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KICKING OFF SUMMER:
Midland celebrates members
at June appreciation events,
see page 4



Energy INSIDER

A BIMONTHLY PUBLICATION OF MIDLAND POWER COOPERATIVE • MIDLANDPOWER.COOP • JULY & AUGUST 2023

Pence talks energy policy during July 4th visit



Presidential candidate Mike Pence answers questions during his recent stop at Midland Power Cooperative. The former vice president praised co-ops for their work in economic development.

Former vice president and current presidential candidate Mike Pence made a campaign stop at Midland Power Cooperative's Boone office on July 4th to participate in a discussion on energy policy.

Co-hosted by the Boone County Republicans, the event drew more than 100 attendees and nearly a dozen regional and national reporters.

Pence, who was in the state for the first time since announcing his presidential bid in June, fielded questions from Midland Power directors and utility executives on a range of issues, including grid reliability, rising inflation, and how a potential Pence administration would support rural economic development.

"I truly do believe that the strength of our nation has always come from our faith in God, our freedom, and our vast natural resources," Pence said during comments made following the meeting. "The Biden administration before it, has essentially waged war on American energy, on traditional energy like coal, oil, and natural gas and attempted to use regulation and

mandates to drive Americans toward clean energy. However people might welcome that, that's real cost for consumers and real costs for businesses.

"We have to recognize that developing all of the resources, including renewables, is the pathway forward for the future," he added.

The issue of grid reliability was highlighted recently when the North American Electric Reliability Corporation (NERC) released a reliability report indicating that many states, including Iowa, are at an increased risk for power generation shortfalls this summer. Decreased power generation capacity, increased electricity demand, above-normal temperature forecasts, and drought conditions contributed to NERC's assessment.

Over the past two decades, the nation's electric grid has rapidly transitioned to more intermittent renewable energy resources, such as wind and solar, while simultaneously retiring traditional baseload genera-

Continued on page 4

2023 ELECTION RESULTS

Midland Power Cooperative welcomes a new District 4 director

Midland Power Cooperative welcomed a new director during the co-op's annual meeting June 29 in Jefferson. Midland Power members in district four elected Paul Skartvedt to the board.

Skartvedt will fill the seat vacated by Jack Runge who was retiring from the board before his death in May (see left).

Skartvedt lives in Hamilton County, between Radcliffe and Ellsworth, with his wife Shannon.

They have four children. Paul is the owner/operator of

Touchdown Acres, director of sales and regulatory manager for Augenus Vaccines at ARKO Laboratories, and the co-founder of Eagle's Catch fish farm.

The election also saw three incumbents reelected to the board. District one incumbent Paul Heineman, district two incumbent Doug Robey, and district three incumbent Mike Coleman all retained their board seats.

Members also elected next year's Nominating Committee:

District 1: Erin McCloud, James Moore, and Heather

Poutre.

District 2: William Higgins, Dave Jamison, and Mark Speck.

District 3: Nick Bowden, Dean Kruger, and Lisa Rotert.

District 4: Mike Broer, Charlie Gilbert, and Duane Kruckenberg.

Midland Power Cooperative's board is comprised of 12 directors, three from each of the co-op's four districts. Directors serve three-year terms.

For more information on the board of directors, visit MidlandPower.coop/Board.



REMEMBERING JACK RUNGE

In May, the co-op lost longtime director Jack Runge. Jack was a devoted husband and father, who dedicated his life to his community, serving 37 years as a firefighter for the Buckeye Fire Department and 28 years on the Midland Power board.

Jack's broad smile and warmhearted nature left an indelible impression on all he met. Our deepest condolences go out to his family and friends.

DISTRICT 1



Paul Heineman

DISTRICT 2



Doug Robey

DISTRICT 3

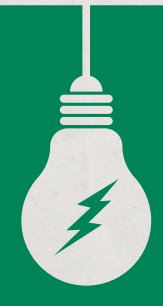


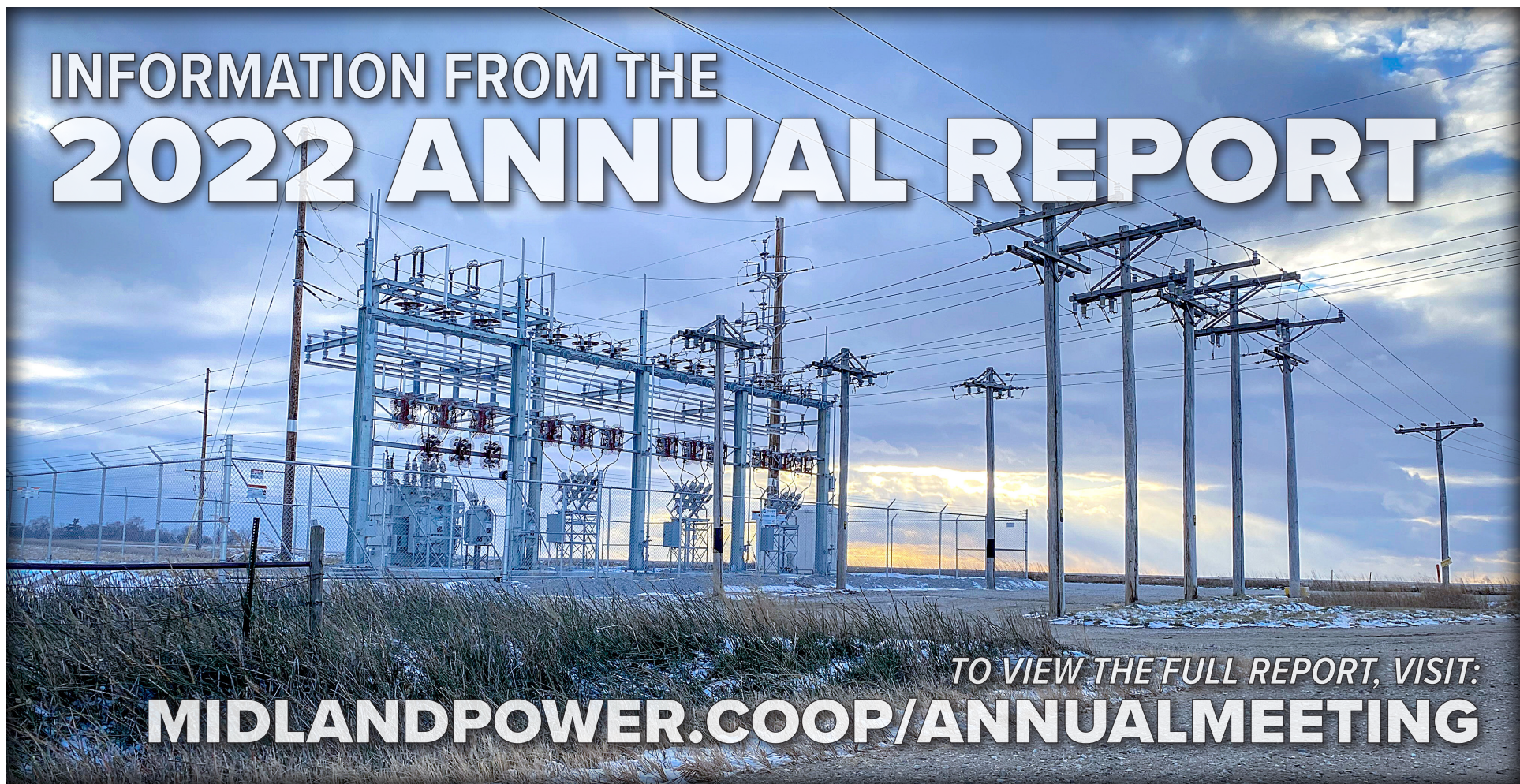
Mike Coleman

DISTRICT 4



Paul Skartvedt





LEADERSHIP REPORT

From the 2022 Annual Report

Since 1992, Midland Power has been working to deliver reliable and affordable power to our member-owners. It's a mission at the heart of everything we do. As we entered our 31st year in 2022, we continued that commitment despite significant challenges.

From inflationary pressures that saw everything from poles and wire to transformers and line trucks skyrocket in price, to combating the increasing instability in the wholesale power market, last year served as a reminder of how well suited the cooperative business model is for difficult times.

By working together, we've been able to largely overcome these challenges. However, as we look into the future, we recognize there will be tough days ahead. A rapid transition to renewable energy sources, such as wind and solar power, coupled with an increase in demand is making the electric grid cleaner, but less reliable.

As we've shifted away from traditional baseload resources like coal and nuclear generation, power supply has become increasingly intermittent and frequently stretched. With the anticipated growth of electric transportation and a nationwide call for the increased electrification of our homes and businesses, things are unlikely to improve in the short term.

Thankfully, Midland is working

to identify creative solutions to help our members save money and reduce our wholesale power costs. These include exploring new rate structures that more closely mirror how the co-op is charged for the power our members consume, and innovative programs and technologies that enable members to save money while enjoying the comfort and convenience they deserve.

We thank you, our member-owners, for the trust you place in us. As we reflect on the successes and challenges of the past year, we remain committed to our members and the communities we serve. Unlike traditional investor-owned utilities, we're driven by our members on Main Street, not shareholders on Wall Street. That means every decision we make is done with your best interest in mind. It also means your participation is key in helping to guide your cooperative.

By **Powering Forward Together**, we're confident Midland Power and our members have a bright future ahead.

Sincerely,



Bill McKim
CEO

Mike Coleman
Board President

William McKim *Mike Coleman*

Reliability

As we wrapped up our multi-year work plan in 2022, Midland Power Cooperative continued to make significant investments – more than \$10 million – to strengthen our electric distribution system. In total, Midland Power upgraded four of our existing substations, replacing aging equipment and expanding capacity to allow for anticipated future growth.

These included finishing the up-

grade work on the Bagley substation that started in 2021, two complete rebuilds on the Scranton and Dawson substations, and the completion of a new substation in Hastings. The upgrades enable us to take advantage of Central Iowa Power Cooperative's increased transmission capacity, switching from 34.5 kV to 69kV.

Other reliability upgrades included rebuilding 30 miles of old line in Hardin, Hamilton, Kossuth, and

Humboldt counties.

Members on average saw just 1.22 outages throughout 2022, lasting approximately 146 minutes.

The Cooperative Advantage

Belonging to an electric cooperative has many advantages. Unlike an investor-owned utility that distributes profits to shareholders in the form of dividends, when Midland Power's revenue exceeds our expenses we return that money to you, our member-owners, in the form of patronage capital.

In 2022, Midland's board of directors authorized the return of \$1 million to our members who belonged to the cooperative in 2006 and 2021.

Preparing For Electric Vehicles

To prepare for the potential widespread adoption of electric vehicles in our service area, Midland Power formed an electric vehicle (EV) task force in 2022. Charged with exploring the opportunities and challenges posed by EVs, the group analyzed current and projected load data, crafting a detailed report and corresponding recommendations.

By proactively preparing, Midland and our members will be better positioned for future growth.

Safety

Midland Power remains dedicated to having a culture of safety. Last year employees safely worked 110,760 hours without a lost time accident and have worked since 2019 without a lost time incident.

We are also active participants in Commitment to Zero Contacts, a nationwide safety program that helps ensure our employees return home safely each night.

Sustainability

At Midland Power, we advocate for new technologies that benefit our membership and add to quality of life. We believe in an "all-of-the-above" approach to electric generation, supporting the incorporation of new renewable energy resources alongside reliable, baseload generation.

As more renewable energy sources are added to the electric grid, electricity is becoming an increasingly clean energy source, providing local economic and environmental

benefits.

Training and Promotions

In 2022, Apprentice Linemen Wyatt Tharp and Peyton Clipperton attended overhead line school.

Midland Power also developed the MCS Field Training program. This cross-training helps educate our member care specialists about our distribution system, enabling them to better serve our members.

Supporting our Communities

Midland Power is committed to improving the communities we serve. Last year, the cooperative was proud to provide more than \$21,000 in donations to schools, scholarships, fire departments, and community organizations.

Additionally, the board of directors approved issuing Revolving Loan Funds (RLF) to CHiRP Coffee in Jefferson and RotoForm in Ellsworth, helping both businesses access low interest loans.

Utility-sponsored RLF and USDA Rural Economic Development Loans and Grants (REDLG) can make a crucial difference to community infrastructure and business growth.

These programs exist to promote rural economic development and support job creation, and Midland works hard to put that money to use, strengthening our communities.

Since 1997, Midland has sponsored 61 RLF loans, all of them initially funded from eight USDA grants. Recipients of the funding include medical facilities, fire and rescue organizations, manufacturers, educational projects, housing developments, speculative buildings and industrial parks, as well as many other commercial businesses and industries throughout our communities. Once the loans are repaid, a new recipient is chosen and the process repeats, resulting in several local recipients benefiting from the same initial grant.

Midland Power has assisted with 12 REDLG, also known as pass-through loans, which are passed to the recipient and back to the USDA through Midland Power. Combined, these three programs have allowed more than \$15 million to be loaned out to businesses and organizations throughout our communities.

FINANCIALS

From the 2022 Annual Report

BALANCE SHEET

ASSETS	2022	2021
ELECTRIC PLANT		
In service	\$149,183,111	\$140,160,360
Under construction	9,405,050	7,301,861
Total electric plant	158,588,161	147,462,221
Less accumulated depreciation	(47,837,137)	(44,154,871)
Electric plant, net	<u>110,751,024</u>	<u>103,307,350</u>
OTHER ASSETS AND INVESTMENTS		
Investments in associated companies	25,927,386	23,276,355
Other investments	22,471	81,571
Special funds - revenue deferral	500,000	200,000
Note receivable, net of current portion	138,171	301,671
Restricted investments	6,436,885	5,616,400
Total other assets and investments	<u>33,024,913</u>	<u>29,475,997</u>
CURRENT ASSETS		
Cash and cash equivalents	3,630,233	3,858,483
Accounts receivable, net	5,916,060	4,678,047
Note receivable, current portion	150,000	150,000
Materials and supplies	2,940,183	2,013,894
Other current assets	364,189	309,714
Total current assets	<u>13,000,665</u>	<u>11,010,138</u>
DEFERRED DEBITS	<u>912,687</u>	<u>1,155,995</u>
TOTAL ASSETS	\$157,689,289	\$144,949,480

EQUITIES AND LIABILITIES

	2022	2021
EQUITIES		
Patronage capital	\$21,077,281	\$20,144,474
Other equities	55,643,101	50,544,000
Total equities	<u>76,720,382</u>	<u>70,688,474</u>
Long-Term Debt, Less Current Maturities	67,039,614	63,015,013
Accrued Post-Retirement Benefits	405,530	374,424
CURRENT LIABILITIES		
Current maturities of long-term debt	3,137,070	3,016,645
Line-of-credit	3,653,870	2,590,686
Accounts payable	4,209,813	3,031,808
Customer deposits	188,878	187,531
Accrued taxes	578,044	681,306
Other current and accrued liabilities	998,975	669,889
Total current liabilities	<u>12,766,650</u>	<u>10,177,865</u>
DEFERRED CREDITS	<u>757,113</u>	<u>693,704</u>
TOTAL EQUITIES AND LIABILITIES	\$157,689,289	\$144,949,480

REVENUE & EXPENSE

	2022	2021
OPERATING REVENUES	\$52,151,092	\$49,204,704
OPERATING EXPENSES		
Cost of power	34,933,978	33,935,156
Distribution - operations	1,704,353	1,296,850
Distribution - maintenance	3,006,690	3,292,463
Customer accounts	664,134	634,872
Customer service and informational	293,383	302,696
Sales	402,640	252,689
Administrative and general	2,448,588	2,269,429
Depreciation	4,431,802	4,218,129
Taxes	90	46,563
Interest on long-term debt	2,040,393	1,899,655
Other	20,029	14,837
Total operating expenses	<u>49,946,080</u>	<u>48,163,339</u>
Operating Margins Before Capital Credits	2,205,012	1,041,365
Generation and Transmission and		
Other Cooperative Capital Credits	4,426,554	2,738,412
Net Operating Margin	<u>6,631,566</u>	<u>3,779,777</u>
NON-OPERATING MARGIN		
Interest and dividend income	145,610	113,523
Gain on disposal of general plant	21,857	502,553
Other non-operating margins, net	27,158	(44,076)
Total non-operating margin	<u>194,625</u>	<u>572,000</u>
NET MARGIN	\$6,826,191	\$4,351,777

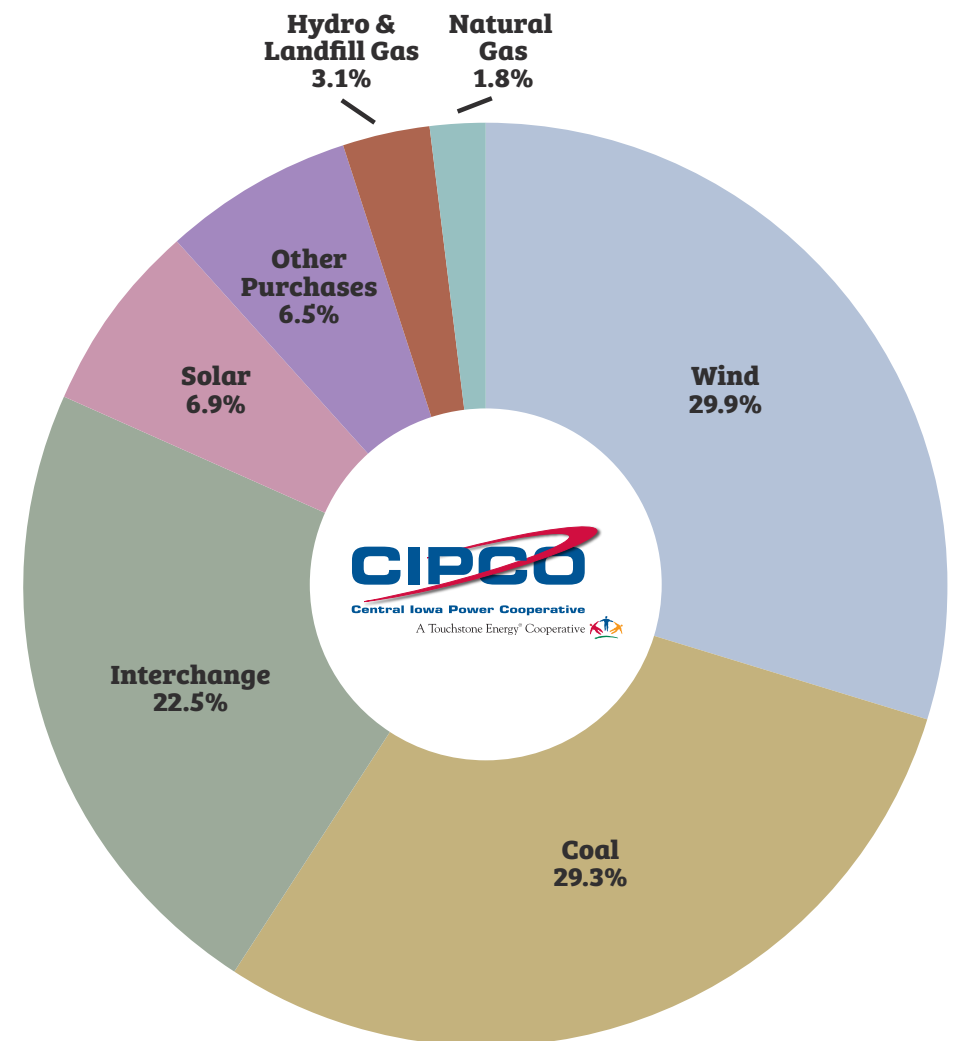


WHOLESALE POWER GENERATION MIX

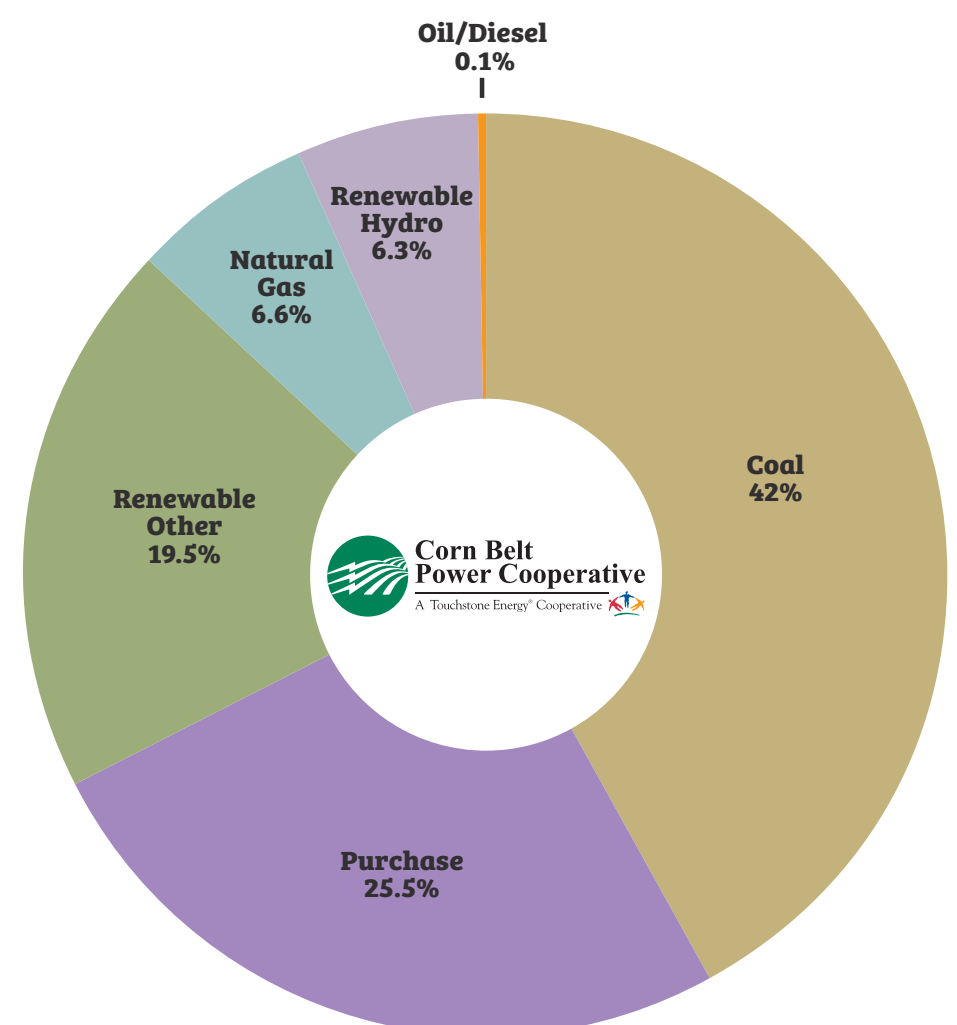
From the 2022 Annual Report

Midland Power Cooperative's generation and transmission providers, Central Iowa Power Cooperative and Corn Belt Power Cooperative, are committed to delivering the reliable, affordable, and sustainable power our members depend on.

Their "all-of-the-above" approach to energy generation ensures we have an adequate power supply for today, while also working towards a cleaner energy future.



Central Iowa Power Cooperative (CIPCO) is based in Cedar Rapids, IA, and provides wholesale electrical requirements for 13 rural electric co-ops and associations.



Corn Belt Power Cooperative is based in Humboldt, IA, and provides wholesale electrical requirements for 10 rural electric co-ops and associations.

▶ PENCE VISIT
from page 1

tion resources like coal and nuclear power plants. The result is a less reliable wholesale power supply.

Pence also addressed questions regarding permitting reform, something industry analysts consider essential to strengthening the nation's transmission infrastructure. By streamlining the current regulatory process, utilities hope to more quickly build the necessary high-voltage transmission lines to deliver electricity from the mostly rural areas where it's produced to the denser urban areas where the majority is consumed.

"We have to expedite permitting and allow for the construction of electrical infrastructure in this country," Pence said. "We need to be thinking about capacity and states like Iowa have a tremendous opportunity to be exporting energy around the country."

It was a message that resonated with many in attendance.

"As a member-owned electric cooperative, we're committed to help-



ing inform our members on the key issues facing the co-op, the utility industry, and our rural communities," said Mike Coleman, Midland Power board president. "By having these conversations, we're helping political candidates understand that decisions made in Washington have real-world consequences here in Iowa."

Asked how a potential Pence administration would help spur economic development in the Hawkeye State, the former six-term congressman and governor of Indiana said electric cooperatives are positioned

to play a key role.

"Maybe it's because I'm from Indiana, which is an awful lot like Iowa, that I understand the role that rural electrical co-ops play, not only providing energy but really making the kind of investments and catalyzing the kind of planning that creates jobs and opportunities," Pence said. "Our local co-ops are owned by the people in the community and so it stands to reason they would be the great champions of economic development that they are."

"Companies that may not have

considered locating in rural America before now have very few reasons to think otherwise. I think it's a moment for rural America and if I'm president, we're going to look to promote more policies that encourage more investment and more growth in rural America, even while we preserve the extraordinary quality of life that we enjoy in places like Iowa."

Midland Power does not endorse or recommend any candidates for election, and we welcome the opportunity to engage with all political candidates, regardless of party affiliation.

We hope to host other presidential candidates throughout the primary season.

Member Appreciation Events

Midland Power held four member appreciation dinners in June to celebrate YOU, our member owners!

These family-friendly evenings took place in Humboldt, Iowa Falls, Boone, and Jefferson. They featured a catered meal and dessert from Sweet Treats Ice Cream Company, as well as new activities for kids!

Members who attended were also eligible to win a custom Midland Power cornhole set!

**Humboldt winner: Marvin Thilges • Iowa Falls winner: Stanley Granzow
Boone winner: Terry Mercer • Jefferson winner: Heidi Bills**

New idle service fee takes effect this fall

For members who seasonally disconnect their service to avoid paying the monthly access charge, a new idle service fee will take effect this fall. The change will help ensure that each member pays their portion of the cost to maintain and operate the distribution infrastructure necessary to deliver electricity to their home, business, farm, or agricultural building.

Seasonal disconnections are most commonly done for agricultural buildings such as grain bins, where power may only be used for a few

weeks or months each year. However, when a member chooses to temporarily disconnect service, the cost of maintaining the facilities for their service don't just disappear. Instead, active members have been required to make up the difference.

To help address the issue, the Midland Power Cooperative board of directors approved the new idle service fee in June.

Beginning this fall, members who elect to disconnect their service for more than 60 days with the intention of reconnecting service with-

in 24 months will be subject to the new fee. For a single phase service, the cost will be \$20 per month. For a three-phase service, the cost will be \$42.50 per month.

As an electric cooperative, Midland Power invests heavily in building, maintaining, and operating our distribution system. To help offset these costs, each member pays an access fee, a fixed charge that remains the same whether a member uses any kilowatt-hours or not. A member's access charge helps pay for their portion of the costs associated with delivering electricity to their point of service.

Members who elect to disconnect service without paying the idle ser-

vice fee or who maintain idle service status for more than 24 months are at risk of having their service declared canceled. This could result in the removal of the co-op's electric facilities, including the poles, wire, and transformer feeding the service.

The member would also become subject to "new service" fees or any associated charges should they decide to reconnect in the future. A member who elects to rebuild service at their location after facilities have been removed, will be required to pay both the cost of the initial removal and the cost of reinstallation of the necessary facilities.

For more information on the new fee, please call us at **800-833-8876**.

Correction: In the May/June issue of *Energy Insider*, we incorrectly identified a photographed member as Al Burrows. We apologize for the mistake.

<p>Midland Power Cooperative Offices Monday-Friday: 7:30 a.m. - 4:00 p.m. 2005 S. Story Street, Boone, Iowa 1210 13th Street North, Humboldt, Iowa 1001 E. Lincoln Way, Jefferson, Iowa</p>	<p>Give Us a Call 24/7! ☎ Toll Free: 800.833.8876 📄 Automated Pay-By-Phone 888.470.4623</p>	<p>Find Us Online! 🏠 MidlandPower.coop ✉ mprec@midlandpower.coop 📘 Facebook.com/MidlandPower 🐦 Twitter.com/Midland_Power</p>
<p>Midland Power Cooperative is an equal opportunity provider and employer. Proudly serving you from Boone, Humboldt, Iowa Falls and Jefferson.</p>		
		<p>Leadership: Bill McKim, CEO Board of Directors: James Byriell, Randy Christensen, Michael Coleman, Bill Harleen, Paul Heineman, Tom Ingebritson, Kim Rinker, Doug Robey, Paul Skartvedt, Joel Skow, Rick Thompson and Jim Vierkandt Energy Insider Editor: Benjamin Ure</p>