

**MINUTES OF THE
ONE THOUSANDTH THREE HUNDREDTH AND SIXTY FOURTH MEETING
ELECTRIC POWER BOARD OF THE METROPOLITAN
GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
HELD MAY 28, 2025**

The regular meeting of the Electric Power Board was held on Wednesday, May 28, 2025.

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

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

Board Chair Michael Vandenberg called the meeting to order at 8:28 a.m.

PUBLIC COMMENT PERIOD

David Frankenberg informed the Board that there were no public speaker requests for the month of May.

COMMITTEE REPORT

Audit and Ethics Committee

Committee Chair Rob McCabe stated that the Audit and Ethics Committee met this morning and approved the Audit and Ethics Committee minutes from the meeting held April 23, 2025.

The Committee recognized NES’s Journeyman and Apprentice Linemen teams that participated in the 2025 APPA Lineworkers Rodeo in Roseville, CA on March 28-29.

Kraft CPAs presented the Committee with a review of the following Internal Audit Reports:

- a) Audit and Ethics Committee Calendar
- b) Internal Audit Status Report
- c) Internal Audit Accounting Processes Report and Recommendations
- d) Q2 and Q3 FY25 Follow-Up and Remediation
- e) Internal Audit Annual Communications
- f) 2025 Internal Audit Risk Assessment
- g) Proposed FY26 Internal Audit Plan
- h) Audit and Ethics Committee Charter and Internal Audit Charter Redlines
- i) KraftCPAs Leadership Bios

The Committee did not enter into an executive session.

RECOMMENDATION FOR APPROVAL OF THE MINUTES FROM THE ELECTRIC POWER BOARD MEETING HELD APRIL 23, 2025

Upon motion by Member Santos and seconded by Member Harris the Board approved the minutes from the Electric Power Board meeting held April 23, 2025, with four ayes and zero nays.

RECOMMENDATION FOR APPROVAL OF COMPANY MEMBERSHIPS

Laura Smith indicated that, per NES Policy Manual, any organizational memberships with annual dues exceeding \$50,000 require Board approval. Currently, NES holds memberships in four such organizations: the American Public Power Association (APPA) with dues of \$150,000; the Middle Tennessee Industrial Development Association (MTIDA), \$60,000; the Tennessee Valley Public Power Association (TVPPA), \$60,000; and the Large Public Power Council (LPPC), \$140,000.

Ms. Smith noted that, at this time last year, the Board postponed a decision on the APPA dues due to concerns over the organization’s lobbying efforts—specifically, its involvement in a coalition opposing the Environmental Protection Agency’s greenhouse gas regulations. After further discussions, APPA reimbursed the portion of dues allocated to that litigation and has since ceased its financial support for the case.

Ms. Smith explained that through a series of meetings with APPA’s CEO and General Counsel, she and Teresa Broyles-Aplin communicated their concerns about APPA’s participation in such

legal actions. She noted that APPA now has a clear understanding of NES’s position and the expectation that membership dues will not be used to fund those types of initiatives.

Chair Vandenberg thanked Ms. Broyles-Aplin and Ms. Smith for their efforts in these discussions.

Member Santos mentioned that these memberships are an important part of NES’s ability to know what is happening in the industry and stated that she appreciates that NES is working with these affiliate organizations.

Management recommended approval of the APPA, MTIDA, TVPPA, and LPPC memberships for the fiscal year ending June 2026.

Upon motion by Member McCabe and seconded by Member Santos, the Board approved the payment of membership dues for APPA, MTIDA, TVPPA, and LPPC totaling \$410,000 for the fiscal year ending June 2026 with four ayes and zero nays.

PROCUREMENT TRANSFORMER UPDATE AND RECOMMENDATION FOR APPROVAL OF BLANKET CONTRACT EXTENSIONS

Amanda Cochran reported that NES has seen moderate improvements in the distribution transformer supply chain compared to the severe constraints experienced in prior years. She stated that extended lead times continue to limit NES’s operational ability and demand across the utility industry remains elevated. Ms. Cochran explained that while global logistics have largely normalized since the pandemic, workforce constraints at manufacturing facilities persist, preventing production from returning to pre-2020 levels.

Ms. Cochran stated that although NES has a limited number of units on order with an overseas supplier, the vast majority of NES’s transformers are manufactured in the United States and this sourcing strategy has helped mitigate some of the risks associated with international trade volatility.

Given the ongoing challenges and critical importance of maintaining a reliable transformer supply for system resiliency, management recommended Board approval for a three-year extension of NES’s current contracts with Gresco, Central Moloney, Stuart C. Irby, and WEG along with funding totaling \$37,500,000 to support single phase and three phase, pole mount and pad mount distribution transformer purchases made during the extended contract period.

Member Santos noted that NES has faced ongoing challenges and price volatility for some time and inquired if these issues are expected to persist. In response, David Frankenberg explained that the organization is not currently experiencing the kind of inflation seen in 2021 and 2022 when some unit prices had doubled.

Upon motion by Member Harris and seconded by Member McCabe, the Board approved a three-year extension of current transformer suppliers and funding in the amount of \$37,500,000 with four ayes and zero nays.

RECOMMENDATION FOR APPROVAL OF THE OPERATING AND MAINTENANCE BUDGET FOR FISCAL YEAR 2026 AND CAPITAL BUDGET FOR FISCAL YEARS 2026 AND 2027

Matt Kiser and David Frankenberg reported on the Operating Budget for Fiscal Year 2026 and the Capital budget for Fiscal Years 2026 and 2027. Mr. Kiser noted that the complete budget document had been distributed in advance to allow board members sufficient time for review. Mr. Kiser stated that the operating budget forecasts a net income of \$29 million for the year ending June 30, 2026. He highlighted key aspects of revenues and expenditures, including annual wage increases and associated percentage changes, historical cost trends in retirement and survivors’ benefits, increased tree trimming activity, and a reduction in software maintenance costs.

Mr. Kiser stated that NES’s proposed Capital Budgets are \$219 million for Fiscal Year 2026 and \$184 million for Fiscal Year 2027. These projections account for expected growth in infrastructure development and enhancements, including building improvements and the expansion of the distribution system to accommodate projected increases in demand.

David Frankenberg presented the Five-year Financial Model. He stated that the updated plan reflects continued strength in financial position with favorable revenue along with spend history and projections. According to the model, the next rate increase is anticipated in Fiscal Year 2028; and for reference, he reported that the last increase was in October of 2022.

He highlighted the key risks and opportunities associated with the Five-Year plan. The risks involve the necessity for increased investments in long-term grid and innovation upgrades, rising power supply costs, and the challenges in sustaining planned expenditure levels. Alternatively, the opportunities include potential legacy FEMA recoveries, energy and demand performance that exceeds margin expectations, and grant funding.

Chair Vandenberg commented that the additional investments for the long-term grid renovation needs are one way to offset the future risks of TVA rate increases. He inquired if these two factors are connected and sought insight into management's investment strategy for the next several years.

Ms. Broyles-Aplin agreed that the two factors are closely linked. She explained that NES's battery storage strategy is currently a pilot project but anticipated it will expand over time. She emphasized that it is in NES's best interest to implement an initial system to better understand how it can be most effectively utilized. She added that the vision is to create a virtual power plant which will ultimately save NES money on purchased power from TVA.

Mr. Frankenberg added that those active discussions with TVA are ongoing in an attempt to produce solutions regarding long term supply options.

Management recommended approval of the Operating Budget for Fiscal Year 2026 and the Capital Budgets for Fiscal Years 2026 and 2027.

Upon motion by Member McCabe and seconded by Member Santos, the Board approved the Operating and Maintenance Budget for FY26 and Capital Budget for FY26 and FY27 with four ayes and zero nays.

PURCHASES

Mr. Frankenberg presented management's recommendation for approval of a list of purchases and contracts (greater than \$50,000) in the amount of \$37.5 million. This included \$1.9 million of purchases and contract additions throughout the month that were between the \$50,000 and \$250,000 threshold that were approved by management.

Upon motion by Member McCabe and seconded by Member Santos, the Board approved the list of purchases and contracts with four 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 \$37,500,000.00.

FINANCIAL REPORT

Mr. Frankenberg reported that operating revenues totaled \$1.3 billion, offset by purchased power of \$900 million, resulting in a sales margin of approximately \$407 million. He noted that this was \$32 million favorable to budget to date.

Mr. Frankenberg stated that on the expense side, operating expenses, excluding purchased power, were approximately \$197 million which is favorable to budget by \$31 million primarily due to retirement cost favorability and Encompass spend.

Depreciation expense came in slightly favorable, primarily due to the timing and placement of certain assets into service. Overall, there was a net gain of approximately \$65 million above budget. Cash on hand stood at \$488 million, representing 33 days of liquidity. Mr. Frankenberg also reported capital expenditures of \$169 million compared to a budgeted \$255 million, noting that about two-thirds of the capital budget had been utilized over the first ten months of the fiscal year.

¹ Appendix A Electronically Filed

QUARTERLY ASSET MANAGERS REPORT

Mr. Frankenberg presented the results of the Pension, 401(a), and Other Post-Employment Benefits (OPEB) asset manager’s services provided by SEI as of March 31, 2024. He stated that the last quarter was a poor quarter for domestic markets and said it speaks to the benefits of diversification when it comes to assets.

For the quarter, the S&P declined by more than 4%, while domestic small-cap stocks fell approximately 8%. In contrast, NES’s portfolio generated positive returns. International stocks and bonds posted gains of 0.6%, outperforming the benchmark index. Mr. Frankenberg mentioned that a detailed summary of these results is included in the board materials.

Mr. Frankenberg reported that Pension assets stood at \$665 million, reflecting a decline from the December balance. He noted that a higher number of retirements typically occur at the beginning of the year, contributing to the decrease.

The allocation percentages for the OPEB and 401(a) plans are generally consistent with those of the Pension fund. As of March 31, 2025, the OPEB Trust held \$265 million in assets, while the 401(a) plan held \$38 million.

QUARTERLY HOME UPLIFT AND POWER OF CHANGE UPDATE

Jay Neal reported that since the last quarterly update, NES customer contributions to the Home Uplift program through the Power of Change initiative have exceeded \$400,000, bringing total program funding to approximately \$19 million. Of that amount, about \$16.6 million has been utilized. While the average spend per home has historically been around \$10,000, recent months have shown a trend closer to \$11,000 per home due to the increase in the cost of materials.

Mr. Neal noted that 84 homes were completed in the previous quarter, which fell during the winter months, while 109 homes were completed in the most recent quarter. To date, a total of 1,770 homes have been completed. Currently, 19 homes are in progress, and 460 homes remain on the eligible list.

Member Santos expressed her desire to see the program reach as many homes as possible and conveyed her appreciation for the progress achieved to date.

QUARTERLY OPERATIONS REPORT

Daniel Johnson presented the third quarter Operations Report and stated that all goals were met in each category. He noted that recordable injuries were down by approximately 50% compared to the first and second quarter of FY25. He noted that all four reliability goals were met despite the active storm season.

By the end of the third quarter, vegetation management crews had trimmed a total of 342 miles, with forty crews actively working across the system. The Customer Relations team experienced a high-volume quarter, handling 514,040 calls between January and March. Corporate Communications effectively managed severe weather communications, coordinating 455 media touchpoints to provide timely updates on power outages.

Mr. Johnson explained that financial goals are determined in alignment with the annual budget, which is approved by the Board each May. When calculating the targets for both the Operation and Maintenance and the Administrative and General expenses, non-cash retirement costs are excluded. All six financial objectives for the annual reporting period were successfully achieved.

MONTHLY ENCOMPASS PROGRAM UPDATE

Brent Baker presented the monthly Encompass update and reported that as of mid-May, the Encompass project has successfully transitioned into its production support phase following the conclusion of a comprehensive Hypercare period. During Hypercare, all defined exit criteria across multiple operational domains were achieved or determined to be in a healthy and sustainable state allowing a shift to the next phase of support and optimization. Focus now shifts to ensuring long-term stability, reinforcing end-user adoption, and preparing for sustained support beyond June 2025.

STRATEGIC PLAN UPDATE

Ms. Smith acknowledged that in late 2024, NES selected the firm Porter Novelli to develop and facilitate its strategic plan. The firm has concluded the initial research and observation phase which included a detailed review of NES’s 2017 Strategic Plan, governing documents, employee survey results, consumer market research, annual reports, community initiatives, and industry benchmarking.

Ms. Smith reported that in the current phase of the project, Porter Novelli has conducted one-on-one meetings with the CEO and Board members who have facilitated a series of in-depth discussions with the organization’s vice presidents. She explained that the focus of identifying key strategic shifts needed to move NES from an execution-focused utility to a community-anchored energy partner. She highlighted the main themes that emerged from the meetings and mentioned that next steps include engaging union leadership and collecting wider employee feedback to ensure inclusive input as the plan is refined.

PRESIDENT’S REPORT

Teresa Broyles-Aplin stated that this month’s President’s Report is quite lengthy, so to save time, she opted not to go over it in detail. However, she encouraged everyone to read it, emphasizing the many positive activities within the NES family.

Ms. Broyles-Aplin, with deep sadness, announced the passing of colleague and friend Cody Fletcher, a lineman apprentice, who died on April 27, 2025.

MISCELLANEOUS

One miscellaneous item was presented for consideration. Laura Smith recommended Board approval to enter into a purchase and sale agreement for the property located at 310 McCann Street. She noted that NES foresees the need to construct a substation south of downtown Nashville in the coming years to support ongoing growth, and the 32,705-square-foot site meets the utility’s operational requirements. NES’s commercial real estate broker, Southeast Venture, has been negotiating with the seller’s representative and has reached a tentative agreement, pending Board approval.

Management recommended that NES proceed with a purchase and sale agreement to acquire the property at 310 McCann Street for \$10.5 million. Additionally, management proposed that the Board authorize NES to cover half of Southeast Venture’s 3% brokerage commission.

Upon a motion by Member Vandenberg, seconded by Member Santos, the Board approved both the purchase and sale agreement and the payment of a 1.5% commission to Southeast Venture, NES’s real estate broker.

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

ADJOURNMENT

The meeting adjourned at 9:27 a.m.

Attest:

Signed by:

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Secretary

Approved,

Signed by:

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Board Chair

May 28, 2025

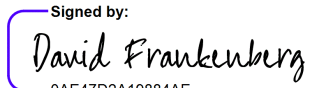
Appendix “A”

Recommendation of Purchases and Contracts
at the Meeting on Wednesday May 28, 2025

Management recommends Board approval
of the following purchases and contracts:

Total Materials and Supplies Purchases	\$2,263,669.00
Total Additions, Extensions, and Changes	\$6,802,536.58
Total Ratified Purchases and Contracts	\$1,891,489.20
TOTAL	\$10,957,694.78
Total Line Items	\$37,500,000.00

<u>Ethnic/Gender/Size</u>	<u>Amount</u>
Caucasian, female, large	\$485,040.00
Caucasian, male, small	\$166,590.00
Supplier Diversity Program Total	\$651,630.00
Note: Vendors not otherwise indicated are not part of the NES Supplier Diversity Program.	

Signed by:


Attested by: _____
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David Frankenberg, Secretary

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


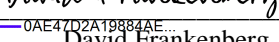
May 28, 2025

MATERIALS AND SUPPLIES PURCHASES

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Bucket Truck, 60K GVWR, Tandem Axle, 105' Aerial Device, 2025, Used (1)	Global Rental Co., Inc.	\$498,320.00	Competitive	2/13
Connector, 3 U-Bolt, 605-900 MCM, 900A (1,800)	Border States Industries	290,574.00	Competitive (1 Year) Blanket	3/9
Luminaire, LED, Roadway, 10000 Lumens (1,800)	Cape Electric	251,640.00	Competitive (1 Year) Blanket	5/9
Pole, Steel, H1, 55' (120)	MD Henry Co., Inc. <i>Caucasian, female, large</i>	485,040.00	Competitive	6/9
Switch, Load Break, 1200 Amp (15)	Stuart C. Irby	263,265.00	Competitive Sole Brand	2/4
Transformer, Pad Mount, 3 Phase, 5000kVA, 23.9/13.8-13.8/7.9 (1)	WEG Transformers USA	474,830.00	Competitive	4/8
TOTAL		\$2,263,669.00		

ADDITIONS, EXTENSIONS, AND CHANGES

<u>Item Description</u>	<u>Contractor</u>	<u>Additional Amount</u>	<u>Change Requested</u>
I3-Milestone Pre-Built Automated Test Scripts and Support for Oracle C2M	I3-Milestone	\$61,500.00	Addition (New NTE \$660,000.00)
Motorola Radio Equipment and Services	Motorola Network Services	N/A	Extension (5 Months)
NES Health Plan Third Party Administration	UMR, Inc.	1,700,000.00	Addition (New NTE \$6,200,000.00) Extension (1 Year)
On-Site Information Technology Staffing Services	BG Staffing, Inc. dba Zycron	5,000,000.00	Addition (New NTE \$169,500,000.00) *Extension (6 Months)
Pole Inspection Services	Osmose Utilities Services	N/A	Extension (2 Years)

Signed by: 
 Attested by: 
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 David Frankenberg, Secretary

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May 28, 2025

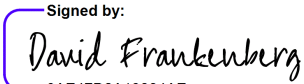
Power Circuit Breaker, 69kV, 300AMP, 63kA (6)	Mitsubishi Electric Power Products	41,036.58	Addition (New NTE \$767,576.40)
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TOTAL	\$6,802,536.58
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*Total contract term is ten (10) years and six (6) months.

RATIFIED PURCHASES AND CONTRACTS

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
365 Data Center Cabinet and Panels Lease	365 Services, LLC	\$22,560.00	Addition (New NTE \$56,400.00) Extension (2 Years)	N/A
AiDash Intelligent Vegetation Management System – Pilot Program	Schneider Electric c/o USI	100,000.00	Sole Source (1 Year)	N/A
Asphalt Repair	Sessions Paving Company	35,000.00	Addition (New NTE \$160,000.00)	N/A
Cable, ACSR Bare 477 18/1 (80,310 ft.)	Wesco Distribution	99,584.40	Competitive	6/15
Clean Agent Fire Suppression System Inspection and Maintenance	Koorsen Fire and Security	75,000.00	Addition (New NTE \$145,000.00) Extension (2 Months)	N/A
Crossarm, Treated Wood, Douglas Fir, 3 3/4"x4 3/4"x10' (1,000)	Cape Electric	109,750.00	Competitive	4/6
Crossarm, Fiberglass, 4x6x10 (200)	Stuart C. Irby	54,000.00	Competitive	5/6
Crossarm, Steel, 4"x6"x9'-4" (120)	Border States Industries	73,312.80	Competitive	5/6
Document Shredding	Stericycle, Inc.	130,000.00	Competitive (5 Years)	2/14
HVAC Supplies	Johnstone Supply <i>Caucasian, male, small</i>	20,000.00	Addition (New NTE \$70,000.00)	N/A
Lineworker Battery Powered Hand Tools	Border States Industries	125,000.00	Addition (New NTE \$225,000.00)	N/A

Signed by: 

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 David Frankenberg, Secretary

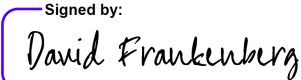
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May 28, 2025

Luminaire, LED, Acorn Granville, 10,000 Lumens (48); Wallpack, 7,000 Lumens (30)	Cape Electric	55,530.00	Competitive Sole Brand	3/12
Pole, Self-Weathering, H3, 60' (22)	Stuart C. Irby	110,660.00	Competitive	6/9
Pole, Steel, Galvanized, H4, 80' (11)	Stuart C. Irby	80,982.00	Competitive	6/9
Pole, Wood. C2, 45' (180)	Stella-Jones Corporation	78,300.00	Competitive	6/7
Recloser, Vacuum, 27KV, 800A (5)	Gresco	87,490.00	Competitive Sole Brand	2/3
SafeGrid Intelligent Grid System	SafeGrid USA, LLC <i>Caucasian, male, small</i>	146,590.00	Sole Source (1 Year, 3 Months)	N/A
Software Solutions and Services	DLT Solutions, LLC	250,000.00	Cooperative (2 Years, 8 Months, 3 Days)	N/A
Surge Arrester, Distribution Class, Heavy Duty, 12KV (2,304)	Gresco	114,624.00	Competitive (1 Year) Blanket	5/9
Transformer, Pole Type, Three Phase, 13.8 Delta-240x480 Volts, 75KVA (1); 23.9Y/13.8-240x480 Volts, 30KVA (1); 75KVA (2); 150KVA (2)	Central Moloney	68,956.00	Competitive	1/2
Uninterruptible Power Supply Systems Maintenance	Gruber Technical, Inc.	54,150.00	Competitive (3 Years)	2/7
TOTAL		\$1,891,489.20		

LINE ITEMS

<u>Item Description</u>	<u>Vendor</u>	<u>Amount</u>	<u>Type Contract</u>	<u>Bids Received/Sent</u>
Transformer, Pad Mount, Single Phase	Central Moloney	N/A	Extension (3 Years)	N/A
Transformer, Pad Mount, Single Phase	Gresco	\$6,500,000.00	Addition (New NTE \$9,000,000.00) Extension (3 Years)	N/A

Signed by:

 Attested by: _____
 David Frankenberg, Secretary

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

May 28, 2025

Transformer, Pad Mount, Three Phase	Central Moloney	N/A	Extension (3 Years)	N/A
Transformer, Pad Mount, Three Phase	Gresco	10,000,000.00	Addition (New NTE \$17,700,000.00) Extension (3 Years)	N/A
Transformer, Pad Mount, Three Phase	Stuart C. Irby	5,000,000.00	Addition (New NTE \$33,000,000.00) (3 Years)	N/A
Transformer, Pad Mount, Three Phase	WEG Transformers USA	5,000,000.00	Addition (New NTE \$10,400,000.00) Extension (3 Years)	N/A
Transformer, Pole Mount, Single Phase	Central Moloney	N/A	Extension (3 Years)	N/A
Transformer, Pole Mount, Single Phase	Gresco	7,000,000.00	Addition (New NTE \$11,900,000.00) Extension (3 Years)	N/A
Transformer, Pole Mount, Three Phase	Central Moloney	N/A	Extension (3 Years)	N/A
Transformer, Pole Mount, Three Phase	Gresco	4,000,000.00	Addition (New NTE \$4,200,000.00) Extension (3 Years)	N/A
TOTAL		\$37,500,000.00		

Signed by: 
Attested by: 
David Frankenberg, Secretary

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