Electric Power Board Meeting

Jul 22, 2026 8:30 AM - 10:00 AM CDT

NES Board Room 121

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1. Call to Order
2. Public Comment Period
3. Committee Reports
   3.1. Legal Committee
   3.2. Audit and Ethics Committee
4. Consent Agenda
   4.1. Recommendation for approval of minutes from the regular meeting held June 24, 2026
5. Discussion Items
   5.1. Four Pillars Update - Teresa Broyles-Aplin
   5.2. Recommendation for approval of an amendment to the Music City Solar Ground Lease Agreement for BESS Pilot Project - Antonio Carroll
      5.2.1. Draft Amendment
      5.2.2. Exhibit A
   5.3. Recommendation for approval of Purchases - Amanda Cochran
6. Referenced Items Included in Board Materials (Information Only) - No Presentation
   6.1. Financial Report
   6.2. Quarterly Report on Community Involvement and Economic Development
   6.3. President's Report
7. Miscellaneous
8. Recess to Civil Service Board Meeting
9. Consent Agenda
   9.1. Recommendation for approval of minutes of the meeting held June 24, 2026
10. Referenced Items Included in Board Materials (Information Only) - No Presentation
    10.1. HR - Corporate Services Workforce Update
11. Miscellaneous
12. Adjournment of the Civil Service Meeting

13. Reconvene to ratify actions taken by Civil Service Board

14. Adjournment of Electric Power Board Meeting

15. Annual Meeting of the Electric Power Board

15.1. Election of Chair and Vice Chair

15.2. Discussion of Committee Assignments

15.3. Presentation of Report on past 12 Months' Operations - Teresa Broyes-Aplin | David Frankenberg

15.3.1. 2026 Company-Wide Accomplishments - Teresa Broyles-Aplin

15.3.2. 2026 Financial Operations - David Frankenberg

15.4. Recess to Annual Meeting of the Board of Trustees for Other Post-Employment Benefits Trust

16. Annual Meeting of the Board of Trustees for Other Post-Employment Benefits Trust

16.1. Approval of minutes of the Board of Trustees for Other Post-Employment Benefits Trust held July 23, 2025

16.2. Report on the Board of Trustees actions taken during the year - David Frankenberg

16.3. Adjournment of Trustee Meeting

17. Reconvene Annual Meeting to ratify actions taken by the Board of Trustees for Other Post-Employment Benefits Trust

18. Adjournment of Annual 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 EIGHTH MEETING
ELECTRIC POWER BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
JUNE 24, 2026

The meeting of the Electric Power Board was held on Wednesday, June 24, 2026.

Members present: Board Chair Anne Davis, Ian Prunty, Clifton Harris, Casey Santos, and Rob McCabe (attended virtually)

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

Chair Davis called the meeting to order at 8:00 a.m.

SAFETY MOMENT

Daniel Johnson provided a safety tip on heat stress awareness.

PUBLIC COMMENT PERIOD

David Frankenberg reported that one public comment request was received from Ruby Baker, President of the Bordeaux Hills Residential Association. Ms. Baker addressed NES's response to her neighborhood during Winter Storm Fern and noted that Brent Baker had served as a guest speaker at a neighborhood association meeting.

COMMITTEE REPORTS

Legal Committee

Chair Davis reported that the Legal Committee met on June 22, 2026, to discuss pending legal matters.

RECOMMENDATION FOR APPROVAL OF MINUTES FROM THE REGULAR MEETING HELD MAY 27, 2026

> Upon motion by Member Santos and seconded by Member Prunty the Board approved the minutes from the Electric Power Board meeting held May 27, 2026, with five ayes and zero nays.

INDEPENDENT REVIEW UPDATE

Chair Davis stated that the independent review from PA Consulting was complete and invited Aubrey Harwell and Bill Harbison, attorneys overseeing the report to speak.

Mr. Harbison stated that the report examines conditions during January and February and reflects circumstances that existed at that time. He noted that the report does not evaluate the actions NES has taken since the storm and expressed his hope that its findings will assist the Board and Management in future planning and decision-making.

Mr. Harwell thanked PA Consulting for their efforts and NES for access to employees for interviews and any requests for data which he stated were always provided promptly. He introduced Wei Du and Carlos Torres with PA Consulting, who provided a detailed presentation of the report's findings.

Member Prunty stated that the Board and NES are focused not only on receiving the report but also on ensuring its recommendations are effectively implemented. He asked PA Consulting to share best practices they have observed at other utilities and provide guidance for the Board moving forward. Mr. Du responded that the first step is to review the report and reach an agreement on its findings. From there, NES should evaluate its existing processes, assess future storm risks and likely impacts, identify lessons learned from prior storms, and incorporate those lessons into its existing plans. He stated that there should be fully functional exercises conducted to evaluate that the processes are effectively in place.

Mr. Torres added that NES must embrace a culture of continuous improvement and maintain an action plan supported by clearly defined processes. He noted that employees should work together to document and improve those processes and establish plans to transfer this knowledge to employees that are replacing more experienced staff.

Member Santos noted that although the report concludes the independent review, it serves as the starting point for supporting a culture of continuous improvement. She asked what metrics should be used to determine whether the report's recommendations and planned exercises are achieving their intended results. Mr. Du responded that the organization should ensure emergency exercises are realistic by developing scenarios based on credible weather events, incorporating lessons from historical weather patterns, and involving the appropriate personnel. He noted that these factors help ensure that the exercises effectively test organizational processes and preparedness.

Member McCabe commented that NES will need to prepare for a scenario of 240,000 – 260,000 outages at one time and asked if there is any advice regarding oversight that the Board should be focused on. Mr. Torres replied that if there is a storm that is going to take out more than 50% of the customer base, the first focus would be on critical customers and then move on to the largest outages, which is the process that NES followed.

Mr. Du emphasized that the Board should ensure all preparedness plans and established response procedures are in place prior to the storm, including assessing potential risks and anticipated damage, developing resource outreach plans, and determining the necessary materials and supplies.

Chair Davis thanked PA Consulting for conducting this independent review and said the findings will help strengthen NES and improve customer service.

HENDERSONVILLE MAYOR JAMIE CLARY

Mayor Jamie Clary of Hendersonville expressed his appreciation to Teresa Broyles-Aplin, Brent Baker, and Dr. Trish Holliday for their ongoing conversations with the city regarding the reliability and resiliency of Hendersonville's power infrastructure. He noted that he has consistently been impressed by the proactive approach of the NES team and wanted to personally thank the organization for its partnership. As a token of appreciation, he presented a plaque featuring photos highlighting the work and dedication of NES linemen serving the Hendersonville community.

WINTER STORM FERN UPDATE

Teresa Broyles-Aplin presented a report on the independent review findings and provided a Four Pillars update. She noted that Winter Storm Fern was the largest outage event in NES history and emphasized that in the months following the storm, NES has already made significant progress on many of the review's recommendations. Ms. Broyles-Aplin emphasized that severe weather events are becoming more frequent, pointing out that Winter Storm Fern was followed by a mid-April storm ranked as the seventh-largest storm in NES history. She said these storms reinforce the importance of the initiatives NES is undertaking.

Ms. Broyles-Aplin provided a detailed overview of PA Consulting’s findings and NES’s response. She stated that the review’s four priorities and recommendations closely align with the goals identified in NES’s Four Pillars initiative. The report included 17 focus areas, 58 recommendations, and extensive implementation guidance. She stated that these recommendations are being taken seriously and some are already being addressed through the Four Pillars. The remaining recommendations will require review, evaluation, and prioritization before being incorporated into the Four Pillars initiative.

Ms. Broyles-Aplin stated that while the review focused on ways to improve, it also called out clear strengths in how NES performed during Fern. The report concluded that the NES workforce was committed to servicing customers showing initiative and dedication, NES restored every customer with no serious injuries, NES ran line and service crews in parallel to speed restoration and staged materials efficiently, and restored outages at a rate consistent with or better than similar utilities.

Member Prunty asked for more information regarding the diversity of mutual assistance that NES will have access to. Ms. Broyles-Aplin explained that NES has traditionally relied on historical storm data and institutional knowledge, placing greater emphasis on staff expertise than on data-driven technical applications. She explained that implementing this technology will improve resource planning. She noted that there are contracts coming before the Board today for approval for storm work that will give NES a broader reach for resource alignment in advance.

Ms. Broyles-Aplin provided information on the specific implementation steps associated with each recommendation and described how NES has addressed them. She also compared NES's actual restoration progress with PA Consulting's ideal restoration curve.

SEVEN STATES | NES BATTERY AND ENERGY STORAGE PROJECT

Betsey Kirk McCall, Chief Executive Officer, and Clint Wilson, Senior Vice President, with Seven States Power Corporation presented an overview of the Energy Express Project, a grid-level battery storage initiative led by Seven States and in collaboration with Nashville Electric Service, Memphis Light Gas & Water and BrightRidge Electric Utility located in Johnson City, Tennessee. The project aims to modernize the electrical grid, stabilize power during periods of peak demand, and improve overall system resiliency.

Ms. McCall reported that Seven States was awarded a $439 million zero-interest loan and grant by USDA in 2025 to build 220MW of new battery storage across Tennessee. The Battery Energy Storage System (BESS) installation charges and stores energy during low demand and discharges energy during high demand to reduce peak load, reducing costs, and easing grid strain.

Mr. Wilson provided an overview of the project's financials and stated that the project is completely funded by Seven States with no capital investment by NES. The battery storage system is paid for over the life of the assets through the demand and energy savings from the project. He reviewed the locations of the project's assets and noted that no acquisition of new property will be required.

He stated that batteries will be remotely monitored and operated by NES's control room. Following NES's coordination with all parties, NES staff will move forward with the project with a timeline of construction anticipated to begin in July 2027 and completion planned for December 2028.

Member Prunty asked for more information regarding the cost savings that this project will bring. Dana Jeanes, SVP, Financial Planning with Seven States responded that the key take away is that NES, MLGW and BrightRidge will end up with reliability and resiliency assets which will be paid for through the demand and energy savings from the project. He added that NES's hourly load data was examined and stated that if optimal savings are achieved, over a twenty-year period it is anticipated that NES would save approximately $200 million in power costs. He explained that NES would provide Seven States with $175 million to cover capital costs, property taxes, and other expenses.

RECOMMENDATION FOR APPROVAL OF T&D CONTRACTS

Brad Heck stated that in order to support NES's enhanced emergency and storm preparedness, NES issued a request for bids for storm restoration services to ensure sufficient resources are available to restore power during emergencies and major storm events.

Management recommended awarding eight contracts in the total amount of $10 million for emergency and storm restoration services. The recommended not to exceed contracts will extend through July 31, 2027, with an option to renew for one additional 12-month term.

> Upon motion by Member Prunty and seconded by Member Harris the Board approved the T&D contracts with five ayes and zero nays.

RECOMMENDATION FOR APPROVAL OF VEGETATION MANAGEMENT CONTRACTS

Daniel Johnson stated that NES recognizes the importance of maintaining multiple qualified contractors to ensure sufficient resources are available to execute the expanded cycle maintenance program and to provide rapid mobilization capabilities during major storm events. Based on the evaluation results, Management recommended awarding contracts in the amount of $140 million to Davey Tree, Wright Tree Service, and Lewis Tree Service for planned cycle maintenance services.

In addition, Management recommended awarding storm response service contracts in the amount of $40 million to eight various qualified contractors to ensure adequate emergency response capacity during significant weather events. The recommended not to exceed contracts for the planned cycle maintenance will extend through June 30, 2029, with two one-year extensions and the emergency response contracts would extend through June 30, 2031.

> Upon motion by Member Santos and seconded by Member McCabe the Board approved the Vegetation Management contracts with five ayes and zero nays.

RECOMMENDATION FOR APPROVAL OF UPDATES TO THE NES BYLAWS

Laura Smith stated that Management conducted a comprehensive review of the Bylaws in anticipation of changes to the Board's composition resulting from recent state legislative action. With limited exceptions, the revisions do not change existing governance practices.

Notable revisions include:

- Designations for "Charter Members" and "County Members;"
- Quorum and voting thresholds;
- An increase to emergency expenditure authority, subject to narrowly defined conditions and Board oversight; and
- The establishment of a supermajority requirement for key actions.

Ms. Smith noted that a complete copy of the Bylaws was provided in the board materials and recommended approval of the proposed revisions.

> Upon motion by Member Harris and seconded by Member Prunty the Board approved the revisions to the NES Bylaws with four ayes and one nay.

RECOMMENDATION FOR APPROVAL OF A RESOLUTION REGARDING LINEWORKERS' APPRECIATION DAY

Ms. Smith stated that NES management recognizes Lineworkers' Appreciation Day on the 10th day of June 2026 and extends their sincere appreciation and gratitude to all Lineworkers for their professionalism, skill, courage, and commitment to excellence. She encouraged all employees, board members, and citizens to join in recognizing their valuable contributions and asked for approval of the Lineworkers' Appreciation Day resolution.

> Upon motion by Member Harris and seconded by Member Prunty the Board approved a resolution honoring Lineworkers' Appreciation Day with five ayes and zero nays.

RECOMMENDATION FOR APPROVAL OF A REVISION TO THE OUTDOOR LIGHTING FACILITY CHARGE PERCENTAGE

Barry Daniel stated that the Revenue and Rates department regularly reviews NES lighting charges to ensure they stay aligned with actual costs and that the program continues to operate on a cost-recovery basis. The facility charge, which recovers the investment in the lighting system, is currently set at 13 percent, but the latest analysis shows costs now support a slightly lower level of 12 percent. He stated that adjusting the charge brings it back in line with current cost conditions while maintaining appropriate recovery and reducing customer impacts.

Management recommended approval of a revision to the street lighting facility charge percentage from 13 percent to 12 percent, to be applied to applicable lighting services.

> Upon motion by Member McCabe and seconded by Member Santos the Board approved the revision to the Outdoor Lighting Facility Charge Percentage with five ayes and zero nays.

RECOMMENDATION FOR APPROVAL OF PENSION AND OPEB PLAN FUNDING FOR PLAN YEAR 2027

David Frankenberg explained that the NES Retirement Annuity and Survivors' Plan and the Other Post Employment Benefit Plan is brought before the Board annually for recommended approval. He stated that the recommendation is based on services provided by the actuarial firm USI Consulting Group. He said the assumptions around economic and demographic factors are key drivers in measuring plan liabilities and determining what the funding costs are.

Mr. Frankenberg stated that Lauren Stuart and Jim Myers, representatives with USI, were available to assist with any questions.

Management recommended approval to fund the plans for the Plan year ending March 31, 2027, with payments made quarterly beginning June 30, 2026. Proposed funding would be $36,344,790 for the Defined Benefit Pension and $21,199,425 for OPEB.

> Upon motion by Member McCabe and seconded by Member Harris the Board approved the Pension and OPEB Plan funding for Plan Year 2027 with five ayes and zero nays.

RECOMMENDATION FOR APPROVAL OF PURCHASES

Amanda Cochran presented management's recommendation for approval of $5,798,304.33 in purchases and contracts exceeding $50,000. This amount included $942,424.33 in monthly purchases and contract additions between the $50,000 and $250,000 threshold that received prior management approval. Ms. Cochran brought the Board's attention to one sole brand item and recommended approval of the June 2026 purchases and contracts.

> Upon motion by Member Santos and seconded by Member Harris, the Board approved the list of purchases and contracts by a vote of 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. Total cost of purchases and contracts, as approved, amounts to $5,798,304.33.

MISCELLANEOUS

There was one miscellaneous item to report. Laura Smith introduced a resolution honoring Board Chair Davis, recognizing her vision, dedication, and leadership, noting that her contributions will leave a lasting impact on the organization.

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 Harris, the Board ratified the actions taken during the Civil Service Board meeting with five ayes and zero nays.

ADJOURNMENT

The meeting adjourned at 10:01 a.m.

Approved,

Attest:

Board Chair

Secretary

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[1] Appendix A Electronically Filed

Docusign Envelope ID: F726FBA8-50C9-8255-82BE-32DFB16EA70E

Appendix "A"

Approval of Purchases and Contracts
at the Meeting on Wednesday June 24, 2026

Management recommends Board approval
of the following purchases and contracts:

Total Materials and Supplies Purchases	**$518,604.00**
Total Additions, Extensions, and Changes	**$4,337,276.00**
Total Ratified Purchases and Contracts	**$942,424.33**
TOTAL	**$5,798,304.33**

Total Line Items	**$190,000,000.00**

Signed by:
David Frankenberg
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Attested By: ______________________________
David Frankenberg, Secretary

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

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June 24, 2026

MATERIALS AND SUPPLIES PURCHASES

Item Description	Vendor	Amount	Type Contract	Bids Received/Sent
64K Tandem Axle Chassis, Auger Drill, New (1)	Altec Industries	$518,604.00	Competitive	2/16
TOTAL		**$518,604.00**		

ADDITIONS, EXTENSIONS, AND CHANGES

Item Description	Contractor	Additional Amount	Change Requested
Consulting Services in Connection with Emergency Response, Recovery, and Reimbursement Efforts Related to Winter Storm Fern	Accenture Infrastructure and Capital Projects, LLC	N/A	Extension (2 Years)
Electric Vehicle Charge Solution	ChargePoint Holdings, Inc.	N/A	Extension (2 Years)
Electrical Equipment Disposal	TCI of Alabama, LLC	N/A	Extension (3 Years)
Engineering, Procurement, And Construction Services for EV Charging Infrastructure	Stansell Electric Co., Inc.	$700,000.00	Addition (New NTE $2,000,000.00) Extension (2 Years)
Investment Management Services for DB, OPEB, and 401(a) Plan	SEI Investments	N/A	*Extension (1 Year)
Perform Electrical Tests on Utility Substation Transformers, Circuit Breakers, Power Cables, and Similar Equipment	Shermco Industries, Inc.	N/A	**Extension (3 Months)
Tandem Axle, Extended Cab Chassis, 56K, 60' Material Handler Overcenter Aerial Device, New (7)	Altec Industries, Inc.	437,276.00	Addition (New NTE $3,156,230.00)
Post Fern Recovery Advisory Support	Burt Group Consulting	200,000.00	Addition (New NTE $ 400,000.00) Extension (4 Months, 21 Days)

Signed by:

Attested By: David Frankenberg

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David Frankenberg, Secretary

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

June 24, 2026

Post Fern Recovery Advisory Support and Recovery Pillars PMO Establishment and Program Delivery Support	Burt Group Consulting	500,000.00	Addition (New NTE $700,000.00) Extension (13 Months, 21 Days)
Trust Services	Regions Bank	N/A	*Extension (1 Year)
UVM Services Ground Maintenance	Wright Tree Service, Inc.	500,000.00	**Addition (New NTE $6,000,000.00) Extension (3 Months)
Vegetation Management Administrative Services	Iapetus Infrastructure Services	2,000,000.00	Addition (New NTE $4,000,000.00) Extension (2 Years)
Vegetation Management Services	Electra Grid Solutions Lewis Tree Service Wright Tree Service, Inc. Xylem I, LLC	N/A	Extension (3 Months)
TOTAL		**$4,337,276.00**	

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*Total contract term is six years.
**Total contract term is five years, 3 months.

RATIFIED PURCHASES AND CONTRACTS

Item Description	Vendor	Amount	Type Contract	Bids Received/Sent
Automatic Gate Services	Hydro-Exc, Inc.	$100,000.00	Addition (New NTE $174,500.00)	N/A
Automotive Body Repairs and Paint Service	Mid-Tenn Ford Murphy-Hoffman Co.	N/A	Extension (2 Years)	N/A
Cable, Aluminum, 25kV EPR 200K CMIL (15,000 ft.)	Stuart C. Irby	230,250.00	Competitive	4/16
Disconnect Switch, 23KV, 1200A (3); 2000A (3); 69KV, 600A (1); 2000A (1)	Wesco Distribution	87,630.00	Competitive	8/9
Insulator Guy Strain, Fiber Glass, 120 Inches (2,800)	Wesco Distribution	87,811.20	Competitive (1 Year) **Blanket**	7/9
Pole, Wood, C1, 55 ft. (100)	Thomasson Co.	70,400.00	Competitive	8/8

Attested By: Signed by: David Frankenberg
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David Frankenberg, Secretary

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Railroad Crossing Permits	Nashville and Eastern Railroad	35,000.00	Addition (New NTE $84,000.00)	N/A
Shelving	Forklift System, Inc.	141,333.13	Competitive	2/16
Trash and Recycle Removal	Waste Management of TN	190,000.00	Competitive (5 Years)	2/7
TOTAL		**$942,424.33**		

LINE ITEMS

Item Description	**Vendor**	**Amount**	**Type Contract**	**Bids Received/Sent**
T&D Emergency and Storm Restoration Services	5 Star Electric, Inc.	$1,000,000.00	Competitive (1 Year)	35/59
T&D Emergency and Storm Restoration Services	CW Services	500,000.00	Competitive (1 Year)	35/59
T&D Emergency and Storm Restoration Services	Davis H. Elliott Construction Co.	1,000,000.00	Competitive (1 Year)	35/59
T&D Emergency and Storm Restoration Services	Gridco, Inc.	1,000,000.00	Competitive (1 Year)	35/59
T&D Emergency and Storm Restoration Services	Hydaker-Wheatlake Co.	1,000,000.00	Competitive (1 Year)	35/59
T&D Emergency and Storm Restoration Services	MDR Construction, Inc.	1,000,000.00	Competitive (1 Year)	35/59
T&D Emergency and Storm Restoration Services	Pike, LLC	2,500,000.00	Competitive (1 Year)	35/59
T&D Emergency and Storm Restoration Services	Service Electric Co.	2,000,000.00	Competitive (1 Year)	35/59
Utility Vegetation Management Emergency Restoration Services	Dark Horse Vegetation	5,000,000.00	Competitive (5 Years)	12/38
Utility Vegetation Management Emergency Restoration Services	Davey Tree Expert Co.	5,000,000.00	Competitive (5 Years)	12/38
Utility Vegetation Management Emergency Restoration Services	Electra Grid Solutions, LLC	5,000,000.00	Competitive (5 Years)	12/38
Utility Vegetation Management Emergency Restoration Services	First Choice Tree Service, LLC	5,000,000.00	Competitive (5 Years)	12/38

Signed by:

Attested By: David Frankenberg
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David Frankenberg, Secretary

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

Utility Vegetation Management Emergency Restoration Services	Lewis Tree Service, Inc.	5,000,000.00	Competitive (5 Years)	12/38
Utility Vegetation Management Emergency Restoration Services	W.A. Kendall and Co., LLC	5,000,000.00	Competitive (5 Years)	12/38
Utility Vegetation Management Emergency Restoration Services	Wolf Tree, Inc.	5,000,000.00	Competitive (5 Years)	12/38
Utility Vegetation Management Emergency Restoration Services	Xylem I, LLC	5,000,000.00	Competitive (5 Years)	12/38
Utility Vegetation Management Services for Planned and Emergency Work	Davey Tree Expert Co.	60,000,000.00	Competitive (3 Years)	7/38
Utility Vegetation Management Services for Planned and Emergency Work	Lewis Tree Service, Inc.	35,000,000.00	Competitive (3 Years)	7/38
Utility Vegetation Management Services for Planned and Emergency Work	Wright Tree Service, Inc.	45,000,000.00	Competitive (3 Years)	7/38
TOTAL		**$190,000,000.00**		

Signed by:

Attested By: David Frankenberg

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David Frankenberg, Secretary

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

Discussion Items

Four Pillars Update

**RECOMMENDATION FOR APPROVAL OF
AMENDMENT TO MUSIC CITY SOLAR GROUND LEASE AGREEMENT
FOR BESS PILOT PROJECT**

In December 2025, the Electric Power Board approved a contract award for the installation of a battery energy storage system ("BESS") pilot project to evaluate the operational benefits of utility-scale battery storage.

Following that approval, NES determined that the Music City Solar site is the most suitable location for the BESS Pilot Project. Music City Solar is a 2 MW community solar project developed in partnership with the Tennessee Valley Authority ("TVA") and the Metropolitan Government of Nashville and Davidson County ("Metro") on the former Old Due West Landfill, a remediated brownfield site owned by Metro.

To implement the project at this location, NES has worked with the Mayor's Office and Metro staff to secure the additional property rights necessary to construct, operate, and maintain the BESS facility through an amendment to the existing Music City Solar Ground Lease Agreement.

The BESS Pilot Project is expected to provide NES with operational data regarding battery performance, maintenance requirements, lifecycle costs, grid reliability, resiliency, peak demand management, and the integration of battery storage with an existing solar generation asset.

Because the original Music City Solar Ground Lease Agreement was approved by the Metro Council, the proposed amendment must also be submitted to the Metropolitan Council for consideration and approval following approval by the Electric Power Board.

Management recommends approval of the amendment to the Music City Solar Ground Lease Agreement.

07/22/2026

AMENDMENT NO. 1 TO GROUND LEASE AGREEMENT

THIS AMENDMENT NO. 1 TO GROUND LEASE AGREEMENT (the "Amendment") is entered into as of July ___, 2026 (the "Effective Date"), by and between THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, a municipal corporation of the State of Tennessee (hereinafter, "Metro") and THE ELECTRIC POWER BOARD OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, operating under the service name of Nashville Electric Service (hereinafter, "NES"). Metro and NES may be collectively referred to as the "Parties."

WHEREAS, NES entered into a Ground Lease Agreement, NES Contract No. 17-34-223, to lease approximately ten (10) acres of land (the "Property") from Metro for the construction a two megawatt (2 MW) community solar array called Music City Solar (hereinafter, the "Agreement"); and

WHEREAS, NES would like to expand its footprint on the Property to pilot a battery energy storage system (hereinafter, "BESS") connected with Music City Solar, which is identified in the drawing attached hereto as Exhibit A; and

WHEREAS, BESS technology can be used to capture energy from different resources (in this case, clean, renewable solar) and store it in rechargeable batteries for later use, allowing for balance of the energy supply, peak shaving, reductions in utility costs, and provision of critical backup power; and

WHEREAS, piloting BESS will allow NES and Metro to better understand the costs, benefits, and other impacts of energy storage technology that can inform future, additional applications that can positively serve NES customers and Davidson County residents; and

WHEREAS, the Parties desire to modify the terms and conditions of the Agreement and to add or delete certain other terms and conditions to the Agreement filed with the Metro Clerk's Office on November 28, 2017.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions, and remunerations herein provided, and the rights and obligations created hereunder, the Parties hereto agree as follows:

1. Agreement Number. The number assigned by Metro to the Agreement is hereby changed from **INSERT** to **INSERT**. Any reference to the Agreement number moving forward shall be **INSERT**.

2. Property. The leased Property is hereby increased by approximately **5,000 sq. feet** bounded by the current Music City Solar line fence to the ROW at Skyline Ridge Dr., as depicted in Exhibit A.

3. Lease Term. The parties agree that the lease term of the Agreement shall be amended by adding an additional ten (10) years to the Initial Term to extend the expiration of the Agreement to November 17, 2052.

4. **Use.** The permissible uses of the Property shall include the development, construction, operation, and maintenance of a BESS system on the Property, subject to any applicable existing land restrictions in the Agreement.

5. **Reports.** NES shall submit at least quarterly reports to Metro that document the BESS system's technical performance and any challenges encountered during installation and operation. Technical performance indicators may include peak demand reduction, energy discharged during peak periods, contribution to load shifting, battery availability and reliability, monthly demand charge savings, energy cost savings via time-of-use shifting, etc.

6. **Ratification.** Subject to the modifications set forth in this Amendment, the above-referenced Agreement between the parties is hereby ratified and confirmed.

[Signature page follows.]

IN WITNESS WHEREOF, this Amendment has been executed as of the Effective Date first above written.

THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

By: ______________________________
Public Property Administrator

Date: ______________________________

DEPARTMENT OF FINANCE

By: ______________________________
Director of Finance

Date: ______________________________

DEPARTMENT OF LAW

Approved as to Form and Legality:

By: ______________________________
Metropolitan Attorney

Date: ______________________________

FILED IN THE OFFICE OF THE METROPOLITAN CLERK:

By: ______________________________
Metropolitan Attorney

Date: ______________________________

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

By: ______________________________
Chair of the Board

Date: ______________________________

By: ______________________________
President & CEO

Date: ______________________________

Approved as to Form and Legality:

By: ______________________________
Chief Legal Officer & General Counsel

Date: ______________________________

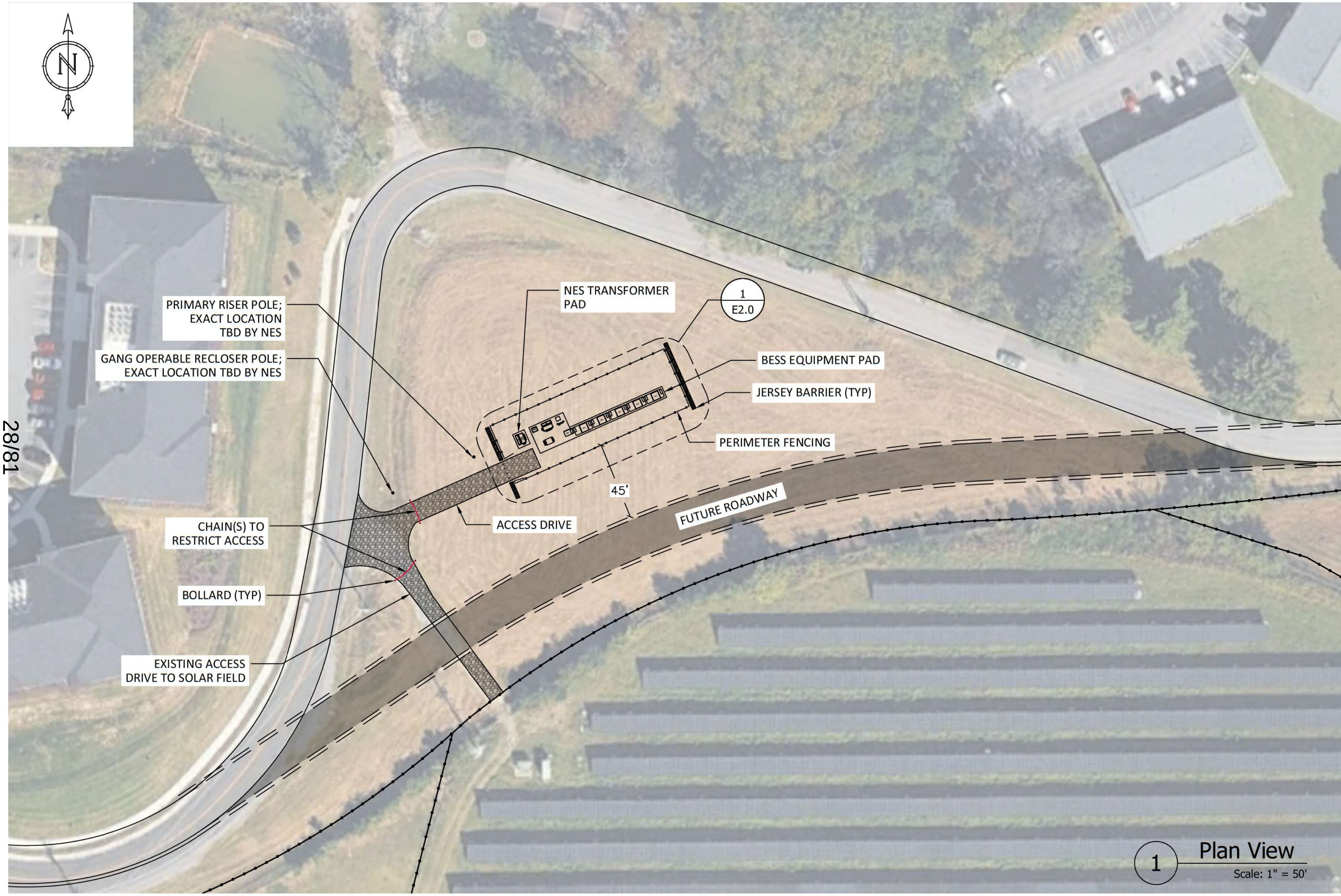
Attest:

By: ______________________________
Secretary

Date: ______________________________

Exhibit A

BESS Conceptual Plans



1 Plan View
Scale: 1" = 50'

LIGHTWAVE SOLAR

PROJECT TITLE
NES BESS

PROJECT ADDRESS
36°14'55.52"N, 86°44'46.10"W
MADISON, TN

SHEET TITLE
SITE PLAN

REVISIONS

REV	DESCRIPTION	DATE	DB	CB
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

DISCLAIMER

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PROJECT NUMBER

DRAWN BY
KJ

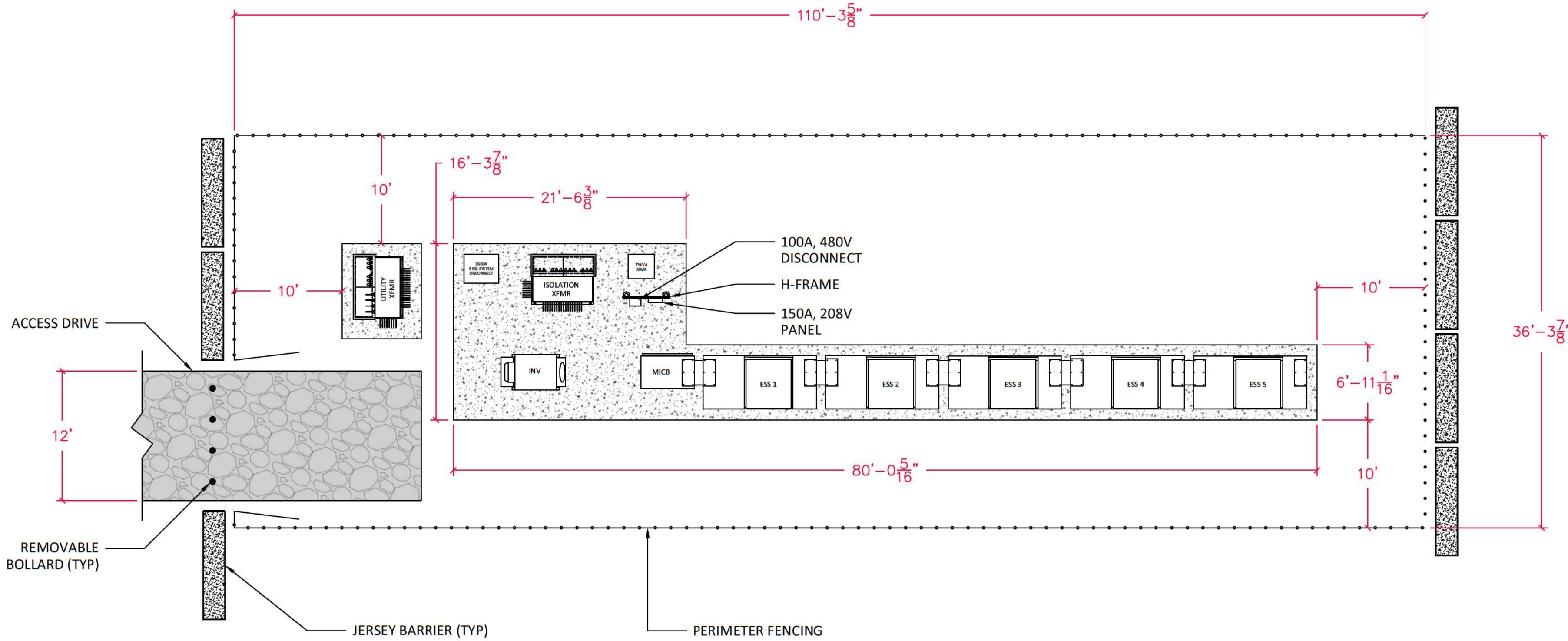
DATE
04/10/2026

ORIGINAL SIZE
11"X17"

SHEET SIZE
ANSI_B

SCALE
AS NOTED

DRAWING
PV1.0



1 Plan View
Scale: 1" = 10'

LIGHTWAVE SOLAR

PROJECT TITLE
NES BESS

PROJECT ADDRESS
36°14'55.52"N, 86°44'46.10"W
MADISON, TN

SHEET TITLE
EQUIPMENT PADS

REVISIONS

REV	DESCRIPTION	DATE	DB	CB
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
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PROJECT NUMBER

DRAWN BY
KJ

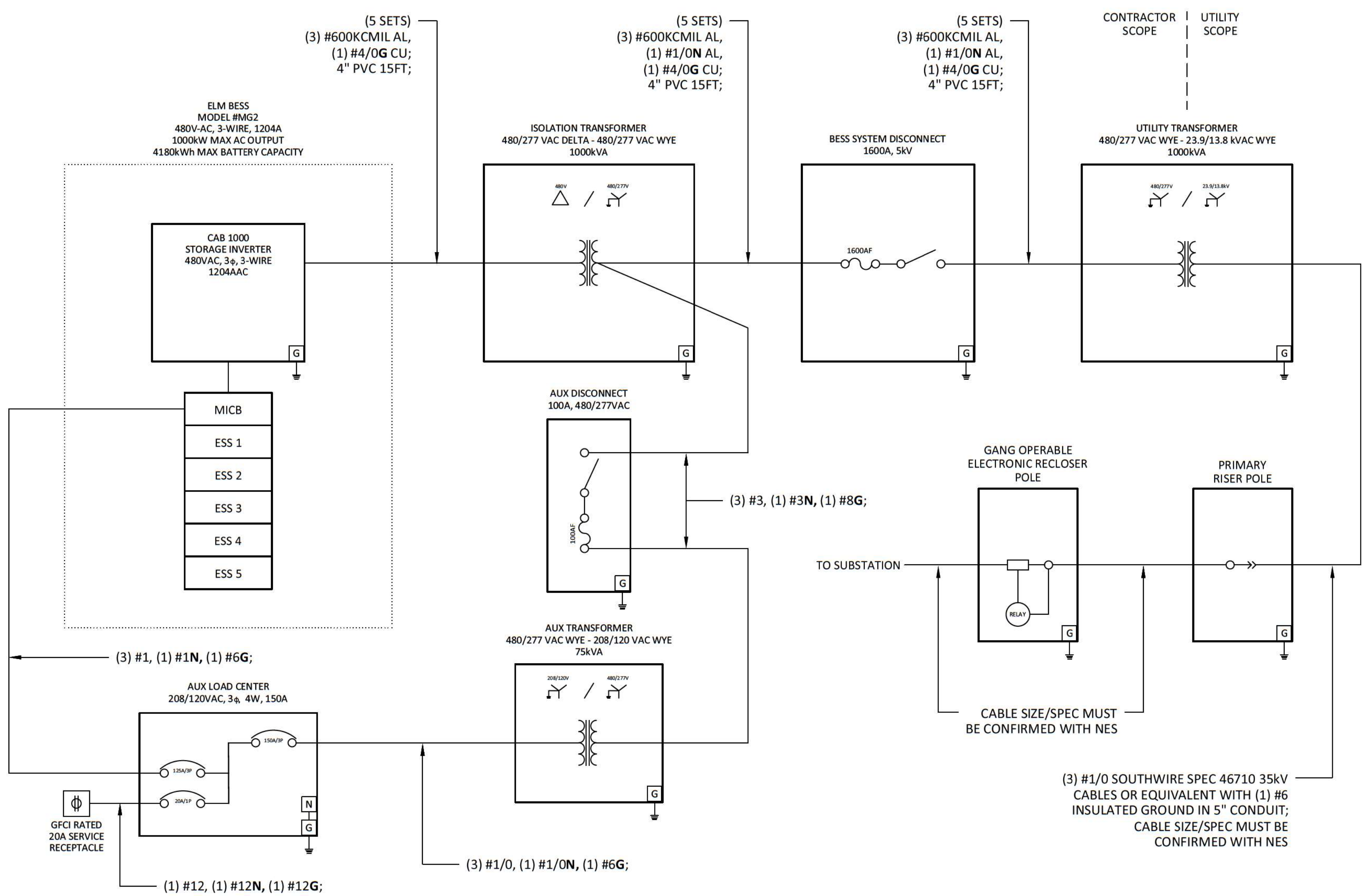
DATE
4/10/2026

ORIGINAL SIZE
11"X17"

SHEET SIZE
ANSI_B

SCALE
AS NOTED

DRAWING
E2.0



LIGHTWAVE SOLAR

PROJECT TITLE: NES BESS
PROJECT ADDRESS: 36°14'55.52"N, 86°44'46.10"W MADISON, TN
SHEET TITLE: SINGLE LINE DIAGRAM

REV	DESCRIPTION	DATE	DB	CB
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

REVISIONS

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PROJECT NUMBER

DRAWN BY: KJ

DATE: 4/10/2026

ORIGINAL SIZE: 11"X17"

SHEET SIZE: ANSI_B

SCALE: NTS

DRAWING: E3.0

Recommendation of Purchases and Contracts
at the Meeting on Wednesday July 22, 2026

Management recommends Board approval
of the following purchases and contracts:

Total Materials and Supplies Purchases	**$2,625,810.45**
Total Contracts and Services	**$2,461,828.90**
Total Additions, Extensions, and Changes	**$958,000.00**
Total Ratified Purchases and Contracts	**$1,766,622.90**
TOTAL	**$7,812,262.25**

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

July 22, 2026

MATERIALS AND SUPPLIES PURCHASES

Item Description	Vendor	Amount	Type Contract	Bids Received/Sent
Chassis Extended Cab, 40K GVWR, Aerial Platform Material Handler, New (1)	Altec Industries	$518,263.00	Competitive	1/15
Pole, Steel, Self-Weathering, H3, 60 ft. (51)	Stuart C. Irby	253,725.00	Competitive	6/8
Substation Steel	Wesco Distribution	*415,712.45	Competitive	1/9
Switch, Pad Mounted, Three Phase, Live Front, PMH-12, 25kV, 600amp (17)	Stuart C. Irby	665,550.00	Competitive	2/7
Underground Distribution Switchgear, 25kV, 600amp, Vista Model 624 (4)	**Stuart C. Irby**	772,560.00	Competitive **Sole Brand**	3/7
TOTAL		**$2,625,810.45**		

*Price includes a 20% contingency.

CONTRACTS AND SERVICES

Item Description	Vendor	Amount	Type Contract	Bids Received/Sent
Brookhollow Conversion from 4.16kV to 23.9kV	The Hydaker-Wheatlake Co.	*$1,061,828.90	Competitive	14/57
Cafeteria Services	U-Kno Catering, Inc.	500,000.00	Competitive (3 Years)	1/8
Strategic Consulting Services	Stowe Utility Group, LLC	900,000.00	Professional Service (1 Year)	N/A
TOTAL		**$2,461,828.90**		

*Price includes a 10% contingency.

ADDITIONS, EXTENSIONS, AND CHANGES

Item Description	Contractor	Additional Amount	Change Requested
Bill Print and Mail Services	Doxim	N/A	Extension (1 Year)

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

Consulting Services in Connection with Emergency Response, Recovery, and Reimbursement Efforts Related to Winter Storm Fern	Accenture Infrastructure & Capital Projects, LLC	$200,000.00	Addition (New NTE $700,000.00)
Legal Services	Bradley Arant Boult Cummings, LLP	200,000.00	Addition (New NTE $400,000.00)
Power Circuit Breakers	Siemens Industry, Inc	443,000.00	Addition (New NTE $4,198,719.80)
Reporting Platform for Benchmarking, Life Cycle Management, Fleet Analytics, and Telematic Data	Smith System Driver	115,000.00	Addition (New NTE $465,000.00) Assign & Assumption
TOTAL		**$958,000.00**	

RATIFIED PURCHASES AND CONTRACTS

Item Description	**Vendor**	**Amount**	**Type Contract**	**Bids Received/Sent**
Boardvantage Software Subscription	Nasdaq OMX Corp. Solutions	$1,062.00	Addition (New NTE $64,782.00)	N/A
Compactor Rental and Hauling for Trash and Recycling	Republic Services	85,000.00	Competitive (5 Years)	2/6
Consulting, Advisory and Project Support for Transportation Electrification Initiatives	Seven States Power Corp.	250,000.00	Professional Service (5 Years)	N/A
Distribution Transformer, Single Phase, 25kVA, Solid Insulated, Submersible (7)	**Cheryong Electric Co.**	91,070.00	Competitive **Sole Brand**	1/2
E-Learning Courses	Opensesame, Inc.	134,924.40	Professional Service (3 Years)	N/A
Electrical Supplies	Border States Industries	20,000.00	Addition (New NTE $205,000.00)	N/A
Ground Rod, CW 5/8x8 (4,800)	Wesco Distribution	85,536.00	Competitive **Blanket**	4/9

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

HVAC Supplies	Johnstone Supply	125,000.00	Addition (New NTE $245,000.00)	N/A
Information Technology Products and Services	Software House International	200,000.00	Addition (New NTE $250,000.00)	N/A
Lineworker Climbing Equipment	Altec Supply	75,000.00	Competitive (3 Years)	6/5
Network Lighting Control, Photocell (500)	Gresco	52,750.00	Competitive	9/26
Pole, Wood, C1, 50 ft. (147)	Thomasson Company	73,426.50	Competitive	7/8
Pole, Steel, Galvanized, H5, 60 ft. (17)	Stuart C. Irby	101,320.00	Competitive	5/8
Pole, Steel, Galvanized, H5, 65 ft. (8)	Stuart C. Irby	58,384.00	Competitive	6/8
Recloser, 27KV Single Triple Single Tank (8)	**Southern States, LLC**	163,960.00	Competitive **Sole Brand**	2/3
Remote System Upgrade for MX-90xi and MV-Web Systems	Itron Inc.	N/A	Extension (3.5 Months)	N/A
Security and Traffic Control Services	**Metro Nashville Police Dept.**	150,000.00	**Sole Source** (1 Year)	N/A
Spida Studio Software Subscription and Maintenance	**Bentley Systems, Inc.**	99,190.00	**Sole Source** (1 Year)	N/A
TOTAL		**$1,766,622.90**		

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 JUNE 30, 2026

FINANCIAL RESULTS

(millions)	YTD Actual	YTD Budget	Variance	%
Operating Revenues	$ 1,615.9	$ 1,513.8	$ 102.1	6.7%
Purchased Power	(1,137.0)	(1,069.6)	(67.4)	6.3%
Sales Margin	**$ 478.9**	**$ 444.2**	**$ 34.7**	7.8%
Operating Expenses	(286.5)	(286.9)	0.4	-0.1%
Other Revenues	25.3	27.0	(1.7)	-6.3%
Depreciation	(105.9)	(116.3)	10.4	-8.9%
Taxes	(45.9)	(44.4)	(1.5)	3.4%
Interest Income	23.3	24.0	(0.7)	-2.9%
Other Non-Operating Income	7.8	1.9	5.9	310.5%
Interest/Other Expense	(20.2)	(20.6)	0.4	-1.9%
Winter Storm Fern Restoration Costs	(36.9)	-	(36.9)	NA
Change in Net Position	**$ 39.9**	**$ 28.9**	**$ 11.0**	38.1%

Highlights

Margin - favorable primarily due to favorable weather patterns/temperatures.
Operating Expenses - primarily due to favorability in retirement survivors, OPEB, outside services and IT shared services, offset by over budget in contract tree & grass, civic involvement and uncollectible accounts
Other Revenues - lower reconnect fees, offset by favorable pole attachments
Depreciation - favorable due to fewer operational asset additions than planned, excluding Winter Storm Fern replacements recorded in June 2026.
Taxes - unfavorable due to higher equalization factor impact than anticipated
Interest Income - unfavorable due to interest rates lower than anticipated, offset by greater investable balances than planned
Other Non-Operating Income - favorable primarily due to unbudgeted FEMA reimbursement
Interest/Other Expense - favorable due to greater AFUDC than projected
Winter Storm Fern Restoration - unfavorable due to $36.9 million of operating and maintenance costs related to Winter Storm Fern response.

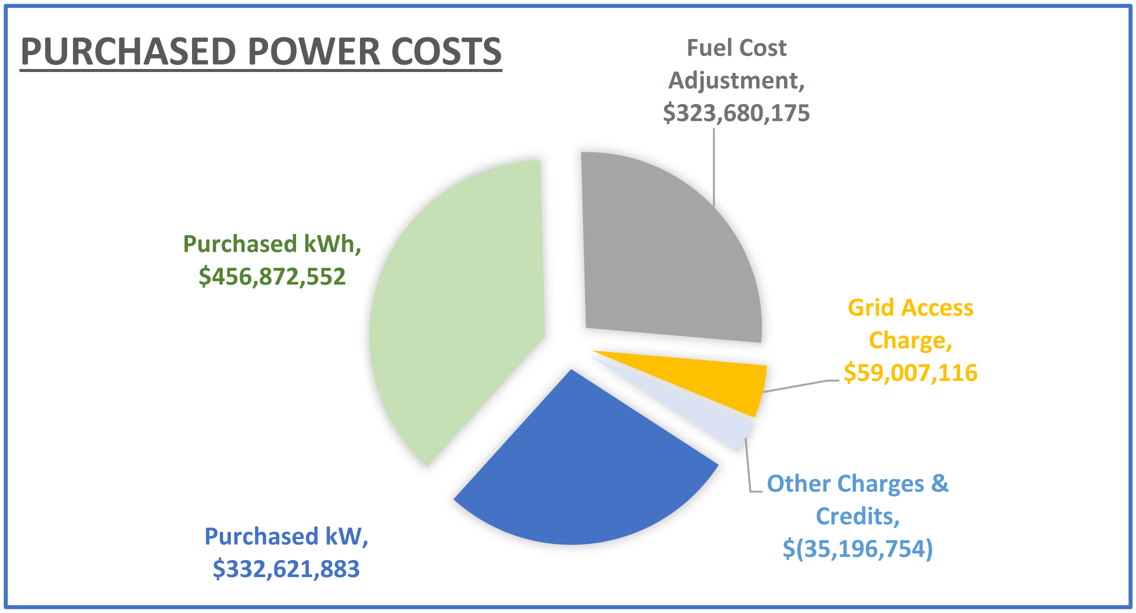
FINANCIAL GOALS

GOAL	TARGET	ACTUAL
Debt Service Coverage	2.0	3.6
Days Cash on Hand	90	115

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

WHOLESALE UNITS AND CHARGES

Purchased kW	27,857,026	$	332,621,883	*29.3%*
Purchased kWh	12,700,892,219	$	456,872,552	*40.2%*
Fuel Cost Adjustment		$	323,680,175	*28.5%*
Grid Access Charge		$	59,007,116	*5.2%*
Other Charges & Credits		$	(35,196,754)	*-3.1%*
Total Purchased Power Costs		**$**	**1,136,984,973**	



Units & Charges: Retail Sales vs. Wholesale Purchased

Description		Retail		Wholesale
kWh		12,372,926,495		12,700,892,219
KW		18,211,579		27,857,026
Sales / Purchases	$	1,615,901,060	$	1,136,984,973
FCA	$	325,667,378	$	323,680,175
Degree Days		5,152		5,114
Temperature at Peak		Various		Various

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

SALES VOLUME & CUSTOMER STATS

SALES VOLUME - MWH				
Sales Volume	**YTD Actual**	**YTD Budget**	**Variance**	**%**
Residential	5,295,012	4,930,893	364,119	7.4%
Small Commercial	834,221	815,893	18,328	2.2%
Large Commercial	6,141,440	5,974,747	166,693	2.8%
Street & Highway Lighting	102,253	108,504	(6,251)	-5.8%
Total MWH Sales	**12,372,926**	**11,830,037**	**542,889**	4.6%

NUMBER OF CUSTOMERS	
Residential	434,397
Small Commercial	37,172
Large Commercial	7,226
Large Commercial BCD	43
Street & Highway Lighting	206
Total Number of Customers	**479,044**

CAPITAL BUDGET RESULTS

(millions)	**FY26 Budget**	**YTD Actuals**	**FY26 Balance**	**YTD % Budget**
New Business	20,031	12,551	7,480	*63%*
System Construction - Capacity	22,641	19,034	3,607	*84%*
System Construction - Reliability	1,641	1,117	524	*68%*
System Construction - Asset Mgmt	31,074	22,857	8,217	*74%*
Unplanned Replacements	20,137	76,634	(56,497)	*381%*
Relocations	6,613	4,750	1,863	*72%*
Lighting Systems	20,651	23,588	(2,937)	*114%*
Meters	6,447	3,290	3,157	*51%*
Transformers	41,100	48,791	(7,691)	*119%*
Equipment & Facilities	48,756	33,375	15,381	*68%*
Total Capital Budget Results	**219,091**	**245,987**	**(26,896)**	***112%***

Unplanned Replacements - Large variance due to $65.6 million of Winter Storm Fern-related costs.

FOURTH QUARTER REPORT ON
COMMUNITY INVOLVEMENT AND ECONOMIC DEVELOPMENT

Total expenditures for the fourth quarter of Fiscal Year 2026 were:

DATE	DESCRIPTION	AMOUNT
	Community Involvement	
04/22/26	Southeast Community Day 2026	$ 2,500.00
04/24/26	Leadership Tennessee	5,000.00
04/29/26	Andrew Jackson Foundation	5,000.00
05/15/26	NeedLink Nashville – Project Help Administration	14,000.00
05/28/26	Nashville Public Library Foundation	5,000.00
06/04/26	TMEPA – 4-H Electric Camp	500.00
06/12/26	Community Foundation of Middle Tennessee	5,000.00
06/23/26	TriState Minority Supplier Development Council	3,000.00
06/30/26	Earth Day	5,000.00
	4th Quarter Total	**$45,000.00**

07-22-26

PRESIDENT'S REPORT

July 2026

OPERATIONS

We trimmed 197 circuit miles during the month of June.

CUSTOMER RELATIONS

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

COMMUNITY INVOLVEMENT

On July 19, NES employees Leah Taylor, Travis White and Sheryl Haley partnered with TVA to host a free Home Energy Workshop at Cathedral of Praise. Customers learned simple, energy-efficient improvements they can make at home and received a complimentary energy-saving toolkit to help them get started.

Leah Taylor and Sheryl Haley will represent NES at three Metro Nashville Public Schools Back-to-School Cluster Bashes: Glencliff High School on July 23, Nashville School of the Arts on July 29, and Stratford STEM High School on July 30. They will connect with families and share information about NES programs and services.

Miscellaneous

Recess to Civil Service Board Meeting

Consent Agenda

THE MINUTES OF THE ONE THOUSAND EIGHTEENTH MEETING OF THE ELECTRIC EMPLOYEES' CIVIL SERVICE AND PENSION BOARD HELD JUNE 24, 2026

The regular meeting of The Electric Employees' Civil Service and Pension Board was held June 24, 2026.

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

Chair Davis called the meeting to order at 9:59 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 May 27, 2026.

> Upon motion by Member Harris and seconded by Member Santos, the consent agenda was approved, which included the minutes from the meeting held May 27, 2026.

HUMAN RESOURCES WORKFORCE UPDATE

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

MISCELLANEOUS

There were no miscellaneous items to come before the Board.

ADJOURNMENT

The meeting adjourned at approximately 9:49 a.m.

Approved,

Chair

Attest:

Secretary
06-24-2026

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

HUMAN RESOURCES / CORPORATE SERVICES WORKFORCE UPDATE
July 22, 2026

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

Training Section

The Performance Appraisal workflow has been modified to create a more streamlined process for employees and supervisors for the next PA year. Feedback from the first year of the new competency-based performance appraisals was critical in providing an improved end user experience. Performance Appraisals are also now aligned with the fiscal period July 1 through June 30. The new appraisal period will support better budget planning and allow employees to align with the strategic goals set by the organization. We believe these changes will be well received by the organization.

As part of NES's redesign of its Emergency Response Plan to strengthen storm restoration efforts, a need for additional training was identified. To support a consistent and scalable emergency response, all employees are required to complete Emergency Management 101 and ICS 100. Employees with designated storm response roles must also complete ICS 200, which provides the foundation for participating in the Incident Command System (ICS) structure during emergency operations.

These nationally recognized courses align with industry's best practices and demonstrate NES's commitment to implementing improvements identified in the Winter Storm Fern After Action Review. This training is an important step in ensuring preparedness and accountability for our customers, Board, Council members, and other stakeholders. To date 78% of employees have completed EM 101 AND ICS 100. ICS 200 is underway for the employees who have been identified with storm roles. Completion of all training for the entire organization is expected by August 28th. After completing these foundational courses, role specific training will begin to ensure all employees know their role during a storm. We are proud of the efficient and timely execution of this extraordinary undertaking to ensure all employees are prepared for the next event.

Talent Acquisition and Employee Relations

We welcomed ten new full-time employees July 6, 2026, including eight (8) Lineman Apprentice-Advanced, one (1) Electrician Apprentice, and one (1) Chief Communications Officer. There were 918 active employees as of July 13, 2026.

The fourth cohort for the Operations Internship Program began July 6, 2026, as we welcomed 10 graduating high school students from within the service territory. We continue to be proud of the commitment of employees that makes this opportunity successful for the organization and the participants. We appreciate the continued support of the Board.

In addition, twenty-nine personnel requisitions are currently being processed to fill vacancies arising from attrition and employee advancement opportunities.

Compensation & Benefits

Successfully led the implementation of the organization's annual compensation adjustments, ensuring the accurate and timely processing of salary increases for employees across multiple pay plans. This included administering across-the-board pay increases for **721 non-supervisory employees** and merit-based salary increases for **185 confidential and supervisory employees**, with all adjustments taking effect on **July 10**. The process was completed with a strong focus on accuracy, compliance with compensation policies, and seamless coordination to support the organization's commitment to equitable and competitive employee compensation.

Safety

Supported the organization's commitment to employee development and operational excellence by coordinating and facilitating key training and workforce development initiatives. These efforts included organizing overhead energy gloving and cover-up training for new hires, delivering comprehensive safety onboarding sessions and facility tours for multiple interns, administering monthly apprentice evaluations to monitor progress and support skill development, and coordinating bucket truck and digger derrick simulator demonstration training for Operations employees. Collectively, these initiatives strengthened safety awareness, enhanced technical proficiency, and reinforced the organization's investment in developing a highly skilled and safety-focused workforce.

Miscellaneous

Adjournment of Civil Service Meeting

Reconvene to ratify actions taken by Civil Service Board

Adjournment of Electric Power Board Meeting

ELECTION OF A CHAIR AND VICE-CHAIR

Article IV, Section I, Item 4 of the Bylaws of the Electric Power Board provides:

> The Electric Power Board will elect a Chair and Vice-Chair from its members at the annual meeting by a majority vote. The Chair shall be a Charter Member. The newly-elected Chair and Vice-Chair shall take office at the next official meeting of the Board.

Discussion of Committee Assignments

Presentation of Report on past 12 Months' Operations

FISCAL YEAR 2026 ACCOMPLISHMENTS REPORT
(July 2025 – June 2026)

INTRODUCTION

Throughout Fiscal Year 2026, NES employees demonstrated exceptional dedication to providing safe, reliable, and affordable electricity while advancing innovation, sustainability, workforce development, and community engagement. From responding to Winter Storm Fern and completing major infrastructure investments to expanding customer programs and earning national recognition, NES continued delivering on its mission while positioning the organization for future growth and reliability.

SYSTEM RELIABILITY & STORM RESPONSE

- Substantial completion of the Central Substation Project, with load successfully transferred to the new substation.
- Received the American Public Power Association (APPA) Reliable Public Power Provider (RP3) Diamond Designation.
- Implemented the Oak Ridge National Laboratory EDGAR storm prediction platform to enhance storm preparedness and response.
- Launched a comprehensive system-wide undergrounding and grid hardening study.
- Completed an updated 20-Year System Study evaluating future load growth, capacity needs, and infrastructure requirements.
- Developed a comprehensive 10-Year Reliability Initiative with a roadmap toward achieving top-decile reliability performance.
- Completed system-wide LiDAR data collection to support data-driven vegetation management planning.
- Transmission & Distribution Operations completed approximately $62 million in capital improvements, including installation of more than 2,700 poles, 1,200 transformers, 550,000 feet of primary wire, 341,000 feet of secondary overhead wire, and 157,000 feet of secondary underground wire.
- Transmission & Distribution Operations responded to 12 major storms impacting 570,431 customers. The most significant event, Winter Storm Fern, affected 231,749 customers (49% of the customer base) and required replacement of 780 utility poles.

CUSTOMER EXPERIENCE & SERVICE EXCELLENCE

- Answered over 1.9 million customer calls, demonstrating a continued commitment to responsive, high-quality customer service.
- Enhanced the customer outage experience by implementing Estimated Time of Restoration (ETOR) on the outage map, providing customers with real-time restoration estimates during outages.
- Increased active e-Bill and AutoPay enrollments by more than 28%, reducing paper billing while improving customer convenience and lowering service costs.
- Successfully launched the NES Mobile App, generating nearly 5,200 downloads during its initial rollout and expanding customer access to convenient self-service tools.

- Received the Innovate UtilityCX (IUCX) Excellence Award for Best Customer Information System (CIS) Implementation – Level I, recognizing NES as the industry's leading large utility for excellence in CIS implementation, innovation, operational improvement, and customer service.

COMMUNICATIONS, COMMUNITY ENGAGEMENT & PUBLIC AFFAIRS

Communications

- Completed over 1,700 media engagements highlighting system reliability, severe weather response, energy efficiency, customer assistance programs, infrastructure improvements, innovation, safety, sustainability, and community initiatives.
- Grew Instagram by nearly 12,000 followers through 266 posts, reaching more than 1.05 million unique users.
- Increased X (formerly Twitter) by nearly 9,000 followers (47,400 total) and Facebook by 32,500 followers (56,000 total).
- Published 65 Power News stories highlighting employee achievements, energy-saving tips, safety initiatives, severe weather updates, leadership, and company news.

Community Engagement

- Participated in numerous community events, including Back-to-School Bash celebrations, Nashville Home Show, Seniors on the Move, Hunger Action Month initiatives, Touch-a-Truck events, Fall Festivals, and Trunk-or-Treat activities.
- Supported the 9/11 Day of Service by mobilizing employee volunteers to pack thousands of meals for families in need.
- Assisted Metro Nashville with transporting and installing the city's Christmas Tree through employee volunteer efforts and equipment support.
- Participated in community meetings throughout the service territory to discuss reliability improvements, vegetation management, innovation initiatives, and customer concerns.

EDUCATION & WORKFORCE DEVELOPMENT

- Engaged thousands of students through career fairs, STEM nights, Careers on Wheels, Career Readiness programs, classroom presentations, Professionalism Fairs, and other energy education initiatives across Metro Nashville elementary, middle, and high schools.
- Partnered with TVA to award robotics grants to area schools and nonprofit organizations, strengthening STEM education and workforce development throughout the service territory.
- Conducted utility career awareness activities with Tennessee State University's Solar Boot Camp and numerous area high schools to inspire the next generation of utility professionals.
- Created custom Target Date Funds for all employees participating in the 401(a) Plan.
- Conducted a competitive RFP for medical, dental, and vision plans and successfully transitioned to new benefit providers.
- Implemented Collaborative Conferencing initiatives, including quarterly 401(a) contributions, increased retiree cost-of-living adjustments, and retirement plan amendments.

ENERGY EFFICIENCY, SUSTAINABILITY & INNOVATION

Energy Programs

- Received TVA's Top Performer Award, earning top five rankings in six EnergyRight performance categories, including first place in PowerFlex participation and demand response participation, while being named the North Regional Champion for community program savings.
- Conducted numerous Home Energy Workshops, providing customers with energy-saving education, efficiency toolkits, LED bulbs, and direct access to NES and TVA experts.
- Hosted multiple Home Uplift Application Assistance events to help eligible customers apply for free home energy upgrades.
- Promoted Home Uplift, School Uplift, EnergyRight, and other customer-focused energy efficiency programs through community partnerships and outreach.

Clean Energy & Innovation

- Led solar and electric transportation education through Music City Solar tours, industry conference presentations, and public engagement activities.
- Participated in Drive Electric Tennessee initiatives and industry forums supporting transportation electrification and clean energy adoption.
- Supported data center growth and future electrification planning through utility and industry strategic collaboration.

TALENT DEVELOPMENT & ORGANIZATIONAL EXCELLENCE

- Recognized National Lineman Appreciation Day through employee events, customer recognition efforts, and internal appreciation campaigns celebrating front-line employees.
- Implemented the third cohort of the ELI Leadership Program, including DISC workshops.
- Launched the inaugural ELEVATE NES Leadership Academy for select managers.
- Implemented a new companywide Performance Appraisal process.
- Hosted Wholehearted Wednesday employee engagement events.
- Organized and facilitated companywide Overcoming Obstacles (Adversity Quotient) training.
- Organized and facilitated companywide Emergency Management 101 and Incident Command System (ICS 100) training.
- Continued the Certified Safety Coordinator Program for the eighth consecutive year, resulting in 139 certified employees.

SAFETY, OPERATIONS & TECHNICAL EXCELLENCE

- Completed a competitive RFP process for a new Health and Safety Software platform while implementing enhanced post-incident review processes.
- Provided Fleet employees with specialized training on the Altec Jobsite Energy Management System (JEMS) supporting NES plug-in and mild hybrid bucket trucks.
- Competed in both the American Public Power Association Lineworkers Rodeo and the Tennessee Valley Lineman Rodeo, where multiple journeyman teams earned perfect event scores. Additional teams and apprentices earned strong overall finishes and outstanding safety performance.
- Hosted safety workshops and industry training forums for local power companies and utility professionals.

FINANCE, LEGAL & CORPORATE SERVICES

Financial Stewardship

- Completed insurance renewal while maintaining flat property insurance rates.
- Created multiple financial models evaluating strategic plan implementation and Winter Storm Fern impacts while preserving key financial metrics supporting strong bond ratings.
- Established enhanced forecasting methods to improve the accuracy and timeliness of financial projections.
- Successfully recovered $1 million through Winter Storm Fern insurance claims.
- Achieved clean audit reports for both Internal Accounting Processes and the Main Financial Statement Audit.
- Reduced purchased power costs by approximately $2.1 million through the Peak Load Management Program.

Legal & Governance

- Negotiated a new Reliability Services Agreement with TVA to provide transmission operations supporting NERC compliance.
- Negotiated, drafted, and approved 593 contracts.
- Represented NES in eight litigation matters and settled nine workers' compensation cases.
- Recovered more than $715,000 in damages to NES property through claims and litigation.
- Responded to more than 6,000 inquiries from public officials.

Customer & Community Investment

- Supported more than 60 nonprofit organizations through financial contributions.
- Donated $3 million for utility bill assistance and Winter Storm Fern recovery efforts.
- Donated $1.2 million to the Home Uplift Program, leveraging an additional $800,000 in TVA matching funds to improve more than 400 homes.
- Customers donated approximately $1.4 million through the NES Power of Change program, with nearly 79% participation.
- Bill assistance initiatives, including Project Help and Community Care through NeedLink Nashville, provided $2.4 million in assistance to over 5,500 households.

Enterprise Operations

- Continued post-implementation optimization of the Oracle Customer-to-Meter (C2M) platform, enhancing billing, reporting, and customer account management capabilities.
- Advanced development of NES's first comprehensive large-load and data center policy framework to support economic growth while protecting existing customers.
- Completed analysis of Time-of-Use rate options supporting future rate modernization.
- Implemented the ServiceNow Governance, Risk and Compliance (GRC) platform.
- Collected $8.1 million in FEMA disaster claims.
- Coordinated completion of 15 internal audits and testing of over 740 internal controls.
- Successfully supported Winter Storm Fern recovery with no critical material shortages.
- Procured more than $303 million in goods and services through nearly 2,800 purchase orders.
- Reduced warehouse out-of-stock inventory from 1.7% to less than 1.0%.
- Supported Winter Storm Fern recovery through contractor invoice review and after-action documentation management.

LOOKING AHEAD

NES enters the next fiscal year with a strong foundation built on reliability, innovation, community partnership, and employee excellence. Through continued investments in infrastructure, customer programs, workforce development, and sustainability initiatives, NES remains committed to powering Nashville's future while delivering exceptional value to customers and the community.

NASHVILLE ELECTRIC SERVICE

Management's Discussion of Financial Operations - Fiscal Year 2026

(UNAUDITED AND PRELIMINARY)

Executive Summary

Through June 30, 2026, NES reported a year-to-date change in net position of $39.9 million, which was $11.0 million favorable to the $28.9 million budget. The improvement was driven primarily by sales margin favorability, while operating expenses were modestly favorable and several non-operating items were mixed. Restoration efforts for Winter Storm Fern increased operating expenses by $36.9 million and capital expenditures by $65.6 million.

Financial Results - Key Changes

Overall results were favorable to budget, primarily driven by sales margin exceeding plan. Operating revenues were $102.1 million above budget, while purchased power costs were $67.4 million above budget. The resulting sales margin was $478.9 million compared with a budget of $444.2 million, a favorable variance of $34.7 million, or 7.8%. The report attributes the favorable margin primarily to favorable weather patterns and greater than forecasted customer growth.

Measure(millions)	YTD Actual	YTD Budget	Variance	% Change
Operating Revenues	$1,615.9M	$1,513.8M	$102.1M	6.7%
Purchased Power	($1,137.0M)	($1,069.6M)	($67.4M)	6.3%
Sales Margin	**$478.9M**	**$444.2M**	**$34.7M**	**7.8%**
Operating Expenses	($286.5M)	($286.9M)	$0.4M	(0.1%)
Winter Storm Fern Restoration Costs	($36.9M)	-	($36.9M)	NA
Change in Net Position	**$39.9M**	**$28.9M**	**$11.0M**	**38.1%**

Primary Drivers of Change

- Operating revenues exceeded budget by $102.1 million, or 6.7%, contributing to the favorable sales margin result. This favorable variance is primarily attributed to weather patterns that were more favorable than forecasted, as well as greater than forecasted customer growth. Cumulative YTD retail degree days were 175 degree days, or 3.5%, greater than forecast (5,152 and 4,977 days, respectively).
- Purchased power costs were $67.4 million over budget, or 6.3%, partially offsetting higher operating revenues. This unfavorable variance is primarily attributed to weather patterns that were less favorable than forecasted, as well as greater than forecasted customer growth.

- Operating expenses were $0.4 million under budget, or 0.4%. This slight favorable variance was driven primarily by factors shown in the table below.

Expense Category	YTD Actual	YTD Budget	Variance	Explanation
Outside Services	$41.0M	$32.4M	($8.6M)	Over budget due to greater storm contractors than anticipated, offset by fewer services required than planned.
Materials & Supplies	$4.8M	$6.0M	$1.3M	Material usage lower than projected.
Professional Fees	$4.6M	$2.9M	($1.7M)	Over budget due to unplanned consulting services for the storm after-action review.
Contract Tree & Grass	$73.8M	$19.9M	($53.9M)	Over budget due to additional miles trimmed to catch-up on trim cycle goals, higher costs per mile, and additional costs incurred during Winter Storm Fern.
Accrual for Uncollected Accounts	$5.8M	$3.0M	($2.8M)	Analysis indicated a higher A/R reserve estimate over the initial plan due to hold of disconnects, late fees and collections following Winter Storm Fern.
Civic Involvement	$4.4M	$1.6M	($2.7M)	Over budget due to contributions greater than anticipated for Winter Storm Fern and customers utility bill assistance program.
Retirement & Survivors	$26.6M	$40.6M	$14.1M	Under budget due to favorable market adjustments and actuarial values, offset by overhead allocation higher than planned.
Other Post Employment Benefits	($6.6M)	$7.5M	$14.1M	Under budget due to favorable actuarial values and market adjustments, offset by overhead allocation higher than planned.
Information Technology	$30.3M	$34.2M	$3.9M	Information technology costs lower than planned.
Accounting Work Order Transfers	($37.1M)	$0.5M	$37.6M	Under budget primarily due to reclassification Winter Storm Fern O&M expenses to unusual and infrequent item for year end financial reporting purposes.

- Depreciation was $10.4 million favorable to budget due to fewer operational asset additions than planned, excluding Winter Storm Fern replacements recorded in June 2026.
- Other non-operating income was $5.9 million favorable to budget primarily due to unbudgeted FEMA reimbursements.
- Winter Storm Fern restoration costs were $36.9 million unfavorable to budget, as explained below.

Winter Storm Fern

The FY26 financial statements include $36.9 million of operating and maintenance costs and $65.6 million of capital costs for the Winter Storm Fern response. In January 2026, Winter Storm Fern brought significant ice accumulation across the service territory, resulting in widespread damage to trees, poles, conductors, transformers, and other distribution system equipment. NES incurred substantial costs to restore service, repair damaged facilities, and strengthen affected portions of the Electric System. All costs were captured in the Fiscal Year 2026 financial statements.

Sales Volume and Customer Statistics

Total mWh sales were 12,372,926 compared with a budget of 11,830,037, resulting in a favorable variance of 542,889 mWh, or 4.6%. Residential sales volume was 7.4% above budget, small commercial was 2.2% above budget, and large commercial was 2.8% above budget. Street and highway lighting was 5.8% below budget. NES reported 479,044 total customers as of June 2026.

Purchased Power and Wholesale Charges

Total purchased power costs were $1.137 billion. Purchased mWh represented $456.9 million, purchased mW represented $332.6 million, fuel cost adjustment represented $323.7 million, grid access charge represented $59.0 million, and other charges and credits reduced costs by $35.2 million. Retail sales and wholesale purchases were generally aligned in magnitude, with retail mWh of 12.373 million compared with wholesale purchased mWh of 12.701 million.

Capital Budget Results

Capital spending for FY26 was $246.0 million, exceeding the budget of $219.1 million by $26.9 million. Unplanned replacements, which include the capital costs of Winter Storm Fern, were the primary driver of this unfavorable variance, at $56.5 million over budget. Distribution transformers, as a result of replenishing inventory related to Winter Storm Fern, were over budget by $7.7 million, and lighting systems, due to the acceleration of LED conversion projects, were over budget by $2.9 million. These overages were offset by favorable budget results in capacity construction of $3.6 million, primarily due to the East Bank project; asset management construction of $8.2 million, due to resource constraints as a result of Winter Storm Fern; relocations of $1.9 million; equipment and facilities of $15.4 million, due to President's Choice and tariff allowance impacts; reliability construction of $0.5 million; and new business of $7.5 million, due to increased Contribution in Aid of Construction (CIAC) receipts to offset expense.

Financial Goals

Goal	Target	Actual
Debt Service Coverage	2.0	3.6
Days Cash on Hand	90	115

Both reported financial goal metrics exceeded their targets: debt service coverage was 3.6 compared with a target of 2.0, and days cash on hand was 115 compared with a target of 90.

ELECTRIC POWER BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENTS OF NET POSITION
June 30, 2026

CURRENT ASSETS AND ACCRUED ASSETS	
CASH AND CASH EQUIVALENTS (ELECTRIC FUND)	$461,479,198
INVESTMENTS (ELECTRIC FUND)	250,000
MISC WORKING FUNDS	178,127
ACCOUNTS RECEIVABLE - ELECTRIC	196,562,039
ACCOUNTS RECEIVABLE - OTHER	15,779,567
LESS: ALLOWANCE FOR DOUBTFUL ACCTS	(1,215,332)
NET ACCOUNTS RECEIVABLE	211,126,274
MATERIALS AND SUPPLIES	77,026,707
PREPAYMENTS & OTHER MISC. CURRENT ASSETS	9,476,980
ACCRUED INTEREST RECEIVABLE	67,645
SHORT-TERM LEASE RECEIVABLES	5,948,931
TOTAL CURRENT AND ACCRUED ASSETS	**765,553,862**
RESTRICTED FUNDS	
CASH AND CASH EQUIVALENTS (BOND FUNDS)	5,255,457
OTHER INVESTMENTS (BOND FUNDS)	5,875,387
CASH AND CASH EQUIVALENTS (OTHER)	1,308,841
TOTAL RESTRICTED FUNDS	**12,439,685**
PLANT ACCOUNTS	
ELECTRIC PLANT IN SERVICE	2,595,243,049
CONSTRUCTION WORK IN PROGRESS	84,024,118
GROSS PLANT	2,679,267,167
LESS: ACCUM DEPRECIATION	(951,872,029)
NET PLANT VALUE	**1,727,395,138**
OTHER NON-CURRENT ASSETS	
ENERGY CONSERVATION LOANS	467
OTHER LONG-TERM RECEIVABLES	1,618,281
REGULATORY ASSETS, NET	35,312,144
LONG-TERM LEASE RECEIVABLES	3,625,965
TOTAL OTHER NON-CURRENT ASSETS	**40,556,857**
TOTAL ASSETS	**2,545,945,542**
DEFERRED OUTFLOWS OF RESOURCES	
DEFERRED AMOUNT ON REFUNDING OF DEBT	3,421,347
DIFF BETWEEN PROJECTED & ACTUAL PENSION EARNINGS	0
DIFF BETWEEN PROJECTED & ACTUAL PENSION EXPERIENCE	0
DIFF BETWEEN PROJECTED & ACTUAL OPEB EARNINGS	0
DIFF BETWEEN PROJECTED & ACTUAL OPEB EXPERIENCE	458,117
DEFERRED OUTFLOWS OF RESOURCES	**3,879,464**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**2,549,825,006**

ELECTRIC POWER BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENTS OF NET POSITION
June 30, 2026

CURRENT AND ACCRUED LIABILITIES	
ACCOUNTS PAYABLE	$274,623,180
INTEREST ACCRUED ON LONG-TERM DEBT/BONDS	3,774,295
CUSTOMER DEPOSITS	20,174,162
ACCRUED TAX EQUIVALENTS	0
ACCRUED ANNUAL LEAVE	16,876,331
OTHER CURRENT AND ACCRUED LIABILITIES	2,717,072
TOTAL CURRENT AND ACCRUED LIABILITIES	**318,165,040**
LONG-TERM DEBT	
ELECTRIC SYSTEM REVENUE BONDS	604,590,000
UNAMORTIZED PREMIUM (DISCOUNT) ON DEBT	77,672,802
LONG-TERM LEASE AND OTHER LIABILITIES	628,880
TVA ADVANCES	602
TOTAL LONG-TERM DEBT	**682,892,284**
NET PENSION LIABILITY	107,015,520
NET OPEB LIABILITY	8,829,869
CUSTOMER ADVANCES FOR CONSTRUCTION	0
CONTRIBUTIONS IN AID TO CONSTRUCTION	14,683,701
ASSET RETIREMENT OBLIGATIONS	107,702
RESERVE FOR INJURIES AND DAMAGES	100,000
TOTAL LIABILITIES	**1,131,794,116**
DEFERRED INFLOWS OF RESOURCES	
DEFERRED REVENUES	0
DEFERRED AMOUNT ON REFUNDING OF DEBT	6,341,339
DIFF BETWEEN PROJECTED & ACTUAL PENSION EARNINGS	99,027,972
DIFF BETWEEN EXPECTED & ACTUAL PENSION EXPERIENCE	8,126,655
DIFF BETWEEN PROJECTED & ACTUAL OPEB EARNINGS	38,497,952
DIFF BETWEEN EXPECTED & ACTUAL OPEB EXPERIENCE	45,633,832
DEFERRED INFLOW LEASE RECEIVABLES	4,598,117
DEFERRED INFLOWS OF RESOURCES	**202,225,867**
NET POSITION (USED FOR CONTINGENCIES, PLANT CONSTRUCTION & RETIREMENT OF BONDS	**1,215,805,023**
TOTAL LIABILITIES, DEFERRED INFLOWS, & NET POSITION	**2,549,825,006**

ELECTRIC POWER BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEAR TO DATE ENDING June 30, 2026

OPERATING REVENUES	
RESIDENTIAL OR DOMESTIC	$756,610,846
SMALL COMMERCIAL	133,938,903
LARGE COMMERCIAL & INDUSTRIAL	700,289,367
STREET & HIGHWAY LIGHTING	25,061,944
TOTAL ELECTRIC SALES	**1,615,901,060**
OTHER REVENUES	
REV IN EXCESS OF NET BILLS	5,236,776
RENTALS OF ELEC PROPERTY	14,042,812
MISC SERVICE REVENUE	6,019,873
OTHER ELECTRIC REVENUES	24,363
TOTAL OTHER REVENUES	**25,323,824**
TOTAL OPERATING REVENUES	**1,641,224,884**
OPERATING REVENUE DEDUCTIONS	
PURCHASED POWER	1,136,984,973
DISTRIBUTION EXPENSE	156,374,972
CUSTOMER ACCOUNTS EXPENSE	36,252,598
CUSTOMER SERVICE & INFO	6,936,748
SALES EXPENSE	0
ADMIN & GENERAL EXPENSE	86,991,590
TOTAL OPERATING EXPENSE	**1,423,540,881**
ACCRUED DEPRECIATION AND AMORTIZATION	105,900,527
AMORT OF ACQUISITION ADJ	0
TAXES AND EQUIVALENTS	45,866,808
TOTAL OPER REV DEDUCTIONS	**1,575,308,216**
GROSS OPERATING INCOME	**65,916,668**
INTEREST INCOME	23,249,922
OTHER NON-OPER INCOME	7,775,956
GROSS INCOME	**96,942,546**
INCOME DEDUCTIONS	
INTEREST ON LONG-TERM DEBT	31,846,581
DEBT (PREMIUM)/DEFRD REFUND EXP	(9,785,333)
OTHER INTEREST EXPENSE	566,321
OTHER DEDUCTIONS	36,867,085
(PROFIT) LOSS ON SALE OF FIXED ASSETS	0
INTEREST CHARGED TO CONSTRUCTION	(2,407,032)
TOTAL INC DEDUCTIONS	**57,087,622**
CHANGE IN NET POSITION	**39,854,924**
NET POSITION, BEGINNING OF PERIOD	**1,175,950,099**
NET POSITION, END OF PERIOD	**$1,215,805,023**

ELECTRIC POWER BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
STATEMENT OF CASH FLOWS
YEAR TO DATE ENDING JUNE 2026

CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	
OPERATING INCOME (LOSS)	$39,854,924
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO	
NET CASH PROVIDED BY OPERATING ACTIVITIES	
DEPRECIATION AND AMORTIZATION	$109,776,345
ACCRETION & AMORTIZATION OF LONG-TERM DEBT,NET	(8,991,355)
AMORTIZATION OF DEFERRED PENSION EARNINGS	(6,369,709)
AMORTIZATION OF DEFERRED PENSION EXPERIENCE	(1,365,833)
AMORTIZATION OF DEFERRED OPEB EARNINGS	(4,124,621)
AMORTIZATION OF DEFERRED OPEB EXPERIENCE	(16,942,600)
(GAIN) LOSS ON SALE OF UTILITY PLANT	0
CHANGES IN ASSETS & LIABILITIES:	
ACCOUNTS RECEIVABLE	(12,908,151)
INTEREST RECEIVABLE	449,640
MATERIALS AND SUPPLIES	(18,161,110)
OTHER CURRENT ASSETS	1,476,647
ENERGY CONSERVATION LOANS	2,280
OTHER NONCURRENT ASSETS, NET	(1,626,880)
ACCOUNTS PAYABLE	35,121,139
INTEREST PAYABLE	(236,031)
CUSTOMER DEPOSITS	(4,848,653)
OTHER CURRENT LIABILITIES	2,235,507
TVA ADVANCES-ENERGY PROGRAMS	(2,489)
NET PENSION LIABILITY	(93,592,373)
DEFERRED PENSION EARNINGS	67,691,544
DEFERRED PENSION EXPERIENCE	16,253,310
NET OPEB LIABILITY	(50,800,791)
DEFERRED OPEB EARNINGS	27,060,967
DEFERRED OPEB EXPERIENCE	14,802,130
DEFERRED LEASE INFLOW	(1,582,887)
OTHER NONCURRENT LIABILITIES	(793,978)
TOTAL ADJUSTMENTS	52,522,048
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**92,376,972**
CASH FLOWS PROVIDED BY (USED IN) PLANT & INVESTING ACTIVITIES	
ACQUISITION OF UTILITY PLANT	(196,400,306)
PLANT REMOVAL COSTS	(47,590,743)
SALVAGE RECEIVED FROM PLANT RETIREMENTS	1,535,791
PROCEEDS FROM DISPOSAL OF UTILITY PLANT	332,952
CONTRIBUTIONS IN AID OF CONSTRUCTION	(1,243,298)
NET (INCREASE) DECREASE-SPECIAL FUNDS & GENERAL INVESTMENTS	157,036,211
NET CASH PROVIDED BY (USED IN) PLANT & INVEST ACTIVITIES	**(86,329,393)**
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	
PROCEEDS FROM ISSUE OF LONG-TERM DEBT	0
PAYMENT OF LONG-TERM DEBT	(37,765,000)
CASH RECEIVED FROM LEASING ACTIVITY	1,537,096
CASH PAID FOR LEASING & SBITA ACTIVITY	(2,012,844)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(38,240,748)**
NET INCREASE (DECREASE) IN CASH & SHORT-TERM INVESTMENTS	**(32,193,169)**
CASH & SHORT-TERM INVESTMENTS AT BEGINNING OF PERIOD	493,850,493
CASH & SHORT-TERM INVESTMENTS AT END OF PERIOD	$461,657,324

Summary of Significant Accounting Policies

The financial statements of the Electric Power Board of the Metropolitan Government of Nashville and Davidson County (the Board) have been prepared in conformity with generally accepted accounting principles. The Board generally maintains its accounts in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) using the economic measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

The significant accounting policies followed by the Board are outlined below.

Utility Plant

Utility plant is stated at original cost. Such costs include applicable general and administrative costs and payroll-related costs such as pensions, taxes, and other fringe benefits related to plant construction. Costs of depreciable retired utility plant plus removal costs, less salvage, are charged to accumulated depreciation.

Maintenance and repairs, including the cost of renewals of minor property, are charged to maintenance expense accounts. Replacements of property are charged to utility plant accounts.

Leases and Leasing Activity

Leases are contracts that convey control of the right to use another entity’s nonfinancial asset as specified for a period of time in an exchange or exchange-like transaction without transfer of ownership of the asset. The lease term is the period of time where there is a noncallable right to use the underlying asset.

For lessor contracts, lease receivables and deferred inflows of resources are reported at present value using NES’ incremental borrowing rate. Lease receivables are reported in Short-term Lease Receivables in Current Assets for the current portion and Long-term Lease Receivables for the long-term portion on the Statements of Net Position. The amortization of the discount for lessor contracts is recorded as Accrued Interest Receivable in Current Assets on the Statements of Net Position with the offset to Interest Income on the Statements of Revenue, Expenses and Changes in Net Position.

For lessee contracts, lease assets and liabilities are reported at present value using NES’ incremental borrowing rate. Lease assets are reported in Electric Plant, and lease liabilities are reported in Other Current and Accrued Liabilities for the current portion and Long-term Lease and Other Liabilities for the long-term portion on the Statements of Net Position. The amortization for the discount for lessee contracts is reported in Other Current and Accrued Liabilities on the Statements of Net Position with the charges to Other Interest Expense on the Statements of Revenue, Expenses and Changes in Net Position.

Contributions in Aid of Construction (CIAC)

Payments are received from customers and TVA for construction costs primarily relating to the expansion or improvement of the capabilities of the electric system. FERC guidelines are followed in recording CIAC, which direct the reduction of utility plant assets by the amount of contributions received and earned toward the construction of utility plant.

Cash and Investments (including restricted assets)

Investments consist primarily of short-term U.S. Government securities or mortgage-backed securities from agencies chartered by Congress. Cash equivalents include investments with an original maturity of three months or less. All investments are recorded at fair value.

Materials and Supplies

Materials and supplies are stated at weighted average cost, which approximates actual cost.

Regulatory Assets

Regulatory Assets are related to Allowance for Funds Used During Construction (AFUDC) and implementation costs for Subscription-Based Information Technology Arrangements (SBITAs). AFUDC are amortized over the weighted average life of the capital projects that determined the amount of AFUDC. SBITA implementation costs are amortized over a seven-year period. Such amounts will be recovered through future rates.

Compensated Absences

Compensated absences represent the liability for employees' accumulated vacation days. The general policy of the Board permits the accumulation, within certain limitations, of unused annual leave days.

Revenues

Revenues are recognized from residential, commercial, and industrial customers' meters read on a monthly cycle basis. Service that has been rendered from the latest date of each meter-reading cycle to month end is estimated and accrued as unbilled revenue receivable. In addition to a base rate, the Board collects a fuel charge for certain fuel costs that are a pass-through from the Tennessee Valley Authority (TVA). The fuel charges are a pass through. The Board also collects sales tax from a majority of its customers. Revenues are presented net of sales tax.

The Board purchases electric power from TVA. Retail energy sales are on a cycle billing basis, whereas wholesale energy and demand units are on a calendar month basis. The difference respective to times meters are read and billed causes a monthly misalignment between retail and wholesale units and with the respective retail revenue and purchased power costs. Annually at June 30, the Board estimates and records the amount of unbilled retail revenue, effectively recording twelve calendar months of both revenue and expense.

Cash Flows

Cash flows For purposes of reporting cash flows, cash and cash equivalents include cash, commercial paper, U.S. Treasury Bills and certificates of deposit with an original maturity of three months or less.

New Accounting Standards Adopted

GASB Statement No. 103, Financial Reporting Model Improvements

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements (GASB 103). This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effects of this Statement are included in the Financial Statements for fiscal year 2026.

GASB Statement No. 104, Disclosure of Certain Capital Assets

In September 2024, GASB issued Statement No. 104, Disclosure of Certain Capital Assets (GASB 104). This Statement concludes that state and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The effects of this Statement are minimal and are included in the Financial Statements for fiscal year 2026.

Recent Accounting Pronouncements

GASB Statement No. 105, Subsequent Events

In December 2025, GASB issued Statement No. 105, Subsequent Events (GASB 105). The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed.

This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

Recess to annual meeting of the Board of Trustees for OPEB

MINUTES OF THE ANNUAL MEETING OF THE BOARD OF TRUSTEES FOR OTHER POST-EMPLOYMENT BENEFITS TRUST HELD JULY 23, 2025

The annual meeting of the Board of Trustees for Other Post-Employment Benefits (OPEB) Trusts was held on Wednesday, July 23, 2025.

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

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

The Other Post-Employment Benefits (OPEB) Trust meeting was called to order at 9:18 a.m.

MINUTES

> Upon motion by Member Harris and seconded by Member Santos, the minutes from the meeting held July 24, 2024, were deemed approved with four ayes and zero nays.

REPORT ON THE BOARD OF TRUSTEES REGARDING ACTIONS TAKEN DURING THE YEAR THAT IMPACT THE NES OTHER POST-EMPLOYMENT BENEFITS TRUST

David Frankenberg reported that each year, the Board of Trustees of the trust fund for the Nashville Electric Service Post-Employment Medical and Life Insurance Plan must hold a meeting to review the activities impacting the fund.

According to Mr. Frankenberg, in June 2024, the Electric Power Board approved the full funding of the $23.4 million Actuarially Determined Contribution (ADC) for the plan year ending March 31, 2025. During this time, the trust incurred $16.6 million in benefits and related expenses, after rebates. He reported that the fund grew by $25.1 million for the plan year, reaching a balance of $262.2 million.

The unfunded accrued liability has continued its downward trend, declining to $81.0 million as of March 2025, compared to $115.8 million in March 2024. This reduction is largely attributable to increased plan assets resulting from scheduled contributions, recognition of investment gains, and lower-than-expected medical expenses.

For the NES fiscal year 2025, NES contributed $23.0 million to the trust. This amount is prorated based on nine months of ADC from plan year 2025 and three months of ADC from plan year 2026, as required by accounting standards for plan sponsors. The budgeted contribution for fiscal 2026 is $21.7 million. The projected ADC is included in each year of the five-year financial model that was reviewed by the Board during the annual budget approval process.

Mr. Frankenberg noted that annual audits of the trust fund are required and must be submitted to the Tennessee Comptroller. The 2025 plan year audit is currently underway.

ADJOURNMENT

The meeting adjourned at approximately 9:19 a.m.

Approved,

Attest:

Chair

Secretary

REPORT TO THE BOARD OF TRUSTEES ON ACTIONS TAKEN DURING THE YEAR THAT IMPACT THE TRUST FUND FOR THE NASHVILLE ELECTRIC SERVICE POST-EMPLOYMENT MEDICAL AND LIFE INSURANCE PLAN

Nashville Electric Service (NES) recognizes the benefit expense for post-employment benefits other than pensions (OPEB) over the service period of its employees. NES established a trust fund as a funding vehicle for these benefits during fiscal 2008. Each year, the Board of Trustees of the trust fund for the Nashville Electric Service Post-Employment Medical and Life Insurance Plan (the Plan) must hold a meeting to review the activities impacting the trust fund. The Board approved an asset allocation for the OPEB trust investments that is the same as the asset allocation for the pension trust assets. The asset allocation continues to mirror the pension trust. The OPEB Annual Report for the years ending March 31 is prepared following the requirements of GASB Statement 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

The approvals of the funding for the trust were the most significant action items impacting the trust fund. In June 2025, the Electric Power Board approved funding the Actuarially Determined Contribution (ADC) of $21.7 million for the plan year ending March 31, 2026. The full amount of the Actuarially Determined Contribution was paid into the trust fund during plan year ending March 31, 2026. During this same period, approximately $18.2 million of benefits and related costs (net of rebates) were recognized by the trust. In June 2026, the Electric Power Board approved funding the ADC of $21.2 million for the plan year ending March 31, 2027.

The trust fund balance increased $43.1 million for the plan year. The balance was $305.3 million at March 31, 2026. However, the unfunded accrued liability has continued to decrease and was $50.0 million as of March 2026 compared to $81.0 million in March of 2025. The decrease is primarily the result of improvements in the obligation due to an increase in assets including the effect of contributions, recognition of gains on plan assets, and lower medical costs than actuarially predicted. These decreases were offset by an expected increase in liabilities due to interest and benefit accrual and unfavorable changes in plan demographics and pharmacy claim costs from those actuarially predicted.

For the NES fiscal year 2026, NES contributed $21.6 million to the trust. This amount is prorated based on 9 months of ADC from Plan year 2026 and 3 months of ADC from Plan year 2027, as required by accounting standards for plan sponsors. The budgeted contribution for fiscal 2027 is $21.2 million. The projected ADC is included in each year of the five-year financial model that was reviewed by the Board during the annual budget approval process.

The trust fund asset balance was $334.2 million as of June 30, 2026 up $28.8 million from March of 2026. The increase was a result of improving investment returns in the market.

The Board is charged with the responsibility of approving reimbursements from the trust fund. The State guidelines make reference to examining certified documentation of the claims and expenses that are eligible for reimbursement as part of the approval process for each quarterly reimbursement. The Board has delegated this detailed review and approval to the Chief Financial Officer and those responsibilities have been appropriately managed throughout the fiscal year. For the year ended June 30, 2026, NES paid out $18.7 million of net benefits and related expenses on behalf of the OPEB trust. All qualifying OPEB benefit payments are subsequently reimbursed to NES from this trust. Reimbursements of approximately $23.1 million (net of medical rebates) were received by NES from the trust during fiscal 2026.

The trust fund must be audited each year and the audited financial submitted to the Comptroller of the State of Tennessee. PwC completed the audit for the March 31, 2025 year end in October of 2025. The audit for the 2026 plan year is in progress.

Adjournment of Trustee Meeting

Reconvene Annual Meeting to ratify actions taken by the Board of Trustees
for Other Post-Employment Benefits Trust

Adjourment of Annual Meeting