NES

2024 Annual Report

BETTER TOGETHER.

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The Metropolitan Government
of Nashville and Davidson County

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Ended June 30, 2024 and 2023

Teresa Broyles-Aplin
NES President & CEO

Michael Vandenbergh
NES Board Chair
Professor
Vanderbilt University

President's Message

In thriving communities, strong collaboration among residents, businesses, and leaders is key. Tennessee is experiencing unprecedented growth as people and companies flock to the state for a better quality of life and a favorable business climate. Nashville, as the state's growth leader, embodies this trend. Despite our rapid development, Nashvillians value the caring and collaborative culture that defines our community. At NES, we understand that for us to thrive, our relationships must go beyond mere transactions.

If NES is not engaged with customers, we cannot adapt to their needs. If our interactions are transactional ones, we cannot achieve our true potential. So, at NES, we are committed to making sure they are not.

NES is people first, a fact that remains at the forefront of everything we do. When our customers spoke up, we listened. They sought better communication during outages, more renewable energy options and enhanced partnership. NES took the necessary steps to bring those requests to life because we understand that we are Better Together. The achievements captured in the pages of this report reflect the success of our collaboration.

Take, for example, the December 9 EF-2 tornado. NES restored power to nearly 48,000 customers in only five and a half days. Then in January, we responded to a winter storm event that extended for seven days. A total of 20,449 customers experienced a service interruption, though there were never more than 2,250 customers without power at any one time.

While we are proud of this work, what is also significant is that we successfully amplified communication around our activities, both directly with customers and by working hand in hand with local media, sharing information on everything from severe storms and large outages to NES push notifications, disconnection moratoriums and infrastructure reliability.

Those communications earned NES the APPA's Excellence in Public Power Communications Award, but more importantly, we kept the community safe and informed.

The work we do doesn't always make headlines, but it honors our commitment to provide safe, reliable and affordable power and energy services. In FY 2024, we answered over 2.2 million calls, assisted 35,025 walk-in customers and installed 18,345 meters for new customer connections as of June 2024. We installed over 10,000 LED lights and smart meters and completed the first year of the Central Substation construction project.

Our work earned us our 16th consecutive Excellence in Achievement Award from the Universal Public Purchasing Certification Council for 100% certification of the Procurement staff and achieving all system reliability targets using the IEEE methodology as of May 2024. Our work also reduced purchased power costs through the Peak Load Management program by approximately $2.6 million and the TVA Long-Term Partnership credit of $22 million.

We are proud of our work and have learned that our customers are proud of it too. They want to help where they can, particularly when it comes to alternative energy sources. For that, we launched our Clean Energy website to give customers access to resources designed to make the transition to renewable energy simple and cost-effective.

Through this new platform, we're educating our customers on a variety of sustainability offerings provided in partnership with TVA, such as Green Invest, Green Switch, Green Flex and Green Connect, and connecting customers with resources to help them calculate their energy usage. In the first two months, the website garnered more than 4,400 views.

Being Better Together also means working hand in hand with local organizations and businesses to improve the community around us. In FY24, we continued our partnership with Metro Nashville Public Schools for a second year to recruit candidates for the NES Operations Internship Program. Ten candidates from the inaugural year of this program began full-time employment in July 2024.

We donated $200,000, supplemented with matching funds from TVA, to support Goodwill Industries of Middle Tennessee to create a solar, storage and EV charging installation workforce development program. This program is a collaboration with Goodwill, TVA and local solar developers.

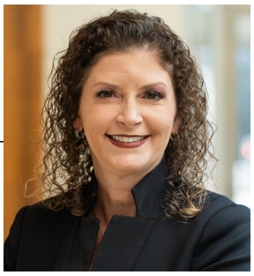
NES also partnered with Nashville-based Silicon Ranch to purchase up to 160 MW of renewable energy and environmental attributes from a utility-scale solar farm located in the Tennessee Valley. Once the solar build is finalized, savings from the partnership are expected to lower purchased power costs by approximately $5 million to $15 million annually.

Perhaps the best demonstration of how we are Better Together is what we accomplished in support of our financially disadvantaged neighbors. Approximately 81% of our customer accounts participated in the Power of Change program, rounding up to donate roughly $1.7 million to Home Uplift. Together with TVA, we funded an average of approximately $9,555 per customer in energy efficiency upgrades for a cumulative total of over 1,400 customer homes.

So, while we do in fact provide a service, we do so with customers and our community by our side. The potential of what we can achieve together knows no limits. To our Thousand Strong employees and the millions of neighbors we serve, thank you for a wonderful year. We truly could not have done it without you.

Teresa Broyles-Aplin
President & Chief Executive Officer

Schedule of Executive Management



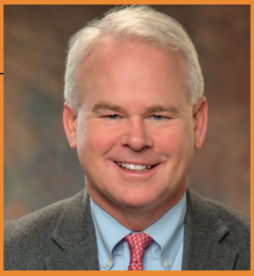
TERESA BROYLES-APLIN

NES President and
Chief Executive Officer

DON HILL

NES Executive Vice President
and Chief Engineer

Board Members

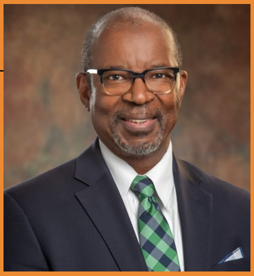


MICHAEL VANDENBERGH

NES Board Chair
Professor
Vanderbilt University

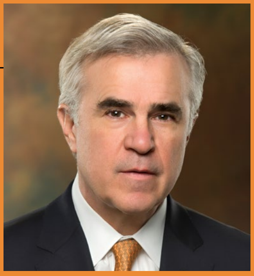
ANNE DAVIS

NES Vice Chair
Attorney
Community Volunteer



CLIFTON HARRIS

NES Board Member
President and Chief Executive Officer
Urban League of Middle Tennessee



ROBERT MCCABE

NES Board Member
Chairman
Pinnacle Financial Partners

CASEY SANTOS

NES Board Member
Independent Technology Consultant


NASHVILLE ELECTRIC SERVICE


EXIT

Better Together

To keep the lights on, no utility should keep its customers in the dark. It's a lesson NES learned after Winter Storm Elliott and one that has led to more detailed, frequent and transparent communication during times of crisis. An informed customer base is crucial in both the delivery of reliable power today and the promise of a more resilient tomorrow. After all, our customers are just as invested in their community as we are.

In the last year, we've focused on treating our customers as active partners while strengthening our collaborative efforts across the organization and the community. Because one thing is abundantly clear — we work Better Together.

The stories that follow uphold that truth. From putting in the work to rebuild after severe storms to building a brighter tomorrow, this report is a testament to the incredible things we can achieve, together.

Weathering the Storm, Together

During any widespread, storm-related outage, NES is all in. From the load dispatchers and engineers to linemen, field services, customer service, executive leadership, procurement, finance, and even cleanup crews, it takes every individual to get through it. No matter what the job description or role, weathering the storm and its aftermath takes patience, dedication, sacrifice, and teamwork.

On December 9, 2023, the NES service area was hit with a major tornado outbreak. Then, about a month later, a massive winter storm blanketed the city. Here is how members of two of the many hardworking NES teams jumped into action.

ENGINEERS

On Saturday, December 9, the cell phones of NES employees across the area began buzzing. Severe storms were developing throughout Middle Tennessee. By the afternoon, an EF-2 tornado had touched down in north Nashville and stayed on the ground through Madison, Hendersonville, and Gallatin. This tornado caused widespread structural damage, tragically claimed three lives, and caused numerous injuries. By the time the storm had passed, 48,000 NES customers were without power.

"You know you've got a lot of long hours that are coming, but you know that your purpose is helping people out. That makes you step up your game," said Greg Spain, Underground Supervisor, C&M and Padmount section.

Kevin Land, Substation Structure Supervisor at C&M, remembers the load dispatcher trying to send him to several different substations, but he couldn't make it to any of them because the streets were blocked with downed poles and lines.

Eventually, he made his way to the Hendersonville substation, which was entirely out of service. Debris had torn up the equipment. Kevin remembers seeing a piece of roof wrapped around some of the substation's steel equipment. The immediate goal was to get at least one circuit energized as quickly as possible.

"We started isolating different lines that were down, equipment that was going to take a while to repair. So, we isolated a lot of stuff and made the substation operational in a little less than two days," Kevin said.

After five days and 18 hours, anyone who could receive power had power.

"I mean, that's unheard of," Greg said. "That's a whole lot of effort, company-wide and community-wide. **IT JUST SHOWS THAT WHEN YOU WORK TOGETHER AS A TEAM, YOU WILL GET MORE DONE."**

He recalls people showing up from all over to help clear debris out of the way and asking what else they could do. Others brought the crews food and water and were on standby to assist. Even the workers themselves all jumped in.

"You would pull up on a job, and there would be some linemen, some high-voltage electricians from the substation group, or guys from Padmount group. You couldn't tell who was who because they were all helping everybody," Kevin said.

Thanks to their incredible teamwork, power was restored in record time. However, while the Hendersonville substation was made fully functional, some equipment is still awaiting repairs nine months later, as procurement for some of the necessary materials has been delayed.

"You just can't plan for something like a tornado," Kevin said.

A winter storm or a cold snap, though, that's a slightly different story.

In 2022, after Winter Storm Elliot forced TVA into rolling blackouts, NES implemented some lessons learned. First, the sophistication of NES' control room kept the entire electric network intact. Continued efforts to upgrade equipment will serve Nashville and TVA well into the future.

NES is regularly upsizing and upgrading transformers, pads, and breakers to build a more reliable system.

Second, the need to increase transparency and communication with customers.

When a winter storm arrived in January 2024, these learnings, paired with the efforts of the Nashville community, successfully avoided another round of rolling blackouts.

Greg Spain (L)
Underground Supervisor

Kevin Land (R)
Substation Structure Supervisor

Better Together

Better Together

CUSTOMER SERVICE REPS

While Greg and Kevin and their crews have a clear visual of the storm damage, NES' customer service team has the difficult task of managing its emotional toll. The overflow call center usually kicks in when customer wait time goes beyond three minutes, but NES keeps the main customer service lines open during major outages so customers can speak with representatives located nearby who have a deeper understanding of what they are facing.

"We know that when a person calls in, they're frustrated, and they just really want some help," said Phedra Sutton, Service Advisor I. "So, I just give them that listening ear, understanding where they're coming from and just let them know that we're trying our best to get them restored as quickly as we can."

"Customers appreciate being shown compassion," added Shaundrell Rodgers, Customer Relations Supervisor. "When we listen and they are heard, they show more compassion for the situation. I let them talk as long as they need to express their concerns so we can help address them. I like to let them know, 'We're all in this together. We're working hard to get it back on as soon as possible. We have people working around the clock.'"

"The first thing I'm going to do when that customer calls is see what group they are in," explained Angela King, Customer Relations Supervisor. "The crews work on the larger, most damaged areas first and then work their way down. I want to see where that customer is, and I want to be honest with them."

The work of customer service agents during major outages, however, isn't just about calming nerves and sharing updates, though those are important. For one thing, it's about sacrificing time with your own family to be there for your community.

"Being civil servants, we know that when disaster strikes, we're going to be here. It's something that we sign up for when we agree to work here," explained Laura Collison, Customer Relations Supervisor.

MEJOR JUNTOS

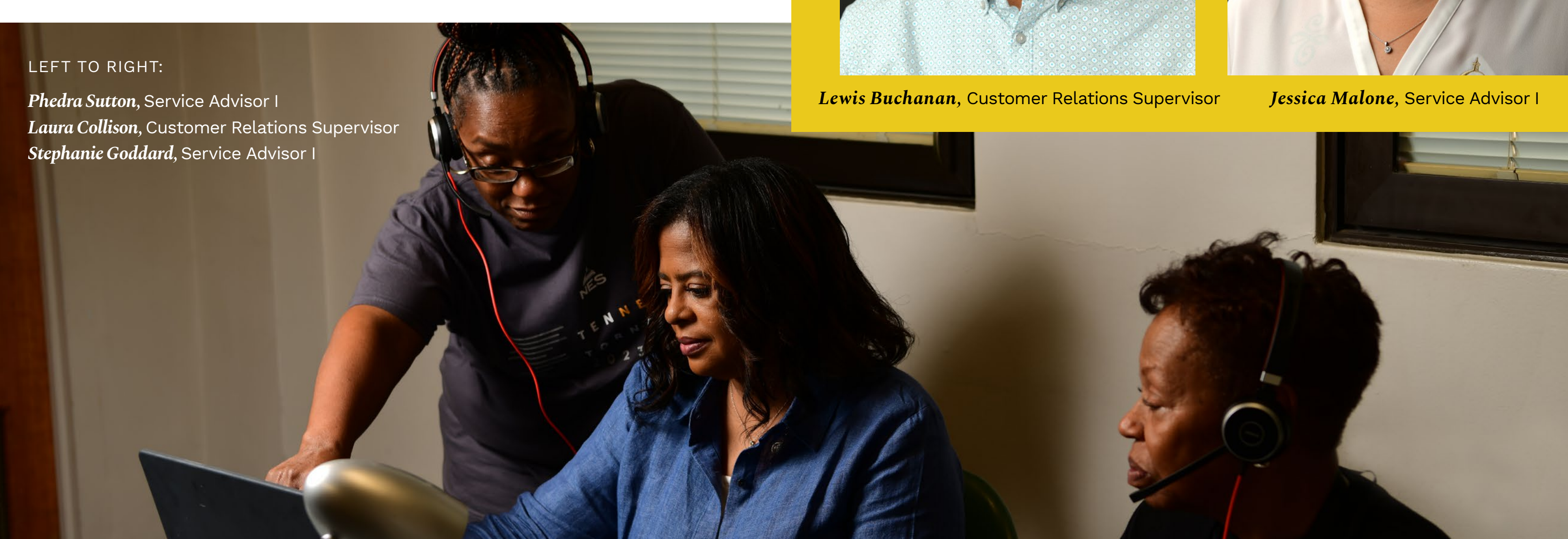
Jose Fuentes, Service Advisor III

Angela King, Customer Relations Supervisor

Keisha Johnson, Tellers Supervisor

Lewis Buchanan, Customer Relations Supervisor

Jessica Malone, Service Advisor I



LEFT TO RIGHT:

Phedra Sutton, Service Advisor I
Laura Collison, Customer Relations Supervisor
Stephanie Goddard, Service Advisor I

For some, like Keisha Johnson, Tellers Supervisor, that means having a bag packed in case she can't get home. During the winter storm, she ended up getting a room at a nearby hotel.

"I just wanted to be sure that I was here for my team to be able to do what needed to be done if a problem presented itself as far as travel," Keisha said.

Others, like Lewis Buchanan, Customer Relations Supervisor, and Phedra Sutton, made plans to spend the night, or several, at the office.

"The most challenging thing was getting here, but once I got here and it was time to get going, I just felt comfortable and in my comfort zone," Phedra said. "This is what I do, this is why I'm here. I'm here to make things better for the customer. I actually stayed overnight to make sure that I was here when customers were calling in because I knew it may be difficult for some customers."

Customer service work at NES is also about ensuring the safety of our community, as outages aren't just disruptive but dangerous as well. Some reps might give tips about keeping the refrigerator and freezer closed to keep food safe or explain what to do in the event of downed wires or poles. Angela King makes sure to check on more vulnerable customers.

When an elderly customer called during the winter storm to say her power was out, she also expressed worry about the safety of her medicine. Angela encouraged her to call a nearby pharmacy to see if they could store the medication for her.

"I just think if that were my mother, what would I want for her? Or if this were my best friend, what would I do for them?" Angela explained.

"It means putting myself in their shoes, in the customer's shoes, because I'm a customer. So, it means showing a lot of empathy based on the situation," Lewis said.

NES customer service is synonymous with the willingness to go above and beyond to lend a hand.

Following the December tornado, NES set up mobile assistance locations for impacted customers. Jose Fuentes, Service Advisor III, was one of the representatives who jumped in to help. After coming into the office early in the morning to grab some supplies, he traveled to Hendersonville before heading to Madison the following day. The Madison location was situated in a community center, where displaced residents were also being housed. As a Spanish speaker, Jose was asked to help translate for the Red Cross.

"I've always been raised that you help, and you help everybody no matter what. So of course, when they ask me, 'Hey, can you translate for us?' I'm like, 'Sure.' I jump over, translate, and then go back to what I was doing."

Despite their circumstances, people were relieved to have someone who could translate their questions and concerns.

"It was a nice feeling knowing that I could help them out that way," he said.

While at the community center, Jose also received a lot of positive feedback from NES customers who saw teams on the ground clearing out debris, downed trees, and poles and running new lines.

"They see that, and they realize, 'You know what? They're doing good.' And for them to come up just to say thank you, that stuck with me. It's a good feeling."

It truly takes the hard work and dedication of everyone at NES, customer-facing or not, to succeed in the aftermath of severe weather. These weather events in particular demonstrated what NES can do when we work together.

As Jose says, "We can accomplish many great things. **THERE'S NOTHING YOU CAN'T ACCOMPLISH WHEN YOU WORK TOGETHER.** The more we work together towards the same goal, the better life can be for us."

And that is certainly the case for those fortunate enough to be served by the NES community.

Better Together!

Shaundrell Rodgers
Customer Relations Supervisor

Dr. Trish Holliday, VP and Chief People Officer

Better Together

Developing the Future of NES, Together

In 2023, NES was hosting an orientation for its first cohort of operations interns when a mother approached Dr. Trish Holliday, Vice President and Chief People Officer at NES.

"This internship is changing my family's life," she told Dr. Holliday. "If my son makes it through this year, he's going to be guaranteed a job with a starting salary that he had no idea he could ever make. Our family has never seen that kind of resource."

"IT'S A RIPPLE EFFECT. You throw a pebble in a river, and you see how that pebble has all those ripples," Dr. Holliday explained. "That's what I think this program has the opportunity to do."

The operations internship was envisioned by retired NES CEO Decosta Jenkins and brought to life by our current CEO, Teresa Broyles-Aplin, as a means to reach high school graduates within the NES service territory, introducing them to careers they never knew existed. Reaching those students, though, would take the buy-in of local schools.

"It was going to take partnership to make it happen," Dr. Holliday said. "There was no way we were going to be able to do it all."

While NES alone could not reach these young people, and the schools alone could not expose students to these potential career paths, together they could make a huge impact.

NES hosted awareness sessions at the schools and brought students to NES to see how it operates. The response was incredibly positive. So positive, in fact, that when the application period opened, Dr. Holliday and her team received roughly 80 applications for 12 spots.

As interns, these young people embark on a year-long program that involves a rotation through every department of operations. Doing so gives them a better understanding of everything that happens at NES, and where they might fit best. The interns are assigned a supervisor, as well as mentors from all different areas. Having a mentor gives them the freedom to ask questions and talk through their challenges.

"It's intense. It's hard. Some of them have never seen this kind of work," Dr. Holliday said.

Each month, the interns are critically evaluated and must pass the evaluation to move forward. The standards are high, but they pay off, because a job opportunity awaits them at the internship's conclusion.

Dr. Holliday describes it as an "innovative recruitment strategy."

"Teresa's vision is for NES to recruit top talent, but we need to find that top talent who may not know we're out here," she said. "If they've come through the internship program, we can say they're top talent because they went through an extensive 12-month evaluation period. It was a 12-month interview, if you think about it."

NES employees from across the company are rallying behind this strategy. Operation managers, vice presidents, and supervisors are acknowledging that this is a great means to raise awareness and give urban students a chance to break into the industry, one that historically includes multiple generations of the same families.

Many see the program as an opportunity to help NES evolve as it moves forward.

"When our employees represent our service area, our community feels a sense of connection and that we are there for them," Dr. Holliday said. "We had a really diverse group of interns who are now full-time employees. We are creating a workforce where we're bringing everybody together to say, 'We need each other. One's not better than the other.' That is a culture of civility. That is saying we are better together."

Community: More Than a Utility

While NES' number one priority is ensuring all customers receive safe, reliable, and affordable power, another priority for the team is serving the greater Nashville community as a community partner. Throughout the year, NES employees can be found volunteering at a variety of events, including St. Jude's Rock 'n' Roll Marathon, as well as educating customers on safety and resources available through NES and the Tennessee Valley Authority. NES also attends career fairs throughout Middle Tennessee during the school year to help educate students on careers in the energy field.

The NES team aspires to not only power Music City, but to empower Music City as well.

Better Together

Xaviera Washington, Home Uplift Recipient

Howard Jones
Home Uplift Recipient

Uplifting Our Neighbors, Together

To uplift is to enrich and support, strengthen and give hope. When NES provides low-income individuals with up to $10,000 in energy-saving upgrades to their homes at no cost to them, we do precisely that. That's why it's not the NES Home Upgrade program but more fittingly, the Home Uplift program.

"THEY CAME IN AND THEY JUST REVIVED ME AND MY FAMILY," said Howard Jones, a Home Uplift recipient. "It's like it was a Godsend. They came at the right time at that right moment."

Howard's home is one of over 1,400 customer homes NES has uplifted through this remarkable program. While he had known the program existed and opted in to the Power of Change, which enables customers to round their bill up to the nearest dollar to donate to the program, Howard had assumed it was for the elderly population. NES proactively reached out to him and invited him over to a neighbor's uplifted home. What he saw there opened his eyes.

Howard's air conditioning unit and hot water heater were on their last legs, and he didn't have the money to repair them. Home Uplift replaced those units, patched holes in his roof, and repaired damage from a pesky squirrel.

After his experience, Howard admitted, "I'm going to quit assuming and just see if I qualify for the programs out there."

He also tells anyone who will listen about the Power of Change.

"I try to tell everyone that if you opt out, you're not helping anyone," he said. "It is a blessing, and I've been on the receiving end of that blessing."

While Howard may have been in the dark about Uplift and other NES programs, other recipients like Xaviera Washington have tapped into the resources the utility provides to help customers save. As a single mom, Xaviera is always looking to cut costs. She attended one of NES' Energy Savers workshops and learned a great deal.

"It was phenomenal," she said. "They gave so much information about how to lower my bill outside of this program, doing some things that I never knew that you could do in your home to help."

With the money she is now saving from these energy-saving steps and her newly uplifted home, Xaviera is able to better provide opportunities for her daughter.

"It's a blessing," she said. "There's no other way to put it other than it has been a true blessing to me and my family and my home."

NES' outreach programs recognize the impact energy efficiency and savings can have on quality of life. With Home Uplift, residents can stay in their homes safely, longer, while bill assistance relieves some of the financial burden when times are tough.

Elizabeth Holland's home, for example, was leaking energy, but she didn't have the funds to make needed repairs, nor could she cover her sky-high electric bills. Her winter bills were hovering around $600, even hitting over $1,000 at one point. Elizabeth asked for help.

"You hate to have to do to that, but I didn't have any choice," she said.

Elizabeth made up as much as she could, and NES helped her with the balance to get the bill paid.

After applying for the Home Uplift program and receiving upgrades, Elizabeth no longer faces that challenge. Contractors replaced her windows and the insulation in the attic. They sealed up holes and put a box around her drop-down stairs to prevent air leaks.

While she hasn't faced a winter yet with her new upgrades, her summer utility bills have been much lower, and she is relishing her new windows. She still is in a bit of disbelief, though.

"I kept thinking, 'Is this really free? What's the catch? What am I going to have to pay back? Are they going to come in five years and take them away?'" she said.

But Elizabeth is slowly coming to terms with the fact that these upgrades are hers for good, thanks to the spirit of the Nashville community.

"This is just Nashville," she said. "We really try to come up with different ways to support the needy. To me, it's one of the best programs that you could do to achieve that."

Elizabeth Holland
Home Uplift Recipient

Building a Cleaner Future, Together

The NES of today looks very different from the one that began powering Nashville 85 years ago. The demands of population growth and evolving technology have shaped a utility that is in constant motion, changing to be better, faster, and stronger.

Today, we are at a pivotal moment. As sustainability and clean energy have shifted from luxury to necessity, and customers seek optionality, NES is again hard at work to redefine the future.

CONTINUE READING

Kathryn Pohlman
Sustainability Manager

Tony Richman
Energy Services Engineering Manager

Better
Together

EDUCATION

Education is a major component of a clean energy future, around understanding both responsible energy use and energy options.

Our Energy Savers workshops have been preparing Nashvillians to boost energy efficiency in community centers and neighborhood locales for 12 years. We've built on those efforts with our School Uplift program, in partnership with TVA. By educating staff, teachers, and students on small steps that can make a big difference, we've been able to save schools an average of 13% on energy costs.

This year, we launched a Clean Energy website **(nescleanenergy.com)** to enable customers to learn even more about NES' sustainable offerings while taking advantage of tools for cleaner energy. For example, there is a DIY energy audit that allows customers to see where they can reduce energy consumption as well as a PowerWise Bill Analyzer to understand where they are using the most energy. The site highlights credits and rebates that encourage homeowners and businesses to adopt clean energy practices, as well as NES programs, including Green Connect, Green Switch, Home Uplift, and Music City Solar.

"Once you've done what you can do to be efficient and optimize your power, we have so many great, affordable programs that are also building resiliency, not just for Nashville and our service territory, but for everyone around us as well," said Kathryn Pohlman, Sustainability Manager at NES. "There are so many opportunities out there to reduce your bill and to make your life more comfortable and more resilient."

ACTION

At the same time that we're building the framework for a clean energy future, we're already in the early stages of building that future. We're partnering with Metro Nashville to convert 55,000 streetlights to LED. All of those replaced lights will be recycled, further reducing our footprint.

NES has introduced several new solar programs targeted at different customer demographics. NESolar Savings is a rooftop program where energy generated during low-use periods goes back onto the NES grid. The customer receives credits while reducing the amount of energy NES has to procure.

NESolar Connect allows customers with larger solar array systems to sell power directly and continually.

We're also assessing our vehicle fleet, looking to use cleaner vehicles as we move about our service areas. We've received nine Ford Lightnings to add to the electric vehicles (EVs) and hybrids that we already have. NES will change out our fleet as sustainably as possible, letting cars retire as they naturally should, and replace them with a lower-emission vehicle.

PARTNERSHIP

NES can make great strides in building a clean energy future, but we cannot do it alone. From community and customer partnerships to utility and commercial collaborations, it takes all of us to work together to succeed.

Music City Solar was our first jump into solar energy, and its success relied on our community not only to buy into the program, but to enable lower-income neighbors to participate through the Solar Angel program.

"This was the first community solar array in our service territory," explained Tony Richman, Energy Services Engineering Manager at NES. "I think the community aspect speaks to the spirit of NES being an extension of the community that we serve. **IT'S TRULY A COMMUNITY OPPORTUNITY TO PARTICIPATE."**

Today, we're moving beyond Music City Solar and are proud to count close to 700 different solar arrays providing NES with power. We're also working with TVA to bring Green Invest, a utility-scale solar program, to the local power company level. Through Green Invest, TVA, NES, and Vanderbilt University came together to develop a solar farm in Bedford County. With the power it generates, Vanderbilt has already met nearly 70% of its renewable energy goals.

This project will serve as an exemplary model of how we can partner with our power provider and our end-use customer to provide solar energy moving forward.

In preparing for a future that utilizes more clean energy, NES teamed up with TVA, Goodwill Industries of Middle Tennessee, Accenture, and General Motors to launch a clean energy jobs training program that focuses on solar and storage installation. NES and TVA provided financial support for a mobile solar training lab that will be used throughout Goodwill Middle Tennessee's 48-county territory.

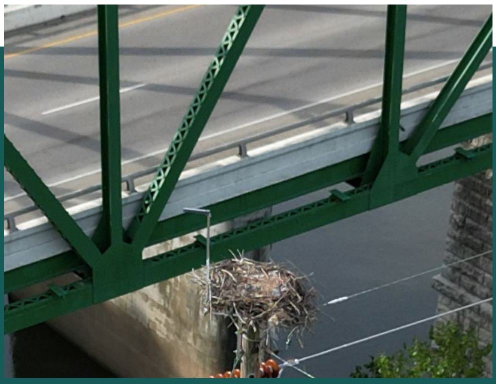
Even beyond solar power, collaboration is proving to be critical as we prepare our state for more EVs on our roadways. Fast Charge TN is a consortium of TVA, TDEC, TDOT, multiple local power companies, and more coming together to plan for strategically located vehicle charging stations.

As Tony explained, "To me, the spirit of public power, from an energy perspective, an environmental perspective, an efficiency perspective, is that we are not simply making decisions for shareholder returns, but with and for the benefit of the community that we serve."

As we continue on this journey toward a clean energy future, Kathryn, Tony, and their teams invite customers to reach out with questions and ideas, because, in truth, we're not just your trusted energy provider. We are your trusted energy partner.

Osprey: Serving Our Entire Community

Protecting Middle Tennessee's wildlife is one of NES' top priorities when working to ensure safety and reliability for all customers. NES, the Tennessee Wildlife Resource Agency, and the U.S. Fish and Wildlife Service have partnered to create best practices, preventative measures, and mitigation strategies that will help preserve Tennessee wildlife and lessen the likelihood of wildlife fatalities. In addition to ospreys, NES helps save a number of different species, including squirrels, raccoons, bald eagles, hawks, or any bird of prey or wildlife that flies or moves along power lines. Many animal interactions with power lines happen near bodies of water, and an abundance of ospreys can be found around the Cumberland River near Briley Parkway and Vietnam Vets Parkway.



Report of Independent Auditors

Report of Independent Auditors

To the Electric Power Board of the Metropolitan Government of Nashville and Davidson County
Nashville, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the Electric Power Board of the Metropolitan Government of Nashville and Davidson County (the "Electric Power Board"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, which consist of the statements of net position and fiduciary net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses and changes in net position, changes in fiduciary net position, and of cash flows for the years then ended, including the related notes, which collectively comprise the Electric Power Board's basic financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Electric Power Board as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Electric Power Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Electric Power Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS and *Government Auditing Standards*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Electric Power Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Electric Power Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 22 through 33 and the required supplementary information on pages 85 through 95 be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Executive Management and Board Members, "NES at a pwc

Glance", President's Report on Operations, and the President's Letter, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

September 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

As financial management of the Electric Power Board of the Metropolitan Government of Nashville and Davidson County (the "Board"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Board for the fiscal years ended June 30, 2024 and 2023 as compared to fiscal years 2023 and 2022, respectively. In conducting the operations of the electrical distribution system, the Board does business as Nashville Electric Service ("NES"). NES is a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee (the "Metropolitan Government"). We refer to our infrastructure as "the Electric System."

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to NES's financial statements, which are comprised of the basic financial statements and the notes to the financial statements. The Board is comprised of a single enterprise fund that also reports fiduciary funds for certain of its employee benefit plans. Since NES is comprised of a single enterprise fund, no fund-level financial statements are shown. This section is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position based on currently known facts, decisions, or conditions. We encourage readers to consider the information presented here in conjunction with the financial statements taken as a whole. A description of recently issued accounting pronouncements and the effects on these financial statements can be found in Note 1 of the Notes to the Financial Statements.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of NES's finances in a manner similar to that of a private-sector business and report on the non-fiduciary activities of NES.

The statements of net position present information on all of NES's assets and deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of NES is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities result in increased net position, which indicates an improved financial position.

The statements of revenues, expenses and changes in net position present information showing how NES's net position changed during the fiscal year. All changes in net position are reported on an accrual basis as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows.

Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The statements of cash flows present changes in cash and cash equivalents using the direct method resulting from operating, financing, and investing activities. These statements present cash receipts and cash disbursements information, without consideration as to the timing for the earnings event, when an obligation arises or for depreciation of capital assets.

Fiduciary Financial Statements

Fiduciary funds account for assets and resources held for the benefit of parties outside of the Board. The activities of the fiduciary funds are not presented as combined in the basic financial statements because the resources of those funds are not available to support the Board's own activities. The accounting used for fiduciary funds is similar to that used in the basic financial statements.

Summary of Changes in Net Position

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1.08 billion at June 30, 2024, and $949.0 million at June 30, 2023. This represents an increase of $126.3 million in 2024 and $113.7 million in 2023.

The largest portion of the Board's net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The Board uses these capital assets to provide service and consequently, these assets are not available to liquidate liabilities or for other spending.

An additional portion of the Board's net position represents resources that are subject to external restrictions on how they may be used. These restrictions include bond proceeds to be used for construction projects and reserve funds required by bond covenants.

MANAGEMENT'S DISCUSSION AND ANALYSIS, Unaudited (continued)

SUMMARY STATEMENTS OF NET POSITION ($000 omitted)

	June 30,		
	2024	**2023**	**2022**
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS	$ 699,371	$ 710,450	$ 611,799
INVESTMENT OF RESTRICTED FUNDS	258,481	53,241	166,992
UTILITY PLANT, NET	1,473,099	1,337,953	1,265,667
OTHER NON-CURRENT ASSETS	53,759	13,700	16,815
TOTAL ASSETS	2,484,710	2,115,344	2,061,273
DEFERRED OUTFLOWS OF RESOURCES	16,589	68,511	99,756
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$2,501,299	$2,183,855	$2,161,029
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
CURRENT LIABILITIES	$ 243,082	$ 239,035	$ 253,531
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	53,285	36,960	46,426
LONG-TERM DEBT, LESS CURRENT PORTION	740,116	517,086	554,885
NET PENSION LIABILITY	191,477	240,453	238,338
NET OPEB LIABILITY	110,306	139,658	172,610
OTHER NON-CURRENT LIABILITIES	20,448	13,700	14,932
TOTAL LIABILITIES	1,358,714	1,186,892	1,280,722
DEFERRED INFLOWS OF RESOURCES	67,310	47,957	44,976
NET POSITION			
Net investment in capital assets	935,317	837,645	781,499
Restricted for:			
Debt service	7,622	5,910	57,597
Other purposes	766	37	171
Unrestricted	131,570	105,414	(3,936)
TOTAL NET POSITION	1,075,275	949,006	835,331
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$2,501,299	$2,183,855	$2,161,029

MANAGEMENT'S DISCUSSION AND ANALYSIS, Unaudited (continued)

Liquidity and Capital Resources

The Board has a $25.0 million line-of-credit, with interest based on the Secured Overnight Financing Rate ("SOFR"), which expires December 31, 2024. This credit facility was renewed effective January 1, 2024, and is expected to be renewed at December 31, 2024, and annually thereafter. The credit facility is not a source of liquidity for ongoing operations. It is available as an additional funding source in the event of a natural catastrophe.

The Board's financing cost may be impacted by short-term and long-term debt ratings assigned by independent rating agencies. The Board's revenue bonds are rated AA- by Standard & Poor's, AA+ by Fitch, and Aa1 by Moody's. In issuing bond ratings, agencies typically evaluate financial operations, rate-setting practices, and debt ratios. Higher ratings aid in securing favorable borrowing rates, which result in lower interest costs.

Debt ratings are based, in significant part, on the Board's performance as measured by certain credit measures. In order to maintain its strong credit ratings, the Board has adopted certain financial goals. Such goals provide a signal to the Board as to the adequacy of rates for funding ongoing cash flows from operations. One such goal is a cash on hand goal of 90 days of total purchased power, operating expenses, and tax equivalents, less non-cash changes in Pension and Other Post Employment Benefits (OPEB) expenses related to amortization of differences between projected and actual earnings, experience, and assumptions. For the period ended June 30, 2024, the Board had a cash on hand goal of $316.9 million and actual cash on hand of $460.3 million. For the period ended June 30, 2023, the Board had a cash on hand goal of $330.2 million and actual cash on hand of $484.6 million. The Board also has a goal of maintaining a debt service coverage ratio of at least 2 to 1. Debt Service Coverage is calculated in accordance with the terms and definitions as outlined in the Official Statements of the issued and outstanding bonds. The Board's debt coverage ratio for the 12 months ended June 30, 2024, was 4.77 to 1, and 4.18 to 1 for the 12 months ended June 30, 2023. The outlook on all debt ratings is stable as of June 30, 2024. These goals were met, and exceeded, every month of fiscal years 2024 and 2023.

MANAGEMENT'S DISCUSSION AND ANALYSIS, Unaudited (continued)

Operations
Summary Revenue & Expense Data
($000 omitted)

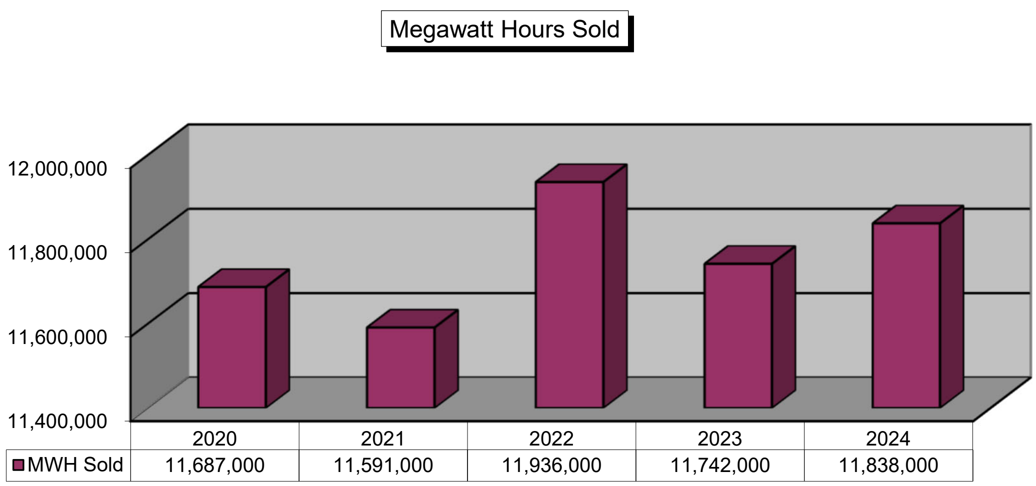
	Year Ended June 30, 2024	2023	Change	Year Ended June 30, 2022	Change
Operating revenues, net	$1,469,607	$1,500,081	$ (30,474)	$1,383,183	$ 116,898
Purchased power	(995,556)	(1,046,258)	50,702	(946,804)	(99,454)
Operating revenues, net, less Purchased power	474,051	453,823	20,228	436,379	17,444
Operating expenses	(240,744)	(255,094)	14,350	(232,467)	(22,627)
Depreciation, amortization, and tax equivalents	(127,240)	(125,569)	(1,671)	(115,624)	(9,945)
Interest and other non-operating income	40,947	56,464	(15,517)	5,421	51,043
Interest expense and other, net	(20,745)	(15,949)	(4,796)	(16,594)	645
Increase in net position	$ 126,269	$ 113,675	$ 12,594	$ 77,115	$ 36,560
Effect of adoption of GASB 96	-	-	-	73	(73)
Increase in net position as previously stated	$ 126,269	$ 113,675	$ 12,594	$ 77,188	$ 36,487

2024 and 2023 Results of Operations

Operating Revenues. Operating revenues, net, decreased by $30.5 million, or 2.0 percent, when compared to 2023. Total electric sales were $1.5 billion during 2024 compared to $1.5 billion during 2023. Weather plays an important part in determining energy sales for any year. The impact of weather is reflected in the comparison of degree-days from one period to the next. Degree-days represent the difference between the weather's average daily temperatures and 65 degrees. Temperatures above 65 degrees are considered cooling degree-days; temperatures below 65 degrees are considered heating degree-days. Total cooling degree-days were 2,158 compared to 1,958 in 2023. Total heating degree-days were 2,773 compared to 2,762 in 2023. Total heating and cooling degree-days were 4,931 compared to 4,720 in 2023, or an increase of 4.5 percent. Additionally, fuel costs from the Tennessee Valley Authority ("TVA"), which are included in purchased power, are passed through at cost to customers. Fuel costs increased electric sales by $269.7 million and $369.9 million in 2024 and 2023, respectively. In 2024, the fuel cost adjustment decreased 27.1 percent compared to the prior year and more than offset the increase in revenue

MANAGEMENT'S DISCUSSION AND ANALYSIS, Unaudited (continued)

attributable to the increase in degree days. The average realized rate on electric sales was $0.122 compared to $0.125 per kilowatt-hour in 2023. The decrease in the realized rate on electric sales was due to lower TVA fuel cost adjustments compared to the prior year, offset by the passthrough impact at retail of TVA's wholesale rate increase that became effective in October of 2023. Megawatt-hours sold in 2024 increased by 0.8 percent when compared to 2023. Residential revenue decreased $5.2 million, or 0.8 percent compared to the previous year. Residential energy consumption is highly correlated to degree days. Commercial and industrial revenue decreased $25.5 million, or 3.3 percent compared to the prior year. Commercial and industrial energy consumption is not as strongly correlated to degree days as is residential. Total number of active customers as of June 30, 2024 increased by 2.8 percent when compared to 2023. Revenue in Excess of Net Bills (Late Charges) decreased by $0.2 million, and Rentals of Electric Property (primarily pole attachments) increased by $0.4 million.



Non-operating Revenues. Interest and other non-operating income were $40.9 million compared to $56.5 million in 2023. The average rate of return on the cash and investments for the General Fund was 5.7 percent in 2024 compared to 4.1 percent in 2023. The average investable balance of the General Fund cash and investments was $447.6 million in 2024 compared to $420.3 million in 2023, an increase of 6.5 percent. Interest income from the bond funds was $6.3 million in fiscal year 2024 compared to $4.2 million in fiscal year 2023. There was no non-operating revenue from land sales in fiscal year 2024 compared to $13.6 million in fiscal year 2023. Non-operating revenue from Federal Emergency Management Agency (FEMA) grants in fiscal year 2024 was $7.4 million compared to $19.3 million in fiscal year 2023.

Purchased Power. The Board purchases all of its power from TVA under an all-requirements contract that had an initial term of 20 years. Beginning on December 19, 1989, and on each subsequent anniversary thereafter, the contract was automatically extended for an additional one-year period. The contract was subject to earlier termination by either party on not less than 10 years' prior written notice. Effective September 2019, NES entered into a wholesale power contract with TVA that extended the contract termination notice from 10 years to 20 years. The contract includes a partnership credit equal to 3.1

percent of wholesale standard service demand, non-fuel energy and grid access charge. Purchased power was $995.6 million for the period compared to $1.0 billion last year. Fuel costs included in purchased power expense were $267.7 million and $364.7 million in 2024 and 2023, respectively. The average realized rate on purchased power was $0.081 per kilowatt-hour in 2024 compared to $0.087 in 2023. Megawatt-hours purchased were 12.2 million in 2024 compared to 12.0 million in 2023.

Operating Expenses. Distribution expenses for the period were $105.5 million compared to $112.2 million last year. This is a decrease of $6.7 million or 6.0 percent. The change is primarily attributable to a decrease in the following expense categories: tree trimming, $7.5 million; operation and maintenance (O&M) – station equipment, $1.1 million; O&M – overhead lines, $0.9 million; O&M – meters, $0.8 million; and O&M – underground lines, $0.5 million. The decrease was offset by an increase in the following expense categories: O&M – miscellaneous expense, $1.2 million; supervision and engineering, $1.0 million; storms, $0.8 million; and O&M – streetlight and signal system, $0.5 million.

Customer Accounts expenses for the period were $27.7 million compared to $26.7 million last year. This is an increase of $1.0 million or 3.7 percent. The change is primarily attributable to an increase in the following expense category: customer orders and services, $0.6 million.

Customer Service and Information expenses for the period were $5.5 million compared to $5.2 million last year. This is an increase of $0.3 million or 5.8 percent.

Administrative and General expenses for the period were $102.0 million compared to $111.0 million last year. This is a decrease of $9.0 million or 8.1 percent. The change is primarily attributable to a decrease in the following expense categories: employee health insurance, $8.9 million; employee pensions, $6.5 million; and injuries and damages, $1.3 million. The decrease was offset by an increase in the following expense categories: allocated overhead, $6.0 million; administrative and general salaries, $0.8 million; and outside services employed, $0.7 million.

Depreciation, Amortization, and Tax Equivalents. Depreciation and Amortization, and Tax Equivalents were $90.9 million and $36.4 million, respectively, for 2024, compared to $85.1 million and $40.5 million, respectively, for 2023. The increase in depreciation and amortization is primarily attributable to an increase (net of retirements) in the depreciable utility plant assets in service of $111.3 million. Tax equivalents consist primarily of payments in–lieu-of taxes to the Metropolitan Government and the surrounding counties. Such payments are calculated based on a prescribed formula that takes into consideration utility plant asset value and the Board's average of revenue less power cost from electric operations for the preceding three fiscal years (as required by Tennessee statutes). The decrease in payments in-lieu-of taxes was primarily the result of an increase in the taxable base of assets and an increase in the average gross margin, offset by decreases in the tax rates of the Metropolitan Government.

MANAGEMENT'S DISCUSSION AND ANALYSIS, Unaudited (continued)

2023 and 2022 Results of Operations

Operating Revenues. Operating revenues, net, increased by $116.9 million, or 8.5 percent, when compared to 2022. Total electric sales were $1.5 billion during 2023 compared to $1.4 billion during 2022. Fuel costs from the Tennessee Valley Authority ("TVA"), which are included in purchased power, are passed through at cost to customers. Fuel costs increased electric sales by $369.9 million and $268.9 million in 2023 and 2022, respectively. The average realized rate on electric sales was $0.125 compared to $0.114 per kilowatt-hour in 2022. The increase in the realized rate on electric sales was due, in part, to a 3.5 percent retail rate increase in October 2022. Megawatt-hours sold in 2023 decreased by 1.6 percent when compared to 2022. Weather plays an important part in determining energy sales for any year. The impact of weather is reflected in the comparison of degree-days from one period to the next. Degree-days represent the difference between the weather's average daily temperatures and 65 degrees. Temperatures above 65 degrees are considered cooling degree-days; temperatures below 65 degrees are considered heating degree-days. Total cooling degree-days were 1,958 compared to 2,162 in 2022. Total heating degree-days were 2,762 compared to 2,993 in 2022. Total heating and cooling degree-days were 4,720 compared to 5,155 in 2022, or a decrease of 8.4 percent. Residential revenue increased $48.7 million, or 7.9 percent compared to the previous year. Residential energy consumption is highly correlated to degree days. Commercial and industrial revenue increased $65.4 million, or 9.1 percent compared to the prior year. Commercial and industrial energy consumption is not as strongly correlated to degree days as is residential. Total number of active customers as of June 30, 2023 increased by 2.6 percent when compared to 2022. Revenue in Excess of Net Bills (Late Charges) increased by $0.5 million, and Rentals of Electric Property (primarily pole attachments) increased by $0.2 million.

Non-operating Revenues. Interest and other non-operating income were $56.5 million compared to $5.4 million in 2022. The average rate of return on the cash and investments for the General Fund was 4.1 percent in 2023 compared to 0.4 percent in 2022. The average investable balance of the General Fund cash and investments was $420.3 million in 2023 compared to $380.7 million in 2022, an increase of 10.4 percent. Interest income from the bond funds was $4.2 million in fiscal year 2023 compared to a temporary market loss of $1.3 million in fiscal year 2022. Non-operating revenue from land sales in fiscal year 2023 was $13.6 million compared to $0.2 million in fiscal year 2022. Non-operating revenue from Federal Emergency Management Agency (FEMA) grants in fiscal year 2023 was $19.3 million compared to $3.6 million in fiscal year 2022.

Purchased Power. The Board purchases all of its power from TVA under an all-requirements contract that had an initial term of 20 years. Beginning on December 19, 1989, and on each subsequent anniversary thereafter, the contract was automatically extended for an additional one-year period. The contract was subject to earlier termination by either party on not less than 10 years' prior written notice. Effective September 2019, NES entered into a wholesale power contract with TVA that extended the contract termination notice from 10 years to 20 years. The contract includes a partnership credit equal to 3.1 percent of wholesale standard service demand, non-fuel energy and grid access charge. Purchased power was $1.0 billion for the period compared to $946.8 million last year. Fuel costs increased purchased power expense by $364.7 million and $265.2 million in 2023 and 2022, respectively. The average realized rate on purchased power was $0.087 per kilowatt-hour in 2023 compared to $0.077 in 2022. Megawatt-hours purchased were 12.0 million in 2023 compared to 12.3 million in 2022.

Operating Expenses. Distribution expenses for the period were $112.2 million compared to $101.4 million last year. This is an increase of $10.8 million or 10.7 percent. The change is primarily attributable to an increase in the following expense categories: tree trimming, $3.7 million; storms, $1.7 million; supervision and engineering, $1.5 million; operation and maintenance (O&M) – station equipment, $1.2 million; O&M – mapping, $1.1 million; private lights, $1.1 million (the increase in private lights is a result of a reallocation of expenses from streetlight and signal systems); and emergency service, $0.8 million.

Customer Accounts expenses for the period were $26.7 million compared to $24.0 million last year. This is an increase of $2.7 million or 11.3 percent. The change is primarily attributable to an increase in the following expense categories: data processing, $1.7 million; and customer orders and services, $1.1 million.

Customer Service and Information expenses for the period were $5.2 million compared to $3.6 million last year. This is an increase of $1.6 million or 44.4 percent. The change is primarily attributable to an increase in the following expense category: customer assistance, $1.5 million.

Administrative and General expenses for the period were $111.0 million compared to $103.5 million last year. This is an increase of $7.5 million or 7.2 percent. The change is primarily attributable to an increase in the following expense categories: employee pensions, $9.2 million; injuries and damages, $3.1 million; data processing, $2.7 million; office expense and supplies, $0.8 million; and employee welfare, $0.7 million. The increase was offset by a decrease in the following expense categories: employee health insurance, $3.6 million; allocated overhead, $3.6 million; outside services employed, $0.9 million; and maintenance of general plant, $0.7 million.

Depreciation, Amortization, and Tax Equivalents. Depreciation and Amortization, and Tax Equivalents were $85.1 million and $40.5 million, respectively, for 2023, compared to $76.9 million and $38.8 million, respectively, for 2022. The increase in depreciation and amortization is primarily attributable to an increase (net of retirements) in the depreciable utility plant assets in service of $117.0 million. Tax equivalents consist primarily of payments in–lieu-of taxes to the Metropolitan Government and the surrounding counties. Such payments are calculated based on a prescribed formula that takes into consideration utility plant asset value and the Board's average of revenue less power cost from electric operations for the preceding three fiscal years (as required by Tennessee statutes). The increase of payments in-lieu-of taxes was primarily the result of an increase in the taxable base of assets and an increase in the average gross margin, offset by decreases in the tax rates of the Metropolitan Government.

MANAGEMENT'S DISCUSSION AND ANALYSIS, Unaudited (continued)

The following table shows the composition of the expenses (net of amounts capitalized) of the Board by major classifications of expense for the last three years:

Major Classifications of Expense, Net of Amounts Capitalized ($000 Omitted)

Description	Fiscal 2024	Fiscal 2023	Increase (Decrease)	Fiscal 2022	Increase (Decrease)
Total Labor	$ 86,696	$ 84,080	3.1%	$ 78,427	7.2%
Benefits	56,071	64,552	(13.1%)	62,123	3.9%
Outside Services – Information Technology	30,888	30,393	1.6%	25,046	21.3%
Outside Services – Other	22,593	23,529	(4.0%)	22,402	5.0%
Contract Tree & Grass	13,882	21,280	(34.8%)	17,649	20.6%
Injury & Damages	1,203	3,295	(63.5%)	650	406.9%
Civic Involvement	1,100	1,589	(30.8%)	1,573	1.0%
Temporary Agency Services	1,165	1,395	(16.5%)	1,648	(15.4%)
Transportation	5,797	6,072	(4.5%)	5,447	11.5%
Accrual for Uncollectible Accounts	3,104	1,115	178.4%	2,336	(52.3%)
Postage	1,697	1,373	23.6%	1,251	9.8%
Professional Fees	2,906	2,438	19.2%	2,927	(16.7%)
Security/Police	2,561	2,155	18.8%	2,056	4.8%
Insurance Premiums	1,811	1,585	14.3%	1,512	4.8%
Materials & Supplies	4,294	3,855	11.4%	3,185	21.0%
Rentals	1,908	1,793	6.4%	1,056	69.8%
Other	3,068	4,595	(33.2%)	3,179	44.5%
	$240,744	$255,094	(5.6%)	$232,467	9.7%

2024 and 2023 Expense

The Board's total operating expenses decreased 5.6 percent from June 30, 2023 to June 30, 2024. The increase in labor was due to cost-of-living and merit adjustments and greater storm labor. Benefits decreased primarily due to decreased Other Post-Employment Benefits and Retirement and Survivors expenses. The decrease is primarily attributed to a lower actuarial assumption and a favorable market performance. Outside Services - Information Technology increased due to vendor rate increases. Outside Services - Other decreased due to lower engineering consulting services and facilities maintenance, offset by greater call center training services and streetlight maintenance. Contract Tree & Grass decreased primarily due to program updates, lower contractor services, and lower trimming costs per mile. Injury & Damages decreased due to fewer settlements. Civic Involvement decreased due to timing of charitable contributions. Temporary Agency Services decreased due to customer service staffing availability. Accrual for Uncollectible Accounts increased due to a greater number of accounts not considered collectible. Postage increased due to greater mailings than prior year. Professional fees increased due to greater financial and legal services. Security/Police increased due to greater traffic control and security guard services. Insurance premiums increased due to market increases. Materials and Supplies increased primarily due to increased material usage, offset by higher material oncost credit for capitalized materials. Rentals increased primarily due to an increased joint use rate. The Other category contains a wide array of smaller expenses types whose individual fluctuations were not material.

2023 and 2022 Expense

The Board’s total operating expenses increased 9.7 percent from June 30, 2022 to June 30, 2023. The increase in labor was due to cost-of-living and merit adjustments and greater storm labor. Benefits increased primarily due to increased retirement and survivors expense, offset by decreased other post-employment benefits expenses. Retirement and Survivors expense increase is primarily attributed to actual expenses and experience in 2023 that were higher than the actuarial assumption, and a retiree cost of living adjustment, offset by favorable market adjustments. The decrease in Other Post-Employment Benefits is due to favorable market adjustments, and actual expenses and experiences in 2023 that were lower than the actuarial assumption. Outside Services - Information Technology increased due to vendor rate increases. Outside Services - Other increased primarily due to greater contractor services for tree trimming, streetlight maintenance, storm, after hours call center, attachment inventory inspection and engineering field design work. Materials and Supplies increased primarily due to increased material costs. Contract Tree & Grass increased primarily due to increased contractor costs. Transportation increased due to greater transportation costs and an increase in storm related activities. Injury & Damages increased due to a Board approved settlement. The Other category contains a wide array of smaller expense types whose individual fluctuations were not material.

Supply Chain Management

NES experienced impacts related to labor shortages and supply chain disruptions in recent years. The most significant impact involves supply chain issues and shortages related to transformers. These shortages have delayed the timing of new construction on the NES distribution system. Operations implemented programs to speed up the delivery of transformers, monitored transformer inventory levels for both new construction and planned maintenance, and worked with contractors who are requesting new services to mitigate the impacts of delays on their projects. In the current fiscal year, deliveries increased to meet demand for most of the transformer inventory categories, and currently there are no known customer delays due to shortages. NES will continue to monitor and respond to developments affecting our workforce, customers, and suppliers and will take additional steps to mitigate negative business impacts when appropriate.

MANAGEMENT'S DISCUSSION AND ANALYSIS, Unaudited (continued)

Capital Assets and Debt Administration

The Board's transmission and distribution facilities serve more than 700 square miles and include the Metropolitan Government of Nashville and Davidson County, Tennessee. The Board's facilities also serve portions of the adjacent counties of Cheatham, Rutherford, Robertson, Sumner, Wilson, and Williamson. Such facilities require significant annual capital and maintenance expenditures. The Board's target is to have the capital expenditures funded equally from cash flows from operations and proceeds from tax-exempt bonds. The Board expects to have access to funds from future tax-exempt bond issuances to meet these requirements.

The Board's investment in utility plant, less accumulated depreciation, was $1.5 billion at June 30, 2024 and $1.3 billion at June 30, 2023. Major projects during fiscal year 2024 included $60.4 million in equipment and facilities; $59.0 million in meters and distribution transformers; $46.2 million in planned system construction – capacity; $24.2 million in unplanned replacements; $24.1 million in planned system construction – asset management; $19.0 million in new business installation; and $15.1 million in lighting systems.

The Board has outstanding bonds payable of $777.0 million at June 30, 2024 compared to $546.0 million at June 30, 2023. The increase is the result of debt issued during the fiscal year with associated principal and premium of $366.7 million and $46.6 million, respectively, offset by scheduled principal debt payments of $28.9 million, amortization of premiums of $9.0 million, and refunding of principal and premium of $136.4 million and $8.0 million, respectively. More details about the Board's capital assets and debt can be found in the notes to the financial statements.

Respectfully submitted,

David Frankenberg
Vice President, Chief Financial Officer

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

STATEMENTS OF NET POSITION ($000 OMITTED)
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	$ 460,008	$ 484,618
Other investments	250	-
Customer and other accounts receivable, less allowance for doubtful accounts of $2,326 and $1,550 respectively	172,124	164,314
Materials and supplies	49,790	47,773
Other current assets	17,199	13,745
TOTAL CURRENT ASSETS	699,371	710,450
INVESTMENT OF RESTRICTED FUNDS:		
Cash and cash equivalents – Bond funds	245,853	144
Other investments – Bond funds	11,862	53,060
Cash and cash equivalents – Other funds	766	37
TOTAL INVESTMENT OF RESTRICTED FUNDS	258,481	53,241
UTILITY PLANT:		
Electric plant, at cost	2,386,446	2,209,488
Less: Accumulated depreciation and amortization	(913,347)	(871,535)
TOTAL UTILITY PLANT, NET	1,473,099	1,337,953
OTHER NON-CURRENT ASSETS	53,759	13,700
TOTAL ASSETS	2,484,710	2,115,344
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding of debt	4,759	6,409
Difference between projected and actual pension earnings, net	-	24,277
Difference between projected and actual pension experience	9,332	18,940
Difference between projected and actual pension assumptions	-	5,540
Difference between projected and actual OPEB earnings, net	-	7,724
Difference between projected and actual OPEB experience	1,374	1,832
Difference between projected and actual OPEB assumptions	1,124	3,789
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,589	68,511
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,501,299	2,183,855

See notes to financial statements.

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

STATEMENTS OF NET POSITION ($000 OMITTED)
JUNE 30, 2024 AND 2023 (continued)

	2024	2023
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
CURRENT LIABILITIES:		
Accounts payable for purchased power	170,409	164,117
Trade accounts payable	21,808	26,140
Accrued employee obligations	12,873	12,238
Accrued expenses	13,511	12,394
Customer deposits	24,481	24,146
TOTAL CURRENT LIABILITIES	243,082	239,035
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Construction accounts payable and retainage	12,199	5,156
Accrued interest payable	4,241	2,924
Current portion of long-term debt	36,845	28,880
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	53,285	36,960
LONG-TERM DEBT, LESS CURRENT PORTION	740,116	517,086
NET PENSION LIABILITY	191,477	240,453
NET OPEB LIABILITY	110,306	139,658
OTHER NON-CURRENT LIABILITIES	20,448	13,700
TOTAL LIABILITIES	1,358,714	1,186,892
DEFERRED INFLOWS OF RESOURCES		
Deferred amount on refunding of debt	7,929	-
Difference between projected and actual pension earnings, net	7,862	-
Difference between projected and actual pension experience	5,975	1,352
Difference between projected and actual OPEB earnings, net	3,757	-
Difference between projected and actual OPEB experience	35,778	39,021
Difference between projected and actual OPEB assumptions	1,839	2,452
From lease receivables	4,170	5,132
TOTAL DEFERRED INFLOWS OF RESOURCES	67,310	47,957
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,426,024	1,234,849
NET POSITION		
Net investment in capital assets	935,317	837,645
Restricted for:		
Debt services	7,622	5,910
Other purposes	766	37
Unrestricted	131,570	105,414
TOTAL NET POSITION	1,075,275	949,006
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	$ 2,501,299	$ 2,183,855

See notes to financial statements.

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION ($000 OMITTED) YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES:		
Residential	$ 660,021	$ 665,244
Commercial and industrial	757,904	783,373
Street and highway lighting	24,193	23,701
Other	27,489	27,763
Total operating revenues, net	1,469,607	1,500,081
PURCHASED POWER	995,556	1,046,258
OPERATING EXPENSES	240,744	255,094
TAX EQUIVALENTS	36,355	40,450
DEPRECIATION & AMORTIZATION	90,885	85,119
Operating income	106,067	73,160
NON-OPERATING REVENUE (EXPENSE):		
Interest income	31,732	21,680
Interest expense, net	(20,745)	(15,949)
Other non-operating income	9,215	34,784
Total non-operating revenue (expense)	20,202	40,515
INCREASE IN NET POSITION	126,269	113,675
NET POSITION, beginning of year	949,006	835,331
NET POSITION, end of year	$ 1,075,275	$ 949,006

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS ($000 OMITTED)
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 1,459,561	$ 1,517,773
Payments to suppliers for goods and services	(1,178,464)	(1,257,636)
Payments to employees	(72,935)	(70,393)
Payments for tax equivalents	(36,355)	(40,450)
Net cash provided by operating activities	171,807	149,294
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
FEMA grants	-	19,326
Other grants	1,832	1,914
Net cash provided by noncapital financing activities	1,832	21,240
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of utility plant	(213,064)	(149,726)
Utility plant removal costs	(18,867)	(19,717)
Salvage received from utility plant retirements/sales	2,460	18,503
Contributions in aid of construction	22,174	10,616
Proceeds from sale of revenue bonds	413,378	-
Payment on defeased debt	(138,010)	-
Principal payments on revenue bonds	(28,880)	(36,990)
Interest payments on revenue bonds	(24,697)	(25,240)
Cash received from leasing activity	1,476	1,431
Cash paid for leasing activity	(756)	(711)
Cash paid for Subscription-Based Information Technology Arrangement (SBITA) activity	(3,574)	(5,108)
Cash paid for SBITA regulatory assets	(33,212)	(1,431)
Asset retirement obligation payments	-	45
Other - net	(2,701)	(320)
Net cash used in capital and related financing activities	(24,273)	(208,648)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investment securities	(61,378)	(86,914)
Proceeds from sales and maturities of investment securities	102,326	200,838
Transferred into (out of) escrow	729	(135)
Interest on investments	30,785	21,714
Net cash provided by (used in) investing activities	72,462	135,503
NET INCREASE IN CASH AND CASH EQUIVALENTS	221,828	97,389
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	484,799	387,410
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 706,627	$ 484,799

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS ($000 OMITTED)
YEARS ENDED JUNE 30, 2024 AND 2023 (continued)

	2024	2023
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 106,067	$ 73,160
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Depreciation & Amortization	90,885	85,119
Accrual for uncollectible accounts	3,104	1,115
Allowance for materials	(10)	50
Changes in assets and liabilities:		
(Increase) decrease in customer and other accounts receivable	(10,914)	12,330
(Increase) in materials and supplies	(2,007)	(11,401)
(Increase) in other current assets	(2,455)	(3,661)
(Increase) decrease in other non-current assets	(835)	4,986
Increase (decrease) in accounts payable for purchased power	6,292	(16,109)
(Decrease) in trade accounts payable	(4,332)	(1,172)
Increase in accrued employee obligations	635	1,011
Increase in accrued expenses	1,382	692
Increase in customer deposits	335	632
Increase in other non-current liabilities	835	682
Decrease in net deferred pension investment inflows and outflows	24,277	27,423
(Increase) decrease in net deferred pension actuarial inflows and outflows	27,633	(16,549)
Decrease in net deferred OPEB investment inflows and outflows	11,481	9,290
(Increase) decrease in net deferred OPEB actuarial inflows and outflows	(733)	13,998
Increase (decrease) in deferred pension liability	(48,976)	2,115
(Decrease) in deferred OPEB liability	(29,352)	(32,952)
(Decrease) in deferred lease inflow	(1,505)	(1,465)
Net cash provided by operating activities	$ 171,807	$ 149,294

See notes to financial statements.

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

STATEMENTS OF CASH FLOWS ($000 OMITTED)
YEARS ENDED JUNE 30, 2024 AND 2023 (continued)

NON-CASH INVESTING, CAPITAL, AND RELATED FINANCING ACTIVITIES:

Accounts payable associated with the acquisition and construction of utility plant was $12.2 million as of June 30, 2024 and $5.2 million as of June 30, 2023.

Allowances for funds used during construction ("AFUDC") approximates NES's current weighted average cost of debt. AFUDC of $2.1 million in 2024 and $1.9 million in 2023 was capitalized as a regulatory asset and was amortized over the average life of utility plant assets.

During 2024 and 2023, $9.1 million and $8.9 million, respectively, was credited to interest expense for amortization of net bond premiums and discounts in each year.

During 2024, the 2024 Series B Electric System Revenue Bonds were issued to refund $56.1 million of outstanding 2013 Series A Electric System Revenue Bonds and $80.3 million of outstanding 2014 Series A Electric System Revenue Bonds. The advance refunding resulted in the write off of deferred outflows of $8.0 million related to unamortized premiums and the recognition of deferred inflows of $8.2 million related to gain on refunding of debt.

During 2024 and 2023, non-cash lease additions totaled $0.1 million and $0.1 million, respectively.

During 2024 and 2023, deferred inflows related to NES lessor activities totaled $0.5 million and $0.2 million, respectively.

During 2024 and 2023, non-cash SBITA additions totaled $4.3 million and $4.3 million, respectively.

During 2024, non-cash SBITA terminations totaled $0.9 million.

During 2024, non-cash additions to other non-current assets for SBITA implementation costs totaled $0.2 million.

During 2024, non-cash additions to FEMA reimbursements totaled $7.4 million.

See notes to financial statements.

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

STATEMENTS OF FIDUCIARY NET POSITION ($000 OMITTED)
PENSION AND OPEB TRUST FUNDS
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Interest and dividends receivable	$ 1,141	$ 971
Investments at fair value - mutual funds	925,737	825,156
TOTAL ASSETS	926,878	826,127
LIABILITIES		
Trade accounts payable	340	320
Accounts payable, net – due to sponsor	3,685	3,925
TOTAL LIABILITIES	4,025	4,245
NET POSITION		
Restricted for:		
Pension benefits	680,322	615,196
Post-employment benefits other than pensions	242,531	206,686
TOTAL NET POSITION	$ 922,853	$ 821,882

See notes to financial statements.

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

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION ($000 OMITTED)
PENSION AND OPEB TRUST FUNDS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
ADDITIONS		
Employer contributions	$ 63,707	$ 60,510
Investment earnings:		
Interest, dividends, and other	28,693	21,569
Net increase in fair value of investments	79,415	63,617
Total investment earnings	108,108	85,186
Less: investment activity costs	(1,302)	(1,199)
Net investment earnings	106,806	83,987
TOTAL ADDITIONS	170,513	144,497
DEDUCTIONS		
Benefits paid to retirees or beneficiaries	54,300	52,255
Medical, dental, and life insurance to retirees and beneficiaries	15,003	14,071
Administrative expenses	239	156
TOTAL DEDUCTIONS	69,542	66,482
NET INCREASE IN NET POSITION	100,971	78,015
NET POSITION, beginning of year	821,882	743,867
NET POSITION, end of year	$ 922,853	$ 821,882

See notes to financial statements.

ELECTRIC POWER BOARD OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY
Notes to the Financial Statements for the years ended June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Electric Power Board of the Metropolitan Government of Nashville and Davidson County (the "Board") was established in 1939 when the City of Nashville purchased certain properties of the Tennessee Electric Power Company for the purpose of exercising control and jurisdiction over the electric distribution system. In conducting the operations of the electric distribution system, the Board does business as Nashville Electric Service ("NES"). NES is a component unit of The Metropolitan Government of Nashville and Davidson County, Tennessee (the "Metropolitan Government"), and is operated by a five-member board appointed by the Mayor and confirmed by the Council of the Metropolitan Government. Board members of NES serve five-year staggered terms without compensation. In accordance with the Charter of the Metropolitan Government, the NES Board and management exercise exclusive control and management of operations, except NES must obtain the approval of the Council before issuing revenue bonds. The Board establishes rates. The Tennessee Valley Authority ("TVA") approves such rates. The Metropolitan Government does not assume liability for the financial obligations of NES. In addition, the assets of NES (our infrastructure or "the Electric System") cannot be encumbered to satisfy obligations of the Metropolitan Government. The NES Board appoints a chief executive officer, who is charged with the responsibility for the day-to-day operations, including the hiring of employees.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The basic financial statements and fiduciary statements of NES have been prepared in conformity with accounting principles generally accepted in the United States of America issued by the Governmental Accounting Standard Board (GASB). NES maintains certain of its accounts (primarily for Utility Plant and Regulatory Assets) in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) as required or permitted by TVA and follows the reporting and recognition requirements for regulated operation using the economic measurement focus and the accrual basis of accounting. NES is not subject to the jurisdiction of other federal or state energy regulatory commissions.

Separate financial statements are provided for fiduciary funds even though the activity is excluded from the basic financial statements of NES. Pension and other employer benefit trust funds are used to account for assets and liabilities held by the Board in a fiduciary capacity to provide retirement benefits. Information about these single-employer benefit plans is in Note 6.

Recent Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). This standard updates the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements for GASB 101 are effective for fiscal years beginning after December 31, 2023. The Board is still evaluating the effects the adoption of GASB 101 may have on the financial statements and related disclosures.

ELECTRIC POWER BOARD OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY
Notes to the Financial Statements for the years ended June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB 102). This Statement concludes that State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event associated with a concentration or constraint that could cause the substantial impact has occurred, has begun to occur, or is more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103). The objective of this Statement is to improve key components of the financial reporting model to enhance its

ELECTRIC POWER BOARD OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY
Notes to the Financial Statements for the years ended June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

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 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 statements of resource flows.

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.

This Statement requires governments to present budgetary comparison information using a single method of communication – Required Supplementary Information (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. Earlier application is encouraged.

The Board has begun assessing if there are any additional disclosures that may be required.

The significant accounting policies followed by NES are outlined below.

Use of Estimates

Estimates used in the preparation of financial statements are based on management's best judgments. The most significant estimates relate to useful lives of capital assets, employee benefit plan obligations, and unreported medical claims. These estimates may be adjusted as information that is more current becomes available.

ELECTRIC POWER BOARD OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY
Notes to the Financial Statements for the years ended June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For purposes of the statements of cash flows, cash and cash equivalents include cash, commercial paper, U.S. Treasury Bills, U.S. Treasury-issued state and local government securities, and certificates of deposit with a maturity at time of purchase of three months or less.

Investments in Restricted Funds

Cash and cash equivalents (including restricted assets) consist primarily of short-term U.S. Government securities or securities from agencies chartered by Congress and cash equivalents which are investments with a remaining maturity at time of purchase of three months or less, respectively.

Other investments consist primarily of U.S. Government Securities or securities from agencies chartered by Congress. Other investments are reflected at their fair value except certificates of deposit, which are reflected at cost.

Restricted funds of NES represent bond proceeds designated for construction, monies required to be restricted for debt service, and escrow accounts for construction activity. As of June 30, 2024 and 2023, amounts restricted for debt service were $11.9 million and $8.8 million, respectively. As of June 30, 2024 and 2023, capital debt funds restricted for construction were $245.9 million and $44.4 million, respectively. NES makes disbursements for all capital projects out of its unrestricted operating funds.

When restricted capital debt resources exist, NES reimburses the unrestricted operating fund from the restricted capital debt resources according to a quarterly funding schedule. At that time, such funds are considered applied to capital projects. The funding release schedule is based on expected capital expenditures which are typically over a three-year period or may be based upon specific bond terms. As of June 30, 2024 and 2023, amounts held in escrow as required by contracts for on-going construction of the electric system totaled $0.8 million and $0.04 million, respectively. Amounts held in escrow for construction activity are released when contract terms are met.

Utility Plant

Electric plant is stated at original cost. Such cost includes applicable overhead such as general and administrative costs, depreciation of vehicles used in the construction process, and payroll and related costs such as pensions, taxes and other fringe benefits related to plant construction. Construction work-in-progress are the costs of assets being built and not yet in service, including capitalizable technology implementation costs. An allowance for funds used during construction (AFUDC) is recorded for certain plant recognized in 2020 and prior.

ELECTRIC POWER BOARD OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY
Notes to the Financial Statements for the years ended June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant is recorded net of contributions in aid of construction, and net of insurance recoveries. Insurance recoveries were $3.0 million and $0.9 million for the years ended June 30, 2024 and 2023, respectively. Contributed assets are recorded at their acquisition value.

Costs of depreciable retired utility plant, removal costs, gains and losses on retirement, and salvage are charged to accumulated depreciation in accordance with FERC rules.

Depreciation is provided using straight line methods at rates that are designed to amortize the cost of depreciable plant (including estimated removal costs) over the estimated useful lives ranging from 5 to 50 years. The composite straight-line rates expressed as a percentage of average depreciable plant were as follows for June 30, 2024 and 2023:

	2024	2023
Distribution plant, 8 to 40 years	3.6%	3.6%
Structure and improvements, 40 to 50 years	2.5%	2.5%
Office furniture and equipment, 5 to 16.7 years	11.0%	13.4%
Transportation equipment, 8 to 10 years	5.8%	6.6%
Other equipment, 8 to 33.3 years	5.6%	6.6%

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

Leases, SBITAs, and Related Activity

Lease and SBITA contracts convey control of the right to use another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction without transfer of ownership of the asset. The lease or SBITA term is the period of time where there is a noncancelable right to use the underlying asset. Noncancelable terms of 12 months or less at the inception of the lease or SBITA are recognized as short-term leases or SBITAs, and all others are recognized as financing leases or SBITAs. NES is both a lessor and lessee of both short term and financing leases. NES is a lessee for SBITA agreements.

For lessor financing contracts, lease revenue is recognized in Other Revenue on a straight-line basis over the lease term, and lease receivables and deferred inflows of resources are reported at present value using NES's 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 and as Interest Income on the Statements of Revenue, Expenses and Changes in Net Position.

ELECTRIC POWER BOARD OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY
Notes to the Financial Statements for the years ended June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lessor revenues for short term contracts in fiscal years 2024 and 2023 were $4.4 million and $4.2 million, respectively. Amounts were recognized based on the payments due and reported in Other Revenue.

For financing lessee contracts, lease asset expense is recognized as Depreciation in Depreciation and Amortization on the Statements of Revenue, Expenses and Changes in Net Position on a straight-line basis over the lease term, and lease assets and liabilities are reported at present value using NES's 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 and as Other Interest Expense on the Statements of Revenue, Expenses and Changes in Net Position.

Lessee expenses for short term contracts in fiscal years 2024 and 2023 were $1.2 million and $1.1 million, respectively. Amounts were recognized based on the payments due and reported in Administrative and General expenses.

For SBITA contracts, SBITA expense is recognized as Amortization in Depreciation and Amortization on the Statements of Revenue, Expenses and Changes in Net Position on a straight-line basis over the SBITA term, and SBITA assets and liabilities are reported at present value using NES's incremental borrowing rate. SBITA assets are reported in Electric Plant, and SBITA 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 SBITA contracts is reported in Other Current and Accrued Liabilities on the Statements of Net Position and as Other Interest Expense on the Statements of Revenue, Expenses and Changes in Net Position.

The composite straight-line depreciation or amortization rates expressed as a percentage of average depreciable/amortizable plant were as follows for June 30, 2024 and 2023:

	2024	2023
Structure and improvements - leases, 5 years	20.3%	20.3%
Office furniture and equipment - leases, 3 to 5 years	20.6%	18.0%
SBITA, 2 to 5 years	36.5%	38.6%

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 toward the construction of utility plant when earned. Amounts not yet earned or refundable are recognized as a liability. CIAC earned and recovered in the plant costs was $16.2 million in 2024 and $11.2 million in 2023.

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OF NASHVILLE AND DAVIDSON COUNTY
Notes to the Financial Statements for the years ended June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Materials and Supplies

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

Regulatory Assets

The majority of NES operations are subject to price regulation by TVA for the sale of electricity. Certain costs are measured based on regulatory accounting rules. Regulatory accounting changes the timing of the recognition of costs relative to a company that does not apply regulatory accounting. As a result, NES recognizes regulatory assets on the balance sheet. These assets are amortized based on periods permitted by TVA. Regulatory assets are reviewed for recoverability each year.

Regulatory Assets are related to Allowance for Funds Used During Construction (AFUDC) and implementation costs for SBITAs. AFUDC regulatory assets are amortized over the weighted average life of thirty-three years, which approximates the depreciable lives of the capital project costs used to determine the amount of AFUDC. TVA permits NES to amortize software implementation costs over a seven-year period rather than the contract period required by GASB standards. TVA permits NES to amortize software impairments over a period equal to the lesser of the depreciable life of the new system or ten years. All regulatory asset amounts will be recovered through future rates.

Regulatory AFUDC Assets added were $2.1 million and $1.9 million during fiscal years 2024 and 2023, respectively. Regulatory SBITA implementation cost of $$0.9 million and $1.4 million were added during fiscal years 2024 and 2023, respectively. During fiscal year 2024, NES recognized a regulatory asset of $32.3 million for impairment related to the development of an Enterprise Resource Planning platform.

Net regulatory assets consist of the following classifications:

Regulatory Asset Description	Balance, June 30, 2024	Balance, June 30, 2023
Software Impairment Costs, net	$ 30,387	$ -
AFUDC, net	8,163	6,284
SBITA Implementation Costs, net	2,001	1,386
	$ 40,551	$ 7,670

The AFUDC rate of 2.4 percent and 2.6 percent used in 2024 and 2023, respectively, approximates the current weighted average cost of debt net of investment earnings on related restricted construction funds.

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Notes to the Financial Statements for the years ended June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

NES recognizes a liability for employees' accumulated vacation days. The general policy of NES permits the accumulation, within certain limitations, of unused vacation days. This amount is included in accrued employee obligations in the Statement of Net Position.

Deferred Inflows and Outflows of Resources

Deferred Inflows represent an acquisition of net assets that applies to future periods. Deferred Outflows represent a consumption of net assets that applies to future periods.

Net Position

The Net Investment in Capital Assets is the portion of net position that consists of capital assets, net of accumulated depreciation, plus deferred outflows of resources reduced by outstanding debt and construction contracts payable that are attributable to the acquisition, construction, or improvement of those assets. In the event that there are unspent proceeds from a bond issuance for the stated purpose of capital improvement, the debt outstanding is reduced by the amount that has not been used for capital projects as of period end. As of June 30, 2024 and 2023, Net Investment in Capital Assets included $245.9 million and $44.4 million, respectively, of cash and investments restricted for capital projects.

The Restricted net position is the portion of net position over which there are externally imposed constraints as to its use. Restricted net position relates to bond sinking fund requirements and consists of restricted cash and investments reduced by any accrued interest payable and deferred outflows of resources related to the bonds. As of June 30, 2024 and 2023, the Restricted net position included investments of $11.9 million and $8.8 million, respectively, for debt service. Restricted net position also consisted of Cash of $0.001 million as of June 30, 2023. Restricted net position was reduced by accrued interest payable of $4.2 million and $2.9 million in 2024 and 2023, respectively. As of June 30, 2024 and 2023, Restricted net position included $0.8 million and $0.04 million, respectively, held in escrow as required by contracts for on-going construction of the electric system. There were no amounts of Restricted net position for capital projects unrelated to prior bond issuances for either period.

Unrestricted net position is the share of net position that is neither restricted nor invested in capital assets.

Revenues and Accounts Receivables

Revenues and related receivables for residential, commercial, and industrial customers are recognized from meters read on a monthly cycle basis. Service that has been rendered from the latest date of each

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Notes to the Financial Statements for the years ended June 30, 2024 and 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

meter-reading cycle to month end is estimated and accrued as unbilled revenue receivable. Such revenues are derived solely from customers in the NES distribution network, primarily in Davidson County, TN. As of June 30, 2024 and 2023, such unbilled revenues were $65.4 million and $57.1 million, respectively. In addition to a base rate, NES collects and recognizes a variable fuel cost adjustment based upon changing fuel and purchased power costs, which is a pass-through from TVA. NES collects sales tax from a majority of its commercial customers, and such amounts are presented net in revenues. Revenues are presented net of bad debt expense of $3.1 million and $1.1 million for the years ended June 30, 2024 and 2023, respectively. Substantially all uncollectible accounts are from residential sales.

Purchased Power

NES purchases electric power from the TVA. TVA's rate structure is a wholesale Time of Use rate structure, which includes a variable fuel charge component. Retail customers are billed under a seasonal rate structure. Wholesale rates are billed based on energy use and demand charges.

Operating and Non-operating Revenues and Expenses

Operating revenues include the sale of power and rental of electric property less accruals for uncollectible accounts. Operating expenses include direct and indirect costs to operate and maintain the electric distribution system, including purchased power, fuel, depreciation, customer accounts, tax equivalents, and general and administrative costs. Non-operating revenues and expenses consist of interest income and expense and other non-operating income. Other non-operating income includes sales of surplus land and recoveries from government agencies not reported as extraordinary gain or loss.

Income and Other Taxes

NES is not subject to federal or state income taxes. While NES is not subject to property tax, NES pays tax equivalents in-lieu-of property taxes to the Metropolitan Government and surrounding counties. Such payments are calculated based on a prescribed formula in Tennessee State Law that takes into consideration the net utility plant value and the Board's average of revenue less power cost from electric operations for the preceding three fiscal years.

Fair Value of Financial Instruments

Fair value of financial instruments has been determined by NES using available market information. The carrying amounts of cash and short-term investments and investments of special funds are a reasonable estimate of their fair value. However, judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the fair values of such items are not necessarily indicative of the amounts that NES could realize in a current market exchange.

ELECTRIC POWER BOARD OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY
Notes to the Financial Statements for the years ended June 30, 2024 and 2023

2. UTILITY PLANT AND ACCUMULATED DEPRECIATION AND AMORTIZATION

Utility plant activity for the years ended June 30, 2024 and 2023 was as follows ($000 omitted):

	Balance June 30, 2023	Additions	Transfers & Retirements	Balance June 30, 2024
Distribution plant	$ 1,809,455	$ 122,779	$ (22,498)	$ 1,909,736
Structures and improvements	70,870	4,347	(190)	75,027
Structures and improvements - leases	3,315	-	-	3,315
Office equipment and software	104,891	4,659	(1,770)	107,780
Office equipment - leases	273	53	(71)	255
SBITAs	16,787	7,650	(8,992)	15,445
Transportation equipment	9,743	334	(143)	9,934
Other equipment	66,238	5,361	(219)	71,380
Land and land rights	3,889	-	-	3,889
Construction work-in-progress (a)	124,027	65,658	-	189,685
	$ 2,209,488	$ 210,841	$ (33,883)	$ 2,386,446

	Balance June 30, 2022	Additions	Transfers & Retirements	Balance June 30, 2023
Distribution plant	$ 1,739,036	$ 96,773	$ (26,354)	$ 1,809,455
Structures and improvements	69,925	2,043	(1,098)	70,870
Structures and improvements - leases	3,315	-	-	3,315
Office equipment and software	66,909	39,202	(1,220)	104,891
Office equipment - leases	193	128	(48)	273
SBITAs	11,736	5,638	(587)	16,787
Transportation equipment	9,899	75	(231)	9,743
Other equipment	63,512	3,693	(967)	66,238
Land and land rights	3,889	-	-	3,889
Construction work-in-progress (a)	126,524	(2,497)	-	124,027
	$ 2,094,938	$ 145,055	$ (30,505)	$ 2,209,488

(a) Represents the net activity to the construction work-in-progress account after transfers to plant accounts.

ELECTRIC POWER BOARD OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY
Notes to the Financial Statements for the years ended June 30, 2024 and 2023

2. UTILITY PLANT AND ACCUMULATED DEPRECIATION AND AMORTIZATION (continued)

The related activity for accumulated depreciation and amortization for the years ended June 30, 2024 and 2023 was as follows ($000 omitted):

	Balance June 30, 2023	Provision	Original Cost & Transfers	Cost of Removal	Salvage	Balance June 30, 2024
Distribution plant	$ 743,119	$ 66,625	$ (22,498)	$ (18,867)	$ 2,402	$ 770,781
Structures and improvements	21,972	1,801	(190)	-	-	23,583
Structures and improvements - leases	2,022	674	-	-	-	2,696
Office equipment and software	52,256	11,700	(1,770)	-	-	62,186
Office equipment - leases	104	54	(71)	-	-	87
SBITAs	8,361	5,887	(8,052)	-	-	6,196
Transportation equipment	5,316	569	(143)	-	46	5,788
Other equipment	38,385	3,852	(219)	-	12	42,030
	$ 871,535	$ 91,162	$ (32,943)	$ (18,867)	$ 2,460	$ 913,347

	Balance June 30, 2022	Provision	Original Cost & Transfers	Cost of Removal	Salvage	Balance June 30, 2023
Distribution plant	$ 721,311	$ 63,141	$ (26,304)	$ (19,446)	$ 4,417	$ 743,119
Structures and improvements	21,291	1,738	(1,098)	-	41	21,972
Structures and improvements - leases	1,348	674	-	-	-	2,022
Office equipment and software	42,261	11,486	(1,220)	(271)	-	52,256
Office equipment - leases	110	42	(48)	-	-	104
SBITAs	3,448	5,500	(587)	-	-	8,361
Transportation equipment	4,771	634	(231)	-	142	5,316
Other equipment	34,731	4,263	(967)	-	358	38,385
	$ 829,271	$ 87,478	$ (30,455)	$ (19,717)	$ 4,958	$ 871,535

ELECTRIC POWER BOARD OF THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY
Notes to the Financial Statements for the years ended June 30, 2024 and 2023

2. UTILITY PLANT AND ACCUMULATED DEPRECIATION AND AMORTIZATION (continued)

Depreciation and amortization are reported as depreciation and amortization expense in the statements of revenues, expenses, and changes in net position. Depreciation capitalized as a cost of utility plant for equipment used in the construction of assets was $1.4 million during both fiscal years ended 2024 and 2023.

Lessee – NES leases building space from a third party in a contract that terminates in 2025. NES also leases various office equipment from third parties, and the remaining term on those contracts, as of June 30, 2024, ranges from two years to five years. There were no residual value guarantees, no termination penalties, no material variable payments not included in the lease term, no commitments prior to the commencement of the lease contracts, and no lease impairments for the years ended June 30, 2024 and 2023. Lease asset balances are included in Electric Plant, and the related accumulated amortization is included in Accumulated Depreciation and Amortization for Electric Plant.

The following table summarizes the remaining lease principal and interest payments as of June 30, 2024 ($000 omitted):

	Principal	Interest	Total
2025	$ 713	$ 5	$ 718
2026	41	3	44
2027	37	2	39
2028	31	1	32
2029	12	-	12
Total	$ 834	$ 11	$ 845

Lessor – **Finance leases** NES leases land, dark fiber, pole space, and other assets to third parties. As of June 30, 2024, remaining lease terms range from one to 22 years, and several leases have an option to extend the lease term after the completion of the contracted term. For some land and other asset leases, the lessee obtains exclusive use of the asset. For the majority of the leases, the lessees do not receive preferential or exclusive rights to use the assets. The lease receivable balance as of June 30, 2024 was $4.6 million, of which $1.4 million is current and $3.2 million is long-term on the Statements of Net Position. The lease receivable balance as of June 30, 2023 was $5.5 million, of which $1.3 million was current and $4.2 million is long-term on the Statements of Net Position. NES recognized financing lease revenue of $1.5 million for each of the years ended June 30, 2024 and 2023. Interest income was not material in either period. Revenue is reported as Other Operating Revenue on the Statements of Revenues, Expenses, and Changes in Net Position. Variable lease revenue received totaled $0.1 million in

2. UTILITY PLANT AND ACCUMULATED DEPRECIATION AND AMORTIZATION (continued)

fiscal year 2024. There were no material lease payments paid nor impairment losses in fiscal year 2024. There were no material variable lease payments paid or received nor impairment losses in fiscal year 2023.

Lessor – **Regulated leases** NES leases pole space to third party telecommunication companies through agreements which are classified as regulated leases. The lease rates for these agreements are prescribed by TVA based on TVA's cost recovery model. No regulated lease assets are subject to exclusive use by any counterparty. Lease revenue recognized totaled $5.0 million and $4.7 million during fiscal years ended 2024 and 2023, respectively. Variable revenue associated with regulated leases totaled $0.3 million for fiscal year 2024 and was immaterial for fiscal year 2023.

The following table summarizes the expected future minimum payments for regulated leases as of June 30, 2024 ($000 omitted):

Year	Expected Future Minimum Payment
2025	$ 4,396
2026	651
2027	487
2028	170
2029	112
2030-2033	36
Total	$ 5,852

SBITAs – NES has SBITAs for various technology systems. The most significant contract is to maintain and process our electronic data in a contract that ends in fiscal year 2026. NES has contracted with several other software subscription providers, and the remaining terms on those contracts, as of June 30, 2024, range from one to four years. There were no termination penalties, no material variable payments not included in the lease term, no commitments prior to the commencement of the SBITA contracts, and no impairments to the subscription liabilities for the years ended June 30, 2024 and 2023. SBITA balances are included in Electric Plant, and the related accumulated depreciation is included in Accumulated Depreciation for Electric Plant.

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Notes to the Financial Statements for the years ended June 30, 2024 and 2023

2. UTILITY PLANT AND ACCUMULATED DEPRECIATION AND AMORTIZATION (continued)

The following table summarizes the remaining SBITA principal and interest payments as of June 30, 2024 ($000 omitted):

	Principal	Interest	Total
2025	$ 3,219	$ 118	$ 3,337
2026	2,092	43	2,135
2027	217	5	222
Total	$ 5,528	$ 166	$ 5,694

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OF NASHVILLE AND DAVIDSON COUNTY
Notes to the Financial Statements for the years ended June 30, 2024 and 2023

3. CASH AND INVESTMENTS

Cash and investments consist of the following ($000 omitted):

2024

	General Fund	Bond Funds	Special Construction Funds	Other Restricted Funds	Total	Weighted Average Maturity (Years)
Cash and cash equivalents	$ 460,008	$ -	$ 245,853	$ 766	$ 706,627	n/a
U.S. Treasury Investments	-	11,862	-	-	11,862	0.38
Securities from Agencies Chartered by Congress	-	-	-	-	-	-
Certificates of Deposit	250	-	-	-	250	1.47
	$ 460,258	$ 11,862	$ 245,853	$ 766	$ 718,739	

The portfolio weighted average maturity is 0.40 years.

2023

	General Fund	Bond Funds	Special Construction Funds	Other Restricted Funds	Total	Weighted Average Maturity (Years)
Cash and cash equivalents	$ 484,618	$ 1	$ 143	$ 37	$ 484,799	n/a
U.S. Treasury Investments	-	-	-	-	-	-
Securities from Agencies Chartered by Congress	-	8,833	44,227	-	53,060	0.41
Certificates of Deposit	-	-	-	-	-	-
	$484,618	$ 8,834	$ 44,370	$ 37	$ 537,859	

The portfolio weighted average maturity is 0.41 years.

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OF NASHVILLE AND DAVIDSON COUNTY
Notes to the Financial Statements for the years ended June 30, 2024 and 2023

3. CASH AND INVESTMENTS (continued)

NES categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. NES records all investments at fair value. The fair value of all investments classified as Level 1 are priced using quoted market prices in active markets for identical assets as of the balance sheet date. The fair values of all investments classified as Level 2 are priced using a matrix pricing model. Inputs into these valuation techniques include benchmark yields, reported trades, broker/dealer quotes, and other similar data. NES has no Level 3 investments.

Investments, at fair value, as of June 30, 2024, are categorized as follows:

	Level 1	Level 2	Fair Value Measurement Total
Securities from Agencies Chartered by Congress	$ -	$ -	$ -
U.S. Treasury Securities	11,862	-	11,862
Total	$ 11,862	$ -	$ 11,862

Investments, at fair value, as of June 30, 2023, are categorized as follows:

	Level 1	Level 2	Fair Value Measurement Total
Securities from Agencies Chartered by Congress	$ -	$ 53,060	$ 53,060
U.S. Treasury Securities	-	-	-
Total	$ -	$ 53,060	$ 53,060

Custodial Credit Risk

As of June 30, 2024 and 2023, NES's cash and cash equivalents were $706.6 million and $484.8 million, respectively. Bank statement balances for such accounts totaled $708.2 million and $487.6 million, respectively. Bank statement balances do not reflect deposits in transit nor outstanding checks. Deposits in financial institutions are required by a State of Tennessee ("State") statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and have a total minimum market value of 105.0 percent of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State's collateral pool but rather are set by the State as described below.

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Notes to the Financial Statements for the years ended June 30, 2024 and 2023

3. CASH AND INVESTMENTS (continued)

As of June 30, 2024 and 2023, all of NES's deposits were either held by financial institutions which participate in the bank collateral pool administered by the State Treasurer or covered by the FDIC, the NCUA, or are specifically collateralized in the agreement. Participating banks determine the aggregated balance of their public-fund accounts for the Metropolitan Government. The amount of collateral required to secure these public deposits is a certain percentage set by the State, depending on the financial institution, and must be at least that percentage of the average daily balance of public deposits held. Collected securities required to be pledged by the participating banks to protect their public-fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public-fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure. The Tennessee Bank Collateral Pool does not receive ratings from rating agencies.

Credit Risk

NES is authorized to invest in obligations of the U.S. Treasury and U.S. governmental agencies, securities from agencies chartered by Congress, certificates of deposit, commercial paper rated A1 or equivalent and bonds of the State of Tennessee. Each of these investments is registered or held by NES or its agent in NES's name.

Concentration of Credit Risk

NES has a policy prohibiting investment of greater than $5.0 million or 20.0 percent of the total investment portfolio in any one issue, except for the U.S. Government or any of its agencies. As of June 30, 2024, 97.9 percent of NES investments were invested in U.S. Treasuries, and the remaining 2.1 percent were invested in certificates of deposit. As of June 30, 2023, 100.0 percent of NES investments were invested in securities from Agencies Chartered by Congress.

Interest Rate Risk

NES restricts its investments other than investments in retirement plan trusts to those with maturities less than two years from the date of settlement as a means of managing exposure to fair value losses arising from changes in interest rates.

ELECTRIC POWER BOARD OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY
Notes to the Financial Statements for the years ended June 30, 2024 and 2023

4. LONG-TERM DEBT

Long-term debt for the year ended June 30, 2024, is as follows ($000 omitted):

	Balance June 30, 2023	Deductions/ Repayments	Additions/ Amortization/ Accretion	Balance June 30, 2024
Electric System Revenue Bonds, 2013 Series A, bore interest at rates from 3.25% to 5.00%, maturing through May 15, 2029, interest paid semiannually.	$ 58,230	$ (56,055)	$ (2,175)	$ -
Electric System Revenue Bonds, 2014 Series A, bore interest at a rate of 5.00%, maturing through May 15, 2039, interest paid semiannually.	90,475	(83,845)	(6,630)	-
Electric System Revenue Bonds, 2015 Series A, bear interest at a rate of 5.00%, maturing through May 15, 2033, interest paid semiannually.	57,479	(4,190)	(891)	52,398
Electric System Revenue Bonds, 2017 Series A, bear interest at a rate of 5.00%, maturing through May 15, 2042, interest paid semiannually.	103,276	(2,990)	(1,196)	99,090
Electric System Revenue Bonds, 2017 Series B, bear interest at a rate of 5.00%, maturing through May 15, 2031, interest paid semiannually.	56,784	(14,715)	(1,407)	40,662
Electric System Revenue Bonds, 2021 Series A, bear interest at rates from 4.00% to 5.00%, maturing through May 15, 2046, interest paid semiannually.	179,722	(3,440)	(3,175)	173,107
Electric System Revenue Bonds, 2024 Series A, bear interest at rates from 5.00% to 5.25%, maturing through May 15, 2049, interest paid semiannually.	-	-	275,682	275,682
Electric System Revenue Bonds, 2024 Series B, bear interest at a rate of 5.00%, maturing through May 15, 2039, interest paid semiannually	-	-	136,022	136,022
	545,966	$ (165,235)	$ 396,230	776,961
Less current portion of long-term debt	(28,880)			(36,845)
	$ 517,086			$ 740,116

ELECTRIC POWER BOARD OF THE METROPOLITAN GOVERNMENT
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Notes to the Financial Statements for the years ended June 30, 2024 and 2023

4. LONG-TERM DEBT (continued)

Long-term debt for the year ended June 30, 2023, is as follows ($000 omitted):

	Balance June 30, 2022	Deductions/ Repayments	Additions/ Amortization/ Accretion	Balance June 30, 2023
Electric System Revenue Bonds, 2013 Series A, bear interest at rates from 3.25% to 5.00%, maturing through May 15, 2029, interest paid semiannually.	$ 58,636	$ -	$ (406)	$ 58,230
Electric System Revenue Bonds, 2014 Series A, bear interest at a rate of 5.00%, maturing through May 15, 2039, interest paid semiannually.	94,705	(3,375)	(855)	90,475
Electric System Revenue Bonds, 2015 Series A, bear interest at a rate of 5.00%, maturing through May 15, 2033, interest paid semiannually.	74,060	(15,290)	(1,291)	57,479
Electric System Revenue Bonds, 2017 Series A, bear interest at a rate of 5.00%, maturing through May 15, 2042, interest paid semiannually.	107,388	(2,850)	(1,262)	103,276
Electric System Revenue Bonds, 2017 Series B, bear interest at a rate of 5.00%, maturing through May 15, 2031, interest paid semiannually.	70,792	(12,195)	(1,813)	56,784
Electric System Revenue Bonds, 2021 Series A, bear interest at rates from 4.00% to 5.00%, maturing through May 15, 2046, interest paid semiannually.	186,294	(3,280)	(3,292)	179,722
	591,875	$ (36,990)	$ (8,919)	545,966
Less current portion of long-term debt	(36,990)			(28,880)
	$ 554,885			$ 517,086

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4. LONG-TERM DEBT (continued)

NES issues Revenue Bonds to provide funds for capital improvements and for refunding of other bonds. All bond issues are secured by a pledge and lien on the net revenues of NES on parity with the pledge established by all bonds issued. Annual maturities on all long-term debt and related interest are as follows for each of the next five fiscal years and in five-year increments thereafter ($000 omitted):

Year	Principal	Interest
2025	$ 36,845	$ 33,925
2026	37,765	32,083
2027	36,980	30,194
2028	38,820	28,345
2029	40,765	26,404
2030-2034	137,640	107,503
2035-2039	136,130	74,471
2040-2044	119,845	41,761
2045-2049	94,410	13,709
	679,200	$ 388,395
Unamortized premium	97,761	
Total long-term debt	$ 776,961	

On February 16, 2024, the Board issued $244.3 million in Electric System Revenue Bonds, 2024 Series A, with interest rates of 5.0 percent to 5.3 percent to fund future construction and $122.4 million in Electric System Revenue Bonds, 2024 Series B, with interest rates of 5.0 percent to advance refund $56.1 million of outstanding 2013 Series A Electric System Revenue Bonds and $80.3 million of outstanding 2014 Series A Electric System Revenue Bonds, with interest rates of 3.3 percent to 5.0 percent and 5.0 percent, respectively.

The Board completed the advanced refunding to reduce the net present value of the total debt service payments by $15.0 million over the next 15 years. The advanced refunding resulted in the recognition of an accounting gain of $8.3 million for the year ended June 30, 2024, resulting from a difference between the reacquisition price and the net carrying amount of the old debt, and is reported as a component of deferred inflows on the Statements of Net Position at June 30, 2024. The refunded portion represents 100.0 percent of the outstanding 2013 Series A Electric System Revenue Bonds, and 95.8 percent of the outstanding 2014 Series A Electric System Revenue Bonds.

Proceeds of $137.8 million, net of $0.7 million in underwriting fees and other issuance costs, plus an additional $1.7 million of monies transferred from the Debt Service Fund, were placed in escrow. These funds were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the 2013 Series A and 2014 Series A Electric System Revenue Bonds. Funds deposited with the escrow agent were used to purchase U.S. Treasury Obligations. As a result, $56.1

4. LONG-TERM DEBT (continued)

million of the outstanding 2013 Series A Electric System Revenue Bonds and $80.3 million of the outstanding 2014 Series A Electric System Revenue Bonds were considered defeased and the liability for these bonds was removed from the Statements of Net Position at the time of issuance. As of June 30, 2024, payments on all outstanding and defeased bonds placed in escrow were made by the escrow agent on the 2013 Series A and 2014 Series A Electric System Revenue Bonds.

The 2024 Series A and 2024 Series B Electric System Revenue Bonds have an aggregate principal amount of $366.7 million, were issued at a premium totaling $46.7 million, and mature annually on May 15, 2025 through 2049.

NES had a $25.0 million unsecured line-of-credit for fiscal years 2024 and 2023 to be used for purchased power in case of a natural disaster. The note is secured by a pledge of revenue and is subordinate to net revenues pledged for the Board's revenue bonds. There were no borrowings under this line-of-credit in fiscal years 2024 or 2023. The line-of-credit is renewable annually. The Board established a new line of credit effective January 1, 2024, with an expiration date of December 31, 2024. Borrowings under the renewed line-of-credit bear interest at the rate of the 30-day Secured Overnight Financing Rate ("SOFR") plus 36 basis points.

All bonds are subject to covenants restricting the Board from, among other things: (1) issuing additional bonds if certain financial ratios are not met, or (2) selling, leasing, or otherwise disposing of components of the Electric System except in certain circumstances, and (3) reporting selected financial data annually. Additionally, the Board is required, among other things, to: (1) charge and collect rates, fees, and charges to meet the cash flow requirements of the organization and (2) maintain the Electric System, including completing necessary improvements.

Events of default under the Bonds include but are not limited to: (1) failure to make principal payments when due and payable, (2) failure to make an installment of interest or sinking fund payment, (3) failure to make payment of an Option bond when duly tendered, and (4) failure to report selected financial data annually. In the event of default, and if the Board is unable to provide remedy, outstanding amounts may become due and payable immediately by declaration of the fiscal agent or the holders of not less than twenty-five percent in principal amount of the bonds outstanding. NES is not in violation of any covenants at June 30, 2024.

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5. OTHER NON-CURRENT LIABILITIES

NES's other non-current liabilities consist primarily of TVA energy conservation program loans, customer, or TVA contributions in aid of construction, employee sick leave obligations, and asset retirement obligations. The following table shows the activity for the year ($000 omitted):

	Balance June 30, 2023	Repayments/Earned Contributions	Additions/ Interest	Balance June 30, 2024
TVA Energy Conservation Loans	$ 87	$ (69)	$ 7	$ 25
Contributions in Aid of Construction	6,481	(16,239)	22,817	13,059
Customer Solar Subscriptions	-	(64)	64	-
Long-term Lease and Other Liabilities, net	779	(703)	45	121
SBITAs, net	2,316	(2,507)	2,500	2,309
Employee Sick Leave Obligation, net	3,748	-	897	4,645
Asset Retirement Obligations	289	-	-	289
	$ 13,700	$ (19,582)	$ 26,330	$ 20,448

	Balance June 30, 2022	Repayments/Earned Contributions	Additions/ Interest	Balance June 30, 2023
TVA Energy Conservation Loans	$ 193	$ (114)	$ 8	$ 87
Contributions in Aid of Construction	6,584	(11,153)	11,050	6,481
Customer Solar Subscriptions	-	(82)	82	-
Long-term Lease and Other Liabilities, net	1,411	(736)	104	779
SBITAs, net	3,540	(3,484)	2,260	2,316
Employee Sick Leave Obligation, net	2,960	-	788	3,748
Asset Retirement Obligations	244	-	45	289
	$ 14,932	$ (15,569)	$ 14,337	$ 13,700

NES is a fiscal intermediary for the TVA energy conservation programs whereby loans are made to NES's customers to be used in connection with TVA's Residential Energy Services Program. Pursuant to the terms of an agreement with TVA, the energy conservation loans made to NES's customers are funded and guaranteed by TVA. NES acts as a loan servicer and collects the principal and interest for these loans, which are then remitted to TVA's lender. Included in Other Non-Current Assets are receivables from NES customers equal to the aforementioned liabilities. Employee sick leave obligations will be paid upon qualifying retirement events of employees participating in the Defined Contribution Plan.

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6. RETIREMENT AND BENEFIT PLANS

NES provides several different retirement benefits, including a defined benefit plan, a defined contribution plan, and a post-employment health benefits plan (collectively, "Retirement and Benefit Plans"). Each benefit is established under a separate plan, has its own trust, and is a fiduciary component unit. The following information is a summary of relevant plan terms and information. Full information can be found in the respective plan documents.

Pension Plan

The Nashville Electric Service Retirement Annuity and Survivors' Plan (the "DB Plan") is a single-employer defined benefit pension plan administered by NES. All full-time regular employees hired before June 30, 2012, and under age 65 were eligible to participate in the DB Plan. Employees hired after June 30, 2012, are eligible to participate in the Nashville Electric Service Defined Contribution Plan.

The DB Plan provides retirement and survivors' benefits to members and beneficiaries. Cost-of-living adjustments are provided to members and beneficiaries annually. The Charter of the Metropolitan Government assigns the authority to establish and amend benefit provisions to NES. The DB Plan is not required to issue a separate financial report.

The vesting provision of the DB Plan provides for five-year cliff vesting. All plan participants were vested as of June 30, 2017. NES employees who retire at or after age 65 are entitled to annual retirement benefits payable monthly for life in an amount equal to 2 percent of final average compensation multiplied by years in the DB Plan not to exceed 35 years.

Final average compensation is the average compensation in the 36 consecutive months in which compensation is highest. Unused sick leave may be used to increase credited service and benefit percentage under certain circumstances. Early retirement is an option beginning at age 52.5 with 15 years of credited service or at age 50 with 30 years of credited service with reduced monthly benefits.

If the participant has attained age 52.5, and his/her age plus service is 80 or greater, then there is no reduction for early receipt of the benefit. However, a participant cannot use accumulated sick leave to increase effective age to meet the requirements for this unreduced benefit. For a participant with 25 or more years of service, the minimum pension benefit is $1,800 per month.

The calculations included assessment of a plan amendment in June of 2024 that gave a one-time credit of service to participants that previously performed part-time service of three or more months, received medical benefits, and were hired as an employee after completing the part-time service. The amendment did not materially impact the liability.

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6. RETIREMENT AND BENEFIT PLANS (continued)

At April 1, 2024, the following participants were covered by the benefit terms of the DB Plan:

Inactive plan members or beneficiaries currently receiving benefits	945
Inactive plan members entitled to but not yet receiving benefits	140
Active plan members	462
	1,547

The contribution requirements of NES are established and may be amended by NES. The DB Plan is currently non-contributory. NES's policy, which is consistent with State of Tennessee regulations, is to fund new liability layers over a funding period of not more than 25 years. NES expects to meet all future funding requirements.

The current rate is 58.0 percent of annual covered payroll. NES contributed 100 percent of the required contribution for both of the DB Plan years 2024 and 2023, respectively.

The NES net pension liability was measured using the Entry Age actuarial cost method. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of March 31, which was rolled forward to the measurement date of June 30.

The total pension liability was determined using certain actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions included (a) 7.25 percent investment rate of return and (b) projected salary increases based on the varying age of participant. Both (a) and (b) included an inflation component. The investment long-term rate of return was determined using the Plan's specific asset mix, their returns over the past ten years, historical long-term returns, and capital market expectations for future returns of the broader markets in which the investments are held. All projected contributions and benefit payments used this rate of return and discount rate. The assumptions include cost-of-living post-retirement benefit increases equal to 2.0 percent per year. Mortality rates used are based on 102.0 percent of the Pub. G-2010 Mortality Table with adjustments for future mortality improvements utilizing scale MP-2021 projected generationally from the base year 2010.

In 2020, the Plan Sponsor conducted an experience study for fiscal year 2020. Economic and demographic assumptions are key drivers in measuring plan liabilities and allocating funding costs. Actuarial standards and GASB rules require that each assumption be reasonable, taking into account estimates of future experience. The Plan Sponsor has adopted a policy to conduct an experience study every 5 years, starting with this study.

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6. RETIREMENT AND BENEFIT PLANS (continued)

There were no assumption changes made for fiscal year 2024 or 2023.

The DB Plan Sponsor's investment policy mandates that investments in pooled fund holdings, including mutual funds, should substantially follow guidelines established by the policy for equity investments and fixed income investments. These guidelines also address concentrations of credit risk. The policy manages investment principal preservation and return risks through an overall long-term investment strategy that employs a diversified portfolio of actively traded stock and bond mutual fund investments. This results in sufficient liquidity through the ability to buy and sell in active markets. The investments are governed by total return objectives of the portfolio. The investments are typically rebalanced annually to achieve long-term asset allocation targets. There were no changes to investment policies in 2024 or 2023.

The long-term expected rate of returns on DB Plan investments were calculated using the Gross Fund Performance method of calculation, which considers the timing of cash flows during the year and assumes a constant rate of return over the period. Annual performance is based on daily return streams, geometrically linked as of the specified time period. The asset classes used for these calculations approximate the actual asset class allocation of the plan's investments as follows:

Asset Class	Asset Allocation	Long-Term Expected Rate of Return
Equity	64.9%	8.75%
Fixed Income	35.1%	4.56%

The discount rate used to measure the total pension liability was 7.25 percent. The discount rate is equal to the expected return on plan assets. In determining whether the discount rate should equal the expected return on plan assets, a projection of the plan asset is performed that assumes employer contributions would be made at a rate consistent with the actuarially determined rate and benefit payments would be paid when due, both computed in accordance with assumptions and methods used to value the Total Pension Liability. Based on this projection, plan assets will be sufficient to pay all benefits when due. The undiscounted future payment assumptions for the DB Plan are as follows:

Projected Schedule of Benefit Payments ($000 omitted)

Year	Number Retiring	Total Payouts
2024-2028	181	$ 278,421
2029-2033	130	332,028
2034-2038	90	375,592
2039-2043	45	394,484
2044-2048	12	379,583
Total projected benefit payments		$ 1,760,108

ELECTRIC POWER BOARD OF THE METROPOLITAN GOVERNMENT
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Notes to the Financial Statements for the years ended June 30, 2024 and 2023

6. RETIREMENT AND BENEFIT PLANS (continued)

The table below presents the changes in the Total Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability.

Changes in Net Pension Liability ($000 omitted)	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)–(b)
Balance at June 30, 2023	$ 828,665	$ 588,212	$ 240,453
Changes for the year:			
Service Costs	11,232	-	11,232
Interest	58,774	-	58,774
Benefit changes	155	-	155
Experience losses/(gains)	(9,958)	-	(9,958)
Changes in assumptions	-	-	-
Contributions – employer	-	33,862	(33,862)
Net investment income	-	76,282	(76,282)
Benefit payments / refunds	(53,942)	(53,942)	-
Administrative expenses	-	(965)	965
Net Change	6,261	55,237	(48,976)
Balance at June 30, 2024	$ 834,926	$ 643,449	$ 191,477

The above changes in Net Pension Liability include dividend receivables of $0.8 million and investment fees payable of $0.2 million.

The following presents the Net Pension Liability of NES, calculated using the discount rate of 7.25 percent, as well as what NES's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability ($000 omitted)	$286,178	$191,477	$111,852

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Notes to the Financial Statements for the years ended June 30, 2024 and 2023

6. RETIREMENT AND BENEFIT PLANS (continued)

For the year ended June 30, 2024, NES recognized pension expense of $36.8 million. At June 30, 2024, NES reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources ($000 omitted):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 9,332	$ 5,975
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	7,862
Total	$ 9,332	$ 13,837

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in net pension expense as follows ($000 omitted):

Years Ending June 30:	
2025	$ 23
2026	13,969
2027	(11,531)
2028	(6,967)
2029	-
Thereafter	-

Defined Contribution Pension Plan

NES established a single-employer Defined Contribution Retirement Plan (the "DC Plan") in 2012 with a Plan Year of January 1 to December 31. The DC Plan is intended to be a defined contribution money purchase pension plan. Its purpose is to provide retirement benefits to eligible employees and their beneficiaries. In addition, the DC Plan pays up to 65.0 percent of unused sick time upon severance for participants with 15 years of service subject to age requirements. The NES Board has sole responsibility for administration of the DC Plan and the authority to amend benefit provisions. The DC Plan is not required to issue a separate financial report.

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6. RETIREMENT AND BENEFIT PLANS (continued)

All full-time regular employees hired on or after July 1, 2012, and under age 65 are eligible to participate in the DC Plan. Employees are fully vested after five continuous 12-month periods of participation in the DC Plan. At December 31, 2023, the DC Plan had 422 participants, of which 237 were vested.

For the plan years ended December 31, 2023 and 2022, the contribution percentage was 16.52 percent and 15.63 percent, respectively. NES contributed $6.7 million and $5.1 million to the DC Plan in the fiscal year ended June 30, 2024 and June 30, 2023, respectively. DC Plan expense was $7.4 million, of which $0.06 million was from forfeitures, and $5.8 million, of which $0.10 million was from forfeitures, for the fiscal year ended June 30, 2024 and June 30, 2023, respectively. NES's liability for the DC Plan as of June 30, 2024 and 2023, was $3.7 million and $3.0 million, respectively.

Retirement benefits for employees who retire at or after age 65 are paid in a lump sum payment. Participants forfeit contributions made on their behalf if they separate from service before vesting. Forfeitures reduce future employer contributions. There were $0.06 million forfeitures for the calendar year ending December 31, 2023. There were $0.11 million forfeitures for the calendar year ending December 31, 2022.

The DC Plan investment policy mandates that investments in pooled fund holdings, including mutual funds, should substantially follow guidelines established by the policy for equity investments and fixed income investments. These guidelines also address concentrations of credit risk. The policy manages investment principal preservation and return risks through an overall long-term investment strategy that employs a diversified portfolio of actively traded stock and bond mutual fund investments. This results in sufficient liquidity through the ability to buy and sell in active markets. The investments are governed by total return objectives of the portfolio. The investments are typically rebalanced annually to achieve long-term asset allocation targets.

Other Post-Employment Benefits

NES provides post-retirement medical, dental, vision, and life insurance benefits to all employees who retire from NES under the provisions of a qualified retirement plan and have completed the minimum of five years of service and met an age plus years of service requirement at the time of retirement. Persons who do not meet these requirements are not deferred eligible. Such benefits are also provided to their spouses and eligible beneficiaries. The Charter of the Metropolitan Government assigns the authority to establish and amend benefit provisions to NES.

The NES Other Post-Employment Benefit Plan (the “OPEB Plan”) is a single-employer defined benefit plan funded through an irrevocable trust (the “OPEB Trust”) that was established during the year ended June 30, 2008. The name of the OPEB Trust is the “Electric Power Board of the Metropolitan Government of Nashville and Davidson County Post-Employment Medical and Life Insurance Plan” known as the Nashville

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6. RETIREMENT AND BENEFIT PLANS (continued)

Electric Service Post-Employment Medical and Life Insurance Plan Trust. The OPEB Trust issues a separate financial report that is provided to the Comptroller of the State of Tennessee. The five-member Electric Power Board of NES serves as the governing board of the OPEB Trust and is charged with general administration and the responsibility for proper operation of the OPEB Trust. Members of the Electric Power Board are appointed by the Mayor of Nashville and serve five-year staggered terms without compensation.

Employees become fully eligible for post-employment medical, dental, vision, and life insurance benefits once they reach normal or early retirement age, have five years of vested service, and meet a minimum combined years of service plus age of 70. Persons who do not meet the requirements at the time of retirement are not deferred eligible. OPEB Plan benefits include reimbursements for medical, dental and vision expenses, prescription drug costs, and term life insurance premiums. Benefit provisions are established and may be amended by NES.

Life insurance benefits for active employees and retirees are provided through allocated insurance contracts with an insurance company. Policy payments were approximately $0.3 million and $0.3 million in fiscal 2024 and 2023, respectively. The obligation for the payment of benefits covered by allocated insurance contracts has been transferred to one or more insurance companies.

Participants in the OPEB Plan consisted of the following at April 1, 2024:

Active and Disabled plan members (not receiving benefits)	933
Inactive plan members and beneficiaries receiving benefits	948
	1,881

The contribution requirements of NES are established and may be amended by NES. The OPEB Plan is currently non-contributory. Current contribution amounts are made quarterly based on the annual actuarially determined amount. The actuarially determined amount is equal to the normal cost plus the amounts required to amortize the unfunded accrued liability over closed periods not to exceed 30 years, based on a level percentage of pay. NES expects to continue to fund all projected cash flows.

The current rate is 22.0 percent of covered payroll. NES contributed 100 percent of the required contribution for the OPEB Plan year 2024.

The NES net OPEB liability was measured using the Entry Age normal level percent actuarial cost method. The total OPEB liability was determined by an actuarial valuation as of March 31 of each year. The results are rolled forward to the measurement date of June 30.

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6. RETIREMENT AND BENEFIT PLANS (continued)

Participants have cost sharing through deductibles, copays, and a monthly cost sharing premium. Effective January 1, 2023, network coinsurance and out-of-network coinsurance for accident and outpatient provisions were 15 percent and 35 percent, respectively.

The total OPEB liability was determined using certain actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions included (a) 7.5 percent investment rate of return, (b) projected salary increases based on the varying age of participant and (c) a blended 5.5 to 3.95 percent medical and 4.0 percent dental healthcare trend cost. An inflation component is included for (a), (b), and (c). The investment long-term rate of return was determined using the Plan's specific asset mix, their returns over the past ten years, historical long-term returns, and capital market expectations for future returns, of the broader markets in which the investments are held. All projected contributions and benefit payments used this rate of return and discount rate. The mortality rates used are based on 102 percent of the Pub. G.H 2010 Mortality Table, headcount weighted with adjustments for future mortality improvement utilizing scale MP 2021 projected generationally from the base year 2010.

Economic and Demographic Assumptions are key drivers in measuring plan liabilities and allocating funding costs. Actuarial standards and GASB rules require that each assumption be reasonable, taking into account estimates of future experience. The Plan Sponsor has adopted a policy to conduct an experience study at least every 5 years. There were no changes to assumptions in fiscal year 2024 or 2023.

The OPEB Plan Sponsor's investment policy mandates that investments in pooled fund holdings, including mutual funds, should substantially follow guidelines established by the policy for equity investments and fixed income investments. These guidelines also address concentrations of credit risk. The policy manages investment principal preservation and return risks through an overall long-term investment strategy that employs a diversified portfolio of actively traded stock and bond mutual fund investments. This results in sufficient liquidity through the ability to buy and sell in active markets. The investments are governed by total return objectives of the portfolio. The investments are typically rebalanced annually to achieve long-term asset allocation targets. There were no changes to investment policies in 2024 or 2023.

The long term expected rate of return on Trust assets was calculated using the Gross Fund Performance method of calculation, which considers the timing of cash flows during the year and assumes a constant rate of return over the period. Annual performance is based on daily return streams, geometrically linked as of the specified time period.

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6. RETIREMENT AND BENEFIT PLANS (continued)

The asset classes used for the calculations approximate the actual asset class allocation of the OPEB Trust's investments as follows:

Asset Class	Asset Allocation	Long-Term Expected Rate of Return
Equity	64.9%	9.16%
Fixed Income	35.1%	4.36%

The discount rate used to measure the total OPEB liability was 7.5 percent. The discount rate is equal to the expected return on plan assets. In determining whether the discount rate should equal the expected return on plan assets, a projection of the plan asset is performed that assumes employer contributions would be made at a rate consistent with the actuarially determined rate and benefit payments would be paid when due, both computed in accordance with assumptions and methods used to value the Total OPEB Liability. Based on this projection, plan assets will be sufficient to pay all benefits when due. The periods of projected benefit payments used in determining the discount rate were:

Projected Schedule of Benefit Payments ($000 omitted)

Years	Number Retiring	Total Payout
2024-2028	228	$ 105,950
2029-2033	192	132,023
2034-2038	167	159,930
2039-2043	146	190,318
2044-2048	104	222,633
Total projected benefit payments		$ 810,854

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6. RETIREMENT AND BENEFIT PLANS (continued)

The table below shows the changes in the Total OPEB Liability, OPEB Plan Net Position, and Net OPEB Liability.

Changes in Net OPEB Liability ($000 omitted)	Increase (Decrease)		
	Total OPEB Liability (a)	OPEB Plan Net Position (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2023	$346,344	$206,686	$139,658
Changes for the year:			
Service Cost	7,926	-	7,926
Interest	26,008	-	26,008
Experience losses/(gain)	(12,437)	-	(12,437)
Changes in assumption	-	-	-
Contributions	-	23,175	(23,175)
Net investment income	-	28,250	(28,250)
Benefit payment/ refunds	(15,003)	(15,003)	-
Administrative expense	-	(576)	576
Net changes	6,494	35,846	(29,352)
Balance at June 30, 2024	$352,838	$242,532	$110,306

The above changes in Net OPEB Liability include dividend receivables of $0.3 million and investment fees payable of $0.1 million. At June 30, 2024, the OPEB Trust owed NES approximately $3.7 million for net claims and claims processing expenses paid by NES on behalf of the OPEB Trust. There were no contributions receivable. Investment and claims processing expenses were $0.9 million.

The following presents the net OPEB liability of NES, calculated using the discount rate of 7.5 percent, as well as what NES's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate ($000 omitted):

	1% Decrease (6.5%)	Current Rate (7.5%)	1% Increase (8.5%)
Net OPEB Liability	$150,896	$110,306	$76,332

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6. RETIREMENT AND BENEFIT PLANS (continued)

The following represents the net OPEB liability calculated using the stated health care costs trend rate assumption, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the assumed trend rate ($000 omitted):

	1% Decrease (4.5%)	Current Rate (5.5%)	1% Increase (6.5%)
Net OPEB Liability	$76,543	$110,306	$151,201

For the year ended June 30, 2024, NES recognized OPEB expense of $4.6 million. At June 30, 2024, NES reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources ($000 omitted):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,374	$ 35,778
Changes in assumptions	1,124	1,839
Net difference between projected and actual earnings on OPEB plan investments	17,622	21,378
Total	$ 20,120	$ 58,995

Amounts reported as deferred outflows (inflows) of resources related to OPEB will be recognized in OPEB expense, net, as follows ($000 omitted):

Years Ending June 30:	
2025	(12,848)
2026	(5,328)
2027	(10,188)
2028	(8,438)
2029	(2,073)
Thereafter	-

Retirement and Benefit Plan Investments

All of the investments for the Retirement and Benefit Plans above are classified in Level 1 of the fair value hierarchy established by generally accepted accounting principles because they are valued using prices quoted in active markets for those investments. The assets are all similarly managed with respect to the portfolio investment mix and specific investments. None are subject to substantive redemption restrictions.

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OF NASHVILLE AND DAVIDSON COUNTY
Notes to the Financial Statements for the years ended June 30, 2024 and 2023

6. RETIREMENT AND BENEFIT PLANS (continued)

Equity Investments through/in mutual funds
($000 omitted):

	June 30, 2024		
Investments at fair value Level 1	Pension	Defined Contribution	OPEB
Registered Investment Companies – Mutual Funds			
SEI S&P 500 Index Fund	$ 147,569	$ 10,807	$ 56,467
SEI Small Mid Cap Fund	12,998	999	4,973
SEI World Equity EX – US Fund	167,327	9,412	64,029
SEI Extended MKT Index - A	26,021	1,739	9,956
SEI US Equity Factor Allocation Fund	64,129	1,069	24,540

SEI S&P 500 Index Fund

The SEI S&P 500 Index Fund aims to produce investment results that correspond to the aggregate price and dividend performance of the securities in the S&P 500 Index. The Fund invests substantially all of its assets in securities that are members of the S&P 500 Index. The sub-advisor selects the Fund's securities but does not actively manage the Fund in the traditional sense of trying to outperform its benchmark. Instead, the sub-advisor generally gives the same weight to each stock as its weight in the S&P 500 Index. The investments are primarily subject to market fluctuation risks of U.S. large cap stocks.

SEI Small Mid Cap Equity Fund

The SEI Small/Mid Cap Equity Fund aims to provide long-term capital appreciation. Under normal circumstances, the Fund will invest primarily in U.S. small- and mid-cap stocks with market capitalization ranges similar to those found in its benchmark, the Russell 2500 Index. The Fund's sub-advisors may include both value and growth managers. The investments are primarily subject to market fluctuation risks of U.S. stocks of medium and small sized companies.

SEI World Equity Ex-US Fund

The SEI World Equity Ex-US Fund seeks to provide long-term capital appreciation. Under normal circumstances, the Fund will invest at least 80 percent of its net assets in equity securities of foreign countries. The Fund will invest in securities of foreign issuers located in developed countries as well as emerging-market countries, although no more than 35 percent of its assets will be invested in equity securities of emerging-market issuers. These investments are primarily subject to market fluctuation risk of non-U.S. based economies.

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6. RETIREMENT AND BENEFIT PLANS (continued)

SEI Extended Market Index Fund

The SEI Extended Market Index Fund aims to produce investment results that correspond to the performance of the Financial Times Stock Exchange (FTSE)/Russell Small Cap Completeness Index. The fund invests substantially all of its assets in securities of companies that are members of FTSE/Russell Small Cap Completeness Index. The Fund's sub-advisor selects securities but does not actively manage the Fund in the traditional sense of trying to outperform its benchmark index. Instead, the Fund purchases and maintains a basket of securities in the approximately same proportion as the FTSE/Russell Small Cap Completeness Index.

SEI US Equity Factor Allocation Fund

The SEI US Equity Factor Allocation Fund seeks long-term growth of capital and income. Under normal market conditions, the fund will invest at least 80% of its net assets (plus the amount of any borrowings for investment purposes) in equity and equity-related securities, such as structured notes and convertible bonds, of U.S. companies of all capitalization ranges. It may also, to a lesser extent, invest in American Depositary Receipts (ADRs) and interests in real estate investments trusts (REITs). The fund's investment portfolio will be diversified and will not be concentrated in any industry or sector.

Fixed Income Investments through/in mutual funds
($000 omitted):

	June 30, 2024		
Investments at fair value Level 1	Pension	Defined Contribution	OPEB
Registered Investment Companies – Mutual Funds			
SEI Core Fixed Income Fund	$ 109,024	$ 6,235	$ 41,718
SEI Emerging Markets Debt Fund	32,141	1,831	12,299
SEI High Yield Bond Fund	32,178	1,838	12,313
SEI Limited Duration Bond Fund	51,484	2,939	19,700

SEI Core Fixed Income Fund

The SEI Core Fixed Income Fund seeks current income consistent with the preservation of capital. The Fund will invest at least 80 percent of its net assets in U.S. fixed-income securities. The Fund will invest primarily in investment-grade U.S. corporate and government fixed-income securities, including mortgage- and asset-backed securities. Investment-grade securities are those with an equivalent rating of BBB- or higher from a nationally recognized credit rating agency. To a limited extent, the Fund may invest in unrated securities or securities rated below investment grade. The investments are primarily subject to interest rate risk.

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6. RETIREMENT AND BENEFIT PLANS (continued)

SEI Emerging Markets Debt Fund

The SEI Emerging Markets Debt Fund seeks to maximize total return. It normally invests at least 80 percent of its assets in fixed income securities, in both U.S. dollar and local currency denominated debt of government, government-related, and corporate issuers in emerging market countries, as well as entities organized to restructure the debt of those issuers. Although it is a non-diversified strategy, the Fund will invest in a number of countries and industries in order to limit its exposure to a single emerging market economy. The investments are primarily subject to market fluctuation risks for non-U.S. based economies.

SEI High Yield Bond Fund

The SEI High Yield Bond Fund seeks to provide total return by investing in riskier, higher-yielding fixed income securities. Under normal circumstances, the Fund will invest at least 80 percent of its net assets in high-yield fixed income securities, primarily in securities rated below investment grade (also known as junk bonds), including corporate bonds and debentures, convertible and preferred securities, and zero-coupon obligations. The Fund's securities are diversified as to issuers and industries. The Fund's weighted average maturity may vary but will generally not exceed ten years. The investments are primarily subject to interest rate risk.

SEI Limited Duration Bond Fund

The SEI Limited Duration Bond Fund investment seeks preservation of capital and current income. Normally, the fund will invest at least 80 percent of its net assets in investment grade U.S. dollar-denominated debt instruments, which may include: (i) securities issued or guaranteed by the U.S. government and its agencies or instrumentalities; (ii) obligations of U.S. and foreign commercial banks; (iii) corporate obligations; (iv) asset-backed securities; (v) residential and commercial mortgage-backed securities, collateralized debt obligations and mortgage dollar rolls; and (vi) U.S. dollar-denominated instruments of foreign issuers.

Risk Disclosures

Credit Risk

For an investment, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Both equity and fixed income investments are subject to credit risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is NES policy to limit its investments in these investment types to the top rating issued by NRSROs. The Retirement and Benefit Plans' investments in mutual funds are not rated by agencies such as Standards and Poor's, or Fitch. However, the funds are

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6. RETIREMENT AND BENEFIT PLANS (continued)

rated by Morningstar, which is a risk-based performance measurement for the funds compared to similar funds. Morningstar rates the investments between 3-stars and 5-stars.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, NES will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. NES does not have any custodial credit risk for its retirement plan investments.

Concentration of Credit Risk

For an investment, concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Retirement and Benefit Plans' investments are all in mutual funds which are, by their nature, diversified investments. The Retirement and Benefit Plans holds no investment in individual companies. Significant concentration guidelines are as follows:

Equity Investments through/in mutual funds

The Retirement and Benefit Plans' investment policy mandates that no more than 10 percent of the Retirement and Benefit Plans assets shall be invested in the securities of one company, and that no more than 25 percent of the Retirement and Benefit Plans' assets be invested in any single industry.

Fixed Income Investments through/in mutual funds

The Retirement and Benefit Plans' investment policy mandates that, except for U.S. Treasury and agency obligations, no more than 10 percent of the Retirement and Benefit Plans' assets shall be invested in the securities of a single company or foreign government. Except for U.S. Treasury and agency obligations, no portfolio should invest more than 10 percent of the fund assets in the securities of a single company or foreign government.

Interest Rate Risk

For an investment, interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Retirement and Benefit Plans derive a composite quality rating for each fixed income investment fund using an internally developed weighted average of the S&P rating of the investments reported in the most recent prospectus of each fund. Fixed Income Investments are subject to interest rate risk as follows:

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Notes to the Financial Statements for the years ended June 30, 2024 and 2023

6. RETIREMENT AND BENEFIT PLANS (continued)

The following are risk characteristics for the Core Fixed Income Fund as of June 30, 2024:

Characteristic	Portfolio
Effective duration	6.6 years
Average maturity	9.1 years
Composite quality rating	A, with 68 percent of portfolio rated AA or higher

The following are risk characteristics for the Emerging Markets Debt Fund as of June 30, 2024:

Characteristic	Portfolio
Effective duration	6.0 years
Average maturity	10.5 years
Composite quality rating	BB+, with 54 percent of portfolio rated BBB or higher

The following are risk characteristics for the High Yield Bond Fund as of June 30, 2024:

Characteristic	Portfolio
Effective duration	2.8 years
Average maturity	4.1 years
Composite quality rating	B, with 37 percent of portfolio rated BB or higher

The following are risk characteristics for the Limited Duration Bond Fund as of June 30, 2024:

Characteristic	Portfolio
Effective duration	1.9 years
Average maturity	2.6 years
Composite quality rating	A-, with 59 percent of portfolio rated AA or higher

Foreign Currency Risk

For an investment, foreign currency risk is the risk that the changes in exchange rates will adversely affect the fair value of an investment. The Retirement and Benefit Plans' investments are not subject to any significant foreign currency risk.

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6. RETIREMENT AND BENEFIT PLANS (continued)

Money Weighted Rate of Return

The money weighted rate of return expresses investment performance net of the investment expenses adjusted for the changing amounts of plan investments. Rates for the DB Plan were 16.1% and (6.5%) at the 2024 and 2023 plan valuation dates, respectively. Rates for the OPEB Plan were 16.5% and (6.0%) at the 2024 and 2023 plan valuation dates, respectively.

7. DEFERRED COMPENSATION AND RETIREMENT PLANS

NES has a deferred compensation plan (the “457 Plan”) created in accordance with Internal Revenue Code (“IRC”) Section 457. The 457 Plan, which is available to all full-time employees, permits employees to defer a portion of their salary until future years. Employees may contribute up to the legal limit of their compensation to the 457 Plan with NES providing a matching contribution of up to 3.0 percent of compensation. The 457 Plan also permits employees to submit a portion of their salary as a Roth contribution which is also eligible for the matching contribution. The 457 Plan provides that assets or income of the 457 Plan shall be used for the exclusive purpose of providing benefits for participants and their beneficiaries or defraying reasonable expenses of administration of the 457 Plan.

Since the assets of the 457 Plan are held in custodial and annuity accounts for the exclusive benefit of 457 Plan participants, the related assets of the 457 Plan are not reflected on the Statements of Net Position. Employees contributed deferred salaries of $5.4 million and $5.1 million to the plan for the years ended June 30, 2024 and 2023, respectively. Employees using the Roth election contributed $2.0 million and $1.8 million to the 457 Plan for the years ended June 30, 2024 and 2023, respectively. NES contributed $3.0 million and $2.8 million to the 457 Plan for the years ended June 30, 2024 and June 30, 2023, respectively.

8. RISK MANAGEMENT AND LIABILITY

NES is exposed to various risks of loss related to torts; theft, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. NES is an agency of the Metropolitan Government and is covered under the Tennessee Governmental Tort Liability Act, TCA 29-20-101, et al, (the “Act”) and is self-insured under the act for tort liability. NES is immune from any award or judgment for death, bodily injury and/or property damage in excess of the limits as set forth in the Act. Therefore, NES has not secured insurance coverage in excess of such limits. NES is not a participant in the Metropolitan Government Insurance Pool (the “Pool”) for coverage of most property losses.

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Notes to the Financial Statements for the years ended June 30, 2024 and 2023

8. RISK MANAGEMENT AND LIABILITY (continued)

NES is self-insured for employee medical, dental and vision claims. NES has secured a stop-loss reinsurance policy for individual medical claims exceeding $450,000 and an aggregating specific deductible of $100,000. The changes in the insurance reserves for medical, dental and vision benefits for active employees for the years ended June 30, 2024 and 2023 are as follows ($000 omitted):

Balance – June 30, 2022	$ 1,870
Payments	(11,167)
Incurred Claims	11,042
Balance – June 30, 2023	$ 1,745
Payments	(12,219)
Incurred Claims	11,752
Balance – June 30, 2024	$ 1,278

NES continues to carry commercial insurance for all other risks of loss, including a retention with excess workers' compensation coverage and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past two fiscal years. NES is party to various lawsuits filed against it in the normal course of business. Management does not believe that damages, if any, arising from outstanding litigation will have a material effect on the results of operations, financial position, or cash flows of NES.

9. RELATED PARTY TRANSACTIONS

NES has related party balances and transactions as a result of providing electric power to the Metropolitan Government and entities of the Metropolitan Government, as well as making tax-equivalent payments to the Metropolitan Government and other payments to entities of the Metropolitan Government.

NES has a memorandum of understanding regarding joint pole attachment fees with the Metropolitan Government. The agreement stipulates that NES does not charge for attachments on NES poles, and in exchange, NES does not pay for various permit fees otherwise required for NES construction work. For 2024 and 2023, the estimated value of attachment fees not billed was $0.2 million in each period.

NES and the Metropolitan Government (of Davidson County) Department of General Services operate an 800 MHz radio system under the terms of a Memorandum of Understanding. The Metropolitan Government and NES have specific and separate portions of the system that are dedicated for their respective daily use. Each entity has the exclusive decision-making authority over their portion. The Metropolitan Government maintains the system, and NES pays for its proportionate share of annual maintenance costs.

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Notes to the Financial Statements for the years ended June 30, 2024 and 2023

9. RELATED PARTY TRANSACTIONS (continued)

In fiscal years 2024 and 2023, NES paid the Metropolitan Government $0.24 million and $0.07 million, respectively, for ongoing upgrades to its part of the radio system. These costs are capitalized in communication equipment and are being depreciated. NES is responsible for total additional upgrade costs for future phases. At June 30, 2024, $0.44 million remained to be paid over the next two years.

NES receives reimbursements from the Metropolitan Government for work required or requested on the System as a result of requests from the Metropolitan Government. NES also receives service fees in certain circumstances. Such reimbursements and fees are based on standard rates.

For the years ended June 30, 2024 and 2023, NES paid Pinnacle Financial Partners $0.06 million in each period for bank services and received rebates and interest income of $25.09 million and $17.28 million, respectively, through a contract awarded in a routine RFP process. The contract provides a $25.0 million line of credit which had no draws in fiscal years 2024 or 2023. The contract includes credit card services. Balances are paid 15 days after month end. The credit card balance at June 30, 2024 and 2023 was $0.02 million in each period. A member of the Board is the Chairman of Pinnacle Financial Partners. The Board member has separated himself from all NES decisions related to Pinnacle.

These balances and transactions as of and for the years ended June 30, 2024 and 2023 are summarized as follows ($000 omitted):

	2024	2023
Balances:		
Accounts receivable	$ 5,106	$ 6,574
Accounts payable	244	236
Transactions:		
Commercial and industrial revenue – Metropolitan Government Entities	67,099	70,562
Street and outdoor lighting revenue – Metropolitan Government Entities	9,472	10,174
Tax equivalents operating expense – Metropolitan Government Entities	33,377	37,395
800 MHz Radio maintenance expense	1,120	854
800 MHz Radio capital upgrade	237	74
Reimbursements for work on the System	900	1,810
Other miscellaneous billed services	169	798
Other miscellaneous expenses paid	285	315
Bank Service Fees	61	64
Interest Income	25,066	17,242
Rebates	24	40

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10. COMMITMENTS

NES has no generating capacity and purchases all of its power from the TVA pursuant to a Power Contract dated December 19, 1977 (the "Power Contract"). The Power Contract had an initial term of 20 years, but beginning on December 19, 1987, and on each subsequent anniversary thereof, the contract has been automatically extended for one year. Effective September 2019, the termination notice was set at 20 years (agreement is still evergreen with an automatic one-year extension annually) and TVA committed to providing a solution for local power companies to generate or purchase generation outside of TVA between 3 percent and 5 percent of load.

The Power Contract provides that the Board may sell power to all customers in its service area, except federal installations having contract demands greater than 5,000 kW and large customers as determined by a calculation outlined in TVA's Industrial Service Policy whom TVA may serve directly. At the present time, TVA does not directly serve any customer located within the service area of the Electric System.

The Power Contract contains provisions that establish the wholesale rates, resale rates and terms and conditions under which power is to be purchased by TVA and distributed to the customers of NES. Under the Power Contract, TVA, on a monthly basis, may determine and make adjustments to the wholesale rate schedule with corresponding adjustments to resale rate schedules necessary to enable TVA to meet all requirements of the Tennessee Valley Authority Act of 1933, as amended (the "TVA Act"), and the tests and provisions of TVA's bond resolutions.

NES purchased power totaling $1.0 billion from TVA each year ending June 30, 2024 and 2023, respectively. The Power Contract establishes the resale rates that NES and other distributors charge the end-use power consumers. These rates are revised from time to time to reflect changes in costs, including changes in the wholesale cost of power. While the wholesale rates are uniformly applicable to all distributors of TVA power under the present power contracts with distributors such as NES, the retail resale rates will vary among distributors of TVA power depending upon the respective distributor's retail customer distribution costs. The rates of TVA for the sale of electric power in the TVA region and its contracts with distributors, including TVA, are structured with the intent to achieve the TVA Act's objective of the distributors of TVA power, including NES, to operate the respective distribution systems on a nonprofit basis and to provide a wide and ample supply of power at the lowest feasible rates.

NES’s retail resale rates are subject to TVA’s review and approval under the provisions, terms, and conditions of the Power Contract. The Power Contract provides for revisions to the resale rates that may be charged by NES when necessary to permit NES to operate on a self-supporting and financially sound basis. NES is not aware of any pending legislation that would propose to make its retail electric rates subject to regulation by any third party or agency other than TVA. The Power Contract further provides that if the resale rates set forth therein do not provide sufficient revenues for the operation and maintenance of the Electric System on a self-supporting, financially sound basis, including debt service,

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Notes to the Financial Statements for the years ended June 30, 2024 and 2023

10. COMMITMENTS (continued)

TVA and NES shall agree to changes in rates to provide increased revenues. Similarly, if the rates and charges produce excess revenues, the Power Contract provides that the parties will agree to appropriate reductions. Since the date of the Power Contract, the wholesale and resale rates have been adjusted periodically.

11. SUBSEQUENT EVENTS

NES has evaluated subsequent events through September 25, 2024, the issuance date of the financial statements, and has determined that there are no other subsequent events that require disclosure.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

RETIREMENT ANNUITY AND SURVIVORS PLAN ($000 OMITTED)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED)

	Years ended June 30,				
	2024	**2023**	**2022**	**2021**	**2020**
Total Pension Liability					
Service Costs	$ 11,232	$ 11,119	$ 10,915	$ 10,857	$ 11,276
Interest	58,774	55,741	55,665	54,231	54,003
Changes in benefit terms	154	-	-	-	-
Differences between expected and actual experience	(9,957)	27,996	(4,056)	1,933	(8,782)
Changes of assumptions	-	-	16,279	799	(10,395)
Benefit Payments / Refunds	(53,942)	(52,165)	(52,625)	(44,178)	(40,830)
Net Change in Total Pension Liability	$ 6,261	$ 42,691	$ 26,178	$ 23,642	$ 5,272
Total Pension Liability, beginning	828,665	785,974	759,796	736,154	730,882
Total Pension Liability, ending (a)	$ 834,926	$ 828,665	$ 785,974	$ 759,796	$ 736,154
Plan Fiduciary Net Position					
Contributions – employer	$ 33,862	$ 32,263	$ 31,825	$ 32,650	$ 34,490
Net investment income	76,282	61,354	(89,284)	145,037	24,364
Benefit Payments / Refunds	(53,942)	(52,165)	(52,625)	(44,178)	(40,830)
Administrative expenses	(965)	(876)	(1,195)	(1,048)	(908)
Net Change in Plan Fiduciary Net Position	$ 55,237	$ 40,576	$ (111,279)	$ 132,461	$ 17,116
Plan Fiduciary Net Position – beginning	588,212	547,636	658,915	526,454	509,338
Plan Fiduciary Net Position – ending (b)	$ 643,449	$ 588,212	$ 547,636	$ 658,915	$ 526,454
Net Pension Liability – ending (a) – (b)	$ 191,477	$ 240,453	$ 238,338	$ 100,881	$ 209,700
Plan Fiduciary Net Position as a % of the Total Pension Liability	77%	71%	70%	87%	72%
Covered payroll	$ 58,571	$ 60,847	$ 59,756	$ 61,942	$ 61,341
Net Pension Liability as a % of covered-payroll	327%	395%	399%	163%	342%

See notes to schedule.

ELECTRIC POWER BOARD OF THE METROPOLITAN GOVERNMENT
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RETIREMENT ANNUITY AND SURVIVORS PLAN ($000 OMITTED)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED) (continued)

	Years ended June 30,				
	2019	2018	2017	2016	2015
Total Pension Liability					
Service Costs	$ 10,838	$ 10,937	$ 12,084	$ 10,083	$ 10,792
Interest	50,148	48,892	47,611	43,983	41,399
Changes in benefit terms	-	-	-	8,619	-
Differences between expected and actual experience	(1,568)	(5,102)	(3,306)	11,291	1,768
Changes of assumptions	32,039	1,139	1,108	17,741	-
Benefit Payments / Refunds	(40,099)	(37,744)	(41,066)	(38,753)	(28,720)
Net Change in Total Pension Liability	$ 51,358	$ 18,122	$ 16,431	$ 52,964	$ 25,239
Total Pension Liability, beginning	679,524	661,402	644,971	$ 592,007	$ 566,768
Total Pension Liability, ending (a)	$ 730,882	$ 679,524	$ 661,402	$ 644,971	$ 592,007
Plan Fiduciary Net Position					
Contributions – employer	$ 31,382	$ 30,031	$ 30,905	$ 24,600	$ 25,746
Net investment income	33,967	38,244	55,186	(623)	12,207
Benefit Payments / Refunds	(40,099)	(37,744)	(41,066)	(38,753)	(28,720)
Administrative expenses	(816)	(836)	(816)	(797)	(682)
Net Change in Plan Fiduciary Net Position	$ 24,434	$ 29,695	$ 44,209	$ (15,573)	$ 8,551
Plan Fiduciary Net Position – beginning	484,904	455,209	411,000	426,573	418,022
Plan Fiduciary Net Position – ending (b)	$ 509,338	$ 484,904	$ 455,209	$ 411,000	$ 426,573
Net Pension Liability – ending (a) – (b)	$ 221,544	$ 194,620	$ 206,193	$ 233,971	$ 165,434
Plan Fiduciary Net Position as a % of the Total Pension Liability	70%	71%	69%	64%	72%
Covered payroll	$ 62,957	$ 62,824	$ 63,415	$ 69,337	$ 68,801
Net Pension Liability as a % of covered-payroll	352%	310%	325%	337%	240%

See notes to schedule.

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

RETIREMENT ANNUITY AND SURVIVORS PLAN ($000 OMITTED)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (UNAUDITED) (continued)

Notes to Schedule:

In 2024, the plan was amended to provide credit for part-time service for 31 eligible participants.

In 2022, the mortality improvements scale utilized was updated to MP-2021 from MP-2018 projecting from generational base year 2010. In addition, the investment rate of return/discount rate changed from 7.50% to 7.25%, and the assumed qualified plan compensation limits for transition participants were removed.

In 2021, the partial lump sum payment limits were increased. The amendment had no material impact on the plan obligation.

In 2020, the Plan Sponsor conducted an experience study for fiscal year 2020. Economic and Demographic Assumptions are key drivers in measuring plan liabilities and allocating funding costs. Actuarial standards and GASB rules require that each assumption be reasonable, taking into account estimates of future experience. The Plan Sponsor has adopted a policy to conduct an experience study every 5 years, starting with this study. The following assumptions changes were made for fiscal year 2020:

- The benefits expected to be taken under the partial lump sum option was updated from 7.5 percent to 15.0 percent.
- The reduced and unreduced retirement and disability rates were updated.
- The salary scale assumption was updated from 4.5 percent per year at all ages to a rate that varies by participant age.

The overall impact of the experience study was a decrease in the liability of $10.6 million at June 30, 2020.

In 2019, NES changed from using the RP2000 Combined Mortality Table to 102 percent of the Pub. G-2010 Mortality Table with adjustments for the future mortality improvements utilizing scale MP-2018 projected generationally from the base year 2010.

The Plan Sponsor conducted an experience study in fiscal year 2016 on the withdrawal rate and rate of retirement. Effects of the study were incorporated into the net pension liability calculation at June 30, 2016. The overall impact of this change in assumptions to net pension liability was an increase of $17.7 million at June 30, 2016.

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

RETIREMENT ANNUITY AND SURVIVORS PLAN ($000 OMITTED)
SCHEDULE OF CONTRIBUTIONS (UNAUDITED)

Years Ended June 30,	Actuarially determined contribution (a)	Contributions in relation to the actuarially determined contribution (b)	Contribution deficiency (excess) (a)-(b)	Covered payroll (c)	Contribution as percent of covered payroll (b)/(c)
2024	$33,847	$33,862	$(15)	$58,571	58%
2023	32,250	32,263	(13)	60,847	53%
2022	31,812	31,825	(13)	59,756	53%
2021	32,644	32,650	(6)	61,942	53%
2020	33,265	34,490	(1,225)	61,341	56%
2019	30,770	31,382	(612)	62,957	50%
2018	30,119	30,031	88	62,824	48%
2017	30,727	30,905	(178)	63,415	49%
2016	26,172	24,600	1,572	67,680	36%
2015	25,458	25,746	(288)	68,935	37%

In computing the tables, actuarial assumptions and methods included a 25-year funding level, an investment rate of return and discount rate of 7.5 percent for fiscal years 2015 through 2022 and of 7.25 percent for fiscal years thereafter, and projected salary increases based on the varying age of the participant. Both the investment rate of return and the projected salary increase included an inflation component. The investment long term rate of return was determined using the Plan’s specific asset mix, their returns over the past ten years, historical long-term returns, and capital market expectations for future returns, of the broader markets in which the investments are held. The assumptions include cost-of-living post-retirement benefit increases equal to 2 percent per year. Mortality rates used are based on 102% of the Pub. G-2010 Mortality Table with adjustments for future mortality improvements utilizing Scale MP-2021 for fiscal year 2023 and thereafter projected generationally from base year 2010.

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

RETIREMENT ANNUITY AND SURVIVORS PLAN

SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)

Annual money-weighted rate of return, net of investment expense:

Plan Year Ended March 31	Return
2024	16.1%
2023	(6.5%)
2022	4.0%
2021	40.5%
2020	(5.9%)
2019	4.2%
2018	11.0%
2017	12.1%
2016	(2.0%)
2015	7.4%

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

OTHER POST EMPLOYMENT BENEFITS PLAN ($000 OMITTED)
Schedule of Changes in Net OPEB Liability (Unaudited)

	Years ended June 30,				
	2024	**2023**	**2022**	**2021**	**2020**
Total OPEB Liability					
Service Costs	$ 7,926	$ 7,763	$ 7,397	$ 7,412	$ 6,908
Interest	26,008	26,259	25,022	25,514	24,670
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(12,437)	(23,003)	2,748	(23,709)	(13,055)
Changes of assumptions	-	-	(3,677)	-	6,744
Benefit Payments	(15,003)	(14,071)	(16,628)	(14,926)	(14,097)
Net Change in Total OPEB Liability	$ 6,494	$ (3,052)	$ 14,862	$ (5,709)	$ 11,170
Total OPEB Liability, beginning	346,344	349,396	334,534	340,243	329,073
Total OPEB Liability, ending (a)	**$ 352,838**	**$ 346,344**	**$ 349,396**	**$ 334,534**	**$ 340,243**
Plan Fiduciary Net Position					
Contributions – employer	$ 23,175	$ 23,100	$ 22,500	$ 23,050	$ 22,587
Net investment income	28,250	21,352	(29,009)	43,619	7,129
Benefit Payments	(15,003)	(14,071)	(16,628)	(14,926)	(14,097)
Administrative expenses	(576)	(481)	(550)	(465)	(399)
Net Change in Plan Fiduciary Net Position	$ 35,846	$ 29,900	$ (23,687)	$ 51,278	$ 15,220
Plan Fiduciary Net Position – beginning	206,686	176,786	200,473	149,195	133,975
Plan Fiduciary Net Position – ending (b)	**$ 242,532**	**$ 206,686**	**$ 176,786**	**$ 200,473**	**$ 149,195**
Net OPEB Liability–ending (a) – (b)	**$ 110,306**	**$ 139,658**	**$ 172,610**	**$ 134,061**	**$ 191,048**
Plan Fiduciary Net Position as a % of the Total OPEB Liability	69%	60%	51%	60%	44%
Covered – payroll	$ 104,863	$ 99,163	$ 95,408	$ 91,529	$ 86,819
Net OPEB Liability as a % of covered-payroll	105%	141%	181%	146%	220%

See notes to schedule.

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

OTHER POST EMPLOYMENT BENEFITS PLAN ($000 OMITTED)
Schedule of Changes in Net OPEB Liability (Unaudited) (continued)

	Years ended June 30,				
	2019	**2018**	**2017**	**2016**	**2015**
Total OPEB Liability					
Service Costs	$ 6,633	$ 6,271	$ 6,008	$ 5,221	$ 4,934
Interest	24,317	22,254	21,219	18,738	18,543
Changes in benefit terms	-	-	736	-	-
Differences between expected and actual experience	(21,877)	(2,608)	(1,068)	13,956	(8,006)
Changes of assumptions	9,245	15,157	451	7,987	-
Benefit Payments	(13,670)	(14,194)	(13,426)	(13,761)	(12,598)
Net Change in Total OPEB Liability	$ 4,648	$ 26,880	$ 13,920	$ 32,141	$ 2,873
Total OPEB Liability, beginning	324,425	297,545	283,625	251,484	248,611
Total OPEB Liability, ending (a)	**$ 329,073**	**$ 324,425**	**$ 297,545**	**$ 283,625**	**$ 251,484**
Plan Fiduciary Net Position					
Contributions – employer	$ 22,038	$ 21,760	$ 19,168	$ 16,835	$ 16,495
Net investment income	9,049	8,786	11,932	296	2,369
Benefit Payments	(13,670)	(14,194)	(13,426)	(13,761)	(12,598)
Administrative expenses	(350)	(328)	(176)	(203)	(112)
Net Change in Plan Fiduciary Net Position	$ 17,067	$ 16,024	$ 17,498	$ 3,167	$ 6,154
Plan Fiduciary Net Position – beginning	116,908	100,884	83,386	80,219	74,065
Plan Fiduciary Net Position – ending (b)	**$ 133,975**	**$ 116,908**	**$ 100,884**	**$ 83,386**	**$ 80,219**
Net OPEB Liability–ending (a) – (b)	**$ 195,098**	**$ 207,517**	**$ 196,661**	**$ 200,239**	**$ 171,265**
Plan Fiduciary Net Position as a % of the Total OPEB Liability	41%	36%	34%	29%	32%
Covered – payroll	$ 82,887	$ 79,793	$ 78,421	$ 78,184	$ 76,725
Net OPEB Liability as a % of covered-payroll	235%	260%	251%	256%	223%

See notes to schedule.

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

OTHER POST EMPLOYMENT BENEFITS PLAN ($000 OMITTED)
Schedule of Changes in Net OPEB Liability (Unaudited) (continued)

Notes to Schedule

In 2022, the mortality improvements scale utilized was updated to MP-2021 from MP-2018 projecting from generational base year 2010. Additionally, the assumed trend rate for medical claims was changed to start at 6.0 percent and trend to 5.5 percent over the next three fiscal years grading to an ultimate rate of 3.95 percent.

In 2020, the Plan Sponsor conducted an experience study for fiscal year 2020. Economic and Demographic Assumptions are key drivers in measuring plan liabilities and allocating funding costs. Actuarial standards and GASB rules require that each assumption be reasonable, taking into account estimates of future experience. The Plan Sponsor has adopted a policy to conduct an experience study every 5 years, starting with this study. The following assumptions changes were made for fiscal year 2020:

- The medical claims aging table was updated based on the aging factor in the Yamamoto study released by the Society of Actuaries in June 2013.
- The assumed trend rate for medical claims was changed from 5.0 percent level to 5.2 percent remaining flat over the next three years and following the Getzen model thereafter grading to an ultimate rate of 4.0 percent in the year 2075.
- The reduced and unreduced retirement and disability rates were updated.
- The salary scale assumption was updated from 4.5 percent per year at all ages to a rate that is varying by participant age.

The overall impact of the experience study and adoption of Yamamoto and Getzen estimation techniques was an overall increase in the liability of $7.3 million.

In 2019, NES changed from using the RP2000 Combined Mortality Table to 102 percent of the Pub.G.H-2010 Mortality Table with adjustments for the future mortality improvements utilizing scale MP-2018 projected generationally from the base year 2010.

The Plan Sponsor conducted an experience study on the rebate experience of the prescription activity in 2018 and adopted the results of the study, thereby changing to an explicit assumption for rebates.

The Plan Sponsor conducted an experience study in 2016 on the withdrawal rate and rate of retirement. Effects of the study were incorporated in the net OPEB liability calculation at June 30, 2016.

In 2014, NES changed from using the 1994 Group Annuity Mortality Basic Table to the RP2000 Combined Mortality Table. Also, in 2014, NES changed the discount rate from 8.0 percent to 7.5 percent.

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

OTHER POST EMPLOYMENT BENEFIT PLAN ($000 OMITTED)
Schedule of Employer Contributions (Unaudited)

Years Ended June 30,	Actuarially determined contribution (a)	Contributions in relation to the actuarially determined contribution (b)	Contribution deficiency (excess) (a)-(b)	Covered payroll (c)	Contribution as percent of covered payroll (b)/(c)
2024	$23,100	$23,175	$(75)	$104,863	22%
2023	23,020	23,100	(80)	99,163	23%
2022	22,430	22,500	(70)	95,408	24%
2021	22,999	23,050	(51)	91,529	25%
2020	22,293	22,587	(294)	86,819	26%
2019	21,765	22,038	(273)	82,887	27%
2018	20,527	21,760	(1,233)	79,793	27%
2017	19,410	19,168	242	78,421	24%
2016	17,418	16,835	583	78,184	22%
2015	16,578	16,495	83	76,725	21%

In computing the tables, actuarial assumptions and methods included the use of the Actuarial Entry Age Normal Cost Method with a Level Pay amortization over a 30-year closed period, a 7.5 percent investment rate of return and discount rate, and projected salary increases based on the varying age of the participant. Both the investment rate of return and the projected salary increase included an inflation component. The investment long term rate of return was determined using the Plan's specific asset mix, their returns over the past ten years, historical long-term returns, and capital market expectations for future returns of the broader markets in which the investments are held. In fiscal year 2022, the assumptions include healthcare cost trends following the Getzen model starting at 6.0 percent and trending to 5.5 percent over the next three years grading to an ultimate rate of 3.95 percent. Dental cost trend remained at 4.0 percent. For fiscal year 2021, healthcare cost trends used the Getzen model starting at 5.2 percent for medical and 4.0 percent for dental. For periods prior to 2020, healthcare cost trends were 5.0 percent for medical and 4.0 percent for dental. Projected cash flows were calculated assuming all actuarially determined contributions would be made by NES. Mortality rates used are based on 102 percent of Pub. G.H-2010, headcount weighted with adjustments for future mortality improvements utilizing scale MP-2021 for fiscal year 2023 and thereafter projected generationally from the base year 2010.

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

OTHER POST EMPLOYMENT BENEFIT PLAN ($000 OMITTED)

Schedule of Investment Returns (Unaudited)

Annual Money-Weighted Rate of Return, net of investment expense:

Plan Year Ended March 31,	Return
2024	16.5%
2023	(6.0%)
2022	3.8%
2021	41.6%
2020	(6.6%)
2019	4.5%
2018	11.2%
2017	12.9%
2016	(1.7%)
2015	7.4%

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