



2024 ANNUAL REPORT

UPPER MISSOURI
POWER COOPERATIVE A Touchstone Energy® Cooperative 



Dec. 12, 2022: A winter storm caused a section of the line to be impacted by the weight of heavy frost, leading to damaged poles northeast of Grassy Butte, ND.

ABOUT US

Upper Missouri G. & T. Electric Cooperative, Inc. doing business as Upper Missouri Power Cooperative was organized in 1957 to serve transmission needs of rural electric cooperatives in eastern Montana and western North Dakota. Today, Upper Missouri supplies wholesale electricity to eleven distribution cooperatives: six in eastern Montana and five in western North Dakota. The eleven Member Systems serve 82,246 meters to farms, ranches, homes, and businesses in 37 counties, covering over 54,762 square miles.

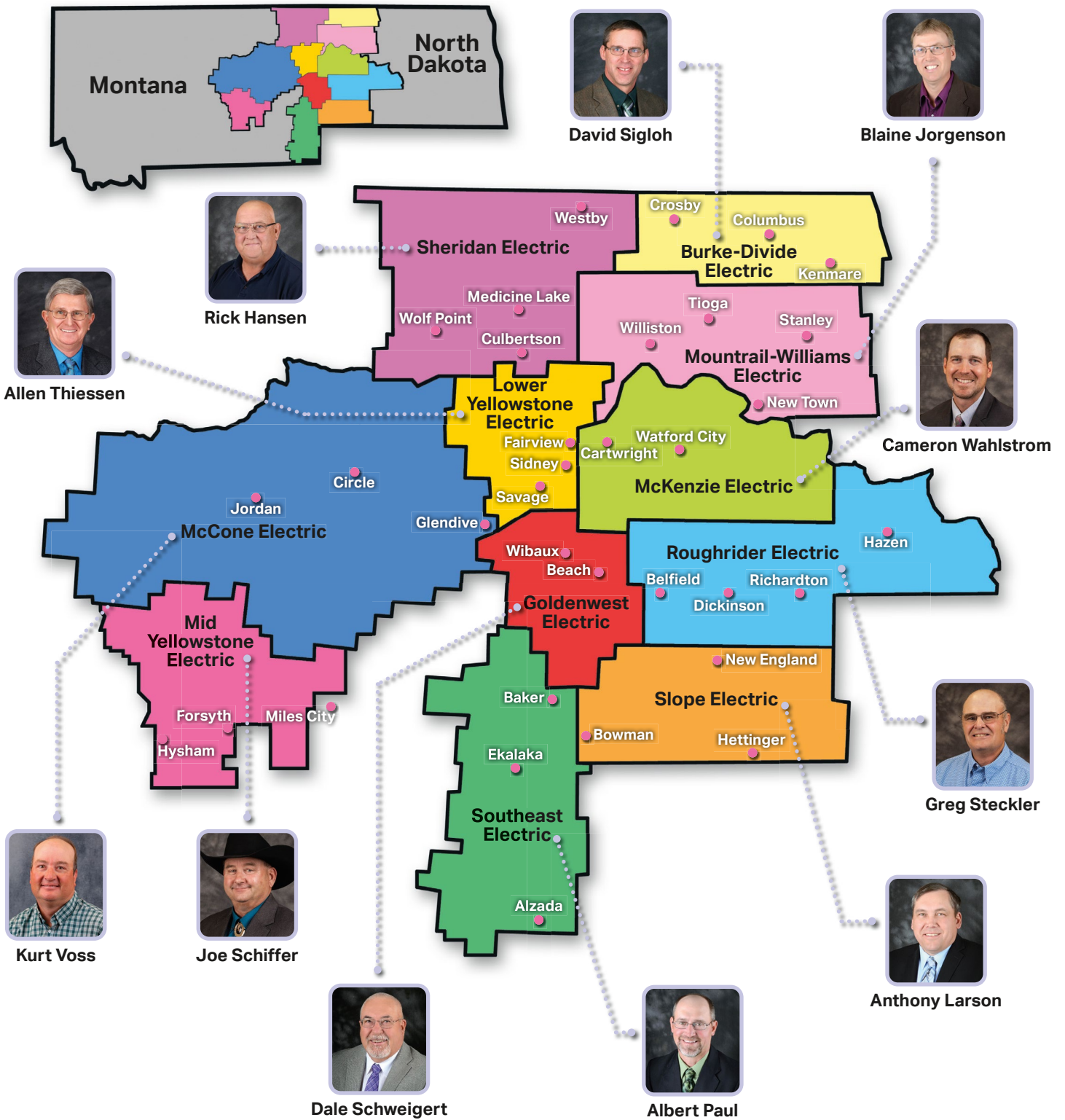
Upper Missouri sources power from two major suppliers: Western Area Power Administration (WAPA) and Basin Electric Power Cooperative. In 2024, energy purchased from WAPA represented 2.25% of total sales and Basin was 97.75%, respectively.

Upper Missouri administers the transmission delivery metering services for most of its service area. There are currently 243 delivery points used in the billing of its members. Upper Missouri also uses these delivery meters to provide high accuracy real-time data to Basin.

Upper Missouri is rate-regulated by the Federal Energy Regulatory Commission (FERC) and continues to have high-volume sales growth due to oil and gas development in the Bakken region as well as growth in technology, with a peak load of 2,030 MW. Energy sales in 2024 totaled 15,196,960 MWh. Sales in 2024 were 9.41% above 2023 sales and continued growth is projected to continue over the next decade.

*On the cover, a picture from **Josh Johnston**, Journeyman Lineman of Burke-Divide Electric taken during the 2022 spring storm restoration. The lineman pictured is from Dakota Valley Electric led by Josh on May 8, 2022. Around 70 lineworkers from 16 electric cooperatives in ND and SD assisted BDEC in the weeks long power restoration effort.*

DISTRIBUTION MAP



MANAGEMENT STAFF



*From Left to Right: **Brent Hanson**, Chief Operating Officer; **Keegan Kary**, Metering Apprentice/Systems Admin; **Stacey Brown**, Office Manager; **Jeremy Mahowald**, General Manager; **D'Lon Anderson**, Financial Integrity Analyst; **Jeff VanDomelen**, Metering Integrity Analyst/Journeyman Meterman; and **Justin Boyer**, Controller.*

PRESIDENT'S REPORT



BLAINE JORGENSON

This year's annual meeting does not have a theme. Themes tend to be a few inspiring or even fluffy words, so it seemed unnecessary. Instead, this report will begin with something many members may be unfamiliar with, the Upper Missouri Mission Statement.

"To provide the member systems with power supply and related services to meet the needs of their member consumers"

This simple mission statement invokes some serious questions in today's challenging electric utility world. How does UMPC best meet the power supply demands of its member systems? What should UMPC be doing to provide and what are related services? These two questions define much of what the Board has been challenged with this past year.

The question of power supply has been complicated recently by the intense demands of new large loads. Upper Missouri's contract requires the purchase of all power (beyond the WAPA allocation) to come from Basin Electric. UMPC has been working closely with Basin to ensure that all new power supply demands can be met in a timely manner with a reasonable rate structure. Herein lies the challenge as the terms "timely" and "reasonable" are quite subjective.

This past year, the UMPC Board hired Guernsey to perform a rate study. The current cost of service rate is complex and seems unfair to some members. Guernsey was hired as an independent and outside consultant to evaluate the current rate and propose a rate that would be fair and defensible before any regulatory body.

As of the writing of this report, no action to change the rate has been taken but several options are being considered.

Another significant Board consideration this past year has been the movement towards becoming an RUS borrower. The savings in interest costs appear to be significant while the regulatory risk would likely not increase with this action.

The Board has also supported and budgeted for increased staffing levels at Upper Missouri this past year. Many factors have led to this decision, but with the increased number of employees, UMPC intends to provide improved services at lower costs than were being provided through contracted services. The Board appreciates the dedication and hard work of all the UMPC employees.

On a slightly different note, the Board will have a new director representing Sheridan Electric next year. Rick Hanson has decided to retire and is moving to greener pastures (hopefully). Thank you, Rick, for your service and we look forward to working with whoever Sheridan chooses to represent them.

Thank you for taking the time to read these annual reports. Please contact your respective Board Representative or me with questions.

GENERAL MANAGER'S REPORT



JEREMY MAHOWALD

Upper Missouri continued strong sales in 2024, with energy sales of 15.2 million MWh, coming in 9.41% above 2023 sales, equating to \$858.6 million in power billing in 2024. We are responsible for nearly all the power delivery metering and for accurate power billing, and beginning in July 2024, we were able to bring the billing data services, including validation and editing, in-house versus using HDR Engineering and Basin Electric. This was achieved by the hiring of Financial Integrity Analyst, D'Lon Anderson, in late 2023. Bringing these services in-house financially benefits the members of Upper Missouri and increases our reliability, timing of billing, and lowers our overall risk.

In an expanded effort to further lower risk and contractor costs and to also increase responsiveness and reliability, we welcomed two new employees in 2024. Jeff VanDomelen, Metering Integrity Analyst/Journeyman Meterman, and Keegan Kary, Metering Apprentice/System Admin both joined Upper Missouri in September 2024. This brings our metering, communications, and administration of meter data and meter billings services all in-house. We quickly saw benefits of both employees, engaging immediately with field services, replacing the need for distant and costly contractors for all but specialized services. As part of our long-range plan, Jeff and Keegan, along with other team members, will be engaged with new services such as NISC data integration, load management, and demand response services.

We represent a thin layer in the power spectrum; however, we seek to ensure the membership gets the most value possible for the functions we have and the services we provide. Our priorities are meeting Upper Missouri's contractual commitments, the accurate measurement and timely billing of power to our members, meeting a multitude of FERC, NERC, and SPP regulations, and providing other services and benefits that either aren't provided elsewhere or have been elected by our board to be pursued by Upper Missouri.

Along with Basin and Upper Missouri director, Anthony Larson, another important role for me is to advocate for our diverse membership within the Basin family. In the last year, that focus has been on meeting the ever-growing power needs for oil, gas and agricultural development in our region, but also for other large industrial and technology loads forecasted to locate in our region in the years ahead. We've been working with Basin to develop infrastructure and rate solutions to accept these large loads while isolating the cost impacts to the general membership. We're confident a good solution will be agreed upon by the Basin board and its members.

One of the more important functions Upper Missouri pursued in 2024 was working with our member managers, board, staff and Guernsey to perform a Cost of Service study, evaluate our existing rate, learn about best practices in wholesale rate design, and evaluate new rate options. This was identified as a priority by our board and member managers in 2023 as current ultimate member costs vary widely across the membership. This work and refinement of a new rate design will extend into 2025, and the board will ultimately decide its components and when it goes into effect.

I am very thankful for our dedicated staff, our collaborative and coop-focused board and our committed manager group. In 2025, please help us in our pursuits to work toward our mutual success, regional prosperity, and delivering value to our membership. I welcome your thoughts and ideas to help us in these goals.

CHIEF OPERATING OFFICER'S REPORT



BRENT HANSON

Upper Missouri embraced many challenges in 2024 and our commitment to serving our members remains our top priority. Operationally, our focus has been on three key areas: revenue metering and data management; substation maintenance and compliance; and organizational related services.

Upper Missouri maintains our focus on serving our members by providing highly accurate and timely power data. Our revenue metering and data management power measurement team is responsible for providing and reviewing delivery point metering, meter testing, load forecast support, load monitoring and peak prediction.

In early 2024, Upper Missouri gave Basin Electric notice that we would bring our power billing meter reading, validation, estimating and editing in house. D'Lon Anderson was primarily responsible for this task and the Load Metering Services agreement with Basin was terminated mid-year. In July, Upper Missouri completed the transition. As part of bringing the responsibility in house, we have direct oversight of the process and ultimately reduce our reliance on consultants.

In September, Jeff VanDomelen and Keegan Kary joined our staff. Jeff is a Journeyman Meterman and was hired for metering activities; including testing, inventory, installation support and troubleshooting. During the month of October, Jeff tested 86 meters across the system, primarily in Mountrail Williams Electric Cooperative's territory. This service had direct contractor savings of greater than \$35,000. Jeff has also been assisting with the installation of several new meters or load monitoring replacements. Jeff will be training to backup D'Lon with MV-90 and meter reading responsibilities.

Keegan was hired to manage our operational technologies (OT), including our load monitoring program and troubleshooting of equipment associated with load monitoring and peak prediction. Keegan will be the lead on any new OT programs at Upper Missouri. Over the course of the next year, we look forward to deploying NISC's MDM which will allow for direct sharing of member load data to the member cooperatives and allow for additional tools for power system billing. Keegan will also be the lead on any software needed for market support, demand response or load curtailment. He has been working diligently with our engineers to begin taking over contracted services and has been training in the field with Jeff.

Upper Missouri owns six substations and five of them require NERC compliance. Upper Missouri also owns a transformer in the WAPA Williston Substation and a capacitor bank at Hodges Substation. Many of these facilities are leased to Basin and receive a lease payment from SPP or MISO. To facilitate the maintenance of equipment, Upper Missouri has agreements with MDU, WAPA and Roughrider. MDU is assigned many of our NERC compliance tasks that require security, monitoring and regular testing. Upper Missouri remains responsible for all compliance filings and self-certifications. We continue to work with HDR and MDU to satisfy our compliance obligations and meet the standards required.

In 2024, Upper Missouri completed a 20-year Long Range Plan study and a two year Construction Work Plan. These studies will be utilized as a road map for aging equipment replacement. Over the next two years, Upper Missouri will be replacing aging equipment at the Culbertson and Grenora Substations.

Finally, we have our organizational related services such as managing our WAPA and Basin power supply contracts, FERC filings related to those contracts and member agreements. Our members continue to field phone calls for additional growth. To meet the power supply needs for these loads, Upper Missouri continuously works with Basin Electric. Member forecasts with Basin indicate Upper Missouri total demand will grow by 50% between 2024 and 2031 without the addition of large spot loads to the region. We continue to pursue options to serve loads requesting to locate in our area and look forward to serving our members.

CONTROLLER'S REPORT



JUSTIN BOYER

Upper Missouri's sales growth remained strong once again with a sales total of 15,196,960 MWh in 2024 which is a 9.41% increase over 2023 sales. Upper Missouri's coincidental peak reached 2,030 MW in January. Oil and gas development, processing and transportation continue to be the major sales drivers. However, the continued drought kept irrigation sales above average. We expect more diversification over the next few years as data centers and large industries move into the territory. We feel that energy growth will be at the forefront with the new administration in place.

Just ten years ago, in 2014, Upper Missouri had a peak demand of 987 MW and sales of 5,927,418 MWh. Present load forecasts indicate that Upper Missouri will see over 1,539 MW of growth over the next five years. This does not include some of the major industrial load that may develop in our region.

In 2024, 97.75% of Upper Missouri's energy supply was purchased from Basin Electric Power Cooperative with the balance of 2.25% purchased from Western Area Power Administration.

For the past five years, Upper Missouri has fallen under the jurisdiction of the Federal Energy Regulatory Commission (FERC) for rate filings. FERC oversight creates significant workload from the accounting/rate perspective as well as delivery point/Exhibit A reporting. We have incorporated a system that myself and D'Lon Anderson, the Financial Integrity Analyst, employ to ensure we report accurate numbers to FERC. These filings require extensive reporting requirements and are time consuming as we file the FERC Form 1 quarterly with the oversight of our CPA, Brady, Martz & Associates.

Upper Missouri is required to file an Attachment "O" with MISO and hold an annual meeting for transmission customer input on transmission cost recovery. The annual meeting was held on August 22, 2024. No concerns or protests were raised during the meeting.

Under Upper Missouri's cost of service model, wholesale power costs are passed directly through to the Member Systems. Maintenance and replacement expenses, operations expenses, capital credit allocations, and renewable energy credits are passed through to the Member System typically based on asset use or sales percentages. We are currently evaluating this model and looking at potential changes to how we bill our Member Systems.

Upper Missouri's annual financial audit was completed by Brady, Martz & Associates in the first quarter of 2024. The cooperative is financially secure and has quality resources to rely upon. Upper Missouri's healthy financial ratios, cost effective financing and cost of service model provide for a predictable ten-year rotation of member patronage. Upper Missouri retired \$260,400.67 in capital credits in November.

With confidence, I am pleased to report that we have accounting and financial systems in place to provide secure and predictable financial performance to serve our member owners.

2024 MEMBER STATISTICS

Coop	Total Members	Total Meters	Miles of Line	Square Miles of Service Area	Coincidental - Peak Demand (MW)	MWH Sales
Burke-Divide	1,391	3,513	2,582	2,590	38.373	224,122
GoldenWest	684	1,666	1,177	1,500	7.285	48,191
Lower Yellowstone	2,464	6,386	2,173	2,253	69.213	471,650
McCone	2,368	5,464	3,838	14,400	18.755	71,620
McKenzie	4,904	13,801	4,524	4,600	839.684	6,692,180
Mid-Yellowstone	731	2,041	1,058	4,000	8.700	31,628
Mountrail-Williams	8,579	23,772	5,468	4,089	850.887	6,405,189
Roughrider	9,299	15,099	5,477	5,800	151.280	806,529
Sheridan	1,842	4,181	2,803	4,230	27.239	150,402
Slope	1,915	4,088	3,106	4,500	38.623	215,972
Southeast	924	2,235	1,700	6,800	13.417	79,478
Upper Missouri	35,101	82,246	33,906	54,762	2,030.3	15,196,960

Coop	2024 MWH Sales	% Sales
Burke-Divide	224,122	1.5%
GoldenWest	48,191	0.3%
Lower Yellowstone	471,650	3.1%
McCone	71,620	0.5%
McKenzie	6,692,180	44.0%
Mid-Yellowstone	31,628	0.2%
Mountrail-Williams	6,405,189	42.1%
Roughrider	806,529	5.3%
Sheridan	150,402	1.0%
Slope	215,972	1.4%
Southeast	79,478	0.5%
TOTAL	15,196,960	100%

2024 FINANCIAL

UPPER MISSOURI POWER COOPERATIVE BALANCE SHEETS

ASSETS AND OTHER DEBITS

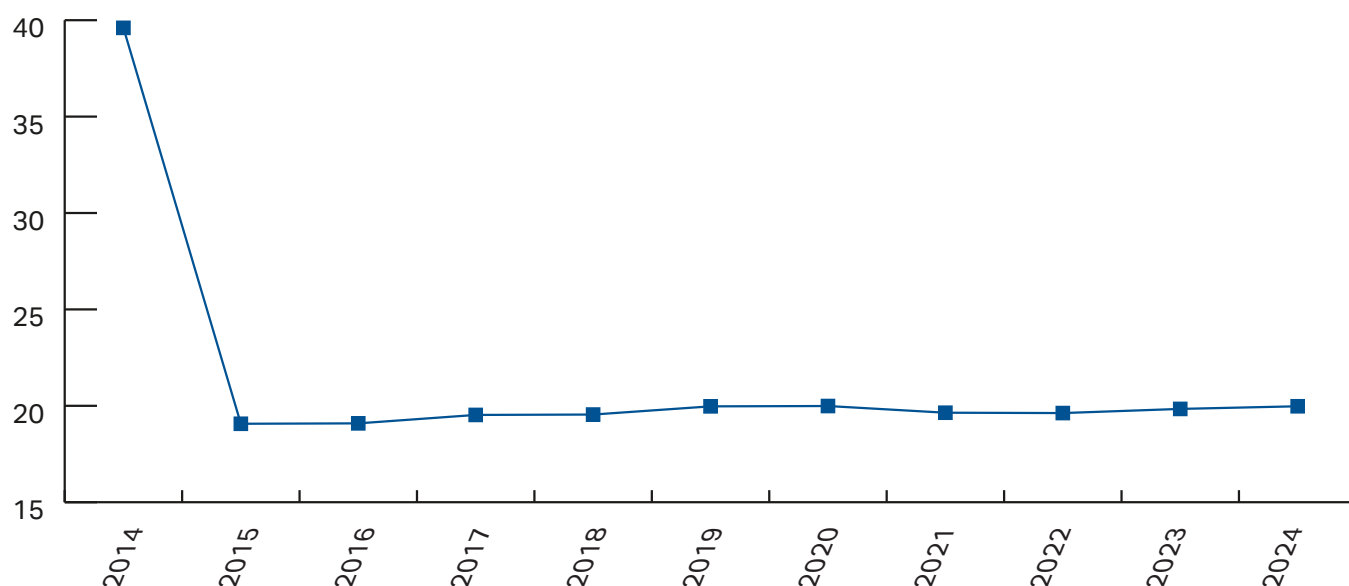
Assets	2024	2023
Electric Plant		
In Service	\$19,976,758	\$19,839,267
Less accumulated depreciation	(14,226,026)	(13,945,056)
Electric Plant - net	5,750,732	5,894,211
Other Property and Investments		
Patronage Capital - Basin Electric	450,299,800	409,489,580
Investments in associated companies	937,652	847,908
Investment in economic development projects	400,000	400,000
Total other property and investments	451,637,452	410,737,488
Current Assets		
Cash and cash equivalents	3,206,805	3,420,968
Temporary cash investments	135,017	135,017
Accounts receivable	75,967,074	74,351,334
Materials and supplies	89,047	106,862
Prepayments	336,880	299,734
Total Current Assets	79,734,824	78,313,915
Deferred Debits	202,397	217,028
Total Assets	\$537,325,404	\$495,162,642

2024 FINANCIAL

LIABILITIES AND OTHER CREDITS

Equities and Liabilities	2024	2023
Equities		
Memberships	\$5,500	\$5,500
Patronage capital	455,741,412	414,701,432
Total equities	455,746,912	414,706,932
Long-Term Debt, Less Current Maturities	5,733,638	5,763,665
Current Liabilities		
Current maturities of long-term debt	243,455	230,019
Accounts payable - Power supply	75,493,215	74,359,717
Other current and accrued liabilities	108,181	102,309
Total Current Liabilities	75,844,851	74,692,045
Deferred Credits	0	0
Total current liabilities	\$537,325,401	\$495,162,642

TOTAL UTILITY PLANT VALUE (MILLIONS)



2024 FINANCIAL

UPPER MISSOURI POWER COOPERATIVE BALANCE SHEETS

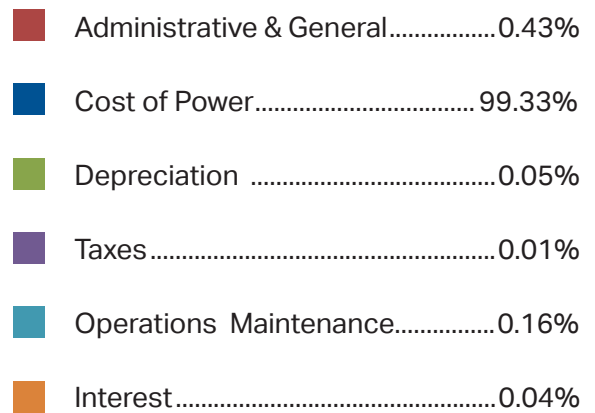
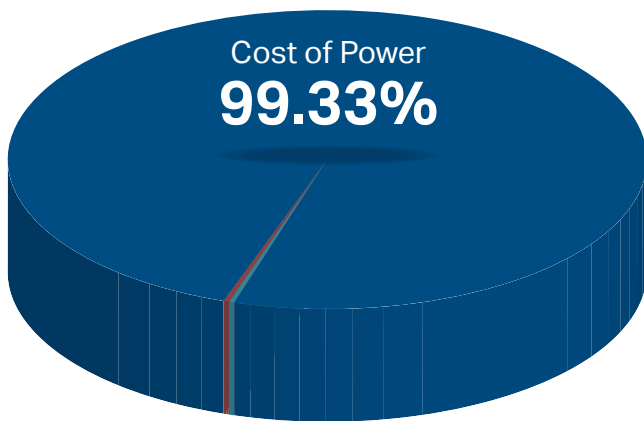
STATEMENTS OF OPERATIONS

	2024	2023
Operating Revenues		
Electric	853,908,372	795,336,102
Other	4,675,718	4,186,703
	\$858,584,090	\$799,522,805
Operating Expenses		
Cost of Power	854,933,175	796,361,103
Transmission - operations	960,372	839,900
Transmission - maintenance	792,385	416,884
Administrative and general	3,693,407	3,415,315
Depreciation and amortization	280,971	376,285
Taxes	66,136	64,390
Interest on long-term debt	291,046	291,001
Total Operating Expenses	861,017,491	801,764,878
Operating Margins Before Capital Credits	(2,433,401)	(2,242,073)
Basin Electric capital credits	44,928,764	54,024,708
Other Cooperative Capital Credits	144,391	32,741
Total Capital Credits	45,073,155	54,057,449
Net Operating Margins	42,639,754	51,815,376
Nonoperating Margins		
Interest Income	338,945	331,671
Gain (loss) on sale of plant	0	0
Compliance	23,945	26,118
Load Monitoring	978,137	824,774
Maintenance	379,554	430,155
Rent Income	1,032,227	1,037,089
Other non-operating income	26,365	21,737
Total non-operating margins	2,779,172	2,671,544
Net Margins	\$45,418,926	\$54,486,921

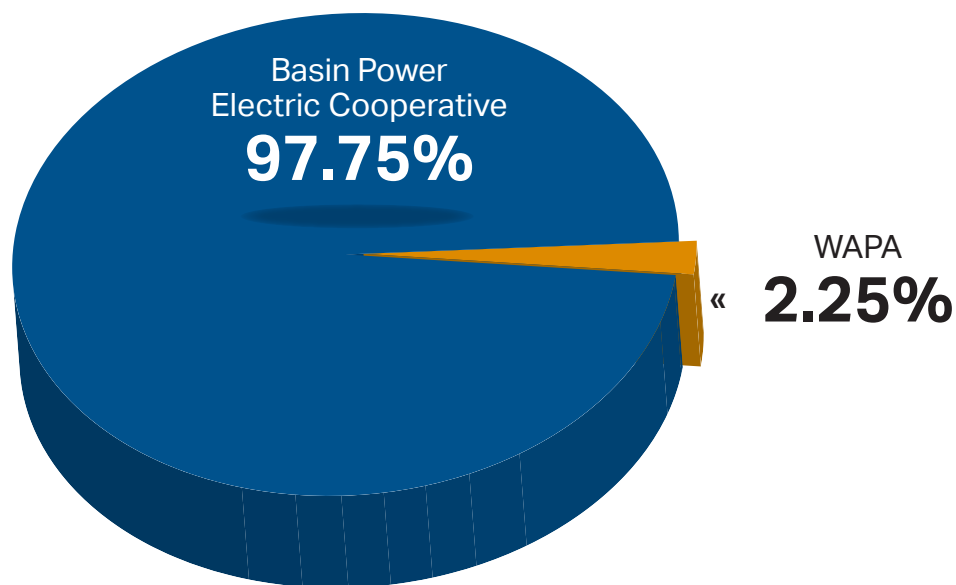
2024 FINANCIAL

2024 EXPENSES

Administrative & General	3,693,407
Cost of Power	854,933,175
Depreciation	280,971
Taxes	66,136
Operations Maintenance	1,752,757
Interest	291,046
Total	861,017,491

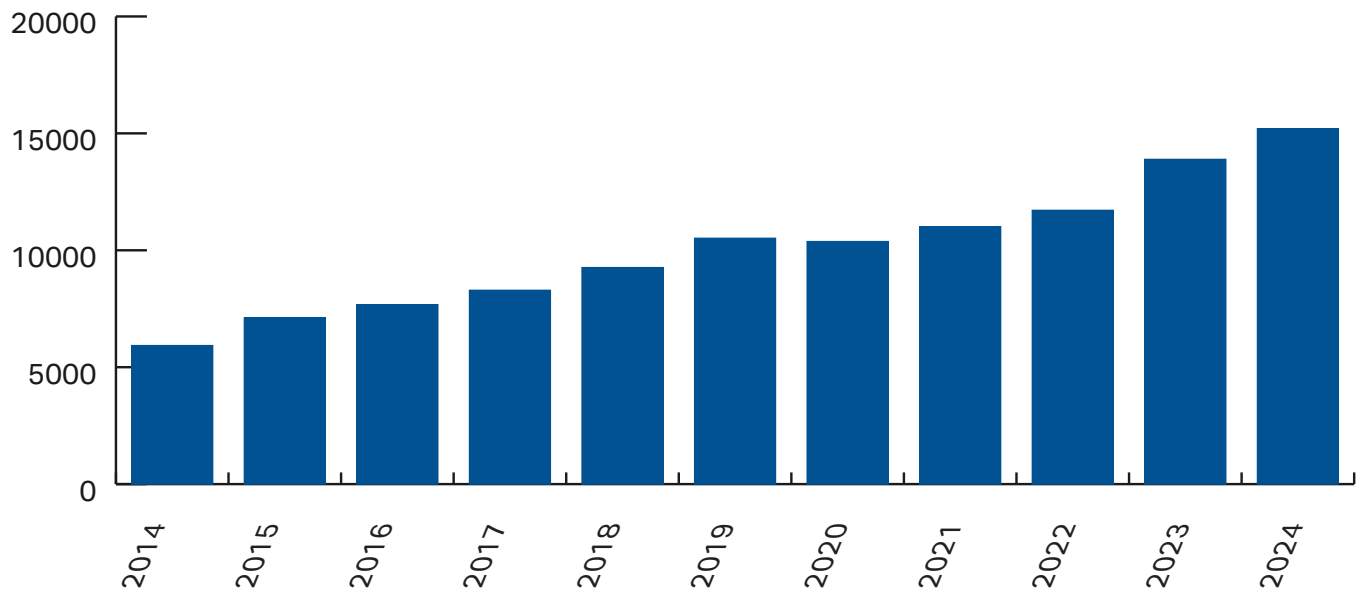


2024 POWER SUPPLY

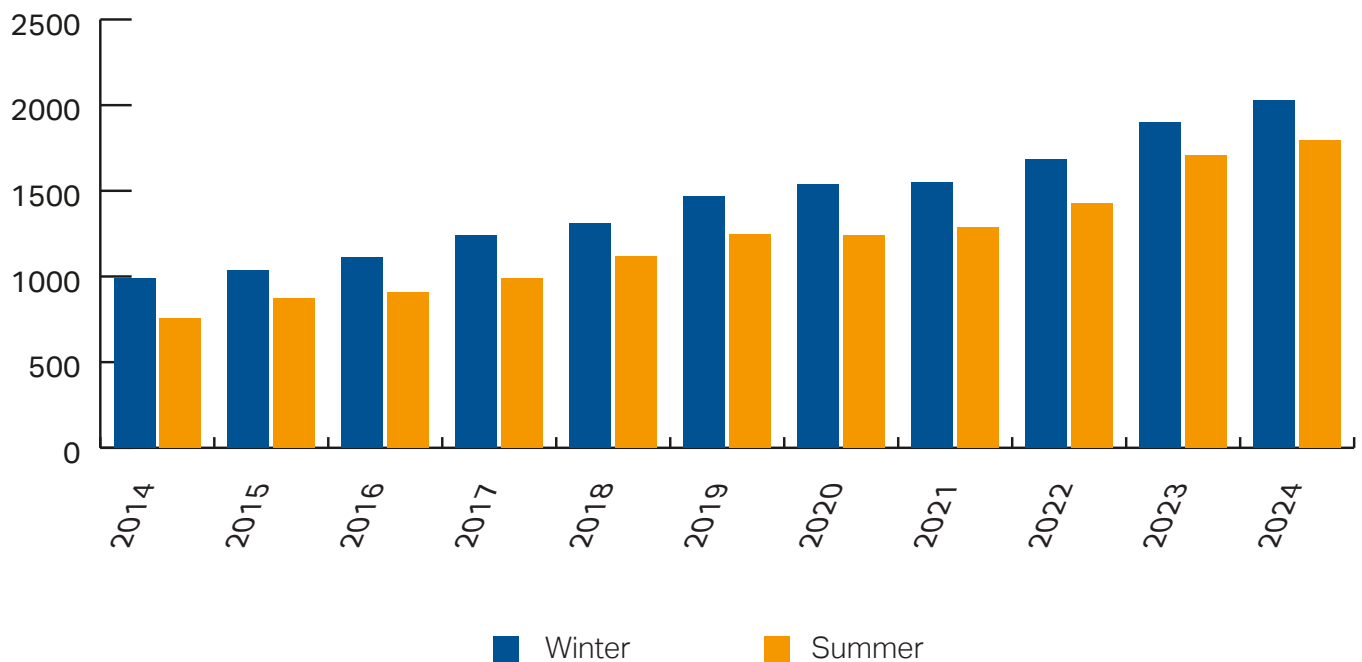


2024 FINANCIAL

ENERGY SALES (GWH)



PEAK LOADS (MW)



*New Mill Iron Substation in Southeast
Electric Territory taken February 2025.*



Photo taken by Scot Brown, Member Service/Safety Manager at McCone Electric after a straight-line windstorm or microburst ripped through Garfield and McCone Counties in May of 2020. There were 100 plus three phase poles down and 14 transmission poles down in two centralized areas, and many more affected poles at literally every corner of our grid system. Crews came to help from Lower Yellowstone REC and Southeast Electric Cooperative. We also had Contracting crews: Power Line Pro, Red Rock Construction, and Shennum Construction. The main crews were here for 3 and 4 days and it was a total of 8 days before power was restored to the last well.



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