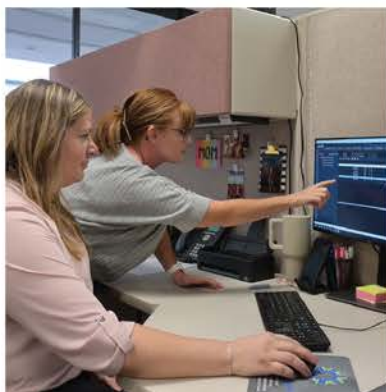


MIDWEST ENERGY  
**ANNUAL**  
**REPORT**



**2024**





# EXECUTIVE REPORT

We congratulate Midwest Energy employees upon completion of 21 consecutive months without a lost time accident, including the entirety of calendar year 2024. This is an extraordinary achievement for an organization of 290 employees. With assistance from the National Safety Council, management and employees have undertaken a number of projects to improve safety awareness and performance. These efforts build a safer workplace for the men and women who keep your lights on and natural gas flowing.

The change of administration in Washington, D.C. raises both hopes and concerns. Previously proposed regulations such as the EPA’s Power Plant Rule threaten the reliability of the nation’s electric grid at a time when demand for electricity is growing and dispatchable fossil-fueled plants are aging. The National Rural Electric Cooperative Association has gained the administration’s attention on that and other regulations impacting the type and amount of reliable generating sources and transmission lines needed across the nation. The new administration also appears willing to expedite the approval process for interstate natural gas pipelines essential for generation fuel and economic growth. Such steps reinforce an “all of the above” approach to reliable and affordable energy for our nation.

Midwest Energy enjoys a long and successful relationship with the Federal Emergency Management Agency (FEMA) and the Kansas Department of Emergency Management, resulting in millions of dollars of disaster assistance. FEMA funding mitigates rate increases after storm damage repairs. We applaud intentions to empower state and local governments in disaster preparedness and response. However, there is a risk that transferring disaster response authority and responsibility away from the federal government may not be accompanied by prior federal funding levels, which could negatively impact long-term costs and rates.

Midwest Energy is fortunate to have been selected for a \$97 million federal grant for transmission system and substation upgrades in October 2023. Initial engineering work is underway, and some materials are on order. However, Build America Buy America requirements jeopardize the grant’s 5-year timeline because certain essential items are not manufactured domestically. Senator Marshall’s staff is aiding the process of obtaining waivers. With success, rebuilding about 150 miles of transmission lines and related substation work could start in fall 2025.

Electric reliability and economic growth in the U.S. are at risk due to insufficient dispatchable generation to replace aged facilities, increasing capacity reserve requirements, and growing

loads. We continue to investigate options to meet Midwest Energy’s capacity needs in an affordable manner.

A viable alternative to some portion of traditional power supply, and the associated investment, is simply reducing energy consumption when loads are highest. Midwest Energy is testing a voluntary load control option for an irrigation rate class this year. Participants will be notified of critical demand times. Those who reduce electric demand at least 75 percent of the time during critical periods will receive a bill credit. If the pilot program is effective, it may be expanded to other rate classes. Residential rates already include a price incentive to reduce electric use during summer peak periods.

Inflation since 2015 has far outpaced Midwest Energy’s electric rates as shown on the accompanying chart. The need to rebuild transmission and distribution lines nearing the end of their useful lives will challenge this record. Based on current rebuilding plans and operating costs, Management will submit a rate increase proposal for the Board’s consideration later this year, including a multi-year phase-in feature. If approved, new rates will become effective in early 2026.

Natural gas rates were adjusted at the beginning of 2025, increasing less than one percent for residential customers. The average increase across all classes was essentially \$0. We continue to use a formula-based approach, so adjustments occur each year. A provision was added to collect revenue to be held in reserve as a hedge against spikes in wholesale energy prices as experienced in 2021’s Winter Storm Uri. A State of Kansas lawsuit against a natural gas marketer for illegal pricing during Uri was settled for a small sum, and several class action claims on behalf of residential customers across the state were dismissed.

We are very grateful for the diligence of our employees, who continue to perform with your interests in mind in all situations. It is a privilege to serve you.



**Dale Unruh,**  
Board Chair



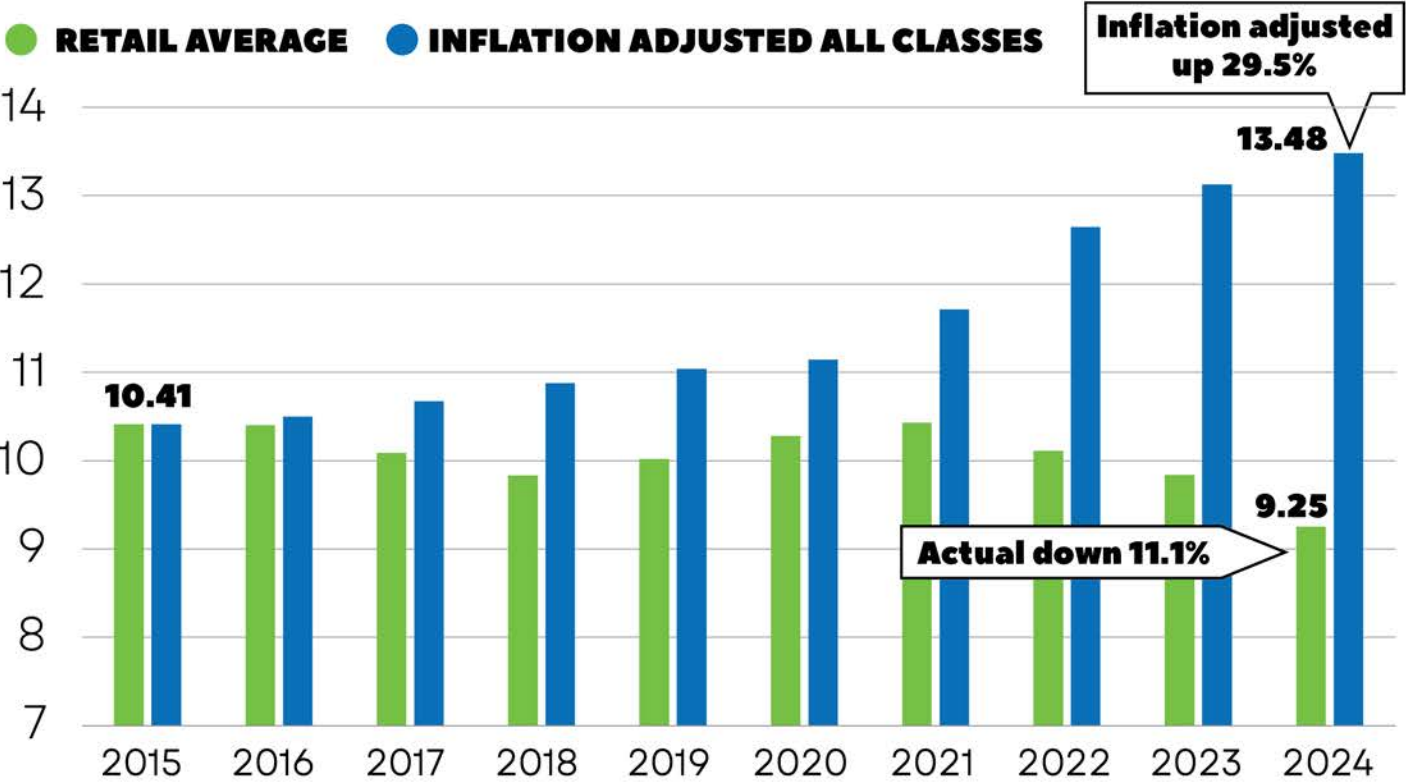
**Patrick Parke,**  
CEO

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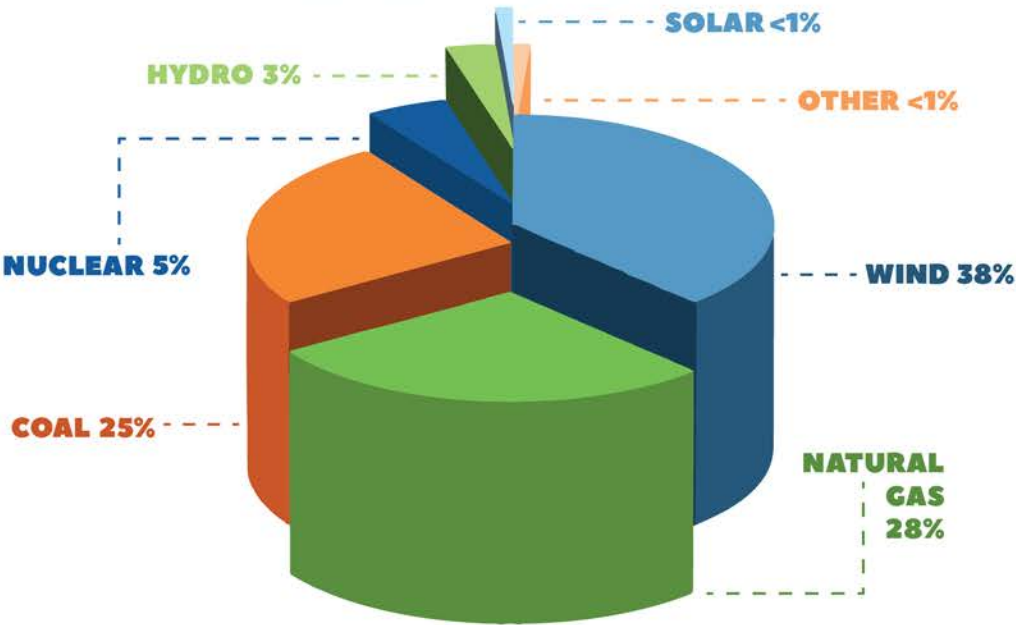


# RETAIL AVERAGE RATE HISTORY



## 2024 ENERGY PRODUCTION

WHERE YOUR POWER COMES FROM\*



\*Source: Southwest Power Pool (SPP) fuel mix for 2024.





# STATEMENT OF OPERATIONS

Years Ended - December 31, 2024 and 2023

**Operating Revenues:**

	2024	2023
Electric.....	\$160,483,630	\$162,254,570
Gas.....	<u>44,404,891</u>	<u>51,095,512</u>
<b>Total Operating Revenues.....</b>	<b>\$204,888,521</b>	<b>\$213,350,082</b>

**Operating Expenses:**

Purchased Electricity .....	77,694,790	79,785,677
Production & Delivery of Electricity .....	18,345,996	20,531,670
Purchased Gas.....	18,218,803	25,399,952
Delivery of Gas.....	9,045,450	8,754,149
Customer Accounts, Service & Information.....	4,458,375	4,706,916
Administration & General Expense.....	19,239,633	17,478,296
Depreciation & Amortization.....	23,551,151	22,789,793
Property Taxes.....	8,937,513	9,082,294
Interest Expense.....	<u>14,838,619</u>	<u>13,658,213</u>
<b>Total Operating Expenses.....</b>	<b>\$194,330,330</b>	<b>\$202,186,960</b>

<b>Operating Margins (Loss).....</b>	<b>\$10,558,191</b>	<b>\$11,163,122</b>
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**Non-Operating Margins:**

Interest.....	227,632	199,472
Capital Credits From Other Organizations.....	1,633,203	1,835,486
Other.....	<u>60,107</u>	<u>355,534</u>
<b>Total Non-Operating Margins (Loss).....</b>	<b>\$1,920,942</b>	<b>\$2,390,492</b>

<b>Net Margins (Loss).....</b>	<b>\$12,479,133</b>	<b>\$13,553,614</b>
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## COMPARATIVE STATISTICS

Years Ended - December 31, 2024 and 2023

**Electric**

	2024	2023
Number of Meters.....	50,011	50,013
Peak Load, MW.....	388	375
Retail Energy Sales, kWh.....	1,533,295,066	1,484,900,766
Wholesale Energy Sales.....	<u>139,585,603</u>	<u>139,849,514</u>
Total Energy Sales, kWh.....	1,672,880,669	1,624,750,280

**Natural Gas**

	2024	2023
Number of Meters.....	42,144	42,093
Total Sales, MMBtu.....	12,017,656	11,460,698

**Financial**

	2024	2023
Capital Credit Retirements.....	\$5,750,434	\$6,686,703
Modified Debt Service Coverage (MDSC).....	1.61	1.87
Average Retail Price per kWh (Electric).....	\$0.0926	\$0.0985
Average Retail Price per MMBtu (Gas).....	\$7.89	\$10.09





# BALANCE SHEET

## ASSETS AND OTHER DEBITS

	2024	2023
Electric Plant in Service.....	\$773,362,990	\$757,813,029
Construction Work in Progress - Electric.....	<u>32,319,112</u>	<u>30,293,269</u>
Total Electric Utility Plant.....	805,682,102	788,106,298
Accumulative Depreciation - Electric.....	<u>(277,090,178)</u>	<u>(288,560,700)</u>
<b>Net Electric Utility Plant.....</b>	<b>\$528,591,924</b>	<b>\$499,545,597</b>
Gas Plant in Service.....	117,730,721	112,686,961
Construction Work in Progress - Gas.....	<u>3,433,267</u>	<u>2,738,044</u>
Total Gas Utility Plant.....	121,163,988	115,425,005
Accumulative Depreciation - Gas.....	<u>(45,913,896)</u>	<u>(43,986,917)</u>
<b>Net Gas Utility Plant.....</b>	<b>\$75,250,092</b>	<b>\$71,438,089</b>
<b>Net Utility Plant - Combined.....</b>	<b>\$603,842,016</b>	<b>\$570,983,686</b>
Investment Patronage Capital.....	16,108,348	15,753,827
Investment Non-General Funds.....	5,521,572	5,527,177
Other Investments.....	<u>775,002</u>	<u>696,820</u>
<b>Total Other Property &amp; Investments.....</b>	<b>\$22,404,922</b>	<b>\$21,977,824</b>
Cash - General Funds/Temporary Investments.....	1,158,693	398,165
Notes Receivable - Net.....	5,686,334	5,872,063
Accounts Receivable - Net.....	45,160,635	32,361,282
Materials & Supplies.....	18,908,376	18,289,202
Prepayments.....	1,842,680	1,022,913
Other Current & Accrued Assets.....	<u>986,186</u>	<u>952,448</u>
<b>Total Current &amp; Accrued Assets.....</b>	<b>\$73,742,904</b>	<b>\$58,896,073</b>
<b>Deferred Debits.....</b>	<b>\$6,694,872</b>	<b>\$9,147,304</b>
<b>Total Assets &amp; Other Debits.....</b>	<b>\$706,684,714</b>	<b>\$661,004,887</b>

## LIABILITIES AND OTHER CREDITS

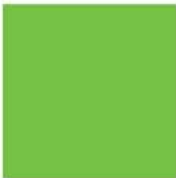
	2024	2023
Patronage Capital.....	\$259,703,224	\$252,407,542
Operating Margins - Current Year.....	10,558,191	11,163,122
Non-Operating Margins.....	1,920,942	2,390,492
Other Margins & Equities.....	<u>21,003,618</u>	<u>20,114,947</u>
<b>Total Margins &amp; Equities.....</b>	<b>\$293,185,975</b>	<b>\$286,076,103</b>
Long Term Debt.....	333,921,954	281,669,739
<b>Total Long Term Debt.....</b>	<b>\$333,921,954</b>	<b>\$281,669,739</b>
Notes Payable.....	39,263,294	49,265,621
Accounts Payable.....	13,779,524	12,764,017
Consumer Deposits.....	5,033,014	5,094,201
Other Current & Accrued Liabilities.....	<u>12,241,181</u>	<u>12,074,746</u>
<b>Total Current &amp; Accrued Liabilities.....</b>	<b>\$70,317,013</b>	<b>\$79,198,585</b>
Deferred Credits.....	\$9,259,772	\$14,060,460
<b>Total Liabilities &amp; Other Credits.....</b>	<b>\$706,684,714</b>	<b>\$661,004,887</b>
Margins & Equities as % of Assets.....	41.49%	43.28%
Long Term Debt as % of Plant.....	36.03%	31.17%

## PATRON'S EQUITY

	PATRONAGE CAPITAL ASSIGNED	PATRONAGE CAPITAL UNASSIGNED	OTHER EQUITIES	TOTAL PATRON'S EQUITY
Balance at December 31, 2023.....	\$252,407,543	\$13,553,611	\$20,114,953	\$286,076,107
Net margins.....		12,479,133		12,479,133
Patronage capital assignment.....	13,551,614	(13,553,614)	2,000	0
Retirement of capital credits.....	(5,750,434)			(5,750,434)
Other.....	<u>(505,496)</u>		<u>886,665</u>	<u>381,169</u>
Balance at December 31, 2024.....	\$259,703,227	\$12,479,130	\$21,003,618	\$286,076,048











# BOARD OF DIRECTORS



**Dale Unruh**  
Chair



**John Blackwell**  
Vice Chair



**Keith Miller**  
Secretary



## COMMITTEE ASSIGNMENTS



**Louise Berning**  
Treasurer



**Emily Campbell**



**Lon Frahm**



**Chuck Moore**



**Ed Pratt**



**Judy Thurman**

### NOMINATING COMMITTEE

Emily Campbell, Chair  
Louise Berning  
Chuck Moore  
Ed Pratt

### POLICY REVIEW COMMITTEE

Keith Miller, Chair  
Louise Berning  
John Blackwell  
Lon Frahm

### AUDIT COMMITTEE

Chuck Moore, Chair  
Lon Frahm  
Keith Miller  
Judy Thurman

### COMPENSATION COMMITTEE

Ed Pratt, Chair  
John Blackwell  
Emily Campbell  
Judy Thurman

# MANAGEMENT TEAM



**Patrick Parke**  
Chief Executive Officer



**Hali Bielser**  
Director, Project Management Office & Reliability Compliance



**Schamra Detherage**  
Vice President, Human Resources



**Don Hoffman**  
General Counsel



**Brenda Hutchison**  
Executive Assistant



**Tim Flax**  
Vice President, Information Technology



**Justin MacDonald**  
Vice President, Customer Service



**Nathan McNeil**  
Vice President, Engineering



**Tom Meis**  
Vice President, Finance/CFO



**Mike Morley**  
Director, Corporate Communications & Gov't Affairs



**Aaron Rome**  
Vice President, Energy Supply



**Fred Taylor**  
Vice President, Operations





## 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



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**[mwenergy.com](http://mwenergy.com)**

