MINUTES OF LINCOLN ELECTRIC SYSTEM ADMINISTRATIVE BOARD

Minutes of the regular meeting held at 9:30 a.m., Friday, January 17, 2025, at the Kevin Wailes Operations Center, 9445 Rokeby Road, Lincoln, Nebraska. Public notice of today's meeting was published in the Lincoln Journal Star on November 9, 2024.

Board Members Present:	Carl Eskridge, Lucas Sabalka, David Spinar, Chelsea Johnson, Alyssa Martin, Kate Bolz, Karen Griffin, Eric Schafer.
Board Members Absent:	Andy Hunzeker.
LES Staff Present:	Emeka Anyanwu, Shelley Sahling-Zart, Emily Koenig, Paul Crist, Lisa Hale, Jason Fortik, David Malcom, Matt Andersen, Kelley Porter, Adam Powers, Chad Gebers, Robbie Seybert, Ben Hostetler, Bryan Willnerd, Marc Shkolnick, Jessica Kneifl, Matt Anderson, Brent Alby, Eric Ruskamp, Denise Parrott, Kellie Cave.
Others Present:	Kim Morrow, Javier Fernandez, Ken Winston, Nathan Svatora, Scott Williams, Bud Synhorst, Ben Kunz, and numerous virtual participants via Microsoft Teams.
News Media Present:	None

Call to Order, Safety Briefing, and Board Member Duties and Responsibilities

Vice Chair David Spinar declared a quorum present and called the meeting to order at approximately 9:30 a.m. A safety briefing was provided. Spinar noted that LES conducts its meetings in compliance with the Nebraska Open Meetings Act and noted that a copy of the Act is located on the wall in the back of the room and with the Assistant Secretary. Shelley Sahling-Zart, General Counsel, reviewed duties and responsibilities of LES Board members.

Customer Comments

Ken Winston, on behalf of Nebraska Sierra Club and Nebraska Interfaith Power & Light, mentioned the planning for Nebraska Youth Climate Summit has begun. The group is appreciative of LES' previous support. Winston commented that efforts to reduce greenhouse emissions programs may be challenged with new administration. He hopes LES will advocate on a federal level to ensure incentives for renewable energy. He expressed his support of solar project before the Lancaster County Board, where there was a large presence against the project. Winston encouraged LES to use its voice to support solar project.

Introduction & Recognition of Staff

Emily Koenig, Vice President of Financial Services and CFO, introduced Brenty Alby, Material Handler, 1st Class – Stores who was recognized by the board for 40 years of services to LES. The board commended Alby on this achievement.

Nominating Committee Report

Karen Griffin, Chair of the Nominating Committee, provided the Committee's recommendation for board officers for 2025. (Exhibit I). The Nominating Committee recommends the following slate of officers:

Chair – Lucas Sabalka
Vice Chair – David Spinar
Secretary – Carl Eskridge
Assistant Secretary – Kellie Cave

Election of Officers for 2025

The gavel was passed to General Counsel, Shelley Sahling-Zart, to conduct the election of board officers for 2025. As previously reported, the Nominating Committee recommended the following slate of officers:

Chair – Lucas Sabalka
Vice Chair – David Spinar
Secretary – Carl Eskridge
Assistant Secretary – Kellie Cave

Sahling-Zart opened the floor for other nominations. Hearing none, Chelsea Johnson moved nominations close, and the nominated slate of officers be elected. Eric Schafer seconded the motion. The vote to elect the nominated slate of officers for 2025 was:

Aye: Kate Bolz, Alyssa Martin, Lucas Sabalka, Eric Schafer, David Spinar, Karen Griffin, Chelsea Johnson, Carl Eskridge.

Nay: None

Absent: Andy Hunzeker

The gavel was passed to newly elected Chair Lucas Sabalka, who conducted the remainder of the meeting.

Approval of Minutes

Chair Sabalka asked for approval of the minutes of the December 20, 2024, board meeting. Carl Eskridge moved approval of the minutes. David Spinar seconded the motion. The vote for approval of the minutes was:

Aye: Kate Bolz, Alyssa Martin, Lucas Sabalka, Eric Schafer, David Spinar, Karen Griffin, Chelsea Johnson, Carl Eskridge.

Nay: None

Absent: Andy Hunzeker

Strategic Planning Update (PA Consulting)

Doug McMahon, Marley Urdanick, and Chris Jackson of PA Consulting reported on the work done thus far during the strategic planning process. Following a structured, flexible and collaborative approach, the completed strategic planning steps are: 1) aligning on project goals, success metrics, timelines and key details; and 2) conducting a macro trend analysis, current state assessment and interviews with the executive team, the board, Lincoln's mayor and a small pool of LES employees. Upcoming steps are: 1) reviewing LES' mission, vision and core values; 2) developing strategic goals and drafting measures; 3) creating strategic initiatives; and 4) preparing a Strategic Plan implementation document and an accompanying executive presentation summarizing tasks and outcomes for board delivery. (Exhibit II)

2025 State Legislative Report

Matt Andersen, Analyst, Rates and Forecasting, reported on activities of the Nebraska Legislature and legislative bills of impact to LES. The session started on Jan. 8, and Jan. 22 will be the last day for bill introductions. He noted that 382 legislative bills were introduced as of Jan. 16, and staff is still reading through new legislation. Andersen estimates that roughly 15 of those bills will be added to the LES tracking list. This is a 90-day legislative session, with the Legislature scheduled to adjourn in mid-June. Andersen highlighted a few of the new legislative bills that could impact LES, including:

- LB 43: Relates to electric infrastructure within proximity to a military installation. The key provisions of the bill include: 1) adds wording to change from pertaining to only new constructions to now include any modifications; 2) allows for one-time filing with the Power Review Board certifying that the infrastructure is in compliance and will continue to be in compliance; and 3) allows the Power Review Board to

approve some exceptions when found to be unduly burdensome.

- LB 117: Restricts sale and use taxes for residential customers for sales and purchases of utilities, including electricity, natural gas, propane and sewer.
- LB 129: Prevents a political subdivision from implementing policy that would restrict or prohibit energy sources supplied by a retail marketer of any energy source. An energy source is defined as fuel or power source used to power an engine, including aviation fuel, biofuel, compressed or liquified natural gas, diesel fuel, electricity used for charging electric vehicles, gasoline including ethanol-blended gasoline, gas distillates, hydrogen and liquid petroleum gas.
- LB 317: A lengthy bill, over 400 pages, combining the Department of Natural Resources with the Department of Environment and Energy.
- LB 349: Updates the definition of an electric supplier to include both public and private entities supplying, producing, storing or distributing electricity at wholesale or retail.

2024 Enterprise Risk Management Program Update

Bryan Willnerd, Manager of Treasury and Risk Management, introduced Ben Hostetler, Senior Analyst, Treasury and Risk Management, and commended him on his work regarding the Enterprise Risk Management (ERM) program.

He commented on the 2024 goals and objectives met including:

- Beginning the Transition to the Governance, Risk & Compliance (GRC) Solution.
- Researching Risk Velocity as a trackable metric.

2024 goals that are still in progress include:

- Establishing thresholds and beginning to track key risk indicator information.
- Establishing Risk Review Cycles.

2024 goals that are paused include:

- Revitalizing the Best Practices Section of Risk Assessments.
- Reviewing the Risk Appetite statement to ensure it is aligned with LES' strategic plan.

Willnerd mentioned the transition to the GRC Solution, known as Archer, was implemented from January through August 2024, with full migration to be completed in 2025. He noted the platform can quantify information, as well as aggregate risk and generate customizable reports to identify

risk within the organization. Goals and objectives for 2025 have been set. (Exhibit III)

***Ratification & Approval of LES Resolution 2025-1, Ratification of Claim Payment over $25,000.**

David Spinar moved for approval of LES Resolution 2025-1 Exhibit IV). Carl Eskridge seconded the motion. The vote for approval was:

Aye: Kate Bolz, Alyssa Martin, Lucas Sabalka, Eric Schafer, David Spinar, Karen Griffin, Chelsea Johnson, Carl Eskridge.

Nay: None

Absent: Andy Hunzeker

Report on 2024 SEP and 2025 SEP Program

Jessica Kneifl, Specialist I, Energy Services, provided a recap of the 2024 Sustainable Energy Program (SEP) and LES' affordable housing energy efficiency initiatives. She also commented on the Peak Rewards program, which surpassed its peak net demand reduction in 2024 when compared to the previous 5-year average with a total reduction of 5.7 MW. LES' SEP investment resulted in a net annual energy savings of 3,275 MWh in 2024, significantly lower than the previous 5-year average of 9,074 MWh. She noted the decrease in energy savings is due to the phasing out of the lighting program in 2024 and the market's maturity for LED lighting. She reported Heat pump installations increased by 143% when compared to the previous 5-year average. The partnership between LES and the City of Lincoln continued, with the City allocating nearly $424,000, supplemented by over $650,000 in LES funds. Peak Rewards performance continues to improve, with over 4,000 thermostats enrolled in the program and an increase of 450 enrollments compared to 2023. This has achieved a peak demand reduction of over 4 MW. Kneifl mentioned LES' partnership with Communication Action on 69 single-family affordable housing energy efficiency projects since 2020, resulting in projected annual KWH savings of 79,000 and projected annual bill savings per customer of $80. She invited Ben Kunz, development associate, Hoppe Development, to speak regarding two affordable multi-family housing projects incentivized by LES. He reported the annual savings per year, per customer would average $135 between the two projects once both are completed.

Kneifl noted that SEP's impact since in 2009 has resulted in $34 million in incentives awarded to 28,000 projects. The net peak demand has decreased by 36 MW, and the net annual energy reduction is 147,000 MWH. She also Annual CO2 reduction is more than 100,000 tons. Exhibit (V)

2024 Reflections Year-End Summary

Kelley Porter, Manager of Customer and Corporate Communications, presented a 2024 reflections video prepared by LES' Communications team. A summary of key points from the video was also provided to the board. (Exhibit VI)

Next Meeting

The next regular meeting of the LES Administrative Board will be Friday, February 21, 2025, at 9:30 a.m.

Adjournment

Without further business before the Board, Chair Sabalka declared the meeting adjourned at approximately 11:25 a.m.

Carl Eskridge, Secretary

BY: *Kellie Cave*
Kellie Cave
Assistant Secretary

Exhibit I

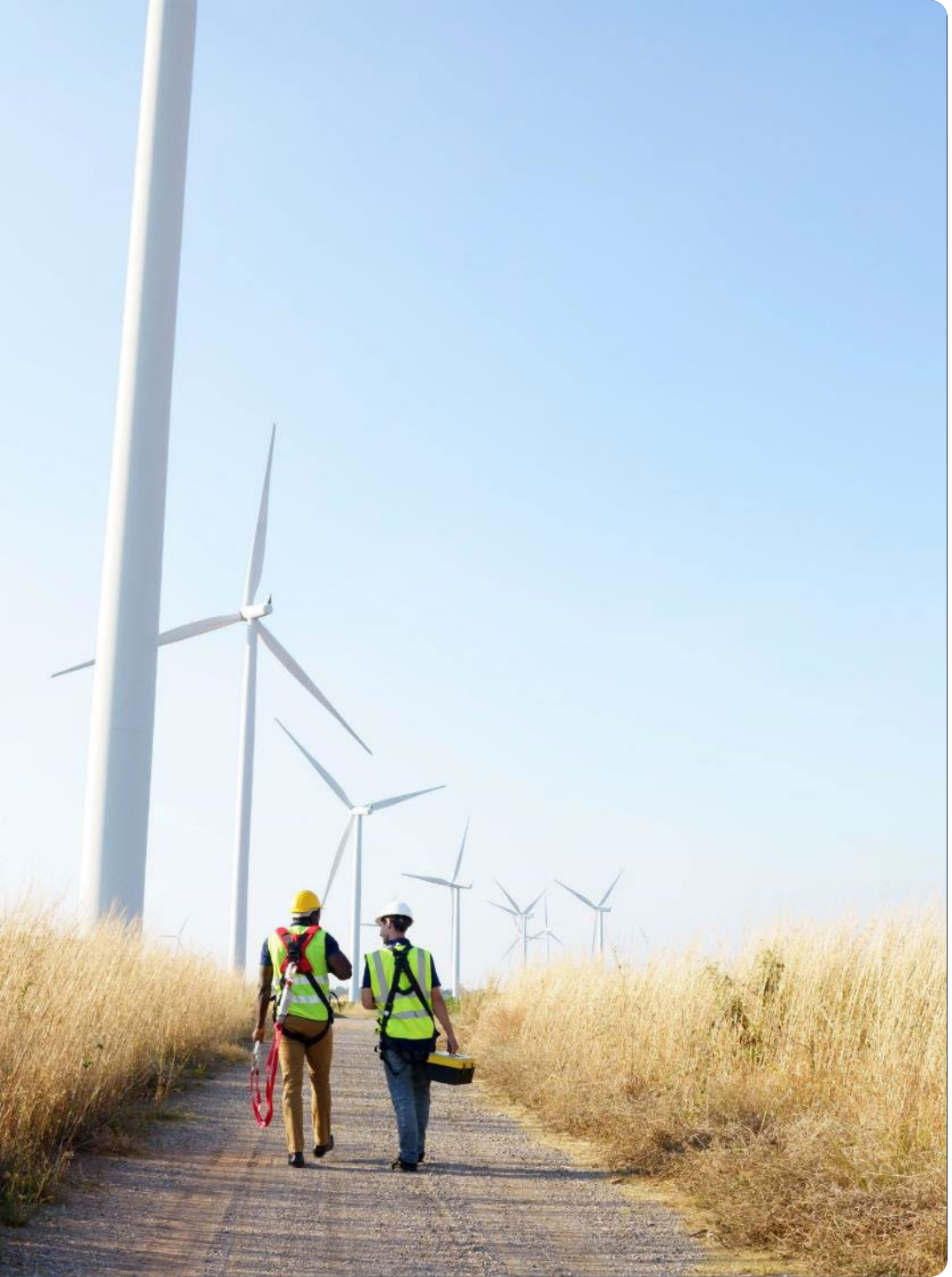
MEMORANDUM

Date: January 17, 2025
To: LES Administrative Board
From: Board Nominating Committee
Subject: Election of 2025 Officers

The Nominating Committee is recommending the following slate of officers for the January 2025 Lincoln Electric System Administrative Board Election of officers.

Lucas Sabalka	-	Chair
David Spinar	-	Vice Chair
Carl Eskridge	-	Secretary
Kellie Cave	-	Assistant Secretary

Exhibit II



Board Briefing

LES Strategic Planning

FINAL

Prepared for Lincoln Electric System

January 13, 2025

Bringing Ingenuity to Life.
paconsulting.com

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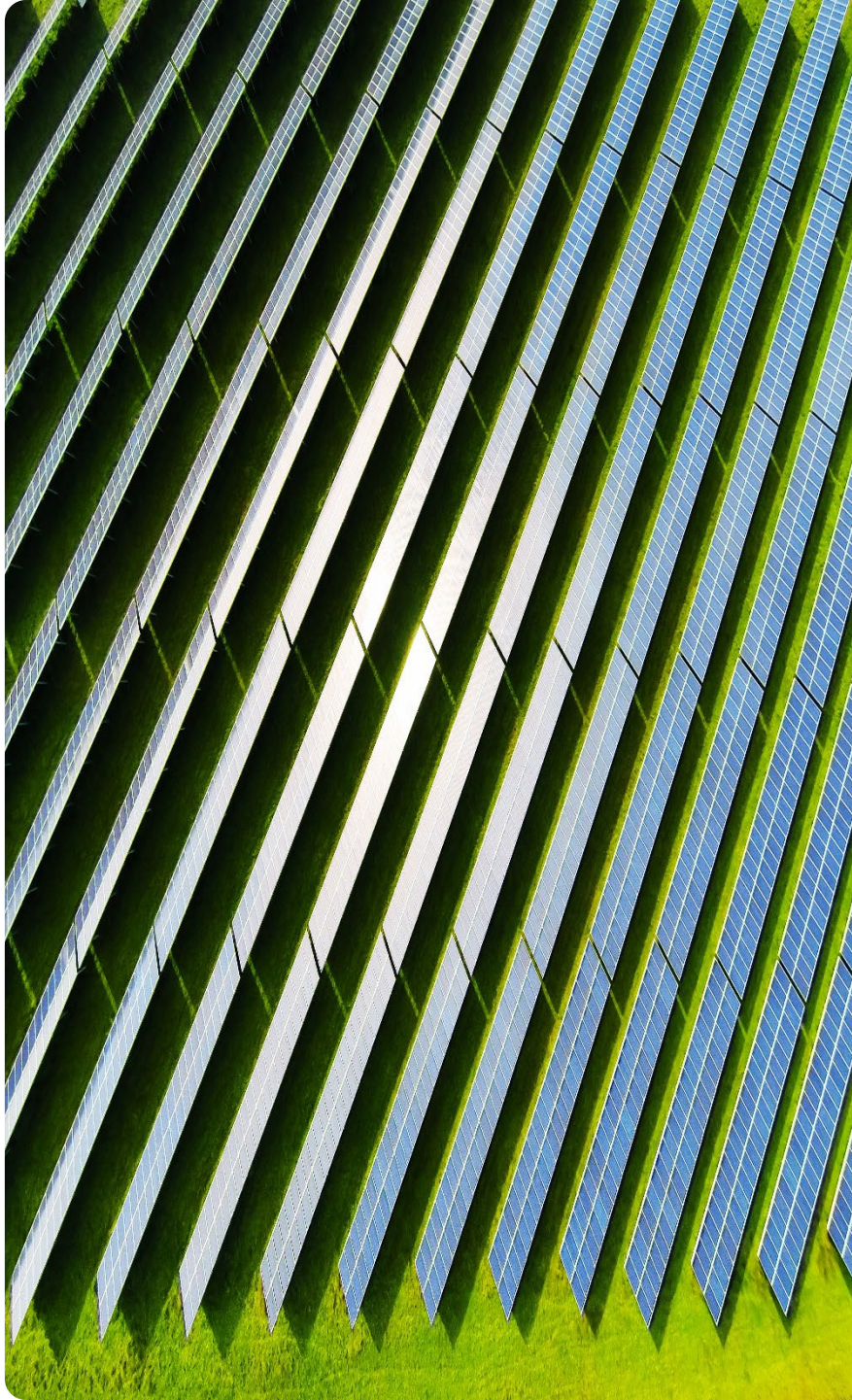


01

Strategic Planning Introduction and Approach

Strategic Planning at LES

Why is it important?

Lincoln Electric System (LES) plays a pivotal role in advancing the future of energy services for Lincoln and the surrounding communities served by the utility.

Long-term industry trends and disruption, for example load growth/electrification, technology/AI, market environment, the energy transition, and evolving customer expectations are anticipated to introduce risk and opportunity over the next decade. These trends, given their disruptive nature, can impact LES's future operating environment and business planning. Navigating the energy transition requires utilities to balances the energy trilemma of providing affordable, reliable, and environmentally responsible service to customers.

LES is embracing a forward-thinking approach to the strategic planning process, proactively shaping decisions that position LES, its customers, and the community for long-term success.

Program Objectives	Program Outcomes
• **Long-Term Vision and Goals**: Craft a future-focused Plan that supports LES's mission and future-state vision and objectives. • **Measurable Initiatives:** Define actionable steps for decarbonization, resilience, and customer satisfaction. • **Risk Management**: Proactively address regulatory, market, and technology changes. • **Stakeholder Engagement:** Strengthen collaboration among LES leadership, the board, and community stakeholders.	• **Clear Vision & Roadmap:** A clear plan for LES's short-, medium-, and long-term objectives. • **Strategic Alignment:** Unified goals for leadership, board, and stakeholders. • **Sustainable Growth:** Initiatives balancing energy transition with affordability and reliability. • **Future-Proofing:** Flexible strategies to adapt to uncertainties and market changes.

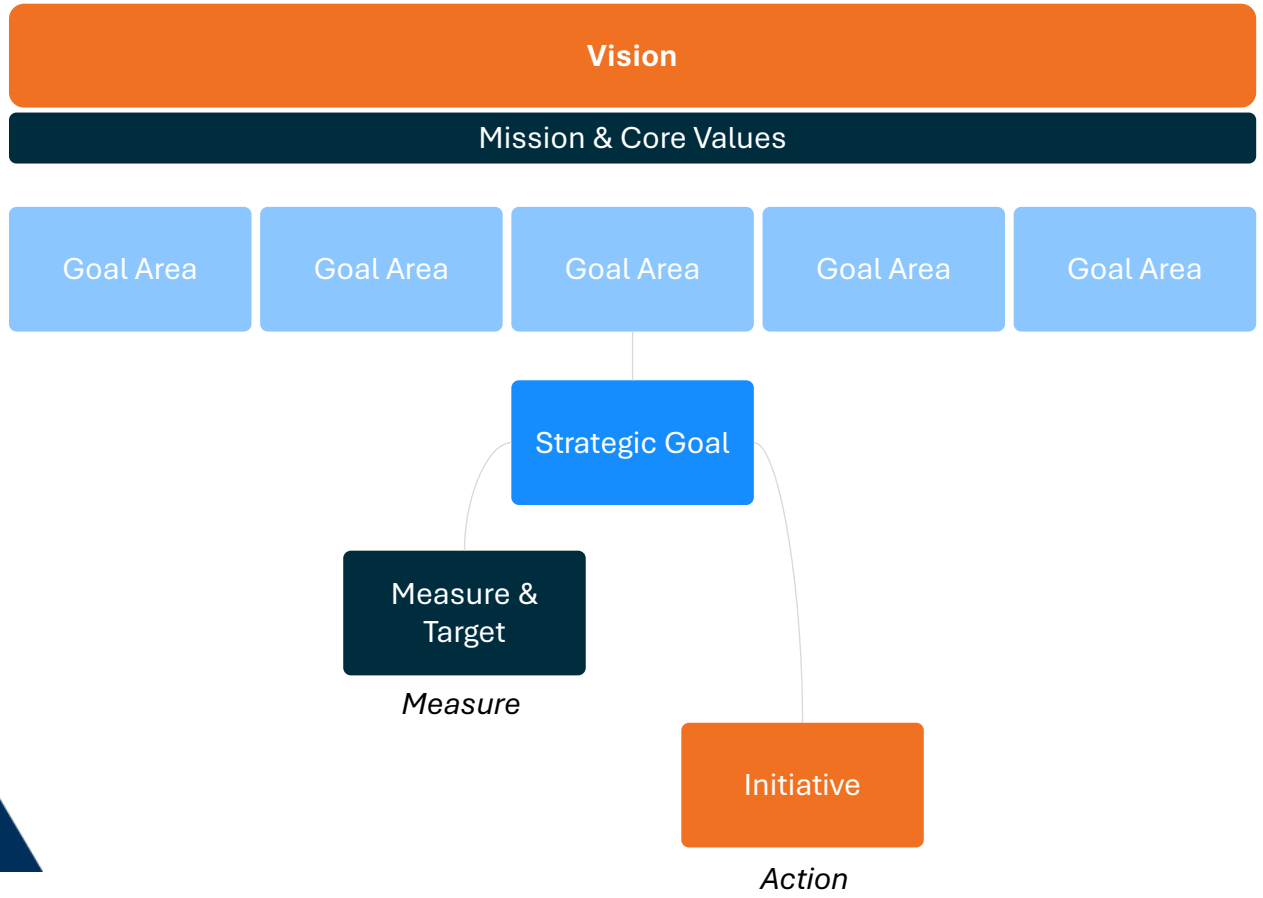
What Does the Strategic Planning Process Entail?

The components of the Strategic Plan

Strategy Element	What it is and where we are:
1 Vision, Mission, & Core Values	A **Vision** is a brief description of what a business aims to achieve in the future. It is inspiring and sets the strategic direction. **The mission** is a clear definition of the business charter and underlying purpose of the organization. **Core Values** enable the vision and represent how the organization will behave.
2 Strategic Goal Areas	**Strategic goal areas** are the foundation of an organization's strategy. They expand on the Vision, create structure, and ensure the strategy prioritizes the 3 to 5 most critical areas of focus. They should be easy to remember. These are also referred to in strategic planning as **focus areas** or **perspectives**.
3 Strategic Goals	**Strategic goals** are high-level, long-term, and measurable intended outcomes outlining what an organization wants to achieve. They are concise with a clearly defined deadline, easy to remember and easy to understand. These can commonly be referred to as **strategic objectives.**
4 Measures & Targets	**Measures** track performance in relation to the strategic goals; a target should be assigned to each one. A **Target** should be specific, time-bound, achievable, realistic but ambitious; they can be absolute, proportional, or a percentage. These are also commonly referred to as or **key performance indicators (KPIs**), **indicators, or key results.**
5 Initiatives	**Initiatives** outline specific strategic projects, timelines, and resources.

What Does the Strategic Planning Process Entail?

The Strategic Planning model

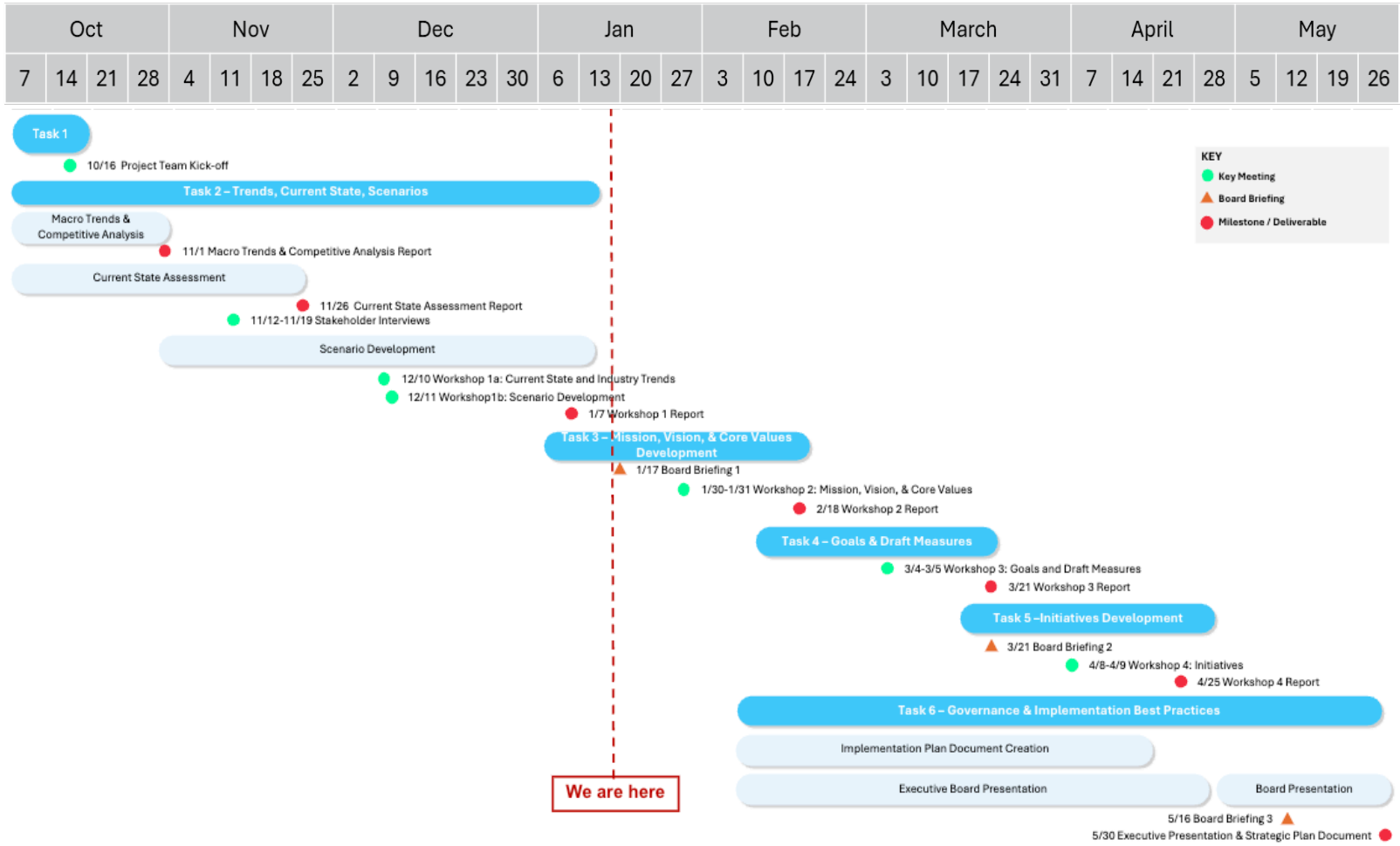


Strategic Planning Program Overview

Tasks 1 & 2 are complete, and the project is on-schedule

We are following a structured, flexible, and collaborative approach to guide LES's strategic planning:

- **Task 1:** Align on project goals, success metrics, timelines, and key details.
- **Task 2:** Conduct a macro trend analysis, current state assessment, and stakeholder interviews, supported by Workshop 1: Scenarios Development.
- **Task 3:** Review LES's mission, vision, and core values, updating them in Workshop 2: Mission, Vision & Core Values.
- **Task 4:** Develop strategic goals and draft measures in Workshop 3: Goals & Draft Measures.
- **Task 5:** Create Strategic Initiatives in Workshop 4: Initiatives.
- **Task 6:** Prepare a Strategic Plan implementation document and an accompanying executive presentation summarizing tasks and outcomes for board delivery.



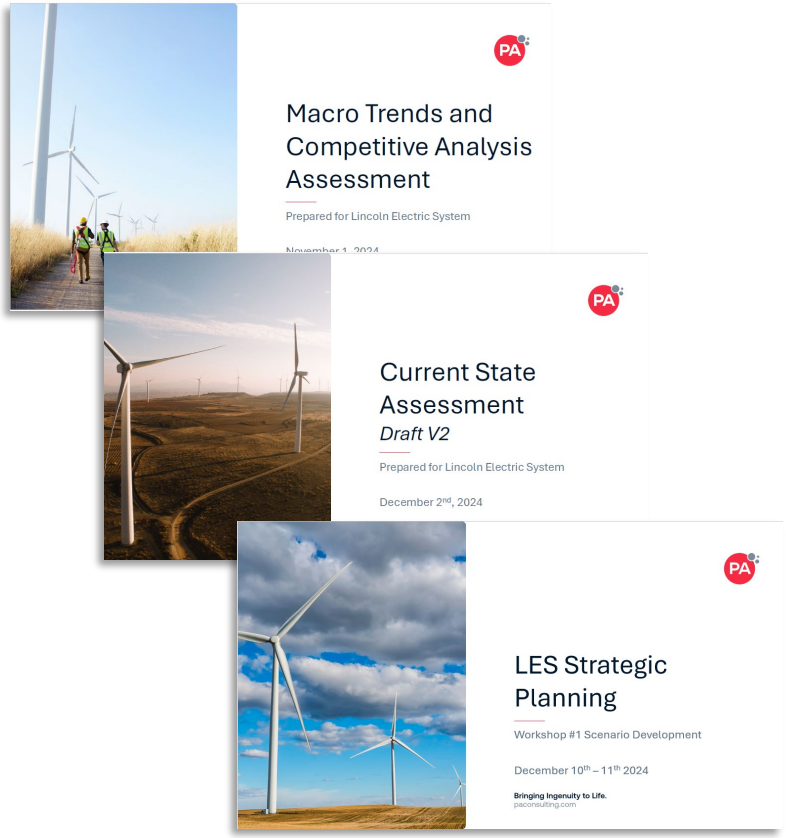
02

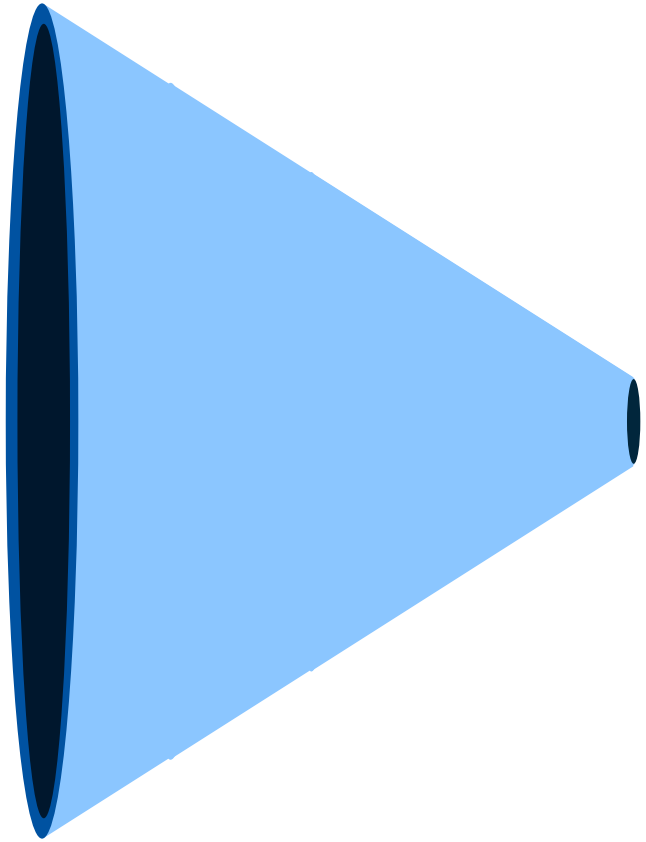
Program Updates

Task 2 Deliverables

Inputs to the strategic planning process

Since the start of the project in October 2024, PA conducted a **macro trends analysis** to explore how utilities address these trends today. PA conducted 21 interviews with executives, board members, and SME groups and prepared the **current state assessment** to establish an organizational “baseline”. During the workshop, we used facilitation and guided discussions to **develop scenarios** that will support strategic planning efforts.





Macro Trends Analysis
Impacts on LES from regulatory changes – SPP’s updated PRM requirements and supply accreditation standards; FERC 2222. How technology can help LES shape the future electric ecosystem that the business will be operating in.

Identified 6 strategic focus areas
Generation resources, financial plan, technology strategy, grid modernization, customer experience, and organizational readiness.

Identified key topics through workshop discussions
Political uncertainty, infrastructure disruptions, power cost, load growth, technology, customer expectations

Task 2a: Macro Trends

Defining the electric utility "state of play"

The macro trends analysis established a common understanding and foundational knowledge on the national electric utility "state of play". This included:

- Industry macro headwinds and tailwinds
- Insights into how utilities are addressing macro trends

Why this is important:

Macro trends are not discrete and are very much interdependent. The analysis provided a starting point for discussion on the trends LES believes is most relevant to its future business.

Industry macro trends can impact the way LES operates or plans for the future. Navigating the energy transition requires utilities to balances the energy trilemma of providing affordable, reliable, and environmentally responsible service to customers.

The report identified the following industry trends, and outlined how utilities are navigating these trends.

Decarbonization of Power

Replacement of Aging Infrastructure

Evolving Market Design

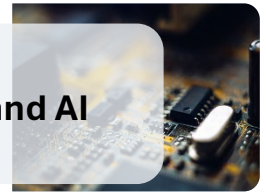
Resiliency and Reliability

Decentralization

Affordability and a Just Transition

Block Load Growth

Digitization, Automation, and AI



Task 2b: Current State Assessment

LES's internal environment is shaped by six key focus areas

Why this is important: The analysis established a baseline understanding between PA and LES, ensuring full alignment on LES's business environment and organizational structure. The analysis also highlights key challenges and opportunities to address in the strategic planning process.

Task 2c: Scenario Development

Strategic planning & uncertainty

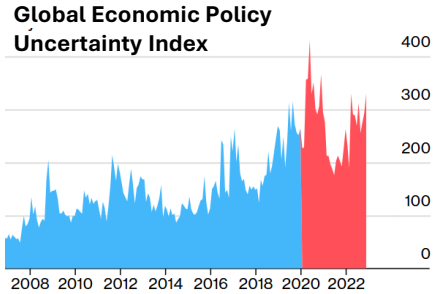
The potential for industry disruption drives uncertainty. We used the industry macro trends and the current state analysis to frame conversations around future disruption, opportunities, and risks to help shape potential future scenarios in the year 2035.

A More **Complex** World

90% of the world's data was generated in the last two years alone.

+

A More **Volatile** World



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A More **Connected** World

Average number of interactions per connected person per day worldwide was 85 in 2010 and is now to 4,785 in 2025

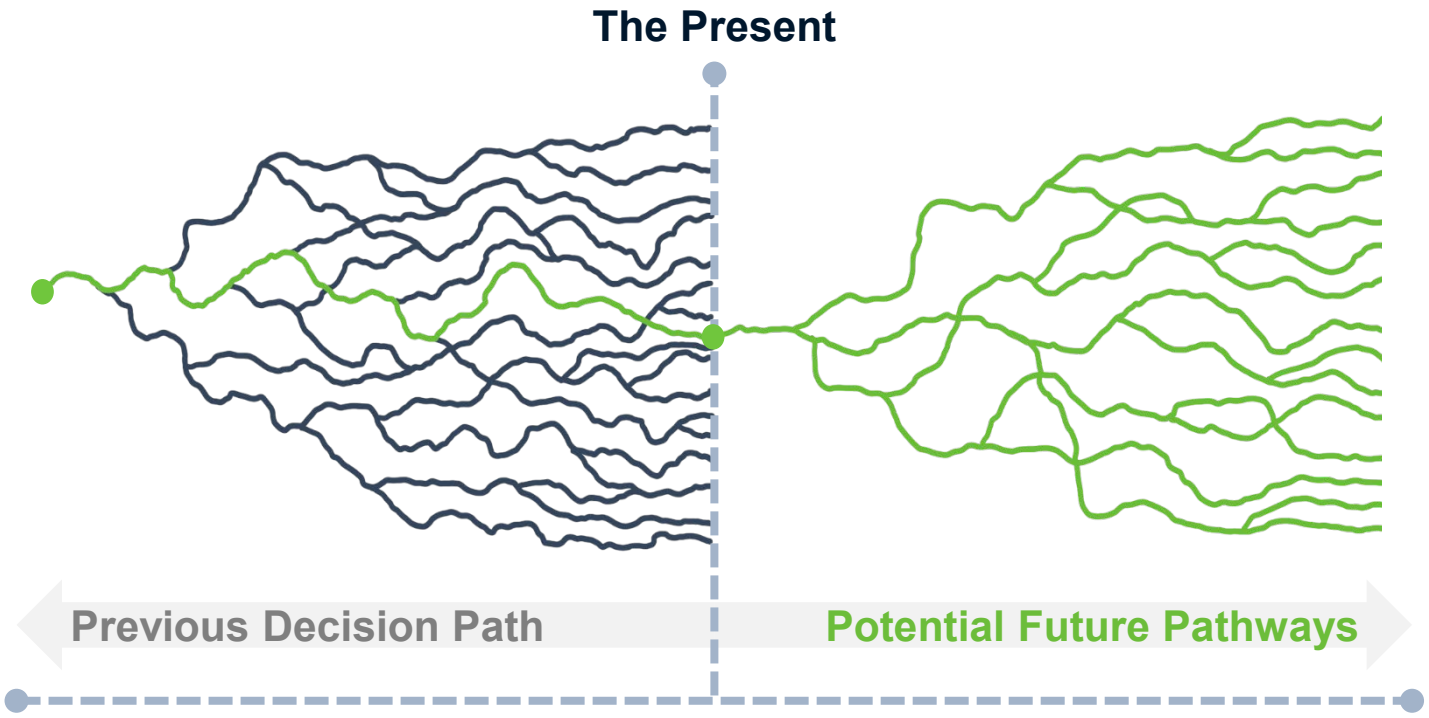
=

(Perception of) **Greater Uncertainty**

Task 2c: Scenario Development

Strategic planning & uncertainty

Why this is important: The future will always be more complex than you think. Scenario development is not about prediction; it is about provocation. We challenge current assumptions to support decision-making today that will help the organization to create the practical strategies that incorporate future uncertainty.



- **Possible Futures**: alternative scenarios that exist within the ‘bounds of possibility’.

?

- **Probable Future**: the most likely future based on current assumptions and extrapolation.

?

- **Preferred Future**: the future scenario that the organization actively desires, yet acknowledges the need for contingencies.

Considering wildcards outside the bounds of plausibility makes for more resilient strategy.

Task 2c: Scenario Development

Workshop 1

In this workshop we explored the role of LES as the energy transition is expected to unfold through 2035. From this, we developed four future scenarios to guide the organization and its effort to define the 2035 plan over the next five months.

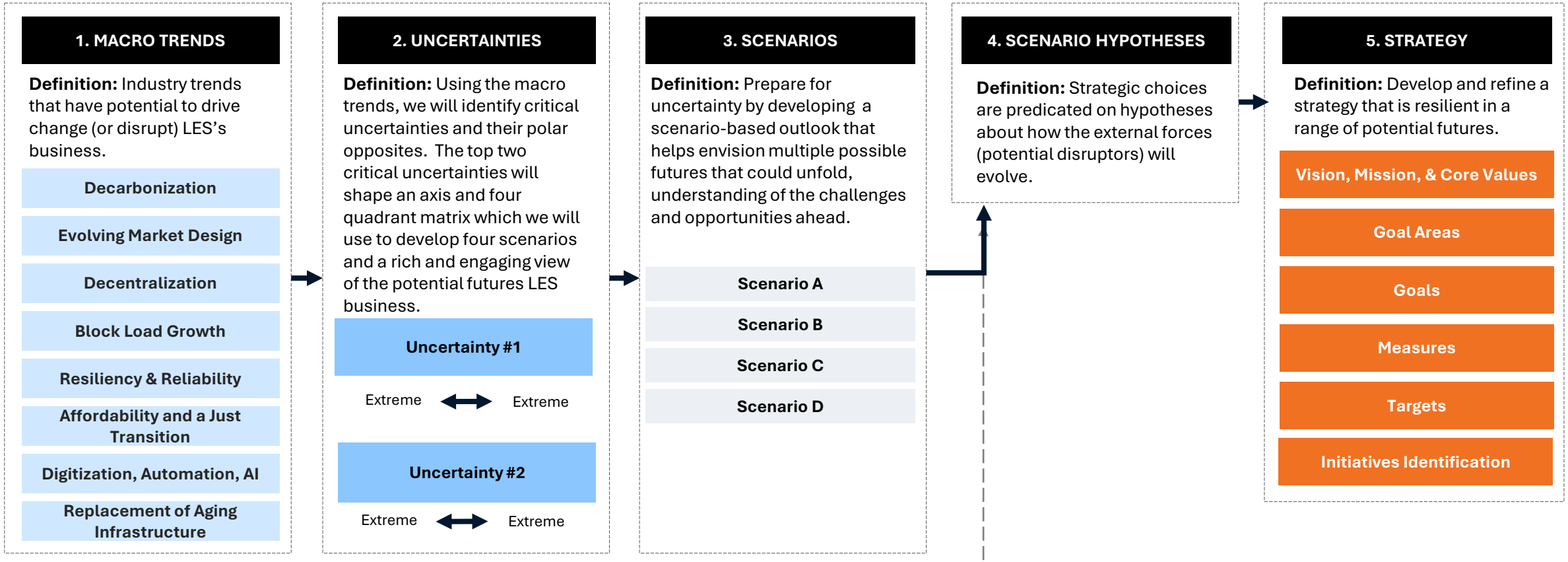
The scenarios and strategic plan will chart a path for how LES as an organization will need to evolve or transform to serve customers and the community in 2035.

03

Next Steps and Discussion

Scenario Development and How it Supports the Strategic Planning Process

The **strategy** is predicated on the **hypotheses** about how industry **macro trends** will evolve into the four future **scenarios**



Analysis of relevant macro trends is recommended to best inform the hypotheses. Once the scenarios are developed, these should be periodically refreshed in alignment with the utility planning cycle.

Strategic Planning Program

Next steps

Workshop 1

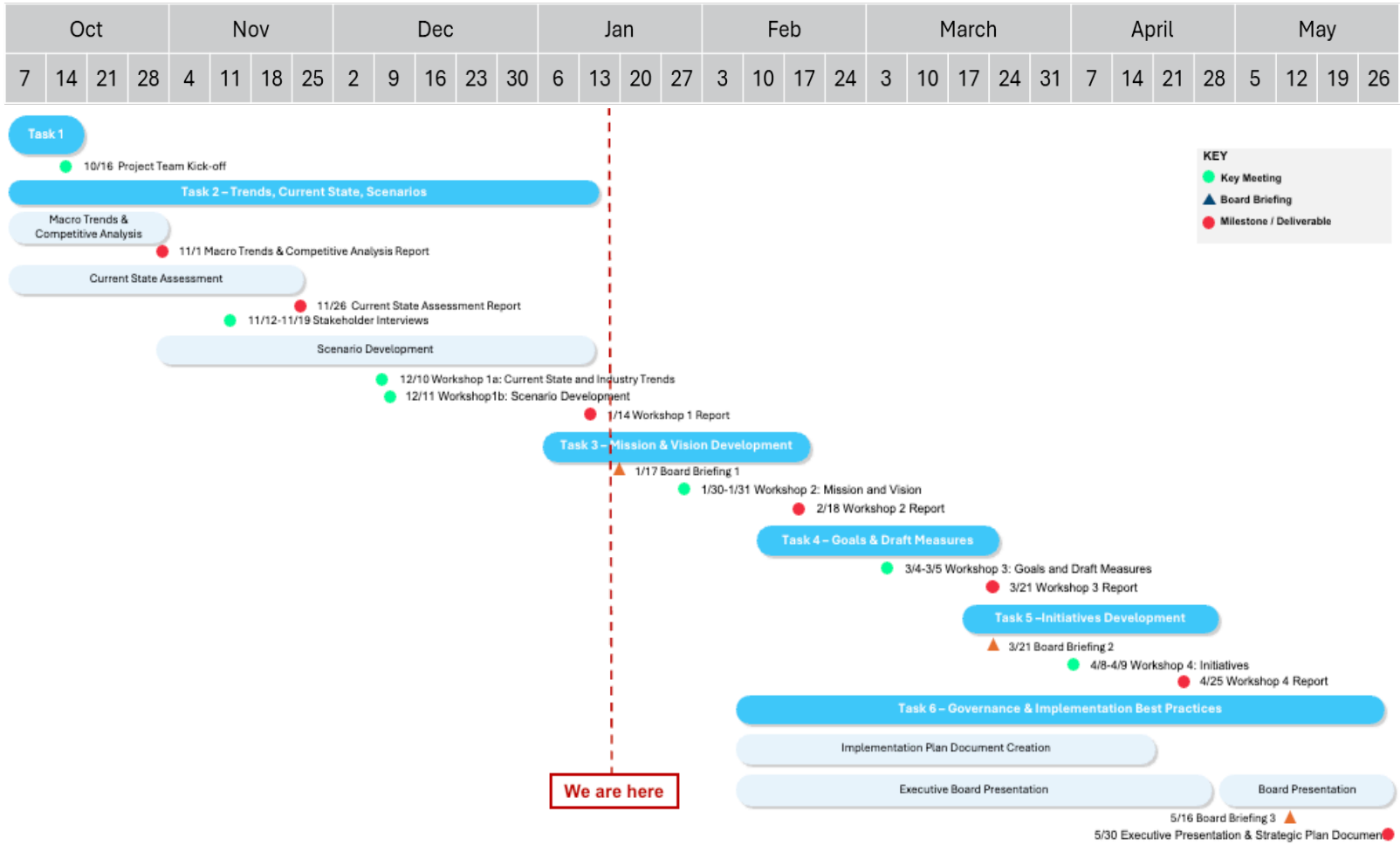
- **1/7** PA provided V1 of the Workshop 1 report for LES's review and feedback

Workshop 2

- **1/17-1/22** PA to provide pre-Workshop 2 survey and pre-read materials
- **1/30-1/31** PA to conduct on-site Workshop 2: Vision & Mission

Program updates

- **1/17** Next Monthly Program Update with LES ELT – Review Workshop 1 report feedback and provide Workshop 2 overview
- **3/21** Next Board Briefing



04

Appendix

Glossary

LES – Lincoln Electric System
AI – Artificial Intelligence
ERP – Enterprise Resource Planning
FERC – Federal Energy Regulatory Commission
KPI – Key Performance Indicator
PRM – Planning Reserve Margin
SME – Subject Matter Expert
SPP – Southwest Power Pool
T&D – Transmission & Distribution

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Exhibit III

2024 LES Enterprise Risk Management Status Report

LES Administrative Board Meeting

January 17, 2025

Bryan Willnerd

Manager, Treasury & Risk Management

2024 Goals & Objectives

- Begin the Transition to the Governance, Risk, & Compliance (GRC) Solution
- Establish thresholds and begin to track key risk indicator information
- Establish Risk Review Cycles
- Research Risk Velocity as a trackable metric
- Revitalize the Best Practices Section of Risk Assessments
- Review the Risk Appetite statement to ensure it is aligned with LES's strategic plan.

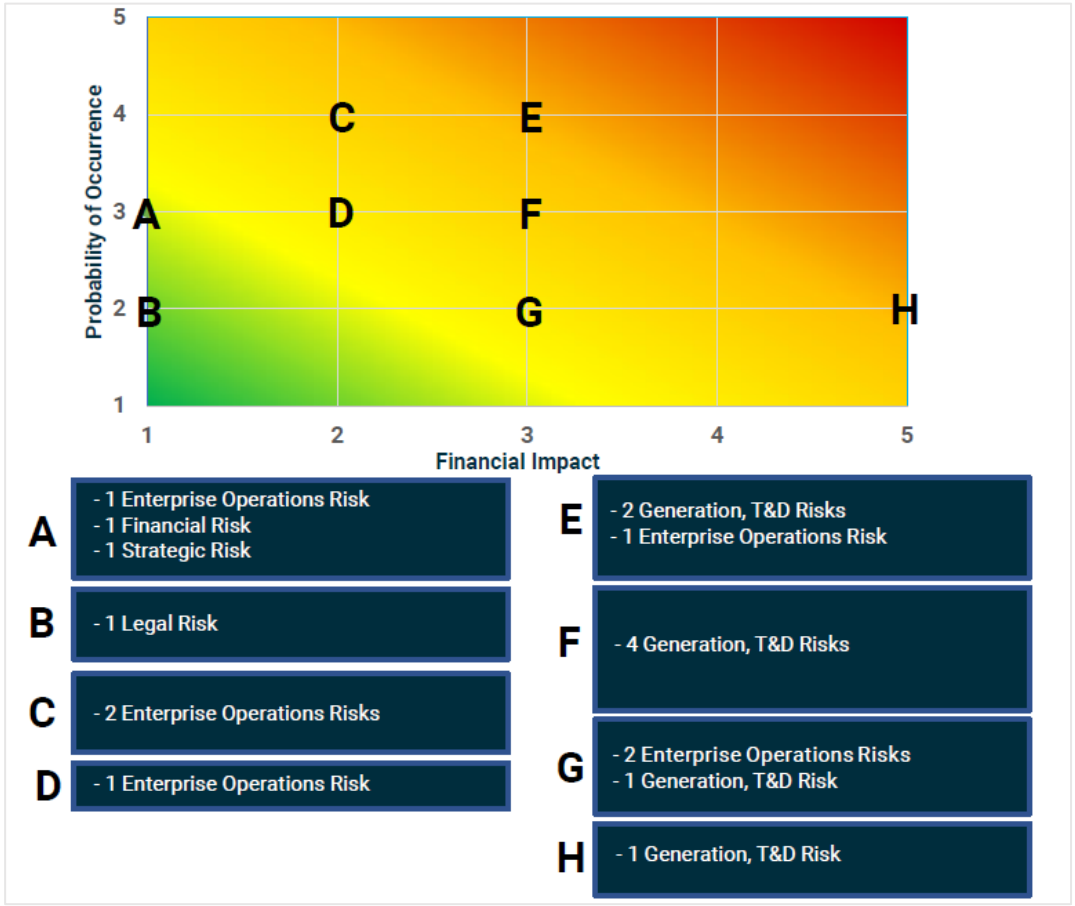
Archer: A GRC Solution

Enterprise solution with many modules

- ERM
- Cyber
- Physical Security
- Procurement
- Compliance

Summer 2023	January 2024	August 2024	2025
RFP Issued	ERM Module Implementation Begins	ERM Implementation Complete	Migrate the ERM Program into Archer

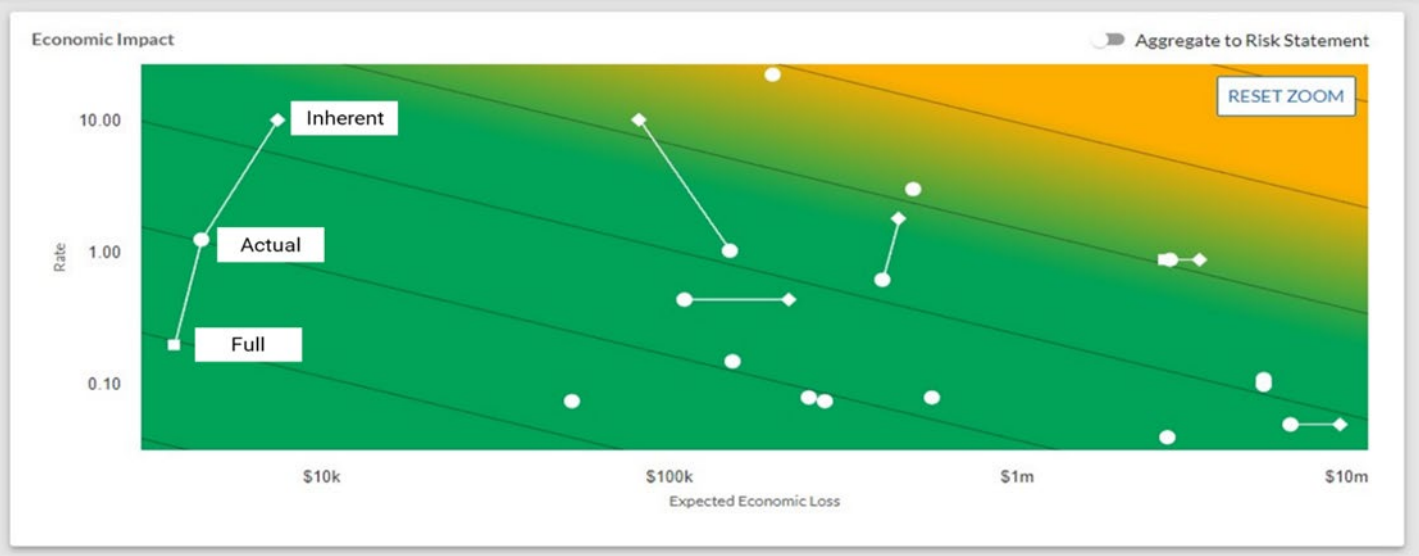
Archer: Why Risk Quantification?



Traditional Heatmaps:

- Are subjective
- Are limited in comparative capability
- Have significant scoring overlap
- Lack actionable information

Archer: Risk Quantified



Heatmaps now show the following impacts:

- Inherent – no controls
- Actual – existing controls
- Full – fully effective controls

How much is this risk costing LES?

Quantification Metrics

ACTUAL

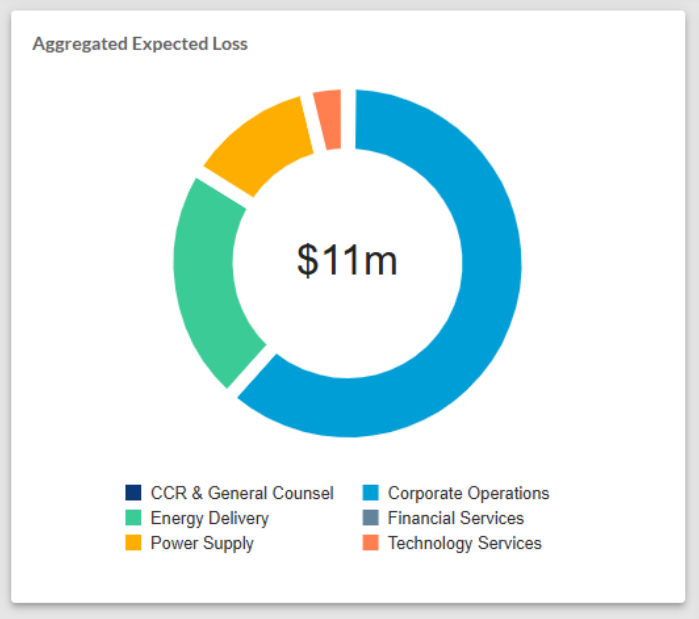
Rate	0.42
Economic	
Expected loss per occurrence	$449k
Expected annual loss	$188k
Value at risk at 10%	$431k
Conditional value at risk at 10%	$1.5m
Total	
Expected impact per occurrence	3.1
Expected annual impact	2.8

Archer: Enhanced Risk Visibility

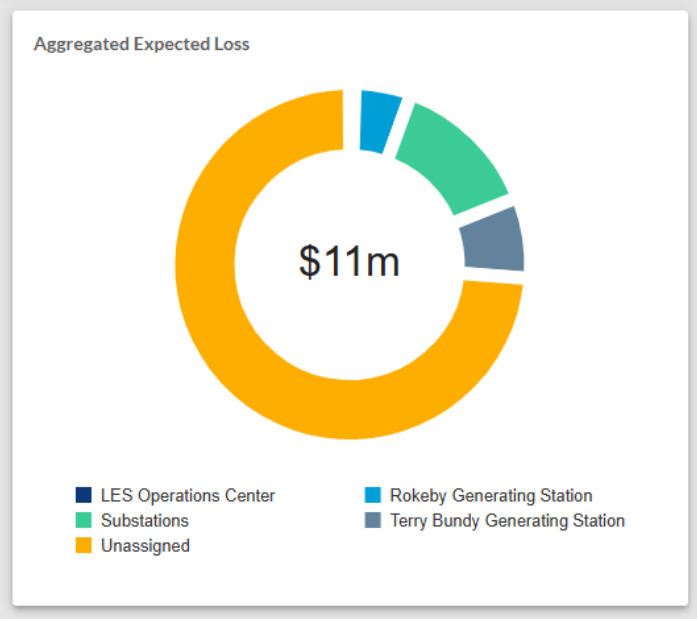
A key feature of Archer is the ability to aggregate risk and generate customizable dashboards and reports to identify where risk exists within the organization.

(Dollars noted below are for illustrative purposes only)

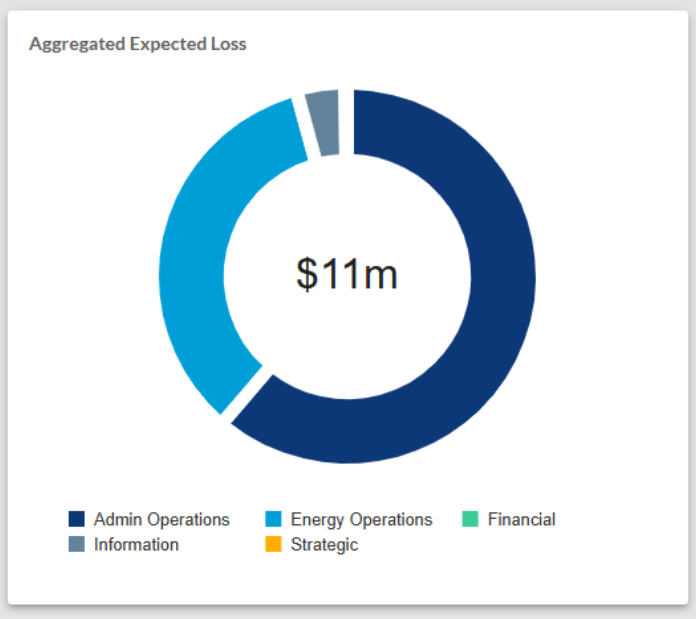
Business Units



Facilities



Risk Hierarchies



Archer: Informed Decision Making

Risk Quantification – how much is this risk costing LES?

Risk Visibility – where is risk held within the organization?

Where to allocate limited resources?

Control Optimization

Quantitative assessments of controls, including:

- Lifecycle status
- Probability of Success
- Impact reduction percentage
- Annual cost of control
- Return on investment

New Risk Metrics

*Preliminary Weighting	Impact Criteria
.35	Probability of Occurrence
.20	Financial Impact
.15	Reliability
.10	Reputation
.10	Velocity
.10	Safety

Above weightings are subject to change based on reviews from the Executive Team and LES Administrative Board review, consistent with the outcomes from the Strategic Planning Process.

Reliability: LES's ability to deliver power to its customers

Reputation: the impact to LES's brand and image

Velocity: how quickly LES is impacted by the event

Safety: safety hazard to LES employees or the public

Industry Collaboration

AMERICAN PUBLIC POWER ASSOCIATION

LPPC LARGE PUBLIC POWER COUNCIL

Best Practices

Shared industry knowledge

ERM Program Advancement

Emerging Risks

2025 Goals and Objectives

- ☐ Migrate the existing ERM risks into the Archer platform
- ☐ Provide Archer training to key stakeholders and users
- ☐ Identify existing data feeds to feed into Archer
- ☐ Finalize the risk hierarchy
- ☐ Review the Risk Appetite Statement to ensure alignment with the strategic plan
- ☐ Establish thresholds and begin to track key risk indicators
- ☐ Work with executives to develop an Archer implementation roadmap
- ☐ Consider the development of an Archer governance framework

Exhibit IV

Lincoln Electric System

LES RESOLUTION 2025-01

WHEREAS, on September 24, 2024, M.I. Industries, Inc. ("M.I.") filed a tort claim in the amount of $46,716.27 with the Lincoln City Clerk alleging that Central States Contractors, Inc. ("Central States"), a contractor employed by LES, damaged the private sewer line at its facility at 235 Southwest 32nd Street in Lincoln, NE while Central States was performing horizontal boring for an LES construction project;

WHEREAS, after investigating the circumstances of the tort claim, LES determined that Central States was at fault for the damage to the private sewer line and requested Central States compensate M.I. for its damage;

WHEREAS, in order to expedite M.I. receiving payment for its damages, LES issued payment to M.I. and then withheld an amount equal to the amount LES paid to M.I. from payments to Central States for invoices issued by Central States to LES;

WHEREAS, to date, LES has fully recouped from Central States the amount LES paid to M.I.;

WHEREAS, LES Policy 511 – Claims Processing requires the LES Administrative Board to ratify the payment of any tort claim exceeding $25,000; and

WHEREAS, the LES Administrative Board believes the payment made to M.I. for the damages alleged in its tort claim filed on September 24, 2024 should be ratified.

NOW, THEREFORE, BE IT RESOLVED that the LES Administrative Board ratifies the payment made to M.I. for its tort claim against LES that was filed with the Lincoln City Clerk on September 24, 2024.

Lucas

Chair

Adopted: 17 January 2025

Exhibit V

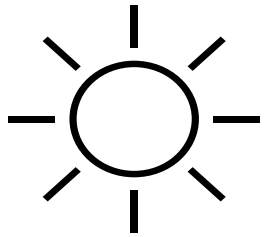
Sustainability Programs 2024 Year-End Update

Sustainable Energy Program/Peak Rewards, Affordable Housing Energy Efficiency

Jessica Kneifl
Energy Services
January 17, 2025

2024 Summary Headlines

Sustainable Energy Program



Peak net demand reduction exceeded 5-year average.

Heat pump installs increased by 143%.

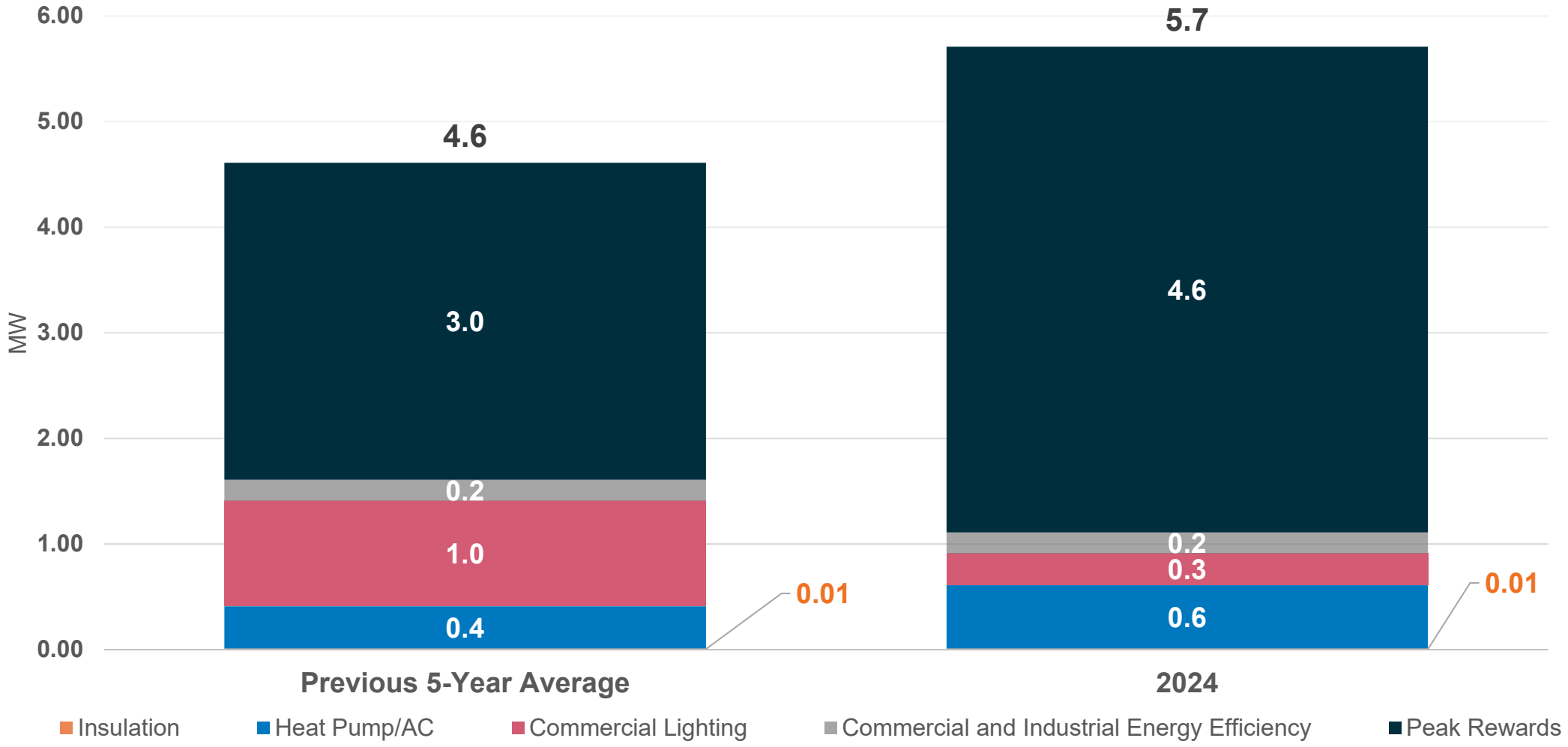
Affordable Housing

LES leads the way in energy-efficiency partnerships for affordable housing.

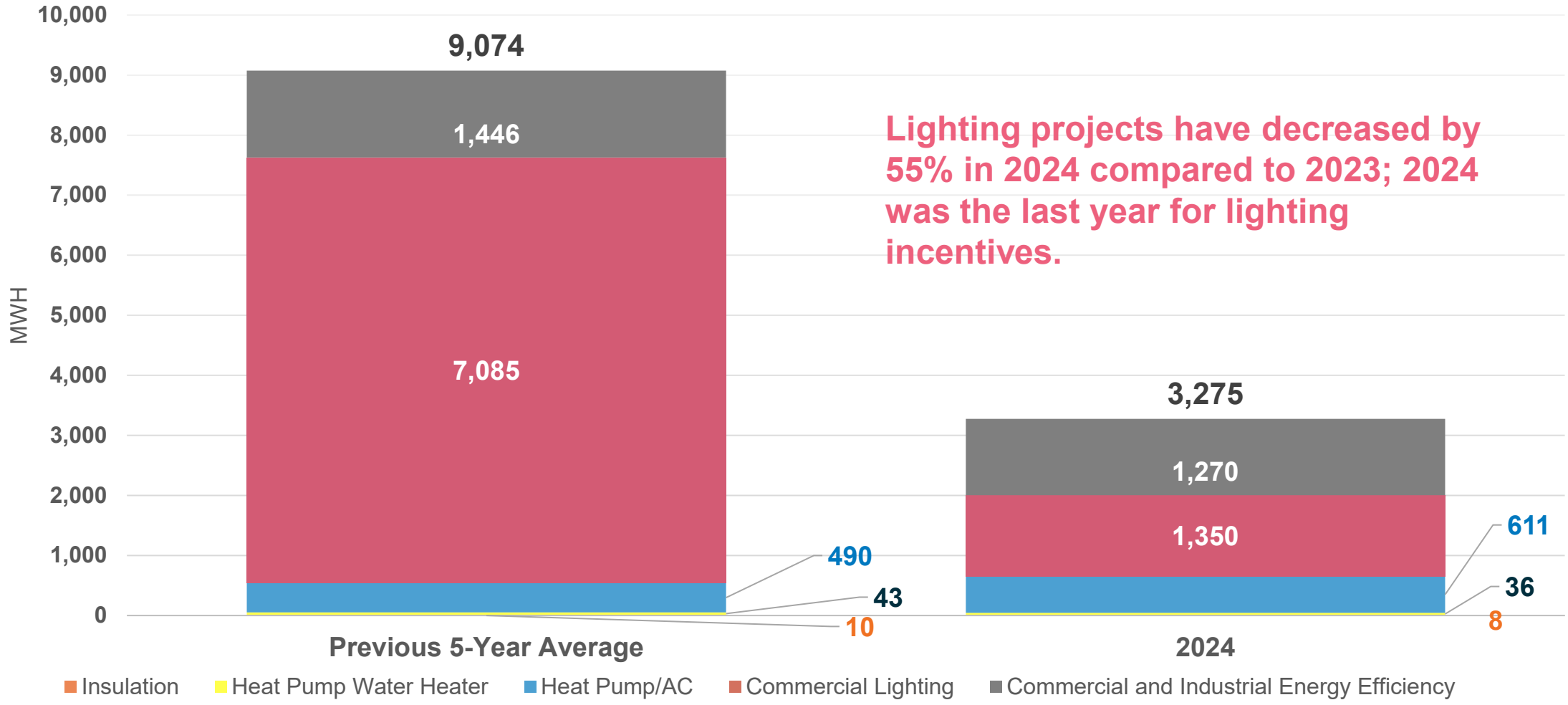
Sustainable Energy Program

2024 Recap

Peak Net Demand Reduction

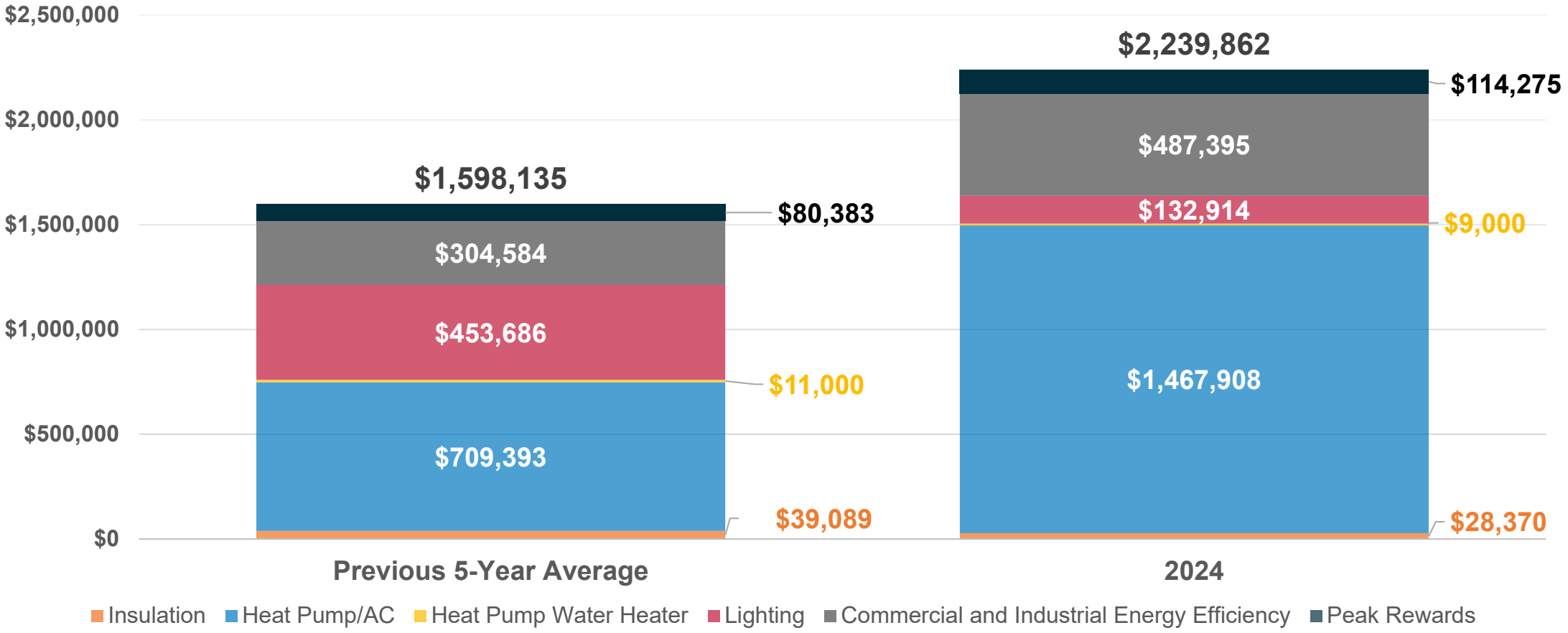


Net Energy Savings



Lighting projects have decreased by 55% in 2024 compared to 2023; 2024 was the last year for lighting incentives.

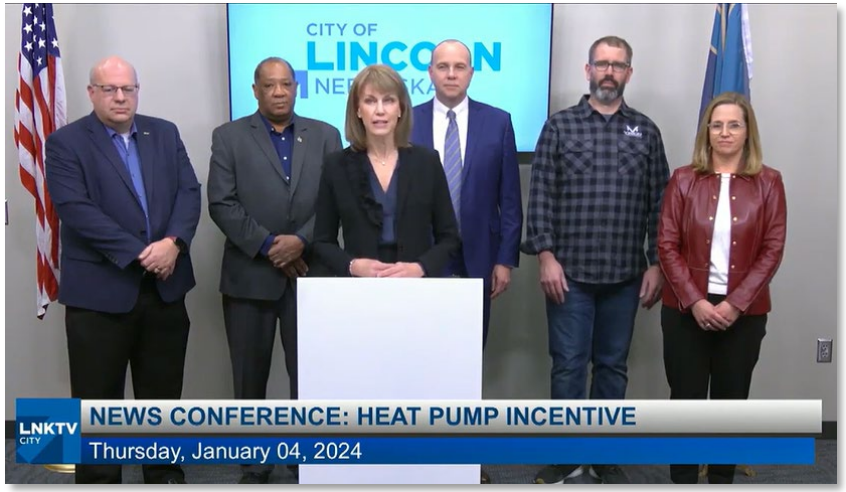
Obligated LES $



Obligated LES $ was 10% below budget due to the decrease in lighting participation.

Heat Pumps Update

- LES/City partnership continues; Nearly $424,000 in City funds allocated, supplemented by over $650,000 in LES funds.
- Heat pump installs under the Sustainable Energy Program increased by 143% (compared to previous 5-year average).
- Heat pumps replacing air conditioners increased by 10% under the program as well.



THE CITY OF
LINCOLN

Feedback from Customers

How much influence did the incentives have on your decision to purchase a high-efficiency air conditioner or heat pump?

	2024	Previous 5-Year Average
Little to None	13%	21%
One of Various Factors	58%	55%
Primary Factor	29%	24%

How easy was it for you to learn about and access the LES Sustainable Energy Program?

	2024	Previous 5-Year Average
Difficult	1%	2%
Neutral	17%	17%
Easy	82%	81%

***2,106 surveys sent, received 291 responses (14% response rate)**

Peak Rewards

- Over 4,000 households enrolled.
- Net increase of 450 enrollments compared to 2023.
- Achieved demand reduction of over 4 MW.

Overall SEP Impact (2009-2024)

Incentives	$34 million
Projects	28,000
Net Peak Demand	36 MW
Equivalent Annual Peak	47 big box retail stores
Net Annual Energy Reduction	147,000 MWH
Equivalent Annual Energy Consumption	15,000+ homes
Annual CO2 Reduction	100,000+ tons
Equivalent Annual Vehicle Emissions	40,000+ cars

Affordable Housing Energy Efficiency

Recap

- Single-Family
- New Construction Multi-Family
- Existing Multi-Family

Guiding Principles

Long-term energy efficient solutions for under-served communities.

Impactful energy and bill savings for customers.

Leveraging partners and other funding sources to maximize impact.

Single-Family Affordable Housing

Community Action Partnership/LES Collaboration: Single-Family Affordable Housing

	2020-to-Date
Projects	69
LES Contribution	Over $300,000 obligated
Projected Annual KWH Savings	79,000
Projected Annual Bill Savings per Customer in 2024	$80

Helping People. Changing Lives.

Collaboration with Affordable Multi-Family Housing Developers

Ben Kunz, Development Associate, Hoppe Development

Hoppe Development:
New Mixed Use Multi-Family Affordable Housing

- Completed, January 2025
- 345 N 23rd (9 affordable housing units)
- LES incentivized:
  - High-efficiency heat pumps (18.0 SEER2 and greater)
  - First centralized heat pump water heating system for new multi-family housing.

Estimated Annual Total KWH Savings	**16,000**
Estimated Annual Savings per Apartment	**$105**

Hoppe Development:
New Mixed Use Multi-Family Affordable Housing

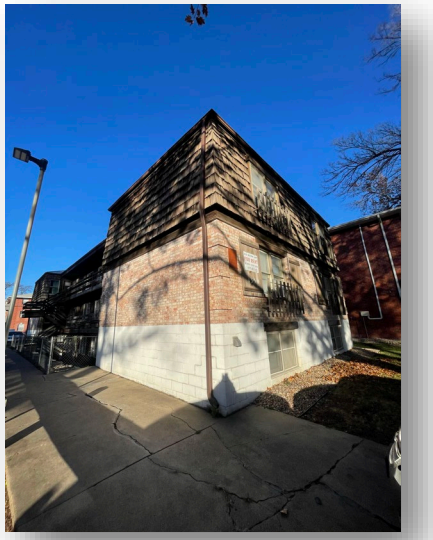
- To be completed in 2026.
- 1020 S 13th St (125 affordable housing units)
- LES incentivized:
  - High-efficiency heat pumps
  - Heat pump water heaters
    - 3 to 4 times more efficient than a conventional electric water heater

Estimated Annual Total KWH Savings	**315,000**
Estimated Annual Savings per Apartment	**$165**

Existing Multi-Family Affordable Housing

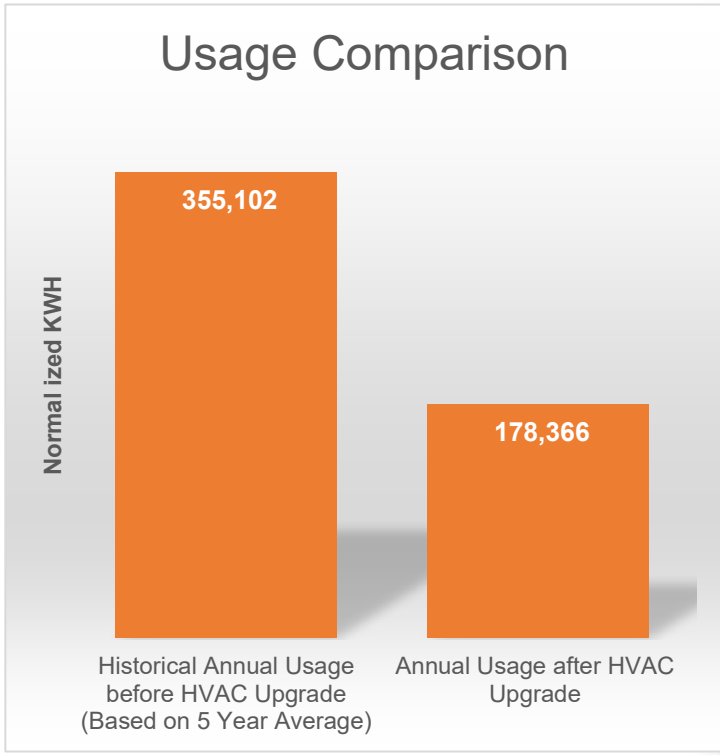
City of Lincoln/LES Collaboration (South of Downtown): Existing Multi-Family Affordable Housing

- 7 projects comprised of over 130 affordable housing units
- Improvements include high-efficiency heat pumps replacing old air conditioning and heat pump water heaters (where possible).



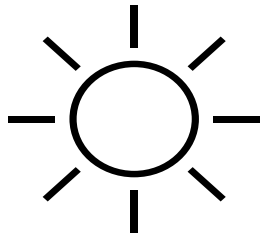
Project Spotlight

- **Number of Apartments: 40**
- **City Contributions: $600,000**
  - Replacement of bathroom and kitchen plumbing stacks
  - Replace sewer line and water main
  - Exterior tuckpointing
- **LES Contributions: $100,000**
  - Replacement of 40 window air conditioners/electric furnaces with 40 high-efficiency heat pumps
  - **Annual KWH Savings (Actual): 176,736**
  - **Average Annual Savings per Apartment: $260**



2024 Summary Headlines

Sustainable Energy Program



Peak net demand reduction exceeded 5-year average.

Heat pump installs increased by 143%.

Affordable Housing

LES leads the way in energy-efficiency partnerships for affordable housing.

Questions?

Exhibit VI

2024 Reflections
YEAR-IN-REVIEW

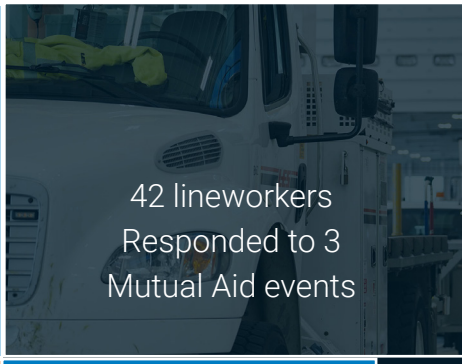
Lincoln Electric System

UTILITY | CUSTOMERS | COMMUNITY | PEOPLE | SAFETY

This snapshot of 2024 highlights a few of LES' key accomplishments in the past year. We experienced growth in our business, community and our workforce. One thing remained unchanged, our ranking in delivering affordable, reliable power to our customers.

UTILITY

19.3
MINUTES
average outage time per customer (SAIDI)



42 lineworkers Responded to 3 Mutual Aid events

$2.99
a day the average cost of electricity for residential customers

RANKED
4th
for most reliable rates over 10 years

$25.9M
paid to local governments

37,075,010
meter reads

136,126
residential customers

18,247
commercial customers

2 wind turbines decommissioned

2 new 36-MVA power transformers

CUSTOMERS

50,538
customer portal registrations

123,680 calls
42,220 requests
28,771 walk-ins

$2.2M dispersed through the Sustainable Energy Program

4K thermostats in Peak Rewards

Reduced peak demand by 5.8 MW & 3,200 MWH

6,300
energy-efficiency projects

WELCOMING A NEW CEO TO LES

Since taking on his new role at LES in January, Emeka Anyanwu stays busy connecting with the people and departments who help power our community. While adjusting to his new life as a Husker and getting recommendations on our city's best finds, Emeka has completed a full year of meetings with employees, community leaders, city officials and industry partners.
Upon arriving at LES, Emeka relayed that his top focuses for 2024 were:

- Meeting people, learning about the organization and the industry, and gauging priorities.
- Increasing accessibility and building visibility of the executive team and CEO to employees.
- Initiating a meaningful strategic planning process.

There's no need to worry about a sophomore slump, as Emeka has already taken great strides on each of these focuses. From hosting Conversations with the CEO sessions with employees, leading the charge in LES joining the Large Public Power Council and diving headfirst into strategic planning, Emeka has already made a mark at our utility. We look forward for what's to come in 2025 and beyond!

TWO POWER TRANSFORMERS DELIVERED TO SUBSTATIONS

A benefit of being a public power utility is reinvesting revenues into updating infrastructure and equipment to improve reliability rather than profiting shareholders. A key example of this was the addition of new power transformers at two of our substations in Lincoln. Our substations at 8 and N streets and 56 and Garland streets both received new 36MVA power transformers. Delivering and installing these new transformers was no easy task, as they require extensive coordination and planning. The size and weight of the equipment—nearly 80 tons each—required special permitting to deliver them and unique equipment for installation.

The old transformer from the 8 and N Street substation now lives at the Kevin Wailes Operations Center to help train staff.

LES DECOMMISSIONS THE STATE'S TWO OLDEST OPERATING WIND TURBINES

Driving past Lincoln on Interstate 80 looks different these days. Now to the south of the interstate, where you see Lincoln's historic skyline, but to the north, where LES' two wind turbines stood for the past 25 years.

LES decommissioned these turbines, Nebraska's oldest operating wind generators, in July. Wind Turbine #1 sat on the proposed Nebraska Department of Correctional Services site, while Wind Turbine #2 was reaching its full maturity this year. Both turbines were felled via small explosions that sent the 290-foot-tall turbines tumbling to the ground.

While saying goodbye can be sad, our two beloved wind turbines will always represent an important stepping stone in our community's path toward a greener energy future.

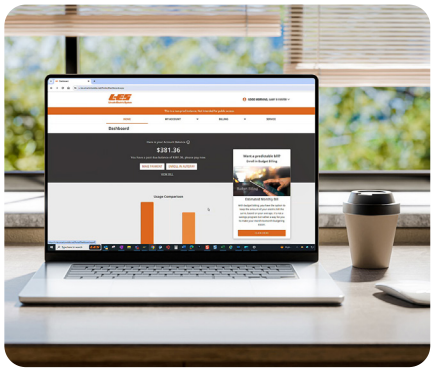
INVESTING IN OUR COMMUNITY THROUGH ENGAGEMENT

As one of our utility's four core values, "community" is at the heart of LES. Our engagement in the community grows every year through our education and outreach efforts and community partnerships. In 2024, we attended 47 events, including career fairs, classroom visits and community events.

LES' ongoing partnership with Lincoln Public Schools helps ensure that the next generation of energy users will be informed and engaged with their energy use and local electric utility. In February, eighth-grade students at Lux Middle School presented their Future City models to LES judges for feedback on improving their designs. Future City is an international, project-based engineering program that challenges middle school students to imagine, design and build cities of the future. The feedback from our judges helped this team represent our state well, as they reached the national competition.LES also has ongoing partnerships with the Lincoln Children's Museum and Lincoln City Libraries. We meet our customers where they are, whether it be at local parades, the Latino Festival, Zoo Lights Powered by LES or the Nebraska Builders Home and Garden Show. Exciting, right?

INTRODUCING AN ENHANCED ONLINE CUSTOMER EXPERIENCE

Providing our customers with services and programs to best meet their ever-changing needs drives us at LES. After several years of extensive planning and cross-divisional collaboration, we launched a new online customer portal in September. This brand-new portal segmented our customers into four categories (residential, business, landlord and agencies) to provide a customized user experience with more self-service functionality than ever before. This landmark project was a collaborative effort of several LES teams, including Customer Services, Technology Services and Communications. More than 50,000 customers had accessed the portal by the end of 2024.



LES KICKS OFF STRATEGIC PLANNING EFFORT

LES plays a pivotal role in our community, and we need a plan to proactively position our utility, customers and community for long-term success. To achieve this, LES kickstarted a multi-quarter strategic planning process in 2024. After selecting PA Consulting as LES' strategic planning consultant, the LES board, executives and the core project team helped LES complete the first major steps in developing our strategy for the future.

Our plan includes opportunities for employees, customers and our community to provide insights and react to key elements of the plan as they develop. Outcomes of the strategic plan include:

- A clear plan for LES' short-, medium- and long-term objectives.
- Unified goals for leadership, board and stakeholders.
- Initiatives balancing energy transition with affordability and reliability.
- Flexible strategies to adapt to uncertainties and market changes.

The strategic plan is projected to be finalized in the summer of 2025.

COMMUNITY

60
education & outreach events

Attended **19** community outreach events

4 STEM networking events

24 career fairs attended

$6K raised toward local organizations

PEOPLE

65 new employees

Employees completed 43 trainings through Learning & Development.

18 interns & co-ops

Pledged $114K towards United Way

566 employees

7 retirees

SAFETY

123
Good Catches
Safety Suggestions
Lessons Learned

10 years of the Change for Safety Award

Received Nebraska's Safest Company Award

8 years
by National Safety Council