

ELECTRIC UTILITY INDUSTRY INFLATIONARY COST PRESSURES

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WHAT IS INFLATION?



Inflation = the rise in overall prices of goods and services across the economy.



It is not just the cost of one item going up. It is a broad increase in prices.



The Federal Reserve tracks inflation by monitoring several price indexes, each of them measuring a group of goods and services often called “sectors”.



Different indexes use different methods and cover different items, so they can show different signals about inflation.

HOW INFLATION IS MEASURED

- To monitor how prices change over time, the Federal Reserve relies on several price indexes published by the U.S Bureau of Labor Statistics (BLS) and other agencies.
- Three inflation measures used often:

Consumer Price Index (CPI):

- Follows what households pay for a “basket” of everyday goods and services.

Producer Price Index (PPI):

- Tracks price changes from the viewpoint of producers/wholesalers, meaning what is being paid for inputs and goods before they reach consumers. Helps signal upstream pressure.

Personal Consumption Expenditure (PCE) Index:

- A broader measure of spending patterns. It measures the change in prices of goods and services purchased by households. It reflects how much consumers are spending and adjusts over time as spending patterns change.

CONSUMER PRICE INDEX

- The eight main categories of the Bureau of Labor Statistics (BLS) Consumer Price Index (CPI) are:



Food and
beverages



Housing



Apparel



Transportation



Medical Care



Recreation



Education and
Communication

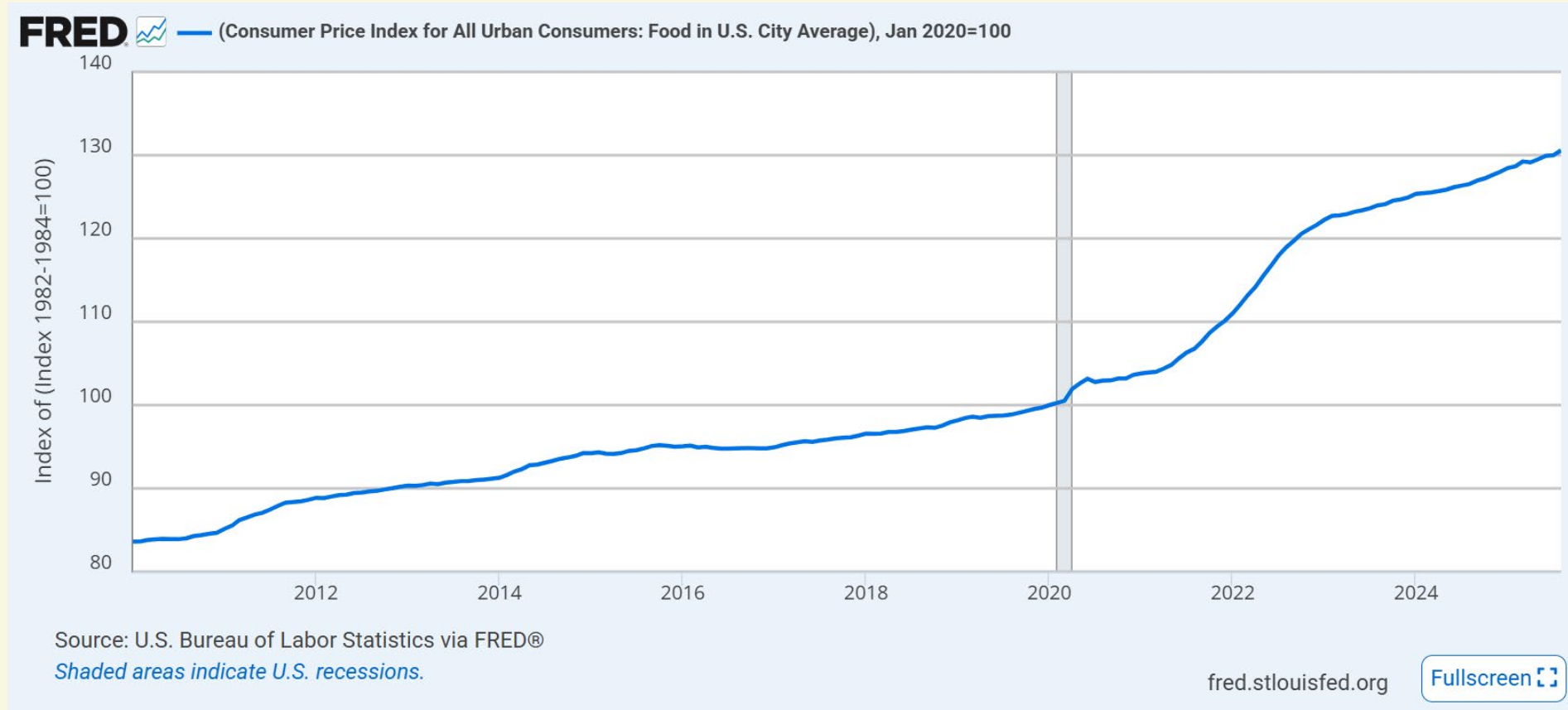


Other Goods
and Services

- Energy prices are included in the CPI as they are part of the goods and services purchased by consumers, specifically within the housing and transportation major groups.
- The indexes shown in this presentation use a base value of 100 as of January 2020

CONSUMER PRICE INDEX FOR FOOD

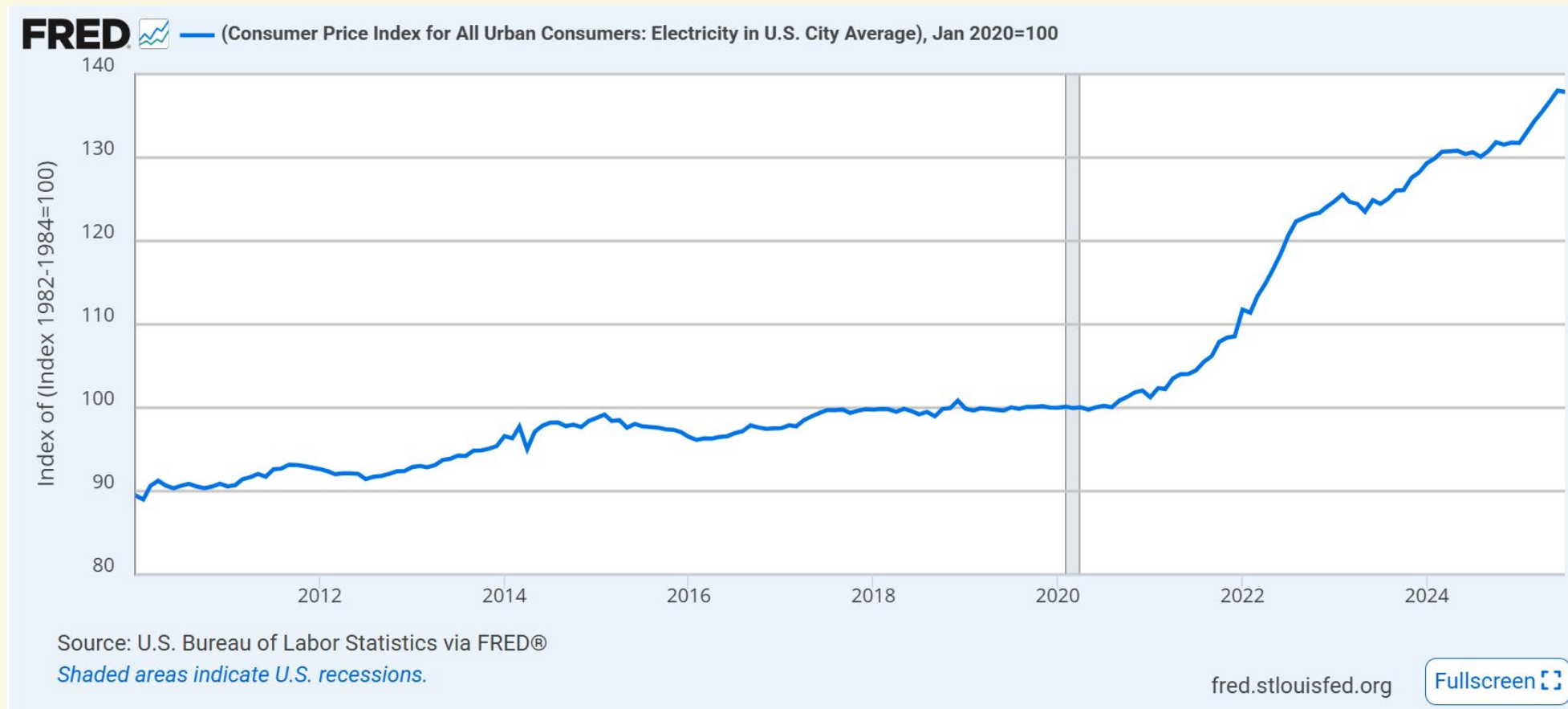
Jan 2020=100



Since January 2020, the Food CPI has risen from 100 to 130.6 in August 2025, meaning overall prices are about 31% higher than in early 2020.

CONSUMER PRICE INDEX FOR ELECTRICITY

Jan 2020=100



Since January 2020, the Electricity CPI has risen from 100 to 138.2 in August 2025, meaning overall prices are about 38% higher than in early 2020.

WHAT PRODUCER PRICES TELL US ABOUT UTILITY COSTS

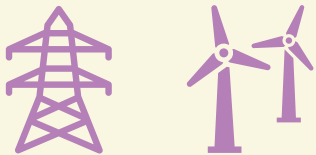
- The Federal Reserve also looks at Producer Price Indexes (PPI) to understand how much business are paying for raw materials and other key inputs.
- Some of the key inputs for OPPD include:



- **Cement and Concrete Products:** Associated to building new generation facilities, substations, etc.



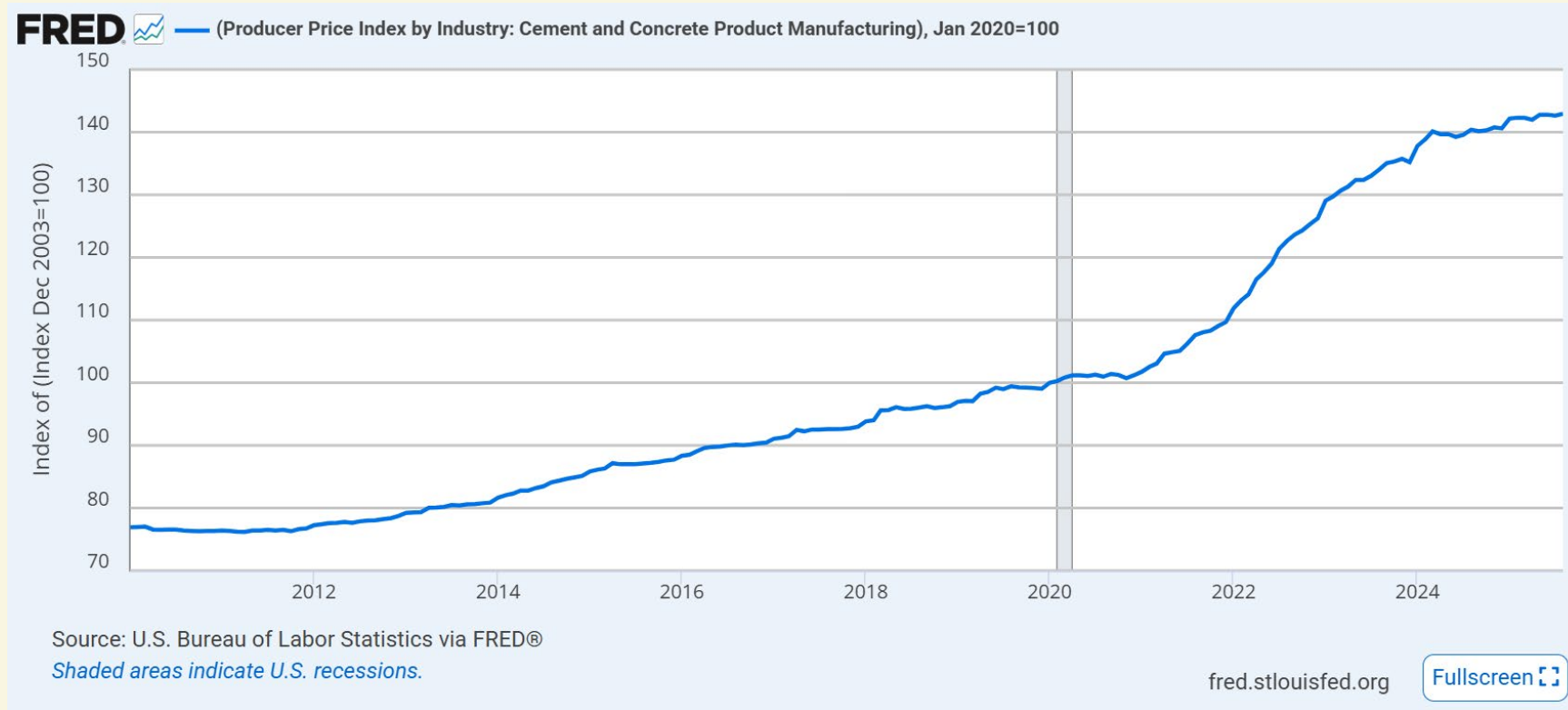
- **Copper and Copper Products:** Needed for wiring, transformers and other equipment.



- **Rolled Steel Shapes:** Used in poles and other components of generation and distribution systems.

PRODUCER PRICE INDEX FOR CEMENT AND CONCRETE PRODUCT MANUFACTURING

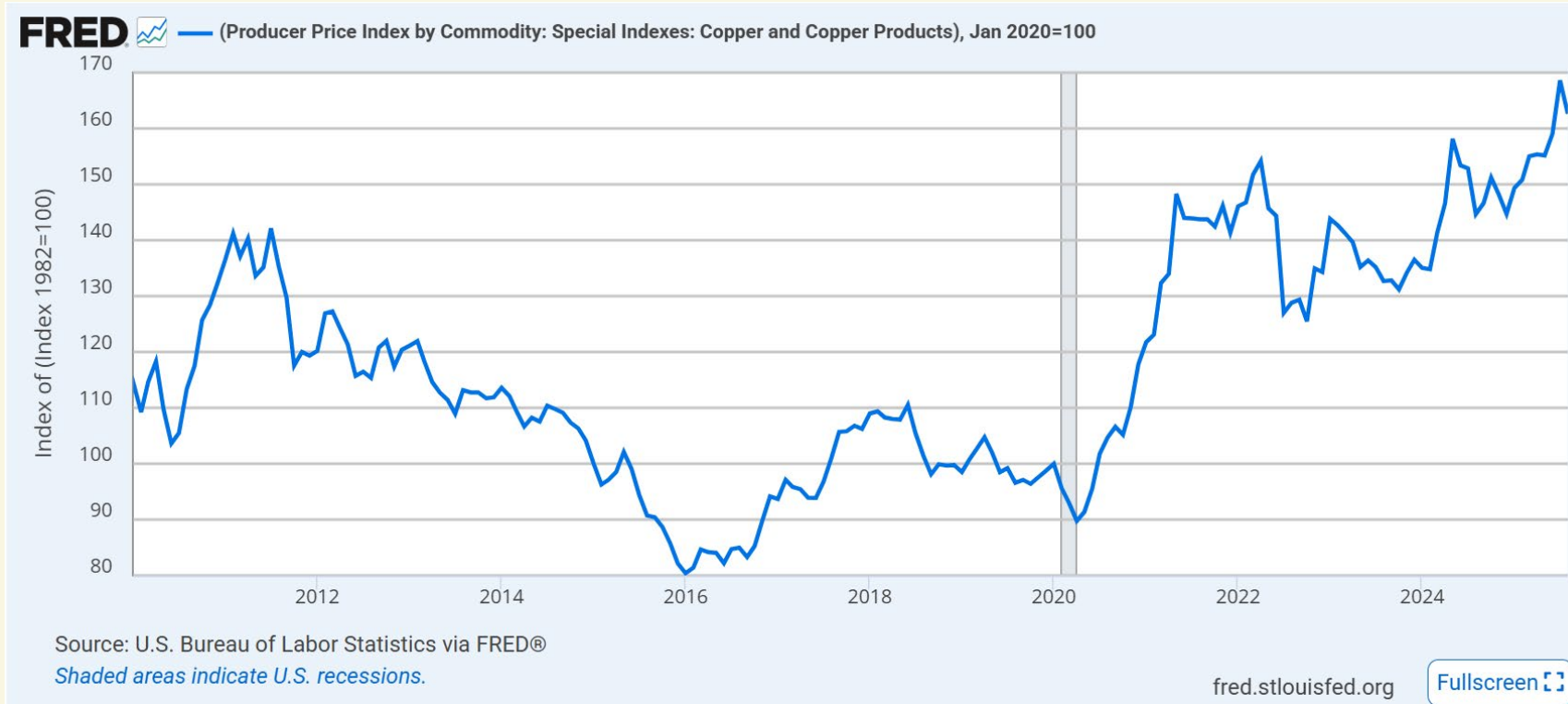
Jan 2020=100



Since January 2020, the Cement and Concrete Product Manufacturing PPI has risen from 100 to 142.9 in August 2025, meaning overall prices are about 43% higher than in early 2020.

PRODUCER PRICE INDEX FOR COPPER AND COPPER PRODUCTS

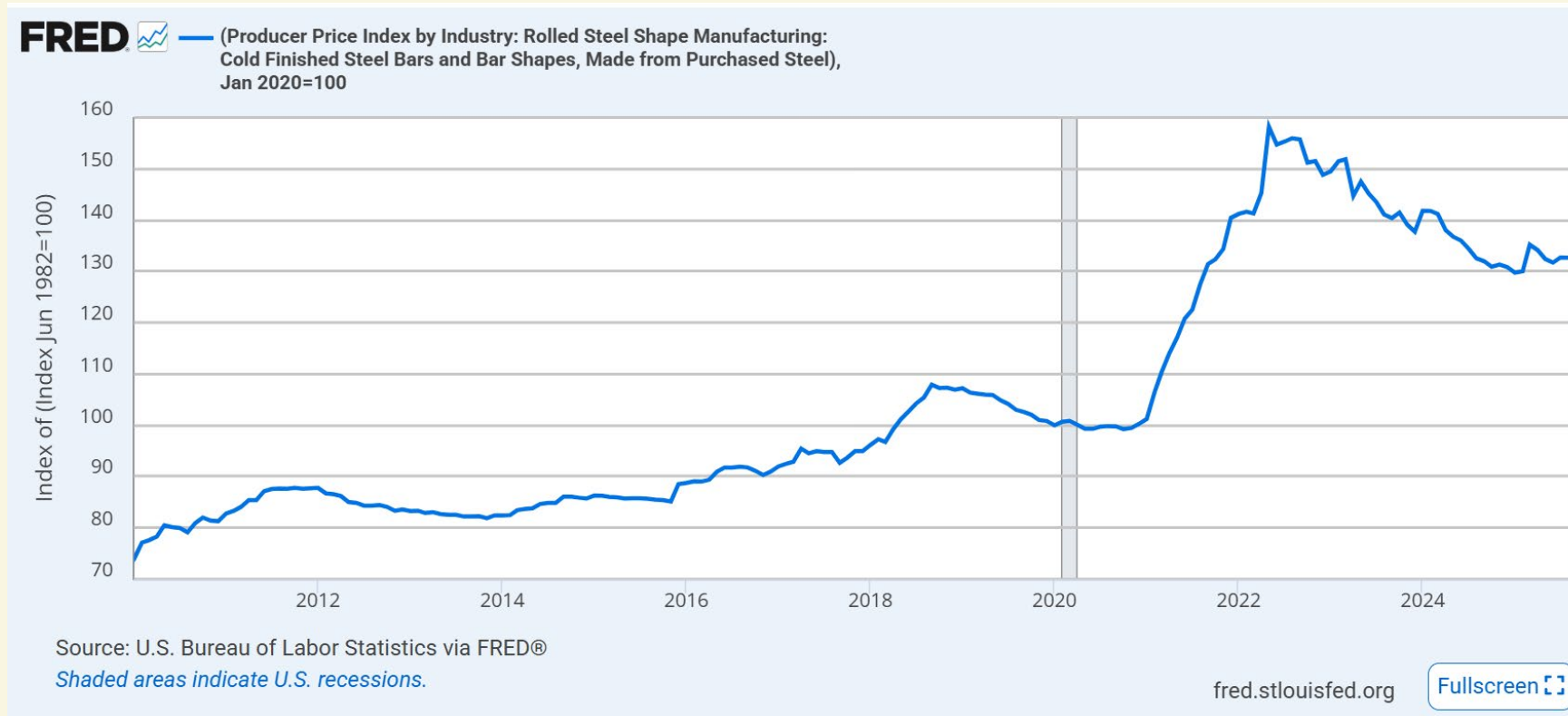
Jan 2020=100



Since January 2020, the Copper and Copper Products PPI has risen from 100 to 162.6 in August 2025, meaning overall prices are about 63% higher than in early 2020.

PRODUCER PRICE INDEX FOR ROLLED STEEL SHAPE MANUFACTURING

Jan 2020=100



Since January 2020, the Rolled Steel Shape Manufacturing PPI has risen from 100 to 132.7 in August 2025, meaning overall prices are about 33% higher than in early 2020.

OVERVIEW OF COST PRESSURES



The combination of both inadequate supply and growing demands for electric utility materials are pushing costs higher in significant and sustained ways.



Price increases affect both operations and maintenance (sustain) as well as new infrastructure builds (expand).



OPPD continues to leverage our total spend to reduce unit cost and increase accessibility/optionality for material acquisition, but the price increases are outpacing our most effective sourcing efforts.



This will be a significant challenge for the immediate future we will need to stay focused on.