

FREQUENTLY ASKED QUESTIONS

Q: What products are currently in low inventory or in jeopardy of becoming low inventory?

A: Primarily transformers, poles and meters, however, we have seen material availability issues with multiple items used to construct NES infrastructure.

Q: How did NES get into this situation of low inventory levels?

A: Material and labor shortages have caused shipment delays on various materials. NES has consistently worked to manage inventory as best as possible, but missed delivery dates from suppliers pushes out delivery by 12-18 months. The tornado and derecho in 2020, the downtown bombing and most recent severe weather events have depleted reserves.

Q: What does this mean for customers who need transformers or other equipment for power?

A: We are nearing a point where we may not be able to energize new builds until we receive the necessary equipment. Currently, NES is installing single-phase equipment only to provide service restoration and permanent power. Therefore, developers and builders will be required to provide their own construction power needs unless infrastructure is already in place that we can connect them to. Permanent service equipment orders may also be delayed. Equipment will be prioritized based on providing power to the greatest number of customers. This streamlined approach is similar to how NES prioritizes service restoration activities after a storm.

Q: Is there a customer waitlist?

A: There is no wait list. NES is constantly in communication with individual customers and developers to understand what their needs are and will continue to prioritize materials based on maximizing the effectiveness of providing permanent service to the greatest number of customers for each installation.

Q: How will NES continue to keep customers updated on availability/inventory?

A: At every step along the way, NES keeps builders informed of the status of the equipment needed for their development. If there is a change in the expected shipment date for a piece of equipment, we will communicate it to the builder.

Q: When should we expect things to improve?

A: There is no exact timeline on a resolution, but this situation is very fluid and will improve in time as equipment manufacturing delays are resolved. Through prior preparation, NES has \$80 million in back ordered equipment being delivered in small increments when available. We remain dedicated to doing everything possible to deliver on our promise of providing safe, reliable, and affordable power to every customer in the NES service area.

Q: Will this impact Nashville's growth?

A: NES has deployed contingency plans to mitigate any impact this could have on Nashville's continuing development. NES understands the value of the city's growth and has made accommodations to meet the fast-growing pace of Nashville, like the new recently completed 11th Avenue substation and current construction to revamp the Central substation. These enhancements help accommodate Nashville's growth by providing more sustainable, reliable power to meet the influx of new structures.

Q: What is NES doing about it?

A: NES understands there is a sense of urgency and will remain diligent in examining various ways to address this concern through design, procurement, and construction processes. NES is developing alternative designs and seeking out new manufacturers and products. NES has taken steps to plan ahead and ordered over 2.5 years' worth of equipment on order so that when the shortage improves, we have adequate supply.

Q: Wouldn't this be a good time for NES to convert the whole system to underground?

A: Besides the estimated \$10 billion cost to NES, communication and cable companies who use NES poles, and property / homeowners would incur expenses to convert their services. Also, the inventory shortage is not limited to overhead materials; underground equipment is also impacted.

Q: What happens if a major storm hits during the shortage?

A: The NES Management team has reserved material in case of storms or emergencies. Maintaining adequate reserves is the reason we are prioritizing permanent installations and not providing temporary services at this time. We will remain diligent in examining ways to address the issue through the design, procurement, and construction processes.

