

Energizing
every moment

2025 ANNUAL REPORT



Butler Rural Electric
Cooperative, Inc.

Your Touchstone Energy® Partner 

Energizing every moment

What does it mean to be a
Butler Rural Electric
Cooperative member?



It means having an electric
company *made of your
neighbors*.

It means *having a say* in the way
your electric company operates.

It means having your dollars
reinvested in your community.

It means *having a real person to
talk to* when you need help.

It means having an electric
company who *cares about you*.

That's the value of being a Butler Rural Electric
Cooperative member.

Built by our neighbors, for our neighbors.

A MESSAGE FROM THE GENERAL MANAGER

At Butler Rural Electric Cooperative, our mission has always been about more than delivering electricity, it's about energizing every moment in the lives of our members. As we reflect on the past year and plan for the future, we remain focused on providing reliable, affordable power while adapting to growth, new technologies, and the evolving needs of the communities we serve. Through careful planning and member-focused decisions, we are positioning the cooperative for long-term success.

Planning for a stronger system

One of the most significant initiatives underway is our new four-year construction work plan. This comprehensive plan serves as a roadmap for strengthening our electric system through targeted infrastructure investments. By upgrading lines, substations, and equipment, we are improving reliability, reducing outage risk, and enhancing system resiliency. This proactive approach allows us to address issues before they become problems and ensures our system is prepared to meet future demand safely and efficiently.

Empowering members through technology

Technology continues to play an important role in how we support our members, which is why we're excited about the implementation of Home Energy Analytics in SmartHub. This innovative tool gives members greater visibility into their energy use by breaking down consumption into understandable categories, such as heating, cooling, and appliances. With this information, members can make smarter energy choices, manage costs more effectively, and take greater control of their household energy use – helping us energize every moment more efficiently.

Community growth

Growth within our service territory remains steady, particularly through continued subdivision development. New homes and neighborhoods bring opportunities as well as challenges, requiring thoughtful planning and timely infrastructure expansion. Our team works with developers and local leaders to ensure electric service is available when needed while maintaining the reliability our members depend on. By planning ahead, we can support growth without compromising service quality.

Districts realign for more equitable representation

As our membership grows and shifts, it's important cooperative governance continues to fairly represent all members. This year, we are undertaking redistricting efforts to better align board districts with population and membership changes. This change will take effect April 30, 2026, following our annual meeting. This process helps ensure balanced representation and preserves the cooperative principle of democratic member control.

Looking ahead

As we move forward, Butler Rural Electric Cooperative remains committed to energizing every moment by investing in infrastructure, embracing innovation, supporting responsible growth, and upholding strong governance. Thank you for your continued trust and membership. We are proud to serve you today and look forward to powering your homes, businesses, and communities for years to come.

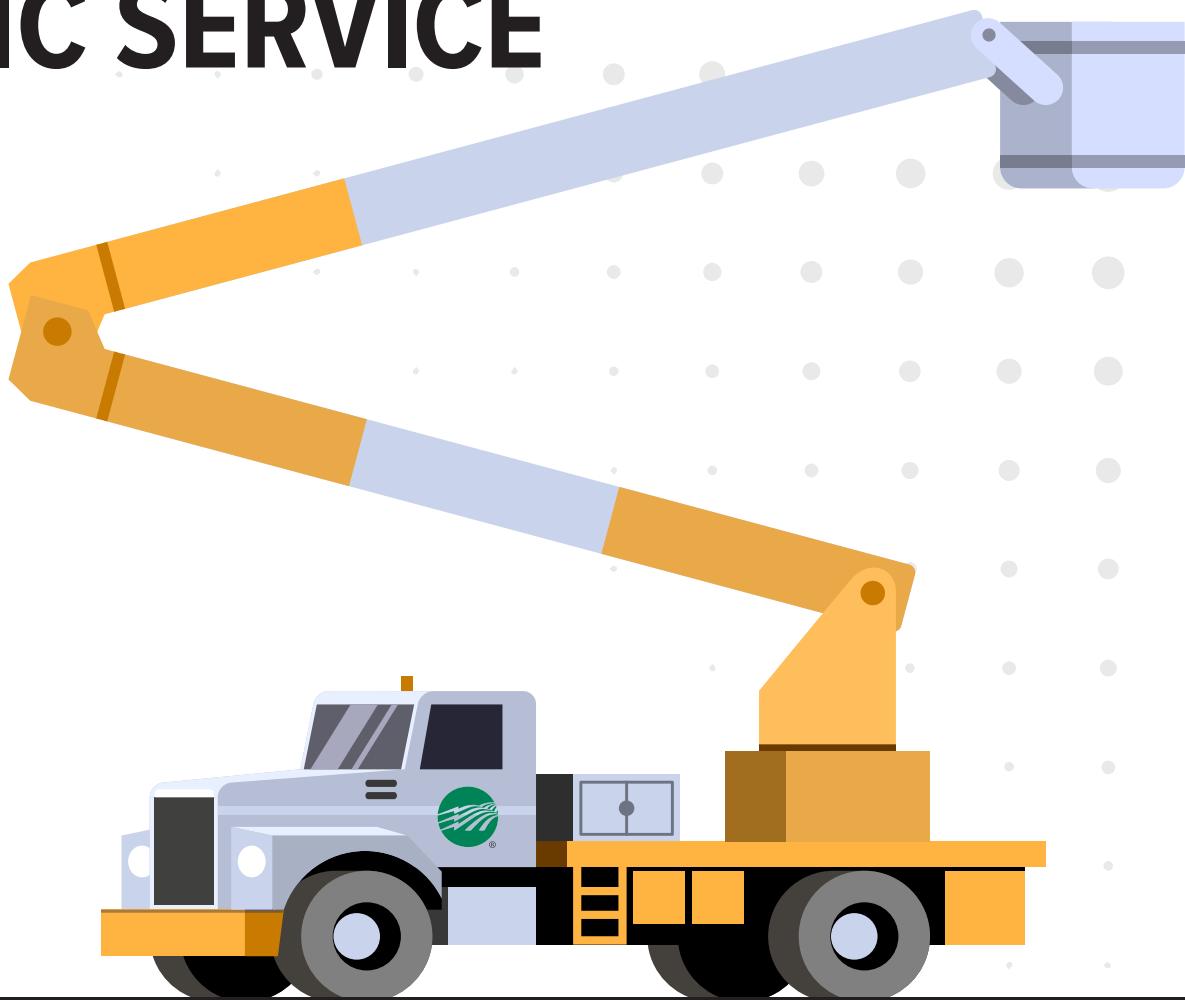


Tom Wolfenbarger
GENERAL MANAGER

RELIABLE ELECTRIC SERVICE

We proudly provide members with **99.97% 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.

1.59
AVERAGE OUTAGES
PER MEMBER



99.97%
SYSTEM RELIABILITY

1.8 HOURS

AVERAGE OUTAGE DURATION PER MEMBER IMPACTED

A MESSAGE FROM YOUR BOARD PRESIDENT

I'm proud to reflect on a year defined by growth, community impact, and a continued commitment to our members. Guided by the cooperative principles and energized by the people we serve, board members work to ensure Butler Rural Electric Cooperative remains strong, responsive, and focused on the future. Each milestone reached this year represents our shared dedication to energizing every moment across our service territory.

Meeting a new milestone

At the end of 2025, Butler Rural Electric Cooperative surpassed a milestone of serving 12,000 members. Reaching more than 12,000 members reflects the trust our communities place in us. This growth is a direct result of responsible planning, reliable service, and a commitment to putting members first. As our cooperative continues to expand, the board of trustees remains focused on guiding policies and decisions that ensure long-term stability while preserving the local, member-owned values that define who we are.

Investing in our communities

In 2025, the Cincinnati Bengals and the NFL Foundation, in partnership with Butler Rural Community Connection, awarded a \$10,000 grant to Camden Elementary School, part of Preble Shawnee's School District. The grant was used to purchase 30 Chromebooks for the school's first-grade students, providing essential access to digital learning tools. The initiative reflects a strong commitment to supporting education in rural communities, helping to bridge the technology gap for young learners. Partnerships like this allow us to make a meaningful impact where our members live, work, and raise their families.

Recognition for high member satisfaction

Our commitment to service excellence was affirmed this year with our highest-ever American Customer Satisfaction Index score. This achievement places Butler Rural Electric Cooperative among the top-performing electric utilities in the nation and reflects the dedication of our employees to delivering responsive, reliable, and respectful service. For the board of trustees, this recognition confirms our focus on member satisfaction and continuous improvement is making a real difference.

Governance with purpose

As a member-owned cooperative, Butler Rural Electric is guided by a board of trustees elected by and from the membership. We take this responsibility seriously, ensuring decisions are made transparently and in the best interest of all members. From overseeing financial stewardship to supporting strategic initiatives, board members work closely with management staff to keep the cooperative strong, resilient, and forward-looking.

Energizing every moment, together

None of these accomplishments would be possible without the support of our members and the dedication of our employees. Whether it's welcoming new members, investing in education, or earning national recognition for service quality, each success reflects our shared commitment to energizing every moment. On behalf of the board of trustees, thank you for your trust and engagement as we continue working to power our communities today and into the future.



David Evans
PRESIDENT, BOARD OF TRUSTEES

YOUR COOPERATIVE

Covering a service area of four counties, Butler Rural Electric Cooperative serves more than 12,000 members and maintains more than 1,100 miles of line.

Our service area is divided into nine districts, where trustees are elected by the membership. Trustees participate in setting policies and making decisions to benefit the cooperative and our members.

The success Butler Rural Electric Cooperative has had in the past 90 years has been completely dependent on member participation. Electing trustees, attending cooperative events, and serving on the board are all a part of what makes our organization successful. Thank you for your efforts in helping your cooperative thrive!

DISTRICT 1

Israel and Oxford townships

DISTRICT 2

Milford Township

DISTRICT 3

Somers Township

DISTRICT 4

German and Gratis townships

DISTRICT 5

Madison and Wayne townships

DISTRICT 6

Reily Township

DISTRICT 7

Hanover and St. Clair townships

DISTRICT 8

Harrison and Morgan townships

DISTRICT 9

Colerain, Crosby, Fairfield, and Ross townships



MEET YOUR TRUSTEES



David Evans
President
DISTRICT 1



Jim Meador
Vice President
DISTRICT 2



Michael Tilton
Secretary & Treasurer
DISTRICT 7



Thomas McQuiston
DISTRICT 3



Jay Hasbrook
DISTRICT 4



Vickie Jo Barger
DISTRICT 5



Ronald Kolb
DISTRICT 6



Robert Spaeth
DISTRICT 8



Scott Lessing
DISTRICT 9

AT-COST ELECTRICITY

As a co-op member, you receive reasonable, at-cost electric rates. With costs rising from the grocery store to the gas pump, keeping your electric rates stable is Butler Rural Electric Cooperative's priority. We also returned capital credits, issuing a general retirement of over \$1.6 million back to members – a fundamental piece of what constitutes a co-op.



1,414 kWh
AVERAGE MONTHLY
RESIDENTIAL ENERGY USE

\$263.85
AVERAGE MONTHLY RESIDENTIAL
ENERGY BILL

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, 2025 and 2024, 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, 2025 and 2024, 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 13, 2025 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 13, 2025

BALANCE SHEETS

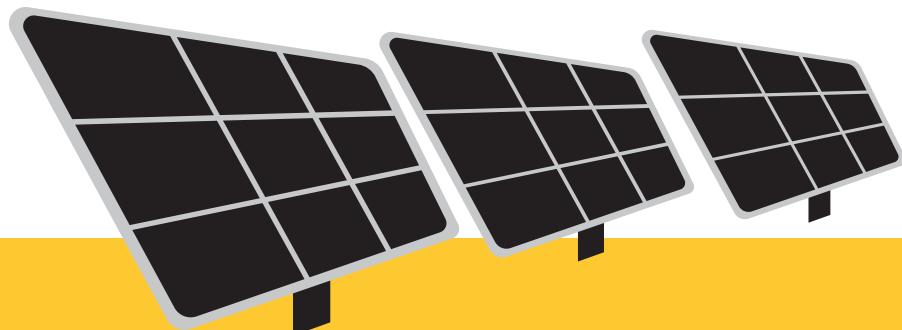
September 30, 2025 and 2024

ASSETS

	2025	2024
Utility Plant		
Electric plant in service	\$104,520,630	\$101,654,103
Construction work in progress	<u>1,261,696</u>	<u>909,281</u>
	105,782,326	102,563,384
Less: Accumulated provision for depreciation and amortization	(31,601,273)	(29,328,294)
NET UTILITY PLANT	<u>74,181,053</u>	<u>73,235,090</u>
Investments and Other Assets		
Investments in associated organizations	14,799,646	14,975,435
Investments in non utility property, net of accumulated depreciation of \$1,438,118 (\$1,336,432 for 2024)	458,176	426,721
Mortgage and notes receivable	127,294	127,014
Deferred charges	<u>54,179</u>	<u>96,863</u>
TOTAL INVESTMENTS AND OTHER ASSETS	<u>15,439,295</u>	<u>15,626,033</u>
Current Assets		
Cash and cash equivalents	3,641,391	1,202,581
Accounts receivable, net of allowance for credit losses of \$30,707 (\$28,566 in 2024)	3,144,870	3,148,874
Accounts receivable – other	86,997	113,929
Notes receivable	52,997	45,804
Interest receivable	10,037	10,010
Materials and supplies	816,252	749,703
Other current and accrued assets	<u>4,162,843</u>	<u>1,219,085</u>
TOTAL CURRENT ASSETS	<u>11,915,387</u>	<u>6,489,986</u>
TOTAL ASSETS	<u>\$101,535,735</u>	<u>\$95,351,109</u>

LIABILITIES AND EQUITIES

	2025	2024
Equities		
Patronage capital	\$45,202,911	\$43,339,878
Memberships	123,010	122,057
Other equities	116,020	116,020
TOTAL EQUITIES	<u>45,441,941</u>	<u>43,577,955</u>
Long-Term Liabilities		
Mortgage notes payable – CFC	463,677	590,243
Mortgage notes payable – FFB	38,317,918	34,197,419
Mortgage notes payable – CoBank	9,099,720	10,098,556
Accrued postretirement benefits	239,053	265,497
TOTAL LONG-TERM LIABILITIES	<u>48,120,368</u>	<u>45,151,715</u>
Current Liabilities		
Current maturities of long-term debt	2,331,647	2,002,742
Accounts payable – purchased power	1,618,358	1,586,287
Accounts payable – other	982,798	291,120
Provision for pensions and benefits	45,900	45,900
Consumer deposits	72,165	73,758
Accrued taxes	1,292,999	1,262,815
Other current liabilities	1,629,559	1,358,817
TOTAL CURRENT LIABILITIES	<u>7,973,426</u>	<u>6,621,439</u>
TOTAL LIABILITIES AND EQUITIES	<u>101,535,735</u>	<u>95,351,109</u>



319,003 kWh
BUTLER RURAL COMMUNITY
SOLAR GENERATION

STATEMENTS OF REVENUE AND EXPENSES

For the Years Ended September 30, 2025 and 2024

	2025	2024
OPERATING REVENUES	\$39,988,795	\$37,239,242
Operating Expenses		
Cost of power	21,005,205	18,882,756
Transmission expense	26,072	26,368
Distribution expense – operations	2,910,124	2,890,306
Distribution expense – maintenance	2,221,962	3,114,938
Consumer accounts	832,018	934,255
Consumer service and information expense	728,524	676,472
Administrative and general	3,406,600	3,343,927
Maintenance of general plant	532,686	470,522
Depreciation of utility plant	2,935,081	2,874,974
Taxes	<u>989,771</u>	<u>951,355</u>
TOTAL OPERATING EXPENSES	<u>35,588,043</u>	<u>34,165,873</u>
OPERATING MARGINS BEFORE FIXED CHARGES	4,400,752	3,073,369
Interest on long-term debt	<u>1,645,873</u>	<u>1,573,244</u>
OPERATING MARGINS AFTER FIXED CHARGES	2,754,879	1,500,125
Capital credits	<u>799,716</u>	<u>1,237,479</u>
OPERATING MARGINS	3,554,595	2,737,604
Non-Operating Margins (Expense)		
Interest income	280,582	210,255
Other income (expense)	<u>(136)</u>	<u>(47,381)</u>
TOTAL NON-OPERATING MARGINS	<u>280,446</u>	<u>162,874</u>
NET MARGINS FOR PERIOD	<u>\$3,835,041</u>	<u>\$2,900,478</u>

STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the Years Ended September 30, 2025 and 2024

PATRONAGE CAPITAL					
	<u>Assignable</u>	<u>Assigned</u>	<u>Total</u>	<u>Memberships</u>	<u>Other Equities</u>
Balance, October 1, 2023	\$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)	—	—
Balance, September 30, 2024	1,443,090	41,896,788	43,339,878	122,057	116,020
Net margins for year	3,835,041	—	3,835,041	—	—
Assignment of prior year's patronage capital	(2,431,636)	2,431,636	—	—	—
Change in membership	—	—	—	953	—
Capital credits reassigned	155,357	—	155,357	—	—
Retirement of patronage capital	—	(2,127,365)	(2,127,365)	—	—
Balance, September 30, 2025	<u>\$3,001,852</u>	<u>\$42,201,059</u>	<u>\$45,202,911</u>	<u>\$123,010</u>	<u>\$116,020</u>



VIRTUAL ANNUAL MEETING

We hosted a virtual annual meeting in 2025 with positive results. **Nearly 80% of members surveyed prefer a virtual meeting over other meeting formats.** Because of these results and the cost savings the virtual meeting offers the cooperative, the board of trustees decided to have a virtual annual meeting in 2026. For those who prefer to meet in-person, we will have an opportunity to view the meeting and meet with co-op leadership during Family Day July 10.

STATEMENT OF CASH FLOWS

For the Years Ended September 30, 2025 and 2024

CASH FLOW FROM OPERATING ACTIVITIES

	2025	2024
Net margins	\$3,835,041	\$2,900,478
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation and amortization	3,499,645	3,412,394
Noncash capital credits	(799,716)	(1,237,479)
Gain on disposition of property	(33,740)	(7,204)
Changes in assets and liabilities:		
Accounts, notes and other receivables (net)	23,436	(246,473)
Materials and supplies	(66,549)	29,998
Other assets	(2,943,758)	812,632
Deferred charges	32,076	(80,501)
Accounts payable	723,749	(31,970)
Accrued taxes and other liabilities	300,926	307,717
Consumer deposits	(1,593)	(14,397)
Accrued postretirement benefits	(26,444)	(12,377)
Net cash provided by operating activities	4,543,073	5,832,836

CASH FLOW FROM INVESTING ACTIVITIES

	2025	2024
Extension and replacement of plant, net of salvage and removal costs	(4,313,819)	(4,356,057)
Proceeds from disposition of property	14,245	12,919
Investment in nonutility property	(133,141)	(121,521)
Proceeds from redemption of capital credits	975,505	966,641
Net cash used by investing activities	(3,457,210)	(3,498,081)

CASH FLOW FROM FINANCING ACTIVITIES

	2025	2024
Proceeds from long-term debt	5,520,000	-
Payments on long-term debt	(2,195,998)	(2,092,424)
Proceeds and reclassifications of patronage capital and memberships (net)	156,310	146,000
Patronage capital credits retired	(2,127,365)	(1,977,300)
Net cash provided (used) by financing activities	<u>1,352,947</u>	<u>(3,923,724)</u>
Net decrease in cash and cash equivalents	2,438,810	(1,588,906)
Cash and cash equivalents at beginning of year	<u>1,202,581</u>	<u>2,791,487</u>
Cash and cash equivalents at end of year	<u>\$3,641,391</u>	<u>\$1,202,581</u>



HELPING MEMBERS EXPERIENCING POSTAL DELAYS

Thank you for your patience and understanding as we have worked to find ways to help members experiencing postal delays. Our bills are calculated around the 5th of each month and are mailed from St. Louis, MO the next day. The due date is usually the 20th of each month, excluding weekends and holidays.

To avoid mail delays and late fees, we have encouraged members to consider using SmartHub or other billing and payment options like auto pay and paperless billing.

 **4,408**
MEMBERS USE
AUTO PAY

 **4,584**
MEMBERS USE
PAPERLESS BILLING

Butler Rural Electric Cooperative
3888 Stillwell Beckett Road
Oxford, Ohio 45056
butlerrural.coop | 513-867-4400



Butler Rural
Electric Cooperative



Butler Rural Electric



Butler Rural Electric
Cooperative, Inc.

Your Touchstone Energy® Partner 