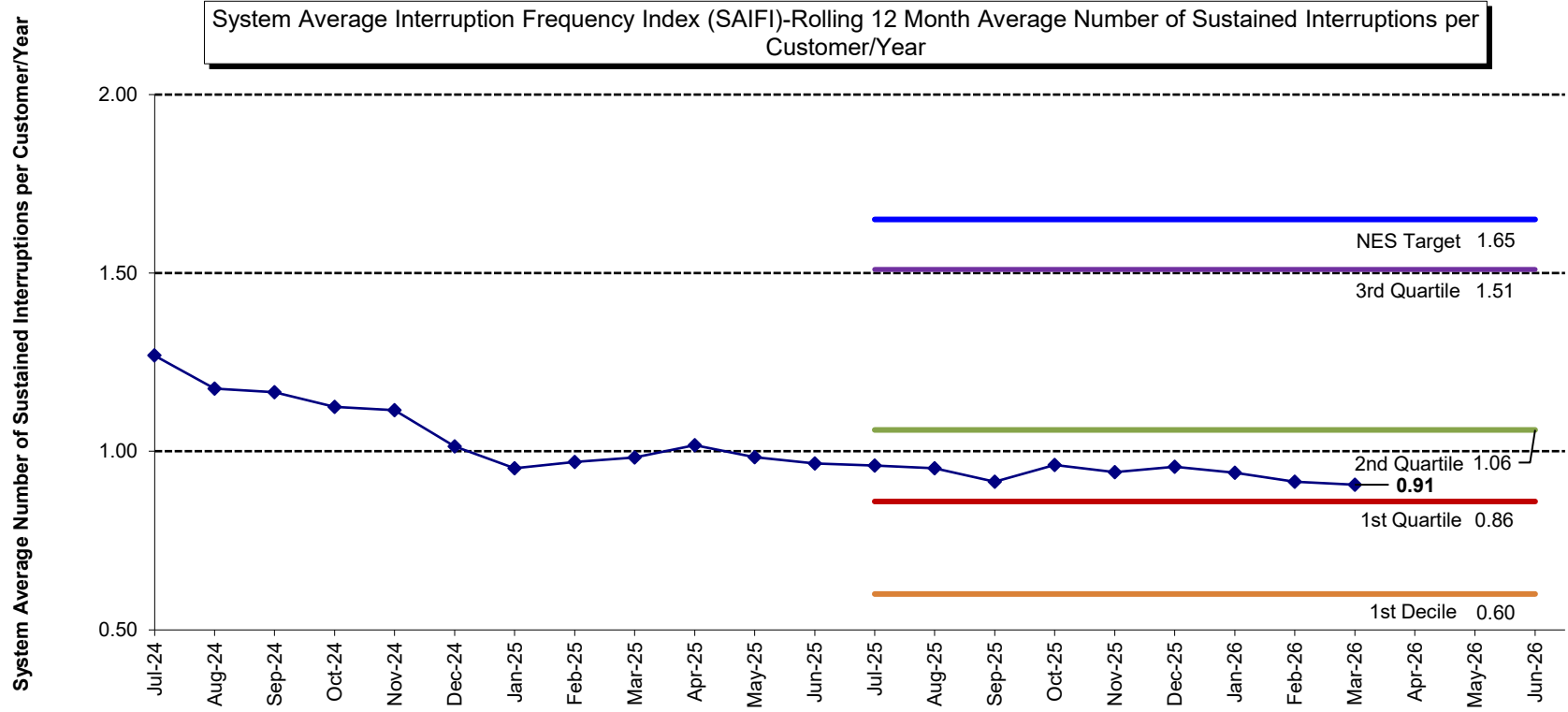
Operations Report Fiscal Year to Date

System Average Interruption Duration Index (SAIDI)-Rolling 12 Month Average Interruption Duration Minutes per Customer/Year



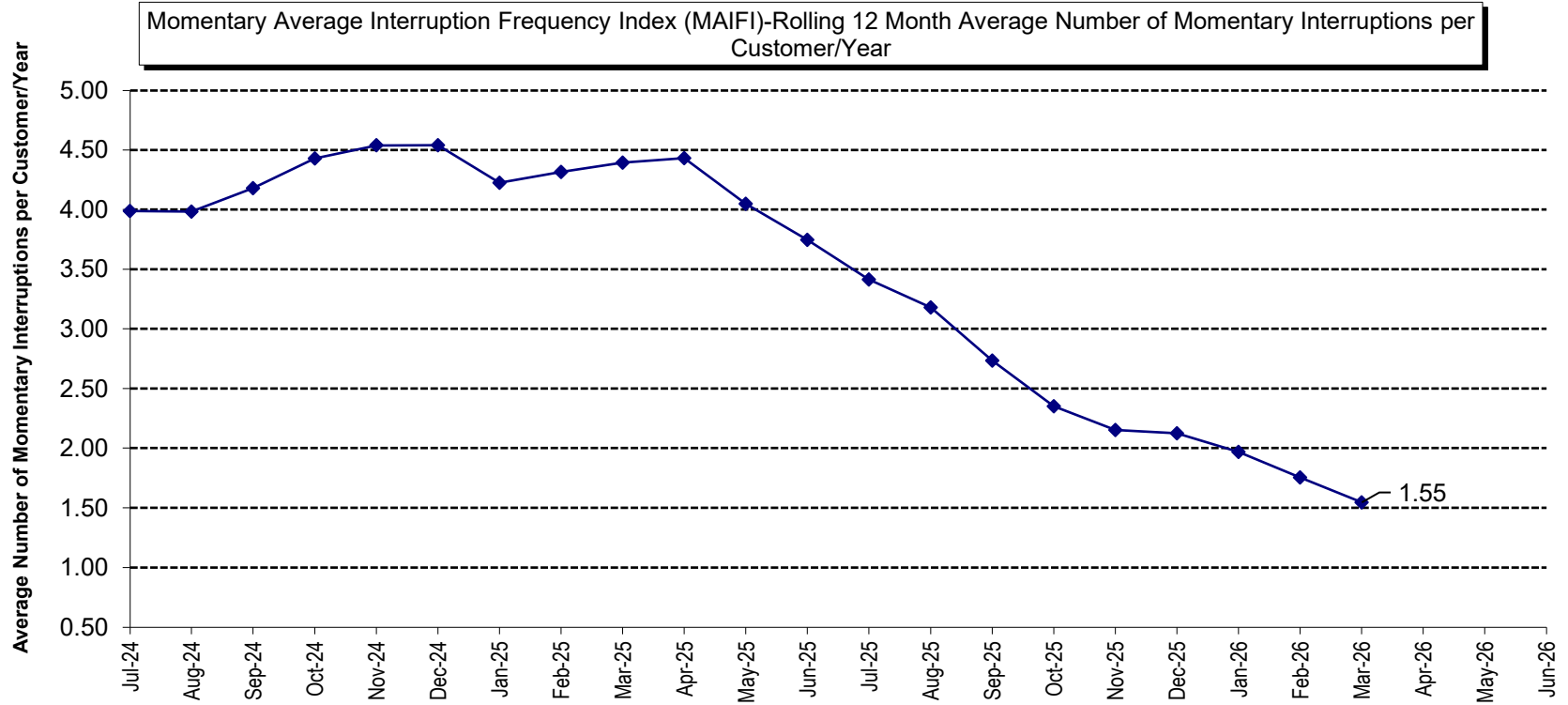
**THE ELECTRIC POWER BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**

Operations Report Fiscal Year to Date



THE ELECTRIC POWER BOARD OF THE METROPOLITAN

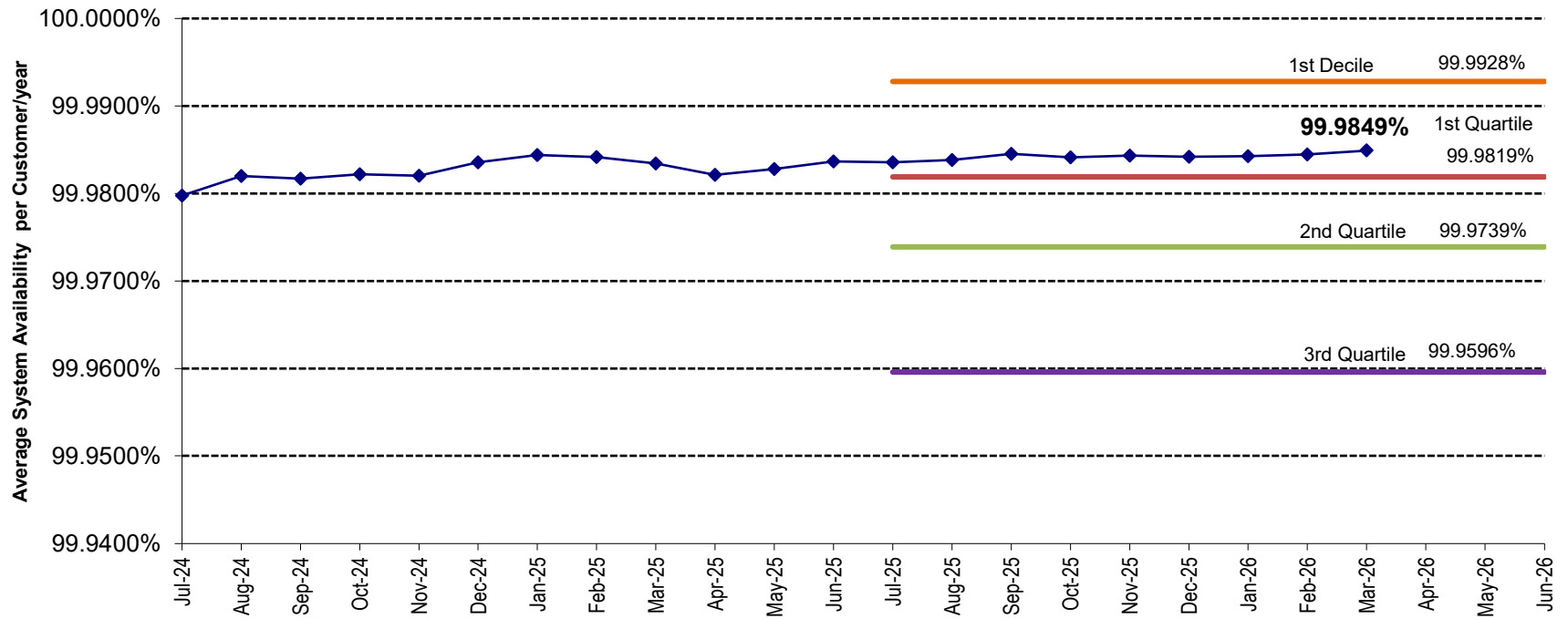
Operations Report Fiscal Year to Date



**THE ELECTRIC POWER BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY**

Operations Report Fiscal Year to Date

Average System Availability Index (ASAI)-Rolling 12 Month Average System Availability Percentage per Customer/year



PRESIDENT'S REPORT

May 2026

OPERATIONS

We trimmed 314.8 circuit miles during the month of April.

CUSTOMER RELATIONS

Daphne Dodson was named Advisor of the Month. In April, six advisors achieved Pacesetter status by exceeding productivity goals, and four advisors earned membership in the 100 Percenters Club by achieving 100 percent in all call monitoring categories.

COMMUNITY INVOLVEMENT

NES employees participated in numerous community outreach and student engagement events throughout April and May, supporting career awareness, energy education and community partnerships across Nashville.

On April 18, Kari Willis, Leah Taylor and Kat Pohlman represented NES at Nashville Earth Day at Centennial Park, engaging attendees and highlighting TVA EnergyRight efficiency programs and resources.

NES employees participated in several school career fairs, including James Lawson High School's College Fair and Career Day events at Bellshire Elementary, Gower Elementary, Apollo Middle, Thomas Edison Elementary and Madison Creek Elementary, where employees engaged with thousands of children about careers in the utility industry.

Employees also participated in Careers on Wheels and Touch a Truck events at Mt. View Elementary, Glengarry Elementary, Ida B. Wells Elementary, Richard Dinkins Middle and the Tennessee Department of Agriculture's Tractor Show, giving students and families hands-on interaction with bucket trucks and utility equipment.

TVA, MNPS Energy and NES presented Johnson Alternative Learning Center with a \$210,000 School Uplift check to support energy efficiency upgrades and improvements at the school.

NES Lineworkers will be recognized by Metro Nashville Council during the June 2 Metro Council meeting through a resolution honoring their service and dedication to the community.

MISCELLANEOUS

On April 30, Dr. Holliday was a keynote speaker at the Valley Public Power Leadership event in Nashville where she spoke on *Transforming Your Culture*. She was also a keynote speaker on May 19 at the Tennessee Valley Public Power Association (TVPPA) Annual Conference in Louisville, KY, where she spoke on the *Forces Shaping LPC's*.

Miscellaneous

Recess to Civil Service Board Meeting

Consent Agenda

**THE MINUTES OF THE ONE THOUSAND FIFTEENTH
MEETING OF THE ELECTRIC EMPLOYEES’
CIVIL SERVICE AND PENSION BOARD
HELD APRIL 22, 2026**

The regular meeting of The Electric Employees’ Civil Service and Pension Board was held April 22, 2026.

Board Members Present: Clifton Harris – Presiding Interim Chair, Rob McCabe, Ian Prunty, and Anne Davis and Casey Santos (virtual). Officers Present: Teresa Broyles-Aplin, David Frankenberg, Laura Smith, Brent Baker, and Dr. Trish Holliday.

Interim Chair Harris called the meeting to order at 8:54 a.m. and stated that the matters on the consent agenda had been provided to the Board in advance. The consent agenda included the recommendation for approval of the Civil Service Minutes from the meeting held March 25, 2026.

Upon motion by Member McCabe and seconded by Member Prunty, the consent agenda was approved, which included the minutes from the meeting held March 25, 2026.

RECOMMENDATION FOR APPROVAL OF REVISIONS TO THE CIVIL SERVICE RULES

Jeff Eck presented Management’s recommendation for approval of a revision of the Civil Service Rules to promote consistency in administering step increases during leaves of absence. Management proposes revising the Civil Service Rules to authorize step increases for all non-disability leaves of absence.

Upon motion by Member Prunty and seconded by Member McCabe, the Board approved Management’s recommendation for a revision to the Civil Service Rules to authorize step increases for all non-disability leaves of absence.

MISCELLANEOUS

There were no miscellaneous items to come before the Board.

ADJOURNMENT

The meeting adjourned at approximately 8:56 a.m.

Approved,

Chair

Attest:

Secretary

Civil Service Annual Report

Referenced Items Included in Board Materials (Information Only) – No Presentations

HUMAN RESOURCES / CORPORATE SERVICES WORKFORCE UPDATE

May 27, 2026

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

Training Section

- Delivered performance appraisal training sessions for supervisors and managers on the new Performance Appraisal template. The new PA consistence of companywide competencies and individual departmental/section goals. This training is designed to create better alignment in the performance appraisal process.
- Coordinating training for Incident Command System / Emergency Management System training for organization.
- TNDOL apprentice program audit showed no findings and commended NES on an outstanding example of program management.
- Coordinated the completion of the TVPPA PDE (Power Distribution Engineer) certification program for 14 engineers.

Talent Acquisition and Employee Relations

As of May 13th, NES had 910 employees. As of May 13th, there have been four new hires: Gabriel King, Engineer- East New Business, Micah Nelson, Engineer - Cust Engr-Attachments, Lucas Street, Engineer- OHD-West and Nathaniel Campbell, Engineer - Project and Work Management.

In May and June, we are welcoming summer interns; Engineering – Stella Phelps, Ava Campbell, Colby Alley, Jacob Moore, Mark Shreve, Hossana Haileleul, Sidney Delgado, Christopher Northington, Mason Brown, Lance Angell, Cameron Street, Dace DeRossett, Bryce Lander. Finance – Fynn Sternagel. Legal – Miracle Huff.

Charles Drewery, along with several other team members, participated in the “Be Pro Be Proud” Draft Day Career Expo in Hendersonville, Tennessee, where more than 500 students explored careers in skilled trades and technical industries.

Compensation & Benefits

Made 1st quarter 401a plan contribution of approximately \$2.6M to 494 participants.

Fleet

Altec JEMS EV Training completed.

Safety

C&M Confined Space Rescue training completed.

C&M Respirator Fit Testing completed.

TVPPA Environmental Training completed.

T&D New Hire Training and Apprentice Evaluations completed.

Career Day at Ida B Wells Elementary – Michael Brewster represented NES.

Facilities & Security

- **Customer Parking Deck:** Complete and the EV chargers are being installed on the customer parking deck.
- **Restroom Remodel:** 381 and 382 are open. All other bathrooms will be open next week.

Miscellaneous

Adjournment of Civil Service Meeting

Reconvene to ratify actions taken by Civil Service Board

Adjournment of Electric Power Board Meeting