



809 Centennial Way  
Lansing, Michigan 48917

## FINANCIAL STATEMENTS

December 31, 2025

# MICHIGAN PUBLIC POWER AGENCY

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# MICHIGAN PUBLIC POWER AGENCY

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## **Independent Auditors' Report**

To the Board of Commissioners of  
Michigan Public Power Agency

### **Opinions**

We have audited the accompanying financial statements of the business-type activities and each major fund of the Michigan Public Power Agency (the Agency), as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major fund of the Agency as of December 31, 2025 and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities 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.

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 the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibilities 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 auditors' report that includes our opinions. 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. 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 GAAS, 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 the Agency'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 the Agency'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.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

## **Prior Year Comparative Information**

We have previously audited the Agency's 2024 financial statements and we expressed unmodified audit opinions on the respective financial statements of the business-type activities and each major fund in our report dated April 2, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is presented fairly, in all material respects, with the audited financial statements from which it has been derived.

*Baker Tilly US, LLP*

Madison, Wisconsin  
March 27, 2026

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)**

# MICHIGAN PUBLIC POWER AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2025

The management of Michigan Public Power Agency (MPPA) offers all persons interested in the financial position of MPPA this narrative, overview, and analysis of MPPA's financial performance during the years ended December 31, 2025, and 2024. It should be read in conjunction with MPPA's financial statements and the accompanying notes.

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### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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This annual report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. MPPA is a municipal power joint action agency and follows proprietary fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Proprietary fund statements offer financial information about the activities and operations of MPPA.

The financial statements are designed to provide readers with a broad overview of MPPA's finances, in a manner like a private sector business.

MPPA owns and administers seven Asset Projects and one Administrative Project. The Asset Projects provide power supply resources and market operational services and the Administrative Project, the General Fund, invests in and manages the infrastructure and systems to operate the General Agency. The Projects are:

- Campbell #3
- Belle River
- Combustion Turbine
- Energy Services
- Transmission
- Landfill Renewable Energy
- AMP Fremont Energy Center (AFEC)
- General Fund

MPPA has different participating members in each Project, each member is responsible for their share of all administrative, debt service, and operating expenses.

Each Project is financially independent from one another, supported entirely by the participating members. No monies can be shared between Projects.

The Statement of Revenues, Expenses, and Changes in Net Position presents information reflecting changes in MPPA's net position during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

**MICHIGAN PUBLIC POWER AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

December 31, 2025

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT.)**

The Statement of Cash Flows reports the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of bonds and capital additions.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 18 of this report.

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**MPPA FINANCIAL ANALYSIS**

An analysis of MPPA's financial position begins with a review of the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position. These two statements report MPPA's net position and changes therein. Consideration must be taken when evaluating MPPA's financial position and results of operations when using the financial presentations due to the legal separation that must be maintained between Projects. However, broad patterns and trends may be observed at this level that should lead the reader to carefully study the financial statements of each Project.

A summary of MPPA's Statement of Net Position is presented below in Table 1. The Statement of Revenues, Expenses, and Changes in Net Position is summarized in Table 2.

MPPA uses fund accounting, Federal Energy Regulatory Commission (FERC) accounting, and special utility industry terminology to ensure and demonstrate compliance with finance-related legal requirements.

**MICHIGAN PUBLIC POWER AGENCY**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2025

**MPPA FINANCIAL ANALYSIS (CONT.)**

**Table 1  
Statement of Net Position**

	<u>2025</u>	<u>2024</u>
Current Assets	\$ 147,783,900	\$ 155,879,007
Non-Current Assets		
Capital Assets	214,780,607	204,546,543
Other Assets	16,031,973	18,324,064
<b>Total Assets</b>	<b><u>378,596,480</u></b>	<b><u>378,749,614</u></b>
Deferred Outflows of Resources	<u>22,942,245</u>	<u>17,186,293</u>
Current Liabilities		
Accrued Interest Payable	817,425	199,750
Revenue Bonds Payable	7,650,000	4,435,000
Other Current Liabilities	33,022,273	35,827,448
<b>Total Current Liabilities</b>	<b>41,489,698</b>	<b>40,462,198</b>
Non-Current Liabilities		
Liabilities Payable from Restricted Assets		
Member Deposits	30,927,191	27,302,473
Asset Retirement Obligation	25,536,245	18,459,193
Revenue Bonds Payable, Less Current Portion	40,200,000	47,850,000
Unamortized Premium on Bonds Payable	1,586,385	2,097,725
<b>Total Non-Current Liabilities</b>	<b><u>98,249,821</u></b>	<b><u>95,709,391</u></b>
<b>Total Liabilities</b>	<b><u>139,739,519</u></b>	<b><u>136,171,589</u></b>
Deferred Inflows of Resources	<u>382,786</u>	<u>524,974</u>
Net Position		
Net Investment in Capital Assets	169,026,548	168,607,978
Restricted	7,982,257	4,736,790
Unrestricted	84,407,615	85,847,623
<b>Total Net Position</b>	<b><u>\$ 261,416,420</u></b>	<b><u>\$ 259,192,391</u></b>

**MICHIGAN PUBLIC POWER AGENCY**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2025

**MPPA FINANCIAL ANALYSIS (CONT.)**

**Table 2  
Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	<u>2025</u>	<u>2024</u>
Gross Operating Revenues	\$ 260,332,658	\$ 254,519,066
Non-Operating Revenues	5,784,825	5,014,164
<b>Total Revenues</b>	<b>266,117,483</b>	<b>259,533,230</b>
Depreciation Expense	20,314,695	19,532,513
Other Operating Expenses	242,736,150	220,671,222
Non-Operating Expenses	842,609	1,537,594
<b>Total Expenses</b>	<b>263,893,454</b>	<b>241,741,329</b>
<b>Change in Net Position</b>	<b>2,224,029</b>	<b>17,791,901</b>
<b>Beginning Net Position</b>	<b>259,192,391</b>	<b>241,400,490</b>
<b>Ending Net Position</b>	<b>\$ 261,416,420</b>	<b>\$ 259,192,391</b>

**Energy Delivered by Project**

Project	2025		2024	
	Capacity Factor	MWh	Capacity Factor	MWh
Campbell #3	69.7%	247,068	79.5%	281,882
Belle River	56.0%	1,187,044	48.6%	1,029,463
Combustion Turbine	10.8%	57,409	9.0%	47,743
Energy Services	N/A	2,095,853	N/A	2,016,001
Landfill	N/A	132,642	N/A	141,127
AFEC	70.7%	215,659	70.0%	213,597

## MICHIGAN PUBLIC POWER AGENCY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2025

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#### **MPPA FINANCIAL ANALYSIS (CONT.)**

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##### **Campbell #3 Project**

MPPA has a 4.80% undivided ownership share in J.H Campbell Unit #3, a coal-fired electric generation resource located in Ottawa County, Michigan. Consumers Energy, a regulated operating subsidiary of CMS Energy Corporation, and Wolverine Power Supply Cooperative own the remaining shares of the facility. Ten of MPPA's members participate in this Project. Commercial operation began in September 1980. In May 2025, before the planned early closure of J.H. Campbell Facility (Units 1, 2, and 3), the U.S. Secretary of Energy issued an emergency order under section 202(c) of the Federal Power Act requiring the J.H. Campbell Facility to continue operating for 90 days. Subsequently, the U.S. Secretary of Energy issued three additional orders for 90 days each, ultimately requiring continued operation of the facility through May 18, 2026. These orders stated that the continued operation of the J. H. Campbell Facility was required to meet an energy emergency across MISO's North and Central regions. Consistent with the Federal Power Act and Department of Energy regulations, the orders authorize the co-owners to obtain net cost recovery for their respective ownership share through a regulatory process at the Federal Energy Regulatory Commission ("FERC").

##### **Belle River Project**

MPPA has a 18.61% undivided ownership share in Belle River Power Plant, a 2-unit coal-fired electric generation resource in St. Clair County, Michigan. DTE Electric, a regulated operating subsidiary of DTE Energy, owns the remaining share of the facility. Eleven of MPPA's members participate in this Project. Commercial operation commenced at Belle River Unit 1 in August 1984 and Belle River Unit 2 in July 1985. The Belle River Power Plant is currently in the process of being converted to a natural gas-fired peaking resource. Unit 1 was converted in Q4-2025, and Unit 2 is planned to be converted in Q4-2026.

##### **Combustion Turbine Project**

MPPA owns 100% of a natural gas fired peaking plant featuring two Pratt & Whitney FT8-1 simple cycle turbines connected to a single generator located in Kalkaska County, Michigan. Commercial operation began in December 2002. Five of MPPA's members participate in this Project.

##### **Energy Services Project**

MPPA administers and manages the Energy Services Project ("ESP"). ESP contracts power supply with wholesale energy marketers, and power supply asset developers. ESP also provides market operation services that interface participating member load and supply resources in the MISO and PJM Regional Transmission Organizations. Twenty-one of MPPA's members participate in this Project.

##### **Landfill Renewable Energy Project**

MPPA administers and manages the Landfill Renewable Energy Project. It is a contracted power project where MPPA purchases all power supply and environmental attributes produced by designated landfill gas fueled power generation resources all located in Michigan. Fourteen of MPPA's members participate in this Project.

**MICHIGAN PUBLIC POWER AGENCY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

December 31, 2025

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**MPPA FINANCIAL ANALYSIS (CONT.)**

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**Transmission Project**

MPPA has varying percentages of undivided ownership in designated high voltage electric transmission facilities in Michigan. Thirteen of MPPA's members participate in this Project.

**AMP Fremont Energy Center Project (AFEC)**

MPPA has a 5.16% undivided ownership share in the Fremont Energy Center, a natural gas fired combined cycle electric power generation resource located in Sandusky County, Ohio. American Municipal Power (AMP) owns the remaining share of the Project. Thirteen of MPPA's members participate in this Project. Commercial operation began in January 2012

**General Fund**

The General Fund invests in and administers the resources necessary to operate the General Agency. The General Fund is financially supported by member dues as well as contributions from MPPA's service and planning projects, and Michigan Municipal Electric Association ("MMEA"). The service and planning projects provide an opportunity for members to participate in business activities that do not require financing or the acquisition of assets. The service and planning projects are treated as separate sub-accounts under the General Fund for accounting purposes.

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**CAPITAL ASSETS**

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MPPA's investment in capital assets as of December 31, 2025, is \$214,780,607 (net of accumulated depreciation). This investment in capital assets includes investment in plants, transmission systems, land, buildings, improvements, machinery, and equipment. See Note 6 for additional details.

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**LONG-TERM DEBT**

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On December 31, 2025, MPPA had a total of \$139,739,519 in total outstanding liabilities. Of this amount, the following represents bond payments payable:

**Long Term Debt - Bonds**

Combustion Turbine Project	\$	4,220,000
AMP Fremont Energy Center Project (AFEC)		17,625,000
Belle River Natural Gas Repowering		26,005,000
	\$	<u>47,850,000</u>

See Note 7 for additional details.

## MICHIGAN PUBLIC POWER AGENCY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2025

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#### **RISK FACTORS & CONSIDERATIONS**

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The electric utility industry is undergoing a significant transformation. In addition to the forces of decarbonization, decentralization, and consumerization that were in place prior to 2025, in 2026 the electric power industry is now experiencing load growth, higher prices, and federal energy policy changes. Public power utilities and municipal power joint action agencies like MPPA face several risk factors driven by this transformation as well as traditional risks of operating in the electric utility industry. These factors include, but are not limited to: 1) meeting future reliability requirements with rapidly changing power supply resource technologies, 2) end-use customer preferences to own and/or control power supply decisions, 3) potential changes, including uncertainty caused by changing political administrations, to federal and state energy laws and/or regulatory compliance that could impact the operation of the electric generating units MPPA owns or contracts supply from, 4) increased competition to serve MPPA's member end-use customers from independent power producers, distributed generation, and energy marketers, 5) ability to issue tax exempt financing at competitive rates, 6) load forecasting uncertainty due to economic factors, load growth, energy efficiency, or customer control technologies, 7) volatility of the pricing and/or availability of fuel used to produce power, 8) inadequate risk management procedures and practices with respect to, among other things, the purchase and sale of energy, capacity, fuel, and transmission, and 9) issues relating to cyber security failures. Any of these risk factors, as well as other factors, may influence the financial condition of MPPA and/or its municipal members.

The Clean Energy & Climate Action Package of energy legislation signed by Michigan Governor Whitmer in November 2023 the Infrastructure Investment and Jobs Act passed in November 2021, the Inflation Reduction Act passed in August of 2022, and the One Big Beautiful Bill Act of 2025 have a significant impact on the electric utility industry. These laws are designed, among other objectives, to modernize the nation's energy infrastructure but deploy different strategies and priorities. MPPA and its members are navigating these laws to ensure there is not a loss of competitive ground while continuing to provide reliable and affordable power supply to retail customers.

## **MICHIGAN PUBLIC POWER AGENCY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

December 31, 2025

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#### **MICHIGAN LEGISLATION**

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In November 2023, Governor Gretchen Whitmer signed the Clean Energy & Climate Action Package of legislation (Public Acts 229, 231, 233, 234 and 235) that focused on implementing into law recommendations from the MI Healthy Climate Plan, an Executive Directive. The Public Acts address clean energy standards, renewable and energy waste reduction standards, renewable project siting procedures, energy storage targets, and updates to integrated resource plan filing requirements.

Public Act 235 requires an electric provider to achieve a renewable energy credit portfolio of at least the following: (a) through 2029, 15%; (b) in 2030 and through 2034, 50%; and (c) in 2035 and each year thereafter, 60%. It also sets forth a clean energy standard that electric providers must achieve: a) in 2035 through 2039, 80%; and b) in 2040 and each year thereafter, 100%.

Public Act 229 reinstates the energy waste reduction (EWR) requirements for municipal electric utilities and cooperatives. Each year, beginning in 2026, an EWR plan shall achieve incremental energy savings equivalent to 1.5% of total retail electricity sales in megawatt hours calculated from the preceding year. It also requires each utility to offer a low-income EWR program.

The Michigan Municipal Electric Association is actively assisting its membership to achieve the regulatory requirements and deadlines under the energy law and is also exploring various legislative amendments that would make the law more palatable to a majority of its membership.

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#### **CONTACTING MPPA'S FINANCIAL MANAGEMENT**

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This financial report is designed to provide our members, investors, and creditors with a general overview of MPPA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Laurie Valasek, Chief Financial Officer, Michigan Public Power Agency, [lvalasek@mpower.org](mailto:lvalasek@mpower.org).

**MICHIGAN PUBLIC POWER AGENCY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2025**  
(WITH COMPARATIVE TOTALS OF DECEMBER 31, 2024)

	CAMPBELL #3 PROJECT	BELLE RIVER PROJECT	COMBUSTION TURBINE PROJECT	TRANS- MISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SERVICES PROJECT	GENERAL FUND	TOTALS	
									DECEMBER 2025	DECEMBER 2024
<b>CURRENT ASSETS</b>										
Cash & Cash Equivalents										
Operation & Maintenance Account	\$ 1,518,876	\$ 10,515,647	\$ 615,391	\$ 722,910	\$ 1,211,294	\$ 2,074,003	\$ 9,508,099	\$ -	\$ 26,166,220	\$ 23,094,609
Project Account	8,143,491	20,699,830	2,080,827	-	-	7,221,086	-	-	38,145,234	39,482,117
Working Capital / Other	-	-	-	-	133,505	-	17,901,851	2,221,038	20,256,394	15,885,764
<b>Total Cash and Cash Equivalents</b>	<b>9,662,367</b>	<b>31,215,477</b>	<b>2,696,218</b>	<b>722,910</b>	<b>1,344,799</b>	<b>9,295,089</b>	<b>27,409,950</b>	<b>2,221,038</b>	<b>84,567,848</b>	<b>78,462,490</b>
Restricted Cash - Debt Service	-	3,825,610	2,135,846	-	-	2,553,616	-	-	8,515,072	4,651,930
Restricted Cash - Construction Fund	-	4,065,112	-	-	-	-	-	-	4,065,112	18,969,134
Investments - Unrestricted	1,801,149	6,593,920	506,569	152,023	287,991	1,881,935	5,424,963	457,754	17,106,304	18,950,213
Accrued Interest Receivable	12,812	74,237	5,703	1,712	3,242	21,188	61,077	5,154	185,125	181,858
Accounts Receivable	1,844,920	7,310,785	1,127,470	564,638	-	-	6,841,092	141,618	17,830,523	19,245,539
Fuel Inventory	932,818	9,376,189	68,597	-	-	-	-	-	10,377,604	10,289,200
Materials & Supplies Inventory	-	4,998,873	137,439	-	-	-	-	-	5,136,312	5,128,643
<b>Total Current Assets</b>	<b>14,254,066</b>	<b>67,460,203</b>	<b>6,677,842</b>	<b>1,441,283</b>	<b>1,636,032</b>	<b>13,751,828</b>	<b>39,737,082</b>	<b>2,825,564</b>	<b>147,783,900</b>	<b>155,879,007</b>
<b>NON-CURRENT ASSETS</b>										
Capital Assets										
Utility Plant	85,316,232	511,091,699	37,824,630	3,335,511	-	32,673,650	-	-	670,241,722	679,775,632
Building & Land	244,547	154,027	48,500	-	-	27,598	-	1,882,970	2,357,642	2,200,080
Accumulated Depreciation	(55,353,863)	(370,042,209)	(18,941,847)	(707,351)	-	(11,570,845)	-	(1,202,642)	(457,818,757)	(477,429,169)
<b>Net Capital Assets</b>	<b>30,206,916</b>	<b>141,203,517</b>	<b>18,931,283</b>	<b>2,628,160</b>	<b>-</b>	<b>21,130,403</b>	<b>-</b>	<b>680,328</b>	<b>214,780,607</b>	<b>204,546,543</b>
Prepaid Expenses & Deposits	760,145	3,890,000	103,071	-	-	771,120	235,833	560,815	6,320,984	6,279,403
Designated Cash										
O & M / Fuel Reserve	1,050,000	-	-	-	-	-	-	-	1,050,000	1,050,000
Investments - Unrestricted	531,136	3,379,966	259,661	77,925	147,621	964,658	2,780,772	234,640	8,376,379	10,710,051
Restricted Cash - Other	-	-	-	-	-	284,610	-	-	284,610	284,610
<b>Total Non-Current Assets</b>	<b>32,548,197</b>	<b>148,473,483</b>	<b>19,294,015</b>	<b>2,706,085</b>	<b>147,621</b>	<b>23,150,791</b>	<b>3,016,605</b>	<b>1,475,783</b>	<b>230,812,580</b>	<b>222,870,607</b>
<b>TOTAL ASSETS</b>	<b>46,802,263</b>	<b>215,933,686</b>	<b>25,971,857</b>	<b>4,147,368</b>	<b>1,783,653</b>	<b>36,902,619</b>	<b>42,753,687</b>	<b>4,301,347</b>	<b>378,596,480</b>	<b>378,749,614</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>										
Asset Retirement Obligations	\$ 4,304,099	\$ 18,633,870	\$ -	\$ -	\$ -	\$ 4,276	\$ -	\$ -	\$ 22,942,245	\$ 17,186,293

**MICHIGAN PUBLIC POWER AGENCY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2025**  
(WITH COMPARATIVE TOTALS OF DECEMBER 31, 2024)

	CAMPBELL #3 PROJECT	BELLE RIVER PROJECT	COMBUSTION TURBINE PROJECT	TRANS- MISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SERVICES PROJECT	GENERAL FUND	TOTALS	
									DECEMBER 2025	DECEMBER 2024
<b>CURRENT LIABILITIES</b>										
Accounts Payable and Accrued Expense	\$ 1,142,811	\$ 13,628,732	\$ 2,041,647	\$ 1,049,932	\$ 1,331,657	\$ 416,125	\$ 11,929,622	\$ 1,142,843	\$ 32,683,369	\$ 35,461,682
Member Deposits/Security Deposits	-	-	103,071	-	-	-	235,833	-	338,904	365,766
Accrued Interest Payable	-	-	-	-	-	-	-	-	-	46,953
Liabilities Payable from Restricted Assets										
Accrued Interest Payable	-	650,125	28,063	-	-	139,237	-	-	817,425	199,750
Revenue Bonds Payable - Current	-	3,155,000	2,095,000	-	-	2,400,000	-	-	7,650,000	4,435,000
<b>Total Current Liabilities</b>	<b>1,142,811</b>	<b>17,433,857</b>	<b>4,267,781</b>	<b>1,049,932</b>	<b>1,331,657</b>	<b>2,955,362</b>	<b>12,165,455</b>	<b>1,142,843</b>	<b>41,489,698</b>	<b>40,509,151</b>
<b>NON-CURRENT LIABILITIES</b>										
Member Deposits	760,145	3,890,000	-	-	133,505	-	26,143,541	-	30,927,191	27,302,473
Revenue Bonds Payable	-	22,850,000	2,125,000	-	-	15,225,000	-	-	40,200,000	47,850,000
Unamortized Premium on Bonds Payable	-	1,586,385	-	-	-	-	-	-	1,586,385	2,097,725
Asset Retirement Obligation	4,316,431	21,213,132	-	-	-	6,682	-	-	25,536,245	18,459,193
<b>Total Non-Current Liabilities</b>	<b>5,076,576</b>	<b>49,539,517</b>	<b>2,125,000</b>	<b>-</b>	<b>133,505</b>	<b>15,231,682</b>	<b>26,143,541</b>	<b>-</b>	<b>98,249,821</b>	<b>95,709,391</b>
<b>TOTAL LIABILITIES</b>	<b>6,219,387</b>	<b>66,973,374</b>	<b>6,392,781</b>	<b>1,049,932</b>	<b>1,465,162</b>	<b>18,187,044</b>	<b>38,308,996</b>	<b>1,142,843</b>	<b>139,739,519</b>	<b>136,218,542</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Gain on Refunding	-	-	10,363	-	-	372,423	-	-	382,786	524,974
<b>NET POSITION</b>										
Net Investment in Capital Assets	30,206,916	117,677,244	14,700,920	2,628,160	-	3,132,980	-	680,328	169,026,548	168,607,978
Restricted - Debt Service	-	3,175,485	2,107,783	-	-	2,414,379	-	-	7,697,647	4,452,180
Restricted - Reserve & Contingency	-	-	-	-	-	284,610	-	-	284,610	284,610
Unrestricted (Deficit)	14,680,059	46,741,453	2,760,010	469,276	318,491	12,515,459	4,444,691	2,478,176	84,407,615	85,847,623
<b>TOTAL NET POSITION</b>	<b>\$ 44,886,975</b>	<b>\$ 167,594,182</b>	<b>\$ 19,568,713</b>	<b>\$ 3,097,436</b>	<b>\$ 318,491</b>	<b>\$ 18,347,428</b>	<b>\$ 4,444,691</b>	<b>\$ 3,158,504</b>	<b>\$ 261,416,420</b>	<b>\$ 259,192,391</b>

**MICHIGAN PUBLIC POWER AGENCY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**DECEMBER 31, 2025**  
(WITH COMPARATIVE TOTALS OF DECEMBER 31, 2024)

	CAMPBELL #3 PROJECT	BELLE RIVER PROJECT	COMBUSTION TURBINE PROJECT	TRANS- MISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SERVICES PROJECT	GENERAL FUND	TOTALS	
									DECEMBER 2025	DECEMBER 2024
<b>OPERATING REVENUES</b>										
Gross Revenue	\$ 12,784,895	\$ 63,038,362	\$ 11,749,088	\$ 1,390,663	\$ 13,861,376	\$ 11,176,153	\$ 141,959,198	\$ -	\$ 255,959,735	\$ 250,917,692
Jt Zone Transmission Revenue	-	-	-	7,011,321	-	-	-	-	7,011,321	6,256,080
Jt Zone Transmission Distribution	-	-	-	(6,946,829)	-	-	-	-	(6,946,829)	(6,211,596)
Other	-	-	-	-	-	-	-	4,308,431	4,308,431	3,556,890
<b>Total Operating Revenues</b>	<b>12,784,895</b>	<b>63,038,362</b>	<b>11,749,088</b>	<b>1,455,155</b>	<b>13,861,376</b>	<b>11,176,153</b>	<b>141,959,198</b>	<b>4,308,431</b>	<b>260,332,658</b>	<b>254,519,066</b>
<b>OPERATING EXPENSES</b>										
Cost of Energy - Produced	8,948,245	43,544,751	3,524,188	-	-	7,711,146	-	-	63,728,330	59,716,370
Cost of Power & Capacity - Purchased	-	-	-	-	14,329,433	173,705	106,983,499	-	121,486,637	113,248,092
Energy Market Overhead Fees	67,480	287,747	9,693	-	-	-	2,094,786	-	2,459,706	1,238,579
Transmission	2,046,100	6,189,563	1,388,504	1,281,542	-	(80,825)	30,166,348	-	40,991,232	34,696,810
Other	-	-	-	-	(651,296)	-	600,000	-	(51,296)	(788,892)
Administrative & General	973,070	4,514,100	1,489,203	173,613	183,239	423,652	2,114,565	4,250,099	14,121,541	12,560,263
Depreciation	2,609,340	15,484,307	1,179,780	73,381	-	874,434	-	93,453	20,314,695	19,532,513
<b>Total Operating Expenses</b>	<b>14,644,235</b>	<b>70,020,468</b>	<b>7,591,368</b>	<b>1,528,536</b>	<b>13,861,376</b>	<b>9,102,112</b>	<b>141,959,198</b>	<b>4,343,552</b>	<b>263,050,845</b>	<b>240,203,735</b>
<b>Operating Income (Loss)</b>	<b>\$ (1,859,340)</b>	<b>\$ (6,982,106)</b>	<b>\$ 4,157,720</b>	<b>\$ (73,381)</b>	<b>\$ -</b>	<b>\$ 2,074,041</b>	<b>\$ -</b>	<b>\$ (35,121)</b>	<b>\$ (2,718,187)</b>	<b>\$ 14,315,331</b>

**MICHIGAN PUBLIC POWER AGENCY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**DECEMBER 31, 2025**  
(WITH COMPARATIVE TOTALS OF DECEMBER 31, 2024)

	CAMPBELL #3 PROJECT	BELLE RIVER PROJECT	COMBUSTION TURBINE PROJECT	TRANS- MISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SERVICES PROJECT	GENERAL FUND	TOTALS DECEMBER 2025	TOTALS DECEMBER 2024
<b>NONOPERATING REVENUES (EXPENSES)</b>										
Interest Cost Incurred	\$ -	\$ (1,300,250)	\$ (56,126)	\$ -	\$ -	\$ (278,475)	\$ -	\$ -	\$ (1,634,851)	\$ (446,452)
Amortization of Financing-Related Costs	-	511,341	20,577	-	-	121,611	-	-	653,529	170,882
Bond Issuance Expense	-	-	-	-	-	-	-	-	-	(385,550)
Investment Income	468,402	2,318,804	171,114	39,501	72,285	529,468	1,270,098	143,807	5,013,479	4,320,882
Net Change in Fair Value of Investments	60,280	8,255	(5,609)	(22)	23	(1,281)	2,356	(458)	63,544	463,425
Lease Income	-	-	-	-	-	-	-	56,273	56,273	58,975
Loss on Disposition of Assets, Net of Insurance Recoveries (CT)	-	-	899,032	-	-	(100,395)	-	(6,395)	792,242	(705,592)
Miscellaneous	-	(2,000)	-	-	-	-	-	-	(2,000)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>528,682</b>	<b>1,536,150</b>	<b>1,028,988</b>	<b>39,479</b>	<b>72,308</b>	<b>270,928</b>	<b>1,272,454</b>	<b>193,227</b>	<b>4,942,216</b>	<b>3,476,570</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (1,330,658)</b>	<b>\$ (5,445,956)</b>	<b>\$ 5,186,708</b>	<b>\$ (33,902)</b>	<b>\$ 72,308</b>	<b>\$ 2,344,969</b>	<b>\$ 1,272,454</b>	<b>\$ 158,106</b>	<b>\$ 2,224,029</b>	<b>\$ 17,791,901</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (1,330,658)</b>	<b>\$ (5,445,956)</b>	<b>\$ 5,186,708</b>	<b>\$ (33,902)</b>	<b>\$ 72,308</b>	<b>\$ 2,344,969</b>	<b>\$ 1,272,454</b>	<b>\$ 158,106</b>	<b>\$ 2,224,029</b>	<b>\$ 17,791,901</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>46,217,633</b>	<b>173,040,138</b>	<b>14,382,005</b>	<b>3,131,338</b>	<b>246,183</b>	<b>16,002,459</b>	<b>3,172,237</b>	<b>3,000,398</b>	<b>259,192,391</b>	<b>241,400,490</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 44,886,975</b>	<b>\$ 167,594,182</b>	<b>\$ 19,568,713</b>	<b>\$ 3,097,436</b>	<b>\$ 318,491</b>	<b>\$ 18,347,428</b>	<b>\$ 4,444,691</b>	<b>\$ 3,158,504</b>	<b>\$ 261,416,420</b>	<b>\$ 259,192,391</b>

**MICHIGAN PUBLIC POWER AGENCY**  
**STATEMENT OF CASH FLOWS**  
**DECEMBER 31, 2025**  
(WITH COMPARATIVE TOTALS OF DECEMBER 31, 2024)

	CAMPBELL #3 PROJECT	BELLE RIVER PROJECT	COMBUSTION TURBINE PROJECT	TRANS- MISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SERVICES PROJECT	GENERAL FUND	TOTALS	
									DECEMBER 2025	DECEMBER 2024
<b>OPERATING ACTIVITIES</b>										
Received from Customers	\$ 12,829,912	\$ 66,050,157	\$ 11,295,237	\$ 1,403,365	\$ 14,512,672	\$ 11,181,448	\$ 140,719,829	\$ 4,406,343	\$ 262,398,963	\$ 270,825,158
Paid to Suppliers for Goods and Services	(12,033,867)	(60,628,565)	(4,919,742)	(1,291,623)	(14,381,149)	(7,905,440)	(138,011,145)	(2,699,734)	(241,871,265)	(223,022,460)
Paid to Employees for Services	(322,215)	(411,607)	(375,197)	(74,347)	(138,734)	(214,152)	(1,166,885)	(1,755,870)	(4,459,007)	(3,907,634)
<b>Net Cash Flows From (Used in) Operating Activities</b>	<b>473,830</b>	<b>5,009,985</b>	<b>6,000,298</b>	<b>37,395</b>	<b>(7,211)</b>	<b>3,061,856</b>	<b>1,541,799</b>	<b>(49,261)</b>	<b>16,068,691</b>	<b>43,895,064</b>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>										
Acquisition and Construction of Utility Plant	(158,392)	(23,659,979)	(3,805,515)	-	-	(168,496)	-	-	(27,792,382)	(38,124,991)
Net Proceeds from Sale of Bonds, Net of Premium	-	-	-	-	-	-	-	-	-	27,719,458
Received and Issuance Costs Paid	-	-	-	-	-	-	-	-	-	(782,091)
ARO, Decommissioning, and Remediation	(749,953)	-	-	-	-	-	-	-	(749,953)	(4,370,000)
Principal Payment on Revenue Bonds	-	-	(2,070,000)	-	-	(2,365,000)	-	-	(4,435,000)	(1,064,129)
Interest Paid on Revenue Bonds	-	(697,078)	(69,892)	-	-	(297,159)	-	-	(1,064,129)	(431,472)
Other	314,551	(2,000)	-	-	-	-	-	(151,357)	161,194	58,975
<b>Net Cash Flows From (Used in) Capital and Related Financing Activities</b>	<b>(593,794)</b>	<b>(24,359,057)</b>	<b>(5,945,407)</b>	<b>-</b>	<b>-</b>	<b>(2,830,655)</b>	<b>-</b>	<b>(151,357)</b>	<b>(33,880,270)</b>	<b>(15,930,121)</b>
<b>NON-CAPITAL FINANCING ACTIVITIES</b>										
Working Capital Contributions	-	-	-	-	-	-	3,624,718	-	3,624,718	793,724
<b>INVESTING ACTIVITIES</b>										
Investments Purchased	(2,272,005)	(9,965,628)	(771,837)	(229,970)	(435,589)	(2,847,871)	(8,203,377)	(692,854)	(25,419,131)	(29,196,839)
Investments Sold	4,424,234	9,608,356	1,890,415	260,799	481,924	3,413,474	8,723,695	857,366	29,660,263	31,957,061
Investment Income	473,460	2,307,001	177,694	39,485	72,175	530,459	1,265,709	144,224	5,010,207	4,367,515
<b>Net Cash Flows From Investing Activities</b>	<b>2,625,689</b>	<b>1,949,729</b>	<b>1,296,272</b>	<b>70,314</b>	<b>118,510</b>	<b>1,096,062</b>	<b>1,786,027</b>	<b>308,736</b>	<b>9,251,339</b>	<b>7,127,737</b>
<b>Equivalents</b>	<b>2,505,725</b>	<b>(17,399,343)</b>	<b>1,351,163</b>	<b>107,709</b>	<b>111,299</b>	<b>1,327,263</b>	<b>6,952,544</b>	<b>108,118</b>	<b>(4,935,522)</b>	<b>35,886,404</b>
<b>EQUIVALENTS - BEGINNING OF YEAR</b>	<b>8,206,642</b>	<b>56,505,542</b>	<b>3,480,901</b>	<b>615,201</b>	<b>1,233,500</b>	<b>10,806,052</b>	<b>20,457,406</b>	<b>2,112,920</b>	<b>103,418,164</b>	<b>67,531,760</b>
<b>EQUIVALENTS - END OF YEAR</b>	<b>\$ 10,712,367</b>	<b>\$ 39,106,199</b>	<b>\$ 4,832,064</b>	<b>\$ 722,910</b>	<b>\$ 1,344,799</b>	<b>\$ 12,133,315</b>	<b>\$ 27,409,950</b>	<b>\$ 2,221,038</b>	<b>\$ 98,482,642</b>	<b>\$ 103,418,164</b>

**MICHIGAN PUBLIC POWER AGENCY**  
**STATEMENT OF CASH FLOWS**  
**DECEMBER 31, 2025**  
(WITH COMPARATIVE TOTALS OF DECEMBER 31, 2024)

	CAMPBELL #3 PROJECT	BELLE RIVER PROJECT	COMBUSTION TURBINE PROJECT	TRANS- MISSION PROJECT	LANDFILL PROJECT	AFEC PROJECT	ENERGY SERVICES PROJECT	GENERAL FUND	TOTALS	
									DECEMBER 2025	DECEMBER 2024
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Operating Income (Loss)	\$ (1,859,340)	\$ (6,982,106)	\$ 4,157,720	\$ (73,381)	\$ -	\$ 2,074,041	\$ -	\$ (35,121)	\$ (2,718,187)	\$ 14,315,331
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:										
Depreciation	2,609,340	15,484,307	1,179,780	73,381	-	874,434	-	93,453	20,314,695	19,532,513
Changes in Assets and Liabilities:										
Accounts Receivable	45,021	3,011,793	(453,850)	(51,787)	-	5,295	(1,239,371)	97,914	1,415,015	256,876
Fuel Inventory	(51,218)	-	(37,186)	-	-	-	-	-	(88,404)	283,422
Materials and Supplies Inventory	-	(12,324)	4,655	-	-	-	-	-	(7,669)	80,074
Prepaid Items and Deposits	-	-	-	-	-	-	-	(68,443)	(68,443)	7,214
Deferred Inflows of Resources	-	-	-	-	-	-	-	-	-	-
Accounts Payable and Accrued Expense	(269,973)	(6,491,685)	1,149,179	89,182	(7,211)	108,086	2,781,170	(137,064)	(2,778,316)	9,419,634
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>473,830</b>	<b>5,009,985</b>	<b>6,000,298</b>	<b>37,395</b>	<b>(7,211)</b>	<b>3,061,856</b>	<b>1,541,799</b>	<b>(49,261)</b>	<b>16,068,691</b>	<b>43,895,064</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>										
Cash & Cash Equivalents	9,662,367	31,215,477	2,696,218	722,910	1,344,799	9,295,089	27,409,950	2,221,038	84,567,848	78,462,490
O&M/Fuel Reserve	1,050,000	-	-	-	-	-	-	-	1,050,000	1,050,000
Restricted Cash - Debt Service	-	3,825,610	2,135,846	-	-	2,553,616	-	-	8,515,072	4,651,930
Restricted Cash - Other	-	4,065,112	-	-	-	284,610	-	-	4,349,722	19,253,744
<b>EQUIVALENTS</b>	<b>\$ 10,712,367</b>	<b>\$ 39,106,199</b>	<b>\$ 4,832,064</b>	<b>\$ 722,910</b>	<b>\$ 1,344,799</b>	<b>\$ 12,133,315</b>	<b>\$ 27,409,950</b>	<b>\$ 2,221,038</b>	<b>\$ 98,482,642</b>	<b>\$ 103,418,164</b>
<b>NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES</b>										
Net Change in Fair Value of Investments	\$ 60,280	\$ 8,255	\$ (5,609)	\$ (22)	\$ 23	\$ (1,281)	\$ 2,356	\$ (458)	\$ 63,544	\$ 463,425

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# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### **NOTE 1 – NATURE OF OPERATIONS**

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Michigan Public Power Agency (MPPA) is a public body politic and corporate of the State of Michigan created in 1978 under Act 448 of the Public Acts of Michigan, 1976, as amended. MPPA was formed to undertake the planning, financing, development, acquisition, construction, improvement, operation, and maintenance of projects to supply electric power supply and related services for the present or future needs of its members. Each MPPA member is a municipal corporation organized under the laws of the State of Michigan and own and operate a municipal electric system. Of MPPA's twenty-two members, ten are participants in the Campbell #3 Project, eleven in the Belle River Project, five in the Combustion Turbine Project, thirteen in the Transmission Project, twenty-one in the Energy Services Project, thirteen in the AFEC Project, and fourteen in the Landfill Renewable Energy Project.

The financial statements of the utility are presented in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units.

#### **Basis of Presentation**

The financial activities of MPPA are recorded in separate proprietary funds described as follows:

##### *Project Funds*

The Campbell #3, Belle River, Combustion Turbine, Energy Services, Landfill Renewable Energy, AFEC, and Transmission Funds account for the financing and operation of MPPA's interest in the respective projects, whereby costs are recovered through participant charges. The accounts of these Funds are maintained in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission. Enterprise funds are accounted for on an accrual basis with a flow of economic resources measurement focus.

##### *General Fund*

The General Fund reflects the following:

- The general and administrative activities of MPPA are not related to any specific electric power supply project.
- Cost recovery through participant dues.
- It also includes an overhead contribution from MPPA's service and planning projects, MMEA, and associate member dues. The service and planning projects provide an opportunity for MPPA members to participate in activities that do not require financing or the acquisition of assets. The service and planning projects are treated as separate sub-accounts under the General Fund for accounting purposes.

##### *Net Position*

As required by GASB Statement No. 34, net position is classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### NOTE 1 – NATURE OF OPERATIONS (CONT.)

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- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, obligations, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is MPPA’s policy to use restricted resources first, then unrestricted resources as they are needed.

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with MPPA’s financial statements for the year ended December 31, 2024, from which the summarized information was derived.

#### **Budgetary Accounting**

The Board of Commissioners of MPPA adopts an operating budget each year for all funds, on the same basis of accounting used to reflect actual revenues and expenses in the financial statements. The CEO & General Manager exercises budgetary control.

#### **Use of Estimates**

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

#### **Operating Revenues**

MPPA distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods with MPPA’s principal ongoing operations. The principal operating revenues of MPPA are derived from charges to members for sales and services. Operating expenses for MPPA include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### NOTE 1 – NATURE OF OPERATIONS (CONT.)

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#### Non-Operating Revenues

The loss on disposition of assets, net of insurance recoveries reflects \$1.7 million of proceeds from an insurance claim received in 2025 associated with a bearing failure that occurred in September 2024. The associated loss on disposition of assets of \$0.6 million was recorded in 2024. 2025 reflects a \$0.8 million loss on disposition of assets, this is largely due to a tie-rod failure that resulted in the disposal of certain inlet, rotor and exhaust assembly portions of the turbine.

#### Prepaid Expenses and Deposits

Prepayments include costs of expenses paid in advance for which the future benefits have yet to be realized. Prepayments and Deposits are for a) working capital advances to MPPA's majority-owner operators of its power plants and b) other general and administrative operating costs.

#### Prepaid Expenses and deposit balances were as follows at December 31

	<u>2025</u>
Majority Owner Operator	\$ 5,421,265
Other General Operating Items	899,719
<b>Total Prepaid and Deposits</b>	<b><u>\$ 6,320,984</u></b>

#### Accounts Receivable

Accounts receivables are stated at the net invoice amount billed to MPPA's members. Any outstanding receivables are generally collected in full within 15 days of being invoiced. As such, there has been no allowance for doubtful accounts recorded.

#### Accounts Payable and Accrued Expenses

MPPA pays its power plant operators and other third-party energy suppliers according to the terms stated within the individual contracts. The expenses accrued are those expenses related to compensation and benefits that have been earned but not yet paid and are reflected within the balances of the General Fund.

#### Capital Assets

Capital assets, which include utility plant, building and land, are reported in the financial statements. Utility plant consists of the physical infrastructure used to produce and transmit electricity. Capital assets, including additions and improvements, are recorded at original cost including any capitalized interest for borrowed funds, prior to the implementation of GASB 89, used to construct the facilities. Depreciation is recorded using the straight-line method from 3 to 45.5 years. The Agency will align with the majority owner depreciation schedules when it makes sense to do so.

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### **NOTE 1 – NATURE OF OPERATIONS (CONT.)**

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#### **Inventories**

Fuel inventories for the Campbell #3 Project and the Combustion Turbine Project are stated at average cost. As a result of updated information from the operator, DTE Energy, the Belle River fuel inventory has been adjusted to its original cost of acquisition. The materials and supplies inventory for the Belle River Project is controlled by the operator and is stated at average cost. For the Combustion Turbine Project, the materials and supplies inventory are stated at actual cost.

#### **Cash Equivalents**

For the purposes of the Statement of Cash Flows, cash equivalents are cash and investments having an initial maturity of three months or less.

#### **Unamortized Premiums and Discounts**

Bond premiums and discounts are amortized over the life of the bonds based on the effective interest method. Unamortized premiums and discounts are reported on the Statement of Net Position as non-current liabilities and deferred outflows or resources, respectively.

#### **Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time. In accordance with GASB 83, MPPA will also report certain asset retirement obligations as deferred outflows of resources and amortize those obligations over the remaining life of the related assets. See Note 13 for additional information about Asset Retirement Obligations.

#### **Deferred Inflows of Resources**

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. Gains on advance refundings are classified as deferred inflows of resources and amortized using the effective interest rate method over the repayment period of the affiliated debt.

#### **Taxes**

MPPA is exempt from state and federal income taxes.

#### **Compensated Absences**

Under terms of employment, employees earn paid time off according to years of service. Employees can accumulate up to 30 days of personal leave. Employees are paid for unused personal leave upon separation of service. MPPA self-funds short-term disability benefits from the 11th to the 30th day of a covered absence. A separate disability insurance policy compensates employees for covered absences that extend beyond the 30th day. These benefits are reported as accrued expenses under the General Fund on the Statement of Net Position.

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### NOTE 1 – NATURE OF OPERATIONS (CONT.)

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#### Comparative Data

Certain amounts presented in the prior year comparative data may have been reclassified to be consistent with the current year's presentation.

#### Member Deposits

Members provide cash to the individual projects to meet working capital and collateral requirements per their contracts. Such amounts are due back to members at the end of the contract.

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### NOTE 2 – EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

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GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, Statement No. 104, *Disclosure of Certain Capital Assets*, and Statement No. 105, *Subsequent Events*. Application of these recently issued accounting pronouncements, when effective, may restate portions of these financial statements.

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### NOTE 3 – PROJECT AGREEMENTS

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#### Campbell #3 Project

MPPA and Consumers Energy Company (Consumers) entered into the following agreements dated October 1, 1979, as amended, relating to Consumers' Campbell Unit #3 steam-electric generating unit, which went into commercial operation in September 1980:

The Campbell Ownership and Operating Agreement provides for MPPA to own a 4.8% undivided interest in Campbell Unit #3, for Consumers to operate Campbell Unit #3, for the sale of surplus electric capacity to Consumers, for operating, maintenance, and capital costs of Campbell Unit #3 to be shared on a pro rata basis, and for MPPA to purchase an undivided ownership interest in the fuel supply for Campbell Unit #3.

The Campbell Transmission Ownership and Operating Agreement provides for MPPA to purchase a 58.06% undivided ownership interest in certain Consumers' (now Michigan Electric Transmission Company (METC)) 345 kV transmission lines, the method of determining certain charges for utilization of the METC transmission system, for the sale to METC of planned excess transmission capacity, if available, and for sharing transmission line operating, maintenance, and capital expenses.

The Campbell Back-Up Requirements Agreement provides for Consumers to make backup electric capacity and energy available to MPPA from its electric system reserves in the event of total or partial unavailability of capacity and energy from Campbell Unit #3, and for determination of the associated backup electric capacity and energy charges to MPPA.

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### **NOTE 3 –PROJECT AGREEMENTS (CONT.)**

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#### **Campbell #3 Project (cont.)**

MPPA entered a Power Sales Contract and a Project Support Contract with each of the ten members who elected to participate in the Campbell #3 Project. These contracts provide for the participant to purchase from MPPA the participant's entitlement share, as defined, of the generation and transmission of the Project. Each participant is obligated to pay its share of power, transmission, debt service, backup, and other Project-related costs.

#### **Belle River Project**

On December 1, 1982, MPPA and DTE Electric Company (DTE), formerly known as Detroit Edison Company, entered into the following agreements, as amended and restated from time to time, relating to the Belle River Power Plant, which went into commercial operation in August 1984:

The Belle River Participation Agreement provides for the purchase of and payment for MPPA's ownership interest in Belle River 1, Belle River 2, the Belle River Power Plant site, joint and common facilities, fuel supply stockpile, material and supplies inventory and emission control equipment as well as the sharing of operating, maintenance and capital costs. This Agreement was amended and restated on May 7, 2024. It also specifies MPPA's and DTE's electric capability and energy entitlements from the Belle River Project. Beginning with the commercial operation date of Belle River 1 on August 1, 1984, and Belle River 2 on July 9, 1985, MPPA became entitled to 18.61% of the Net Electric Generating Capability and Associated Electric Energy from Belle River Power Plant. Substantially all other benefits and obligations are shared by DTE and MPPA in proportion to their respective ownership shares. In accordance with the Agreement, DTE has sole authority to manage, maintain, operate, and dispatch the Belle River Power Plant.

The Belle River Transmission Ownership and Operating Agreement with DTE dated December 1, 1982. The DTE Transmission Agreement was supplemented and assigned to International Transmission Company (ITC) concurrently with the sale of DTE's transmission assets to ITC. The agreement provides for MPPA to purchase a 50.41% undivided ownership interest in certain 345 kV Transmission Lines, for ITC to operate the transmission lines, and for the sharing of operating, maintenance, and capital costs.

MPPA entered into the Belle River Transmission Ownership and Operating Agreement with Consumers Energy, dated December 1, 1982. The Consumers Transmission Agreement was supplemented and assigned to METC concurrently with the sale of Consumers' transmission assets to METC. The agreement provides MPPA with a 90% undivided ownership interest in certain METC designated transmission lines, for METC to operate the transmission lines, for the sharing of operating, maintenance, and capital costs, and the method for determining certain annual adjustment charges for utilization of transmission facilities now owned by METC.

MPPA entered a Power Sales Contract and a Project Support Contract with each of the eleven members who elected to participate in the Belle River Project. These contracts were amended and restated on December 1, 2024. These contracts provide for the participants to purchase from MPPA their entitlement share, as defined, of generation and transmission of the Project. Each participant has the option to participate in a financing or provide a cash contribution. Each participant is obligated to pay its share of power, transmission, and other Project-related costs.

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### **NOTE 3 –PROJECT AGREEMENTS (CONT.)**

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#### **Belle River Project (cont.)**

Only participants that choose to participate in a financing are obligated to pay its share of debt service costs.

On December 18, 2024, MPPA completed a financing via the issuance of the 2024 Series A Bonds in the amount of \$26,005,000. Eight participants elected to participate in the financing. The bond proceeds along with the \$7,297,500 cash contribution amounts from participants not electing to participate in the bond financing will be used, together with certain funds of MPPA, to finance a portion of MPPA's share of the cost of improvements to the Belle River Power Plant, including but not limited to converting Belle River Power Plant's fuel source from coal to natural gas, and to pay the costs of issuing the 2024 Series A Bonds.

#### **Combustion Turbine Project**

The construction of the Combustion Turbine Project was completed in 2002 and is 100% owned by MPPA. It consists of (a) Pratt & Whitney FT-8 60.5 MW, nominal nameplate rating, simple cycle combustion turbine generating unit fueled with natural gas located in Kalkaska County, Michigan, (b) a natural gas pipeline and metering equipment to connect to natural gas facilities, (c) a 69 kV transmission line and associated equipment to deliver the output of the CT Project to the transmission system, and (d) an undivided ownership interest in certain transmission lines in the Michigan Joint Zone, a single joint pricing zone with the Midwest ISO that includes METC, MPPA, Wolverine, and Michigan South Central Power Agency .

In late 2012, MPPA entered into a long-term transportation and storage agreement with ANR Pipeline Company (ANR). ANR owns and operates an existing interstate natural gas pipeline system which transports natural gas to markets located in Michigan near the plant. MPPA has established an interconnection between its facilities at the plant and the natural gas pipeline facilities of ANR to provide for the transportation of natural gas necessary to operation of the plant.

The MPPA Transmission Ownership and Operating Agreement between MPPA and METC governs the undivided Michigan Joint Zone transmission ownership interest including sharing transmission line operating, maintenance, and capital expenses.

MPPA entered into Transmission Utilization Agreements with the members of the Combustion Turbine Project. These contracts provide for the participant to purchase from MPPA the participant's transmission utilization share, as defined, of transmission of the Project. Each participant is obligated to pay its share of transmission related costs.

MPPA entered a Power Sales Contract and a Project Support Contract with each of the five members who elected to participate in the Combustion Turbine Project. These contracts provide for the participant to purchase from MPPA the participant's entitlement share, as defined, of the generation and transmission of the Project. Each participant is obligated to pay its share of power, transmission, debt service, and other Project-related costs.

#### **Transmission Project**

In 2006, MPPA purchased an undivided ownership in certain 345kV transmission lines in the Michigan Joint Zone. The MPPA Transmission Ownership and Operating Agreement between

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### **NOTE 3 –PROJECT AGREEMENTS (CONT.)**

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#### **Transmission Project (cont.)**

MPPA and METC governs this arrangement including sharing transmission line operating, maintenance, and capital expenses. MPPA entered into Transmission Utilization Agreements with each of the thirteen members who elected to participate in the Transmission Project. These contracts provide for the participant to purchase from MPPA the participant's transmission utilization share, as defined, of transmission of the Project. Each participant is obligated to pay its share of transmission related costs.

#### **AMP Fremont Energy Center Project (AFEC)**

In June 2012, in partnership with American Municipal Power (AMP), MPPA purchased a 5.16% undivided ownership interest in the AFEC Project, including real property, rights to licenses, permits, Project agreements and environmental attributes and capacity costs. The generating plant is operated by AMP and was placed into commercial operation in January 2012.

MPPA entered a Power Sales Contract and a Project Support Contract with each of the thirteen members who elected to participate in the AFEC Project. These contracts provide for the participant to purchase from MPPA the participant's entitlement share, as defined, of the generation of the Project. Each participant is obligated to pay its share of power, debt service, and other Project-related costs.

#### **Landfill Renewable Energy Project (Landfill)**

This is a contracted power project where MPPA purchases all power supply and environmental attributes produced by designated landfill gas fueled power generation resources.

MPPA entered into a Renewable Energy Purchase Agreement with each of the fourteen members who elected to participate in the Project. These contracts provide for the participant to purchase from MPPA the participant's renewable energy share, as defined, of the capacity, energy and environmental attributes. Each participant is obligated to pay its share of power, environmental attributes, other Project-related costs.

#### **Energy Services Project (ESP)**

ESP is a contracted power project that executes power purchase agreements with wholesale energy marketers and power supply asset developers. ESP also provides market operation services interfacing participating member load and supply resources in wholesale markets.

MPPA has entered into an Energy Services Agreement with each of the twenty-one members who elected to participate in the ESP. These contracts provide for MPPA to provide to the participant market operation services and for participants to participate in power purchase commitments (PPC), as defined, of capacity, energy, and renewable energy credits. Each participant is obligated to pay its share of the capacity, energy, renewable energy credits, and other Project-related costs.

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### NOTE 4 – CASH AND INVESTMENTS

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MPPA adopted an investment policy, in accordance with the bond resolutions, that allows it to invest in U.S. Treasury obligations, certain federal agency securities, bonds, direct and general obligations of any state, certificates of deposit with qualified United States institutions, repurchase agreements with qualified institutions, municipal obligations, time deposits, bankers' acceptances, commercial paper, and pooled investment funds.

MPPA's investment in US Government and Agency debt obligations, Municipal Bonds, and other permitted investments at year end consists of:

	<u>Bank Value</u>
<b>Restricted &amp; Unrestricted Cash and Cash Equivalents</b>	
Checking	\$ 5,373,505
Money Market Funds	93,109,137
<b>Total Restricted &amp; Unrestricted Cash and Cash Equivalents</b>	<u>98,482,642</u>
<b>Unrestricted Assets Invested</b>	
U.S. Treasury Notes	25,482,683
<b>Total Unrestricted Assets Invested</b>	<u>25,482,683</u>
<b>Total Cash &amp; Investments</b>	<u>\$ 123,965,325</u>

### Fair Value Measurement

MPPA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances, whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. MPPA's assessment of the significance of inputs to these fair value measurements required judgement and considers factors specific to each asset or liability.

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### NOTE 4 – CASH AND INVESTMENTS (CONT.)

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#### Fair Value Measurement (cont.)

As of December 31, 2025, the following investments are recorded at fair value using the Matrix Pricing Technique:

<u>Investment</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Notes	\$ -	\$ 25,482,683	\$ -	\$ 25,482,683
<b>Total Investments by Fair Value Level</b>	<b>\$ -</b>	<b>\$ 25,482,683</b>	<b>\$ -</b>	<b>\$ 25,482,683</b>

#### Custodial Credit Risk

##### Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, MPPA's deposits may not be returned to MPPA. Deposits in banks are insured by the FDIC in the amount of \$250,000 for all interest-bearing accounts.

On December 31, 2025, MPPA had \$85,136,750 in uninsured and uncollateralized deposits. MPPA's investment policy does not require collateralization of deposits but rather restricts the financial institutions that can be used based on the equity and market ratings of the financial institution's debt.

##### Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, MPPA will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. On December 31, 2025, MPPA had \$25,482,683 in investments subject to custodial credit risk. MPPA's policy is to have all investment securities held by its agent in MPPA's name.

##### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment or contract will not fulfill its obligations. As of December 31, 2025, MPPA's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poor's</u>	<u>Moody's</u>
US Treasury Bonds	AA+	Aa1
Money Market Funds	AAA	Aaa

MPPA's investment policy requires that investments be rated AA or equivalent by Standard & Poor's or Moody's. Money market funds are required to be rated AAA or equivalent by Standard & Poor's or Moody's.

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### NOTE 4 – CASH AND INVESTMENTS (CONT.)

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#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of MPPA's investment in a single issuer.

MPPA's investment policy does not limit the amount of the portfolio that can be invested in U.S. government agency securities or any one issuer of such investments. MPPA limits its investment in a single issuer of state and local debt to 33% of its total portfolio. Investments in a single issuer of money market funds are limited to 75% of its total portfolio. All other types of approved investments in a single issuer are limited to 50% of MPPA's total portfolio. MPPA does not have any investments subject to concentration of credit risk.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. MPPA's investment policy restricts operational funds to maturities of one year or less, reserve and contingency funds to five years or less, and debt service reserve funds to 10 years or less.

On December 31, 2025, MPPA's investments were as follows:

Investment Type	Fair Value	Maturity in Years	
		Less than 1 Year	1-5 Years
US Treasury	\$ 25,482,683	\$ 17,106,304	\$ 8,376,379
<b>Total Investments</b>	<b>\$ 25,482,683</b>	<b>\$ 17,106,304</b>	<b>\$ 8,376,379</b>

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### NOTE 5 – RESTRICTED ASSETS

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MPPA's bond resolutions require the segregation of bond proceeds, establishment of various funds, and prescribe the application of MPPA's revenues. Also, it defines what type of securities MPPA may invest in. The funds established by the resolution are detailed in the Statement of Net Position. MPPA is compliant with all bond resolution funding requirements.

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### NOTE 6 – CHANGES IN CAPITAL ASSETS

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A summary of changes in capital assets is as follows:

<b>Capital Assets:</b>	<b>Balance 01/01/2025</b>	<b>Additions &amp; Reclasses</b>	<b>Deletions &amp; Reclasses</b>	<b>Balance 12/31/2025</b>
Building & Land	\$ 2,200,080	\$ 206,994	\$ (49,432)	\$ 2,357,642
Utility Plant in Service	648,976,813	27,441,673	(39,627,449)	636,791,037
Work in Progress (Construction/Retirement)	30,798,819	15,947,453	(13,295,587)	33,450,685
Less: Accumulated Depreciation	(477,429,169)	(19,187,651)	38,798,063	(457,818,757)
<b>Net Capital Assets</b>	<b>\$ 204,546,543</b>	<b>\$ 24,408,469</b>	<b>\$ (14,174,405)</b>	<b>\$ 214,780,607</b>

#### Campbell #3 Project

Consumers Energy (CE) obtained regulatory approval of a settlement agreement from the Michigan Public Service Commission (MPSC Order) on June 23, 2022. The MPSC Order was appealed by Wolverine Power Supply Cooperative. The appeal was denied by the Court of Appeals on March 23, 2023. The MPSC Order approved, among other things, Consumers Energy's request to accelerate the retirement by 15 years of the J.H. Campbell Facility (Units 1, 2, and 3) to a date to occur on or before May 31, 2025.

In May 2025, before the planned closure of the J.H. Campbell Facility, the U.S. Secretary of Energy issued an emergency order under section 202(c) of the Federal Power Act requiring the unit to continue operating for 90 days. Subsequently, the U.S. Secretary of Energy issued three additional orders for 90 days each, ultimately requiring continued operation of the unit through May 18, 2026.

MPPA considers this a temporary impairment in accordance with GASB 43, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* and has continued to depreciate the asset on the same useful life as CE (see #2 above. CE will depreciate through 2040) and when the plant is officially retired, MPPA will recognize an impairment loss.

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

### NOTE 7 – NON-CURRENT LIABILITIES

#### Belle River Project

The following bonds have been issued by MPPA:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>
12/18/2024	Belle River Capital Expenditures	1/1/2032	5.00%	\$ 26,005,000

The following obligations are outstanding at 12/31/2025:

2024 Series A Revenue Bonds	\$ 26,005,000
Less: Current Portion	(3,155,000)
<b>Total</b>	<b>\$ 22,850,000</b>

MPPA's annual debt service requirements are collected from participating member municipalities and from transfers from the Project account during the period preceding the required interest and principal payments. Debt service payments during each of the five years following December 31, 2025, and in the two-year increment thereafter to maturity, are as follows:

<b>Year Ending December 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 3,155,000	\$ 1,347,203	\$ 4,502,203
2027	3,360,000	1,142,500	4,502,500
2028	3,525,000	974,500	4,499,500
2029	3,705,000	798,250	4,503,250
2030	3,890,000	613,000	4,503,000
2031-2032	8,370,000	632,750	9,002,750
<b>Total</b>	<b>\$ 26,005,000</b>	<b>\$ 5,508,203</b>	<b>\$ 31,513,203</b>

*Non-current Liabilities as of December 31, 2025:*

	<b>01/01/2025</b>				<b>12/31/2025</b>
	<b>Balance</b>	<b>Additions</b>	<b>Reductions</b>		<b>Balance</b>
Revenue Bonds	\$ 26,005,000	\$ -	\$ -	\$	26,005,000
Unamortized Premium on Bonds Payable	2,097,725	-	(511,340)		1,586,385
Current Maturities	-	(3,155,000)	-		(3,155,000)
Asset Retirement Obligation	14,457,313	6,755,819	-		21,213,132
Member Deposits	3,890,000	-	-		3,890,000
<b>Total Non-Current Liabilities</b>	<b>\$ 46,450,038</b>	<b>\$ 3,600,819</b>	<b>\$ (511,340)</b>	<b>\$</b>	<b>\$ 49,539,517</b>

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

### NOTE 7 – NON-CURRENT LIABILITIES (CONT.)

#### AFEC Project

The following bonds have been issued by MPPA:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>
October 6, 2021	Refinancing of 2012 Revenue Bonds	1/1/2032	1.58%	\$ 24,610,000

The following obligations are outstanding at 12/31/2025:

2021 Series A Revenue Bonds	\$ 17,625,000
Less: Current Portion	(2,400,000)
<b>Total</b>	<b><u>\$ 15,225,000</u></b>

MPPA's annual debt service requirements are collected from participating member municipalities and from transfers from the Project account during the period preceding the required interest and principal payments. Debt service payments during each of the five years following December 31, 2025, and in the two-year increment thereafter to maturity, are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,400,000	\$ 278,475	\$ 2,678,475
2027	2,440,000	240,555	2,680,555
2028	2,475,000	202,003	2,677,003
2029	2,520,000	162,898	2,682,898
2030	2,560,000	123,082	2,683,082
2031-2032	5,230,000	124,267	5,354,267
<b>Total</b>	<b>\$ 17,625,000</b>	<b>\$ 1,131,280</b>	<b>\$ 18,756,280</b>

*Non-current Liabilities as of December 31, 2025:*

	<u>01/01/2025</u>		<u>12/31/2025</u>	
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
Revenue Bonds	\$ 19,990,000	\$ -	\$ (2,365,000)	\$ 17,625,000
Current Maturities	(2,365,000)	(2,400,000)	2,365,000	(2,400,000)
Asset Retirement Obligation	-	6,682	-	6,682
<b>Total Non-Current Liabilities</b>	<b>\$ 17,625,000</b>	<b>\$ (2,393,318)</b>	<b>\$ -</b>	<b>\$ 15,231,682</b>

**MICHIGAN PUBLIC POWER AGENCY**

Notes to Financial Statements

December 31, 2025

**NOTE 7 – NON-CURRENT LIABILITIES (CONT.)**

**AFEC Project (cont.)**

*Direct Placement*

MPPA entered a direct placement of its debt for the AFEC 2021 Series A Refunding Revenue bonds in the amount of \$24,610,000. The bonds are subject to the terms and conditions of the original bond resolution. As a covenant of the refunding, MPPA agrees to maintain \$3.0 million in unrestricted funds in an account with the purchasing bank of the direct placement. There are no additional covenants associated with the direct placement debt or additional finance related consequences related to significant events of default, termination events, or subjective acceleration clauses.

**Combustion Turbine Project**

The following bonds have been issued by MPPA:

<u>Date</u>	<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>
October 30, 2020	Refinancing of 2011 Revenue Bonds	1/1/2027	1.33%	\$ 12,305,000

The following obligations are outstanding at 12/31/2025:

2020 Series A Revenue Bonds	\$ 4,220,000
Less: Current Portion	<u>(2,095,000)</u>
<b>Total</b>	<b><u>\$ 2,125,000</u></b>

MPPA's annual debt service requirements are collected from participating member municipalities and from transfers from the Project account during the period preceding the required interest and principal payments. Debt service payments during each of the remaining two years following December 31, 2025, are as follows:

<b>Year Ending December 31</b>		<b>Principal</b>		<b>Interest</b>		<b>Total</b>
2026	\$	2,095,000	\$	56,126	\$	2,151,126
2027		2,125,000		28,263		2,153,263
<b>Total</b>	<b>\$</b>	<b>4,220,000</b>	<b>\$</b>	<b>84,389</b>	<b>\$</b>	<b>4,304,389</b>

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

### NOTE 7 – NON-CURRENT LIABILITIES (CONT.)

#### Combustion Turbine Project (cont.)

*Non-current Liabilities as of December 31, 2025:*

	01/01/2025				12/31/2025	
	Balance	Additions	Reductions		Balance	
Revenue Bonds	\$ 6,290,000	\$ -	(2,070,000)	\$	4,220,000	
Current Maturities	(2,070,000)	(2,095,000)	2,070,000		(2,095,000)	
<b>Total Non-Current Liabilities</b>	<b>\$ 4,220,000</b>	<b>\$ (2,095,000)</b>	<b>\$ -</b>	<b>\$</b>	<b>2,125,000</b>	

#### *Direct Placement*

MPPA entered a direct placement of its debt for the Combustion Turbine 2020 Series A Refunding Revenue bonds in the amount of \$12,305,000. The bonds are subject to the terms and conditions of the original bond resolution. As a covenant of the refunding, MPPA agrees to maintain \$1.0 million in unrestricted funds in an account with the purchasing bank of the direct placement. There are no additional covenants associated with the direct placement debt or additional finance related consequences related to significant events of default, termination events, or subjective acceleration clauses.

#### Campbell #3 Project

*Non-current Liabilities as of December 31, 2025:*

	01/01/2025				12/31/2025	
	Balance	Additions	Reductions		Balance	
Asset Retirement Obligation	\$ 4,001,880	\$ 857,994	\$ (543,442)	\$	4,316,431	
Member Deposits	760,145	-	-		760,145	
<b>Total Non-Current Liabilities</b>	<b>\$ 4,762,025</b>	<b>\$ 857,994</b>	<b>\$ (543,442)</b>	<b>\$</b>	<b>5,076,576</b>	

#### Energy Services Project

*Non-current Liabilities as of December 31, 2025:*

	01/01/2025				12/31/2025	
	Balance	Additions	Reductions		Balance	
Member Deposits	\$ 22,518,823	\$ 3,625,093	\$ (375)	\$	26,143,541	
<b>Total Non-Current Liabilities</b>	<b>\$ 22,518,823</b>	<b>\$ 3,625,093</b>	<b>\$ (375)</b>	<b>\$</b>	<b>26,143,541</b>	

**MICHIGAN PUBLIC POWER AGENCY**

Notes to Financial Statements

December 31, 2025

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**NOTE 7 – NON-CURRENT LIABILITIES (CONT.)**

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**Landfill Renewable Energy Project**

*Non-current Liabilities as of December 31, 2025:*

	01/01/2025				12/31/2025	
	Balance	Additions	Reductions		Balance	
Member Deposits	\$ 133,505	\$ -	\$ -	\$	133,505	
<b>Total Non-Current Liabilities</b>	<b>\$ 133,505</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$</b>	<b>133,505</b>	

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**NOTE 8 – EMPLOYEE RETIREMENT PLAN**

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MPPA employees are covered by a defined contribution retirement pension plan, the Michigan Public Power Agency Plan (Plan), which is administered by Mission Square. MPPA makes an annual contribution based on a percentage of employee earnings on behalf of each employee. The Plan follows the Standard 401(a) plan offered by Mission Square. Required contributions by MPPA are 15% of employee salaries. Employees do not make contributions to the Plan. The contribution requirements are established and can be amended by the MPPA Board of Commissioners. Total contributions to the Plan by MPPA for the years ended December 31, 2025, 2024, and 2023 were \$485,173, \$427,920, and \$414,600, respectively.

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**NOTE 9 – CONTRACTS AND COMMITMENTS**

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**Contract with Consumers Energy**

MPPA contracted with Consumers to purchase coal to maintain a stockpile level of 9,161 wet tons for Campbell Unit #3 for the 2025 calendar year. The coal is purchased at the prevailing market price at the time of delivery. MPPA also purchased an additional stockpile of coal as a substitute for its proportionate interest in the materials and supply inventory at Campbell Unit #3. This stockpile is maintained at a level to approximate MPPA's ownership interest in the materials and supply inventory at the Campbell Unit #3.

**Power Purchase Agreements**

The Agency has entered into long-term contracts for the purchase of capacity and energy to meet the anticipated load requirements of its members.

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### **NOTE 10 – RISK MANAGEMENT**

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MPPA is exposed to various risks of loss related to torts; theft of, damage to, cyber-attacks to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. These risks are covered through the purchase of commercial insurance, with industry standard deductibles.

MPPA is committed to maintaining adequate amounts of coverage to insure against these risks. There have been no reductions in insurance coverage in the prior year by major categories of risk. No settlements in the last three years have exceeded insurance coverage.

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### **NOTE 11 – CONCENTRATION OF RISK**

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Credit risk represents the risk of loss that would occur if transaction counterparties or members do not meet their financial obligations to MPPA. Concentration of risk occurs when a significant number of these entities are impacted by the same events impacting their ability to meet financial commitments.

MPPA has one member who is considered a significant customer that accounted for \$59.0 million (22.7%) of MPPA gross revenues in 2025.

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### NOTE 12 – BOND COVENANT DISCLOSURES

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#### Combustion Turbine Project

#### Debt Service Coverage

	<u>2025</u>
Gross Operating Revenues	\$ 11,749,088
Investment Income	171,114
Gross Defined Revenues	<u>11,920,202</u>
Operating Expenses	7,591,368
Less: Depreciation	(1,179,780)
Gross Defined Expenses	<u>6,411,588</u>
Net Defined Earnings	<u>5,508,614</u>
Debt Service (Principal, Interest)	2,151,126
Required Revenues (1.1x Debt Service)	2,366,239
<b>Revenues in Excess of Coverage Requirements</b>	<b><u><u>\$ 3,142,375</u></u></b>

All Project revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are retired.

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### NOTE 12 – BOND COVENANT DISCLOSURES (CONT.)

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#### AFEC Project

#### Debt Service Coverage

	<u>2025</u>
Gross Operating Revenues	\$ 11,176,153
Investment Income	529,468
Gross Defined Revenues	<u>11,705,621</u>
Operating Expenses	9,102,112
Less: Depreciation	(874,434)
Gross Defined Expenses	<u>8,227,678</u>
Net Defined Earnings	<u>3,477,943</u>
Debt Service (Principal, Interest)	2,678,475
Required Revenues (1.1x Debt Service)	2,946,323
<b>Revenues in Excess of Coverage Requirements</b>	<b><u><u>\$ 531,620</u></u></b>

All Project revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are retired.

#### Belle River Project

All Project revenues net of specified operating expenses are pledged as security of the 2024 Series A Revenue Bonds until the bonds are retired. The Belle River Project does not have a Debt Service Coverage Requirement.

# MICHIGAN PUBLIC POWER AGENCY

## Notes to Financial Statements

December 31, 2025

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### **NOTE 13 – ASSET RETIREMENT OBLIGATIONS**

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MPPA follows GASB Statement 83 *Certain Asset Retirement Obligations*, which addresses financial accounting and reporting for legal obligations associated with the retirement of tangible long-lived assets that are incurred upon the acquisition, construction, development, or normal operation of the assets. MPPA's asset retirement obligations consist primarily of costs associated with the closure of ash and scrubber ponds at MPPA's jointly owned power plants, of which, MPPA owns a minority share. Per GASB 83, asset retirement obligations are recognized in the period in which they are incurred if a reasonable estimate of fair value can be made. The asset retirement obligations are accreted to their present value at the end of each reporting period. The associated estimated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and depreciated over their useful life. MPPA uses information from DTE, Consumers Energy, and AMP to estimate the cash flows to determine the obligation.

Balances as of December 31, 2025, are as follows:

<b><u>Asset Retirement Obligations</u></b>	<b><u>Belle River</u></b>	<b><u>Campbell #3</u></b>	<b><u>AFEC</u></b>	<b><u>Total</u></b>
Opening Balance	\$ 14,457,313	\$ 4,001,880	\$ -	\$ 18,459,193
Accretion/Settlements	6,755,819	314,551	6,682	7,077,052
<b>Ending Balance</b>	<b>\$ 21,213,132</b>	<b>\$ 4,316,431</b>	<b>\$ 6,682</b>	<b>\$ 25,536,245</b>

MPPA's ownership percentage in the Belle River, Campbell #3, and AFEC Projects are 18.61%, 4.80% and 5.16%, respectively.

**S U P P L E M E N T A L   I N F O R M A T I O N**

**MICHIGAN PUBLIC POWER AGENCY  
CAMPBELL #3 PROJECT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
12 MONTHS ENDED 12/31/2025 AND 2024**

	2025 ACTUAL	UNAUDITED 2025 BUDGET	OVER (UNDER) 2025 BUDGET	2024 ACTUAL
<b>OPERATING REVENUE</b>				
Energy	\$ 3,785,599	\$ 3,269,235	\$ 516,364	\$ 3,077,032
Transmission	2,046,100	2,044,016	2,084	1,803,088
Fuel	6,953,196	9,311,760	(2,358,564)	7,969,700
<b>TOTAL OPERATING REVENUE</b>	<b>12,784,895</b>	<b>14,625,011</b>	<b>(1,840,116)</b>	<b>12,849,820</b>
<b>OPERATING EXPENSE</b>				
<b>PRODUCTION</b>				
Fuel	6,953,196	9,311,760	(2,358,564)	7,969,700
Operations & Maintenance	1,995,049	1,795,791	199,258	1,659,358
MISO Market Overhead Fee	67,480	63,204	4,276	47,847
Total Operations & Maintenance Expense	9,015,725	11,170,755	(2,155,030)	9,676,905
<b>TRANSMISSION</b>				
Operations & Maintenance	611,805	609,722	2,083	531,045
Utilization Charge	1,434,295	1,434,294	1	1,272,043
Total Transmission Expense	2,046,100	2,044,016	2,084	1,803,088
<b>ADMINISTRATIVE &amp; GENERAL</b>				
CECo	110,692	54,411	56,281	42,327
MPPA				
- Salaries & Benefits	324,392	322,377	2,015	305,496
- Outside Services	483,131	227,298	255,833	110,170
- All Other A & G	54,855	56,154	(1,299)	51,834
Total Administrative & General Expense	973,070	660,240	312,830	509,827
<b>DEPRECIATION</b>	<b>2,609,340</b>	<b>2,918,425</b>	<b>(309,085)</b>	<b>2,678,914</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>14,644,235</b>	<b>16,793,436</b>	<b>(2,149,201)</b>	<b>14,668,734</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,859,340)</b>	<b>(2,168,425)</b>	<b>309,085</b>	<b>(1,818,914)</b>
<b>OTHER REVENUE (EXPENSE)</b>				
Interest Income	468,402	400,000	68,402	446,926
Net Change in Fair Value of Investments	60,280	-	60,280	133,401
<b>TOTAL OTHER REVENUE (EXPENSE)</b>	<b>528,682</b>	<b>400,000</b>	<b>128,682</b>	<b>580,327</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (1,330,658)</b>	<b>\$ (1,768,425)</b>	<b>\$ 437,767</b>	<b>\$ (1,238,587)</b>

**MICHIGAN PUBLIC POWER AGENCY  
BELLE RIVER PROJECT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
12 MONTHS ENDED 12/31/2025 AND 2024**

	2025 ACTUAL	UNAUDITED 2025 BUDGET	OVER (UNDER) 2025 BUDGET	2024 ACTUAL
<b>OPERATING REVENUE</b>				
Energy	\$ 19,940,919	\$ 20,627,398	\$ (686,479)	\$ 42,383,804
Transmission	10,476,667	10,406,941	69,726	5,927,331
Fuel	32,620,776	34,125,151	(1,504,375)	29,473,465
<b>TOTAL OPERATING REVENUE</b>	<b>63,038,362</b>	<b>65,159,490</b>	<b>(2,121,128)</b>	<b>77,784,600</b>
<b>OPERATING EXPENSE</b>				
<b>PRODUCTION</b>				
Fuel	32,620,776	34,125,151	(1,504,375)	29,473,465
Operations & Maintenance	10,923,975	11,752,001	(828,026)	11,331,187
MISO Market Overhead Fee	287,747	301,097	(13,350)	226,183
Total Operations & Maintenance Expense	43,832,498	46,178,249	(2,345,751)	41,030,835
<b>TRANSMISSION</b>				
Operations & Maintenance	3,694,256	3,730,292	(36,036)	3,270,407
Utilization Charge	9,491,804	9,491,804	-	8,380,294
ITC Revenue Distribution	(6,996,497)	(7,104,374)	107,877	(6,010,327)
Total Transmission Expense	6,189,563	6,117,722	71,841	5,640,374
<b>ADMINISTRATIVE &amp; GENERAL</b>				
DECo	3,315,185	3,345,419	(30,234)	3,405,071
ITC	287,103	289,220	(2,117)	286,957
<b>MPPA</b>				
- Salaries & Benefits	414,133	412,430	1,703	436,693
- Outside Services	426,859	241,078	185,781	309,551
- All Other A & G	70,820	73,170	(2,350)	62,619
Total Administrative & General Expense	4,514,100	4,361,317	152,783	4,500,891
<b>DEPRECIATION</b>				
	15,484,307	15,593,104	(108,797)	14,764,639
<b>TOTAL OPERATING EXPENSE</b>	<b>70,020,468</b>	<b>72,250,392</b>	<b>(2,229,924)</b>	<b>65,936,739</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(6,982,106)</b>	<b>(7,090,902)</b>	<b>108,796</b>	<b>11,847,861</b>
<b>OTHER REVENUE (EXPENSE)</b>				
Interest Income	2,318,804	2,310,598	8,206	1,488,599
Amortization	511,341	511,340	1	2,282
Bond Issuance Costs	-	-	-	(385,550)
Interest Expense	(1,300,250)	(1,300,250)	-	(46,953)
Net Change in Fair Value of Investments	8,255	-	8,255	131,586
Miscellaneous	(2,000)	-	(2,000)	-
<b>TOTAL OTHER REVENUE (EXPENSE)</b>	<b>1,536,150</b>	<b>1,521,688</b>	<b>14,462</b>	<b>1,189,964</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (5,445,956)</b>	<b>\$ (5,569,214)</b>	<b>\$ 123,258</b>	<b>\$ 13,037,825</b>

**MICHIGAN PUBLIC POWER AGENCY  
COMBUSTION TURBINE PROJECT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
12 MONTHS ENDED 12/31/2025 AND 2024**

	2025 ACTUAL	UNAUDITED 2025 BUDGET	OVER (UNDER) 2025 BUDGET	2024 ACTUAL
<b>OPERATING REVENUE</b>				
Energy	\$ 7,991,946	\$ 8,451,307	\$ (459,361)	\$ 5,871,526
Transmission	1,692,189	1,779,507	(87,318)	1,563,323
Fuel	2,064,953	2,792,904	(727,951)	954,131
<b>TOTAL OPERATING REVENUE</b>	<b>11,749,088</b>	<b>13,023,718</b>	<b>(1,274,630)</b>	<b>8,388,980</b>
<b>OPERATING EXPENSE</b>				
<b>PRODUCTION</b>				
Fuel	2,064,953	2,792,904	(727,951)	954,131
Operations & Maintenance	1,459,235	1,839,683	(380,448)	1,444,221
MISO Market Overhead Fee	9,693	13,706	(4,013)	9,568
Total Operations & Maintenance Expense	3,533,881	4,646,293	(1,112,412)	2,407,920
<b>TRANSMISSION</b>				
Operations & Maintenance	1,388,504	1,475,822	(87,318)	1,253,526
<b>ADMINISTRATIVE &amp; GENERAL</b>				
Traverse City	616,235	705,746	(89,511)	631,009
MPPA				
- Salaries & Benefits	375,197	378,260	(3,063)	328,115
- Outside Services	152,398	138,132	14,266	140,294
- All Other A & G	345,373	341,964	3,409	324,459
Total Administrative & General Expense	1,489,203	1,564,102	(74,899)	1,423,877
<b>DEPRECIATION</b>	<b>1,179,780</b>	<b>1,191,017</b>	<b>(11,237)</b>	<b>1,088,607</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>7,591,368</b>	<b>8,877,234</b>	<b>(1,285,866)</b>	<b>6,173,930</b>
<b>OPERATING INCOME (LOSS)</b>	<b>4,157,720</b>	<b>4,146,484</b>	<b>11,236</b>	<b>2,215,050</b>
<b>OTHER REVENUE (EXPENSE)</b>				
Interest Income	171,114	150,291	20,823	313,046
Amortized Gain on Refunding	20,577	20,577	-	30,671
Interest Expense	(56,126)	(56,126)	-	(83,657)
Net Change in Fair Value of Investments	(5,609)	-	(5,609)	21,954
Loss on Disposition of Assets, Net of Insurance Recoveries	899,032	-	899,032	(606,796)
<b>TOTAL OTHER REVENUE (EXPENSE)</b>	<b>1,028,988</b>	<b>114,742</b>	<b>914,246</b>	<b>(324,782)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 5,186,708</b>	<b>\$ 4,261,226</b>	<b>\$ 925,482</b>	<b>\$ 1,890,268</b>

**MICHIGAN PUBLIC POWER AGENCY  
TRANSMISSION PROJECT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
12 MONTHS ENDED 12/31/2025 AND 2024**

	2025 ACTUAL	UNAUDITED 2025 BUDGET	OVER (UNDER) 2025 BUDGET	2024 ACTUAL
<b>OPERATING REVENUE</b>				
Transmission Revenue	\$ 1,390,663	\$ 1,498,698	\$ (108,035)	\$ 1,245,179
Joint Zone Revenue	7,011,321	6,793,479	217,842	6,256,080
Joint Zone Distribution	(6,946,829)	(6,747,502)	(199,327)	(6,211,596)
<b>TOTAL OPERATING REVENUE</b>	<b>1,455,155</b>	<b>1,544,675</b>	<b>(89,520)</b>	<b>1,289,663</b>
<b>OPERATING EXPENSE</b>				
<b>TRANSMISSION</b>				
Operations & Maintenance	1,250,342	1,329,080	(78,738)	1,128,266
Operation Joint Zone	31,200	31,200	-	31,200
Total Transmission Expense	1,281,542	1,360,280	(78,738)	1,159,466
<b>ADMINISTRATIVE &amp; GENERAL</b>				
<b>MPPA</b>				
- Salaries & Benefits	74,446	78,372	(3,926)	63,925
- Outside Services	84,367	91,162	(6,795)	50,238
- All Other A & G	14,800	14,861	(61)	16,034
Total Administrative & General Expense	173,613	184,395	(10,782)	130,197
<b>DEPRECIATION</b>	<b>73,381</b>	<b>73,381</b>	<b>-</b>	<b>73,381</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>1,528,536</b>	<b>1,618,056</b>	<b>(89,520)</b>	<b>1,363,044</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(73,381)</b>	<b>(73,381)</b>	<b>-</b>	<b>(73,381)</b>
<b>OTHER REVENUE (EXPENSE)</b>				
Interest Income	39,501	24,000	15,501	39,965
Net Change in Fair Value of Investments	(22)	-	(22)	3,277
<b>TOTAL OTHER REVENUE (EXPENSE)</b>	<b>39,479</b>	<b>24,000</b>	<b>15,479</b>	<b>43,242</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (33,902)</b>	<b>\$ (49,381)</b>	<b>\$ 15,479</b>	<b>\$ (30,139)</b>

**MICHIGAN PUBLIC POWER AGENCY  
LANDFILL PROJECT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
12 MONTHS ENDED 12/31/2025 AND 2024**

	2025 ACTUAL	UNAUDITED 2025 BUDGET	OVER (UNDER) 2025 BUDGET	2024 ACTUAL
<b>OPERATING REVENUE</b>				
Energy	\$ 14,512,672	\$ 14,719,827	\$ (207,155)	\$ 15,424,746
Sale of RECs	(651,296)	(651,296)	-	(857,142)
<b>TOTAL OPERATING REVENUE</b>	<b>13,861,376</b>	<b>14,068,531</b>	<b>(207,155)</b>	<b>14,567,604</b>
<b>OPERATING EXPENSE</b>				
<b>PURCHASED POWER</b>				
Energy	14,329,433	14,528,782	(199,349)	15,259,403
REC Disbursement	(651,296)	(651,296)	-	(857,142)
Total Purchased Power Expense	13,678,137	13,877,486	(199,349)	14,402,261
<b>ADMINISTRATIVE &amp; GENERAL</b>				
MPPA				
- Salaries & Benefits	138,734	143,608	(4,874)	123,082
- Outside Services	21,299	22,246	(947)	19,725
- All Other A & G	23,206	25,191	(1,985)	22,536
Total Administrative & General Expense	183,239	191,045	(7,806)	165,343
<b>TOTAL OPERATING EXPENSE</b>	<b>13,861,376</b>	<b>14,068,531</b>	<b>(207,155)</b>	<b>14,567,604</b>
<b>OPERATING INCOME (LOSS)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER REVENUE (EXPENSE)</b>				
Interest Income	72,285	69,717	2,568	76,228
Net Change in Fair Value of Investments	23	-	23	6,625
<b>TOTAL OTHER REVENUE (EXPENSE)</b>	<b>72,308</b>	<b>69,717</b>	<b>2,591</b>	<b>82,853</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 72,308</b>	<b>\$ 69,717</b>	<b>\$ 2,591</b>	<b>\$ 82,853</b>

**MICHIGAN PUBLIC POWER AGENCY  
AFEC PROJECT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
12 MONTHS ENDED 12/31/2025 AND 2024**

	2025 ACTUAL	UNAUDITED 2025 BUDGET	OVER (UNDER) 2025 BUDGET	2024 ACTUAL
<b>OPERATING REVENUE</b>				
Energy & Capacity	\$ 11,176,153	\$ 11,692,177	\$ (516,024)	\$ 11,749,915
<b>TOTAL OPERATING REVENUE</b>	<b>11,176,153</b>	<b>11,692,177</b>	<b>(516,024)</b>	<b>11,749,915</b>
<b>OPERATING EXPENSE</b>				
<b>PRODUCTION</b>				
Fuel	5,231,368	5,428,552	(197,184)	4,600,017
Fixed O & M	2,096,694	2,081,019	15,675	1,897,681
Variable O & M	383,084	397,098	(14,014)	386,610
Net PJM Expense	420,687	329,441	91,246	(27,553)
Reactive Revenue Distribution	(110,159)	(110,159)	-	(110,159)
Capacity Credit	(1,834,854)	(1,818,936)	(15,918)	(385,435)
MISO Capacity Purchase	1,698,031	1,698,031	-	1,615,416
Total Operations & Maintenance Expense	7,884,851	8,005,046	(120,195)	7,976,577
<b>TRANSMISSION</b>				
LMP Price Differential	(80,825)	306,225	(387,050)	394,606
<b>ADMINISTRATIVE &amp; GENERAL</b>				
AMP	125,327	124,496	831	123,886
MPPA				
- Salaries & Benefits	214,152	221,289	(7,137)	219,090
- Outside Services	47,037	48,512	(1,475)	44,340
- All Other A & G	37,136	38,133	(997)	40,568
Total Administrative & General Expense	423,652	432,430	(8,778)	427,884
<b>DEPRECIATION</b>	<b>874,434</b>	<b>887,080</b>	<b>(12,646)</b>	<b>872,555</b>
<b>TOTAL OPERATING EXPENSE</b>	<b>9,102,112</b>	<b>9,630,781</b>	<b>(528,669)</b>	<b>9,671,622</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,074,041</b>	<b>2,061,396</b>	<b>12,645</b>	<b>2,078,293</b>
<b>OTHER REVENUE (EXPENSE)</b>				
Interest Income	529,468	494,446	35,022	560,461
Amortization	121,611	121,611	-	137,929
Interest Expense	(278,475)	(278,475)	-	(315,842)
Net Change in Fair Value of Investments	(1,281)	-	(1,281)	44,392
Loss on Disposition of Assets	(100,395)	-	(100,395)	(98,796)
<b>TOTAL OTHER REVENUE (EXPENSE)</b>	<b>270,928</b>	<b>337,582</b>	<b>(66,654)</b>	<b>328,144</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 2,344,969</b>	<b>\$ 2,398,978</b>	<b>\$ (54,009)</b>	<b>\$ 2,406,437</b>

**MICHIGAN PUBLIC POWER AGENCY  
ENERGY SERVICES PROJECT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
12 MONTHS ENDED 12/31/2025 AND 2024**

	2025 ACTUAL	UNAUDITED 2025 BUDGET	OVER (UNDER) 2025 BUDGET	2024 ACTUAL
<b>OPERATING REVENUE</b>				
Energy & Capacity	\$ 111,792,850	\$ 109,735,016	\$ 2,057,834	\$ 99,885,844
Transmission	30,166,348	30,299,089	(132,741)	24,445,749
<b>TOTAL OPERATING REVENUE</b>	<b>141,959,198</b>	<b>140,034,105</b>	<b>1,925,093</b>	<b>124,331,593</b>
<b>OPERATING EXPENSE</b>				
<b>PURCHASED POWER</b>				
Energy & Capacity	97,052,414	96,642,714	409,700	88,572,349
Energy Market Overhead Fee	2,094,786	1,938,168	156,618	954,981
Energy Market Purchases	9,931,085	9,012,158	918,927	8,324,070
REC Purchases	600,000	-	600,000	68,250
Total Purchased Power Expense	109,678,285	107,593,040	2,085,245	97,919,650
<b>TRANSMISSION</b>				
Operations & Maintenance	25,954,611	26,349,383	(394,772)	22,238,156
Transmission Transfer to TSC	4,211,737	3,949,706	262,031	2,207,593
Total Transmission Expense	30,166,348	30,299,089	(132,741)	24,445,749
<b>ADMINISTRATIVE &amp; GENERAL</b>				
<b>MPPA</b>				
- Salaries & Benefits	1,166,885	1,182,966	(16,081)	1,077,270
- Outside Services	742,988	746,375	(3,387)	721,448
- All Other A & G	204,692	212,635	(7,943)	167,476
Total Administrative & General Expense	2,114,565	2,141,976	(27,411)	1,966,194
<b>TOTAL OPERATING EXPENSE</b>	<b>141,959,198</b>	<b>140,034,105</b>	<b>1,925,093</b>	<b>124,331,593</b>
<b>OPERATING INCOME (LOSS)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER REVENUE (EXPENSE)</b>				
Interest Income	1,270,098	1,262,910	7,188	1,253,883
Net Change in Fair Value of Investments	2,356	-	2,356	110,774
<b>TOTAL OTHER REVENUE (EXPENSE)</b>	<b>1,272,454</b>	<b>1,262,910</b>	<b>9,544</b>	<b>1,364,657</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 1,272,454</b>	<b>\$ 1,262,910</b>	<b>\$ 9,544</b>	<b>\$ 1,364,657</b>

**MICHIGAN PUBLIC POWER AGENCY  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
12 MONTHS ENDED 12/31/2025 AND 2024**

	2025 ACTUAL	UNAUDITED 2025 BUDGET	OVER (UNDER) 2025 BUDGET	2024 ACTUAL
<b>OPERATING REVENUE</b>				
Participant Dues & Charges	\$ 1,334,142	\$ 1,326,506	\$ 7,636	\$ 1,264,199
Charges for Services:				
MMEA Charges	571,376	520,228	51,148	550,902
Total Service Project Revenues	2,402,913	2,475,252	(72,339)	1,741,789
<b>TOTAL OPERATING REVENUE</b>	<b>4,308,431</b>	<b>4,321,986</b>	<b>(13,555)</b>	<b>3,556,890</b>
<b>OPERATING EXPENSE</b>				
<b>ADMINISTRATIVE &amp; GENERAL</b>				
MMEA - Direct Expenses	515,876	464,728	51,148	496,902
Service Projects - Direct Expenses	2,228,427	2,300,766	(72,339)	1,634,673
Salaries & Benefits	528,497	541,383	(12,886)	485,952
Office Supplies & Expense	30,347	43,034	(12,687)	24,195
Insurance	127,788	115,697	12,091	67,455
Outside Services	206,203	222,817	(16,614)	149,035
Meeting & Travel	37,094	51,470	(14,376)	34,342
Rent & Building Maintenance	30,154	43,648	(13,494)	27,145
Miscellaneous	6,150	6,150	-	6,150
Dues & Assessments	539,563	532,293	7,270	510,202
Total Administrative & General Expense	4,250,099	4,321,986	(71,887)	3,436,051
DEPRECIATION	93,453	89,070	4,383	54,417
<b>TOTAL OPERATING EXPENSE</b>	<b>4,343,552</b>	<b>4,411,056</b>	<b>(67,504)</b>	<b>3,490,468</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(35,121)</b>	<b>(89,070)</b>	<b>53,949</b>	<b>66,422</b>
<b>OTHER REVENUE (EXPENSE)</b>				
Interest Income	143,807	76,000	67,808	141,774
Net Change in Fair Value of Investments	(458)	-	(458)	11,416
Recognized Bldg Lease Income	56,273	66,192	(9,919)	58,975
Loss on Disposition of Assets	(6,395)	-	(6,395)	-
<b>TOTAL OTHER REVENUE (EXPENSE)</b>	<b>193,227</b>	<b>142,192</b>	<b>51,036</b>	<b>212,165</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 158,106</b>	<b>\$ 53,122</b>	<b>\$ 104,985</b>	<b>\$ 278,587</b>