

# POWERING

*a new tomorrow*

## 2024 ANNUAL REPORT



Butler Rural Electric  
Cooperative, Inc.

Your Touchstone Energy® Partner 

# A MESSAGE FROM THE GENERAL MANAGER

## Improved reliability

We upgraded our Milford Substation in 2024. This substation serves members in Oxford, Milford, and Somers townships. We will continue to upgrade this substation in 2025, adding relaying which will improve safety margins and maximize the output capability of the new transformer. The added capacity will increase the flexibility of the cooperative to provide backup services during maintenance and outages, resulting in improved reliability.

Through September 30, 2024, our outage time for internal outages was 55% lower than 2023 outage times. During September, however, many members experienced consecutive days of power supply outages. These outages should decrease thanks to Duke Energy's new Ross Substation on US 27 south of Millville. We believe the project will have a positive impact on the reliability of the cooperative's substations along US 27.

## Keeping your information safe

In 2024, we completed the first ten cyber security goals from NRECA's Co-op Cyber Goals Program. This program provides guidelines for security integration and steps to advance our cybersecurity posture. We also developed a Cyber Security Incident Response Plan and completed our first cyber attack tabletop exercise. These exercises and practices help prepare our employees to take appropriate steps in the event of a cyber incident.

## Local control

Your electric cooperative is governed by a nine-person board of trustees. These board members receive electric service from Butler Rural Electric Cooperative and are involved in your communities. 2024 brought changes to our board of trustees,

with Bob Hoelle retiring from the board after serving the co-op for 22 years.

Members elected Vickie Jo Barger as our newest board member. We also welcomed new board officers in 2024, with David Evans serving as president, Jim Meador serving as vice president, and Mike Tilton serving as our secretary and treasurer. In addition, board member Jay Hasbrook received the board leadership certification after increasing his knowledge on electric cooperatives and board member responsibilities.

## We're here for you

We celebrated two retirements in 2024. Charlie Young, our manager of engineering, retired in January and Mike Murray, our director of operations, retired in February. We also celebrated three employee promotions. In January, Cody Holthaus became our manager of engineering. In February, Denis Armstead became our manager of safety and compliance and Adam Osborn became our manager of operations. We welcomed three employees in 2024. Wade Bullock became our electrician in February, Adam Bens became our custodian in March, and Jake Harrison became our SCADA and substation engineer in June. Lineworker Noah Krall graduated the apprentice lineworker program at The Central Ohio Lineworker Training facility in Mount Gilead, Ohio.

Our team of highly trained, professional employees are here to help members manage their accounts, enroll in programs, and become more efficient users of electricity. We are proud to provide friendly, courteous service to our neighbors.



Tom Wolfenbarger  
GENERAL MANAGER



**99.95%**  
**POWER**  
**RELIABILITY**

## **At Butler Rural Electric Cooperative,**

we proudly provide members with 99.95% power reliability. We work hard to keep outages and power blinks to a minimum. Because we're your neighbors, we're able to respond to and restore power significantly faster than investor-owned utilities and municipals.



# A MESSAGE FROM YOUR BOARD PRESIDENT

## Investing in your electric service

We invest in our electric system to ensure you receive reliable electricity that powers your life. Butler Rural Electric Cooperative invested approximately \$4.7 million in our electric system in 2024 to increase electric reliability and maintain existing facilities. These investments include work such as tree and vegetation management, pole inspections, and system upgrades.

Your cooperative is a not-for-profit utility. We returned over \$2 million in capital credits to members in 2024 and paid over \$2.8 million in taxes, which directly benefited schools and services in your community.

## Excellent satisfaction

Our 2024 American Customer Satisfaction Index score was an 88 out of 100. This means satisfaction with Butler Rural Electric Cooperative is higher than well-known businesses like Apple and Coca-Cola. The score is higher than scores for investor-owned utilities like Duke Energy and municipals. This score is a testament to our ongoing efforts to provide you with the best possible service. We are grateful for our members and will continue to strive for excellence through constant dedication to improvement.

## New programs

The premature closing of reliable fossil-fuel power plants has narrowed the gap between the supply of available electricity and the ever-growing demand for power. When a winter storm drives even higher demand – and threatens supply at the same time – those charged with maintaining balance on the grid may require local utilities to reduce electricity use.

We're doing everything we can to keep the lights on and want to help if rolling outages are imminent. In 2024, we developed

a communication plan to help us be transparent and keep you updated. We will clearly and quickly communicate with members using all available communication channels to keep you updated should rolling outages occur.

In November, we introduced a generator program to give members the opportunity to prepare for outages Butler Rural Electric Cooperative has little control over. Members can receive a loan to purchase and install a KOHLER standby generator or purchase a generator from the co-op. Members can also purchase a Trifecta device to safely use portable generators to power parts of their home during outages. Your electric cooperative can't control the weather, but rest assured we'll continue doing everything we can to provide you with reliable electric service, no matter what Mother Nature sends our way.

We introduced two new rate plans to members in 2024. Our electric vehicle, or EV, rider and time of day rate encourage energy use during off peak hours, when electricity is less expensive, to help members and the co-op save money. We also released a new \$1,000 level 2 EV charger rebate in 2024. To receive the rebate, members must own or lease an EV and install a separate meter to measure the charger's electric use. You must be on our EV rider or time of day rate to qualify. The rebate covers installation of the charger, which can be completed by the cooperative's licensed and insured electricians.

Contact us at 513-867-4400 or visit [butlerrural.coop](http://butlerrural.coop) if you're interested in any of these programs.



David Evans  
PRESIDENT, BOARD OF TRUSTEES





# We *love* our members & the communities we serve.

## At Butler Rural Electric Cooperative,

we're your neighbors, so we have your best interests at heart. We are passionate about supporting our local communities and make decisions that will benefit our members for generations to come.



**Butler Rural Electric  
Cooperative, Inc.**

Your Touchstone Energy® Partner 





Our lineworkers attended many events in 2024 to teach local children about co-op careers. We also hosted 250 Talawanda 6th grade students at our office in May for an Energy Day, where students learned about electricity from co-op employees.



Nine local students represented Butler Rural Electric Cooperative during the 2024 Electric Cooperative Youth Tour in our nation's capital.



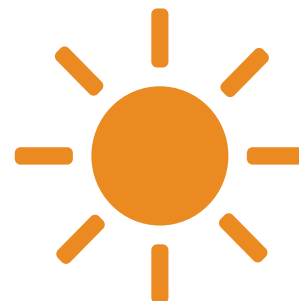
Family Day was July 12. The event closed early due to inclement weather, but we still welcomed a crowd of over 1,200 people.

## BUTLER RURAL COMMUNITY SOLAR

The Butler Rural Community Solar program allows members to purchase subscriptions to solar panels. Subscribers support the benefits of solar energy without incurring upfront costs and without having solar panels located at their home. Generating energy with solar power creates no pollution or carbon dioxide emissions and is a clean and renewable energy source.

Our first community solar array is located on the corner of Lanes Mill and Stillwell Beckett roads across from our office. Construction for the 228 panel array was completed in February 2017. In 2024, we acquired 320 additional Butler Rural Community Solar panels to subscribe to members, bringing our total to 924 panels in various locations throughout Ohio. This shared renewable source pools the investments from all subscribers and provides clean power and financial benefits in return.

**To join Butler Rural Community Solar,** visit [butlerrural.coop](https://butlerrural.coop) > Energy Solutions > Member Programs > Community Solar or call us at 513-867-4400.

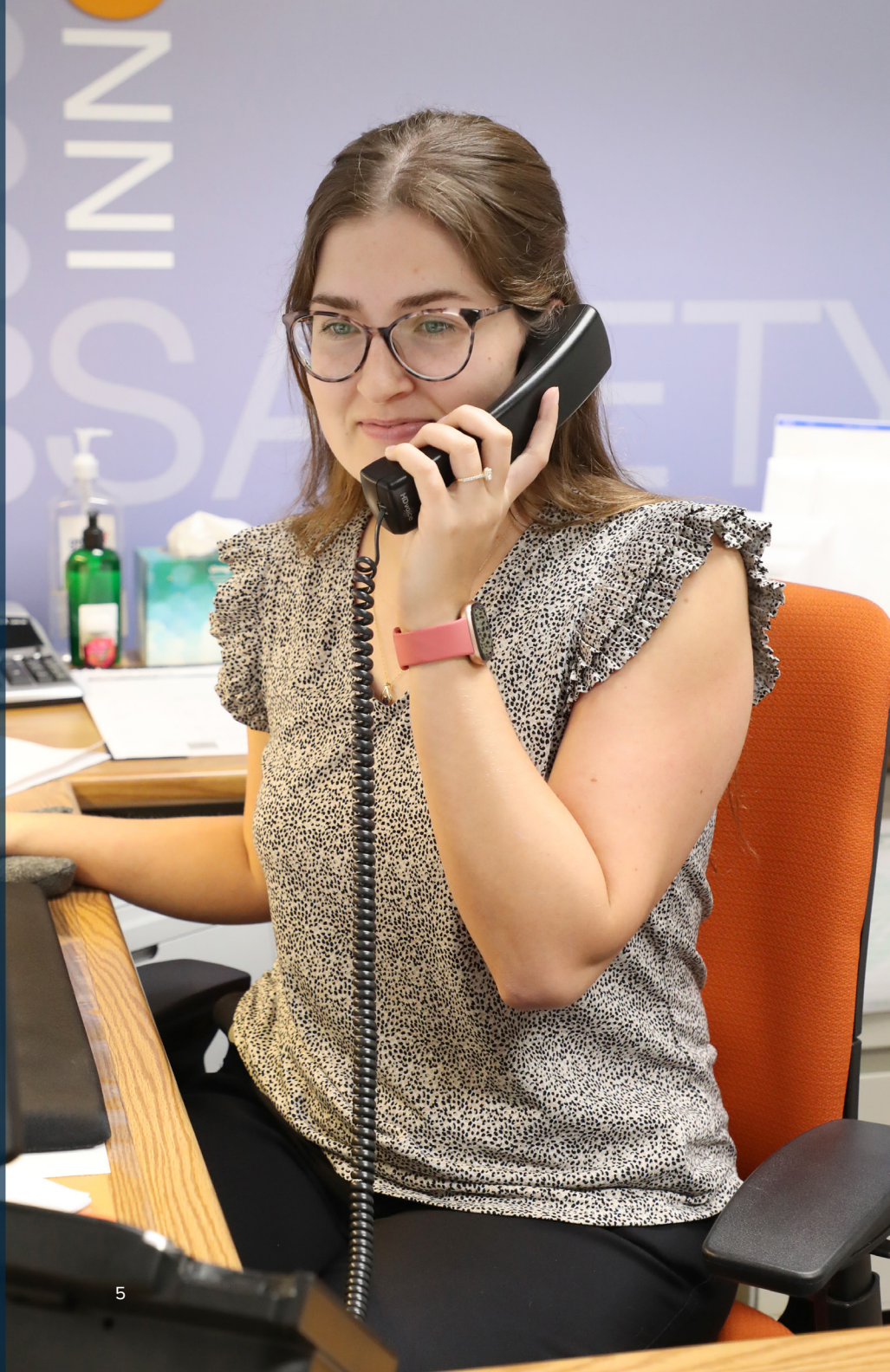




**At Butler  
Rural Electric  
Cooperative,  
we are proud to  
provide members  
with at-cost  
electricity.**

---

As a co-op member, you get to enjoy reasonable, at-cost electric rates and a team of people who are ready to help you find ways to save. Co-op employees are committed to communicating transparently with members about rising energy costs – that means there are no surprises.







Butler Rural Electric Cooperative hosted picnics for 4-H exhibitors before the Butler and Preble county fairs. We also partnered with Darke Rural Electric Cooperative to be the Grand Marshalls for the Preble County Fair parade.



2018 Butler Rural Electric Cooperative Youth Tour delegate Levi Grimm received a \$1,000 Glenn English Youth Tour Alumni Scholarship in 2024.



Lineworkers Ray Brunner, Steve Abrams, Mick Johnson, Noah Krall, and Andrew Straight assisted Broad River Electric Cooperative in South Carolina following extensive damage caused by Hurricane Helene.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Butler Rural Electric Cooperative, Inc.  
Oxford, Ohio

### Opinion

We have audited the accompanying financial statements of Butler Rural Electric Cooperative, Inc., which comprise the balance sheets as of September 30, 2024 and 2023, and the related statements of revenue and expenses, changes in member's equity, and cash flows for the years then ended, and the related notes to the financial statements. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Butler Rural Electric Cooperative, Inc., as of September 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America

and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Butler Rural Electric Cooperative, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



# INDEPENDENT AUDITOR'S REPORT, CONT.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Butler Rural Electric Cooperative, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- > Exercise professional judgment and maintain professional skepticism throughout the audit.
- > Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- > Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Butler Rural

Electric Cooperative, Inc.'s internal control. Accordingly, no such opinion is expressed.

- > Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- > Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Butler Rural Electric Cooperative, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024 on our consideration of the Butler Rural Electric Cooperative, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Butler Rural Electric Cooperative, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Butler Rural Electric Cooperative, Inc.'s internal control over financial reporting and compliance.

*BHM CPA Group, Inc.*

Columbus, Ohio  
November 19, 2024

# BALANCE SHEETS

September 30, 2024 and 2023

## ASSETS

	2024	2023
<b>Utility Plant</b>		
Electric plant in service	\$101,654,103	\$99,431,031
Construction work in progress	<u>909,281</u>	<u>518,148</u>
	102,563,384	99,949,179
Less: Accumulated provision for depreciation and amortization	<u>(29,328,294)</u>	<u>(27,761,064)</u>
NET UTILITY PLANT	<u>73,235,090</u>	<u>72,188,115</u>
<b>Investments and Other Assets</b>		
Investments in associated organizations	14,975,435	14,704,597
Investments in non utility property, net of accumulated depreciation of \$1,310,207 (\$1,211,788 for 2023)	426,721	403,619
Mortgage and notes receivable	127,014	147,765
Deferred charges	<u>96,863</u>	<u>26,970</u>
TOTAL INVESTMENTS AND OTHER ASSETS	<u>15,626,033</u>	<u>15,282,951</u>
<b>Current Assets</b>		
Cash and cash equivalents	1,202,581	2,791,487
Accounts receivable, net of allowance for doubtful accounts of \$28,566 (\$42,214 in 2023)	3,148,874	2,853,262
Accounts receivable – other	113,929	123,804
Notes receivable	45,804	64,290
Interest receivable	10,010	10,037
Materials and supplies	749,703	779,701
Other current and accrued assets	<u>1,219,085</u>	<u>2,031,717</u>
TOTAL CURRENT ASSETS	<u>6,489,986</u>	<u>8,654,298</u>
<b>TOTAL ASSETS</b>	<u>\$95,351,109</u>	<u>\$96,125,364</u>



## LIABILITIES AND EQUITIES

	2024	2023
<b>Equities</b>		
Patronage capital	\$43,339,878	\$42,272,087
Memberships	122,057	120,670
Other equities	<u>116,020</u>	<u>116,020</u>
TOTAL EQUITIES	<u>43,577,955</u>	<u>42,508,777</u>
<b>Long-Term Liabilities</b>		
Mortgage notes payable – CFC	590,243	712,606
Mortgage notes payable – FFB	34,197,419	35,429,231
Mortgage notes payable – CoBank	10,098,556	10,879,216
Accrued postretirement benefits	<u>265,497</u>	<u>277,874</u>
TOTAL LONG-TERM LIABILITIES	<u>45,151,715</u>	<u>47,298,927</u>
<b>Current Liabilities</b>		
Current maturities of long-term debt	2,002,742	1,960,331
Accounts payable – purchased power	1,586,287	1,426,822
Accounts payable – other	291,120	482,555
Provision for pensions and benefits	45,900	45,900
Consumer deposits	73,758	88,137
Accrued taxes	1,262,815	1,228,836
Other current liabilities	<u>1,358,817</u>	<u>1,085,079</u>
TOTAL CURRENT LIABILITIES	<u>6,621,439</u>	<u>6,317,660</u>
<b>TOTAL LIABILITIES AND EQUITIES</b>	<u>95,351,109</u>	<u>96,125,364</u>

# STATEMENTS OF REVENUE AND EXPENSES

For the Years Ended September 30, 2024 and 2023

	2024	2023
<b>OPERATING REVENUES</b>	\$37,239,242	\$35,710,564
<b>Operating Expenses</b>		
Cost of power	18,882,756	18,216,608
Transmission expense	26,368	26,183
Distribution expense – operations	2,890,306	3,025,882
Distribution expense – maintenance	3,114,938	3,096,354
Consumer accounts	934,255	678,527
Consumer service and information expense	676,472	696,072
Administrative and general	3,343,927	3,365,663
Maintenance of general plant	470,522	546,446
Depreciation of utility plant	2,874,974	2,815,880
Taxes	<u>951,355</u>	<u>928,236</u>
TOTAL OPERATING EXPENSES	<u>34,165,873</u>	<u>33,395,851</u>
OPERATING MARGINS BEFORE FIXED CHARGES	3,073,369	2,314,713
Interest on long-term debt	<u>1,573,244</u>	<u>1,581,417</u>
OPERATING MARGINS AFTER FIXED CHARGES	1,500,125	733,296
Capital credits	<u>1,237,479</u>	<u>1,156,472</u>
OPERATING MARGINS	2,737,604	1,889,768
<b>Non-Operating Margins (Expense)</b>		
Interest income	210,255	186,618
Other income (expense)	<u>(47,381)</u>	<u>57,853</u>
TOTAL NON-OPERATING MARGINS	<u>162,874</u>	<u>244,471</u>
<b>NET MARGINS FOR PERIOD</b>	<u>\$2,900,478</u>	<u>\$2,134,239</u>



# STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the Years Ended September 30, 2024 and 2023

	PATRONAGE CAPITAL				
	<u>Assignable</u>	<u>Assigned</u>	<u>Total</u>	<u>Memberships</u>	<u>Other Equities</u>
<b>Balance, October 1, 2022</b>	\$2,089,420	\$40,530,986	\$42,620,406	\$120,470	\$116,020
Net margins for year	2,134,239	—	2,134,239	—	—
Assignment of prior year's patronage capital	(3,039,399)	3,039,399	—	—	—
Change in membership	—	—	—	200	—
Capital credits reassigned	128,591	—	128,591	—	—
Retirement of patronage capital	—	(2,611,149)	(2,611,149)	—	—
<b>Balance, September 30, 2023</b>	1,312,851	40,959,236	42,272,087	120,670	116,020
Net margins for year	2,900,478	—	2,900,478	—	—
Assignment of prior year's patronage capital	(2,914,852)	2,914,852	—	—	—
Change in membership	—	—	—	1,387	—
Capital credits reassigned	144,613	—	144,613	—	—
Retirement of patronage capital	—	(1,977,300)	(1,977,300)	—	—
<b>Balance, September 30, 2024</b>	<u>\$1,443,090</u>	<u>\$41,896,788</u>	<u>\$43,339,878</u>	<u>\$122,057</u>	<u>\$116,020</u>

# STATEMENT OF CASH FLOWS

For the Years Ended September 30, 2024 and 2023

## CASH FLOW FROM OPERATING ACTIVITIES

	2024	2023
Net margins	\$2,900,487	\$2,134,239
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation and amortization	3,412,394	3,374,274
Noncash capital credits	(1,237,479)	(1,156,472)
Loss on disposition of property	(7,204)	(20,693)
Changes in assets and liabilities:		
Accounts, notes and other receivables (net)	(246,473)	(13,181)
Materials and supplies	29,998	(92,672)
Other assets	812,632	(645,034)
Deferred charges	(80,501)	(20,311)
Accounts payable	(31,970)	104,259
Accrued taxes and other liabilities	307,717	60,269
Consumer deposits	(14,397)	(24,194)
Accrued postretirement benefits	(12,377)	(64,694)
<b>Net cash provided by operating activities</b>	<u>5,832,836</u>	<u>3,635,790</u>

## CASH FLOW FROM INVESTING ACTIVITIES

	2024	2023
Extension and replacement of plant, net of salvage and removal costs	(4,356,057)	(4,175,287)
Proceeds from disposition of property	12,919	12,849
Investment in nonutility property	(121,521)	(104,089)
Proceeds from redemption of capital credits	<u>966,641</u>	<u>1,214,918</u>
<b>Net cash used by investing activities</b>	<u>(3,498,081)</u>	<u>(3,051,609)</u>



## CASH FLOW FROM FINANCING ACTIVITIES

	2024	2023
Proceeds from long-term debt	-	3,205,000
Payments on long-term debt	(2,092,424)	(1,923,169)
Proceeds and reclassifications of patronage capital and memberships (net)	146,000	128,791
Patronage capital credits retired	(1,977,300)	(2,611,149)
<b>Net cash used by financing activities</b>	<u>(3,923,724)</u>	<u>(1,200,527)</u>
Net decrease in cash and cash equivalents	(1,588,906)	(616,346)
Cash and cash equivalents at beginning of year	<u>2,791,487</u>	<u>3,407,833</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$1,202,581</u>	<u>\$2,791,487</u>



In October, Butler Rural Electric Cooperative employees participated in a Community Service Day at Shared Harvest Foodbank. We're grateful for the support Shared Harvest provides to local food pantries.



William Schaefer of Schaefer's Farm Market and CSA was the winner of our first Hometown Holiday Lights Contest.



Open Hands Food Pantry in Hamilton, Queen of Peace Church in Hamilton, and St. Aloysius Church in Shandon received items from our 2024 Holiday Harvest Food Drive.



Butler Rural Electric  
Cooperative, Inc.

Your Touchstone Energy® Partner 

Annual report printed locally by Quality Publishing in Hamilton