**United States**

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

## FORM

## 10-Q

☒

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
*For the quarterly period ended:*

## June 30,

## 2024

☐

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
*For the transition period from _______________ to _______________*

| Commission File No. | Name of Registrant, State of Incorporation, Address of Principal Executive Offices, and Telephone No. | IRS Employer Identification No. |
|---|---|---|
| 000-49965 | **MGE Energy, Inc.**<br>(a<br>Wisconsin<br>Corporation)<br>133 South Blair Street<br>Madison<br>,<br>Wisconsin<br>53788<br>(<br>608<br>)<br>252-7000<br>\| mgeenergy.com | 39-2040501 |

000-1125 39-0444025

# Madison Gas and Electric Company

(a

Wisconsin
Corporation)

133 South Blair Street

Madison
,

Wisconsin

53788

(

608
)

252-7000
| mge.com

Indicate by check mark whether the registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days:

| **MGE Energy, Inc.** | **Madison Gas and Electric Company** |
|---|---|
| Yes ☒ No ☐ | Yes ☒ No ☐ |

Indicate by check mark whether the registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrants were required to submit such files):

| **MGE Energy, Inc.** | **Madison Gas and Electric Company** |
|---|---|
| Yes ☒ No ☐ | Yes ☒ No ☐ |

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | **Large Accelerated Filer** | **Accelerated Filer** | **Non-accelerated Filer** | **Smaller Reporting Company** | **Emerging Growth Company** |
|---|---|---|---|---|---|
| **MGE Energy, Inc.** | ☒ | ☐ | ☐ | ☐ | ☐ |
| **Madison Gas and Electric Company** | ☐ | ☐ | ☒ | ☐ | ☐ |

If an emerging growth company, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

| **MGE Energy, Inc.** ☐ | **Madison Gas and Electric Company** ☐ |
|---|---|

Indicate by check mark whether the registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act):

| **MGE Energy, Inc.** Yes ☐ No ☒ | **Madison Gas and Electric Company** Yes ☐ No ☒ |
|---|---|

Securities registered pursuant to Section 12(b) of the Act:

| **Title of each class** | **Trading symbol(s)** | **Name of each exchange on which registered** |
|---|---|---|
| Common Stock, $1 Par Value Per Share | MGEE | The NASDAQ Stock Market |

**Number of Shares Outstanding of Each Class of Common Stock as of July 31, 2024**

| | Common stock, $1.00 par value, |
|---|---|
| MGE Energy, Inc. | 36,175,888 shares outstanding. |

| | |
|---|---|
| Madison Gas and Electric Company | Common stock, $1.00 par value,<br>17,347,894<br>shares outstanding (all of which are owned beneficially and of record by MGE Energy, Inc.). |

## Table of Contents

## PART I. FINANCIAL INFORMATION.

### Filing Format

This combined Form 10-Q is being filed separately by MGE Energy, Inc. (MGE Energy) and Madison Gas and Electric Company (MGE). MGE is a wholly owned subsidiary of MGE Energy and represents a majority of its assets, liabilities, revenues, expenses, and operations. Thus, all information contained in this report relates to, and is filed by, MGE Energy. Information that is specifically identified in this report as relating solely to MGE Energy, such as its financial statements and information relating to its nonregulated business, does not relate to, and is not filed by, MGE. MGE makes no representation as to that information. The terms "we" and "our," as used in this report, refer to MGE Energy and its consolidated subsidiaries, unless otherwise indicated.

### Forward-Looking Statements

This report, and other documents filed by MGE Energy and MGE with the Securities and Exchange Commission (SEC) from time to time, contain forward-looking statements that reflect management's current assumptions and estimates regarding future performance and economic conditions—especially as they relate to economic conditions, future load growth, revenues, expenses, capital expenditures and rate recovery, financial resources, regulatory matters, and the scope and expense associated with future environmental regulation. These forward-looking statements are made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. Words such as "believe," "expect," "anticipate," "estimate," "could," "should," "intend," "will," "commit," "target," and other similar words, and words relating to goals, targets and projections, generally identify forward-looking statements. Both MGE Energy and MGE caution investors that these forward-looking statements are subject to known and unknown risks and uncertainties that may cause actual results to differ materially from those projected, expressed, or implied.

The factors that could cause actual results to differ materially from the forward-looking statements made by a registrant include: (a) those factors discussed in the registrants' 2023 Annual Report on Form 10-K: Item 1A. Risk Factors, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, as updated by Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations in this report, and Item 8. Financial Statements and Supplementary Data – Note 16, as updated by Part I, Item 1. Financial Statements – Note 8 in this report, and (b) other factors discussed herein and in other filings made by that registrant with the SEC.

Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this report. MGE Energy and MGE undertake no obligation to release publicly any revision to these forward-looking statements to reflect events or circumstances after the date of this report, except as required by law.

### Where to Find More Information

We file annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and other information with the SEC. The SEC maintains an internet site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.
MGE Energy maintains a website at mgeenergy.com, and MGE maintains a website at mge.com. Copies of the reports and other information that we file with the SEC may be obtained from our websites free of charge. Information contained on MGE Energy's and MGE's websites shall not be deemed incorporated into, or to be a part of, this report.

**Definitions, Abbreviations, and Acronyms Used in the Text and Notes of this Report**

Abbreviations, acronyms, and definitions used in the text and notes of this report are defined below.

| | |
|---|---|
| *MGE Energy and Subsidiaries:* | |
| | |
| CWDC | Central Wisconsin Development Corporation |
| MAGAEL | MAGAEL, LLC |
| MGE | Madison Gas and Electric Company |
| MGE Energy | MGE Energy, Inc. |
| MGE Power | MGE Power, LLC |
| MGE Power Elm Road | MGE Power Elm Road, LLC |
| MGE Power West Campus | MGE Power West Campus, LLC |
| MGE Services | MGE Services, LLC |
| MGE State Energy Services | MGE State Energy Services, LLC |
| MGE Transco | MGE Transco Investment, LLC |
| MGEE Transco | MGEE Transco, LLC |
| North Mendota | North Mendota Energy & Technology Park, LLC |
| | |
| Other Defined Terms: | |
| | |
| 2023 Annual Report on Form 10-K | MGE Energy's and MGE's Annual Report on Form 10-K for the year ended December 31, 2023 |
| 2021 Incentive Plan | MGE Energy's 2021 Long-Term Incentive Plan |
| AFUDC | Allowance for Funds Used During Construction |
| ATC | American Transmission Company LLC |
| ATC Holdco | ATC Holdco, LLC |
| Badger Hollow II | Badger Hollow II Solar Farm |
| Blount | Blount Station |
| BTA | Best technology available |
| CA | Certificate of Authority |
| CBP | U.S. Customs and Border Protection |
| CCR | Coal Combustion Residual |
| Codification | Financial Accounting Standards Board Accounting Standards Codification |
| Columbia | Columbia Energy Center |
| Cooling degree days (CDD) | Measure of the extent to which the average daily temperature is above 65 degrees Fahrenheit, which is considered an indicator of possible increased demand for energy to provide cooling |
| CSAPR | Cross-State Air Pollution Rule |
| Darien | Darien Solar Energy Center |
| Dth | Dekatherms, a quantity measure for natural gas |
| ELG | Effluent Limitations Guidelines |
| Elm Road Units | Elm Road Generating Station |
| EPA | United States Environmental Protection Agency |
| FERC | Federal Energy Regulatory Commission |
| FIP Rule | Federal Implementation Plan |
| FTR | Financial Transmission Rights |
| GHG | Greenhouse gas |
| Heating degree days (HDD) | Measure of the extent to which the average daily temperature is below 65 degrees Fahrenheit, which is considered an indicator of possible increased demand for energy to provide heating |
| High Noon | High Noon Solar Project |
| IRS | Internal Revenue Service |
| Koshkonong | Koshkonong Solar Energy Center |
| kWh | Kilowatt-hour, a measure of electric energy produced |
| MISO | Midcontinent Independent System Operator (a regional transmission organization) |
| MW | Megawatt, a measure of electric energy generating capacity |
| MWh | Megawatt-hour, a measure of electric energy produced |
| NAAQS | National Ambient Air Quality Standards |
| Nasdaq | The Nasdaq Stock Market |
| $NO_x$ | Nitrogen oxide |
| Paris | Paris Solar and Battery Park |
| The Petition | Petition for Judicial Review of Agency Action |
| PGA | Purchased Gas Adjustment clause, a regulatory mechanism used to reconcile natural gas costs recovered in rates to actual costs |
| PM | Particulate Matter |
| PSCW | Public Service Commission of Wisconsin |
| ROE | Return on equity |
| SEC | Securities and Exchange Commission |

| | |
|---|---|
| $SO_2$ | Sulfur dioxide |
| Stock Plan | Direct Stock Purchase and Dividend Reinvestment Plan of MGE Energy |
| Sunnyside | Sunnyside Solar and Battery Project |
| UFLPA | Uyghur Forced Labor Protection Act |
| VIE | Variable Interest Entity |
| WCCF | West Campus Cogeneration Facility |
| WDNR | Wisconsin Department of Natural Resources |
| West Riverside | West Riverside Energy Center in Beloit, Wisconsin |
| Working capital | Current assets less current liabilities |
| WPDES | Wisconsin Pollutant Discharge Elimination System |
| WRO | Withhold Release Order |
| XBRL | eXtensible Business Reporting Language |

**Item 1. Financial Statements.**

**MGE Energy, Inc.**
**Consolidated Statements of Income (unaudited)**
*(In thousands, except per share amounts)*

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| **Operating Revenues:** | | | | |
| Electric revenues | $ 120,597 | $ 121,707 | $ 236,764 | $ 238,998 |
| Gas revenues | 25,116 | 26,291 | 100,285 | 126,253 |
| *Total Operating Revenues* | 145,713 | 147,998 | 337,049 | 365,251 |
| **Operating Expenses:** | | | | |
| Fuel for electric generation | 11,237 | 13,599 | 23,941 | 27,406 |
| Purchased power | 8,850 | 5,845 | 18,292 | 21,231 |
| Cost of gas sold | 6,293 | 7,289 | 48,170 | 75,136 |
| Other operations and maintenance | 56,730 | 52,049 | 110,704 | 102,007 |
| Depreciation and amortization | 26,932 | 25,119 | 53,532 | 49,730 |
| Other general taxes | 5,936 | 5,707 | 11,930 | 11,317 |
| *Total Operating Expenses* | 115,978 | 109,608 | 266,569 | 286,827 |
| **Operating Income** | 29,735 | 38,390 | 70,480 | 78,424 |
| Other income, net | 3,856 | 4,937 | 7,737 | 10,292 |
| Interest expense, net | (8,325) | (7,760) | (16,329) | (15,247) |
| Income before income taxes | 25,266 | 35,567 | 61,888 | 73,469 |
| Income tax provision | (1,472) | (6,886) | (4,280) | (13,710) |
| **Net Income** | $ 23,794 | $ 28,681 | $ 57,608 | $ 59,759 |
| **Earnings Per Share of Common Stock** | | | | |

| | | | | |
|---|---|---|---|---|
| Basic | $ 0.66 | $ 0.79 | $ 1.59 | $ 1.65 |
| Diluted | $ 0.66 | $ 0.79 | $ 1.59 | $ 1.65 |
| | | | | |
| **Dividends per share of common stock** | $ 0.428 | $ 0.408 | $ 0.855 | $ 0.815 |
| | | | | |
| **Weighted Average Shares Outstanding** | | | | |
| Basic | 36,176 | 36,163 | 36,173 | 36,163 |
| Diluted | 36,197 | 36,186 | 36,196 | 36,183 |

*The accompanying notes are an integral part of the above unaudited consolidated financial statements.*

**MGE Energy, Inc.**
**Consolidated Statements of Cash Flows (unaudited)**
*(In thousands)*

| | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|
| **Operating Activities:** | | |
| Net income | $ 57,608 | $ 59,759 |
| Items not affecting cash: | | |
| Depreciation and amortization | 53,532 | 49,730 |
| Deferred income taxes | (1,351) | 12,713 |
| Provision for doubtful receivables | 4,400 | 882 |
| Employee benefit plan cost (credit) | 323 | (1,227) |
| Equity earnings in investments | (5,526) | (5,240) |
| Other items | 930 | (885) |
| Changes in working capital items: | | |
| Decrease in current assets | 22,086 | 34,098 |
| Decrease in accounts payable | (9,646) | (20,508) |
| Increase (decrease) in other current liabilities | 3,718 | (2,105) |
| Dividends from investments | 4,238 | 4,248 |
| Cash contributions to pension and other postretirement plans | (3,634) | (3,540) |
| Other noncurrent items, net | 3,756 | (934) |
| *Cash Provided by Operating Activities* | 130,434 | 126,991 |
| **Investing Activities:** | | |
| Capital expenditures | (111,622) | (107,701) |
| Capital contributions to investments | (3,159) | (3,376) |

| | | |
|---|---|---|
| Other | 1,272 | (682) |
| *Cash Used for Investing Activities* | (113,509) | (111,759) |
| **Financing Activities:** | | |
| Cash dividends paid on common stock | (30,930) | (29,473) |
| Repayments of long-term debt | (2,556) | (21,791) |
| Issuance of long-term debt | — | 69,300 |
| Proceeds from (repayments of) short-term debt | 21,800 | (28,500) |
| Other | (728) | (1,479) |
| *Cash Used for Financing Activities* | (12,414) | (11,943) |
| Change in cash, cash equivalents, and restricted cash | 4,511 | 3,289 |
| Cash, cash equivalents, and restricted cash at beginning of period | 15,026 | 17,968 |
| **Cash, cash equivalents, and restricted cash at end of period** | $ 19,537 | $ 21,257 |
| **Supplemental disclosures of cash flow information:** | | |
| Significant noncash investing activities: | | |
| Accrued capital expenditures | $ 11,416 | $ 6,446 |

*The accompanying notes are an integral part of the above unaudited consolidated financial statements.*

## MGE Energy, Inc.
## Consolidated Balance Sheets (unaudited)
*(In thousands)*

| ASSETS | June 30, 2024 | December 31, 2023 |
|---|---|---|
| **Current Assets:** | | |
| Cash and cash equivalents | $ 16,270 | $ 11,140 |
| Accounts receivable, less reserves of $ 5,844 and $ 6,537 , respectively | 42,962 | 46,734 |
| Other accounts receivable, less reserves of $ 1,874 and $ 1,561 , respectively | 16,297 | 15,618 |
| Unbilled revenues | 27,856 | 33,181 |
| Materials and supplies, at average cost | 35,454 | 33,385 |
| Fuel for electric generation, at average cost | 13,190 | 13,423 |
| Stored natural gas, at average cost | 21,960 | 25,840 |
| Prepaid taxes | 17,929 | 22,310 |
| Regulatory assets - current | 16,032 | 20,979 |
| Other current assets | 14,280 | 15,587 |
| *Total Current Assets* | 222,230 | 238,197 |
| Regulatory assets | 66,376 | 81,589 |
| Pension benefit asset | 99,021 | 93,896 |
| Other deferred assets and other | 20,910 | 20,741 |
| **Property, Plant, and Equipment:** | | |
| Property, plant, and equipment, net | 2,073,061 | 2,018,121 |
| Construction work in progress | 128,232 | 110,091 |

| | | |
|---|---|---|
| *Total Property, Plant, and Equipment* | 2,201,293 | 2,128,212 |
| **Investments** | 114,812 | 112,823 |
| **Total Assets** | $ 2,724,642 | $ 2,675,458 |
| **LIABILITIES AND CAPITALIZATION** | | |
| **Current Liabilities:** | | |
| Long-term debt due within one year | $ 5,215 | $ 5,146 |
| Short-term debt | 59,800 | 38,000 |
| Accounts payable | 49,834 | 65,451 |
| Accrued interest and taxes | 10,234 | 9,372 |
| Accrued payroll related items | 12,560 | 15,888 |
| Regulatory liabilities - current | 21,803 | 15,296 |
| Other current liabilities | 8,631 | 8,003 |
| *Total Current Liabilities* | 168,077 | 157,156 |
| **Other Credits:** | | |
| Deferred income taxes | 287,160 | 279,029 |
| Investment tax credit - deferred | 45,940 | 46,892 |
| Regulatory liabilities | 150,122 | 162,316 |
| Accrued pension and other postretirement benefits | 55,634 | 55,058 |
| Asset retirement obligations | 71,724 | 54,430 |
| Other deferred liabilities and other | 61,896 | 61,682 |
| *Total Other Credits* | 672,476 | 659,407 |
| **Capitalization:** | | |
| Common shareholders' equity | 1,167,628 | 1,140,073 |

| | | |
|---|---|---|
| Long-term debt | 716,461 | 718,822 |
| *Total Capitalization* | 1,884,089 | 1,858,895 |
| Commitments and contingencies (see Footnote 8) | | |
| **Total Liabilities and Capitalization** | $ 2,724,642 | $ 2,675,458 |

*The accompanying notes are an integral part of the above unaudited consolidated financial statements.*

**MGE Energy, Inc.**
**Consolidated Statements of Common Equity (unaudited)**
*(In thousands, except per share amounts)*

| | Common Stock Shares | Common Stock Value | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income/(Loss) | Total |
|---|---|---|---|---|---|---|
| **Three Months Ended June 30, 2023** | | | | | | |
| Beginning Balance | 36,163 | $ 36,163 | $ 396,011 | $ 666,196 | $ — | $ 1,098,370 |
| Net income | | | | 28,681 | | 28,681 |
| Common stock dividends declared ($ 0.408 per share) | | | | (14,737) | | (14,737) |
| Equity-based compensation plans and other | | | 270 | | | 270 |
| Ending Balance - June 30, 2023 | 36,163 | $ 36,163 | $ 396,281 | $ 680,140 | $ — | $ 1,112,584 |
| **Three Months Ended June 30, 2024** | | | | | | |
| Beginning Balance | 36,176 | $ 36,176 | $ 397,093 | $ 725,514 | $ — | $ 1,158,783 |
| Net income | | | | 23,794 | | 23,794 |
| Common stock dividends declared ($ 0.428 per share) | | | | (15,470) | | (15,470) |
| Equity-based compensation plans and other | | | 521 | | | 521 |
| Ending Balance - June 30, 2024 | 36,176 | $ 36,176 | $ 397,614 | $ 733,838 | $ — | $ 1,167,628 |
| **Six Months Ended June 30, 2023** | | | | | | |
| Beginning Balance | 36,163 | $ 36,163 | $ 395,657 | $ 649,854 | $ — | $ 1,081,674 |
| Net income | | | | 59,759 | | 59,759 |
| Common stock dividends declared ($ 0.815 per share) | | | | (29,473) | | (29,473) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Equity-based compensation plans and other | | | 624 | | | 624 |
| Ending Balance - June 30, 2023 | 36,163 | $ 36,163 | $ 396,281 | $ 680,140 | $ — | $ 1,112,584 |
| **Six Months Ended June 30, 2024** | | | | | | |
| Beginning Balance | 36,163 | $ 36,163 | $ 396,750 | $ 707,160 | $ — | $ 1,140,073 |
| Net income | | | | 57,608 | | 57,608 |
| Common stock dividends declared ($ 0.855 per share) | | | | ( 30,930 ) | | ( 30,930 ) |
| Equity-based compensation plans and other | 13 | 13 | 864 | | | 877 |
| Ending Balance - June 30, 2024 | 36,176 | $ 36,176 | $ 397,614 | $ 733,838 | $ — | $ 1,167,628 |

*The accompanying notes are an integral part of the above unaudited consolidated financial statements.*

## Madison Gas and Electric Company
## Consolidated Statements of Income (unaudited)
*(In thousands)*

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| **Operating Revenues:** | | | | |
| Electric revenues | $ 120,597 | $ 121,707 | $ 236,764 | $ 238,998 |
| Gas revenues | 25,116 | 26,291 | 100,285 | 126,253 |
| *Total Operating Revenues* | 145,713 | 147,998 | 337,049 | 365,251 |
| **Operating Expenses:** | | | | |
| Fuel for electric generation | 11,237 | 13,599 | 23,941 | 27,406 |
| Purchased power | 8,850 | 5,845 | 18,292 | 21,231 |
| Cost of gas sold | 6,293 | 7,289 | 48,170 | 75,136 |
| Other operations and maintenance | 56,601 | 51,835 | 110,161 | 101,404 |
| Depreciation and amortization | 26,932 | 25,119 | 53,532 | 49,730 |
| Other general taxes | 5,936 | 5,707 | 11,930 | 11,317 |
| *Total Operating Expenses* | 115,849 | 109,394 | 266,026 | 286,224 |
| **Operating Income** | 29,864 | 38,604 | 71,023 | 79,027 |
| Other income, net | 1,134 | 3,254 | 2,242 | 6,161 |
| Interest expense, net | (8,433) | (7,815) | (16,509) | (15,335) |
| Income before income taxes | 22,565 | 34,043 | 56,756 | 69,853 |
| Income tax provision | (811) | (6,436) | (2,802) | (12,603) |
| **Net Income** | $ 21,754 | $ 27,607 | $ 53,954 | $ 57,250 |
| Less: Net Income Attributable to Noncontrolling Interest, net of tax | (5,766) | (5,375) | (11,363) | (10,895) |

| | | | | |
|---|---|---|---|---|
| **Net Income Attributable to MGE** | $ 15,988 | $ 22,232 | $ 42,591 | $ 46,355 |

*The accompanying notes are an integral part of the above unaudited consolidated financial statements.*

**Madison Gas and Electric Company**
**Consolidated Statements of Cash Flows (unaudited)**
*(In thousands)*

| | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|
| **Operating Activities:** | | |
| Net income | $ 53,954 | $ 57,250 |
| Items not affecting cash: | | |
| Depreciation and amortization | 53,532 | 49,730 |
| Deferred income taxes | (1,287) | 11,955 |
| Provision for doubtful receivables | 4,400 | 882 |
| Employee benefit plan cost (credit) | 323 | (1,227) |
| Other items | 1,446 | (1,344) |
| Changes in working capital items: | | |
| Decrease in current assets | 22,098 | 33,520 |
| Decrease in accounts payable | (9,642) | (20,560) |
| Increase (decrease) in other current liabilities | 4,774 | (188) |
| Cash contributions to pension and other postretirement plans | (3,634) | (3,540) |
| Other noncurrent items, net | 2,465 | (1,428) |
| *Cash Provided by Operating Activities* | 128,429 | 125,050 |
| **Investing Activities:** | | |
| Capital expenditures | (111,622) | (107,701) |
| Other | (894) | (805) |
| *Cash Used for Investing Activities* | (112,516) | (108,506) |
| **Financing Activities:** | | |

| | | |
|---|---|---|
| Cash dividends paid to parent by MGE | (24,000) | (21,000) |
| Distributions to parent from noncontrolling interest | (10,000) | (10,250) |
| Repayments of long-term debt | (2,556) | (21,791) |
| Issuance of long-term debt | — | 69,300 |
| Proceeds from (repayments of) short-term debt | 21,800 | (28,500) |
| Other | (728) | (1,479) |
| *Cash Used for Financing Activities* | (15,484) | (13,720) |
| Change in cash, cash equivalents, and restricted cash | 429 | 2,824 |
| Cash, cash equivalents, and restricted cash at beginning of period | 6,705 | 10,500 |
| **Cash, cash equivalents, and restricted cash at end of period** | $ 7,134 | $ 13,324 |
| **Supplemental disclosures of cash flow information:** | | |
| Significant noncash investing activities: | | |
| Accrued capital expenditures | $ 11,416 | $ 6,446 |

*The accompanying notes are an integral part of the above unaudited consolidated financial statements.*

**Madison Gas and Electric Company**
**Consolidated Balance Sheets (unaudited)**
*(In thousands)*

| ASSETS | June 30, 2024 | December 31, 2023 |
|---|---|---|
| **Current Assets:** | | |
| Cash and cash equivalents | $ 3,867 | $ 2,819 |
| Accounts receivable, less reserves of $ 5,844 and $ 6,537, respectively | 42,962 | 46,734 |
| Other accounts receivable, less reserves of $ 1,874 and $ 1,561, respectively | 16,294 | 15,616 |
| Unbilled revenues | 27,856 | 33,181 |
| Materials and supplies, at average cost | 35,454 | 33,385 |
| Fuel for electric generation, at average cost | 13,190 | 13,423 |
| Stored natural gas, at average cost | 21,960 | 25,840 |
| Prepaid taxes | 18,012 | 22,338 |
| Regulatory assets - current | 16,032 | 20,979 |
| Other current assets | 14,714 | 16,088 |
| *Total Current Assets* | 210,341 | 230,403 |
| Regulatory assets | 66,376 | 81,589 |
| Pension benefit asset | 99,021 | 93,896 |
| Other deferred assets and other | 20,584 | 20,780 |
| **Property, Plant, and Equipment:** | | |
| Property, plant, and equipment, net | 2,073,089 | 2,018,149 |
| Construction work in progress | 128,232 | 110,091 |

| | | |
|---|---|---|
| *Total Property, Plant, and Equipment* | 2,201,321 | 2,128,240 |
| **Investments** | 67 | 60 |
| **Total Assets** | $ 2,597,710 | $ 2,554,968 |
| **LIABILITIES AND CAPITALIZATION** | | |
| **Current Liabilities:** | | |
| Long-term debt due within one year | $ 5,215 | $ 5,146 |
| Short-term debt | 59,800 | 38,000 |
| Accounts payable | 49,821 | 65,434 |
| Accrued interest and taxes | 9,744 | 9,325 |
| Accrued payroll related items | 12,560 | 15,888 |
| Regulatory liabilities - current | 21,803 | 15,296 |
| Other current liabilities | 8,631 | 6,502 |
| *Total Current Liabilities* | 167,574 | 155,591 |
| **Other Credits:** | | |
| Deferred income taxes | 252,829 | 244,634 |
| Investment tax credit - deferred | 45,940 | 46,892 |
| Regulatory liabilities | 150,122 | 162,316 |
| Accrued pension and other postretirement benefits | 55,634 | 55,058 |
| Asset retirement obligations | 71,724 | 54,430 |
| Other deferred liabilities and other | 64,216 | 63,969 |
| *Total Other Credits* | 640,465 | 627,299 |
| **Capitalization:** | | |
| Common shareholder's equity | 922,316 | 903,725 |

| | | |
|---|---|---|
| Noncontrolling interest | 150,894 | 149,531 |
| *Total Equity* | 1,073,210 | 1,053,256 |
| Long-term debt | 716,461 | 718,822 |
| *Total Capitalization* | 1,789,671 | 1,772,078 |
| Commitments and contingencies (see Footnote 8) | | |
| **Total Liabilities and Capitalization** | $ 2,597,710 | $ 2,554,968 |

*The accompanying notes are an integral part of the above unaudited consolidated financial statements.*

## Madison Gas and Electric Company
## Consolidated Statements of Equity (unaudited)
*(In thousands)*

| | Common Stock Shares | Common Stock Value | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income/(Loss) | Non-Controlling Interest | Total |
|---|---|---|---|---|---|---|---|
| **Three Months Ended June 30, 2023** | | | | | | | |
| Beginning balance | 17,348 | $ 17,348 | $ 252,917 | $ 595,581 | $ — | $ 147,683 | $ 1,013,529 |
| Net income | | | | 22,232 | | 5,375 | 27,607 |
| Cash dividends paid to parent by MGE | | | | (8,500) | | | (8,500) |
| Distributions to parent from noncontrolling interest | | | | | | (4,250) | (4,250) |
| Ending Balance - June 30, 2023 | 17,348 | $ 17,348 | $ 252,917 | $ 609,313 | $ — | $ 148,808 | $ 1,028,386 |
| **Three Months Ended June 30, 2024** | | | | | | | |
| Beginning balance | 17,348 | $ 17,348 | $ 252,917 | $ 646,063 | $ — | $ 151,128 | $ 1,067,456 |
| Net income | | | | 15,988 | | 5,766 | 21,754 |
| Cash dividends paid to parent by MGE | | | | (10,000) | | | (10,000) |
| Distributions to parent from noncontrolling interest | | | | | | (6,000) | (6,000) |
| Ending Balance - June 30, 2024 | 17,348 | $ 17,348 | $ 252,917 | $ 652,051 | $ — | $ 150,894 | $ 1,073,210 |
| **Six Months Ended June 30, 2023** | | | | | | | |
| Beginning balance | 17,348 | $ 17,348 | $ 252,917 | $ 583,958 | $ — | $ 148,163 | $ 1,002,386 |
| Net income | | | | 46,355 | | 10,895 | 57,250 |
| Cash dividends paid to parent by MGE | | | | (21,000) | | | (21,000) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Distributions to parent from noncontrolling interest | | | | | | (10,250) | (10,250) |
| Ending Balance - June 30, 2023 | 17,348 | $ 17,348 | $ 252,917 | $ 609,313 | $ — | $ 148,808 | $ 1,028,386 |
| **Six Months Ended June 30, 2024** | | | | | | | |
| Beginning balance | 17,348 | $ 17,348 | $ 252,917 | $ 633,460 | $ — | $ 149,531 | $ 1,053,256 |
| Net income | | | | 42,591 | | 11,363 | 53,954 |
| Cash dividends paid to parent by MGE | | | | (24,000) | | | (24,000) |
| Distributions to parent from noncontrolling interest | | | | | | (10,000) | (10,000) |
| Ending Balance - June 30, 2024 | 17,348 | $ 17,348 | $ 252,917 | $ 652,051 | $ — | $ 150,894 | $ 1,073,210 |

*The accompanying notes are an integral part of the above unaudited consolidated financial statements.*

## 1. Summary of Significa nt Accounting Policies – MGE Energy and MGE.

### a. Basis of Presentation.

This report is a combined report of MGE Energy and MGE. References in this report to "MGE Energy" are to MGE Energy, Inc. and its subsidiaries. References in this report to "MGE" are to Madison Gas and Electric Company.

MGE Power Elm Road and MGE Power West Campus own electric generating assets and lease those assets to MGE. Both entities are variable interest entities (VIE) under applicable authoritative accounting guidance. MGE is considered the primary beneficiary of these entities as a result of contractual agreements. As a result, MGE has consolidated MGE Power Elm Road and MGE Power West Campus. See Footnote 3 of Notes to Consolidated Financial Statements under Item 8, Financial Statements and Supplementary Data, of MGE Energy's and MGE's 2023 Annual Report on Form 10-K (the 2023 Annual Report on Form 10-K).

The accompanying consolidated financial statements as of June 30, 2024, and during the three and six months ended, are unaudited but include all adjustments that MGE Energy and MGE management consider necessary for a fair statement of their respective financial statements. All adjustments are of a normal, recurring nature except as otherwise disclosed. The year-end consolidated balance sheet information was derived from the audited balance sheet appearing in the 2023 Annual Report on Form 10-K but does not include all disclosures required by accounting principles generally accepted in the United States of America. These notes should be read in conjunction with the financial statements and the notes on pages 59 through 107 of the 2023 Annual Report on Form 10-K.

### b. Cash, Cash Equivalents, and Restricted Cash.

The following table presents the components of total cash, cash equivalents, and restricted cash on the consolidated balance sheets.

| | MGE Energy | | MGE | |
|---|---|---|---|---|
| *(In thousands)* | June 30, 2024 | December 31, 2023 | June 30, 2024 | December 31, 2023 |
| Cash and cash equivalents | $ 16,270 | $ 11,140 | $ 3,867 | $ 2,819 |
| Restricted cash | 792 | 858 | 792 | 858 |
| Receivable - margin account | 2,475 | 3,028 | 2,475 | 3,028 |
| Cash, cash equivalents, and restricted cash | $ 19,537 | $ 15,026 | $ 7,134 | $ 6,705 |

*Cash Equivalents*
All highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

*Restricted Cash*
MGE has certain cash accounts that are restricted to uses other than current operations and designated for a specific purpose. MGE's restricted cash accounts include cash held by trustees for certain employee benefits and cash deposits held by third parties. These are included in "Other current assets" on the consolidated balance sheets.

*Receivable – Margin Account*
Cash amounts held by counterparties as margin collateral for certain financial transactions are recorded as Receivable – margin account in "Other current assets" on the consolidated balance sheets. The costs being hedged are fuel for electric generation, purchased power, and cost of gas sold.

**c. Property, Plant, and Equipment.**

**Columbia.**

An asset that will be retired in the near future and substantially in advance of its previously expected retirement date is subject to abandonment accounting. In the second quarter of 2021, the operator of Columbia received approval from Midcontinent Independent System Operator (MISO) to retire Columbia Units 1 and 2. The co-owners intend to retire Unit 1 and Unit 2 by June 2026. Final timing and retirement dates are subject to change depending on operational, regulatory, and other factors. As of June 30, 2024, early retirement of Columbia was probable.

Our ownership share of Columbia assets was classified as plant to be retired within "Property, plant, and equipment, net" on the consolidated balance sheets. Assets for Columbia Unit 1 and Unit 2 are currently included in rate base, and MGE continues to depreciate them on a straight-line basis using the composite depreciation rates approved by the Public Service Commission of Wisconsin (PSCW) that include retirement dates of 2029 for both Units.

If it becomes probable that regulators will disallow full recovery or a return on the remaining net book value of a generating unit that is either abandoned or probable of being abandoned, an impairment loss would be required. An impairment loss would be recorded to the extent that the remaining net book value of the generating unit exceeds the present value of the amount expected to be recovered from ratepayers.

No
impairment was recorded as of June 30, 2024.

**2. New Ac counti ng Standards - MGE Energy and MGE.**

In November 2023, the Financial Accounting Standards Board modified authoritative guidance within the codification's Segment Reporting topic, which enhanced the disclosure requirements for significant segment expenses and other segment items. The authoritative guidance will become effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. MGE will adopt the standard as of the effective date. The adoption of this standard will not have a material impact on MGE Energy's and MGE's financial statements.

In December 2023, the Financial Accounting Standards Board issued authoritative guidance within the codification's Income Taxes topic, which expanded the disclosure requirements over effective tax rate reconciliations and income taxes paid. For public business entities, the authoritative guidance will become effective for fiscal years beginning after December 15, 2024. MGE will adopt the standard as of the effective date. The adoption of this standard will not have a material impact on MGE Energy's and MGE's financial statements.

**3. Investme nt in ATC and ATC Holdco - MGE Energy and MGE.**

ATC owns and operates electric transmission facilities primarily in Wisconsin. MGE received an interest in ATC when it, like other Wisconsin electric utilities, contributed its electric transmission facilities to ATC as required by Wisconsin law. That interest is presently held by MGE Transco, a subsidiary of MGE Energy. ATC Holdco was formed by several members of ATC, including MGE Energy, to pursue electric transmission development and investments outside of Wisconsin. The ownership interest in ATC Holdco is held by MGEE Transco, a subsidiary of MGE Energy.

MGE Transco and MGEE Transco have accounted for their investments in ATC and ATC Holdco, respectively, under the equity method of accounting. Equity earnings from investments are recorded as "Other income" on the consolidated statements of income of MGE Energy. MGE Transco recorded the following amounts related to its investment in ATC:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In thousands)* | 2024 | 2023 | 2024 | 2023 |
| Equity earnings from investment in ATC | $ 2,748 | $ 2,599 | $ 5,470 | $ 5,182 |
| Dividends received from ATC | 2,132 | 2,042 | 4,238 | 4,248 |
| Capital contributions to ATC | 1,070 | 1,601 | 1,785 | 1,958 |

In July 2024, MGE Transco made a $0.9 million capital contribution to ATC.

ATC's summarized financial data is as follows:

| (In thousands) | Three Months Ended June 30, 2024 | Three Months Ended June 30, 2023 | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|---|---|
| Operating revenues | $ 218,222 | $ 203,776 | $ 430,150 | $ 404,202 |
| Operating expenses | (109,197) | (101,517) | (214,039) | (200,593) |
| Other income, net | 356 | 565 | 543 | 956 |
| Interest expense, net | (36,040) | (33,504) | (71,458) | (66,414) |
| Earnings before members' income taxes | $ 73,341 | $ 69,320 | $ 145,196 | $ 138,151 |

MGE receives transmission and other related services from ATC. During the three and six months ended June 30, 2024, MGE recorded $9.1 million and $18.2 million, respectively, for transmission service compared to $8.5 million and $16.9 million for comparable periods in 2023. MGE also provides a variety of operational, maintenance, and project management work for ATC, which is reimbursed by ATC. As of June 30, 2024, and December 31, 2023, MGE had a receivable due from ATC of $2.1 million and $5.3 million, respectively. The receivable is primarily related to transmission interconnection activities at Badger Hollow and Paris solar generation sites. MGE will be reimbursed for these costs after the new generation assets are placed into service.

## 4. Taxes - MGE E nergy and MGE.

### Effective Tax Rate.

The consolidated income tax provision differs from the amount computed by applying the statutory federal income tax rate to income before income taxes, as follows:

| Three Months Ended June 30, | MGE Energy 2024 | MGE Energy 2023 | MGE 2024 | MGE 2023 |
|---|---|---|---|---|
| Statutory federal income tax rate | 21.0 % | 21.0 % | 21.0 % | 21.0 % |
| State income taxes, net of federal benefit | 6.2 | 6.2 | 6.2 | 6.2 |
| Amortized investment tax credits | (2.4) | (0.7) | (2.6) | (0.7) |

| | | | | |
|---|---|---|---|---|
| Credit for electricity from renewable energy | (11.7) | (5.2) | (12.9) | (5.6) |
| AFUDC equity, net | (0.7) | (0.4) | (0.7) | (0.4) |
| Amortization of utility excess deferred tax - tax reform[(a)] | (6.8) | (1.6) | (7.5) | (1.7) |
| Other, net, individually insignificant | 0.2 | 0.1 | 0.1 | 0.1 |
| Effective income tax rate | 5.8 % | 19.4 % | 3.6 % | 18.9 % |

| | MGE Energy | | MGE | |
|---|---|---|---|---|
| **Six Months Ended June 30,** | 2024 | 2023 | 2024 | 2023 |
| Statutory federal income tax rate | 21.0 % | 21.0 % | 21.0 % | 21.0 % |
| State income taxes, net of federal benefit | 6.2 | 6.2 | 6.2 | 6.2 |
| Amortized investment tax credits | (2.3) | (0.7) | (2.5) | (0.7) |
| Credit for electricity from renewable energy | (10.8) | (5.6) | (11.9) | (6.1) |
| AFUDC equity, net | (0.7) | (0.4) | (0.7) | (0.5) |
| Amortization of utility excess deferred tax - tax reform[(a)] | (6.4) | (1.7) | (7.0) | (1.8) |
| Other, net, individually insignificant | (0.1) | (0.1) | (0.2) | (0.1) |
| Effective income tax rate | 6.9 % | 18.7 % | 4.9 % | 18.0 % |

(a) Included are impacts of the Tax Cut and Jobs Act of 2017 for the regulated utility for excess deferred taxes recognized using a normalization method of accounting in recognition of IRS rules that restrict the rate at which the excess deferred taxes may be returned to utility customers. For both the three months ended June 30, 2024 and 2023, MGE recognized $ 0.9 million. For both the six months ended June 30, 2024 and 2023, MGE recognized $ 1.8 million. For the three and six months ended June 30, 2024, MGE recognized $ 1.0 million and $ 2.1 million, respectively, of deferred taxes not restricted by IRS normalization rules, compared to a net collection from customers of $ 0.4 million and $ 0.7 milli on for the three and six months ended June 30, 2023 .

The Inflation Reduction Act of 2022 contains a provision that allows the transfer of certain tax credits to other corporate taxpayers in exchange for cash. MGE intends to transfer 2023 and 2024 tax credits and will

account for the tax credits transferred as part of income taxes. MGE will also include any expected proceeds from the transfer of tax credits in the evaluation of realizability of deferred tax assets related to tax credits and record a valuation allowance for the difference between the tax value of the credits and the expected proceeds. The PSCW approved the deferral by MGE of any differential between tax credit transfer proceeds and the tax value of credits reflected in rates to its next rate case filing.

**5. Pensi on and Other Postretirement Plans - MGE Energy and MGE.**

MGE maintains qualified and nonqualified pension plans, health care, and life insurance benefits and defined contribution 401(k) benefit plans for its employees and retirees.

The components of net periodic benefit cost, other than the service cost component, are recorded in "Other income, net" on the consolidated statements of income. The service cost component is recorded in "Other operations and maintenance" on the consolidated statements of income. MGE has regulatory treatment and recognizes regulatory assets or liabilities for timing differences between when net periodic benefit costs are recovered and when costs are recognized.

The following table presents the components of net periodic benefit costs recognized.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In thousands)* | 2024 | 2023 | 2024 | 2023 |
| **Pension Benefits** | | | | |
| Components of net periodic benefit cost: | | | | |
| Service cost | $ 780 | $ 694 | $ 1,539 | $ 1,446 |
| Interest cost | 4,315 | 4,337 | 8,559 | 8,659 |
| Expected return on assets | (7,148) | (6,302) | (14,299) | (12,624) |
| Amortization of: | | | | |
| Actuarial loss | 313 | 492 | 429 | 880 |
| Net periodic benefit (credit) cost | $ (1,740) | $ (779) | $ (3,772) | $ (1,639) |
| **Postretirement Benefits** | | | | |
| Components of net periodic benefit cost: | | | | |
| Service cost | $ 217 | $ 190 | $ 428 | $ 390 |
| Interest cost | 779 | 835 | 1,576 | 1,654 |
| Expected return on assets | (693) | (646) | (1,384) | (1,297) |
| Amortization of: | | | | |
| Transition obligation | — | — | 1 | 1 |
| Prior service credit | (4) | — | (8) | — |
| Actuarial (gain) loss | (129) | (65) | (206) | (95) |
| Net periodic benefit (credit) cost | $ 170 | $ 314 | $ 407 | $ 653 |

As approved by the PSCW, MGE is allowed to defer differences between actual employee benefit plan costs and costs reflected in current rates. The deferred costs may be recovered or refunded in MGE's next rate filing. During the three and six months ended June 30, 2024, MGE recovered $

1.2 million and $2.6 million, respectively, of pension and other postretirement costs previously deferred. During the three and six months ended June 30, 2023, MGE deferred $0.4 million and $0.8 million, respectively, of pension and other postretirement costs. These costs have not been reflected in the table above.

**6. Equity and Fi nancing Arrangements - MGE Energy.**

**a. Common Stock.**

MGE Energy sells shares of its common stock through its Direct Stock Purchase and Dividend Reinvestment Plan (the Stock Plan). Those shares may be newly issued shares or shares that are purchased in the open market by an independent agent for participants in the Stock Plan. Sales of newly issued shares under the Stock Plan are covered by a shelf registration statement that MGE Energy filed with the SEC. During the three and six months ended June 30, 2024 and 2023, MGE Energy issued no new shares of common stock under the Stock Plan.

**b. Dilutive Shares Calculation.**

As of June 30, 2024,

22,937
shares were included in the calculation of diluted earnings per share related to nonvested equity awards. See Footnote 7 for additional information on share-based compensation awards.

**7. Share-Based C ompensation - MGE Energy and MGE.**

During the three and six months ended June 30, 2024, MGE recorded $

0.7
million and $

1.9
million, respectively, in compensation expense related to share-based compensation awards compared to $

0.7
million and $

1.8
million for the comparable periods in 2023.

In the first quarter of 2024, cash payments of $

2.5
million and

12,518
shares were distributed related to awards that were granted in 2021 under the 2021 Incentive Plan and 2019 under the 2006 Performance Unit Plan.

In March 2024, MGE issued

16,414
performance units and

29,733
restricted stock units under the 2021 Incentive Plan to eligible employees and non-employee directors.

MGE recognizes stock-based compensation expense on a straight-line basis over the requisite service period. Awards classified as equity awards are measured based on their grant-date fair value. Awards classified as liability awards are recorded at fair value each reporting period. The performance units can be paid out in either cash, shares of common stock, or a combination of cash and stock and are classified as a liability award. The restricted stock units will be paid out in shares of common stock, and therefore are classified as equity awards.

**8. Commitmen ts and Contingencies - MGE Energy and MGE.**

**a. Environmental.**

In February 2021, MGE and the other co-owners of Columbia announced plans to retire that facility. The co-owners intend to retire Unit 1 and Unit 2 by June 2026. Final timing and unit retirement dates are subject to change depending on operational, regulatory, and other factors. Effects of the environmental compliance requirements discussed below will depend upon the final Columbia retirement dates approved, applicable regulations at that time, and required compliance dates.

MGE Energy and MGE are subject to frequently changing local, state, and federal regulations concerning air quality, water quality, land use, threatened and endangered species, hazardous materials handling, and solid waste disposal. These regulations affect the manner in which operations are conducted, the costs of operations, as well as capital and operating expenditures. Several of these environmental rules are subject to legal challenges, reconsideration and/or other uncertainties. Regulatory initiatives, proposed rules, and court challenges to adopted rules could have a material effect on capital expenditures and operating costs. Management believes compliance costs will be recovered in future rates based on previous treatment of environmental compliance projects.

These initiatives, proposed rules, and court challenges include:

• The United States Environmental Protection Agency's (EPA) promulgated water Effluent Limitations Guidelines (ELG) and standards for steam electric power plants that focus on the reduction of metals and other pollutants in wastewater from new and existing power plants.

With the closure of the wet pond system in 2023 (as described in further detail in the CCR section below), Columbia complies with ELG requirements. With the installation of additional wastewater treatment equipment completed in 2023, the Elm Road Units comply with ELG requirements.

In May 2024, the EPA finalized the ELG rule that further regulates the wastewater discharges associated with coal-fired power plants. The rule focuses on wastewater discharges from flue gas desulfurization and bottom ash transport water. The rule includes a reduction in requirements for plants that have already installed pollution controls based on previous versions of the rule, and for plants that will be retiring or switching to natural gas by certain dates. The operator of the Elm Road Units believes that pollution prevention installed under previous versions of the rule and the planned fuel switching will qualify the Elm Road Units for the reduced requirements. MGE and the operator of the Elm Road Units currently are evaluating the final rule.

• The EPA's cooling water intake rule requires cooling water intake structures at electric power plants to meet best technology available (BTA) standards to reduce the mortality from entrainment (drawing aquatic life into a plant's cooling system) and impingement (trapping aquatic life on screens).

Blount received its most recent Wisconsin Pollutant Discharge Elimination System (WPDES) permit from the Wisconsin Department of Natural Resources (WDNR) in October 2023. Blount's latest WPDES permit assumes that the plant meets BTA standards for entrainment for the duration of this permit which expires in 2028. The WDNR included a requirement to conduct an impingement study in the latest permit which needs to be completed by the end of 2027. Once the WDNR determines the impingement requirements at Blount, MGE will be able to determine any compliance costs of meeting Blount's permit requirements.

Intakes at Columbia are subject to this rule. The Columbia operator's most recent permit required that studies of intake structures be submitted to the WDNR by November 2023 to help determine BTA. Columbia's permit renewal application is due in 2024 and in November 2023 the Columbia operator timely submitted its renewal application to the WDNR. BTA improvements required by the renewal permit will be coordinated with the owners' plan to retire both units by June of 2026. MGE will continue to work with Columbia's operator to evaluate regulatory requirements in light of the planned retirement. MGE does not expect this rule to have a material effect on Columbia.

• Greenhouse Gas (GHG) new source performance standards and emission guidelines established under the Clean Air Act for states to use in developing plans to control GHG emissions from fossil fuel-fired electric generating units, including existing and proposed regulations governing existing, new, or modified fossil-fuel generating units.

In May 2024, the EPA published its final performance standards and emission guidelines under section 111(b) of the Clean Air Act for carbon dioxide emissions from new combustion turbines and existing fossil-fuel fired boilers used to produce electricity. The final rule grants some emissions flexibility for existing coal-fired units that retire and/or fuel switch by certain dates. For existing natural gas boiler units, the final rule establishes a process where states must submit plans to the EPA for establishing standards. States will have two years from the publication date of these rules to submit plans to the EPA for review and approval. The EPA has indicated that it is separately developing performance standards and emission guidelines for GHG emissions from existing natural gas-fired combustion turbines. Our preliminary evaluation of the final ruling shows that MGE meets the requirements for our gas-fired boilers at Blount. Furthermore, MGE will meet the requirements for our coal-fired units at Columbia through planned unit retirements and the Elm Road Units through its transition to natural gas. MGE will monitor for upcoming rulemaking planned for gas-fired combustion turbines.

• The EPA's rule to regulate ambient levels of ozone through the 2015 Ozone National Ambient Air Quality Standards (NAAQS).

The Elm Road Units are located in Milwaukee County, Wisconsin, a "moderate" nonattainment area for the 2015 Ozone NAAQS. The deadline for moderate classified areas to meet attainment standards is August 2024. At this time, the operator of the Elm Road Units does not expect that the 2015 Ozone NAAQS or the Milwaukee County nonattainment designation will have a material effect on the Units.

• The EPA's rule to regulate Fine Particulate Matter (PM2.5).

In March 2024, the EPA published a final rule to lower the average annual PM2.5 NAAQS from 12 ug/m3 to 9 ug/m3 effective May 2024. The new annual PM2.5 NAAQS could impact Milwaukee County, where our Elm Road units are located, if the county is determined to be in nonattainment. A nonattainment designation would require the State of Wisconsin to develop a plan to get into attainment, which would likely include additional limitations for new and modified plants in the county. With the planned transition of the Elm Road Units to natural gas, there is a low probability for the need of additional emission limitations. However, we will not know the impact of this rule until PM data from 2023 and 2024 is evaluated and released, the EPA determines the attainment status of Wisconsin counties, and the State of Wisconsin develops an attainment implementation plan. MGE will continue to follow the rule's developments.

• Rules regulating nitrogen oxide ($NO_x$) and sulfur dioxide ($SO_2$) emissions, including the Cross State Air Pollution Rule (CSAPR) and Clean Air Visibility Rule.

The EPA's CSAPR and its progeny are a suite of interstate air pollution transport rules designed to reduce ozone and PM2.5 ambient air levels in areas that the EPA has determined as being significantly impacted by pollution from upwind states. This is accomplished through a reduction in $NO_x$ and $SO_2$ from qualifying fossil-fuel fired power plants and industrial boilers in upwind "contributing" states. $NO_x$ and $SO_2$ contribute to fine particulate pollution and $NO_x$ contributes to ozone formation in downwind areas. Reductions are generally achieved through a cap-and-trade system. Individual plants can meet their caps through reducing emissions and/or buying allowances on the market.

In March 2023 (published June 2023), the EPA finalized its Federal Implementation Plan to address state obligations under the Clean Air Act "good neighbor" provisions for the 2015 Ozone NAAQS (FIP Rule). The FIP Rule impacts 23 states, including Wisconsin. For Wisconsin, the FIP Rule includes revisions to the current obligations for fossil-fuel power generation, which includes Blount, Columbia, the Elm Road Units, WCCF, West Riverside, and West Marinette. Emissions budgets can be met with planned retirements, fuel switching, and immediately available measures, including consistently operating emissions controls already installed at power plants. In 2026, additional obligations would go into effect, including a further reduction in emissions budgets. Wisconsin would need to submit a State Implementation Plan to meet its obligations or accept the EPA's FIP Rule. Legal challenges to the FIP Rule are pending in the United States Court of Appeals for the District of Columbia. In June 2024, the Supreme Court of the United States granted a request to stay the FIP Rule pending judicial review by the US Court of Appeals for the District of Columbia on the merits of petitioner's challenges to implementation of the rule. Based on our current evaluation, if the FIP Rule were to go into effect, the 2026 additional emission reductions may impact the Elm Road Units and additional upgrades may be needed to comply, however, we will not know the final impact until final decisions are issued in the pending litigation.

• The EPA's Coal Combustion Residuals (CCR) Rule.

The CCR rule regulates the disposal of solid waste coal ash and defines what ash use activities would be considered generally exempt beneficial reuse of coal ash. The CCR rule also regulates landfills, ash ponds, and other surface impoundments used for coal combustion residuals by regulating their design, location, monitoring, and operation. The CCR rule requires owners and operators of coal-fired power plants to stop transporting CCR and non-CCR wastewater to unlined surface impoundments. With the coal combustion residuals system that replaced the unlined surface impoundment completed in 2023, Columbia complies with this rule.

In May 2024, the EPA published its final CCR Legacy Rule. The CCR Legacy Rule applies to previous closed disposal sites. In June 2024, MGE recorded $

23.7

million asset retirement obligation for its estimated share of the legal liability associated with the effect of the CCR Legacy Rule for remediation and groundwater compliance monitoring. Actual costs of compliance may be different than the amount recorded due to potential changes in compliance strategies that will be used, as well as other potential changes in cost estimate.

**b. Legal Matters.**

MGE is involved in various legal matters that are being defended and handled in the normal course of business. MGE accrues for costs that are probable of being incurred and subject to reasonable estimation. The accrued amount for these matters is not material to the financial statements. MGE does not expect the resolution of these matters to have a material adverse effect on its consolidated results of operations, financial condition, or cash flows.

Several environmental groups filed petitions against the PSCW challenging the fixed customer charge set in MGE's 2022/2023 rate settlement, 2023 electric limited reopener, and 2024/2025 rate order. MGE has intervened in the petitions in cooperation with the PSCW. See Footnote 9.a. for more information regarding this matter.

**c. Purchase Contracts.**

MGE Energy and MGE have entered into various commodity supply, transportation, and storage contracts to meet their obligations to deliver electricity and natural gas to customers. Management expects to recover these costs in future customer rates. The following table shows future commitments related to purchase contracts as of June 30, 2024:

| *(In thousands)* | **2024** | **2025** | **2026** | **2027** | **2028** | **Thereafter** |
|---|---|---|---|---|---|---|
| Natural gas[(a)] | $ 22,421 | $ 40,762 | $ 15,492 | $ 2,546 | $ 2,546 | $ 11,224 |

(a) MGE's natural gas transportation and storage contracts require fixed monthly payments for firm supply pipeline transportation and storage capacity. The pricing components of the fixed monthly payments for the transportation and storage contracts are approved by FERC but may be subject to change. MGE's natural gas supply commitments include market-based pricing.

**9. Rate Mat ters - MGE Energy and MGE.**

**a. Rate Proceedings.**

| | Rate increase | Return on Common Equity | Common Equity Component of Regulatory Capital Structure | Effective Date |
|---|---|---|---|---|
| **Approved 2022/2023 settlement** | | | | |
| Gas | 0.96 % | 9.8 % | 55.6 % | 1/1/2023 |
| **Approved limited 2023 reopener[(a)]** | | | | |
| Electric | 9.01 % | 9.8 % | 55.6 % | 1/1/2023 |
| **Approved 2024/2025 rate proceeding[(b)(c)]** | | | | |
| Electric | 1.54 % | 9.7 % | 56.1 % | 1/1/2024 |
| Gas | 2.44 % | 9.7 % | 56.1 % | 1/1/2024 |
| Electric[(d)] | 4.17 % | 9.7 % | 56.1 % | 1/1/2025 |
| Gas | 1.32 % | 9.7 % | 56.1 % | 1/1/2025 |

(a) The electric rate increase was driven by generation assets including our investments in Badger Hollow II (solar), Paris (solar and battery), Red Barn Wind Farm (wind), and West Riverside (natural gas). In addition, the reopener request included an increase in fuel costs and the recovery of deferred 2021 fuel costs. The reopener also revised the depreciation schedule for Columbia Unit 2 and shared equipment to 2029 to align with the depreciation schedule for Unit 1.

(b) The electric increase was driven by an increase in rate base including our investments made in West Riverside, local solar, and continued investment in grid modernization, as well as higher costs for transmission, pension and OPEB, and uncollectible costs (including costs previously deferred from prior years). This increase in electric costs is offset by a decrease in fuel costs and benefit from lower tax expense (including impacts from the Inflation Reduction Act). MGE filed an updated 2025 fuel forecast with the PSCW in 2024, which will impact rates in 2025, based on any variance between the forecast submitted as part of the rates and updated forecast. In addition, the PSCW authorized MGE to defer a recovery of and a return on costs associated for any change in the in service date for Paris and Darien and force majeure costs for Badger Hollow II, Paris, and Darien that were not reflected in this rate filing. The PSCW also approved deferral of any differential in PTC tax credits reflected in rates and actual credits produced. These deferrals will be reflected in MGE's next rate case filing. The gas rate increases were also driven by our investment made in grid modernization and higher pension and OPEB and uncollectible costs (including costs previously deferred from prior years). This increase in gas costs is offset by a tax benefit related to excess deferred taxes. Included in the gas residential rate is a reduction in the customer fixed charge.

(c) In accordance with the 2024/2025 rate order from the PSCW, MGE will have an earnings sharing mechanism, under which, if MGE earns above the authorized Return on Equity (ROE) in the rate order: (i) the utility will retain 100.0% of earnings for the first 15 basis points above the authorized ROE; (ii) 50.0% of the next 60 basis points will be required to be deferred and returned to ratepayers; and (iii) 100.0% of any remaining excess earnings will be required to be refunded to ratepayers. The earnings calculation excludes fuel rules adjustments. See "Fuel Rules" below.

(d) MGE filed a 2025 Fuel Cost Plan with the PSCW in June 2024. The plan would lower the 2025 increase in electric rates to 2.47% to reflect lower expected fuel costs. MGE expects a final decision from the PSCW on the Fuel Cost Plan by the end of 2024.

Sierra Club and Vote Solar have filed petitions with the Dane County Circuit Court seeking review of the PSCW decisions approving MGE's electric and gas 2022/2023 rate settlement, 2023 electric limited reopener, and 2024/2025 rate order. The PSCW is named as the responding party; MGE is not named as a party. The Petitions challenge the amount of customer fixed charge that does not vary with usage. The requested relief is unclear. The revenue requirement approved by the PSCW in the settlement, limited reopener, and 2024/2025 rate order have not been challenged. The PSCW is expected to vigorously defend its approval of the rate case settlement, limited reopener, and the 2024/2025 rate order. MGE has intervened in the proceedings to further defend the PSCW's decision. The Dane County Circuit Court affirmed the PSCW's decision to approve the 2022/2023 rate settlement, and Sierra Club and Vote Solar appealed that decision to the Wisconsin Court of Appeals. On August 6, 2024, the Wisconsin Court of Appeals denied Sierra Club and Vote Solar's appeal and affirmed the PSCW's approval of the 2022/2023 rate settlement. It is not yet known whether Sierra Club and Vote Solar will pursue an appeal to the Wisconsin Supreme Court. The petitions challenging the 2023 electric limited reopener and the 2024/2025 rate order remain stayed pending further proceedings.

### b. Fuel Rules.

Fuel rules require Wisconsin utilities to defer electric fuel-related costs that fall outside a symmetrical cost tolerance band around the amount approved for a utility in its annual fuel proceedings. Any over- or under-recovery of the actual costs is determined in the following year and is then reflected in future billings to electric retail customers. The fuel rules bandwidth is set at plus or minus 2% in 2024 and 2023. The electric fuel-related costs are subject to an excess revenues test. Excess revenues are defined as revenues in the year in question that provide MGE with a greater return on common equity than authorized by the PSCW in MGE's latest rate order. The recovery of under-collected electric fuel-related costs would be reduced by the amount that exceeds the excess revenue test. These costs are subject to the PSCW's annual review of fuel costs completed in the year following the deferral. The following table summarizes deferred electric fuel-related costs:

| | Fuel Costs (Savings) (*in millions*) | Refund or Recovery Period |
|---|---|---|
| 2021 | $ 3.3 [(a)] | January 2023 through December 2023 |
| 2022 | $ 8.8 [(a)] | October 2023 through September 2024 |
| 2023 | ($ 7.2) [(a)] | October 2024 through December 2024 |

(a) There was no change to the refund or recovery in the fuel rules proceedings from the amount MGE deferred.

## 10. Derivati ve and Hedging Instruments - MGE Energy and MGE.

### a. Purpose.

As part of its regular operations, MGE enters into contracts, including options, swaps, futures, forwards, and other contractual commitments, to manage its exposure to commodity prices. To the extent that these contracts are derivatives, MGE assesses whether or not the normal purchases or normal sales exclusion applies. For contracts to which this exclusion cannot be applied, the derivatives are recognized in the consolidated balance sheets at fair value. MGE's financial commodity derivative activities are conducted in accordance with its electric and gas risk management program, which is approved by the PSCW and limits the volume MGE can hedge with specific risk management strategies. The maximum length of time over which cash flows related to energy commodities can be hedged is four years . If the derivative qualifies for regulatory deferral, the derivatives are marked to fair value and are offset with a corresponding regulatory asset or liability depending on whether the derivative is in a net loss or net gain position, respectively. The deferred gain or loss is recognized in earnings in the delivery month applicable to the instrument. Gains and losses related to hedges qualifying for regulatory treatment are refundable or recoverable in gas rates through the Purchased Gas Adjustment (PGA) or in electric rates as a component of the fuel rules mechanism.

**b. Notional Amounts.**

The gross notional volume of open derivatives is as follows:

| | June 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| Commodity derivative contracts | 300,240 | MWh | 392,000 | MWh |
| Commodity derivative contracts | 6,090,000 | Dth | 7,180,000 | Dth |
| FTRs | 4,606 | MW | 1,824 | MW |

**c. Financial Statement Presentation.**

MGE purchases and sells exchange-traded and over-the-counter options, swaps, and future contracts. These arrangements are primarily entered into to help stabilize the price risk associated with gas or power purchases. These transactions are employed by both MGE's gas and electric segments. Additionally, as a result of the firm transmission agreements that MGE holds on electricity transmission paths in the MISO market, MGE holds financial transmission rights (FTRs). An FTR is a financial instrument that entitles the holder to a stream of revenues or charges based on the differences in hourly day-ahead energy prices between two points on the transmission grid. The fair values of these instruments are offset with a corresponding regulatory asset/liability depending on whether they are in a net loss/gain position. Depending on the nature of the instrument, the gain or loss associated with these transactions will be reflected as cost of gas sold, fuel for electric generation, or purchased power expense in the delivery month applicable to the instrument. As of June 30, 2024, and December 31, 2023, the cost basis of exchange traded derivatives and FTRs exceeded their fair value by $

1.9
million and $

5.2
million, respectively.

The following table summarizes the fair value of the derivative instruments on the consolidated balance sheets.  All derivative instruments in this table are presented on a gross basis and are calculated prior to the netting of instruments with the same counterparty under a master netting agreement as well as the netting of collateral. For financial statement purposes, instruments are netted with the same counterparty under a master netting agreement as well as the netting of collateral.

| *(In thousands)* | Derivative Assets | Derivative Liabilities | Balance Sheet Location |
|---|---|---|---|
| **June 30, 2024** | | | |
| Commodity derivative contracts[(a)] | $ 825 | $ 2,524 | Other current liabilities |
| Commodity derivative contracts[(a)] | 24 | 304 | Other deferred liabilities and other |
| FTRs | 33 | — | Other current assets |
| **December 31, 2023** | | | |
| Commodity derivative contracts[(a)] | $ 263 | $ 4,942 | Other current liabilities |
| Commodity derivative contracts[(a)] | 156 | 882 | Other deferred liabilities and other |
| FTRs | 179 | — | Other current assets |

(a) As of  June 30, 2024, and December 31, 2023, collateral of $

2.0
million and $

5.4
million, respectively, was posted against and netted with derivative liability positions on the consolidated balance sheets. The fair value of the derivative liability disclosed in this table has not been reduced for the collateral posted.

The following table shows the effect of netting arrangements for recognized derivative assets and liabilities that are subject to a master netting arrangement or similar arrangement on the consolidated balance sheets.

**Offsetting of Derivative Assets and Liabilities**

| *(In thousands)* | Gross Amounts | Gross Amounts Offset in Balance Sheets | Collateral Posted Against Derivative Positions | Net Amount Presented in Balance Sheets |
|---|---|---|---|---|
| **June 30, 2024** | | | | |
| ***Assets*** | | | | |
| Commodity derivative contracts | $ 849 | $ (849) | $ — | $ — |
| FTRs | 33 | — | — | 33 |
| ***Liabilities*** | | | | |
| Commodity derivative contracts | 2,828 | (849) | (1,979) | — |
| **December 31, 2023** | | | | |
| ***Assets*** | | | | |
| Commodity derivative contracts | $ 419 | $ (419) | $ — | $ — |
| FTRs | 179 | — | — | 179 |
| ***Liabilities*** | | | | |
| Commodity derivative contracts | 5,824 | (419) | (5,405) | — |

The following tables summarize the unrealized and realized gains/losses related to the derivative instruments on the consolidated balance sheets and the consolidated statements of income.

| | 2024 | | 2023 | |
|---|---|---|---|---|
| *(In thousands)* | Current and Long-Term Regulatory Asset (Liability) | Other Current Assets | Current and Long-Term Regulatory Asset (Liability) | Other Current Assets |
| **Three Months Ended June 30:** | | | | |
| Balance as of April 1, | $ 3,009 | $ 275 | $ 7,813 | $ 455 |
| Unrealized loss | 758 | — | 92 | — |
| Realized (loss) gain reclassified to a deferred account | (537) | 537 | (1,988) | 1,988 |
| Realized loss reclassified to income statement | (1,284) | (285) | (900) | (1,369) |
| Balance as of June 30, | $ 1,946 | $ 527 | $ 5,017 | $ 1,074 |
| **Six Months Ended June 30:** | | | | |
| Balance as of January 1, | $ 5,226 | $ 1,569 | $ 5,094 | $ 2,747 |
| Unrealized loss | 2,898 | — | 14,395 | — |

| | | | | |
|---|---|---|---|---|
| Realized (loss) gain reclassified to a deferred account | (2,694) | 2,694 | (8,905) | 8,905 |
| Realized loss reclassified to income statement | (3,484) | (3,736) | (5,567) | (10,578) |
| Balance as of June 30, | $ 1,946 | $ 527 | $ 5,017 | $ 1,074 |

| | Realized Losses (Gains) | | | |
|---|---|---|---|---|
| | 2024 | | 2023 | |
| *(In thousands)* | Fuel for Electric Generation/ Purchased Power | Cost of Gas Sold | Fuel for Electric Generation/ Purchased Power | Cost of Gas Sold |
| **Three Months Ended June 30:** | | | | |
| Commodity derivative contracts | $ 1,328 | $ — | $ 2,942 | $ — |
| FTRs | 241 | — | (673) | — |
| **Six Months Ended June 30:** | | | | |
| Commodity derivative contracts | $ 3,754 | $ 3,265 | $ 10,387 | $ 6,451 |
| FTRs | 201 | — | (693) | — |

MGE's commodity derivative contracts and FTRs are subject to regulatory deferral. These derivatives are marked to fair value and are offset with a corresponding regulatory asset or liability. Realized gains and losses are deferred on the consolidated balance sheets and are recognized in earnings in the delivery month applicable to the instrument. As a result of the treatment described above, there are no unrealized gains or losses that flow through earnings.

Certain counterparties extend MGE a credit limit. If MGE exceeds these limits, the counterparties may require collateral to be posted. As of June 30, 2024, and December 31, 2023,

no

counterparties were in a net liability position.

Nonperformance of counterparties to the non-exchange traded derivatives could expose MGE to credit loss. However, MGE enters into transactions only with companies that meet or exceed strict credit guidelines, and it monitors these counterparties on an ongoing basis to mitigate nonperformance risk in its portfolio. As of June 30, 2024,

no
counterparties had defaulted.

**11. Fair Value of Fin ancial Instruments - MGE Energy and MGE.**

Fair value is defined as the price that would be received to sell an asset or would be paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The accounting standard clarifies that fair value should be based on the assumptions market participants would use when pricing the asset or liability including assumptions about risk. The standard also establishes a three-level fair value hierarchy based upon the observability of the assumptions used and requires the use of observable market data when available. The levels are:

Level 1 - Pricing inputs are quoted prices within active markets for identical assets or liabilities.

Level 2 - Pricing inputs are quoted prices within active markets for similar assets or liabilities; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations that are correlated with or otherwise verifiable by observable market data.

Level 3 - Pricing inputs are unobservable and reflect management's best estimate of what market participants would use in pricing the asset or liability.

**a. Fair Value of Financial Assets and Liabilities Recorded at the Carrying Amount.**

The carrying amount of cash, cash equivalents, and outstanding commercial paper approximates fair market value due to the short maturity of those investments and obligations. The estimated fair market value of long-term debt is based on quoted market prices for similar financial instruments. Since long-term debt is not traded in an active market, it is classified as Level 2. The estimated fair market value of financial instruments are as follows:

| | June 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| *(In thousands)* | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Long-term debt[(a)] | $ 725,990 | $ 658,486 | $ 728,546 | $ 675,922 |

(a) Includes long-term debt due within one year. Excludes debt issuance costs and unamortized discount of $

4.3
million and $

4.6
million as of June 30, 2024, and December 31, 2023 , respectively.

**b. Recurring Fair Value Measurements.**

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis.

| | Fair Value as of June 30, 2024 | | | |
|---|---|---|---|---|
| *(In thousands)* | Total | Level 1 | Level 2 | Level 3 |
| **MGE Energy** | | | | |
| Assets: | | | | |
| Derivatives, net[(b)] | $ 882 | $ 783 | $ — | $ 99 |
| Exchange-traded investments | 67 | 67 | — | — |
| Total Assets | $ 949 | $ 850 | $ — | $ 99 |
| Liabilities: | | | | |
| Derivatives, net[(b)] | $ 2,828 | $ 1,297 | $ — | $ 1,531 |
| Deferred compensation | 5,959 | — | 5,959 | — |
| Total Liabilities | $ 8,787 | $ 1,297 | $ 5,959 | $ 1,531 |
| **MGE** | | | | |
| Assets: | | | | |
| Derivatives, net[(b)] | $ 882 | $ 783 | $ — | $ 99 |
| Exchange-traded investments | 67 | 67 | — | — |
| Total Assets | $ 949 | $ 850 | $ — | $ 99 |
| Liabilities: | | | | |
| Derivatives, net[(b)] | $ 2,828 | $ 1,297 | $ — | $ 1,531 |
| Deferred compensation | 5,959 | — | 5,959 | — |
| Total Liabilities | $ 8,787 | $ 1,297 | $ 5,959 | $ 1,531 |

| | Fair Value as of December 31, 2023 | | | |
|---|---|---|---|---|
| *(In thousands)* | Total | Level 1 | Level 2 | Level 3 |
| **MGE Energy** | | | | |
| Assets: | | | | |
| Derivatives, net[(b)] | $ 598 | $ 352 | $ — | $ 246 |
| Exchange-traded investments | 2,034 | 2,034 | — | — |
| Total Assets | $ 2,632 | $ 2,386 | $ — | $ 246 |

| | | | | |
|---|---|---|---|---|
| Liabilities: | | | | |
| Derivatives, net[(b)] | $ 5,824 | $ 2,974 | $ — | $ 2,850 |
| Deferred compensation | 5,246 | — | 5,246 | — |
| Total Liabilities | $ 11,070 | $ 2,974 | $ 5,246 | $ 2,850 |
| **MGE** | | | | |
| Assets: | | | | |
| Derivatives, net[(b)] | $ 598 | $ 352 | $ — | $ 246 |
| Exchange-traded investments | 60 | 60 | — | — |
| Total Assets | $ 658 | $ 412 | $ — | $ 246 |
| Liabilities: | | | | |
| Derivatives, net[(b)] | $ 5,824 | $ 2,974 | $ — | $ 2,850 |
| Deferred compensation | 5,246 | — | 5,246 | — |
| Total Liabilities | $ 11,070 | $ 2,974 | $ 5,246 | $ 2,850 |

(b) As of June 30, 2024, and December 31, 2023, collateral of $ 2.0 million and $ 5.4 million, respectively, was posted against and netted with derivative liability positions on the consolidated balance sheets. The fair value of the derivative liability disclosed in this table has not been reduced for the collateral posted.

**Exchange-traded Investments.** Investments include exchange-traded investment securities valued using quoted prices on active exchanges and are therefore classified as Level 1.

**Deferred Compensation.** The deferred compensation plans allow participants to defer certain cash compensation into notional investment accounts. These amounts are included within "Other deferred liabilities and other" in the consolidated balance sheets. The value of certain deferred compensation obligations is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are classified as Level 2.

The value of legacy deferred compensation obligations are based on notional investments that earn interest based upon the semiannual rate of U.S. Treasury Bills having a 26 -week maturity increased by 1 % compounded monthly with a minimum annual rate of 7 %, compounded monthly. The notional investments are based upon observable market data, however, since the deferred compensation obligations themselves are not exchanged in an active market, they are classified as Level 2.

**Derivatives.** Derivatives include exchange-traded derivative contracts, over-the-counter transactions and FTRs. Most exchange-traded derivative contracts are valued based on unadjusted quoted prices in active markets and are therefore classified as Level 1. A small number of exchange-traded derivative contracts are valued using quoted market pricing in markets with insufficient volumes and are therefore considered unobservable and classified as Level 3. Transactions done with an over-the-counter party are on inactive markets and are therefore classified as Level 3. These transactions are valued based on quoted prices from markets with similar exchange-traded transactions. FTRs are priced based upon monthly auction results for identical or similar instruments in a closed market with limited data available and are therefore classified as Level 3.

The following table summarizes the changes in Level 3 commodity derivative assets and liabilities measured at fair value on a recurring basis.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In thousands)* | 2024 | 2023 | 2024 | 2023 |
| Beginning balance | $ (1,726) | $ (3,740) | $ (2,604) | $ (866) |
| Realized and unrealized gains (losses): | | | | |
| Included in regulatory assets | 294 | 848 | 1,172 | (2,026) |
| Included in earnings | (1,330) | (903) | (3,855) | (5,574) |
| Settlements | 1,330 | 903 | 3,855 | 5,574 |
| Balance as of June 30, | $ (1,432) | $ (2,892) | $ (1,432) | $ (2,892) |

The following table presents total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis[(c)].

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| *(In thousands)* | 2024 | 2023 | 2024 | 2023 |
| Purchased power expense | $ (1,330) | $ (903) | $ (3,855) | $ (5,574) |

(c) MGE's exchange-traded derivative contracts, over-the-counter party transactions, and FTRs are subject to regulatory deferral. These derivatives are therefore marked to fair value and are offset in the financial statements with a corresponding regulatory asset or liability.

## 12. Joint Plant Constr uction Project Ownership - MGE Energy and MGE

MGE has ownership interests in generation projects with other co-owners, some of which are under construction, as shown in the following table. Incurred costs are reflected in "Property, plant, and equipment, net" or "Construction work in progress" on the consolidated balance sheets.

| Project | Ownership Interest | Source | Share of Generation | Share of Estimated Costs[(a)] | Costs incurred as of June 30, 2024[(a)] | Estimated Date of Commercial Operation |
|---|---|---|---|---|---|---|
| Paris[(b)] | 10 % | Solar/Battery | 20 MW/ 11 MW | $ 61 million[(d)] | $ 40.2 million | 2024 Solar<br>2025 Battery |

| | | | | | | |
|---|---|---|---|---|---|---|
| Darien[c] | 10 % | Solar | 25 MW | $ 48 million[d][e] | $ 37.6 million | 2024 |
| Koshkonong[f] | 10 % | Solar | 30 MW | $ 65 million[d][e] | $ 0.1 million | 2026 |
| West Riverside | 3.5 % | Natural Gas | 25 MW | $ 25 million | $ 25.2 million | (g) |

(a) Excluding AFUDC.
(b) Paris Solar-Battery Park is located in the Town of Paris in Kenosha County, Wisconsin.
(c) Darien Solar Energy Center is located in Walworth and Rock Counties in southern Wisconsin.
(d) Estimated costs are expected to exceed PSCW previously approved Certificate of Authority (CA) levels. Notifications are provided to the PSCW when costs increase above CA levels. MGE has and will continue to request recovery of the updates in its rate case proceedings.
(e) As part of its order, the PSCW approved battery capacity with this project, which is no longer included in the current estimate. We will continue to evaluate timing, cost, and feasibility of the installation of batteries.
(f) Koshkonong Solar Energy Center is located in the Towns of Christiana and Deerfield in Dane County, Wisconsin.
(g) In June 2024, MGE purchased an additional ownership interest in West Riverside, a natural gas-fired facility located in Beloit, WI, from WPL, operator and co-owner of the plant. West Riverside was placed in-service in 2020. MGE's interest in West Riverside increased to 6.9 %.

MGE received specific approval to recover 100 % AFUDC on Paris, Darien, and Koshkonong. During the three and six months ended June 30, 2024, MGE recognized $ 1.5 million and $ 2.7 million, respectively, after tax, in AFUDC for these projects compared to $ 0.6 million and $ 1.0 million for the comparable periods in 2023.

**13. Reven ue - MGE Energy and MGE.**

Revenues disaggregated by revenue source were as follows:

| *(In thousands)* | Three Months Ended June 30, 2024 | Three Months Ended June 30, 2023 | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|---|---|
| **Electric revenues** | | | | |
| Residential | $ 40,321 | $ 40,324 | $ 81,462 | $ 81,544 |
| Commercial | 64,161 | 63,428 | 124,024 | 122,965 |
| Industrial | 3,445 | 3,577 | 6,855 | 6,863 |
| Other-retail/municipal | 10,403 | 10,243 | 20,093 | 19,862 |
| Total retail | 118,330 | 117,572 | 232,434 | 231,234 |
| Sales to the market | 1,519 | 3,554 | 2,595 | 6,312 |
| Other | 534 | 366 | 1,479 | 1,190 |
| Total electric revenues | 120,383 | 121,492 | 236,508 | 238,736 |
| **Gas revenues** | | | | |

| | | | | |
|---|---|---|---|---|
| Residential | 15,589 | 16,688 | 58,987 | 72,412 |
| Commercial/Industrial | 7,876 | 8,207 | 37,400 | 49,710 |
| Total retail | 23,465 | 24,895 | 96,387 | 122,122 |
| Gas transportation | 1,505 | 1,235 | 3,585 | 3,767 |
| Other | 146 | 161 | 313 | 364 |
| Total gas revenues | 25,116 | 26,291 | 100,285 | 126,253 |
| Non-regulated energy revenues | 214 | 215 | 256 | 262 |
| Total Operating Revenue | $ 145,713 | $ 147,998 | $ 337,049 | $ 365,251 |

**14. Segment Infor mation - MGE Energy and MGE.**

MGE Energy operates in the following business segments: electric utility, gas utility, nonregulated energy, transmission investment, and all other. See the 2023 Annual Report on Form 10-K for additional discussion of each of these segments.

| *(In thousands)*<br>**MGE Energy** | Electric | Gas | Non-Regulated Energy | Transmission Investment | All Others | Consolidation/ Elimination | Consolidated Total |
|---|---|---|---|---|---|---|---|
| ***Three Months Ended June 30, 2024*** | | | | | | | |
| Operating revenues | $ 120,383 | $ 25,116 | $ 214 | $ — | $ — | $ — | $ 145,713 |
| Interdepartmental revenues | (55) | 2,172 | 10,946 | — | — | (13,063) | — |
| Total operating revenues | 120,328 | 27,288 | 11,160 | — | — | (13,063) | 145,713 |
| Equity in earnings of investments | — | — | — | 2,780 | — | — | 2,780 |
| Net income | 15,661 | 50 | 6,043 | 2,022 | 18 | — | 23,794 |
| ***Three Months Ended June 30, 2023*** | | | | | | | |
| Operating revenues | $ 121,492 | $ 26,291 | $ 215 | $ — | $ — | $ — | $ 147,998 |
| Interdepartmental revenues | 193 | 2,770 | 10,195 | — | — | (13,158) | — |
| Total operating revenues | 121,685 | 29,061 | 10,410 | — | — | (13,158) | 147,998 |
| Equity in earnings of investments | — | — | — | 2,629 | — | — | 2,629 |
| Net income (loss) | 21,556 | 581 | 5,470 | 1,914 | (840) | — | 28,681 |
| ***Six Months Ended June 30, 2024*** | | | | | | | |
| Operating revenues | $ 236,508 | $ 100,285 | $ 256 | $ — | $ — | $ — | $ 337,049 |
| Interdepartmental revenues | (109) | 7,383 | 21,773 | — | — | (29,047) | — |
| Total operating revenues | 236,399 | 107,668 | 22,029 | — | — | (29,047) | 337,049 |
| Equity in earnings of investments | — | — | — | 5,526 | — | — | 5,526 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Net income (loss) | 31,424 | 10,664 | 11,866 | 4,018 | (364) | — | 57,608 |
| ***Six Months Ended June 30, 2023*** | | | | | | | |
| Operating revenues | $ 238,736 | $ 126,253 | $ 262 | $ — | $ — | $ — | $ 365,251 |
| Interdepartmental revenues | 141 | 9,431 | 20,745 | — | — | (30,317) | — |
| Total operating revenues | 238,877 | 135,684 | 21,007 | — | — | (30,317) | 365,251 |
| Equity in earnings of investments | — | — | — | 5,240 | — | — | 5,240 |
| Net income (loss) | 34,870 | 11,340 | 11,040 | 3,813 | (1,304) | — | 59,759 |

| *(In thousands)*<br>**MGE** | Electric | Gas | Non-Regulated Energy | Consolidation/ Elimination | Consolidated Total |
|---|---|---|---|---|---|
| ***Three Months Ended June 30, 2024*** | | | | | |
| Operating revenues | $ 120,383 | $ 25,116 | $ 214 | $ — | $ 145,713 |
| Interdepartmental revenues | (55) | 2,172 | 10,946 | (13,063) | — |
| Total operating revenues | 120,328 | 27,288 | 11,160 | (13,063) | 145,713 |
| Net income attributable to MGE | 15,661 | 50 | 6,043 | (5,766) | 15,988 |
| ***Three Months Ended June 30, 2023*** | | | | | |
| Operating revenues | $ 121,492 | $ 26,291 | $ 215 | $ — | $ 147,998 |
| Interdepartmental revenues | 193 | 2,770 | 10,195 | (13,158) | — |
| Total operating revenues | 121,685 | 29,061 | 10,410 | (13,158) | 147,998 |
| Net income attributable to MGE | 21,556 | 581 | 5,470 | (5,375) | 22,232 |
| ***Six Months Ended June 30, 2024*** | | | | | |
| Operating revenues | $ 236,508 | $ 100,285 | $ 256 | $ — | $ 337,049 |
| Interdepartmental revenues | (109) | 7,383 | 21,773 | (29,047) | — |
| Total operating revenues | 236,399 | 107,668 | 22,029 | (29,047) | 337,049 |

| | | | | | |
|---|---|---|---|---|---|
| Net income attributable to MGE | 31,424 | 10,664 | 11,866 | (11,363) | 42,591 |
| ***Six Months Ended June 30, 2023*** | | | | | |
| Operating revenues | $ 238,736 | $ 126,253 | $ 262 | $ — | $ 365,251 |
| Interdepartmental revenues | 141 | 9,431 | 20,745 | (30,317) | — |
| Total operating revenues | 238,877 | 135,684 | 21,007 | (30,317) | 365,251 |
| Net income attributable to MGE | 34,870 | 11,340 | 11,040 | (10,895) | 46,355 |

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

### *General*

MGE Energy is an investor-owned public utility holding company operating through subsidiaries in five business segments:

- Regulated electric utility operations, conducted through MGE, which generate and distribute electricity to approximately 163,000 customers in Dane County, Wisconsin,
- Regulated gas utility operations, conducted through MGE, which distribute natural gas to approximately 176,000 customers in seven south-central and western Wisconsin counties,
- Nonregulated energy operations, conducted through MGE Power and its subsidiaries, which owns interests in electric generating capacity that is leased to MGE,
- Transmission investments, representing our equity investment in ATC, which owns and operates electric transmission facilities primarily in Wisconsin, and ATC Holdco, a company created to facilitate out-of-state electric transmission development and investments, and
- All other, which includes corporate operations and services.

MGE will continue to focus on growing earnings while controlling operating and fuel costs. MGE's goal is to provide safe and efficient operations in addition to providing customer value. We believe it is critical to maintain a strong credit rating consistent with financial strength in MGE in order to accomplish these goals.

The ownership/leasing structure for our nonregulated energy operations was adopted under applicable state regulatory guidelines for MGE's participation in these generation facilities, consisting principally of a stable return on the equity investment in the new generation facilities over the term of the related leases. The nonregulated energy operations include an ownership interest in two coal-fired generating units in Oak Creek, Wisconsin and a partial ownership of a cogeneration project on the University of Wisconsin-Madison campus. A third party operates the units in Oak Creek, and MGE operates the cogeneration project. Due to the nature of MGE's participation in these facilities, the results of MGE Energy's nonregulated operations are also consolidated into MGE's consolidated financial position and results of operations under applicable accounting standards.

### *Executive Overview*

We principally earn revenue and generate cash from operations by providing electric and natural gas utility services, including electric power generation and electric power and gas distribution. The earnings and cash flows from the utility business are sensitive to various external factors, including:

- Weather, and its impact on customer sales,
- Economic conditions, including current business activity and employment and their impact on customer demand,
- Regulation and regulatory issues, and their impact on the timing and recovery of costs,
- Energy commodity prices, including natural gas prices,
- Equity price risk pertaining to pension related assets,
- Credit market conditions, including interest rates and our debt credit rating,
- Environmental laws and regulations, including adopted and pending environmental rule changes, and
- Other factors listed in "Item 1A. Risk Factors" in our 2023 Annual Report on Form 10-K.

During the three months ended June 30, 2024, MGE Energy's earnings were $23.8 million or $0.66 per share compared to $28.7 million or $0.79 per share during the same period in the prior year. MGE's earnings during the three months ended June 30, 2024, were $16.0 million compared to $22.2 million during the same period in the prior year.

During the six months ended June 30, 2024, MGE Energy's earnings were $57.6 million or $1.59 per share compared to $59.8 million or $1.65 per share during the same period in the prior year. MGE's earnings during the six months ended June 30, 2024, were $42.6 million compared to $46.4 million during the same period in the prior year.

MGE Energy's net income was derived from our business segments as follows:

| (In millions) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| Business Segment: | 2024 | 2023 | 2024 | 2023 |
| Electric Utility | $ 15.6 | $ 21.6 | $ 31.4 | $ 34.9 |
| Gas Utility | 0.1 | 0.6 | 10.7 | 11.4 |
| Nonregulated Energy | 6.1 | 5.4 | 11.9 | 11.0 |
| Transmission Investments | 2.0 | 1.9 | 4.0 | 3.8 |
| All Other | — | (0.8) | (0.4) | (1.3) |
| Net Income | $ 23.8 | $ 28.7 | $ 57.6 | $ 59.8 |

Our net income during the three and six months ended June 30, 2024, compared to the same periods in the prior year primarily reflects the effects of the following factors:

*Electric Utility*
Unfavorable weather during 2024 has contributed to lowered electric earnings. Electric residential sales decreased approximately 4% during both the three and six months ended June 30, 2024, compared to the same periods in the prior year. Also contributing to lowered electric earnings is increased fuel costs during 2024 compared to the 2024 fuel cost plan approved by the PSCW. An increase in electric investments contributed to earnings for the three and six months ended June 30, 2024.

*Gas Utility*
Lower gas retail sales resulting from warmer than normal weather in the first quarter of 2024 contributed to lower gas earnings for the six months ended June 30, 2024. Gas retail sales decreased approximately 8%. Heating degree days (a measure for determining the impact of weather during the heating season) decreased by approximately 9% in the first six months of 2024 compared to the same period in the prior year.

**Significant Events**

The following events affected the first six months of 2024:

2024/2025 Rate Proceeding: In December 2023, the PSCW approved a 1.54% increase to electric rates and 2.44% increase to gas rates for 2024. The PSCW also approved a 4.17% increase to electric rates and 1.32% increase to gas rates in 2025. MGE filed a 2025 Fuel Cost Plan with the PSCW in June 2024. The plan would lower the 2025 increase in electric rates to 2.47%, reflecting lower expected fuel costs. MGE expects a final decision from the PSCW on the Fuel Cost Plan by the end of 2024. See "Other Matters" below for additional information on the 2024/2025 rate proceeding.

In accordance with the 2024/2025 rate order from the PSCW, MGE will have an earnings sharing mechanism, under which, if MGE earns above the 9.7% ROE authorized in the rate order: (i) the utility will retain 100% of earnings for the first 15 basis points above the authorized ROE; (ii) 50% of the next 60 basis points will be required to be deferred and returned to customers; and (iii) 100% of any remaining excess earnings will be required to be refunded to customers. The earnings calculation excludes fuel rules adjustments.

Large Scale Utility Projects: Large scale generation projects under construction, are shown in the following table. Incurred costs are reflected in "Construction work in progress" for projects under construction on the consolidated balance sheets.

| Project | Ownership Interest | Source | Share of Generation | Share of Estimated Costs[a] | Costs incurred as of June 30, 2024[a] | Estimated Date of Commercial Operation |
|---|---|---|---|---|---|---|
| Paris | 10% | Solar/Battery | 20 MW/11 MW | $61 million[c] | $40.2 million[b] | 2024 Solar<br>2025 Battery |
| Darien | 10% | Solar | 25 MW | $48 million[c][d] | $37.6 million[b] | 2024 |
| High Noon[e] | 10% | Solar | 30 MW | $65 million | $1.0 million | 2026 |
| Koshkonong | 10% | Solar | 30 MW | $65 million[c][d] | $0.1 million | 2026 |
| Sunnyside[f] | 100% | Solar/Battery | 20MW/40MW | $112 million | $0.9 million | 2026 Solar<br>2027 Battery |

(a) Excluding AFUDC.

(b) MGE received specific approval to recover 100% AFUDC. After tax, MGE recognized $3.3 million and $1.4 million of AFUDC equity through June 30, 2024, on Paris and Darien, respectively, during construction. AFUDC has been excluded from the costs incurred in the table above.

(c) Estimated costs are expected to exceed PSCW previously approved CA levels. Notifications are provided to the PSCW when costs increase above CA levels. MGE has and will continue to request recovery of the updates in its rate case proceedings.

(d) As part of its order, the PSCW approved battery capacity with this project, which is no longer included in the current estimate. We will continue to evaluate timing, cost, and feasibility of the installation of batteries.

(e) Pending approval by the PSCW. Battery storage has been proposed as part of this project and has not been included in the 2024-2028 forecast. MGE will continue to evaluate timing, cost, and feasibility of the installation of batteries.

(f) Pending approval by the PSCW.

In the near term, several items may affect us, including:

2023 Annual Fuel Proceeding: MGE had fuel savings in 2023. As of December 31, 2023, MGE had deferred $7.2 million of 2023 fuel savings. The PSCW has completed the annual review of 2023 fuel costs and approved for MGE to return these savings over a 3-month period from October 2024 through December 2024. There was no change to the costs to be refunded in the fuel rule proceedings from the amount MGE deferred in the previous year.

ATC ROE: As discussed in "Other Matters" below, ATC's authorized ROE, which is used in calculating its rates and revenues, is the subject of a challenge before Federal Energy Regulatory Commission (FERC). A decrease in ATC's ROE could result in lower equity earnings and distributions from ATC in the future. We derived approximately 6.7% and 6.2% of our net income during the six months ended June 30, 2024 and 2023, respectively, from our investment in ATC.

Environmental Initiatives: There are proposed legislative rules and initiatives involving matters related to air emissions, water effluent, hazardous materials, and greenhouse gases, all of which affect generation plant capital expenditures and operating costs as well as future operational planning. Legislation and rulemaking addressing climate change and related matters could significantly affect the costs of owning and operating fossil-fueled generating plants. We would expect to seek and receive recovery of any such costs in rates. However, it is difficult to estimate the amount of such costs due to the uncertainty as to the timing and form of any legislation or rules, the timing and effects of any judicial review, and the scope and time of the recovery of costs in rates, which may occur after those costs have been incurred and paid.

Future Generation – 80% carbon reduction target by 2030 (from 2005 levels): MGE has outlined initiatives to achieve our raised target.

• *Transitioning away from coal.* Columbia: MGE, along with the other plant co-owners, announced plans to retire Columbia Unit 1 and Unit 2 by June 2026. Final timing and retirement dates for Units 1 and 2 are subject to change depending on operational, regulatory, and other factors. MGE has a plan, which it continues to evaluate, to replace the generation from Columbia while maintaining electric service reliability.

Elm Road Units: MGE, along with the plant co-owners, announced plans to end the use of coal as a primary fuel at the Elm Road Units and transition the plant to natural gas. Transition plans and costs will be subject to PSCW approval. MGE's remaining use of coal is expected to be further reduced as the Elm Road Units transition to natural gas. By the end of 2030, MGE expects coal to be used only as a backup fuel at the Elm Road Units. This transition will help MGE meet its 2030 carbon reduction goals. By the end of 2032, MGE expects that the Elm Road Units will be fully transitioned away from coal, which will eliminate coal as an internal generation source for MGE.

• *Growing renewable generation.* MGE is seeking to acquire a joint interest in several renewable generation projects. The forecasted capital expenditures include announced projects such as Paris (Solar and Battery; 20 MW/11 MW), Darien (Solar; 25 MW), Koshkonong (Solar; 30 MW), High Noon (Solar; 30 MW), Sunnyside (Solar and Battery; 20 MW/40 MW), and other projects expected to be announced in the future. See the

2024-2028 capital expenditures forecast disclosed in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2023 Annual Report on Form 10-K.

• *Natural gas as a fuel source.* West Riverside: In June 2024, MGE purchased an additional 25 MW of capacity of West Riverside for approximately $25 million. After purchase, MGE owns 50 MW of capacity of West Riverside. West Riverside is a natural gas-fired generating plant.

Environmental Initiatives – Natural gas distribution: Building upon our long-standing commitment to providing affordable, sustainable energy, MGE has set a goal to achieve net-zero methane emissions from its natural gas distribution system by 2035. If MGE can accelerate plans to achieve net-zero methane emissions from its natural gas system—through the evolution of new technologies, such as renewable natural gas—it will. MGE is working to reduce overall emissions from its natural gas distribution system cost-effectively. For customers who want to reduce their footprint further, MGE introduced a renewable natural gas program which was made effective starting May 2024 after approval by the PSCW. MGE purchases renewable thermal credits on behalf of customers who voluntarily elect in the program to offset the emissions associated with the customer's monthly natural gas usage.

Solar Procurement Disruptions: MGE is monitoring import regulations under the Uyghur Forced Labor Protection Act and the U.S. Department of Commerce new solar tariffs. These disruptions have a potential to impact current and future solar projects which may result in an increase in costs or delays in construction timelines. In the event that such disruptions cause costs to exceed the levels approved for specific projects, we have filed, and expect to continue to file, notifications with the PSCW and expect to request recovery of any increases in MGE's future rate proceedings. See "Other Matters" below for additional information on the solar procurement disruptions.

Financing and Equity Issuance Plans: As of June 30, 2024, MGE has $330 million of remaining regulatory authority from the PSCW to issue long-term debt to finance authorized utility capital expenditures. MGE expects to use a portion of the remaining authority during the second half of 2024 to finance authorized utility capital expenditures. In the second half of 2024, MGE Energy expects to begin issuing new shares of common stock to participants in our Direct Stock Purchase and Dividend Reinvestment Plan.

The following discussion is based on the business segments as discussed in Footnote 14 of the Notes to Consolidated Financial Statements in this Report.

## Results of Operations

### *Three Months Ended June 30, 2024 and 2023*

#### ***Electric sales and revenues***

The following table compares MGE's electric revenues and electric kWh sales by customer class for each of the periods indicated:

| | Revenues Three Months Ended June 30, | | | Sales (kWh) Three Months Ended June 30, | | |
|---|---|---|---|---|---|---|
| *(In thousands, except CDD)* | 2024 | 2023 | % Change | 2024 | 2023 | % Change |
| Residential | $ 40,321 | $ 40,324 | — % | 193,886 | 201,892 | (4.0)% |
| Commercial | 64,161 | 63,428 | 1.2 % | 440,151 | 438,953 | 0.3 % |
| Industrial | 3,445 | 3,577 | (3.7)% | 36,822 | 38,354 | (4.0)% |
| Other-retail/municipal | 10,403 | 10,243 | 1.6 % | 97,648 | 92,796 | 5.2 % |
| Total retail | 118,330 | 117,572 | 0.6 % | 768,507 | 771,995 | (0.5)% |
| Sales to the market | 1,519 | 3,554 | (57.3)% | 36,706 | 50,207 | (26.9)% |
| Other | 534 | 366 | 45.9 % | — | — | — % |
| Total | $ 120,383 | $ 121,492 | (0.9)% | 805,213 | 822,202 | (2.1)% |
| | | | | | | |
| Cooling degree days (normal 197) | | | | 207 | 205 | 1.0 % |

Electric revenue decreased $1.1 million during the three months ended June 30, 2024, compared to the same period in the prior year, due to the following:

| (In millions) | | |
|---|---|---|
| Sales to the market | $ | (2.0) |
| Decrease in residential volume | | (1.3) |
| Rate changes | | 1.2 |
| Customer fixed and demand charges | | 0.7 |
| Other | | 0.3 |
| Total | $ | (1.1) |

• *Sales to the market.* Sales to the market typically occur when MGE has more generation and purchases in the MISO market than are needed for its customer demand. The excess electricity is then sold to other utilities or power marketers in the MISO market. During the three months ended June 30, 2024, market volumes decreased compared to the same period in the prior year, reflecting a decrease in sales. Additionally, a decrease in the cost of capacity sold further contributed to the decrease in sales. The revenue generated from these sales is included in fuel rules costs. See fuel rules discussion in Footnote 9 of the Notes to Consolidated Financial Statements.

• *Volume.* During the three months ended June 30, 2024, residential sales decreased by approximately 4% compared to the same period in the prior year. This decrease was driven by weather conditions during the heating months. This change was a result of a warmer April 2023 compared to 2024 which impacted residential sales.

• *Rate changes.* In December 2023, the PSCW authorized MGE to increase 2024 rates for retail electric customers by approximately 1.54%. Rates charged to retail customers during the three months ended June 30, 2024, were $1.2 million higher than those charged during the same period in the prior year. See Footnote 9 of the Notes to Consolidated Financial Statements in this Report for further information on the rate increase. Any increase in rates associated with fuel or purchase power costs are generally offset in fuel and purchased power costs and do not have a significant impact on net income.

***Electric fuel and purchased power***

| | Three Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| *(In millions)* | | 2024 | | 2023 | | $ Change |
| Fuel for electric generation | $ | 11.2 | $ | 13.6 | $ | (2.4) |
| Purchased power | | 8.9 | | 5.8 | | 3.1 |

The $2.4 million decrease in fuel for electric generation was due to an approximately 16% decrease in the average cost primarily driven by lower market prices. Internal generation decreased approximately 2%.

Excluding deferred fuel costs, purchased power increased $1.8 million. The increase in purchased power was due to an approximately 42% increase in average cost. The increase was partially offset by an approximately 5% decrease in market purchases as a result of lower customer sales. Deferred fuel cost recovered during the three months ended June 30, 2024, was $2.1 million compared to $0.8 million in the same period of the prior year.

Fuel and purchased power costs are generally offset by electric revenue and do not have a significant impact on net income. MGE expects to seek and receive recovery of fuel and purchased power costs that exceed the fuel rules bandwidth in customer rates. See Footnote 9 of the Notes to Consolidated Financial Statements in this Report for further information on the fuel rules bandwidth.

***Gas deliveries and revenues***

The following table compares MGE's gas revenues and gas therms delivered by customer class for each of the periods indicated:

| *(In thousands, except HDD and average rate per therm of retail customer)* | Revenues Three Months Ended June 30, 2024 | 2023 | % Change | Therms Delivered Three Months Ended June 30, 2024 | 2023 | % Change |
|---|---|---|---|---|---|---|
| Residential | $ 15,589 | $ 16,688 | (6.6)% | 11,822 | 13,593 | (13.0)% |
| Commercial/Industrial | 7,876 | 8,207 | (4.0)% | 13,824 | 14,794 | (6.6)% |
| Total retail | 23,465 | 24,895 | (5.7)% | 25,646 | 28,387 | (9.7)% |
| Gas transportation | 1,505 | 1,235 | 21.9% | 15,367 | 16,032 | (4.1)% |
| Other | 146 | 161 | (9.3)% | — | — | —% |
| Total | $ 25,116 | $ 26,291 | (4.5)% | 41,013 | 44,419 | (7.7)% |
| Heating degree days (normal 803) | | | | 599 | 739 | (18.9)% |
| Average rate per therm of retail customer | $ 0.915 | $ 0.877 | 4.3% | | | |

Gas revenue decreased $1.2 million during the three months ended June 30, 2024, compared to the same period in the prior year, due to the following:

| *(In millions)* | |
|---|---|
| Other | $ (0.8) |
| Rate changes | (0.4) |
| Decrease in volume | (0.1) |
| Revenue subject to refund, net | 0.1 |
| Total | $ (1.2) |

• *Rate changes.* In December 2023, the PSCW authorized MGE to increase 2024 rates for retail gas customers by approximately 2.44%.

MGE recovers the cost of natural gas in its gas segment through the PGA. Under the PGA, MGE is able to pass through to its gas customers the cost of gas. Changes in PGA recoveries affect revenues but do not change net income in view of the pass-through treatment of the costs. Payments for natural gas decreased driving lower rates during the three months ended June 30, 2024.

The average retail rate per therm for the three months ended June 30, 2024, increased approximately 4% compared to the same period in the prior year, reflecting a decrease in natural gas commodity costs (recovered through the PGA).

***Cost of gas sold***

Cost of gas sold decreased $1.0 million during the three months ended June 30, 2024, compared to the same period in the prior year. Therms delivered decreased approximately 9% and average cost per therm decreased approximately 5%. MGE recovers the cost of natural gas in its gas segment through the PGA as described under gas deliveries and revenue above.

***Consolidated operations and maintenance expenses***

During the three months ended June 30, 2024, operations and maintenance expenses increased $4.7 million, compared to the same period in the prior year. The following contributed to the net change:

| *(In millions)* | |
|---|---|
| Increased customer accounts costs | $ 2.3 |
| Increased transmission costs | 1.6 |
| Increased electric distribution expenses | 1.6 |
| Increased electric production expenses | 0.9 |
| Decreased administrative and general costs | (1.4) |
| Decreased other expenses | (0.3) |
| Total | $ 4.7 |

• Increased customer accounts costs are primarily related to collection of deferred bad debt expense from prior years. MGE has received approval to recover deferred bad debt expense from 2020 through 2023 over a two-year period beginning in 2024. Bad debt expense is generally offset by electric revenue and does not have a significant impact on net income.

• Increased transmission costs are primarily a result of an increase in transmission rate and collection of deferred costs from prior years. Transmission costs represent ATC and MISO network transmission expenses authorized to collect in rates. The PSCW has approved MGE to defer as a regulatory asset or liability, the difference between actual costs included in rates and to be recovered or refunded in a future rate proceeding. Transmission cost is generally offset by electric revenue and does not have a significant impact on net income.

• Electric distribution expenses were higher in 2024 primarily related to the May 2024 storm response costs.

• Decreased administrative and general costs are primarily related to a decrease in pension and other postretirement service costs. These costs are generally offset by electric revenue and do not have a significant impact on net income.

***Consolidated depreciation expense***

Electric depreciation expense increased $1.5 million and gas depreciation expense increased $0.3 million during the three months ended June 30, 2024, compared to the same period in the prior year. Badger Hollow II was placed in service in December 2023. The timing of the in-service dates contributed to the increase in electric depreciation expense.

***Electric and gas other income***

Electric other income decreased $0.6 million and gas other income decreased $1.6 million during the three months ended June 30, 2024, compared to the same period in the prior year, primarily related to pension and other postretirement excluding service costs.

**Nonregulated Energy Operations - MGE Energy and MGE**

The nonregulated energy operations are conducted through MGE Energy's subsidiaries: MGE Power Elm Road (the Elm Road Units) and MGE Power West Campus (WCCF), which have been formed to own and lease electric generating capacity to assist MGE. During the three months ended June 30, 2024 and 2023, net income at the nonregulated energy operations segment was $6.0 million and $5.5 million, respectively.

**Transmission Investment Operations - MGE Energy**

The transmission investment segment holds our interest in ATC and ATC Holdco, and its income reflects our equity in the earnings of those investments. ATC Holdco was formed in December 2016 to pursue transmission development opportunities that typically have long development and investment lead times before becoming operational. During the three months ended June 30, 2024 and 2023, other income at the transmission investment segment primarily reflects ATC's operations and was $2.8 million and $2.6 million, respectively. See Footnote 3 of the Notes to Consolidated Financial Statements in this Report for summarized financial information regarding ATC and "Other Matters" below for additional information concerning ATC.

**All Other Operations - MGE Energy**

***Other income***

The increase of $0.9 million in other income from all other operations during the three months ended June 30, 2024, primarily results from decreased investment distribution losses from our venture capital funds compared to the same period in the prior year. These venture capital investments support early-stage companies working to advance smart technologies, the customer experience, distributed energy resources, electrification, cybersecurity, and other priorities for utility companies such as greater sustainability.

**Consolidated Income Taxes - MGE Energy and MGE**

See Footnote 4 of the Notes to Consolidated Financial Statements in this Report for the effective tax rate reconciliation.

**Noncontrolling Interest, Net of Tax - MGE**

Noncontrolling interest, net of tax, reflects the accounting required for MGE Energy's interest in MGE Power Elm Road (the Elm Road Units) and MGE Power West Campus (WCCF). MGE Energy owns 100% of MGE Power Elm Road and MGE Power West Campus. They are not owned by MGE. Due to the contractual agreements for these projects with MGE, the entities are considered VIEs with respect to MGE and their results are consolidated with those of MGE, the primary beneficiary of the VIEs. The following table shows MGE Energy's noncontrolling interest, net of tax, reflected on MGE's consolidated statement of income:

| | Three Months Ended June 30, | |
|---|---|---|
| *(In millions)* | 2024 | 2023 |
| MGE Power Elm Road | $ 3.9 | $ 3.6 |
| MGE Power West Campus | 1.9 | 1.8 |

## Results of Operations

### *Six Months Ended June 30, 2024 and 2023*

***Electric sales and revenues***

The following table compares MGE's electric revenues and electric kWh sales by customer class for each of the periods indicated:

| | Revenues Six Months Ended June 30, | | | Sales (kWh) Six Months Ended June 30, | | |
|---|---|---|---|---|---|---|
| *(In thousands, except CDD)* | 2024 | 2023 | % Change | 2024 | 2023 | % Change |
| Residential | $ 81,462 | $ 81,544 | (0.1)% | 393,578 | 408,082 | (3.6)% |
| Commercial | 124,024 | 122,965 | 0.9% | 860,943 | 860,125 | 0.1% |
| Industrial | 6,855 | 6,863 | (0.1)% | 74,270 | 74,606 | (0.5)% |
| Other-retail/municipal | 20,093 | 19,862 | 1.2% | 180,495 | 172,475 | 4.6% |
| Total retail | 232,434 | 231,234 | 0.5% | 1,509,286 | 1,515,288 | (0.4)% |
| Sales to the market | 2,595 | 6,312 | (58.9)% | 61,687 | 53,823 | 14.6% |
| Other revenues | 1,479 | 1,190 | 24.3% | — | — | —% |
| Total | $ 236,508 | $ 238,736 | (0.9)% | 1,570,973 | 1,569,111 | 0.1% |
| | | | | | | |
| Cooling degree days (normal 197) | | | | 207 | 205 | 1.0% |

Electric revenue decreased $2.2 million during the six months ended June 30, 2024, compared to the same period in the prior year, due to the following:

| *(In millions)* | |
|---|---|
| Sales to the market | $ (3.7) |
| Decrease in residential volume | (2.4) |
| Revenue subject to refund, net | (1.3) |
| Rate changes | 3.2 |
| Customer fixed and demand charges | 1.7 |
| Other | 0.3 |
| Total | $ (2.2) |

• *Sales to the market.* Sales to the market typically occur when MGE has more generation and purchases in the MISO market than are needed for its customer demand. The excess electricity is then sold to other utilities or power marketers in the MISO market. During the six months ended June 30, 2024, market volumes increased compared to the same period in the prior year, reflecting an increase in sales. However, the cost of capacity sold decreased offsetting the revenue generated from increased sales to the market from excess generation and purchases. The revenue generated from these sales is included in fuel rules costs. See fuel rules discussion in Footnote 9 of the Notes to Consolidated Financial Statements.

• *Volume.* During the six months ended June 30, 2024, residential sales decreased by approximately 4% compared to the same period in the prior year. This decrease was driven by weather conditions during the heating months. This change was a result of a warmer April 2023 compared to 2024 which impacted residential sales.

• *Revenue subject to refund.* For cost recovery mechanisms, any over-collection of revenues resulting from costs authorized to be collected from customers in rates exceeding actual costs is recorded as a reduction of revenue in the period incurred, as the over-collection is expected to be refunded to customers in a subsequent period. In the year the over-collection is refunded, rates are reduced and offset as revenue subject to refund. There is no net income impact in the year the costs are refunded.

• *Rate changes.* In December 2023, the PSCW authorized MGE to increase 2024 rates for retail electric customers by approximately 1.54%. Rates charged to retail customers during the six months ended June 30, 2024, were $3.2 million higher than those charged during the same period in the prior year. See Footnote 9 of the Notes to Consolidated Financial Statements in this Report for further information on the rate increase. Any increase in rates associated with fuel or purchase power costs are generally offset in fuel and purchased power costs and do not have a significant impact on net income.

• *Customer fixed and demand charges.* During the six months ended June 30, 2024, fixed and demand charges increased $1.7 million primarily attributable to the increase in demand charges for commercial customers.

***Electric fuel and purchased power***

| | Six Months Ended June 30, | | |
|---|---|---|---|
| *(In millions)* | 2024 | 2023 | $ Change |
| Fuel for electric generation | $ 23.9 | $ 27.4 | $ (3.5) |
| Purchased power | 18.3 | 21.2 | (2.9) |

The $3.5 million decrease in fuel for electric generation was due to an approximately 21% decrease in the average cost partially offset by an approximately 11% increase in internal generation. Renewable generation increased approximately 29% driven by new generation sources including Badger Hollow II. Columbia generation was higher during the six months ended June 30, 2024, compared to the same period in the prior year as a result of market prices.

Excluding deferred fuel costs, purchased power decreased $5.4 million. The decrease in purchased power was due to an approximately 30% decrease in market purchases as a result of lower customer sales and increased internal generation. This decrease was partially offset by an approximately 3% increase in average cost. Deferred fuel cost recovered during the six months ended June 30, 2024, was $4.1 million compared to $1.6 million in the same period of the prior year.

Fuel and purchased power costs are generally offset by electric revenue and do not have a significant impact on net income. MGE expects to seek and receive recovery of fuel and purchased power costs that exceed the fuel rules bandwidth in customer rates. See Footnote 9 of the Notes to Consolidated Financial Statements in this Report for further information on the fuel rules bandwidth.

### *Gas deliveries and revenues*

The following table compares MGE's gas revenues and gas therms delivered by customer class for each of the periods indicated:

| (In thousands, except HDD and average rate per therm of retail customer) | Revenues Six Months Ended June 30, | | | Therms Delivered Six Months Ended June 30, | | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | % Change | 2024 | 2023 | % Change |
| Residential | $ 58,987 | $ 72,412 | (18.5)% | 55,629 | 60,746 | (8.4)% |
| Commercial/Industrial | 37,400 | 49,710 | (24.8)% | 53,048 | 57,249 | (7.3)% |
| Total retail | 96,387 | 122,122 | (21.1)% | 108,677 | 117,995 | (7.9)% |
| Gas transportation | 3,585 | 3,767 | (4.8)% | 36,256 | 38,305 | (5.3)% |
| Other revenues | 313 | 364 | (14.0)% | — | — | —% |
| Total | $ 100,285 | $ 126,253 | (20.6)% | 144,933 | 156,300 | (7.3)% |
| Heating degree days (normal 4,364) | | | | 3,580 | 3,929 | (8.9)% |
| Average rate per therm of retail customer | $ 0.887 | $ 1.035 | (14.3)% | | | |

Gas revenue decreased $26.0 million during the six months ended June 30, 2024, compared to the same period in the prior year, due to the following:

| *(In millions)* | |
|---|---|
| Rate changes | $(15.5) |
| Decrease in volume | (9.0) |
| Other | (1.5) |
| Total | $(26.0) |

• *Rate changes.* In December 2023, the PSCW authorized MGE to increase 2024 rates for retail gas customers by approximately 2.44%.

MGE recovers the cost of natural gas in its gas segment through the purchased gas adjustment clause (PGA). Under the PGA, MGE is able to pass through to its gas customers the cost of gas. Changes in PGA recoveries affect revenues but do not change net income in view of the pass-through treatment of the costs. Payments for natural gas decreased driving lower rates during the six months ended June 30, 2024.

The average retail rate per therm excluding customer fixed charges for the six months ended June 30, 2024, decreased approximately 14% compared to the same period in the prior year, reflecting a decrease in natural gas commodity costs (recovered through the PGA).

• *Volume.* For the six months ended June 30, 2024, retail gas deliveries decreased approximately 8% compared to the same period in the prior year primarily attributable to unfavorable weather conditions in the first half of 2024.

• *Other.* For the six months ended June 30, 2024, other gas revenues decreased primarily related to lower residential customer fixed charges. The PSCW approved a reduction in the customer fixed charge component of the residential gas rate in the 2024 rate proceeding.

### *Cost of gas sold*

Cost of gas sold decreased $27.0 million during the six months ended June 30, 2024, compared to the same period in the prior year. Therms delivered decreased approximately 7% and cost per therm decreased approximately 31%.

MGE recovers the cost of natural gas in its gas segment through the PGA as described under gas deliveries and revenues above.

***Consolidated operations and maintenance expenses***

During the six months ended June 30, 2024, operations and maintenance expenses increased $8.8 million, compared to the same period in the prior year. The following contributed to the net change:

| *(In millions)* | |
|---|---|
| Increased customer accounts costs | $4.6 |
| Increased transmission costs | 2.9 |
| Increased electric production expenses | 1.5 |
| Increased electric distribution expenses | 1.4 |
| Decreased administrative and general costs | (1.5) |
| Decreased other expenses | (0.1) |
| Total | $8.8 |

• Increased customer accounts costs are primarily related to collection of deferred bad debt expense from prior years. MGE has received approval to recover deferred bad debt expense from 2020 through 2023 over a two-year period beginning in 2024. Bad debt expense is generally offset by electric revenue and does not have a significant impact on net income.

• Increased transmission costs are primarily a result of an increase in transmission rate and collection of deferred costs from prior years. Transmission costs represent ATC and MISO network transmission expenses authorized to collect in rates. The PSCW has approved MGE to defer as a regulatory asset or liability, the difference between actual costs included in rates and to be recovered or refunded in a future rate proceeding. Transmission cost is generally offset by electric revenue and does not have a significant impact on net income.

• Increased electric production expenses are primarily related to operating and maintenance costs for renewable generating facilities. MGE continues to add new renewable generation sites including the second phase of Badger Hollow which went online in December 2023.

• Increased distribution expenses were higher in 2024 primarily related to the May 2024 storm response costs.

• Decreased administrative and general costs are primarily related to a decrease in pension and other postretirement service costs. These costs are generally offset by electric revenue and do not have a significant impact on net income.

***Consolidated depreciation expense***

Electric depreciation expense increased $3.2 million and gas depreciation expense increased $0.6 million during the six months ended June 30, 2024, compared to the same period in the prior year. MGE purchased West Riverside in March 2023 and Badger Hollow II was placed in service in December 2023. The timing of the in-service dates contributed to the increase in electric depreciation expense.

***Electric and gas other income***

Electric other income decreased $1.3 million and gas other income decreased $2.6 million during the six months ended June 30, 2024, compared to the same period in the prior year, primarily related to pension and other postretirement excluding service costs.

**Nonregulated Energy Operations - MGE Energy and MGE**

The nonregulated energy operations are conducted through MGE Energy's subsidiaries: MGE Power Elm Road (the Elm Road Units) and MGE Power West Campus (WCCF), which have been formed to own and lease electric generating capacity to assist MGE. During the six months ended June 30, 2024 and 2023, net income at the nonregulated energy operations segment was $11.9 million and $11.0 million, respectively.

**Transmission Investment Operations - MGE Energy**

The transmission investment segment holds our interest in ATC and ATC Holdco, and its income reflects our equity in the earnings of those investments. ATC Holdco was formed in December 2016 to pursue transmission development opportunities that typically have long development and investment lead times before becoming operational. During the six months ended June 30, 2024 and 2023, other income at the transmission investment segment primarily reflects ATC's operations and was $5.5 million and $5.2 million, respectively. See Footnote 3 of the Notes to Consolidated Financial Statements in this Report for summarized financial information regarding ATC and "Other Matters" below for additional information concerning ATC.

**All Other Operations - MGE Energy**

***Other income***

The increase of $1.1 million in other income from all other operations during the six months ended June 30, 2024, primarily results from decreased investment distribution losses from our venture capital funds compared to the same period in the prior year. These venture capital investments support early-stage companies working to advance smart technologies, the customer experience, distributed energy resources, electrification, cybersecurity, and other priorities for utility companies such as greater sustainability.

**Consolidated Income Taxes - MGE Energy and MGE**

See Footnote 4 of the Notes to Consolidated Financial Statements in this Report for the effective tax rate reconciliation.

**Noncontrolling Interest, Net of Tax - MGE**

Noncontrolling interest, net of tax, reflects the accounting required for MGE Energy's interest in MGE Power Elm Road (the Elm Road Units) and MGE Power West Campus (WCCF). MGE Energy owns 100% of MGE Power Elm Road and MGE Power West Campus. They are not owned by MGE. Due to the contractual agreements for these projects with MGE, the entities are considered VIEs with respect to MGE and their results are consolidated with those of MGE, the primary beneficiary of the VIEs. The following table shows MGE Energy's noncontrolling interest, net of tax, reflected on MGE's consolidated statement of income:

| | Six Months Ended June 30, | |
|---|---|---|
| *(In millions)* | 2024 | 2023 |
| MGE Power Elm Road | $ 7.7 | $ 7.3 |
| MGE Power West Campus | 3.6 | 3.6 |

**Contractual Obligations and Commercial Commitments - MGE Energy and MGE**

There were no material changes, other than from the normal course of business, to MGE Energy's and MGE's contractual obligations (representing cash obligations that are considered to be firm commitments) and commercial commitments (representing commitments triggered by future events) during the six months ended June 30, 2024, except as noted below. Further discussion of the contractual obligations and commercial commitments is included in Footnote 16 of the Notes to Consolidated Financial Statements and "Contractual Obligations and Commercial Commitments for MGE Energy and MGE" under Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2023 Annual Report on Form 10-K.

**Purchase Contracts – MGE Energy and MGE**

See Footnote 8.c. of Notes to Consolidated Financial Statements in this Report for a description of commitments as of June 30, 2024, that MGE Energy and MGE have entered with respect to various commodity supply and transportation contracts to meet their obligations to deliver natural gas to customers.

### *Liquidity and Capital Resources*

MGE Energy and MGE expect to have adequate liquidity to support future operations and capital expenditures over the next twelve months. Available resources include cash and cash equivalents, operating cash flows, liquid assets, borrowing working capacity under revolving credit facilities, and access to equity and debt capital markets. MGE Energy expects to begin issuing new shares of common stock to participants in our Direct Stock Purchase and Dividend Reinvestment Plan starting in the second half of 2024. MGE Energy also expects to generate funds from operations and both long-term and short-term debt financing. See "Credit Facilities" under Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources in the 2023 Annual Report on Form 10-K for information regarding MGE Energy's and MGE's credit facilities.

**Cash Flows**

The following summarizes cash flows for MGE Energy and MGE during the six months ended June 30, 2024 and 2023:

| | MGE Energy | | MGE | |
|---|---|---|---|---|
| *(In thousands)* | 2024 | 2023 | 2024 | 2023 |
| Cash provided by (used for): | | | | |
| Operating activities | $ 130,434 | $ 126,991 | $ 128,429 | $ 125,050 |
| Investing activities | (113,509) | (111,759) | (112,516) | (108,506) |
| Financing activities | (12,414) | (11,943) | (15,484) | (13,720) |

**Cash Provided by Operating Activities**

Cash flows from operating activities for MGE Energy and MGE principally reflect the receipt of customer payments for electric and gas service and outflows related to fuel for electric generation, purchased power, gas, and operation and maintenance expenditures.

The principal increases (decreases) in cash flows from operating activities during the six months ended June 30, 2024, compared to the same period in 2023, were as follows:

| *(In millions)* | MGE Energy | MGE |
|---|---|---|
| Lower payments for fuel and purchased power at our generation plants, as well as lower natural gas costs to our customers, primarily driven by a decrease in the price of natural gas | $ 48.3 | $ 48.3 |
| Higher payments for other operation and maintenance expenses | (0.3) | (1.4) |
| Lower overall collections from customers, driven by lower purchased gas costs adjusted through the PGA customer rate | (43.6) | (43.6) |
| Higher payments for interest, driven by MGE's issuance of long-term debt during the second half of 2023 | (2.9) | (2.9) |
| Lower payments for federal and state taxes | 2.0 | 3.3 |
| Other operating activities | (0.1) | (0.3) |
| Increase in cash provided by operating activities | $ 3.4 | $ 3.4 |

**Capital Requirements and Investing Activities**

***MGE Energy***

MGE Energy's cash used for investing activities increased $1.8 million during the six months ended June 30, 2024, when compared to the same period in the prior year.

Capital expenditures during the six months ended June 30, 2024, were $111.6 million. This amount represents an increase of $3.9 million from the expenditures made in the same period in the prior year. This increase primarily reflects an increase in gas utility expenditures.

Proceeds from the sale of investments increased $2.1 million during the six months ended June 30, 2024, when compared to the same period in the prior year.

***MGE***
MGE's cash used for investing activities increased $4.0 million during the six months ended June 30, 2024, when compared to the same period in the prior year.

Capital expenditures during the six months ended June 30, 2024, were $111.6 million. This amount represents an increase of $3.9 million from the expenditures made in the same period in the prior year. This increase primarily reflects an increase in gas utility expenditures.

***Capital Expenditures***

MGE Energy's and MGE's liquidity are primarily affected by their capital expenditure requirements. During the six months ended June 30, 2024, capital expenditures for MGE Energy and MGE totaled $111.6 million, which included $107.6 million of utility capital expenditures. The utility capital expenditures include the purchase of an additional 25 MW of West Riverside, expenditures for renewable generation facilities, and investments in enhanced metering solutions.

MGE does not currently expect any material changes to its total forecasted expenditures as presented in the 2024 through 2028 capital expenditure forecast included under Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources in the 2023 Annual Report on Form 10-K. MGE's plan to achieve its target of 80% carbon reduction by 2030 (from 2005 levels) is based on the transition away from coal, addition of new renewable generation, and additional generation sources that provide the reliable energy to serve demand dependably. The mix of generation sources presented in the 2024 through 2028 capital expenditure forecast may shift based on reliability needs as MGE continues on the path to achieve its carbon reduction goals. Additionally, MGE is monitoring import regulations under the Uyghur Forced Labor Protection Act and the U.S. Department of Commerce new solar tariffs. These disruptions have had and may continue to impact current and future solar projects by increasing costs or causing delays in construction timelines. As projects are delayed, timing of capital expenditures will be correspondingly shifted. See "Other Matters" below for additional information on the solar procurement disruptions.

**Cash Used for Financing Activities**

The principal sources and uses of cash are related to short-term and long-term borrowings and repayments and the payment of cash dividends.

The principal increases (decreases) in cash flows from financing activities during the six months ended June 30, 2024, compared to the same period in 2023, were as follows:

| *(In millions)* | MGE Energy | MGE |
|---|---|---|
| Higher cash dividends paid, dividend rate per share ($0.855 vs. $0.815) | $ (1.5) | $ — |
| Higher cash dividends to parent (MGE Energy) | — | (3.0) |
| Lower distributions to parent (MGE Energy) from noncontrolling interest, representing distributions from MGE Power Elm Road and MGE Power West Campus[(a)] | — | 0.3 |
| Change in long-term debt[(b)] | (50.1) | (50.1) |
| Change in short-term debt borrowings, net | 50.3 | 50.3 |
| Other financing activities | 0.8 | 0.8 |
| Decrease in cash flows from financing activities | $ (0.5) | $ (1.7) |

(a) The noncontrolling interest arises from the accounting required for the entities, which are not owned by MGE but are consolidated as VIEs.

(b) During the six months ended June 30, 2023, MGE issued $50 million of senior unsecured notes that were used to assist with financing additional capital expenditures and other corporate obligations. In addition, $19.3 million of Industrial Development Revenue Bonds were tendered by their holders as required by the terms of the bonds and remarketed as permitted by those terms.

**Capitalization Ratios**

MGE Energy's capitalization ratios were as follows:

| | MGE Energy | |
|---|---|---|
| | June 30, 2024 | December 31, 2023 |
| Common shareholders' equity | 59.9% | 59.9% |
| Long-term debt[(a)] | 37.0% | 38.1% |
| Short-term debt | 3.1% | 2.0% |

(a) Includes the current portion of long-term debt.

**Credit Ratings**

MGE Energy's and MGE's access to the capital markets, including, in the case of MGE, the commercial paper market, and their respective financing costs in those markets, may depend on the credit ratings of the entity that is accessing the capital markets.

None of MGE Energy's or MGE's borrowing is subject to default or prepayment as a result of a downgrading of credit ratings, although a downgrading of MGE's credit ratings would increase fees and interest charges under both MGE Energy's and MGE's credit agreements.

**Environmental Matters**

See the discussion of environmental matters included in the 2023 Annual Report on Form 10-K, as updated by Footnote 8.a. of Notes to Consolidated Financial Statements in this Report.

**Other Matters**

***Rate Matters***

In December 2023, the PSCW approved the 2024/2025 rate application for an increase of 1.54% for electric rates and a 2.44% increase for gas rates in 2024. The PSCW also approved a 4.17% increase for electric rates and a 1.32% increase to gas rates for 2025. MGE filed a 2025 Fuel Cost Plan with the PSCW in June 2024. The plan would lower the 2025 increase in electric rates to 2.47%, reflecting lower expected fuel costs. MGE expects a final decision from the PSCW on the Fuel Cost Plan by the end of 2024.

Details related to MGE's 2024/2025 rate proceeding are shown in the table below:

| *(Dollars in thousands)* | Authorized Average Rate Base[(a)] | Authorized Average CWIP[(b)] | Authorized Return on Common Equity[(c)] | Common Equity Component of Regulatory Capital Structure | Effective Date |
|---|---|---|---|---|---|
| Electric (2024 Test Period) | $ 1,185,550 | $ 10,727 | 9.7% | 56.13% | 1/1/2024 |
| Gas (2024 Test Period) | $ 335,533 | $ 7,160 | 9.7% | 56.13% | 1/1/2024 |
| Electric (2025 Test Period) | $ 1,241,502 | $ 7,106 | 9.7% | 56.06% | 1/1/2025 |
| Gas (2025 Test Period) | $ 341,369 | $ 7,146 | 9.7% | 56.06% | 1/1/2025 |

(a) Average rate base amounts reflect MGE's allocated share of rate base and do not include construction work in progress (CWIP) or a cash working capital allowance and were calculated using a forecasted 13-month average for the test periods. The PSCW provides a return on selected CWIP and a cash working capital allowance by adjusting the percentage return on rate base.

(b) 50% of the forecasted 13-month average CWIP for the test periods earns an AFUDC return. Projects eligible to earn 100% AFUDC are excluded from this balance and discussed further in the Management Discussion and Analysis of Financial Condition and Results of Operations - Significant Events section.

(c) Authorized returns on common equity may not be indicative of actual returns earned or projections of future returns, as actual returns will be affected by the volume of electricity or gas sold.

See Footnote 9 of Notes to Consolidated Financial Statements in this Report for further discussion of rate proceedings and an earnings sharing mechanism if MGE earns above the authorized return on common equity in the rate order.

***ATC***

MISO transmission owners, including ATC, are involved in two complaints filed at FERC by several parties challenging that the base ROE in effect for MISO transmission owners, including ATC, was no longer just and reasonable. Each complaint provided for a 15-month statutory refund period: November 12, 2013 through February 11, 2015 (the "First Complaint Period") and February 12, 2015 through May 11, 2016 (the "Second Complaint Period").

In May 2020, FERC issued an order further refining the methodology for setting authorized ROE. This refined methodology increased the authorized ROE from 9.88% to 10.02%. This base ROE is effective for the First Complaint Period and for all periods following September 2016. This order also dismissed the second complaint. Accordingly, no refunds were ordered for the Second Complaint Period.

As a result of the May 2020 FERC order, our share of ATC's earnings reflected a $0.6 million reduction of our reserve. Additionally, our share of ATC's earnings reflected the derecognition of a possible refund related to the Second Complaint Period as ATC considered such a refund to be no longer probable. However, due to pending requests for rehearing, a loss related to the 2015 complaint remains possible. Our share of the estimated refund for the Second Complaint Period is approximately $2.3 million. MGE has not recorded a possible loss for the Second Complaint Period.

Several petitions for review of FERC’s prior orders were filed with the United States Court of Appeals for the District of Columbia Circuit (the "Court") and an oral argument was held in November 2021. In August 2022, the Court ruled that four of the five arguments made by the complaining parties were unpersuasive. However, the Court agreed that FERC’s decision to reintroduce a risk-premium model into its ROE methodology was arbitrary and capricious. The Court vacated the underlying orders for the First Complaint Period and remanded to FERC for further proceedings. In 2022, our share of ATC's earnings reflected an estimated possible loss of approximately $0.9 million, inclusive of interest and net of tax, for a possible additional refund for the First Complaint Period and for the period following the Second Complaint Period. Although the Court agreed that FERC was correct to use the base ROE established in the first complaint to adjudicate the second, and that FERC was right to dismiss the second complaint, the second complaint was also remanded for FERC to reopen proceedings. Any reduction in ATC's ROE could result in lower equity earnings and distributions from ATC in the future.

We derived approximately 6.7% and 6.2% of our net income during the six months ended June 30, 2024 and 2023, respectively, from our investment in ATC.

**Uyghur Forced Labor Protection Act**

In June 2021, the U.S. Customs and Border Protection (CBP) issued a Withhold Release Order (WRO) against silica-based products made by Hoshine Silicon Industry Co. Ltd., a company located in China's Xinjiang Uyghur Autonomous Region. As a result of this WRO, CBP is holding many solar panels imported into the United States until importers can prove that the panels do not contain materials originating from this region. The Uyghur Forced Labor Protection Act (UFLPA), a federal law that became effective on June 21, 2022, further established that all goods mined, produced, or manufactured wholly or in part in Xinjiang or by certain defined entities are prohibited from U.S. importation. Suppliers for MGE's current solar projects were able to provide the CBP sufficient documentation to meet WRO compliance requirements, and MGE expects the same will be true for UFLPA purposes, however we cannot currently predict what, if any, impact the UFLPA will have on the overall supply of solar panels into the United States and the related impact to timing and cost of solar projects included in our capital plan. In the event that such disruptions cause costs to exceed the levels approved for specific projects, we have filed and expect to continue to file a notification with the PSCW and expect to request recovery of any cost increases in MGE's future rate proceedings.

**U.S. Department of Commerce - Solar Cells and Modules**

In August 2023, the U.S. Department of Commerce issued its final determination on a solar tariff investigation that began in 2022, finding that Chinese manufacturers were circumventing tariffs on solar panels by shipping them through four Southeast Asian countries. A 24-month exemption from tariffs for solar panel and module imports from these four countries was in effect from June 2022 until June 6, 2024. In May 2024, the Biden Administration announced that bifacial solar panels would be subject to safeguard tariffs under Section 201 of the Trade Act of 1974, of which they were previously excluded. President Biden also directed U.S. Trade Representatives to increase tariffs under Section 301 from 25% to 50% on solar cells and modules. MGE continues to assess the potential impact of these tariffs on current and future solar projects which may result in an increase in costs or delays in construction timelines. In the event that such disruptions cause costs to exceed the levels approved for specific projects, we have filed and expect to continue to file a notification with the PSCW and expect to request recovery of any cost increases in MGE's future rate proceedings.

**Adoption of Accounting Principles and Recently Issued Accounting Pronouncements**

See Footnote 2 of Notes to Consolidated Financial Statements in this Report for discussion of new accounting pronouncements.

## Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There were no material changes to the market risks disclosed in Item 7A. Quantitative and Qualitative Disclosures About Market Risk in our 2023 Annual Report on Form 10-K.

## Item 4. Controls and Procedures.

During the second quarter of 2024, each registrant's management, including the principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarization, and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed to ensure that material information relating to that registrant, including its subsidiaries, is accumulated and made known to that registrant's management, including these officers, by other employees of that registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and that this information is recorded, processed, summarized, evaluated, and reported, as applicable, within the time periods specified in the SEC's rules and forms. The evaluations take into account changes in the internal and external operating environments that may impact those controls and procedures. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision making can be faulty and breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. Also, MGE Energy does not control or manage certain of its unconsolidated entities and thus, its access and ability to apply its procedures to those entities is more limited than is the case for its consolidated subsidiaries.

As of June 30, 2024, each registrant's principal executive officer and principal financial officer concluded that its disclosure controls and procedures were effective. Each registrant intends to strive continually to improve its disclosure controls and procedures to enhance the quality of its financial reporting.

During the quarter ended June 30, 2024, there were no changes in either registrant's internal controls over financial reporting that materially affected, or are reasonably likely to affect materially, that registrant's internal control over financial reporting.

## PART II. OTHER INFORMATION.

### Item 1. Legal Proceedings.

MGE Energy and its subsidiaries, including MGE, from time to time are involved in various legal proceedings that are handled and defended in the ordinary course of business. See Footnote 8.a. and 8.b. of Notes to Consolidated Financial Statements in this Report for more information.

### Item 1A Risk Factors.

There were no material changes from the risk factors disclosed in Item 1A. Risk Factors in our 2023 Annual Report on Form 10-K.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Under the MGE Energy, Inc. Stock Plan, common stock shares purchased by plan participants may be either shares issued by MGE Energy or shares purchased on the open market, as determined from time to time by MGE Energy. Shares issued by MGE Energy are covered by an existing registration statement. Shares purchased in the open market are purchased at the direction of the plan participants by MGE Energy's transfer agent's securities broker-dealer for the accounts of those plan participants. Subject to the plan's restrictions, the timing and amount of open market purchases is determined by the plan participants and the broker-dealer. MGE Energy is not involved in the open market purchases. During 2024, shares purchased under the Stock Plan have been purchased in the open market. MGE Energy expects to begin issuing new shares of common stock to participants in its Direct Stock Purchase and Dividend Reinvestment Plan starting in the second half of 2024.

### Item 3. Defaults Upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

Not applicable to MGE Energy and MGE.

### Item 5. Other Information.

During the three months ended June 30, 2024, no director or officer of MGEE Energy or Madison Gas and Electric adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as defined in Item 408(a) of Regulation S-K.

## Item 6. Exhibits.

| Ex. No. | | Exhibit Description |
|---|---|---|
| 10.1 | *** | Form of Supplemental Disability |
| 31.1 | * | Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934 filed by Jeffrey M. Keebler for MGE Energy, Inc. |
| 31.2 | * | Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934 filed by Jared J. Bushek for MGE Energy, Inc. |
| 31.3 | * | Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934 filed by Jeffrey M. Keebler for Madison Gas and Electric Company |
| 31.4 | * | Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934 filed by Jared J. Bushek for Madison Gas and Electric Company |
| 32.1 | ** | Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes-Oxley Act of 2002) filed by Jeffrey M. Keebler for MGE Energy, Inc. |
| 32.2 | ** | Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes-Oxley Act of 2002) filed by Jared J. Bushek for MGE Energy, Inc. |
| 32.3 | ** | Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes-Oxley Act of 2002) filed by Jeffrey M. Keebler for Madison Gas and Electric Company |
| 32.4 | ** | Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes-Oxley Act of 2002) filed by Jared J. Bushek for Madison Gas and Electric Company |
| 101.INS | * | XBRL Instance |
| 101.SCH | * | XBRL Taxonomy Extension Schema With Embedded Linkbases Document |
| 104.1 | * | Included in the cover page, formatted in Inline XBRL |

| | |
|---|---|
| * | Filed herewith. |
| ** | Furnished herewith. |
| *** | Indicates a management contract or compensatory plan or arrangement. |

## Signatures - MGE Energy, Inc.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MGE ENERGY, INC.

| | |
|---|---|
| Date: August 7, 2024 | /s/ Jeffrey M. Keebler<br>Jeffrey M. Keebler<br>Chairman, President and Chief Executive Officer<br>(Duly Authorized Officer) |
| Date: August 7, 2024 | /s/ Jared J. Bushek<br>Jared J. Bushek<br>Vice President - Chief Financial Officer and Treasurer<br>(Chief Financial Officer) |
| Date: August 7, 2024 | /s/ Jenny L. Lagerwall<br>Jenny L. Lagerwall<br>Assistant Vice President - Accounting and Controller<br>(Chief Accounting Officer) |

## Signatures – Madison Gas and Electric Company

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MADISON GAS AND ELECTRIC

| | |
|---|---|
| Date: August 7, 2024 | /s/ Jeffrey M. Keebler<br>Jeffrey M. Keebler<br>Chairman, President and Chief Executive Officer<br>(Duly Authorized Officer) |
| Date: August 7, 2024 | /s/ Jared J. Bushek<br>Jared J. Bushek<br>Vice President - Chief Financial Officer and Treasurer<br>(Chief Financial Officer) |
| Date: August 7, 2024 | /s/ Jenny L. Lagerwall<br>Jenny L. Lagerwall<br>Assistant Vice President - Accounting and Controller<br>(Chief Accounting Officer) |

# Platinum Advantage Insurance Policy

NAME

Standard Insurance Company
INSURED: NAME
POLICY NUMBER:

**DISABILITY INCOME INSURANCE POLICY**

This is a non-participating Disability Income Insurance Policy. Standard Insurance Company, a stock life insurance company, issued this policy to the Owner in consideration of the statements made in the application and payment of the premium. A copy of the application is attached to and made part of the policy.

GUARANTEED RENEWABLE TO AGE 67. If the Insured's Issue Age, as shown on the Policy Data page, is under age 65, this policy is guaranteed renewable until the Policy Anniversary on or next following the Insured's 67$^{th}$ birthday (the Termination Date shown on the Policy Data page). If the Insured's Issue Age is age 65 or older, this policy is guaranteed renewable until the first Policy Anniversary (the Termination Date shown on the Policy Data page). As long as the premium is paid by the end of each grace period, we cannot change any part of the policy, except its premium, until the Termination Date. Before that date we can change the premium only: (1) After the policy is three years old; and (2) If the change applies to all policies with like benefits insuring the same Risk Class.

CONDITIONALLY RENEWABLE AFTER THE TERMINATION DATE. The Owner may request that the policy continue on a limited basis beyond the Termination Date. If the request is approved, the policy will become conditionally renewable and subject to the terms of the Renewal Option After The Termination Date provision. Only the coverage for Total Disability will continue and premiums will be based on the Insured's attained age.

RIGHT TO RETURN POLICY. If not satisfied with this policy, the Owner may return it for cancellation within 30 days after receipt by the Owner. The policy must be returned to the sales representative who sold it or to our Home Office. The policy will then be void from the beginning, and any premium paid for it will be refunded to the Owner.

**READ THIS POLICY CAREFULLY.** It is a legal contract between the Owner and Standard Insurance Company. **Pre-existing Condition limitations or exclusions and other limitations or exclusions may apply.**

The telephone number for the Wisconsin Office of the Commissioner of Insurance is 608.266.3585.

Signed at our Home Office
1100 S.W. Sixth Avenue Portland, Oregon 97204
800-247-6888
www.standard.com
STANDARD INSURANCE COMPANY

By

Daniel J. McMillan
President and CEO

Elizabeth A. Fouts
Corporate Secretary

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## POLICY DATA

**Insured:** NAME **Policy Number**
**Policy Effective Date:** April 01, 2024 xx **Issue Age**
**Owner At Issue:** NAME **Risk Class**
**Termination Date:** Variable 5A **Occupation Class**
**Benefit Waiting Period:** 90 Days Neutral **Gender**

## PREMIUM SUMMARY

**Annual**

**Premium**

**Base Policy $_**
**Riders $_**
**Net Annual Premium: $_**

**NONCANCELABLE / GUARANTEED RENEWABLE POLICY BASIC POLICY BENEFITS TO AGE 67**

**Commencement** 91st Day of Disability
**Date Basic Monthly Benefit** $_
**Maximum Benefit Period:** TO AGE 67 – Determined by Your age when Disability begins; see Schedule of Maximum Benefit Periods on the next page.

**POLICY DATA (CONTINUED)**

**Insured** NAME **Policy Number**

**Schedule of Maximum Benefit Periods**

| Age When Disability Begins | Maximum Benefit Period |
|---|---|
| 61 or younger | To Age 67 |
| 62 | 60 months |
| 63 | 48 months |
| 64 | 42 months |
| 65 | 36 months |
| 66 | 30 months |
| 67 | 24 months |
| 68 | 24 months |
| 69 | 21 months |
| 70 | 18 months |
| 71 | 16 months |
| 72 | 15 months |
| 73 | 14 months |
| 74 | 13 months |
| 75 or older | 12 months |

**ADDED BENEFITS**

| Rider | Amount Of Benefits | Annual Premium Prior to Age 67 |
|---|---|---|
| **Noncancelable Policy Rider** | | * |
| **Indexed Cost of Living Benefit Rider** | **3%** | $_ |
| **Basic Residual Disability Rider** | | $_ |
| **Regular Occupation Extension Policy Rider** | | $_ |
| | **Total Premium for Riders** | $_ |

* Premium included in base policy premium and any applicable rider premium.

If this policy was issued with an increased premium, exclusion or other modification, you may contact us if there are any changes to your health, occupation, avocation or other risk factor that might allow coverage to be continued without the modification. We will review the information you provide plus any other information available to us regarding all risk factors associated with you as of the time of our review. Using our underwriting rules and guidelines then in effect, we reserve the right to offer any change that we think is most appropriate, as well as the right to decline to make any change, regardless of whether the change in risk factor(s) is directly related to the reason for the policy modification.

## INTRODUCTION

We agree to pay benefits according to the terms of this policy if you become Disabled while this policy is in force and you give us Proof Of Loss for any benefits for which you submit a claim.

In this policy **you/your** mean the Insured; **we/us/our** mean Standard Insurance Company. Other defined terms have initial capital letters and are defined in the DEFINITIONS section or in the provisions in which they first appear and to which they primarily pertain.

**Disability/Disabled** means that you are Totally Disabled.

**Disability Benefit / Disability Benefits** means any benefit payment or payments for Total Disability that are made under this policy.

## BENEFITS FOR DISABILITY

### BENEFIT FOR TOTAL DISABILITY

You will be eligible for a Disability Benefit during your Total Disability if you meet the requirements below. The Disability Benefit we will pay each month will equal the Basic Monthly Benefit.

**Total Disability/Totally Disabled** means that due to your Injury or Sickness: For the first 24 months of Disability:

- you are unable to perform the Substantial And Material Duties of your Regular Occupation; and
- you are not engaged in any other job or occupation for wage or profit; and
- you are receiving Regular Medical Care from one or more Physician(s) appropriate for your Injury or Sickness. This Regular Medical Care requirement will be waived when we receive written proof, satisfactory to us, that further care would be of no benefit to you.

After 24 months of Disability:

- you are unable to perform the Substantial And Material Duties of Any Occupation; and
- you are not engaged in any other job or occupation for wage or profit; and
- you are receiving Regular Medical Care from one or more Physician(s) appropriate for your Injury or Sickness. This Regular Medical Care requirement will be waived when we receive written proof, satisfactory to us, that further care would be of no benefit to you.

**Any Occupation** means any occupation or employment that you are reasonably suited for based on your education, training or experience.

**Regular Occupation** means the occupation or occupations which you are regularly engaged in at the time your Disability begins.

If you are a physician or dentist and have limited your Regular Occupation to the performance of the Substantial And Material Duties of a single specialty recognized by the American Board of Medical Specialties (ABMS) or American Osteopathic Association Bureau of Osteopathic

Specialists (AOABOS) or American Dental Association (ADA), then that specialty will be deemed your Regular Occupation.

If you are unemployed at the time Disability begins, then the last occupation in which you worked at least 30 hours per week will be deemed your Regular Occupation.

If you are retired at the time Disability begins, then being retired will be deemed your Regular Occupation.

## BENEFIT FOR PRESUMPTIVE DISABILITY

You will be considered Totally Disabled if, after the Policy Effective Date, you become Presumptively Disabled.

**Presumptive Disability/Presumptively Disabled** means that you have an Injury or Sickness that first occurs while this policy is in force and results in your total and permanent loss of any of the following:

- speech;
- hearing in both ears, not restorable by hearing aids;
- sight in both eyes which measures at or below 20/200, after reasonable efforts are made to correct your vision using the most advanced, medically acceptable procedures and devices available;
- use of both hands;
- use of both feet; or
- use of one hand and one foot.

For Total Disability resulting from Presumptive Disability, we will pay a Disability Benefit equal to the Basic Monthly Benefit regardless of your Monthly Earnings. We will waive the Benefit Waiting Period, and the Disability Benefit for Presumptive Disability will begin on the Commencement Date and will be payable until the end of the Maximum Benefit Period.

## REHABILITATION PROGRAM

While you are Disabled you may participate in a Rehabilitation Program to help you prepare for your return to full-time work.

**Rehabilitation Program** means a written program, plan, or course of vocational training or education. A Rehabilitation Program may be proposed by you or us. The terms, conditions, and objectives of the Rehabilitation Program must be accepted by you and approved by us before we will pay for any costs connected with it.

An approved Rehabilitation Program may include our payment of some or all of the expenses you incur in connection with the plan. Such expenses may include workplace, vehicle or home modifications, training and educational expenses, family care expenses, job-related expenses, and/or job search expenses.

We will pay the reasonable costs of a Rehabilitation Program that are not otherwise covered by any other plan, policy, or program. We will periodically review the Rehabilitation Program and your progress; and we will continue to pay the agreed upon costs for as long as we determine that the Rehabilitation Program is meeting the mutually agreed upon objectives.

Your participation in a Rehabilitation Program is not required by this policy. If you decide to participate and you later cease to participate in the Rehabilitation Program, we will continue paying any Disability Benefits you are eligible to receive.

## ADDITIONAL BENEFITS

### PREMIUM WAIVER BENEFIT

We will waive all premiums due under this policy while Disability Benefits or Recovery Benefits are payable. In addition, if the Benefit Waiting Period is greater than 90 days, we will waive all premiums due and payable after the 90th day of Disability, up to the Commencement Date, as long as you remain Disabled.

After completion of the Benefit Waiting Period, we will refund any premium due and paid after the date your Disability began.

We will continue to waive all premiums for as long as Disability Benefits are payable for the same claim. The Owner will resume responsibility for premium payments on the next monthly premium due date after your Disability ends.

If Disability Benefits have been paid for the Maximum Benefit Period and you remain Disabled, premiums will continue to be waived if we receive satisfactory Proof Of Loss of your continued Disability. We have the right to periodically request Proof Of Loss while premiums continue to be waived. If satisfactory Proof Of Loss is not provided, you must resume premium payment on the next monthly premium due date.

### FAMILY CARE BENEFIT

After the Benefit Waiting Period, we will pay a Family Care Benefit while:

- you are working at least 20% fewer hours in order to care for your Family Member while he or she has a Serious Health Condition which began after the Policy Effective Date and before the Termination Date; and
- your Monthly Earnings is at least 20% less than your Predisability Earnings due to that reduction in hours worked; and
- you are not Disabled; and
- no other benefit is payable under this policy.

**Family Member** means your parent, child (including an adopted child and stepchild), spouse, Domestic Partner, and child of your Domestic Partner.

**Serious Health Condition** means that due to your Family Member's Injury or Sickness, he or she:

- is receiving inpatient care in a hospital, hospice or residential medical care facility;
- requires Substantial Supervision for his or her health or safety due to Severe Cognitive Impairment;
- is unable to safely and completely perform two or more Activities Of Daily Living without Hands-On Assistance or Standby Assistance due to loss of functional capacity; or
- is terminally ill with a condition that is reasonably expected to result in death within 12 months.

We may require appropriate authorization from your Family Member to obtain information about your Family Member's Serious Health Condition, as well as documentation of your income and employment, as we deem necessary to evaluate your claim.

For a Family Care Benefit to be payable, the Serious Health Condition must be caused by an Injury or Sickness that first occurs or manifests itself after the Policy Effective Date and before the Termination Date.

A recurrent Serious Health Condition from the same cause or causes, if interrupted by periods of recovery of less than 180 days, will be considered one Serious Health Condition. However, no Family Care Benefits are payable during any period the Family Member is not experiencing a Serious Health Condition.

You may claim the Family Care Benefit up to two times while the policy is in force. The maximum amount of Family Care Benefit we will pay for all claims and all Family Members is a total amount equal to six times the Basic Monthly Benefit. Any part of this total amount remaining after the first claim will be available for a second claim.

Only one claim for the Family Care Benefit will be paid at a time. A new Benefit Waiting Period will be required if a different Family Member experiences a Serious Health Condition or the same Family Member experiences a new Serious Health Condition.

The Family Care Benefit will begin once the Benefit Waiting Period is met, as measured from the day the Serious Health Condition begins. The amount of Family Care Benefit we will pay each month will depend on the amount of your Monthly Earnings.

If your Monthly Earnings is:

- less than 20% of your Predisability Earnings, the amount we will pay will equal the Basic Monthly Benefit.
- 20% to 80% of your Predisability Earnings, the amount we will pay will equal a portion of the Basic Monthly Benefit. The amount will be determined each month as follows:

  $$\frac{\text{your Predisability Earnings - your Monthly Earnings}}{\text{your Predisability Earnings}} \times \text{the Basic Monthly Benefit}$$

- more than 80% of your Predisability Earnings, no Family Care Benefit is payable.

If a Family Member dies while the Family Care Benefit is being paid, the Family Care Benefit will end as of the date of death. Premiums will not be waived while the Family Care Benefit is paid.

### SURVIVOR BENEFIT

We will pay a benefit to a survivor (Survivor Benefit) if you die while Disability Benefits are payable under this policy. The amount of the Survivor Benefit will equal three times the Basic Monthly Benefit. There is no Benefit Waiting Period for the Survivor Benefit.

While this policy is in force the Owner may designate a payee, or change a previously named payee, to receive the Survivor Benefit. The designation or change must be made on a form satisfactory to us.

### TRANSPLANT SURGERY DISABILITY BENEFIT

We will consider you as Disabled if you otherwise meet the definition of Disabled as a result of your having surgery to transplant part of your body to someone else. The transplant surgery must occur after the Policy Effective Date.

## EXCLUSIONS AND LIMITATIONS

### EXCLUSIONS FROM COVERAGE

We will not pay benefits for:

- disability caused or contributed to by war, declared or undeclared, or any act or incident of war, or which resulted from military training, military action or military conflict while you are on active duty in the military service;
- the first 90 days of your Disability due to pregnancy or childbirth, except for Complications Of Pregnancy;
- disability caused or contributed to by your committing or attempting to commit a felony, or your being engaged in an illegal occupation;
- disability caused or contributed to by your actively participating in a violent disorder or riot. “Actively participating” does not include your being at the scene of a violent disorder or riot while performing your official duties;
- disability while you are confined for any reason to a penal or correctional institution for a period of more than 7 days; or
- intentionally self-inflicted Injury.

**BENEFIT WAITING PERIOD LIMITATION**

Unless otherwise stated in this policy, there is a Benefit Waiting Period for each claim for benefits from the same cause or causes. No benefits are payable during the Benefit Waiting Period.
Benefits start on the Commencement Date, if you are Disabled on that date.

**Benefit Waiting Period** means a period, measured from the first day of your Disability throughout which you must be Disabled before benefits become payable. The Benefit Waiting Period is shown on the Policy Data page.

With respect to the Family Care Benefit, the Benefit Waiting Period means a period, measured from the first day of your Family Member's Serious Health Condition, throughout which your Family Member must have a Serious Health Condition before a Family Care Benefit becomes payable.

The days in the Benefit Waiting Period may be consecutive; or they may be interrupted by period(s) of Recovery. However, for any benefit to become payable, the number of days in the Benefit Waiting Period must be reached within a larger period of consecutive days, as follows:

| Benefit Waiting Period | | Consecutive Days |
|---|---|---|
| 60 days | *must be reached within* | 120 days |
| 90 days | | 180 days |
| 180 days | | 360 days |
| 365 days | | 540 days |

Unless otherwise stated, the benefits begin on the Commencement Date and continue, subject to the terms of this policy, until the end of the Maximum Benefit Period.

**CONCURRENT DISABILITY**

When your Disability is caused by more than one Injury or Sickness or from a combination of these, we will pay Disability Benefits as if there were only one Injury or Sickness. In no event will you be considered to have more than one Disability at the same time. Once a period of Disability starts, it will be one period of Disability no matter what Injury or Sickness, or how many, caused the Disability to start or caused you to remain Disabled.

**RECURRENT DISABILITY**

If you become Disabled due to the same cause or causes within 12 full months after the end of a period of Disability for which Disability Benefits had been paid, the later period of Disability will be considered a Recurrent Disability. Disability Benefits paid for a Recurrent Disability are considered a continuation of the preceding period of Disability and will not be subject to a new Benefit Waiting Period. However, Disability Benefits paid for a Recurrent Disability are subject to the Maximum Benefit Period that started with the preceding period of Disability, and, if the Maximum Benefit Period had ended with respect to the preceding Disability, benefits will not be payable for a Recurrent Disability.

If you become Disabled due to the same cause or causes after the end of a period of Disability for which Disability Benefits had been paid and you have been working for at least 30 hours per week for at least 12 consecutive months, the later period of Disability will be considered a new period of Disability. A new Benefit Waiting Period must be satisfied before benefits are payable, and a new Maximum Benefit Period will apply. Also, if you become Disabled due to a different or unrelated cause or causes after the end of a period of Disability for which Disability Benefits had been paid, the later period of Disability will be considered a new period of Disability.

**LOSS OF LICENSE**

While your Injury or Sickness may result in the loss or restriction of a professional license, occupation license or certification, that loss or restriction, by itself, does not constitute a Disability.

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# CLAIMS

## NOTICE OF CLAIM

You or the Owner, or your authorized personal representative, must send written notice of claim within 30 days after your Disability or your Family Member's Serious Health Condition starts, or as soon as is reasonably possible. Written notice must be given to us at our Home Office or to any of our authorized sales representatives. It must include your name and the policy number.

## CLAIM FORMS

After we receive written notice of claim, we will provide our claim form(s) to be completed and submitted as part of the required Proof Of Loss. If we do not provide our form(s) within 15 days after we receive written notice of claim, you may submit a letter of claim to our Home Office. The letter must include the date the Disability or Serious Health Condition began, and the cause and nature of the Disability or Serious Health Condition.

## PROOF OF LOSS

You are responsible for providing Proof Of Loss. Proof Of Loss must be sent to our Home Office. We must receive Proof Of Loss within 90 days after the end of each monthly period for which you claim benefits. If that is not reasonably possible, the claim will not be affected, provided Proof of Loss is furnished as soon as is reasonably possible. However, unless you lack legal capacity, we must be given Proof of Loss within one year after the 90th day referred to above, for that claim to be valid.

**Proof Of Loss** means written proof that you are or were Disabled and entitled to Disability Benefits under this policy. In addition to the completed claim form(s), or your letter of claim, Proof Of Loss includes proof that:

- you became Disabled while this policy was in force; and
- you are or were Disabled through the Benefit Waiting Period and the Commencement Date; and
- you are or were receiving Regular Medical Care from one or more Physician(s) appropriate for your Injury or Sickness.

For purposes of the Family Care Benefit, Proof Of Loss means written proof that, while this policy was in force and continuous through the Benefit Waiting Period, your Family Member had a Serious Health Condition; and you worked reduced hours and had reduced earnings during that Family Member's Serious Health Condition.

Proof Of Loss for any claim may also include any information and documentation we may reasonably require in order to substantiate and evaluate your claim, including but not limited to:

- medical records and physicians' notes or statements; and
- medical examinations; and
- documentation of your prior and current income, including tax returns; and
- examination(s) of financial and operational records.

If any required information or documentation is not provided within 45 days after we send our request, your claim may be denied.

Except for medical or financial records examinations, you are responsible for all costs of providing Proof Of Loss.

We will require written authorization for us to obtain the information or documentation we require as Proof Of Loss. We will also require you to submit additional documentation of your claim at your expense at reasonable intervals while you are receiving Disability Benefits.

**EXAMINATIONS**

As part of the required Proof Of Loss, we have the right to require periodic examinations to determine your eligibility for Disability Benefits. These examinations will be done at our expense and by examiner(s) selected by us. We will choose examiner(s) appropriate for the evaluation of your claim. Examinations may include but are not limited to:

- independent medical and psychiatric examinations by physicians or specialists; and
- functional capacity examinations and occupational and vocational evaluations; and
- examinations and analyses of your financial and operational records and those of any business in which you have an interest. Such records may include tax returns, financial statements, billing and expense information, bank statements, cancelled checks or other documents.

We may deny or suspend payment of Disability Benefits if you fail to submit to an examination, or if you fail to cooperate with the person conducting the examination. Disability Benefits may be resumed, provided that the required examination occurs within a reasonable time and benefits are otherwise payable. In the event of death, we may require an autopsy, at our expense, where permitted by law.

**TIME OF PAYMENT**

After we receive satisfactory written Proof Of Loss and all other conditions are met, we will pay Disability Benefits under this policy. Any accrued Disability Benefits will be paid immediately.
Any Disability Benefits due thereafter will be paid monthly. For periods of less than one month, we will pay a prorated portion of the monthly benefit for each day benefits are payable. Payment will be subject to our receipt of continued Proof Of Loss. If we pay benefits more than 30 days after we receive satisfactory Proof Of Loss, the delayed payment shall be subject to simple interest at the rate of 10% per year beginning with the 31st day after receipt of satisfactory Proof Of Loss and ending on the day the benefit is paid.

Once your claim is approved, Disability Benefits will continue until the end of the period for which you have provided us with satisfactory written Proof Of Loss, subject to the terms and limits of this policy. We will require you to submit additional Proof Of Loss at reasonable intervals while you are continuing to receive Disability Benefits.

## PAYMENT OF CLAIMS

We will pay all benefits to the Owner, unless the Owner names a payee to receive such benefits. Designation of a payee, or change of a previously named payee, must be in writing and signed by the Owner. At the Owner's request we will provide a form for naming or changing a payee.

If the Owner has died or lacks legal capacity and no payee has been named by the Owner, or if a named payee is not living at the time of the Owner's death, we will pay benefits:

- to the Owner's surviving spouse; if none, then
- equally to the Owner's surviving natural and adopted children; if none, then
- equally to the Owner's surviving parent(s); if none, then
- to the Owner's estate.

We will not be liable to anyone to the extent we make payment in good faith.

## OVERPAYMENT OF BENEFITS

We have the right to be reimbursed for any overpayment of benefits under this policy. We will notify the Owner promptly upon the discovery of any overpayment. After such notice, any and all overpayments that have not been reimbursed will become a debt due and payable to us. We will withhold the unreimbursed portion of any overpayments from any benefit payments due under the policy, regardless of the payee, until all overpayment amounts are repaid in full.

## INVESTIGATION OF YOUR CLAIM

We may conduct an investigation of your claim at any time. We will pay benefits only after we have had a reasonable time to conduct an investigation of your claim, and we have determined that benefits are payable.

## REVIEW PROCEDURE

If we deny all or part of your claim, you may request a review by contacting us in writing at our Home Office. You may make the request within 180 days after receiving notice of the denial.

You may review any non-privileged information that relates to your request for review; and you may send us written comments or other items to support your claim.

We will review your claim promptly after we receive your request for review. We will send you a notice of our decision not more than 60 days after we receive your request. If special circumstances require an extension, we will send the notice of decision to you within 120 days. We will state the reasons for our decision and we will reference the relevant parts of the policy.

# PREMIUMS, REINSTATEMENT, TERMINATION

## PREMIUMS

The premium is the amount we charge at regular intervals to keep this policy in force, and it is shown on the Policy Data page. Before the Termination Date we can change premium rates only: (1) After this policy has been in force for three years; and (2) If the change applies to all policies with like benefits insuring the same Risk Class. Premiums are payable at our Home Office. The initial premium is due on or before the Policy Effective Date. If the initial premium is not paid, the policy is never in force.

Premiums may be paid on an annual, semi-annual or quarterly basis. Also, the Owner may request a special monthly premium mode, subject to our rules and approval. We may terminate this special mode by providing written notice to the Owner.

The Owner may request a change of premium mode by writing to us. The change is subject to our rules and approval. No change of premium mode will be allowed while you are Disabled or while benefits are payable.

## GRACE PERIOD

A 31-day grace period to pay premiums follows the due date of each premium except the initial premium. The policy will continue in force during the grace period. If a premium is not paid by the end of its grace period, the policy will terminate. If you become Disabled during the grace period, we will deduct any due and unpaid premiums from any benefits we pay.

## REINSTATEMENT

If this policy ends because a premium is not paid by the end of the grace period, the Owner may request that the policy be reinstated. The request must be made any time within six months after termination.

If our requirements for reinstatement are met, the policy may be reinstated in one of the following ways:

- **Reinstatement Without An Application** - If we receive the required premium and we do not require a reinstatement application, our acceptance of the required premium without an application will reinstate the policy as though the policy lapse had not occurred.

- **Application Required; Conditional Receipt Issued** - If we receive the required premium, but we require an application for reinstatement and issue a conditional receipt for the premium tendered, reinstatement is subject to our approval. Reinstatement will be effective on the date we approve the application.

  However, if we disapprove the application, we must mail notice of our disapproval to the Owner within 45 days after the date of the conditional receipt. If we do not mail notice of our disapproval within that time, the policy will be reinstated as of the 45th day.

  The reinstated policy will only cover Disabilities due to Injury sustained or Sickness that began after the Reinstatement Date.

If we require an application for reinstatement, a new period for contesting the policy or a claim will apply to the reinstated policy. See Time Limit On Certain Defenses under GENERAL PROVISIONS. We may add or change provisions or limitations when we reinstate the policy. Except for the provisions that may be added or changed, the Owner's rights and our rights will be the same as before the policy terminated.

**SUSPENSION DURING MILITARY SERVICE**

If you are on full-time active duty in the military service of any nation or international authority or a reserve component of the armed forces of the United States, you may suspend the policy by providing us with written request to suspend the policy. Coverage will be suspended on the date we receive your written request (or a later date if requested by you) and the suspension will be effective on the date your active duty begins. You may not suspend the policy during active military training lasting 90 days or less. We will refund the pro rata portion of any premium paid beyond the date the suspension becomes effective. While the policy is suspended, no premiums are due and you have no coverage under the policy.

If your full-time active duty in the military services ends within five years from the date of suspension and before the Termination Date, you may request, in writing, that coverage be resumed without evidence of insurability. Your coverage will be resumed as of the date of termination of active duty if we receive your written request and the required premium within 90 days after your active duty ends. Premium will be at the same rate as before the policy was suspended. If we do not receive your request and the required premium within 90 days after your active duty ends, the policy will terminate, effective on the day your active duty ends. The policy will also terminate on the fifth anniversary of the date of suspension if coverage has not been resumed. You may later seek reinstatement of the policy under the policy's Reinstatement provision.

If the coverage is resumed, the policy will not cover Disability due to an Injury that was sustained or a Sickness that first manifested itself while the policy was suspended. All other exclusions, limitations or modifications of coverage will be the same as existed on the policy before the policy was suspended.

When calculating the Benefit Waiting Period for an Injury or Sickness that did not arise during a period of active duty, the Benefit Waiting Period is the same number of days that would have applied before coverage suspension took effect and may be consecutive or may be interrupted by the period of suspension.

**POLICY TERMINATION**

If a premium is not paid by the end of its grace period, the policy will terminate. This policy will also terminate on the earliest of:

- 12:01 a.m. on the Termination Date shown on the data page, unless this policy is being continued under the Renewal Option After The Termination Date provision;
- the date you are no longer regularly employed for at least 30 hours per week, if this policy is continued under the Renewal Option, unless you are Disabled on that date under the policy terms. If the policy terminates for this reason, we will refund any premium paid for the period beyond the date the policy terminates;
- the date you Recover from your Disability covered by the Renewal Option, if the policy is continued under that Option;
- the date the policy terminates under the Suspension During Military Service provision; or
- the date of your death. After we receive notice of your death, we will refund to the Owner or the Owner's estate any premium paid for the period beyond the date of death.

In addition, the Owner may terminate this policy by sending us a written request. Such termination will be effective on the date the request is received at our Home Office, or on the date the Owner requests, subject to our approval. We will refund any premium paid for the period beyond the effective date of the termination.

## RENEWAL OPTION AFTER THE TERMINATION DATE

**RENEWAL OPTION**

The Owner may request that this policy continue beyond the Termination Date. In order for us to consider the request, the following must be true on the Termination Date:

- you remain actively and regularly employed for at least 30 hours per week; and
- you are not Disabled.

If we approve the request and the policy is continued under this Option, you must remain actively and regularly employed for at least 30 hours per week for the policy to remain in force. We have the right to ask you at least once per year for proof satisfactory to us that you are meeting this requirement. In addition, we have the right to ask for this information more often than once per year if we reasonably believe that such information is necessary for this policy to continue under this Option.

You must notify us as soon as is reasonably possible if at any time:

- you no longer remain actively and regularly employed for at least 30 hours per week; or
- you cease employment altogether.

If after the Termination Date you cease to be actively and regularly employed for at least 30 hours per week, this policy will immediately terminate, and we will be liable only to return the premiums paid for any period after you no longer remain employed.

**RENEWAL OPTION REQUEST**

The Owner may request this Option by writing to us at our Home Office. We must receive the request at least 30 days prior to the Termination Date. The policy must be in force with all due premiums paid on the date we receive the request.

**RENEWAL BENEFIT**

Under the Renewal Option, only the coverage for Total Disability will continue beyond the policy's Termination Date. All other coverage provided by the policy and all riders and rider benefits ends at 12:01 a.m. on the Termination Date, unless a rider states otherwise. The same provisions, exceptions, exclusions and limitations in this policy continue to apply if the Renewal Option is elected.

Under this Option payment of benefits will be made for only one Disability. Benefits will end, and the policy will be terminated, on the date you Recover from your Disability or on the date benefits have been paid through the Maximum Benefit Period, whichever date is earlier.

**RENEWAL PREMIUM**

The premium to continue the policy under the Renewal Option will be different from the premium shown on the Policy Data page. It will be based on the rate in effect for all policies with like benefits insuring the same age and Risk Class as of the Termination Date. We can change the premium rates at any time, but only if we change it for everyone who:

- has this policy form; and
- has like benefits; and
- is your age; and
- is in your Risk Class.

We will refund to the Owner any premium paid after the Termination Date, unless the policy is in force under the Renewal Option. Payment or receipt of any premium after the policy ends for any reason will not continue it in force, unless the policy is being continued under the Renewal Option.

**END OF RENEWAL OPTION**

This Option and policy, and all coverage, will end on the earliest of the following:

- the date you cease being actively and regularly employed at least 30 hours per week, unless you are Disabled on that date under the policy terms;
- the date you Recover from a Disability covered under this Option;
- the date benefits have been paid through the Maximum Benefit Period; or
- the date the policy and this Option end under the Policy Termination provision.

## GENERAL PROVISIONS

**THE CONTRACT**

This insurance is provided in consideration of our receipt of: (1) The completed application; and (2) Payment of all required premiums. This policy and all attachments, including any benefits, riders, endorsements and copies of the application and application supplements, make up the whole contract. No one, including our sales representative, has the right to change or waive any part of this policy unless the change is approved in writing by our President and Corporate Secretary.

**ELIGIBILITY**

Your eligibility for this policy on the Policy Effective Date is conditioned upon your acceptance of the policy and payment of the first full premium. After the Policy Effective Date, your eligibility is dependent upon your payment of premium by the end of each grace period.

## CONFORMITY WITH INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION STANDARDS

This policy was approved under the authority of the Interstate Insurance Product Regulation Commission (IIPRC) and issued under the IIPRC standards. Any provision of this policy that on the provision's effective date is in conflict with IIRPC standards for this product type is hereby amended to conform to the IIPRC standards for this product type as of the provision's effective date**.**

## TIME LIMIT ON CERTAIN DEFENSES

After two years from the later of the Policy Effective Date or its most recent Reinstatement Date (if an application for Reinstatement was required), no misstatements, except fraudulent misstatements, made by you or the Owner in the application for the policy or for reinstatement shall be used to rescind the policy or to deny a claim for Disability starting after the end of such two-year period.

No claim for Disability starting after two years from the later of the Policy Effective Date or its most recent Reinstatement Date (if an application for Reinstatement was required) will be reduced or denied on the ground that a disease or physical condition existed before such date, unless it is specifically excluded by name or specific description, or there was fraudulent misstatement in the application for the policy or for reinstatement.

If you apply for an increase in coverage under this policy, this provision will apply to statements made in the application for the increase; and the two-year period will begin on the date the underwritten increase becomes effective and will apply only to the amount of the increase.

## LEGAL ACTION

Legal action cannot be brought against us until at least 60 days following the date we receive Proof Of Loss. Also, legal action may not be brought against us after three years from the date written proof is required under Proof Of Loss.

## MISSTATEMENTS

If your Issue Age or gender has been misstated, any benefits will equal those that the premiums paid would have purchased at your correct Issue Age and gender.

## NOTICE

Changes, assignments, designations of payees and other requests will not affect us until:

- they have been signed by the Owner; and
- we have received them at our Home Office; and
- where required, we have approved them.

**ASSIGNMENT**

The Owner may assign this policy at any time while the policy is in force and while you are not Disabled and while no benefits are payable. We will be bound by an assignment only: (1) If it is in writing; and (2) After it is approved at our Home Office. Once approved, unless otherwise specified by the Owner, it will take effect as of the date the assignment was signed by the Owner. We are not responsible for the validity of an assignment. We will not be liable for any action taken prior to, or for any payment made by us before, our approval of the assignment.

**OWNER**

The Owner of this policy is the Insured unless:

- a different owner is named on the application; or
- the Owner is changed under the Assignment provision, above.

The Owner may name a successor owner who will become the new owner if the Owner dies before you. If no named successor owner is living when the Owner dies, and if you are not the Owner, the Owner's estate will become the new owner.

(This space is intentionally left blank.)

## DEFINITIONS

**Activities Of Daily Living** are Bathing; Continence; Dressing; Eating; Toileting; and Transferring, defined as follows:

- **Bathing** means washing oneself with or without the help of adaptive devices. Washing may be in the tub or shower or by sponge bath.
- **Continence** means voluntarily controlling bowel and bladder function; or if incontinent, maintaining a reasonable level of personal hygiene.
- **Dressing** means putting on or removing all items of: clothing and footwear; medically necessary braces; and artificial limbs.
- **Eating** means getting food and fluid into the body. This may be done manually, intravenously or by feeding tube.
- **Toileting** means getting to and from and on and off the toilet, and/or performing related personal hygiene.
- **Transferring** means moving into or out of a bed, a chair or a wheelchair. This may be done with or without adaptive devices.

**Any Occupation** (See definition under Benefit For Total Disability.)

**Basic Monthly Benefit** means the amount of monthly benefit as shown on the Policy Data page issued with the policy, or as later changed by endorsement or by a new Policy Data page made part of this policy.

**Benefit Waiting Period** (See definition under Benefit Waiting Period Limitation in the EXCLUSIONS AND LIMITATIONS section.)

**Commencement Date** means the first day immediately following the completion of the Benefit Waiting Period. For Presumptive Disability the Benefit Waiting Period is waived, and the Commencement Date is the first day of your Presumptive Disability.

**Complications Of Pregnancy** means a physical condition that Physicians consider distinct from pregnancy even though it is caused or worsened by pregnancy. A miscarriage, non-elective abortion and non-elective cesarean section are considered Complications Of Pregnancy.
Complications Of Pregnancy do not include false labor, morning sickness, Physician prescribed bed rest or similar conditions related to a difficult pregnancy but not classified as Complications Of Pregnancy.

**Concurrent Disability** (See definition in the EXCLUSIONS AND LIMITATIONS section.)

**Domestic Partner** means an individual with whom you have completed an affidavit of declaration of domestic partnership and filed that affidavit for public record if required by law; or a person who is party to a civil union with you as defined by applicable law.

**Earnings** means all income from any vocational activity of yours, or attributable to you by a business in which you have an ownership interest, including but not limited to:

- salary and fees; and
- commissions and bonuses including stock options and stock bonuses, if the earnings are for remuneration of services rendered in your profession; and
- wages, pension and profit sharing contributions, and other payments.

We will require any proof we consider necessary to establish your Earnings. Such proof may include, but is not limited to complete copies of individual and business federal income tax returns, including W-2s, 1099s, and all attachments and schedules. (See Proof Of Loss in the CLAIMS section for more detail.)

We will subtract from Earnings all business expenses which you are allowed to deduct for federal income tax purposes. However, we will not deduct any expenses shown on your federal income tax return as IRC Section 179 expenses. When we determine Monthly Earnings, business expenses may not exceed your average monthly business expenses for the same period in which your Predisability Earnings is determined.

With respect to other compensation or income earned by you or attributable to you by a business in which you have an ownership interest, this amount is determined after deduction of normal and customary unreimbursable business expenses but before deduction of any of your personal income taxes.

Earnings does NOT include income from any of the following as long as it is not the result of vocational activity you perform:

- rent, royalties or alimony;
- annuities, savings, investments, dividends, capital gains, or interest (including tax exempt interest);
- deferred compensation, retirement plans, or formal sick pay plans; or
- disability income insurance policies.

We will use the accounting method used on your federal income tax return for your tax year immediately prior to your tax year in which your Disability or your Family Member’s Serious Health Condition began. We will use the same method throughout the duration of the claim. If the cash method is used, we will exclude from Monthly Earnings that income which is both earned prior to and received after the date your Disability began or your Family Member’s Serious Health Condition began.

**Family Care Benefit** means a benefit we pay, up to six months, due to a Family Member’s Serious Health Condition. See Family Care Benefit in the ADDITIONAL BENEFITS section for requirements, terms and conditions.

**Family Member** (See definition under Family Care Benefit.)

**Hands-On Assistance** means the physical assistance of another person without which there would be an inability to perform the Activity Of Daily Living in question.

**Injury** means an accidental bodily injury which is sustained after the Policy Effective Date and while this policy is in force.

**Insured** means the insured under this policy as shown on the Policy Data page and as shown as the “Proposed Insured” on the application for insurance.

**Issue Age** means your age on the Policy Effective Date. The Issue Age is shown on the Policy Data page.

**Maximum Benefit Period** means the maximum period of time we will pay Disability Benefits for any one Disability. This period is shown on the Policy Data page. It begins on the Commencement Date. Once the Maximum Benefit Period ends, you will not be eligible for a new Maximum Benefit Period unless:

• you have been working for at least 30 hours per week for at least 12 consecutive months; and

• the policy remains in force; and

• you have satisfied all other terms of the policy.

**Monthly Earnings** means all Earnings received by you in the particular month for which you are claiming benefits under this policy.

**Owner** means the owner of this policy, as shown on the Policy Data page, unless later changed as allowed under the GENERAL PROVISIONS section. The Owner is shown as "Policyowner" on application forms attached to this policy.

**Physician** means any licensed medical professional, other than you, the Owner, a member of your or the Owner's household, or any person related to you or the Owner by blood or marriage, who is practicing and diagnosing within the scope of his or her medical or professional license.

**Policy Anniversary** means the anniversary of the Policy Effective Date occurring each year the policy remains in force.

**Policy Effective Date** means the date on which this policy becomes effective. This date is shown on the Policy Data page.

**Policy Month** means a month measured from the same date in a month as the Policy Effective Date.

**Predisability Earnings** means the greater of:

• your highest average Earnings for any consecutive 12 months in the last 24 months before the date your Disability or your Family Member's Serious Health Condition began; or

• your Earnings for any two full tax years within the three full tax years preceding the date your Disability or your Family Member's Serious Health Condition began, divided by 24.

**Recover / Recovery / Recovered** means you are no longer Disabled from the same cause or causes that caused your most recent Disability.

**Recurrent Disability** (See definition in the EXCLUSIONS AND LIMITATIONS section.)

**Regular Medical Care** means the appropriate medical treatment for your Injury or Sickness, based on prevailing medical standards. Regular Medical Care includes compliance with appropriate medical treatments recommended by the Physician(s) providing care for your Injury or Sickness.

**Regular Occupation** (See definition under Benefit For Total Disability.)

**Reinstatement Date** means the date the policy is made effective when reinstated.

**Renewal Option** means the option of renewing the policy beyond the Termination Date, subject to our approval and certain conditions and limitations.

**Risk Class** means the Risk Class for this policy, as shown on the Policy Data page. It also includes the Occupation Class and gender as shown on the Policy Data page.

**Serious Health Condition** (See definition under Family Care Benefit.)

**Severe Cognitive Impairment** means a loss or deterioration in intellectual capacity that is:

· comparable to and includes Alzheimer's disease and similar forms of irreversible dementia, including dementia resulting from stroke or trauma, or infectious conditions; and

· measured by clinical evidence and standardized tests approved by us that reliably measure impairment in short-term or long-term memory, orientation as to people, places or time, and deductive or abstract reasoning.

**Sickness** means an illness or disease which first manifests itself after the Policy Effective Date and while this policy is in force. Sickness includes Complications Of Pregnancy as diagnosed by a Physician.

**Standby Assistance** means the presence of another person within arm's reach that is necessary to prevent, by physical intervention, injury while performing the Activity Of Daily Living in question.

**Substantial And Material Duties** means the usual and customary duties that are generally performed and essential.

**Substantial Supervision** means continual supervision by another person that is necessary for protection from threats to health or safety (such as may result from wandering). It may include cueing by verbal prompting or gestures, or other similar demonstrations.

**Termination Date** means the date the policy ends, as shown on the Policy Data page, unless the policy ends earlier as outlined under the POLICY TERMINATION provision.

# INDEXED COST OF LIVING BENEFIT RIDER

This rider provides a Cost of Living Adjustment to the Basic Monthly Benefit, compounded each year for a Disability continuing more than one year.

## DEFINITIONS

**Adjusted Basic Monthly Benefit** means the Basic Monthly Benefit plus any Cost Of Living Adjustment(s) made under this rider.

**Adjustment Rate** means the percentage used to determine the adjustment under this rider.

**Change Date** means the first of the month following any anniversary of the date your Disability started.

**Cost Of Living Adjustment** means the net financial effect of applying the Adjustment Rate on each Change Date.

**CPI-U** means the Consumer Price Index For All Urban Consumers published by the United States Department of Labor. If the CPI-U is changed or discontinued, we will use a similar index upon approval by the Interstate Insurance Product Regulation Commission. We will notify you of any change in the index before we use it.

## COST OF LIVING ADJUSTMENT

If Disability Benefits are payable on an applicable Change Date, we will make an adjustment to the Basic Monthly Benefit under this rider. A Cost of Living Adjustment will be made on the first Change Date and will continue on any subsequent Change Date while you remain Disabled for the same claim.

If Disability Benefits are not payable on a Change Date because you have Recovered from a prior Disability, a Cost of Living Adjustment will be made on that Change Date if you later have a Recurrent Disability. A Cost Of Living Adjustment will not be made on a Change Date, however, if Disability Benefits are not payable on a Change Date and you have a Recovery longer than 12 months.

If you no longer qualify for Recurrent Disability for a period of Disability due to the length of your Recovery, any Cost of Living Adjustment for that period of Disability will no longer apply. For any future Disability covered by this policy, the Adjusted Basic Monthly Benefit will again be the then current Basic Monthly Benefit before its first Change Date.

## COST OF LIVING ADJUSTMENT RATE

On the first Change Date, we will adjust the Basic Monthly Benefit by multiplying the Basic Monthly Benefit by the Adjustment Rate. On each subsequent Change Date, the Adjusted Basic Monthly Benefit on and after that Change Date is equal to the Adjusted Basic Monthly Benefit before that Change Date, multiplied by the Adjustment Rate of that Change Date.

The Adjustment Rate is calculated by dividing the CPI-U for the calendar month four months before the Change Date by the CPI-U for the calendar month 16 months before that Change Date. If this ratio is less than 1.00, the Adjustment Rate shall be 1.00. If this ratio is greater than 1.03, then the Adjustment Rate shall be 1.03

## COST OF LIVING BENEFIT PURCHASE OPTION

Within 90 days after Disability Benefits and Recovery Benefits end, and while this policy is in force, the Owner may apply to purchase an increase in the policy's Basic Monthly Benefit.

To qualify for the increase, the following must be true on the date of the application to purchase an increase:

- a Cost Of Living Adjustment was made under this rider at the time Disability Benefits and Recovery Benefits ended; and
- you are working at least 30 hours per week.

Evidence of your health is not required.

The Owner may choose to increase the Basic Monthly Benefit to:

- the Adjusted Basic Monthly Benefit at the time Disability Benefits and Recovery Benefits ended; or
- a lower amount, but not less than $200 more than the current Basic Monthly Benefit.

The amount of purchase will be subject to our Issue And Participation Limits and our underwriting rules and guidelines at the time of purchase. After this purchase any amount of increase remaining will not be available for later purchase.

The effective date of the purchased increase is the Policy Anniversary day falling in the next Policy Month starting after Disability Benefits and Recovery Benefits ended and premiums are no longer waived. The purchased increase will apply only to benefits resulting from a Disability that begins after the effective date of the purchase.

The premium for the purchase will be based on our rates in effect for your age and Risk Class on the date the increase takes effect.

The Owner's written application for the increase must be received at our Home Office within 90 days after Disability Benefits and Recovery Benefits end and premiums are no longer waived. In addition, the required premium for the increase must be received within 31 days after our receipt of the application. The purchase will be in the form of an increase to this policy or a new policy, as determined by us.

## GENERAL PROVISIONS

**RIDER PREMIUM**

The annual premium for this rider is shown on the Policy Data page. We can change the premium amount only: (1) After the rider has been in force for three years; and (2) If the change applies to all policies with like benefits insuring the same Risk Class.

**RIDER EFFECTIVE DATE**

The effective date for this rider is the same as the Policy Effective Date, unless a different effective date has been given to this rider by an endorsement signed by you and the Owner, if different.

**TIME LIMIT ON CERTAIN DEFENSES**

The policy's Time Limit On Certain Defenses provision will apply to this rider as of the Rider Effective Date.

**TERMINATION OF RIDER**

This rider will end on the policy's Termination Date unless the policy ends for any reason prior to that. In addition, the Owner may terminate this rider by sending us a written request. Such termination will be effective on the date the request is received at our Home Office, or on the date the Owner requests, subject to our approval. Termination of this rider may require termination of other riders.

**PART OF POLICY**

This rider is part of the policy to which it is attached. All policy terms and conditions will apply to this rider if they have not been changed by this rider; and do not conflict with this rider.

STANDARD INSURANCE COMPANY

By

Daniel J. McMillan
President and CEO

Elizabeth A. Fouts
Corporate Secretary

STANDARD INSURANCE COMPANY

## NONCANCELABLE POLICY RIDER

This rider changes the policy and all riders made part of the policy from Guaranteed Renewable to Noncancelable and Guaranteed Renewable.

The entire paragraph on the policy face page, starting with "GUARANTEED RENEWABLE TO AGE 67," is replaced with the following:

> NONCANCELABLE AND GUARANTEED RENEWABLE TO AGE 67. If the Insured's Issue Age, as shown on the Policy Data page, is under age 65, this policy is noncancelable and guaranteed renewable until the Policy Anniversary on or next following the Insured's 67th birthday (the Termination Date shown on the Policy Data page). If the Insured's Issue Age is age 65 or older, this policy is noncancelable and guaranteed renewable until the first Policy Anniversary (the Termination Date shown on the Policy Data page).
>
> NO CHANGE IN PREMIUM RATES. As long as the premium is paid by the end of each grace period, until the Termination Date, we cannot change: (1) The policy; or (2) Its premium. The policy will end on the Termination Date, except as provided by the RENEWAL OPTION AFTER THE TERMINATION DATE provision. See that provision for premium changes that apply if the policy is continued under the Renewal Option.

The first paragraph of the Premiums provision in the policy under PREMIUMS, REINSTATEMENT, TERMINATION is replaced with the following:

> **PREMIUMS**
>
> The premium is the amount we charge at regular intervals to keep this policy in force and is shown on the Policy Data Page. We cannot change the premium while this policy is in force, prior to the Termination Date. Premiums are payable at our Home Office. The first premium is due on or before the Policy Effective Date. If the first premium is not paid, the policy is never in force.

On any riders issued with this policy, other than this rider and any rider for which there is no premium, the Rider Premium provision under GENERAL PROVISIONS is replaced with the following:

> **RIDER PREMIUM**
>
> The annual premium for this rider is shown on the Policy Data page. We cannot change the premium amount.

## GENERAL PROVISIONS

**RIDER PREMIUM**

The annual premium for this rider is included on the Policy Data page as part of the base policy premium.

**RIDER EFFECTIVE DATE**

The effective date for this rider is the same as the Policy Effective Date, unless a different effective date has been given to this rider by endorsement signed by you and the Owner, if different.

**TERMINATION OF RIDER**

This rider will end on the policy's Termination Date unless the policy ends for any reason prior to that. In addition, the Owner may terminate this rider by sending us a written request. Such termination will be effective on the date the request is received at our Home Office, or on the date the Owner requests, subject to our approval. Termination of this rider may require termination of other riders.

**TIME LIMIT ON CERTAIN DEFENSES**

The policy's Time Limit On Certain Defenses provision will apply to this rider as of the effective date of this rider.

**PART OF POLICY**

This rider is part of the policy to which it is attached. All policy terms and conditions will apply to this rider if they have not been changed by this rider and do not conflict with this rider.

STANDARD INSURANCE COMPANY

By

| | |
|---|---|
| Daniel J. McMillan<br>President and CEO | Elizabeth A. Fouts<br>Corporate Secretary |

# BASIC RESIDUAL DISABILITY RIDER

For purposes of this rider only, the definitions of Disability/Disabled and Disability Benefit/Disability Benefits in the policy are changed as follows:

**Disability/Disabled** means Total Disability/Totally Disabled, as defined in the policy; and Residual Disability/Residually Disabled, as defined below.

**Disability Benefit / Disability Benefits** means any benefit payment or payments for Total Disability or Residual Disability that are made under this policy.

## RESIDUAL DISABILITY

You will be eligible for a Disability Benefit during your Residual Disability if you meet the requirements below.

**Residual Disability/Residually Disabled** means:

- you are not Totally Disabled; and
- you are working in your Regular Occupation or any other occupation; and
- due to your Injury or Sickness, you have a Loss Of Income and either a Loss Of Duties or a Loss Of Time; and
- you are receiving Regular Medical Care from one or more Physician(s) appropriate for your Injury or Sickness. This Regular Medical Care requirement will be waived when we receive written proof, satisfactory to us, that further care would be of no benefit to you.

**Loss Of Duties** means you are able to perform some but not all Substantial And Material Duties. The Substantial And Material Duties which you are unable to perform must account for at least 20% of the time you spent in your Regular Occupation prior to the date of Disability.

**Loss Of Time** means you are able to perform all Substantial And Material Duties but you are unable to do them for at least 20% of the time you spent in your Regular Occupation prior to the date of Disability.

**Loss Of Income** means your Indexed Predisability Earnings minus your Monthly Earnings. Your Loss Of Income must be at least 20% of your Indexed Predisability Earnings and be solely due to the Injury or Sickness that caused your Disability.

## BENEFIT FOR RESIDUAL DISABILITY

To satisfy the Benefit Waiting Period, you can be either Totally Disabled or Residually Disabled. Once the Benefit Waiting Period has been satisfied, Disability Benefits become payable.

The Disability Benefit for Residual Disability will be based on your Loss Of Income, as shown below.

If your Loss Of Income divided by your Indexed Predisability Earnings is:

- more than 80%, the Disability Benefit will equal the Basic Monthly Benefit.
- 20% to 80%, the Disability Benefit will equal a portion of the Basic Monthly Benefit. The amount will be determined each month as follows:

$$\frac{\text{Your Loss of Income}}{\text{Your Indexed Predisability Earnings}} \times \text{the Basic Monthly Benefit}$$

- less than 20%, no Disability Benefit is payable.

However, for the first six months that a Disability Benefit is payable for Residual Disability, we will pay no less than 50% of the Basic Monthly Benefit.

If the Indexed Cost Of Living Benefit Rider is part of the policy, we will use the Adjusted Basic Monthly Benefit to calculate the Disability Benefit for Residual Disability.

Disability Benefits will no longer be payable for Residual Disability on the date that the first of the following events occurs:

- you are no longer Residually Disabled;
- your Loss Of Income is no longer solely due to the Injury or Sickness that caused your Disability;
- you become Totally Disabled; or
- the Maximum Benefit Period ends.

**RECOVERY BENEFIT**

If you experience a Recovery from your Disability, we will pay you a Recovery Benefit if:

- you are working in your Regular Occupation, and working at least as many hours as you worked prior to Disability; and
- you continue to have a Loss Of Earnings of at least 20%, and that Loss Of Earnings is solely the result of the previous Injury or Sickness that caused your Disability.

**Loss Of Earnings** means:

$$\frac{\text{your Indexed Predisability Earnings on the date of your Recovery - your Monthly Earnings}}{\text{your Indexed Predisability Earnings on the date of your Recovery}}$$

The amount of Recovery Benefit we pay will equal: your Loss Of Earnings x the Basic Monthly Benefit

If your Regular Occupation prior to your Disability was that of being retired or unemployed, you are not eligible for the Recovery Benefit.

You must be able to demonstrate that your Loss Of Earnings is solely the result of the previous Injury or Sickness for the Recovery Benefit to be payable. We will periodically review the amount of your Monthly Earnings and the relationship between your Loss Of Earnings and the Injury or Sickness that caused your Disability.

If the Indexed Cost of Living Benefit Rider is part of the policy, the Recovery Benefit will be calculated based on the Adjusted Basic Monthly Benefit (instead of the Basic Monthly Benefit) last paid before you Recovered from your Disability. No additional increases under the Indexed Cost of Living Benefit Rider will be made while Recovery Benefits are payable under this rider.

The Premium Waiver Benefit in the policy will apply while Recovery Benefits are payable. Other benefits under your policy will not be payable while Recovery Benefits are payable.

The Recovery Benefit will no longer be payable on the date that the first of the following events occurs:

- you are no longer working in your Regular Occupation for a reason other than your Disability;
- You are working fewer hours than you worked prior to your Disability;
- your Loss Of Earnings is less than 20%;
- your Loss Of Earnings is no longer solely due to the Injury or Sickness that caused your Disability;
- you become Disabled again; or
- the Maximum Benefit Period ends.

## DEFINITIONS

When used in this rider, these terms are defined as follows:

**CPI-U** means the average Consumer Price Index For All Urban Consumers published by the United States Department of Labor. If the CPI-U is changed or discontinued, we will use a similar index upon approval by the Interstate Insurance Product Regulation Commission. We will notify you of any change in the index before we use it.

**Calendar Year** means a year measured inclusively from January 1 to December 31.

**Change Date** means the first of the month following any anniversary of the date your Disability started.

**Indexed Predisability Earnings** means your Predisability Earnings adjusted by the applicable rate of increase in the CPI-U. During your first year of Disability, Indexed Predisability Earnings is the same as Predisability Earnings. After that, Indexed Predisability Earnings will be adjusted on each Change Date, by multiplying the current Predisability Earnings by an **Index Factor**. On the first Change Date, the Index Factor will be calculated by dividing the CPI-U for the calendar month four months before your date of Disability by the CPI-U for the calendar month 16 months before that Change Date. For all subsequent Change Dates, the Index Factor will be calculated by dividing the CPI-U for the calendar month four months before the current Change Date by the CPI-U for the calendar month four months before the prior year’s Change Date. If there is no increase in the CPI-U, there will be no increase in the Indexed Predisability Earnings for the current Change Date. However, the Index Factor will never be less than 1, regardless of changes in the CPI-U.

**Recovery Benefit** means any benefit payment or payments made under this policy after you have Recovered from Disability.

## GENERAL PROVISIONS

**RIDER PREMIUM**

The annual premium for this rider is shown on the Policy Data page. We can change the premium amount only: (1) After the rider has been in force for three years; and (2) If the change applies to all policies with like benefits insuring the same Risk Class.

**RIDER EFFECTIVE DATE**

The effective date for this rider is the same as the Policy Effective Date, unless a different effective date has been given to this rider by endorsement signed by you and the Owner, if different.

**TIME LIMIT ON CERTAIN DEFENSES**

The policy’s Time Limit On Certain Defenses provision will apply to this rider as of the effective date of this rider.

**TERMINATION OF RIDER**

This rider will end on the Termination Date unless the policy ends for any reason prior to that. In addition, the Owner may terminate this rider by sending us a written request. Such termination will be effective on the date the request is received at our Home Office, or on the date the Owner requests, subject to our approval. Termination of this rider may require termination of other riders.

**PART OF POLICY**

This rider is part of the policy to which it is attached. All policy terms and conditions will apply to this rider if they have not been changed by this rider and do not conflict with this rider.

STANDARD INSURANCE COMPANY

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| | |
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| Daniel J. McMillan<br>President and CEO | Elizabeth A. Fouts<br>Corporate Secretary |

STANDARD INSURANCE COMPANY

## REGULAR OCCUPATION EXTENSION POLICY RIDER

This rider changes the definition of Total Disability/Totally Disabled in the policy's BENEFITS FOR TOTAL DISABILITY section to read as follows:

**Total Disability/Totally Disabled** means that due to your Injury or Sickness:

- you are unable to perform the Substantial And Material Duties of your Regular Occupation; and
- you are not engaged in any other job or occupation for wage or profit; and
- you are receiving Regular Medical Care from one or more Physician(s) appropriate for your Injury or Sickness. This Regular Medical Care requirement will be waived when we receive written proof, satisfactory to us, that further care would be of no benefit to you.

### GENERAL PROVISIONS

**RIDER PREMIUM**
The annual premium for this rider is shown on the Policy Data page. We can change the premium amount only: (1) After the rider has been in force for three years; and (2) If the change applies to all policies with like benefits insuring the same Risk Class.

**RIDER EFFECTIVE DATE**
The effective date for this rider is the same as the Policy Effective Date, unless a different effective date has been given to this rider by endorsement signed by you and the Owner, if different.

**TERMINATION OF RIDER**
This rider will end on the Termination Date unless the policy ends for any reason prior to that. In addition, the Owner may terminate this rider by sending us a written request. Such termination will be effective on the date the request is received at our Home Office, or on the date the Owner requests, subject to our approval. Termination of this rider may require termination of other riders.

**TIME LIMIT ON CERTAIN DEFENSES**
The policy's Time Limit On Certain Defenses provision will apply to this rider as of the Rider Effective Date.

**PART OF POLICY**
This rider is part of the policy to which it is attached. All policy terms and conditions will apply to this rider if they have not been changed by this rider and do not conflict with this rider.

STANDARD INSURANCE COMPANY
By

Daniel J. McMillan
President and CEO

Elizabeth A. Fouts
Corporate Secretary

STANDARD INSURANCE COMPANY

## ERISA CLAIMS PROCEDURES POLICY ENDORSEMENT

This endorsement is part of the policy shown below.

**Insured**: NAME **Policy Number**:

**Owner**: NAME

**Effective Date of this Endorsement**: The effective date of policy number

In addition to the existing CLAIMS section of the policy, this endorsement includes mandatory claims language for policies covered by requirements of the Employee Retirement Income Security Act (“ERISA”).

The policy is amended by completely removing the Review Procedure provision in the CLAIMS section of the policy and replacing it with the following:

### NOTICE OF DECISION ON CLAIM

We will evaluate your claim promptly after you file it. Within 45 days after we receive your claim we will send you: (1) A written decision on your claim; or (2) A notice that we are extending the period to decide your claim by 30 days. By the end of the extension we will send you: (1) A written decision on your claim; or (2) A notice that we are extending the period to decide your claim for another 30 days.

If we extend the period to decide your claim, we will notify you of the following: (1) The reasons for the extension; (2) When we expect to decide your claim; (3) An explanation of the standards on which entitlement to benefits are based; (4) The unresolved issues; and (5) Any additional information we need to resolve those issues. If we request additional information, you have 45 days to: (1) Provide the information; or (2) Otherwise respond to our request.

If an extension is due to your failure to provide necessary claim information, the extended time period for deciding Your claim will not begin until you: (1) Provide the information; or (2) Otherwise respond. However, if you do not provide the requested information within 45 days, we may decide your claim based on the information we have received.

If we deny any part of your claim, you will receive a written notice of denial containing:

- the reasons for our decision; and
- reference to the parts of the policy on which our decision is based; and
- a description of any additional information needed to support your claim; and
- reference to any internal rule or guideline relied upon in making our decision; and
- information concerning your right to:
  - a. a review of our decision; and
  - b. bring a civil action for benefits under section 502(a) of ERISA if your claim is denied on review.

**REVIEW PROCEDURE FOR DENIED CLAIMS**

If all or part of your claim is denied, you may request a review. You must request a review in writing within 180 days after receiving notice of the denial.

Our review will be subject to the following:

- the review will not give deference to the initial decision; and
- the person conducting the review (the Reviewer) will be someone other than the person who denied your claim; and
- the Reviewer will not be subordinate to the person who denied your claim; and
- if the denial was based on a medical judgment, the Reviewer will consult with a qualified health care professional other than the person who made the original medical judgment; and
- the health care professional referenced in number 4 immediately above will not be subordinate to the person who made the original medical judgment.

You may:

- send us written comments or other items to support your claim; and
- review and receive copies of any non-privileged information that relates to your request for review. There will be no charge for such copies; and
- request the names of medical or vocational experts who provided advice to us about your claim.

We will review your claim promptly after we receive your request. Within 45 days after we receive your request for review we will send you: (1) Our written decision; or (2) A notice that we are extending the review period for 45 days. Our review will include any written comments or other items you submit to support your claim.

If our review is extended, we will notify you of the following: (1) The reasons for the extension; (2) When we expect to decide your claim on review; and (3) Any additional information we need to decide your claim.

If we request additional information, you have 45 days to: (1) Provide that information; or (2) Otherwise respond to our request.

If an extension is due to your failure to provide necessary claim review information, the extended time period for claim decision review will not begin until you: (1) Provide the information; or (2) Otherwise respond. However, if you do not provide the requested information within 45 days, we may conclude our review of your claim based on the information we have received.

If we deny any part of your claim on review, you will receive a written notice of our denial. It will contain:

- the reasons for our decision; and
- reference to the parts of the policy on which our decision is based; and
- reference to any internal rule or guideline relied upon in making our decision; and
- information concerning your right to:
  - review and receive free of charge copies of non-privileged documents and records relevant to your claim; and
  - bring a civil action for benefits under Section 502(a) of ERISA.

The policy does not provide voluntary alternative dispute resolution options. However, you may contact Your local U.S. Department of Labor Office and Your state insurance regulatory agency for assistance.

**PART OF POLICY**
This endorsement is part of the policy to which it is attached. All policy terms and conditions will apply to this endorsement if they have not been changed by this endorsement and do not conflict with this endorsement.

STANDARD INSURANCE COMPANY

By

Daniel J. McMillan
President and CEO

Elizabeth A. Fouts
Corporate Secretary

STANDARD INSURANCE COMPANY
1100 SW Sixth Avenue Portland, OR 97204 Individual
Disability Insurance
800-247-6888

## POLICY ENDORSEMENT AND ACKNOWLEDGMENT

This endorsement is part of the policy shown below.

**Insured**: NAME **Policy Number**:
**Owner**: NAME

**Effective Date of this Endorsement**: The Effective Date of Policy Number The above policy has been changed as follows:
The following provision is added to the ERISA CLAIMS PROCEDURES POLICY ENDORSEMENT and it applies to claims filed on or after April 1, 2018.

If we deny any part of your claim for a benefit that relies on a disability determination, you will receive a written notice of denial containing a copy of any internal rule or guideline relied upon in making our decision, or a statement that no such rules or guidelines exist. The notice of denial will also include information concerning your right to receive, free of charge, copies of non-privileged documents and records relevant to your claim.

If all or part of a claim is denied and you request a review in accordance with the REVIEW PROCEDURE FOR DENIED CLAIMS, before we issue a decision on review, we will provide you, free of charge, with any new evidence or rationale considered, relied upon, or generated by us in connection with the claim. We will provide such new evidence or rationale sufficiently in advance of the decision deadline date to give you a reasonable opportunity to respond prior to that date.

If our review results in a denial of any part of your claim for a benefit that relies on a disability decision, your written notice of denial will contain a copy of any internal rule or guideline relied upon in making our decision, or a statement that no such rules or guidelines exist. The notice of denial will also include a description of any applicable contractual limitations period that applies to your right to bring a civil action for benefits under section 502(a) of ERISA, including the calendar date on which the contractual limitations period expires for the claim.

**PART OF POLICY** - This endorsement is part of the policy to which it is attached. All policy terms and conditions will apply to this endorsement if they: (a) have not been changed by this endorsement; and (b) do not conflict with this endorsement.

I acknowledge receipt of this endorsement.

N/A N/A
Owner's Signature Date

N/A N/A
Insured's Signature *(if other than policyowner)* Date

STANDARD INSURANCE COMPANY
By

Daniel J. McMillan
President and CEO

Elizabeth A. Fouts
Corporate Secretary

**THIS IS A DISABILITY INCOME INSURANCE POLICY.**

Standard Insurance Company
The Standard Life Insurance of New York

Standard.com

Individual Disability Insurance
23485(4/23)SI/SNY

# Important Information

The following documents are not part of your policy; however, they contain important information.

Please save these documents in a safe place along with your policy.

**Standard Insurance Company**
Individual Disability Insurance **INFORMATION AND NOTICE OF RIGHTS FOR**
1100 SW Sixth Avenue Portland OR 97204-1093 **EMPLOYMENT BENEFITS UNDER ERISA**

**Important Information; Please Read.** The following Information and Notice of Rights is furnished by Standard Insurance Company (The Standard) pursuant to the Employee Retirement Income Security Act of 1974 (ERISA). This information and Notice of Rights, along with your disability income insurance policy from The Standard, constitutes a Summary Plan Description for your coverage with The Standard. This information and notice of rights includes important details about your coverage, including your rights to obtain and review information about your company's ERISA benefits plan, the obligations of plan fiduciaries, and a summary of your rights in the event of a claim. Please keep this information and notice of rights with your disability income insurance policy.

**A. GENERAL PLAN INFORMATION**

( INCOME

NAME, ADDRESS OF MADISON GAS AND ELECTRIC COMPANY

PLAN SPONSOR 623 RAILROAD STREET, MADISON, WI 53703
TYPE OF PLAN: INDIVIDUAL DISABILITY INCOME INSURANCE

IF LEGAL PROCESS INVOLVES STANDARD INSURANCE COMPANY
CLAIMS FOR BENEFITS UNDER 1100 SW SIXTH AVE
THE GUARANTY ISSUE DISABILITY PORTLAND, OR 97204-1093
INCOME POLICY, NOTIFICATION
MUST BE SENT TO:

SOURCES OF CONTRIBUTIONS: YOUR EMPLOYER PAYS INSURANCE PREMIUMS FROM ITS GENERAL ASSETS. PREMIUMS WILL NOT BE INCLUDED IN YOUR GROSS INCOME FROM YOUR EMPLOYER UNLESS YOUR PLAN PROVIDES OTHERWISE. IF YOU CHOOSE TO PAY FOR THE INSURANCE PREMIUMS, EITHER BY REIMBURSEMENT OR PAYROLL DEDUCTION, THE FUNDS USED TO PAY PREMIUMS WILL BE FROM YOUR POST-TAX INCOME. PLEASE SEE YOUR HR REPRESENTATIVE FOR MORE INFORMATION ABOUT YOUR PREMIUM CONTRIBUTIONS.

FUNDING MEDIUM: THE PLAN IS FULLY INSURED. BENEFITS ARE PROVIDED UNDER AN INDIVIDUAL DISABILITY INCOME INSURANCE POLICY ISSUED BY STANDARD INSURANCE COMPANY.

**B. STATEMENT OF YOUR RIGHTS UNDER ERISA**

ERISA entitles participants in the Plan to the following rights and protections.

1. RIGHT TO EXAMINE PLAN DOCUMENTS. You have the right to examine all Plan documents, free of charge, including any insurance contracts, and a copy of the latest annual report (Form 5500 Series), if applicable, filed with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.

2. RIGHT TO OBTAIN COPIES OF PLAN DOCUMENTS. You have the right to obtain copies of all Plan documents, including any insurance contracts, a copy of the latest annual report (Form 5500 Series), if applicable, and updated summary plan description upon written request. You may be required to pay a reasonable charge for these copies.

3. RIGHT TO RECEIVE SUMMARY ANNUAL REPORT. The Plan Administrator must give you a copy of the Plan's summary annual financial report, if the Plan was required to file an annual report. There will be no charge for these copies.

**C. PROTECTION OF YOUR RIGHTS UNDER ERISA**

1. OBLIGATIONS OF FIDUCIARIES. In addition to creating rights for plan participants ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of all plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

2. REVIEW OF DENIED CLAIMS. If your claim for a welfare benefit under any insurance offered through the Plan is denied or ignored, in whole or in part, you have the right: a) to know why this was done; b) to obtain copies of documents relating to the decision, without charge; and c) to have your claim reviewed and reconsidered, all within certain time schedules.

3. ENFORCING ERISA RIGHTS. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

4. ENFORCING BENEFIT CLAIMS. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

5. PLAN AND ERISA QUESTIONS. If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue NW., Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Pension and Welfare Benefits Administration.

STANDARD INSURANCE COMPANY

## KEEP THIS NOTICE WITH YOUR INSURANCE PAPERS

**PROBLEMS WITH YOUR INSURANCE?** - If you are having problems with your insurance company or agent, do not hesitate to contact the insurance company or agent to resolve your problem.

**STANDARD INSURANCE**
**COMPANY PO Box 711**
**Portland, Oregon 97207**
**(800) 247-6888**

You can also contact the **OFFICE OF THE COMMISSIONER OF INSURANCE**, a state agency which enforces Wisconsin's insurance laws, and file a complaint. You can contact the **OFFICE OF THE COMMISSIONER OF INSURANCE** by contacting:

Office of the Commissioner of
Insurance 125 South Webster St
Madison, WI 53703-3474
(800) 236-8517
(608) 266-3585

**EXHIBIT 31.1**

Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934

I, Jeffrey M. Keebler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MGE Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jeffrey M. Keebler
Jeffrey M. Keebler
Chairman, President and Chief Executive Officer

Date: August 7, 2024

**EXHIBIT 31.2**

Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934

I, Jared J. Bushek, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MGE Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jared J. Bushek
Jared J. Bushek
Vice President - Chief Financial Officer and Treasurer

Date: August 7, 2024

**EXHIBIT 31.3**

Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934

I, Jeffrey M. Keebler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Madison Gas and Electric Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jeffrey M. Keebler
Jeffrey M. Keebler
Chairman, President and Chief Executive Officer

Date: August 7, 2024

**EXHIBIT 31.4**

Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934

I, Jared J. Bushek, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Madison Gas and Electric Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jared J. Bushek
Jared J. Bushek
Vice President - Chief Financial Officer and Treasurer

Date: August 7, 2024

**EXHIBIT 32.1**

**Certification Pursuant to 18 U.S.C. Section 1350,**
**as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report on Form 10-Q of MGE Energy, Inc. (the "Company"), for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof ("the Report"), I, Jeffrey M. Keebler, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey M. Keebler
Jeffrey M. Keebler
Chairman, President and Chief Executive Officer

Date: August 7, 2024

**EXHIBIT 32.2**

**Certification Pursuant to 18 U.S.C. Section 1350,**
**as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report on Form 10-Q of MGE Energy, Inc. (the "Company"), for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof ("the Report"), I, Jared J. Bushek, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jared J. Bushek
Jared J. Bushek
Vice President - Chief Financial Officer and Treasurer

Date: August 7, 2024

**EXHIBIT 32.3**

**Certification Pursuant to 18 U.S.C. Section 1350,**
**as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report on Form 10-Q of Madison Gas and Electric Company (the "Company"), for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof ("the Report"), I, Jeffrey M. Keebler, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey M. Keebler
Jeffrey M. Keebler
Chairman, President and Chief Executive Officer

Date: August 7, 2024

**EXHIBIT 32.4**

**Certification Pursuant to 18 U.S.C. Section 1350,**
**as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report on Form 10-Q of Madison Gas and Electric Company (the "Company"), for the period ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof ("the Report"), I, Jared J. Bushek, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jared J. Bushek
Jared J. Bushek
Vice President - Chief Financial Officer and Treasurer

Date: August 7, 2024