

*Midwest Energy, Inc.*

# 2025

## ANNUAL REPORT



# A MESSAGE TO *our members*

The pace of change in the utility world is unprecedented. We continue our efforts to maintain a reliable, affordable, safe and resilient energy delivery system despite significant headwinds.

Federal disaster funding uncertainty has diminished since our 2024 report, at least in the near term. A slow-down in FEMA reimbursements to Midwest Energy for severe storm damage is easing, but as of year-end, a backlog of nearly \$28 million in FEMA receivables remained. Decreased funding for future events remains a possibility, but suggestions of complete elimination of FEMA have generated broad opposition across the country.

Transmission reconstruction supported by the \$97 million Grid Resilience and Innovation Partnerships (GRIP) grant announced in late 2023 is underway, with two substation upgrades energized and the first 25-mile segment of rebuilt 115 kV line from Ness City to Nekoma completed. Work on the Colby to Atwood segment will begin this year, along with work in two substations.

Federal 'Build America, Buy America' requirements complicate materials purchasing under this grant because some line and substation components are not available from U.S. suppliers.

Total electric load in the Southwest Power Pool is forecasted to double in 10 years, driven by new data centers, electrification of large oil pumping loads, and re-shoring of manufacturing to the U.S. The SPP's 2025 Integrated Transmission Plan included a directive for Midwest Energy to rebuild about 16 miles of 230 kV transmission line. A late-year change in SPP's cost allocation methodology results in customer benefits, even with estimated costs near \$45 million.

Changes in transmission cost allocation have been a Midwest Energy advocacy priority for several years.

Rapid electric load growth in the SPP region increases the likelihood of higher energy

and capacity costs. Midwest Energy successfully extended a capacity agreement with favorable terms last September, allowing more time to consider longer-term alternatives. Review continues on other generating capacity arrangements. Voluntary reduction of customer loads in exchange for bill credits is one means to reduce total generating capacity needs. A 2025 pilot program involving 305 irrigation accounts demonstrated the ability to beneficially modify load shapes. That program continues in 2026. A number of improvements continue on generating units in Colby and Hays to maintain their availability as the SPP enforces Performance Based Accreditation and continues to increase planning reserve margin requirements.

Natural gas customers have the potential to be negatively impacted by growing electrical loads for two reasons. More natural gas fueled generating plants are consuming available interstate pipeline capacity. Thus, we expect more demand for existing and new pipeline capacity, which will likely result in higher interstate pipeline rates. Likewise, the additional demand for natural gas as a generating fuel will increase the price of the commodity. On a positive note, we expect construction to start this year on the 68-mile distribution pipeline replacement project in Barton, Ellsworth and Russell counties, funded by an \$8.08 million grant from the Pipelines and Hazardous Materials Safety Administration.

Management's proposal to increase electric revenue by \$14.7 million was approved last November. To mitigate bill impacts, for the first time the Board opted to phase the increase in over three years. Electric rate design continues to evolve based on the costliness of system capacity, including generation, transmission, and distribution facilities. Midwest Energy's billing processes were modified with the rate change to take advantage of the State's sales tax exemption for delivery services, which now provide total savings of about \$2.5 million per year combined for electric and natural gas customers.

Midwest Energy implemented two technology options for our members' convenience in 2025. An update to the online billing and payment portal includes the addition of digital wallets for payments including PayPal, Venmo, Apple Pay and Google Pay. An online voting option was added for the 2025 Board of Directors election.

Cybersecurity efforts continue as a critical business requirement. Readiness assessments completed in 2025 include two tabletop exercises, a third-party penetration test and a disaster recovery exercise. Security advancements were made in vulnerability scanning, password protection, firewall audits, network segmentation, device patching and on/off boarding processes for employees.

We are grateful for the diligence of our employees, who continue to perform with your interests in mind in all situations. Midwest Energy takes its obligations seriously as a critical public service provider. Without electricity and natural gas, the economy we enjoy would not exist. It is our privilege to serve you.

**PATRICK PARKE, CEO**

**DALE UNRUH, Board Chair**





*Hays Chamber Duck Derby*



*Atwood Scholarship Presentation*



*Hoxie Ag Career Fair*



*Phillipsburg Halloween Spooktacular*



*Kansas State Fair*



*Larned Touch-a-Truck*

**COMMUNITY** *involvement*

# STATEMENT OF *operations*

Years Ended - December 31, 2025 and 2024

## Operating Revenues:

	2025	2024
Electric.....	\$174,567,361	\$160,483,630
Gas.....	52,263,703	44,404,891
<b>Total Operating Revenues.....</b>	<b>\$226,831,064</b>	<b>\$204,888,521</b>

## Operating Expenses:

Purchase/Production of Electricity .....	96,605,941	83,500,767
Delivery of Electricity .....	13,609,812	12,540,019
Purchased Gas.....	25,575,517	18,218,803
Delivery of Gas.....	10,066,612	9,045,450
Customer Accounts, Service & Information.....	4,695,003	4,458,375
Administration & General Expense.....	20,506,532	19,239,633
Depreciation & Amortization.....	23,983,652	23,551,151
Property Taxes.....	9,032,080	8,937,513
Interest Expense.....	15,673,781	14,838,619
<b>Total Operating Expenses.....</b>	<b>\$219,748,930</b>	<b>\$194,330,330</b>

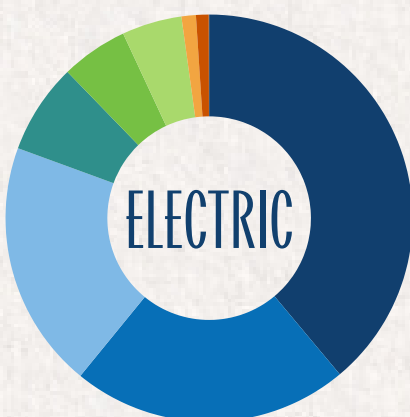
<b>Operating Margins (Loss).....</b>	<b>\$7,082,134</b>	<b>\$10,558,191</b>
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## Non-Operating Margins:

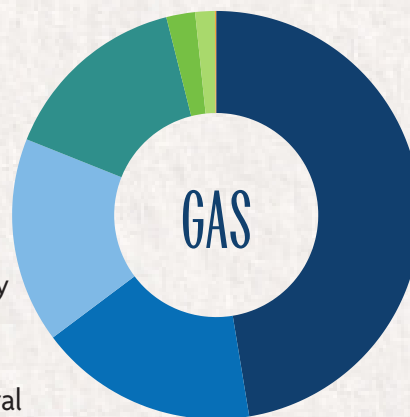
Interest.....	257,765	227,632
Capital Credits From Other Organizations.....	1,767,617	1,633,203
Other.....	255,931	60,107
<b>Total Non-Operating Margins (Loss).....</b>	<b>\$2,281,313</b>	<b>\$1,920,942</b>

<b>Net Margins (Loss).....</b>	<b>\$9,363,447</b>	<b>\$12,479,133</b>
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## REVENUE BREAKDOWN *by class*



39%	Commercial
22%	Residential
20%	Industrial
7%	Irrigation
5%	Wholesale
5%	Transmission Revenue
1%	Street & Highway Lighting
1%	Other
<1%	Interdepartmental

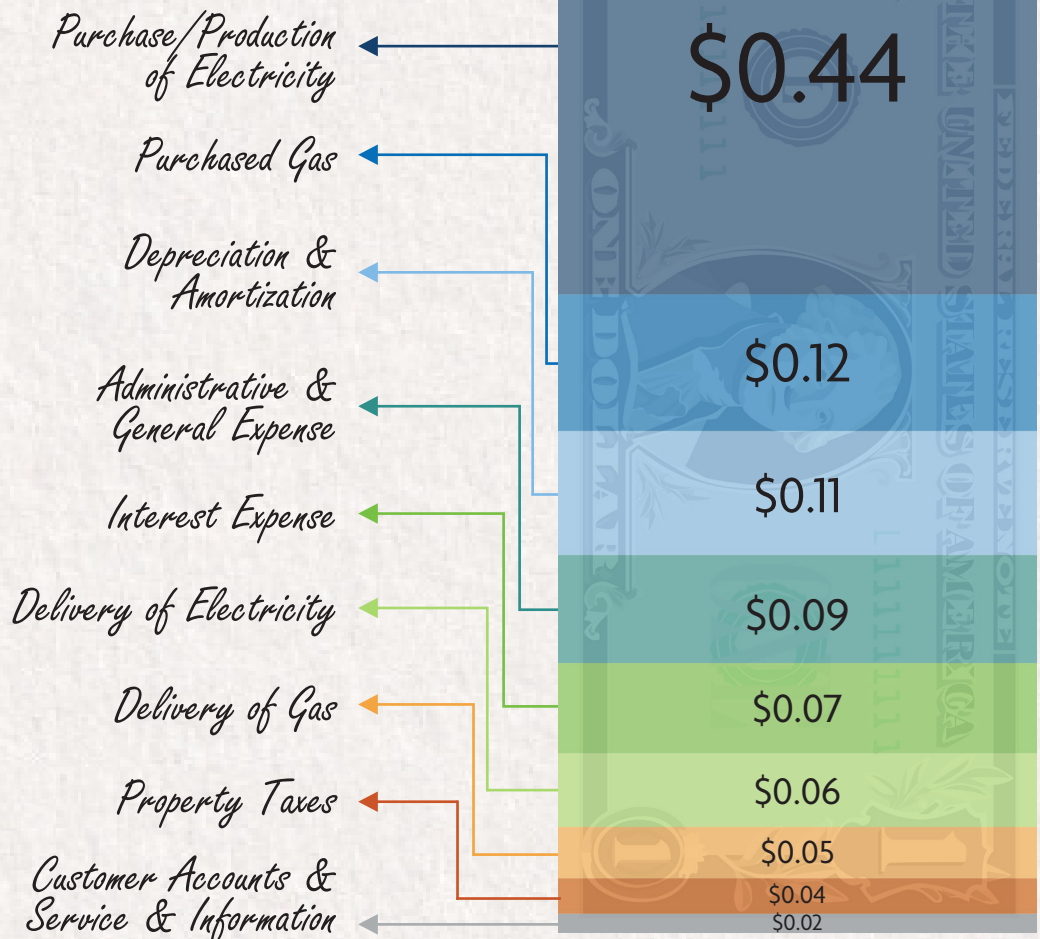


47%	Residential
17%	Commercial
16%	Irrigation
15%	Transport
2%	Industrial
2%	Other
<1%	Interdepartmental

# COMPARATIVE *statistics*

	<b>2025</b>	<b>2024</b>
<b>Electric</b>		
Number of Meters.....	49,942	50,011
Peak Load, MW.....	389	388
Retail Energy Sales, kWh.....	1,590,812,602	1,533,295,066
Wholesale Energy Sales.....	<u>139,048,732</u>	<u>139,585,603</u>
Total Energy Sales, kWh.....	1,729,861,334	1,672,880,669
<b>Natural Gas</b>		
Number of Meters.....	42,057	42,144
Total Sales, MMBtu.....	11,388,225	12,017,656
<b>Financial</b>		
Capital Credit Retirements.....	\$5,562,788	\$5,750,434
Modified Debt Service Coverage (MDSC).....	1.34	1.61
Average Retail Price per kWh (Electric).....	\$0.0974	\$0.0926
Average Retail Price per MMBtu (Gas).....	\$9.72	\$7.89

## HOW \$1 IS SPENT *by operating expense*



# BALANCE *sheet*

## *Assets and Other Debits*

	2025	2024
Electric Plant in Service.....	\$805,913,023	\$773,362,990
Construction Work in Progress - Electric.....	38,385,321	32,319,112
Total Electric Utility Plant.....	844,298,344	805,682,102
Accumulated Depreciation - Electric.....	(281,671,578)	(277,090,178)
<b>Net Electric Utility Plant.....</b>	<b>\$562,626,766</b>	<b>\$528,591,924</b>
Gas Plant in Service.....	124,069,310	117,730,721
Construction Work in Progress - Gas.....	1,130,055	3,433,267
Total Gas Utility Plant.....	125,199,365	121,163,988
Accumulated Depreciation - Gas.....	(47,990,984)	(45,913,896)
<b>Net Gas Utility Plant.....</b>	<b>\$77,208,381</b>	<b>\$75,250,092</b>
<b>Net Utility Plant - Combined.....</b>	<b>\$639,835,147</b>	<b>\$603,842,016</b>
Investment Patronage Capital.....	16,447,217	16,108,348
Investment Non-General Funds.....	3,093,139	5,521,572
Other Investments.....	1,182,596	775,002
<b>Total Other Property &amp; Investments.....</b>	<b>\$20,722,952</b>	<b>\$22,404,922</b>
Cash - General Funds/Temporary Investments.....	774,553	1,158,693
Notes Receivable - Net.....	5,497,073	5,686,334
Accounts Receivable - Net.....	56,270,439	45,160,635
Materials & Supplies.....	22,534,495	18,908,376
Prepayments.....	1,966,366	1,842,680
Other Current & Accrued Assets.....	1,052,708	986,186
<b>Total Current &amp; Accrued Assets.....</b>	<b>\$88,095,634</b>	<b>\$73,742,904</b>
<b>Deferred Debits.....</b>	<b>\$11,923,083</b>	<b>\$6,694,872</b>
<b>Total Assets &amp; Other Debits.....</b>	<b>\$760,576,816</b>	<b>\$706,684,714</b>

## *Liabilities and Other Credits*

	2025	2024
Patronage Capital.....	\$266,449,745	\$259,703,224
Operating Margins - Current Year.....	7,082,134	10,558,191
Non-Operating Margins.....	2,281,313	1,920,942
Other Margins & Equities.....	21,579,619	21,003,618
<b>Total Margins &amp; Equities.....</b>	<b>\$297,392,811</b>	<b>\$293,185,975</b>
Long Term Debt.....	362,377,914	333,921,954
<b>Total Long Term Debt.....</b>	<b>\$362,377,914</b>	<b>\$333,921,954</b>
Notes Payable.....	41,496,545	39,263,294
Accounts Payable.....	13,122,867	13,779,524
Consumer Deposits.....	5,082,114	5,033,014
Other Current & Accrued Liabilities.....	12,876,659	12,241,181
<b>Total Current &amp; Accrued Liabilities.....</b>	<b>\$72,578,185</b>	<b>\$70,317,013</b>
Deferred Credits.....	\$28,227,906	\$9,259,772
<b>Total Liabilities &amp; Other Credits.....</b>	<b>\$760,576,816</b>	<b>\$706,684,714</b>
Margins & Equities as % of Assets.....	39.10%	41.49%
Long Term Debt as % of Plant.....	37.38%	36.03%



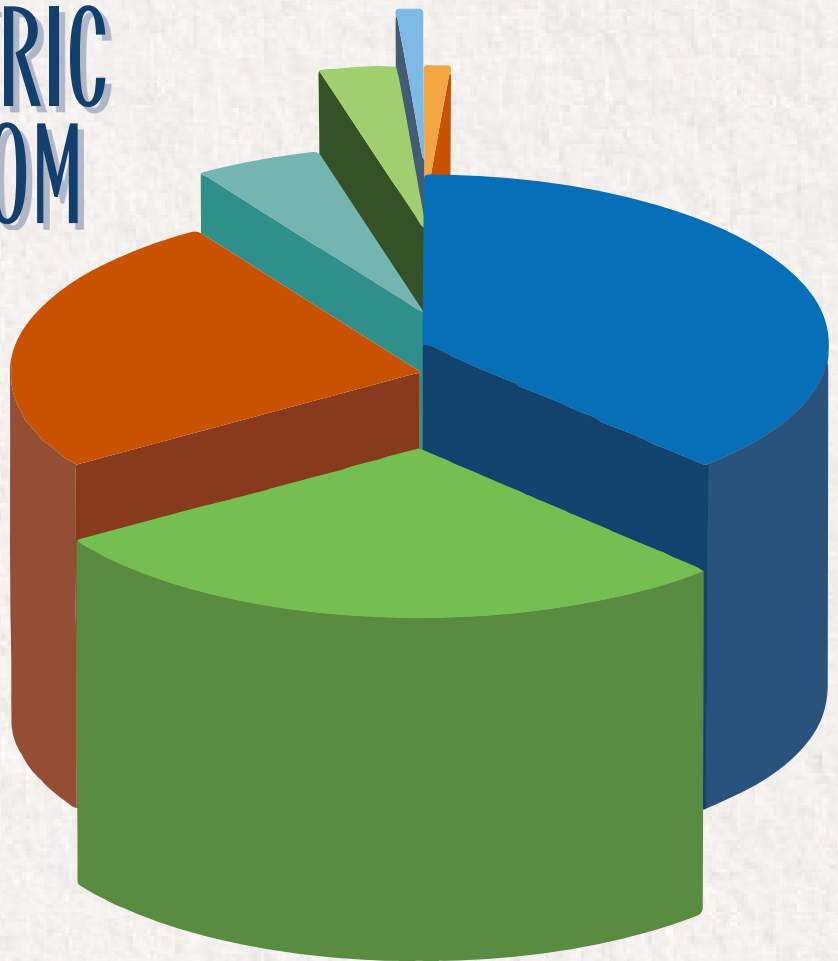
# PATRON'S equity

Years Ended - December 31, 2025 and 2024

	PATRONAGE CAPITAL ASSIGNED	PATRONAGE CAPITAL UNASSIGNED	OTHER EQUITIES	TOTAL PATRON'S EQUITY
Balance at December 31, 2024.....	\$259,703,227	\$12,479,130	\$21,003,618	\$293,185,975
Net margins.....		9,363,447		9,363,447
Patronage capital assignment.....	12,471,903	(12,479,130)	7,227	0
Retirement of capital credits.....	(5,562,788)			(5,562,788)
Other.....	(162,595)		568,772	406,177
Balance at December 31, 2025.....	\$266,449,747	\$9,363,447	\$21,579,617	\$297,392,811

## WHERE YOUR ELECTRIC ENERGY COMES FROM

- 37% ■ Wind
- 29% ■ Coal
- 25% ■ Natural Gas
- 5% ■ Nuclear
- 3% ■ Hydro
- <1% ■ Solar
- <1% ■ Other



Source: Southwest Power Pool (SPP) presentation to Kansas Senate Utilities Committee, Jan. 20, 2026.

Midwest Energy partnered with Kansas Dept. of Children and Families to enroll families for the Low Income Energy Assistance Program (LIEAP). The program paid \$603,000 in assistance for 2,126 Midwest Energy customers in 2025.



*LIEAP Event in Great Bend, Kan.*



*Natural Gas Outage in Hoxie, Kan.*

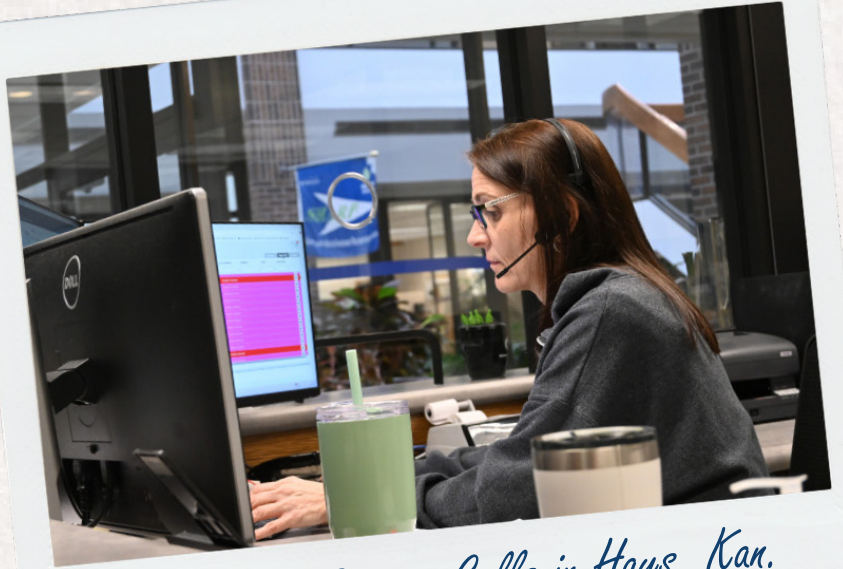
On March 24, 2025, an upstream pipeline equipment caused 685 customers in Hoxie to lose natural gas pressure. All affected gas meters were turned off, and Midwest Energy personnel responded from all gas districts. Repairs were made and the system was safely re-pressurized.

A blizzard hit western and central Kansas on March 19, 2025, bringing the total out of power at one point to 12,000 customers. The largest clusters of outages were in the Grainfield/Grinnell area, the Gorham area and northern Barton County. Almost 80% of customers had power restored by that evening, and the final restorations were completed by March 21.



*Line Repairs After Blizzard in Great Bend, Kan.*

Customer Service Representatives answer and direct all calls whether they are for taking monthly payment or updating customers on outages. The 2025 calendar year had an impressive 1.5% call abandonment rate, meaning that 98.5% of calls were answered before the customer hung-up.



*Answering Outage Calls in Hays, Kan.*



*New Development Natural Gas Installation in Hays, Kan.*

The Grove in Hays, Kan., is a new housing development located on Canterbury Drive near 27th St. It will feature 108 residences, comprised of 50 single-family homes, 50 villas, and four duplexes. Construction on the homes started in the Fall of 2025. Homes in The Grove will range from 1,600 to 2,000 square feet and are designed for maintenance-free living.

Two tornadoes ripped through our service territory on the evening of May 18: the first hitting the northwest corner of Grinnell directly, and the second causing major damage to the town of Plevna. Both the electric and natural gas systems suffered major damage in Grinnell. The majority of customers were back on by May 20, with a few isolated customers having extensive damage (swept away by the tornado).



*Restoring Power After Tornado in Grinnell, Kan.*

# MANAGEMENT *team*



**PATRICK PARKE**  
CHIEF EXECUTIVE OFFICER



**HALI BIELSER**  
DIRECTOR, PROJECT MANAGEMENT  
OFFICE & RELIABILITY COMPLIANCE



**SCHAMRA DETHERAGE**  
VICE PRESIDENT,  
HUMAN RESOURCES



**TIM FLAX**  
VICE PRESIDENT,  
INFORMATION TECHNOLOGY



**DON HOFFMAN**  
GENERAL COUNSEL



**BRENDA HUTCHISON**  
EXECUTIVE ASSISTANT



**JUSTIN MACDONALD**  
VICE PRESIDENT,  
CUSTOMER SERVICE



**NATHAN MCNEIL**  
VICE PRESIDENT,  
ENGINEERING



**TOM MEIS**  
VICE PRESIDENT,  
FINANCE/CFO



**MIKE MORLEY**  
DIRECTOR, CORPORATE COMMUNICATIONS  
& GOVERNMENT AFFAIRS



**AARON ROME**  
VICE PRESIDENT,  
ENERGY SUPPLY



**FRED TAYLOR**  
VICE PRESIDENT,  
OPERATIONS



# BOARD OF *directors*



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*District 1*



EMILY CAMPBELL  
*District 2*



ED PRATT  
*District 4*



CHRISTIAN WILSON  
*District 1*



JUDY THURMAN  
*District 4*



LOUISE BERNING  
*District 5*



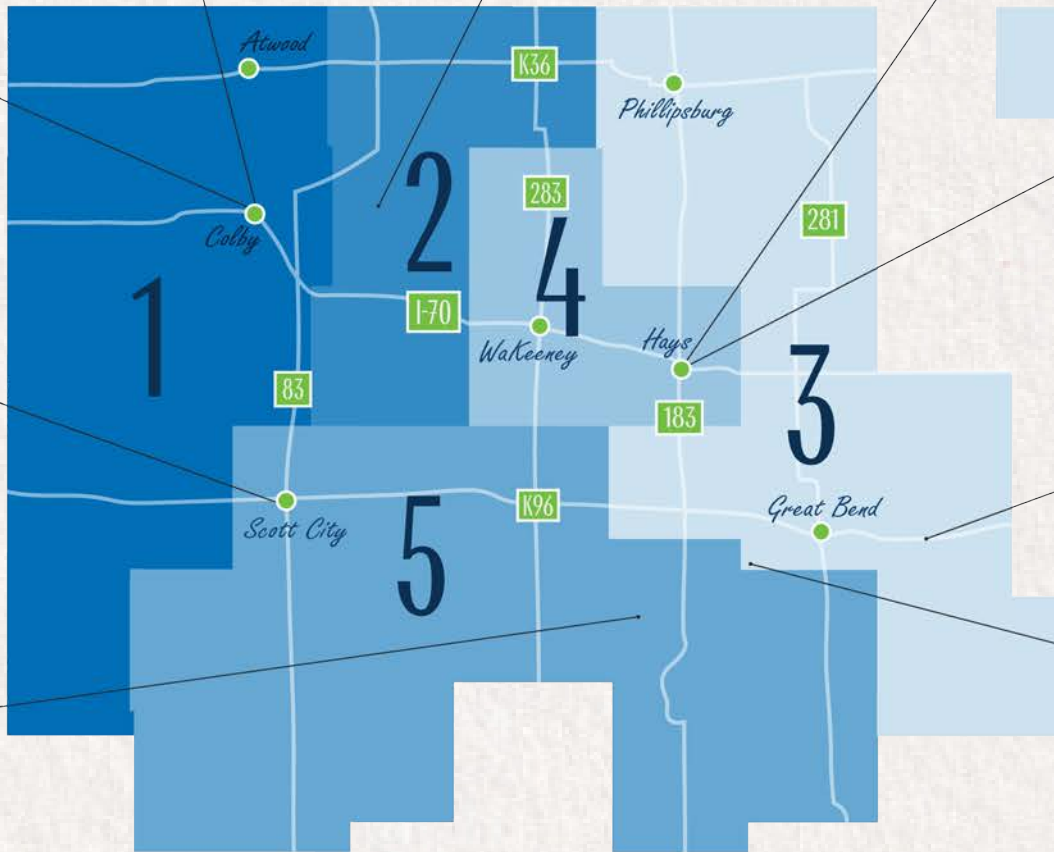
CHAD RINGWALD  
*District 3*



KERRY FROETSCHNER  
*District 5*



DALE UNRUH  
*District 3*



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*Dale Unruh*

VICE CHAIR  
*Ed Pratt*

SECRETARY  
*Chuck Moore*

TREASURER  
*Louise Berning*

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Emily Campbell  
Ed Pratt  
Chad Ringwald*

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Chuck Moore  
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Christian Wilson*

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Louise Berning  
Kerry Froetschner  
Chad Ringwald*

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*Ed Pratt, Chair  
Louise Berning  
Kerry Froetschner  
Christian Wilson*

# OFFICES

*1330 Canterbury Dr. - Hays, KS*

*303 Main St. - Atwood, KS*

*1125 S. Range - Colby, KS*

*1025 Patton Rd. - Great Bend, KS*

*719 3rd St. - Phillipsburg, KS*

*1301 Main St. - Scott City, KS*

*415 Barclay - Wakeeney, KS*



**Midwest  
Energy, Inc.**

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