

April 18, 2023

To Builders, Electricians and Developers:

Three years ago, NES began purchasing extra materials as we became aware of supply chain issues that power companies and businesses across the nation are experiencing. Our procurement, engineering and operations teams have become increasingly concerned about inventory of materials including transformers, power poles and meters.

Manufacturer labor shortages combined with Nashville's rapid growth have led to the steady depletion of supplies. Through alternative designs and equipment optimization, we have been able to avoid delays until now. Continued missed delivery dates by equipment manufacturers have begun impacting our ability to provide power to new construction projects.

The December 2022 and March 2023 weather events exacerbated on-going inventory availability issues and further depleted our limited reserves after over 200 broken poles had to be replaced, causing some of the worst damage to the NES infrastructure in the last couple of years. We are approaching the point where we may not be able to energize new builds, even with the existing contingency plans, until we receive the necessary equipment.

Suppliers continue to miss delivery dates 2 or 3 times, extending our wait from 12-18 months. NES has taken every step to mitigate the full impact this issue could have on our customers. We have \$80M worth of equipment still on order, which is 2 ½ to 3 years' worth of inventory and are receiving deliveries in gradual increments.

Our teams meet regularly to evaluate our strategy to mitigate the impact of delays through our design, procurement, and construction processes. We are managing inventory by creating alternative designs to maximize efficiency and are seeking out new products and manufacturers.

New permanent installations may also experience delays. Builders are not able to use a temporary power supply during construction unless there is existing infrastructure that we can connect to. In the interim, they must rely on a generator. We understand the value of the city's growth and have made accommodations to meet the fast-growing pace of Nashville. 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 of a piece of equipment, we will keep builders updated.

There is no exact timeline on a resolution, but NES is taking every step possible to obtain the equipment needed to get back to the consistent level of service our builders are accustomed to.

Please see the attached Q&A document. If you have any additional questions, contact NES at 615-747-3744.

Sincerely,

NES Energy Services