



The Energy Insider

A BIMONTHLY PUBLICATION OF MIDLAND POWER COOPERATIVE

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SUMMER RELIABILITY CONCERNS

Report outlines potential generation shortfalls, raises possibility of seasonal outages



BILL MCKIM
CEO,
Midland Power
Cooperative

In May, the North American Electric Reliability Corporation (NERC) released a reliability report indicating that multiple states, including Iowa, are at an increased risk this summer for power generation shortfalls.

Local, state, and national headlines have been warning of possible power outages based on the report's findings.

While the information in this report warrants awareness and consideration, there is no reason to panic.

As winter storm Uri showed us when it brought record cold temperatures to Texas in February 2021, weather conditions elsewhere in the country can directly impact our local electric supply. During

that storm, a lack of generation coupled with increased demand forced grid operators to call for rolling blackouts across the region. While these outages were brief, they demonstrated how generation supply issues hundreds of miles away can impact reliability here at home.

In this latest report, NERC raised concerns regarding several regional transmission organizations (RTOs) and their challenges related to electric generation and transmission this summer.

NERC placed Midcontinent Independent System Operator (MISO) in a "high risk" category for electric generation/capacity shortfalls this summer. RTO Southwest Power Pool (SPP) was identified as "elevated risk."

Midland receives wholesale power from both Corn Belt Power Cooperative in the SPP market and Central Iowa Power

Midland continues to advocate for an all-of-the-above approach to generation planning, ensuring a balanced mix of renewable energy sources alongside reliable baseload generation sources.

Cooperative (CIPCO) in the MISO market.

NERC outlined the following factors leading to these risk levels:

- Storm damage to a key MISO transmission line connecting the MISO northern and southern areas.
- A capacity shortfall in MISO, driven by peak demand increase and less baseload generation capacity than last summer.
- Above-average regional temperatures and drought contributing to high demand and lower than average output from hydro generators.
- Supply chain challenges leading to difficulty securing fuels and other key resources.
- Potential cybersecurity threats.

What does this mean for Midland and our members?

Midland Power is aware of the NERC report and is working closely with our wholesale power providers to plan for any potential controlled power outages.

On the CIPCO side, MISO is facing a generation reserves shortfall this summer, resulting in a higher risk of energy emergencies during peak

summer conditions. Should such a shortfall occur, MISO will call on CIPCO to initiate a series of controlled power outages, rotating hourly through their 13 member distribution cooperatives.

Should Midland be called upon to shed load, we will take nine of our substations offline, impacting roughly 20 percent of our meters. These substations were selected due to their high load characteristics and minimal impact on critical public services and healthcare facilities. Any interruptions would likely last around an hour.

On the Corn Belt side, SPP reported in May that they project enough generation to meet summer peak demand. However, that doesn't eliminate the risk of an isolated energy emergency alert (EEA) that could be prompted by a weather event or unplanned generation or transmission outage.

Similar to CIPCO, Corn Belt's outages would be rotating. However, they would only affect one Midland substation at a time and a few hundred meters each hour.

Should either RTO declare an energy emergency, Midland

will work to notify our members via our social media channels, email, text messages, and phone calls. Members are encouraged to sign up for SmartHub at MidlandPower.SmartHub.coop and enroll for service notifications for up-to-date information.

What is Midland doing?

Midland continues to advocate for an all-of-the-above approach to generation planning, ensuring a balanced mix of renewable energy sources alongside reliable baseload generation sources.

Electric cooperative families and businesses expect the lights to stay on at a price they can afford. To maintain the reliability of your power supply, we must follow a strategy that includes renewable energy, as well as dependable resources we rely on including coal, natural gas, and hydropower. This diverse energy mix is essential to meeting those expectations day in and day out.

We are here to provide you with safe, reliable, and affordable electricity. As we have for the last 30 years, we will continue to advocate on your behalf and do everything we can to continue to live up to that mission.

WHAT IS AN RTO? AIR TRAFFIC CONTROL: AN ANALOGY

Air Traffic Control	Regional Transmission Organizations
Does not own airplanes, airlines or airports	Does not own utilities, power generators or transmission lines
Does not own the airspace it monitors	Does not own the land electricity flows across
Directs air routes to ensure airplanes and passengers are safely transported	Monitors and directs regional bulk power grid to ensure electricity gets from where it's made to where it's needed

Gilbert retires from board, leaves legacy of service

Midland Power Cooperative Director Charlie Gilbert retired from the board in June after 24 years of service to the co-op. Known for his wit and insight, Charlie was selected by his peers to serve on the boards of both Corn Belt Power Cooperative and Basin Electric Power Cooperative.

On behalf of Midland Power and our members, we thank you for your service, Charlie!



Board President Mike Coleman (left) with retiring District Four Director Charlie Gilbert.

DISTRICT 1



Kimberly Rinker

DISTRICT 2



Bill Harleen

DISTRICT 3



Rick Thompson

DISTRICT 4



Jim Vierkandt



ELECTION RESULTS

Midland Power Cooperative welcomes a new director

Midland welcomed a new director during the co-op's annual meeting in June.

Members elected Jim Vierkandt to the board as a director from District Four. Vierkandt will fill the seat being vacated by retiring Director Charlie Gilbert.

Vierkandt resides near Buckeye in Hardin County with Steph, his wife

of 37 years. They have three grown children and four grandchildren. Jim is a grain and livestock farmer, the Vice President of the Hardin County Pork Producers Board, a current Buckeye Township trustee, and has been a member of your co-op since 1984.

The election also saw three incumbents reelected to the board. District One incumbent Kimberly

Rinker, District Two incumbent Bill Harleen, and District Three incumbent Rick Thompson all retained their board seats.

Members also elected next year's Nominating Committee:

District One: Richard Larson, Erin McCloud, and Greg Rinehart

District Two: Greg Artz, Dave Jamison, and Mark Speck

District Three: Dean Bormann, Allen Mains, and Tim Terwilliger

District Four: Duane Kruckenberg, Steve Martin, and Duane Schultz

INFORMATION FROM THE 2021 ANNUAL REPORT



LEADERSHIP REPORT

From the 2021 Annual Report



Bill McKim



Mike Coleman

This year marks Midland Power Cooperative's 30th anniversary. For three decades, Midland has worked to serve you, our member-owners. Since our formation in 1992, our mission has been simple: provide the safe, reliable, and affordable power our members depend on, while also delivering innovative programs and services to improve your quality of life.

We continued that tradition in 2021, working to strengthen our distribution system, invest in our communities, and promote energy-saving technologies.

Showing Resiliency

High winds and tornadoes struck our area, tearing down poles, damaging substations, and leaving hundreds of members without service during a powerful storm in December.

Midland crews worked around-the-clock during the initial recovery efforts, eventually replacing more than 60 downed and broken poles. Crews from our generation and transmission providers, Corn Belt Power Cooperative and Central Iowa Power Cooperative, began immediately making needed repairs to transmission lines, enabling us to restore power to blacked out substations.

While more than 3,500 meters were initially without power – roughly a quarter of our system – crews were able to safely restore power over the next few days.

This storm, along with the 2020 derecho, highlight the hard work and dedication of our amazing lineworkers. We appreciate their sacrifices and commitment to our members.

Reliability

In 2021, Midland continued our work to increase reliability. We invested more than \$5 million in needed infrastructure improvements, helping ensure reliability today, while also planning for future load growth.

In May, we broke ground on the Hastings substation located at NEW Cooperative's Cooper, Iowa location. Named after long-time Midland Power Director Ken Hastings, the new

substation will enable NEW Cooperative to expand, bringing jobs and economic growth to the area. The substation is expected to come online this summer.

We also made needed improvements to two existing substations, rebuilding the Bagley substation in Guthrie County and the Churdan substation in Greene County.

Other reliability upgrades included replacing 30 miles of old line, mostly in the Iowa Falls and Humboldt areas.

Despite the extensive December storm damage, members on average saw just 1.5 outages throughout 2021, lasting approximately 164 minutes.

The Co-op Advantage

Belonging to an electric cooperative has many advantages. Patronage capital is one of the most important. 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 2021, Midland's board of directors authorized the return of \$1.2 million to our members who were part of the cooperative in 2005 and 2020.

Safety

Midland Power remains dedicated to having a culture of safety. Last year employees safely worked 109,478.5 hours without a lost time accident and have worked since 2019 without an Occupational Safety and Health Administration (OSHA) recordable accident. These hours include working through two derechos, as well as assisting on hurricane work in Louisiana, where linemen worked without a single injury.

Training and Promotions

In 2021, Jefferson lineman Gerod Schafer completed his lineman apprenticeship program. The program is demanding, consisting of over 7,000 hours of hands-on work, book work, and skill evaluations.

Our Director of Safety and Human Resources Chase Bachman became authorized to instruct OSHA 10 and OSHA 30 trainings.

Vice President of Administration Jill Gannon and Director of Engineering Casey Huff completed the National Rural Electric Cooperative Association's Management Internship Program.



Crews initially worked around the clock repairing December storm damage.

Sustainability

At Midland Power, we strongly advocate for new technologies that benefit our membership and add to their 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.

Midland's successful Community Solar program allows members to purchase subscriptions to our 150 kilowatt solar array located at our Iowa Falls service center. The program offers a cost-effective alternative to members owning their own personal array. To date, we have 44 member subscribers.

For members who prefer to purchase their own solar or wind system, Midland can help plan, design, and build renewable systems through our involvement with Iowa Choice Renewables. As your trusted energy advisor, Midland's energy services team is here to aid you in making a more confident, informed decision on your renewable options.

As a member of Central Iowa Power Cooperative (CIPCO), we have supported the construction of the largest solar generating facility in Iowa. The Wapello Solar Project, a 100 megawatt AC solar field in Louisa County, came online in March feeding energy into the grid and benefiting CIPCO's 13 distribution cooperatives.

In addition to supporting renewable energy, Midland encourages the efficient

and effective use of electricity. Midland offers a wide variety of programs, rebates, and incentives to help with initial costs of installing technologies that help members save energy and money.

In partnership with our generation and transmission providers, Midland invested more than \$275,000 in energy efficiency measures last year, resulting in more than 1 million kilowatt hours in deemed savings.

Knowledge is Power

To use energy more wisely, we provide members with several tools to monitor their usage and learn more about their cooperative.

Members that sign up for online account access through SmartHub can manage their account, view and pay bills, monitor usage, and get outage information and notifications online.

We also provide regular updates on co-op activities and programs through our bimonthly newsletter, monthly e-newsletter, and social media platforms.

Looking Forward

As we've done for the last three decades, Midland will continue working on behalf of our members, using the lessons of the past to help power a brighter future.

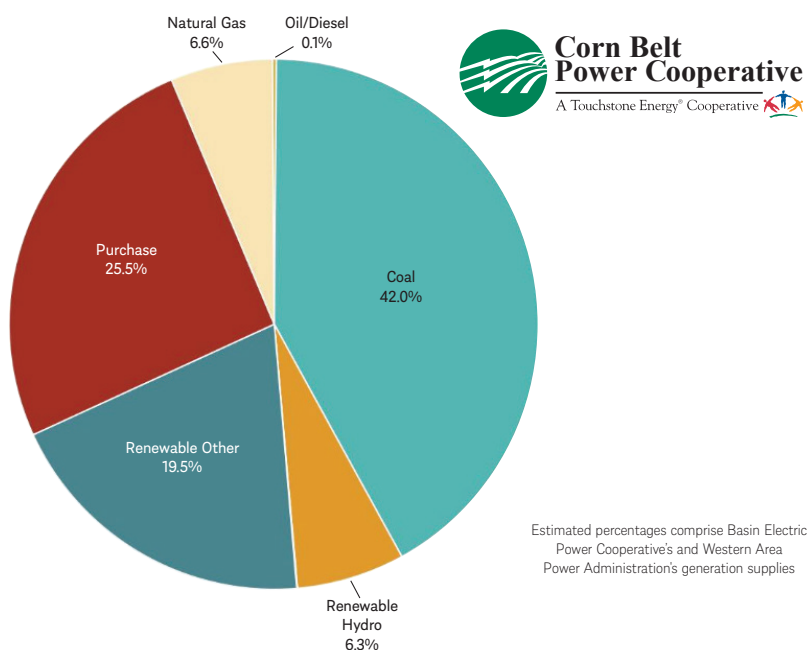
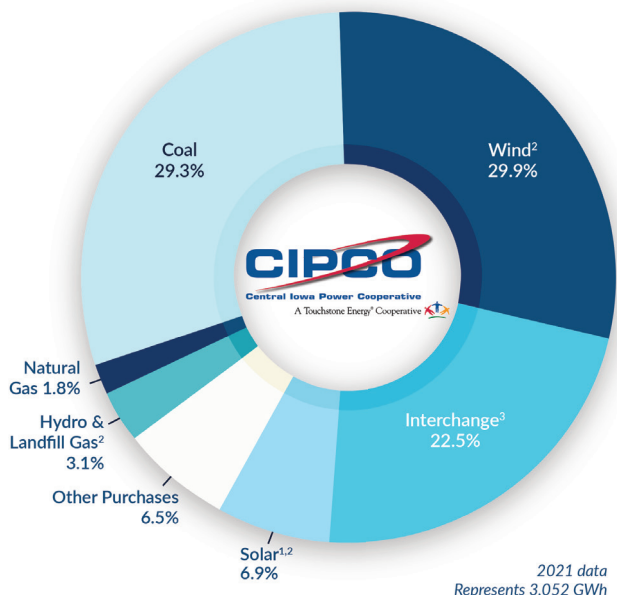
William McKim
CEO Bill McKim

Mike Coleman
Board President Mike Coleman

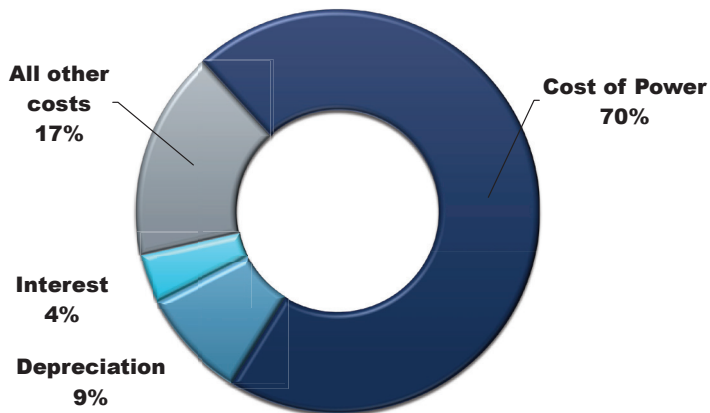


INFORMATION FROM THE
2021 ANNUAL REPORT
(CONTINUED)

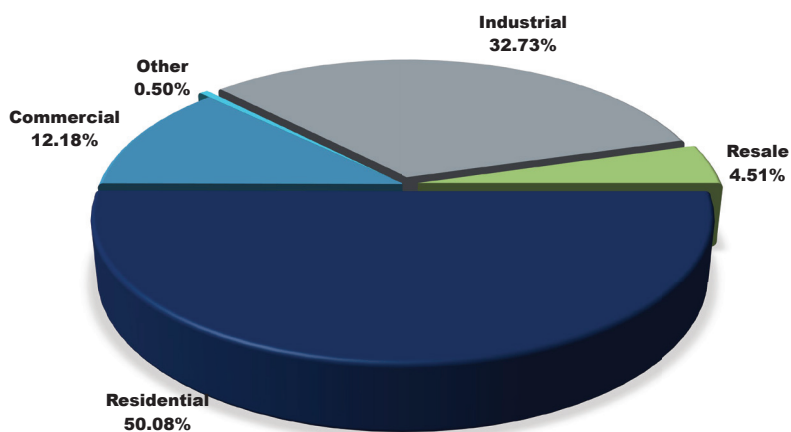
2021 POWER GENERATION MIX



MIDLAND OPERATING EXPENSES



MIDLAND REVENUE BY REVENUE CLASS



BALANCE SHEET from the 2021 Annual Report

	2021	2020
ASSETS		
ELECTRIC PLANT		
In service	\$140,160,360	\$134,956,476
Under construction	7,301,861	4,780,726
Total electric plant	147,462,221	139,737,202
Less accumulated depreciation	(44,154,871)	(42,563,398)
Electric Plant - Net	103,307,350	97,173,804
OTHER ASSETS AND INVESTMENTS		
Investments in associated companies	23,276,355	22,330,431
Other investments	81,571	107,534
Special Funds-revenue deferral	200,000	300,000
Note receivable, net of current portion	301,671	-
Restricted investments	5,616,400	5,819,782
Total other assets & investments	29,475,997	28,557,747
CURRENT ASSETS		
Cash and cash equivalents	3,858,483	2,014,970
Accounts receivable, net	4,678,047	5,333,198
Note receivable, current portion	150,000	-
Materials and supplies	2,013,894	1,345,492
Other current and accrued assets	309,714	290,401
Total current assets	11,010,138	8,984,061
DEFERRED DEBITS		
	1,155,995	1,402,979
TOTAL ASSETS	\$144,949,480	\$136,118,591
EQUITIES AND LIABILITIES		
EQUITIES		
Patronage capital	\$20,144,474	19,429,943
Other equities	50,544,000	47,957,913
Total equities	70,688,474	67,387,856
LONG-TERM DEBT, LESS CURRENT MATURITIES		
	63,015,013	60,089,157
ACCRUED POST-RETIREMENT BENEFITS		
	374,424	377,707
CURRENT LIABILITIES		
Current portion of long-term debt	3,016,645	2,721,900
Line-of-credit	2,590,686	-
Accounts payable	3,031,808	3,280,306
Consumer deposits	187,531	195,431
Accrued taxes	681,306	679,327
Other current and accrued liabilities	669,889	652,688
Total current liabilities	10,177,865	7,529,652
DEFERRED CREDITS		
	693,704	734,219
TOTAL EQUITY AND LIABILITIES	\$144,949,480	\$136,118,591

REVENUE & EXPENSE from the 2021 Annual Report

	2021	2020
OPERATING REVENUES		
	\$49,204,704	\$48,076,274
OPERATING EXPENSES		
Cost of power	33,935,156	33,304,856
Distribution expense - operations	1,296,850	1,172,272
Distribution expense - maintenance	3,292,463	2,707,518
Consumer account expense	634,872	701,465
Consumer service and information expense	302,696	314,633
Sales expense	252,689	223,832
Administrative and general expense	2,269,429	2,182,015
Depreciation	4,218,129	3,750,199
Taxes	46,563	46,158
Interest on long-term debt	1,899,655	1,893,944
Other	14,837	15,192
Total operating expenses	48,163,339	46,312,084
OPERATING MARGINS BEFORE CAPITAL CREDITS		
	1,041,365	1,764,190
GENERATION & TRANSMISSION AND OTHER CAPITAL CREDITS		
	2,738,412	3,186,318
NET OPERATING MARGINS		
	3,779,777	4,950,508
NON-OPERATING MARGINS		
Interest and dividend income	113,523	146,433
Gain on disposal of general plant	502,553	43,785
Other non-operating margins, net	(44,076)	(139,526)
Total non-operating margin	572,000	50,692
NET MARGINS	\$4,351,777	\$5,001,200

Stop by and see us at the Iowa State Fair!

Come visit the Touchstone Energy® booth in the 4-H Exhibits Building! We'll be handing out plastic hard hats and suckers (while supplies last) and will have a fun co-op safety selfie station!



Touchstone Energy® Cooperatives of Iowa

MEMBER APPRECIATION EVENTS



Midland Power held three member appreciation dinners in June to celebrate you, our member-owners. These family-friendly evenings took place in Humboldt, Iowa Falls, and Boone and featured a catered meal with dessert, as well as activities for kids. Members who attended were also eligible to win one of several great door prizes.

The Humboldt winners were: Andy Stalzer (\$50 Visa giftcard), Glen Davis (DeWalt chainsaw), and Kevin and Lisa Rasmussen (electric bike).

The Iowa Falls winners were: Arthur and Helen Wall (\$50 Visa giftcard), Jim Bartling (DeWalt chainsaw), and Randall Evans (electric bike).

The Boone winners were: Robert Lyon (\$50 Visa giftcard), Ronald and Elizabeth Murry (DeWalt chainsaw), and John and Mary Means (electric bike).

Midland Power Cooperative Offices
M-Th: 7:00 a.m. - 4:30 p.m. • F: 7:00-11:00 a.m.
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The Energy Insider Editor: Benjamin Ure

Midland Power Cooperative is an equal opportunity provider and employer. Proudly serving you from Boone, Humboldt, Iowa Falls and Jefferson.