



Wabash Valley Power Association, Inc.

Consolidated Financial Statements
as of and for the Years Ended December 31, 2025 and 2024,
and Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Wabash Valley Power Association, Inc.
Indianapolis, Indiana

Opinion

We have audited the consolidated financial statements of Wabash Valley Power Association, Inc. and its subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations and patronage capital and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Company'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 Company'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.

Deloitte + Touche LLP

March 23, 2026

WABASH VALLEY POWER ASSOCIATION, INC.

CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2025 AND 2024 (in thousands)

	2025	2024
ASSETS		
PLANT:		
In service—at cost	\$ 1,900,051	\$ 1,485,158
Construction work in progress	140,369	61,514
Plant held for future use	243	243
Less accumulated depreciation	<u>(614,728)</u>	<u>(540,972)</u>
	<u>1,425,935</u>	<u>1,005,943</u>
CURRENT ASSETS:		
Cash and cash equivalents	325,586	184,802
Restricted cash	619	2,511
Accounts receivable	134,348	110,595
Fuel stock and material inventory—at average cost	27,620	24,840
Under recovered power costs	-	-
Other	27,111	24,264
Plant held for sale	<u>-</u>	<u>118,746</u>
	<u>515,284</u>	<u>465,758</u>
OTHER ASSETS:		
Investments	23,390	22,318
Deferred charges and other	<u>205,951</u>	<u>214,086</u>
	<u>229,341</u>	<u>236,404</u>
TOTAL ASSETS	<u>\$ 2,170,560</u>	<u>\$ 1,708,105</u>
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION:		
Patronage capital equity	\$ 351,960	\$ 334,303
Finance lease liabilities	4,237	4,707
Operating lease liabilities	1,612	1,765
Long-term debt	<u>1,143,255</u>	<u>864,469</u>
	<u>1,501,064</u>	<u>1,205,244</u>
CURRENT LIABILITIES:		
Current portion of long-term debt	54,784	53,279
Accounts payable	109,100	73,981
Accrued interest	7,041	7,397
Accrued taxes other than income	5,453	5,932
Over collected power costs	4,180	23,806
Other	<u>33,717</u>	<u>29,306</u>
	<u>214,275</u>	<u>193,701</u>
DEFERRED CREDITS	<u>455,221</u>	<u>309,160</u>
TOTAL CAPITALIZATION AND LIABILITIES	<u>\$ 2,170,560</u>	<u>\$ 1,708,105</u>

WABASH VALLEY POWER ASSOCIATION, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND PATRONAGE CAPITAL FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (in thousands)

	2025	2024
OPERATING REVENUES:		
Member	\$ 633,497	\$ 662,560
Other	<u>301,931</u>	<u>115,730</u>
Total revenues	<u>935,428</u>	<u>778,290</u>
OPERATING EXPENSES:		
Fuel	113,749	59,002
Operation and maintenance	88,698	72,423
Purchased power	569,002	502,040
Administrative and general	26,640	26,266
Other taxes	880	856
Depreciation and amortization	<u>77,460</u>	<u>63,811</u>
Total operating expenses	<u>876,429</u>	<u>724,398</u>
OPERATING MARGIN	<u>58,999</u>	<u>53,892</u>
OTHER EXPENSES (INCOME):		
Interest expense—net of amounts capitalized	62,791	47,077
Interest income	(12,050)	(6,512)
Miscellaneous income and deductions—net	<u>(20,542)</u>	<u>(20,673)</u>
Total other expenses (income)	<u>30,199</u>	<u>19,892</u>
NET MARGIN	28,800	34,000
PATRONAGE CAPITAL—Beginning of year	334,303	302,803
PATRONAGE CAPITAL RETIREMENT	<u>(11,143)</u>	<u>(2,500)</u>
PATRONAGE CAPITAL—End of year	<u>\$ 351,960</u>	<u>\$ 334,303</u>

See notes to consolidated financial statements.

WABASH VALLEY POWER ASSOCIATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (in thousands)

	2025	2024
OPERATING ACTIVITIES:		
Net margin	\$ 28,800	\$ 34,000
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation and amortization	77,460	63,811
Changes in certain assets and liabilities:		
Accounts receivable	(23,753)	(23,038)
Fuel stock and material inventory	(2,780)	(1,002)
Over collected/under recovered power costs	(19,626)	23,910
Accounts payable	28,461	4,915
Other assets and liabilities	146,668	23,541
Net cash (used in)/provided by operating activities	<u>235,230</u>	<u>126,137</u>
INVESTING ACTIVITIES:		
Capital expenditures	(151,397)	(111,380)
Purchase of property, plant, and equipment	(330,493)	-
Proceeds from sale of property, plant, and equipment	118,475	5
Proceeds from investments	30	124
Purchase of investments	(1,101)	(1,299)
Net cash (used in)/provided by investing activities	<u>(364,486)</u>	<u>(112,550)</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	335,000	100,000
Patronage capital retirements	(11,143)	(2,500)
Payments on finance leases	(662)	(662)
Payment on long-term debt	(55,047)	(52,701)
Net cash (used in)/provided by financing activities	<u>268,148</u>	<u>44,137</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	138,892	57,724
CASH, CASH EQUIVALENTS AND RESTRICTED CASH— Beginning of period	<u>187,313</u>	<u>129,589</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH— End of period	<u>\$ 326,205</u>	<u>\$ 187,313</u>
SUPPLEMENTAL CASH FLOWS INFORMATION:		
Cash paid for interest on long-term debt	\$ 58,031	\$ 41,324
Additions to electric plant included in accounts payable	\$ 30,694	\$ 24,036

See notes to consolidated financial statements.

WABASH VALLEY POWER ASSOCIATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (in thousands)

1. ORGANIZATION

Organization—Wabash Valley Power Association, Inc. d/b/a Wabash Valley Power Alliance, Inc. (“Wabash Valley Power” or the “Company”) is a nonprofit electric generation and transmission cooperative headquartered in Indianapolis, Indiana. The Company provides wholesale power to 21 rural electric membership corporations (REMCs) located in northern Indiana and parts of Illinois.

Each member REMC has signed a Wholesale Power Supply Contract that obligates them to purchase all power and energy needed to serve their customers from Wabash Valley Power, except for distributed generation as permitted in Wabash Valley’s policies. These contracts extend through December 2060.

On October 31, 2024, FERC approved agreements for two member REMCs that, effective June 1, 2025, terminated their membership in Wabash Valley and transitioned one to a full-requirements customer and the other to a partial-requirements customer. All obligations under these agreements terminate on May 31, 2028 and December 31, 2032, respectively.

Wabash Valley Power’s membership also includes Wabash Valley Energy Marketing, Inc. (Energy Marketing), a non-cooperative wholly owned subsidiary of Wabash Valley Power.

Basis of Consolidation—Due to Wabash Valley Power’s ownership and control over the operations of Energy Marketing, the results of Energy Marketing have been included in the consolidated financial statements and all significant intercompany transactions have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Regulatory Accounting—Wholesale rates for Wabash Valley Power were governed by the Federal Energy Regulatory Commission (FERC) under the Federal Power Act through December 31, 2024. As such, the Company maintains its accounting records in accordance with the Uniform System of Accounts as prescribed by FERC. All required adjustments to FERC accounting have been made to make the consolidated financial statements consistent with GAAP. The Company elected to withdraw from FERC jurisdiction as of January 1, 2025 and is now self-regulated by the Company’s Board of Directors (Board). At the time of this transition, the Wabash Valley Power Board adopted the formulary rate structure previously approved by FERC.

The rates charged by the Company for power supplied to its members are based on the revenue required by Wabash Valley Power to cover the cost of supplying such power, plus an appropriate margin. As a rate-regulated entity, Wabash Valley Power issues consolidated financial statements that reflect actions of regulators that result in the recognition of revenues and expenses in different periods than enterprises that are not rate-regulated, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 980—Regulated Operations (ASC 980). As such, regulatory assets are recorded to reflect future revenues associated with costs that are expected to be recovered from customers in future periods. Regulatory liabilities are recorded to reflect future reductions in revenues associated with amounts that are expected to be credited to customers in future periods. For further information, see Note 9—Deferred Charges and Credits.

Cash and Cash Equivalents—Cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Restricted Cash—Wabash Valley Power’s restricted cash for 2025 and 2024 includes amounts held as collateral to cover the Company’s market exposure on gas futures contracts. The following table reconciles cash, cash equivalents and restricted cash reported on the balance sheets with those amounts shown in the statements of cash flows.

	2025	2024
Cash and cash equivalents	\$ 325,586	\$ 184,802
Restricted cash	619	2,511
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	\$ 326,205	\$ 187,313

Asset Impairment—Long-lived assets are reviewed for impairment when events or circumstances change that could impact the recoverability of the asset’s carrying amount. There were no impairments recorded during 2025 or 2024.

Inventories—Fuel stock and materials and supplies are valued at average cost. The costs of fuel and materials used in production are expensed as consumed and are recovered through rates.

Revenue Recognition—Wabash Valley Power recognizes revenue each period as energy or other utility services are delivered and consumed. Performance obligations are satisfied over time as energy and services are delivered and consumed. Substantially all the Company’s revenue is derived from contracts with a single performance obligation (delivery of energy and utility services) which does not result in any future performance obligations for disclosure purposes.

Wabash Valley Power categorizes revenue based on customer classification which aligns with the pricing tariffs approved by the Board. The disaggregated revenues by each class for 2025 and 2024 are as follows:

	2025	2024
Member	\$ 633,497	\$ 662,560
Non-member	301,931	115,730
Total operating revenues	\$ 935,428	\$ 778,290

Member billed revenues reflect estimated power supply costs based on the current year’s board-approved operating budget. Per the Formula Rate Tariff approved by the Board, member bills are adjusted in the subsequent year to collect or refund the difference between actual and estimated costs of power supply. Differences are shown as under recovered power costs or over collected power costs on the consolidated balance sheets. The over collected balances were \$4,180 and \$23,806 at December 31, 2025 and 2024, respectively.

Use of Estimates—The preparation of consolidated financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and disclosure of contingent assets and liabilities. The estimates and assumptions used in the consolidated financial statements are based on management’s evaluation of the relevant facts and circumstances as of the date of the consolidated financial statements. Actual results may differ from those estimates.

Concentration of Risk—Approximately 23% of Wabash Valley Power’s total revenues for 2024 were derived from sales to two members, Citizens Electric Corporation (Citizens) and Hendricks Power Cooperative (Hendricks). Accounts receivable balances for Citizens and Hendricks accounted for 16% of total accounts receivable as of December 31, 2024. In 2025, no accounts were determined to represent a concentration of risk.

Plant in Service and Maintenance—Plant in service is stated at original cost, which includes labor, materials, overheads, and interest on borrowed funds used during construction (for major projects only). Maintenance and repairs of plant and replacement of items determined to be less than units of property are charged to maintenance expense as incurred.

When assets other than general plant are retired, sold or otherwise disposed of, the original cost plus the cost of removal, less salvage, is charged to accumulated depreciation and the corresponding gain or loss is amortized over the remaining life of the plant. Losses included in accumulated depreciation that will continue to be amortized are

\$(40,307) and \$(42,252) at December 31, 2025 and 2024, respectively. As general plant assets are sold or retired, any resulting gain or loss is recognized in the consolidated statements of operations and patronage capital.

Also included in accumulated depreciation are costs of removal for assets that do not have associated legal or contractual retirement obligations. Wabash Valley Power estimates that a regulatory liability related to these removal costs has been recorded in accumulated depreciation on the consolidated balance sheets at December 31, 2025 and 2024 of \$69,945 and \$60,343, respectively.

Wabash Valley Power's ownership in the Prairie State Energy Group LLC (Prairie State) also includes an interest in coal reserves. The original cost, net of depletion, at December 31, 2025 and 2024 was \$2,136 and \$2,233, respectively.

Depreciation—Plant in service is depreciated on a straight-line basis at rates designed to recover the cost of properties over their estimated service lives. The resulting average depreciation rates by plant function at December 31 were as follows:

	2025	2024
Steam production	3.72 %	4.13 %
Other production	3.46	3.51
Transmission	2.16	2.17
Distribution	3.19	3.31
Other utility	3.70	3.70
General	4.90	4.87

Plant Held for Sale— A disposal group classified as held for sale is reflected on the balance sheet at the lower of its carrying amount or estimated fair value less cost to sell. Assets and liabilities related to a disposal group classified as held for sale are segregated in the current balance sheet in the period in which the disposal group is classified as held for sale. Assets and liabilities of held for sale disposal groups are classified as current when they are expected to be disposed within 12 months.

Federal Income Taxes—Wabash Valley Power is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(12) as long as member gross margins are at least 85% of total gross margins. Member gross margins as a percent of total gross margins for 2025 and 2024 were greater than 85%. As a result, no provision for federal income taxes was made during either year.

The Company has adopted guidance governing uncertain income tax positions that sets forth recognition thresholds and measurement attributes for financial statement recognition. The guidance did not result in the recording of any uncertain tax position liabilities as of December 31, 2025 and 2024. Tax years 2022 through 2025 remain open and could be subject to audit by the IRS.

Fair Value of Financial Instruments—Cash, temporary cash investments, restricted cash, trustee deposits, capital term certificates (CTCs), receivables, certain other liabilities and long-term debt are considered to be financial instruments. The carrying value of cash, temporary cash investments, trustee deposits, receivables and certain other liabilities approximate the fair value because of the short maturity of the instruments. The fair value of the National Rural Utilities Cooperative Finance Corporation (CFC) CTCs and other investments are not estimable since these instruments are required to be held by Wabash Valley Power as a condition of membership and can only be returned to the investee.

The Company uses observable inputs in the calculation of fair value. ASC 820—Fair Value Measurement and Disclosures (ASC 820) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the hierarchy are described below.

Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2—Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3—Prices or valuations that require inputs that are both significant to the fair value measure and unobservable.

Wabash Valley Power's gas futures derivatives were valued using Level 1 inputs, which consist of quoted market prices from active exchange markets.

The Company's power contract derivatives were calculated using broker quotes or appropriate pricing models with primarily externally verifiable model inputs. These valuations are considered Level 2.

The interest rate swap derivatives were valued using yield curves derived from current interest rates and spreads to project and discount swap cash flows to present value. These valuations are considered Level 2.

Leases—An arrangement is determined to be a lease at inception based on whether the Company has the right to control the use of an identified asset. Right-of-use (ROU) assets represent Wabash Valley Power's right to use the underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The present value of the remaining lease payments (plus any amounts probable of being owed by the lessee under a residual value guarantee), is calculated using a risk-free rate consistent with the Daily Treasury Par Yield Curve Rates as of the later of the lease commencement date or the Company's adoption date of January 1, 2022, for a term consistent with the remaining term of the lease itself. Lease expense and lease income are recognized on a straight-line basis over the lease term for operating leases.

3. RECENTLY ISSUED ACCOUNTING STANDARDS

Management has evaluated recently issued accounting pronouncements and does not believe they will have a significant impact on the Company's financial statements and related disclosures.

4. RETIREMENT PLANS

Multiemployer—Plan-Qualified employees of the Company are members of a pension plan sponsored by the National Rural Electric Cooperative Association (NRECA). The NRECA Retirement Security Plan (RS Plan) is a defined benefit pension plan qualified under Section 401 and is tax-exempt under Section 501(a) of the Internal Revenue Code. It is considered a multiemployer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

Contributions to the RS Plan by Wabash Valley Power in 2025 and 2024 represented less than 5% of the total contributions made by all participating employers. Wabash Valley Power's contributions in 2025 and 2024 were \$2,004 and \$1,787, respectively.

For the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80% funded on both January 1, 2025 and January 1, 2024 based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans, and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

Retirement Savings Plan—Employees of the Company are also eligible to participate in the WVPA Retirement Savings 401(k) Plan. This is a defined contribution 401(k) plan. Wabash Valley Power makes matching contribution payments for the benefit of those employees who participate in the plan. The Company expenses the payments as incurred, and contributions were \$276 and \$250 for 2025 and 2024, respectively.

5. PLANT IN SERVICE

Plant in service at December 31 consists of the following:

	2025	2024
Production	\$ 1,072,787	\$ 742,052
Transmission	574,706	509,503
Distribution	176,124	160,160
Other utility	16,048	15,525
General	60,386	57,917
Plant in service	\$ 1,900,051	\$ 1,485,157

Wabash Valley Power has an agreement with Duke Energy Indiana, Inc. (Duke Indiana) and Indiana Municipal Power Agency (IMPA) that provides for an undivided 25% ownership interest in the Gibson Unit No. 5 production facility.

Wabash Valley Power has an agreement with Duke Indiana that provides for an undivided 37.5% ownership interest in the Vermillion generating facility.

Wabash Valley Power has an agreement with Hoosier Energy REC (Hoosier) that provides for a one-third ownership interest in the Lawrence generating facility.

Wabash Valley Power and Hoosier jointly own the Holland generating facility. The agreement provides each owner with an undivided 50% ownership in the facility.

Wabash Valley Power has an undivided 5.06% ownership interest in Prairie State, which includes coal reserves and a captive coal mine that serves as the fuel source for the power plant.

Wabash Valley Power jointly owns certain transmission property and local facilities with Duke Indiana and IMPA. These facilities are part of the joint transmission system (JTS) maintained by Duke Indiana.

Wabash Valley Power and Hoosier jointly acquired the St. Joseph Energy Center in March 2025. The agreement provides each owner with an undivided 50% ownership in the facility, and the transaction was accounted for as an asset acquisition. Wabash Valley Power’s portion of the purchase price was \$335,000, and that, along with directly attributable costs were recorded to plant in service on the consolidated balance sheet. The acquired assets were placed into service during 2025.

A substantial portion of Wabash Valley Power’s utility plant and related operation and maintenance expenses is included under the terms of the above agreements.

6. INVESTMENTS

Investments at December 31 consist of the following:

	2025	2024
Capital term certificates—CFC	\$ 2,485	\$ 2,511
Cooperative investment patronage allocation	20,414	19,316
Investment in associated organizations	491	491
Total	\$ 23,390	\$ 22,318

The CTCs bear interest ranging from 0% to 5.6% and are required to borrow from the CFC. All investments with CFC are classified as held-to-maturity investments and are reported at cost.

Wabash Valley Power's cooperative investment patronage allocations and investments in associated companies are reported at cost, plus allocated equities.

Wabash Valley Power also has authority to make short-term investments. As held-to-maturity investments that will mature in less than one year, the notes and commercial paper are carried at cost, which approximates fair value, and would be included in short-term investments on the consolidated balance sheets. There were no amounts invested at December 31, 2025 or 2024. There were no gains or losses recorded during the year.

7. LONG-TERM OBLIGATIONS

Debt—Wabash Valley Power's long-term debt, as of December 31, consists of the following:

		2025	2024
First Mortgage Notes (due in quarterly installments):			
Series 2000-A	3.45% due 2030	\$ 1,078	\$ 1,283
Series 2001-A	2.09%–6.95% due 2027	237	370
Series 2005-A	5.25% due 2025	-	1,185
Series 2006-A	6.44%–6.87% due 2028	2,001	4,344
Series 2007	6.14%–6.24% due 2028	31,007	43,476
Series 2009-A	7.39%–7.71% due 2039	74,195	77,346
Series 2009-B	7.22% due 2039	67,278	70,217
Series 2012	5.34% (through January 2026) due 2032 ^(a)	24,300	27,900
Series 2012	4.58% due 2032 ^(b)	20,587	20,587
Series 2015-A	3.87% due 2045	35,100	36,200
Series 2015-B	4.03% due 2045	35,100	36,200
Series 2016-A	3.65% due 2031	21,850	25,650
Series 2016-B	3.54% due 2046	27,563	28,908
Series 2016-C	3.56% due 2047	25,041	26,179
Series 2016-D	4.02% due 2036	10,750	11,750
Series 2018-A	4.01% due 2048	65,167	68,000
Series 2018-B	4.05% due 2049	31,333	32,667
Series 2020-A	2.99% due 2045	96,363	100,000
Series 2020-B	2.39%–3.57% due 2048	64,286	66,964
Series 2022-A	5.02% (through December 2025) due 2049	66,589	69,393
Series 2022-B	5.02% (through December 2025) due 2049	44,811	46,698
Series 2024-A	5.97% due 2049	98,233	100,000
Term loan credit facility	4.73% (through January 2026)	335,000	-
Tax-Exempt Bonds (due in quarterly installments)—Series 2010-A	3.71% (through December 2025) due 2030 ^(c)	21,150	23,750
Total long-term debt		1,199,019	919,067
Less current maturities		54,784	53,279
Less debt issuance costs		980	1,319
Total long-term debt—net of current maturities and debt issuance costs		\$ 1,143,255	\$ 864,469

(a) Variable rate on debt with swap to effectively fix the rate at 3.75% and 3.78% (see Note 11—Derivative Instruments)

(b) Due at maturity

(c) Variable rate on debt with swap to effectively fix the rate at 2.65% (see Note 11—Derivative Instruments)

Wabash Valley Power issues secured debt under an Indenture of Mortgage, Security Agreement and Financing Statement (Indenture). The Indenture requires the Company to design rates that shall, on an annual basis, yield a minimum times interest earned ratio (TIER) of 1.0 and a debt service coverage (DSC) ratio of 1.10. The TIER and DSC for the year ended December 31, 2025 were 1.50 and 1.45, respectively. Under the Indenture, Wabash Valley Power may retire patronage capital provided members' capital as of the end of the most recent fiscal quarter is not less than 20% of total long-term debt and members' capital (See Note 13—Members' Patronage Capital Equity).

The First Mortgage Notes are collateralized by the Company's generation, transmission, distribution, and general plant assets (excluding transportation equipment).

Debt issuance costs are being amortized over the lives of the related debt on a straight-line basis.

Estimated future maturities on long-term obligations as of December 31, 2025 are as follows:

2026	\$ 54,784
2027	60,278
2028	58,180
2029	55,968
2030	58,075
Thereafter	911,734
Total long-term debt	\$ 1,199,019

The acquisition of St. Joseph Energy Center was temporarily funded through a \$335,000 unsecured term loan facility with a variable interest rate. The facility matures in September 2026, with the option to extend for two six-month periods beyond that. Those extensions will be utilized if permanent financing is not in place by then. Expected level principal payments starting mid-2027 over a 30-year term have been included in the table above.

Credit Facility—The Company has a \$400,000 syndicated revolving credit facility that expires in July 2027. The facility can be used to finance the general operating needs of the Company, provide interim financing of capital projects, and provide letters of credit to power supply counterparties to support purchase and sale obligations. There were no amounts outstanding under the agreement at December 31, 2025 and 2024.

8. LEASES

Wabash Valley Power's lease agreements do not contain any material residual value guarantees, material restrictions or material covenants. There are no material lease transactions with related parties. Agreements in which the Company is the lessor do not include provisions for the lessee to purchase the assets. Because risk is minimal, the Company does not take any significant actions to manage risk associated with the residual value of leased assets.

The operating lease agreements the Company has are primarily for equipment and real property, including land, communication towers, office space, and storage facility space. The lease terms may include options to extend or terminate a lease when it is reasonably certain that those options will be exercised. As noted above, Wabash Valley Power has elected an accounting policy that exempts leases with terms of one year or less from the recognition requirements of ASC 842.

Supplemental balance sheet information related to leases as of December 31 is as follows:

	Classification	2025	2024
Assets			
Finance	Plant in service--at cost and accumulated depreciation	\$ 5,362	\$ 5,653
Operating	Deferred charges and other	1,726	1,882
Total lease assets		\$ 7,088	\$ 7,535
Liabilities			
<i>Current</i>			
Finance	Other current liabilities	\$ 470	\$ 450
Operating	Other current liabilities	153	147
<i>Noncurrent</i>			
Finance	Finance lease liabilities	4,237	4,707
Operating	Operating lease liabilities	1,612	1,765
Total lease liabilities		\$ 6,472	\$ 7,069

The components of lease cost included in the Consolidated Statements of Operations and Patronage Capital as of December 31 are as follows:

	Classification	2025	2024
Finance lease cost			
Amortization of leased assets	Depreciation and amortization	\$ 291	\$ 291
Interest on lease liabilities	Interest expense--net of amounts capitalized	212	231
Operating lease cost			
	Operating expenses	206	164
Total lease cost		\$ 709	\$ 686

Future minimum lease payments under non-cancelable operating and finance leases with terms greater than one year as of December 31, 2025 are as follows:

	Operating Leases	Finance Leases
2026	\$ 198	\$ 662
2027	196	662
2028	172	660
2029	132	566
2030	92	476
Thereafter	1,421	491
Total future undiscounted lease payments	2,211	3,517
Less: Interest	(447)	(787)
Total lease liabilities	\$ 1,764	\$ 2,730

Other information related to leases as of December 31 is as follows:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities ^(a)		
Operating cash flows from finance leases	\$ 212	\$ 231
Operating cash flows from operating leases	197	154
Financing cash flows from finance leases	662	662
Lease assets obtained in exchange for new lease liabilities (non-cash)		
Finance	\$ -	\$ -
Operating	-	465
Weighted-average remaining lease term		
Finance	5.50 years	6.51 years
Operating	17.38 years	17.68 years
Weighted-average discount rate		
Finance	4.44%	4.42%
Operating	2.77%	2.81%

^(a) No amounts were classified as investing cash flows from leases for the years ended December 31, 2025 and 2024.

9. DEFERRED CHARGES AND CREDITS

Amounts recorded as deferred charges as of December 31, 2025 and 2024, are as follows:

	2025	2024
Regulatory asset—contract termination cost	\$ 1,857	\$ 2,248
Regulatory asset—unrealized losses on derivative instruments	2,460	5,944
Fair value of derivative instruments	163,500	167,491
Plant retirement and decommissioning costs	29,038	35,613
Operating ROU assets	1,726	1,882
Long-term service agreement	6,583	-
Other deferred charges	787	908
Total deferred charges and other	\$ 205,951	\$ 214,086

A power supply contract with Duke Energy Vermillion LLC (Duke Energy) was terminated in 2004 when the Company acquired an ownership interest in the Vermillion generating facility (see Note 5—Plant in Service). Wabash Valley Power received regulatory approval to defer the termination costs and amortize them over the remaining life of the plant (through September 2030).

Wabash Valley Power has Board approval to defer all unrealized gains and losses on derivative and hedging contracts. Amounts are recorded as a regulatory asset or liability until the derivative is settled, at which time the gain or loss is recognized in earnings.

The Company has power, gas futures and interest rate contracts that qualify as derivative instruments under FASB ASC 815—Accounting for Derivative Instruments and Hedging Activities (ASC 815), as amended. These contracts are recorded at fair value in the consolidated balance sheets. See Note 11—Derivative Instruments for the recovery period of derivative contracts.

Wabash Valley Power has Board approval to defer all costs associated with the retirement and decommissioning of Wabash River Unit 1 and the discontinued operations of a coal gasification plant. The deferral is being amortized over 14 years, which approximated the remaining lives of the assets, and continues through May 2030.

The Company has entered into certain agreements classified as operating leases. The net book value of the operating right-of-use (ROU) assets associated with these agreements is recorded in deferred charges and other on the consolidated balance sheets.

Wabash Valley Power recorded their 50% ownership share of a long-term service agreement for major outage maintenance at St. Joseph Energy Center.

Amounts recorded as deferred credits as of December 31, 2025 and 2024, are as follows:

	2025	2024
Member buy-out payments	\$ 1,828	\$ 2,611
Fair value of derivative instruments	2,460	5,944
Regulatory liability—unrealized gains on derivative instruments	163,500	167,491
Asset retirement obligations	12,588	13,098
Collateral from power providers	105,805	106,030
Customer deposit in advance of construction	167,060	-
Other deferred credits	1,980	13,986
Total deferred credits	\$ 455,221	\$ 309,160

Paulding Putnam REMC's membership terminated at the end of 2014 and Northeastern REMC's membership terminated on June 30, 2015. The termination fees received were deferred and are being amortized through April 2028 (see Note 13—Members' Patronage Capital Equity).

Under the terms of certain long-term power supply agreements, Wabash Valley Power receives cash collateral as financial security from a power supplier when the mark-to-market value of the contract exceeds pre-established credit thresholds.

In 2025, Wabash Valley Power held deposits from customers in advance of construction for future transmission projects.

10. ASSET RETIREMENT OBLIGATIONS

The Environmental Protection Agency (EPA) has established rules regulating the disposal of coal combustion residuals (CCR) from electric utilities. The federal regulation has requirements regarding landfill design, structural integrity design and assessment criteria for surface impoundments, groundwater monitoring and protection procedures and other operational and reporting procedures to ensure the safe disposal and management of CCR.

Because of these rules, the Company records its ownership share of legal obligations associated with the retirement of waste landfills and ash ponds at the Gibson Unit No. 5 production facility and mine reclamation and closure costs at the Prairie State generating facility. The obligations are recorded at fair value when incurred and capitalized as a cost of the related asset. The liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset. It is adjusted as additional information is gained through the closure process, including acceptance and approval of compliance approaches that may change management assumptions, and may result in a material change to the balance. When the asset is retired, the entity settles the obligation for its recorded amount or incurs a gain or loss.

The following table represents the details of Wabash Valley Power's asset retirement obligations, which are included on the consolidated balance sheets in deferred credits.

	2025	2024
Beginning balance	\$ 13,098	\$ 7,757
Liabilities settled	-	(9)
Accretion	412	230
Cash flow revisions	(922)	5,120
Ending balance	\$ 12,588	\$ 13,098

11. DERIVATIVE INSTRUMENTS

Wabash Valley Power is exposed to various market risks in the normal course of business. Management has established risk management policies to mitigate the potentially adverse effects that these risks may have on member rates. The policies include the use of derivative instruments that generally qualify for the normal purchase and normal sales exception under ASC 815.

Wabash Valley Power enters into power contracts with the primary intent of securing wholesale power requirements for members at the minimum cost, while enhancing the value of the Company's assets and managing the risk associated with volatility in power prices. These contracts generally meet the definition of a derivative as defined in ASC 815. Many of these contracts qualify for the normal purchase and normal sales exception and are not recorded in the consolidated financial statements at fair value. Contracts not meeting the normal purchase and normal sales exception are reflected at fair value on the consolidated balance sheets. Wabash Valley Power values its contracts using market prices from brokers. Notional values of these contracts for 2025 and 2024 were 4.0 million megawatt hours (MWh) and 6.2 million MWh, respectively.

Wabash Valley Power holds gas futures contracts for the primary purpose of mitigating volatility in gas prices related to the operation of its gas-fired plants and reducing the effect on member rates due to changes in future gas prices. These contracts qualify as derivatives and are recorded at fair value on the consolidated balance sheets. Notional values under these contracts were 20,667,000 MMBtu (million British thermal units) in 2025 and 22,756,000 MMBtu in 2024.

Wabash Valley Power has entered into three interest rate swap agreements with a total remaining notional value of \$46,100 to mitigate the risk associated with changes in floating interest rates on the issuance of variable-rate long-term debt. The swap agreements convert floating rates into fixed rates on a quarterly basis so the Company can more accurately predict future interest costs and protect itself against increases in floating rates. These contracts qualify as derivatives and are reflected at fair value on the consolidated balance sheets. See Note 7—Long-term Obligations for additional detail.

See Note 2—Summary of Significant Accounting Policies for additional information regarding the fair value of these derivatives.

The following reflects the amounts recorded in assets and liabilities at December 31, 2025 and 2024 for the Company's derivative instruments:

	2025	2024
<i>Power contracts:</i>		
Other current assets	\$ 2,143	\$ 2,327
Deferred charges	161,320	164,555
<i>Gas futures:</i>		
Other current assets	18	1,719
Deferred charges	110	50
<i>Interest rate swaps:</i>		
Deferred charges	2,070	2,886
Total derivative assets	\$ 165,661	\$ 171,537
<i>Power contracts:</i>		
Other current liabilities	\$ 5,828	\$ 7,800
Deferred credits	512	3,895
<i>Gas futures:</i>		
Other current liabilities	3,986	1,461
Deferred credits	1,948	2,049
Total derivative liabilities	\$ 12,274	\$ 15,205

The changes in the fair value of derivative contracts result in unrealized gains and losses, which are reflected in regulatory assets or liabilities, as appropriate, on the consolidated balance sheets (See Note 9—Deferred Charges and Credits). As the contracts are settled, the derivative assets and liabilities and corresponding regulatory assets and liabilities are relieved and amounts are recognized in fuel expense, purchased power, or interest expense, as appropriate.

Net realized losses (gains) recognized in earnings for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
Power contracts (purchased power)	\$ 20,634	\$ 12,350
Gas futures (fuel expense or purchased power)	8,812	9,955
Interest rate swaps (interest expense)	(692)	(1,207)

The realized portion of derivative gains and losses is reflected in net cash from operating activities on the consolidated statements of cash flows.

All power and gas futures contracts reflected at fair value on the consolidated balance sheets at December 31, 2025 mature on or before December 31, 2035. The interest rate swaps mature in January 2032 and July 2032. Based on the Company's current credit rating, Wabash Valley Power had no cash collateral posted under the terms of these agreements as of December 31, 2025 and 2024.

12. RELATED PARTY TRANSACTIONS

Wabash Valley Power is a member of ACES LLC (ACES), which provides wholesale marketing services and efficiencies of combining the marketing of member power resources. The investment in ACES is accounted for using the cost method of accounting. At December 31, 2025 and 2024, Wabash Valley Power's investment in ACES was approximately \$500.

Effective June 1, 2025, the two REMCs that terminated their membership are considered related parties due to their continued equity investment in the Company during the term of their respective customer agreements. For the period June 1, 2025 through December 31, 2025, revenue from these former members totaled approximately \$87,459 and amounts due at December 31, 2025 were \$10,528.

13. MEMBERS' PATRONAGE CAPITAL EQUITY

Revenues in excess of current period costs (net margins) in any year are considered capital furnished by the members and are credited to the members' individual accounts pursuant to the provisions of Wabash Valley Power's by-laws. Net margins are held by Wabash Valley Power until they are retired and returned, without interest, at the discretion of the Board of Directors and subject to certain restrictions under the Indenture (see Note 7—Long-term Obligations). \$11,143 and \$2,500 was returned to members in 2025 and 2024, respectively.

Wabash Valley Power's Buyout Policy and Procedure (Buyout Policy) describes the process and obligations for withdrawing from membership. Pursuant to the Buyout Policy, a terminating member continues to be an all-requirements purchaser and member for three years upon execution of a Supplemental Agreement. During the three-year period, the terminating member is required to pay any obligations for early termination of the contract.

The two member REMCs that terminated their membership were no longer allocated patronage capital as of June 1, 2025. They have contracted to receive lump-sum payouts of their patronage capital, discounted to net present value, during their full- and partial-requirement contract periods. No amounts will remain outstanding after their contracts end in 2028 and 2032, respectively.

14. COMMITMENTS, CONTINGENCIES AND PENDING LITIGATION

Long-Term Supply Agreements—Wabash Valley Power has several long-term power supply agreements that obligate the Company to purchase power at amounts specified in the agreements without regard to whether it takes delivery of such power. All power supply agreements expire on or before December 31, 2037, and the total amount of these future purchase obligations as of December 31, 2025 by year are as follows:

2026	\$ 124,240
2027	124,129
2028	131,823
2029	105,233
2030	106,302
Thereafter	372,951
Total	\$ 964,678

Wabash Valley Power also has long-term power supply agreements that are supplier cost based. The costs are part of a formulary rate and vary from year to year. Volumes under these agreements are approximately 250 megawatts (MW) per year and all agreements expire on or before December 31, 2032.

Amounts purchased under long-term agreements were \$241,354 and \$215,530 in 2025 and 2024, respectively.

Guarantees—Wabash Valley Power's Board of Directors has authorized the following guarantees related to the Company's 50% ownership of the Holland and St. Joseph generating facilities.

- Guarantee up to \$10,000 of activities related to operations, fuel purchasing, financial and construction activities at Holland, of which the full amount is outstanding as of December 31, 2025.
- Guarantee up to \$100 of MISO activities for Holland, of which the full amount is outstanding as of December 31, 2025.
- Guarantee up to \$1,386 of energy commodities and energy related services for St. Joseph, of which the full amount is outstanding as of December 31, 2025.

Pending Litigation—Wabash Valley Power is a defendant in various claims and lawsuits arising in the normal course of business. While the ultimate results of these other lawsuits or proceedings against the Company cannot be estimated with certainty, management does not expect these matters will have a material adverse effect on Wabash Valley Power's financial position, results of operations, or cash flows.

Environmental Matters—On March 15, 2023, the Environmental Protection Agency (EPA) issued its final Good Neighbor Plan to reduce emissions of nitrogen oxide (NOx) emissions to achieve the 2015 Ozone National Ambient Air Quality Standards (NAAQS). On June 27, 2024, the United States Supreme Court granted a stay application and blocked enforcement of the Good Neighbor Plan. To comply with the Supreme Court’s Stay Order, the EPA issued a third interim final rule which requires certain states (including Indiana and Illinois) to comply with the 2008 ozone NAAQS. Currently, the Company’s assets are subject to the Acid Rain Program, the Cross-State Air Pollution Rule (CSAPR), sulfur dioxide (SO2) Group 1, CSAPR Annual NOx and CSAPR Expanded Group 2 Ozone Season NOx allowance trading programs. At this time, the rule is not anticipated to materially impact operations.

In April 2024, the EPA issued the final carbon pollution standards for fossil fuel fired power plants with ambitious reductions in carbon pollution. The proposed standards are based on technologies such as carbon capture and sequestration/storage (CCS), use of lower emitting fuels, and natural gas co-firing. With the change in administration, EPA has shifted position on greenhouse gas standards and has proposed to repeal this rule, The Company is unable to estimate the cost of compliance as it evaluates various compliance strategies.

The Company is monitoring many federal, state and local laws and regulations to protect both human health and the environment while also regulating the emission, discharge, or release of pollutants into the environment. The Company is analyzing these changes to comply with new and future regulations to determine the impact.

15. SUBSEQUENT EVENTS

On February 6, 2026 the Company formed Wabash Valley Transmission, LLC, a wholly owned subsidiary of Wabash Valley Power, and Wabash Valley Joint Venture Holdings, LLC, a wholly owned subsidiary of Wabash Valley Transmission, LLC.

On February 11, 2026, Wabash Valley Joint Venture Holdings, LLC entered into an agreement to form Wabash Valley Transmission Holdings, LLC, a joint venture established to develop and operate certain transmission assets on behalf of Wabash Valley Power. Under the terms of the agreement, Wabash Valley Joint Venture Holdings, LLC owns a 50% equity interest in the joint venture. The joint venture will be accounted for under the equity method of accounting, however no capital contributions have been made as of the date these consolidated financial statements were issued. Management believes the formation of the joint venture will support the Company’s long-term strategic objectives; however, the financial impact on the Company’s future operating results cannot be reasonably estimated at this time.

The consolidated financial statements include a review of subsequent events through March 23, 2026, the date the consolidated financial statements were issued.

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