

United States

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended:

December 31, 2025

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.	Exact Name of Registrant as Specified in its Charter, State or Other Jurisdiction of Incorporation or Organization, Address of Principal Executive Offices, and Telephone No., including Area Code	IRS Employer Identification No.
000-49965	MGE Energy, Inc. (a Wisconsin Corporation) 133 South Blair Street Madison, Wisconsin 53788 (608) 252-7000 mgeenergy.com	39-2040501
000-1125	Madison Gas and Electric Company (a Wisconsin Corporation) 133 South Blair Street Madison, Wisconsin 53788 (608) 252-7000 mge.com	39-0444025

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

	Title of Class	Trading Symbol	Name of Each Exchange on which Registered
MGE Energy, Inc.	Common Stock, \$1 Par Value Per Share	MGEE	The NASDAQ Stock Market

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

	Title of Class
Madison Gas and Electric Company	Common Stock, \$1 Par Value Per Share

Indicate by check mark if the registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

MGE Energy, Inc. Yes No

Madison Gas and Electric Company Yes No

Indicate by check mark if the registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

MGE Energy, Inc. Yes No

Madison Gas and Electric Company Yes No

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. Yes No

Madison Gas and Electric Company 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. Yes No

Madison Gas and Electric Company 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 the 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Madison Gas and Electric Company	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If an emerging growth company, indicate by checkmark if the registrants have elected not to use the extended transition period for complying with any new or revised financial reporting 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 registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

MGE Energy, Inc. **Madison Gas and Electric Company**

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

MGE Energy, Inc. **Madison Gas and Electric Company**

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

MGE Energy, Inc. **Madison Gas and Electric Company**

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

MGE Energy, Inc. Yes No **Madison Gas and Electric Company** Yes No

The aggregate market value of the voting and nonvoting common equity held by nonaffiliates of each registrant as of June 30, 2025 was as follows:

MGE Energy, Inc.	\$3,223,355,207
Madison Gas and Electric Company	\$0

The number of shares outstanding of each registrant's common stock as of February 20, 2026, were as follows:

MGE Energy, Inc.	36,563,899
Madison Gas and Electric Company	17,347,894

OMISSION OF CERTAIN INFORMATION

Madison Gas and Electric Company meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this form with the reduced disclosure format allowed under that General Instruction.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of MGE Energy, Inc.'s definitive proxy statement to be filed before April 30, 2026, relating to its annual meeting of shareholders, are incorporated by reference into Part III of this annual report on Form 10-K.

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Filing Format

This combined Form 10-K 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

Certain matters discussed in this report include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements that are not statements of historical facts are, or may be deemed to be, forward-looking statements. Such forward-looking statements are based on historical performance and current expectations, estimates, forecasts and projections about our future financial results, goals, plans, commitments, strategies and objectives, particularly related to future load growth, revenues, expenses, capital expenditures and rate recovery, financial resources, regulatory matters, and the scope and expense associated with future environmental regulation. Such statements involve inherent risks, assumptions and uncertainties, known or unknown, including internal or external factors that could delay, divert or change any of them, that are difficult to predict, may be beyond our control and could cause our future financial results, goals, plans and objectives to differ materially from those expressed in, or implied by, the statements. Words such as "believe," "expect," "anticipate," "estimate," "could," "should," "intend," "will," "commit," "target," "plan," 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 Item 1A. Risk Factors, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, and Item 8. Financial Statements and Supplementary Data, Footnote 16. Commitments and Contingencies, and (b) other factors discussed herein and in other filings made by that registrant with the Securities and Exchange Commission (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 publicly update or revise any forward-looking statement to reflect events or circumstances after the date of this report, whether as a result of new information, future events, changed circumstances or otherwise, 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:

2017 Tax Act	Tax Cuts and Jobs Act of 2017
2021 Incentive Plan	MGE Energy's 2021 Long-Term Incentive Plan
AFUDC	Allowance for Funds Used During Construction
AI	Artificial Intelligence
ANR	ANR Pipeline
ARO	Asset Retirement Obligation
ATC	American Transmission Company LLC
ATC Holdco	ATC Holdco, LLC
Badger Hollow I	Badger Hollow I Solar Farm
Badger Hollow II	Badger Hollow II Solar Farm
BART	Best Available Retrofit Technology
Blount	Blount Station
BTA	Best Technology Available
CA	Certificate of Authority
CBP	United States Customs and Border Patrol
CCR	Coal Combustion Residual
CO2	Carbon Dioxide
Codification	Financial Accounting Standards Board Accounting Standards Codification
CODM	Chief Operating Decision Maker
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
COSO	Committee of Sponsoring Organizations
CSAPR	Cross-State Air Pollution Rule
D.C. Circuit	United States Court of Appeals for the District of Columbia Circuit
Darien	Darien Solar Energy Center
Dth	Dekatherms
2024 ELG Rule	Supplemental Effluent Limitations Guidelines and Standards for the Steam Electric Power Generating Point Source Category
Elm Road Units	Elm Road Generating Station
EPA	United States Environmental Protection Agency
ERM	Enterprise Risk Management
EV	Electric vehicles
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Forward Wind	Forward Wind Energy Center
FTR	Financial Transmission Rights
GAAP	Generally Accepted Accounting Principles
GHG	Greenhouse Gas

Gristmill	Gristmill Solar Project
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
IPCC	Intergovernmental Panel on Climate Change
IRA	Inflation Reduction Act
IRS	Internal Revenue Service
ITC	Investment Tax Credit
Koshkonong	Koshkonong Solar Energy Center
KW	Kilowatt, a measure of electric energy generating capacity
kWh	Kilowatt-hour
MISO	Midcontinent Independent System Operator, Inc. (a regional transmission organization)
MW	Megawatt
MWh	Megawatt-hour
NAAQS	National Ambient Air Quality Standards
Nasdaq	The Nasdaq Stock Market
NERC	North American Electric Reliability Corporation
NNG	Northern Natural Gas Company
NO _x	Nitrogen Oxides
NYSE	New York Stock Exchange
OBBBA	One Big Beautiful Bill Act
OSCE	State of Wisconsin's Office of Sustainability and Clean Energy
Paris	Paris Solar and Battery Park
Paris Agreement	Paris Agreement under the United Nations Framework Convention on Climate Change
PCAOB	Public Company Accounting Oversight Board
PCBs	Polychlorinated Biphenyls
PFAS	Polyfluoroalkyl substances
PGA	Purchased Gas Adjustment clause
PM	Particulate Matter
PSCW	Public Service Commission of Wisconsin
PTC	Production Tax Credit
REC	Renewable Energy Credit
Red Barn	Red Barn Wind Farm
RER	Renewable Energy Rider
ROE	Return on Equity
RTO	Regional Transmission Organization
Saratoga	Saratoga Wind Farm
SEC	Securities and Exchange Commission
SIP	State Implementation Plan
SO ₂	Sulfur Dioxide
SOFR	Secured Overnight Funding Rate
the State	State of Wisconsin
Stock Plan	Direct Stock Purchase and Dividend Reinvestment Plan of MGE Energy
Sunnyside	Sunnyside Solar and Battery Project
Therm	Measure of quantity of heat used to measure gas supply
Tyto	Tyto Solar Fields
UFLPA	Uyghur Forced Protection Act
UW	University of Wisconsin at Madison
VIE	Variable Interest Entity
WCCF	West Campus Cogeneration Facility
WDNR	Wisconsin Department of Natural Resources
WEC	WEC Energy Group, Inc.
WEPCO	Wisconsin Electric Power Company, a subsidiary of WEC Energy Group, Inc.
West Marinette	West Marinette Power Station
West Riverside	West Riverside Energy Center in Beloit, Wisconsin
Working Capital	Current assets less current liabilities
WPDES	Wisconsin Pollutant Discharge Elimination System
WPL	Wisconsin Power and Light Company, a subsidiary of Alliant Energy Corporation
WPSC	Wisconsin Public Service Corporation

WRO	Withhold Release Order
WRERA	Worker, Retiree and Employer Recovery Act of 2008
XBRL	eXtensible Business Reporting Language

PART I.

Item 1. Business.

MGE Energy operates in the following business segments:

- Regulated electric utility operations – generating, purchasing, and distributing electricity through MGE.
- Regulated gas utility operations – purchasing and distributing natural gas through MGE.
- Nonregulated energy operations – owning and leasing electric generating capacity that assists MGE through MGE Energy's wholly owned subsidiaries MGE Power Elm Road and MGE Power West Campus.
- Transmission investments – representing our investment in American Transmission Company LLC, a company engaged in the business of providing electric transmission services primarily in Wisconsin, and our investment in ATC Holdco LLC, a company created to facilitate out-of-state electric transmission development and investments.
- All other – investing in companies and property that relate to the regulated operations and financing the regulated operations, through its wholly owned subsidiaries CWDC, MAGAEL, and North Mendota, and Corporate functions.

See Footnote 22 to the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report for more information regarding MGE Energy's business segments.

MGE's utility operations represent a majority of the assets, liabilities, revenues, expenses, and operations of MGE Energy. MGE Energy's nonregulated energy operations currently include an undivided interest in two coal-fired generating units located in Oak Creek, Wisconsin, which we refer to as the Elm Road Units, and an undivided interest in a cogeneration facility located on the Madison campus of the University of Wisconsin, which we refer to as the West Campus Cogeneration Facility or WCCF.

As a public utility, MGE is subject to regulation by the PSCW and the FERC. The PSCW has authority to regulate most aspects of MGE's business including rates, accounts, the issuance of securities, and plant siting. The PSCW also has authority over certain aspects of MGE Energy as a holding company of a public utility. FERC has jurisdiction, under the Federal Power Act, over certain accounting practices and certain other aspects of MGE's business.

MGE Energy's subsidiaries are also subject to regulation under local, state, and federal laws regarding air and water quality and solid waste disposal. See "Environmental Regulation" below for additional information regarding the environmental regulations to which MGE Energy and its subsidiaries are subject.

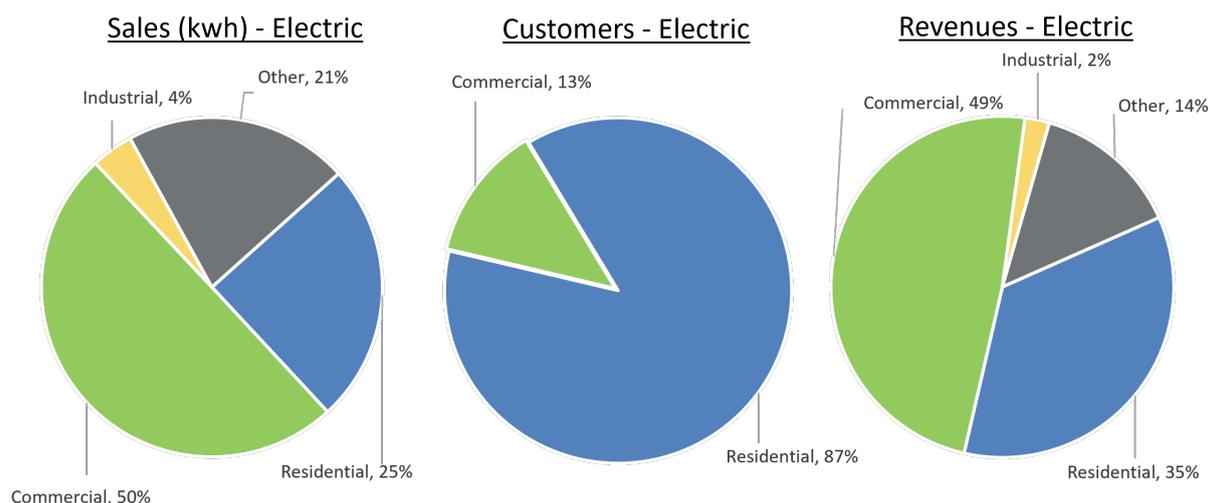
MGE Energy was organized as a Wisconsin corporation in 2001. MGE was organized as a Wisconsin corporation in 1896. Our principal offices are located at 133 South Blair Street, Madison, Wisconsin 53788, and our telephone number is (608) 252-7000.

Electric Utility Operations

MGE distributes electricity in a service area covering a 264 square-mile area of Dane County, Wisconsin. The service area includes the city of Madison, Wisconsin. It owns or leases ownership interests in electric generation facilities located in Wisconsin and Iowa.

As of December 31, 2025, MGE supplied electric service to approximately 170,000 customers, with approximately 91% located in the cities of Fitchburg, Madison, Middleton, and Monona, Wisconsin and 9% in adjacent areas.

Electric sales, customers, and revenues for 2025 were comprised of the following:



Electric operations accounted for approximately 72%, 74%, and 71% of MGE's total 2025, 2024, and 2023 regulated revenues, respectively.

See Part I, Item 2. Properties, of this Report for a description of MGE's electric utility plant.

MGE is registered with North American Electric Reliability Corporation (NERC) and one regional entity, the Midwest Reliability Organization. The essential purposes of these entities are to develop and implement regional and NERC reliability standards and determine compliance with those standards, including enforcement mechanisms.

Transmission

In 2001, American Transmission Company LLC (ATC) was collectively formed by Wisconsin-based utilities which were required by Wisconsin law to contribute their transmission facilities to an independent system operator. ATC continues to be owned by those utilities and their affiliates. ATC's purpose is to provide reliable, economic transmission service to all customers in a fair and equitable manner. ATC plans, constructs, operates, maintains, and expands transmission facilities that it owns to provide adequate and reliable transmission of power. ATC is regulated by FERC for all rate terms and conditions of service. ATC is also regulated by the PSCW for some aspects of its governance and is a transmission-owning member of the MISO.

Regional Transmission Organizations (RTO)

MISO

MGE is a nontransmission owning member of MISO. MISO, a FERC-approved RTO, is responsible for monitoring the electric transmission system that delivers power from generating plants to wholesale power customers. MISO's role is to ensure equal access to the transmission system and to maintain or improve electric system reliability across 15 U.S. states and the Canadian province of Manitoba.

MISO operates a bid-based energy market. MGE offers substantially all of its generation to the MISO market and purchases its electric supply, or load requirement from the MISO market in accordance with the MISO tariff. MGE also participates in the ancillary services market operated by MISO, which is an extension of the existing energy market. Through the operation of the ancillary services market, MISO provides the reserves for MGE's load, and MGE may offer to sell reserves from its generating units.

MGE participates in the MISO capacity auction, which provides a forum for buyers and sellers of planning resource credits to interact. Load serving entities such as MGE may participate in the capacity auction to obtain the necessary aggregate planning resource credits needed to meet their planning reserve margin requirement established by the PSCW. Generator owners may participate to sell any excess aggregate planning resource credits.

Fuel supply and generation

MGE satisfies its customers' electric demand with internal generation and purchased power. MGE's current fuel mix for generation fluctuates from year-to-year due to fuel pricing in the market, generating unit availability, weather, and customer demand. MGE has a responsibility to its customers to dispatch the lowest cost generation available pursuant to regulatory requirements.

MGE's electric energy delivery requirements were satisfied from the following fuel sources:

<i>(in MWh)</i>	2025	2024	2023
Coal ^(a)	1,750,273	1,452,156	1,359,691
Natural gas	756,966	654,406	566,972
Renewable sources ^(b)	913,612	840,060	715,369
Fuel oil	862	489	544
Purchased power - other ^{(c)(d)}	305,250	537,445	744,120
Total fuel sources	<u>3,726,963</u>	<u>3,484,556</u>	<u>3,386,696</u>
Adjusted total fuel sources ^(d)	<u>4,033,161</u>	<u>3,814,229</u>	<u>3,643,267</u>

- (a) MGE's coal generation for electric supply may fluctuate from year to year. Generation sources change based on lowest cost generation available. MGE continues to drive its commitment to achieve our emission reduction goals through the continuing addition of renewable generation and its transition plan to eliminate coal as a fuel source.
- (b) Includes both internal generation and purchased power.
- (c) Includes third-party purchased power and MISO market activity. A significant percentage of MGE's electric supply comes from internal generation sources. MGE supplements this internal generation with long-term purchase power agreements and spot purchases in the MISO market.
- (d) The MISO market consists of two energy markets, the Day-ahead market and the Real-time market. The table above nets purchases and sales within the same hour in the two MISO markets. For the years ended December 31, 2025, 2024, and 2023, the amount netted between Day-ahead and the Real-time MISO markets was 306,198 MWh, 329,672 MWh, and 256,571 MWh, respectively. These amounts are reflected in "Adjusted total fuel sources."

Environmental Initiatives – Electricity Generation

MGE continues to advance its long-term strategy to achieve a more sustainable future for the benefit of its investors, employees, customers and the communities it services. MGE has set a target of providing net-zero carbon electricity by 2050.

MGE's carbon reduction goals are generally aligned with leading scientific guidance, including recommendations from the Intergovernmental Panel on Climate Change (IPCC) to limit global temperature increases to 1.5 degrees Celsius above pre-industrial levels. In 2020, the University of Wisconsin-Madison's Nelson Institute for Environmental Studies released its analysis of MGE's net-zero by 2050 goal. The IPCC modeling available suggested that by 2050, emissions from electricity generation in industrialized countries should be 87% to 99% lower than the 2005 baseline. The analysis determined that our 2050 goal is in line with model benchmarks to limit global warming to 1.5 degrees Celsius above pre-industrial levels.

MGE's strategy focuses on adopting cost effective technologies as they become commercially available, while maintaining reliability and affordability. Significant investments in solar, wind, and battery storage support MGE's long term decarbonization goal.

- Renewable generation and storage - Solar, wind, and battery storage projects play a critical role in MGE's strategy for reducing carbon emissions in pursuit of net-zero carbon electricity by 2050. Additionally, MGE plans to reduce its use of fossil fuels and work to help customers with energy efficiency and electrification, including the electrification of transportation.

Since 2015, MGE has added 253 MW of solar, 93 MW of wind generation, and 11 MW of battery storage to its electric renewable generation portfolio. See Item 2. Properties below for further information on these facilities. In addition, MGE expects to add approximately 252 MW of solar, 18 MW of wind, and 125 MW of battery storage, which include projects approved or pending PSCW approval, by the end of 2030.

MGE is partnering with Columbia's co-owners to construct a compressed carbon dioxide long-duration energy storage system, known as the Columbia Energy Storage project. MGE's 19% share will be 3 MW. The project was selected for a grant from the U.S Department of Energy. The Columbia Energy Storage project was approved by the PSCW in 2025. This project will be the first of its kind in the United States.

MGE is working to achieve a more sustainable energy future by investing in cost-effective renewable generation and innovative new technologies and services for customers. MGE has emphasized this innovation by developing customer programs to address climate change and encourage our customers to use clean energy. A portion of MGE's renewable generation is dedicated to customer programs such as the Renewable Energy Rider (RER) and Shared Solar Program. The RER and Shared Solar programs reduce MGE's carbon emissions while providing customers the ability to purchase renewable energy to meet their energy needs.

Renewable Energy Rider (RER) – Under this program, MGE partners with large energy users, primarily governmental entities, to provide customized renewable energy solutions. MGE owns the generation assets and RER customers are billed a PSCW-approved contractual renewable resource rate that covers all costs associated with the construction and ongoing operations of the renewable generation facility. MGE has developed approximately 42 MW of solar generation under the RER program.

Shared Solar Program – This program offers residential and small business customers to meet up to half of their annual energy needs with locally generated solar energy. The first solar array associated with this program, owned by MGE, became operational in 2017 for 500 KW capacity. The completion of a second solar facility (Morey Field) added 3.5 MW of capacity to the program, as well as 2 MW from Strix Solar, which was completed in 2025. In December 2025, the PSCW approved the implementation of a new community solar program, Shared Solar for Business, for large commercial customers.

Electrifying Transportation - The electrification of transportation is a key strategy for reducing carbon emissions. MGE has established a network of nearly 60 charging stations, powered by renewable energy, serving the growing number of electric vehicles (EV) in MGE's service area. The EV fast charging hubs feature some of the most powerful EV chargers in the Midwest. MGE has continued to add EVs to its fleet and is targeting 100% all-electric or plug-in hybrid light-duty vehicles by 2030. Additionally, we are working with the City of Madison to further the electrification of its vehicles and buses. MGE continues to provide technical assistance to the city in the development of an all-electric Bus Rapid Transit system.

- Transitioning away from coal
 - Elm Road Units – In October 2025, MGE, along with the plant co-owners, filed a joint application with the PSCW 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. By the end of 2030, coal is expected to be used only as a backup fuel at the Elm Road Units. By the end of 2032, MGE expects that the Elm Road Units will be fully transitioned away from coal.
 - Columbia - Operational, regulatory, and environmental regulation considerations have impacted and continue to impact Columbia's generation planning. MGE, as a minority owner, and Columbia's other co-owners continue to evaluate transitioning away from coal and continue to evaluate replacing the generation from Columbia while maintaining electric service reliability. MGE and Columbia's co-owners are exploring converting Columbia to natural gas.
- Natural gas as a fuel source - As part of MGE's continued energy transition plan, MGE plans to invest in additional natural gas-fired generation and storage facilities. Natural gas plants add needed reliability and balance to the electric system while MGE continues to transition away from coal-fired generation and add more renewable capacity to MGE's generation mix. MGE purchased 50 MW (25 MW in 2023 and 25 MW in 2024) in the West Riverside Energy Center (West Riverside), a highly efficient, state-of-the-art natural gas-fired plant in Beloit, Wisconsin. In February 2026, MGE executed an asset purchase agreement for 168 MW of existing gas-fired generation through an ownership share in the RockGen Energy Center near Cambridge, Wisconsin, subject to PSCW approval. If approved, the transaction is expected to close in late 2027.

Generation sources

MGE receives electric generation supply from coal-fired, gas-fired, and renewable energy sources. These sources include owned facilities as well as facilities leased from affiliates and accounted for under our nonregulated energy operations. See Item 2. Properties for more information regarding these generation sources, including location, capacity, ownership or lease arrangement, and fuel source. See "Nonregulated Energy Operations" below for more information regarding generating capacity leased to MGE by MGE Energy's nonregulated subsidiaries.

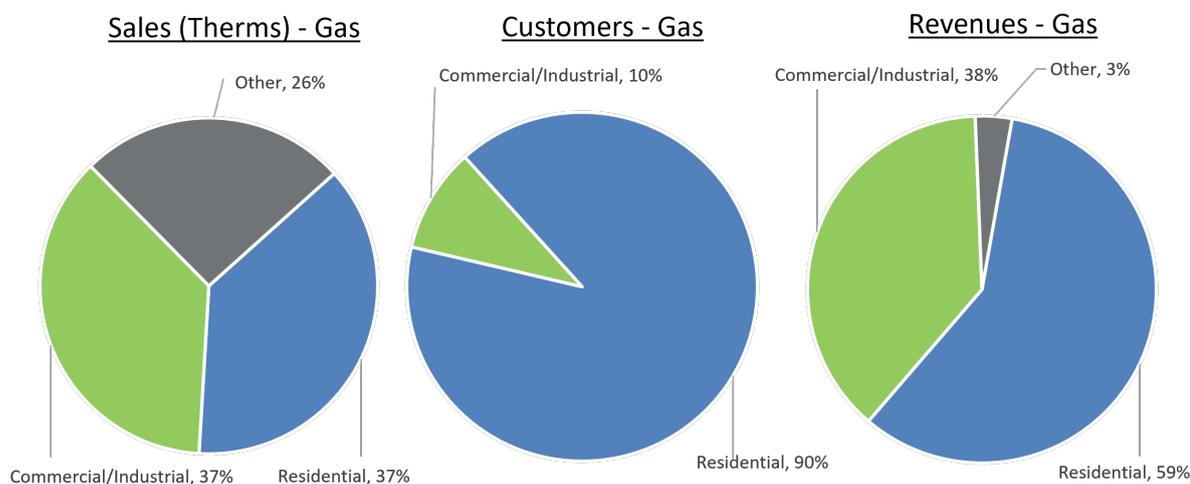
Purchased power

MGE enters into short- and long-term purchase power commitments with third parties to meet a portion of its anticipated electric energy supply needs. As of December 31, 2025, MGE has 30 MW of a renewable purchase power commitment for each of the next two years.

Gas Utility Operations

MGE transports and distributes natural gas in a service area covering 1,722 square miles in seven south-central Wisconsin counties. The service area includes the city of Madison, Wisconsin and surrounding areas.

As of December 31, 2025, MGE supplied natural gas service to approximately 180,000 customers in the cities of Elroy, Fitchburg, Lodi, Madison, Middleton, Monona, Prairie du Chien, Verona, and Viroqua; 25 villages; and all or parts of 49 townships. Gas sales, customers, and revenues for 2025 were comprised of the following:



Gas operations accounted for approximately 28%, 26%, and 29% of MGE's total 2025, 2024, and 2023 regulated revenues, respectively.

MGE can curtail gas deliveries to interruptible customers. These are customers who agree to reduce their load in the case of an emergency interruption. In 2025, 2024, and 2023, approximately 2%, 2%, and 3%, respectively, of retail gas deliveries were to interruptible customers.

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 in a quick and cost effective manner. MGE offers two voluntary renewable natural gas programs. The initial program, launched in May 2024, enables customers to offset emissions associated with their natural gas consumption through a mechanism in which MGE purchases renewable thermal credits and retires them on behalf of participating customers. The second program, launched in January 2026, enables customers to inject renewable natural gas produced on the customer's premise into MGE's distribution system; customers may sell the natural gas to MGE or another third party and may retain or sell to MGE or another third party the associated environmental attributes.

Gas supply

MGE has physical interconnections with ANR Pipeline Company (ANR) and Northern Natural Gas Company (NNG). MGE's primary service territory, which includes Madison and the surrounding area, receives deliveries at one NNG and four ANR gate stations. MGE's outlying territory receives deliveries at NNG gate stations located in Elroy, Prairie du Chien, Viroqua, and Crawford County. Interconnections with two major pipelines provide competition in interstate pipeline service and a more reliable and economical gas supply mix, which includes gas from Canada and the mid-continent and Gulf Coast regions of the United States.

During the winter months, when customer demand is typically higher, MGE is primarily concerned with meeting its obligation to customers. MGE meets customer demand by using firm supplies under contracts finalized before the heating season, supplies in storage (injected during the summer), and other firm supplies purchased during the winter period.

Annually, through our contracts with ANR, a total of approximately 6.5 million Dth of gas can be injected into ANR's storage fields in Michigan from April 1 through October 31. These gas supplies are then available for withdrawal during the subsequent heating

season, November 1 through March 31. Using storage allows MGE to buy gas supplies during the summer season, when prices are normally lower, and withdraw these supplies during the winter season, when prices are typically higher. Storage also gives MGE more flexibility in meeting daily load fluctuations.

MGE's contracts for firm transportation service of gas include winter maximum daily quantities of:

- 185,650 Dth (including 116,078 Dth of storage withdrawals) on ANR.
- 81,453 Dth on NNG.

Nonregulated Energy Operations

MGE Energy, through our subsidiaries, has developed generation sources that assist MGE in meeting the electricity needs of our customers. These sources consist of the Elm Road Units and the WCCF, which are owned by subsidiaries of MGE Energy and leased to MGE. See Item 2. Properties for a description of these facilities, their joint owners, and the related lease arrangements.

Transmission Investments

ATC owns and operates electric transmission facilities primarily in Wisconsin. MGE received an interest in ATC when it, in coordination with 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 wholly-owned subsidiary of MGE Energy. As of December 31, 2025, MGE Transco held a 3.6% ownership interest in ATC.

In 2016, ATC Holdco was formed by several of the members of ATC, including MGE Energy, to explore electric transmission development and investments outside of Wisconsin, which typically have long development and investment lead times before becoming operational. MGE Energy's ownership interest in ATC Holdco is held by MGE Transco, a wholly-owned subsidiary of MGE Energy. As of December 31, 2025, MGE Transco held a 4.4% ownership interest in ATC Holdco.

Environmental Regulation

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 we conduct our operations, the costs of those 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 the potential to have a material effect on our capital expenditures and operating costs. Management believes compliance costs will be recovered in future rates based on the previous treatment of environmental compliance projects. In addition to the regulations discussed below, MGE continues to track state and federal initiatives such as potential state and federal regulations governing surface water and/or groundwater containing per- and polyfluoroalkyl substances (PFAS), potential changes to regulations governing polychlorinated biphenyl (PCB), potential changes to air and water standards, and potential climate change legislation.

Water Quality

Effluent Limitations Guidelines and Standards for Steam Electric Power Generating Point Source Category

The EPA's promulgated water Effluent Limitations Guidelines (ELG) and standards for steam electric power plants focus on the reduction of metals and other pollutants in wastewater from new and existing power plants. MGE's Columbia plant and Elm Road Units are subject to this rule. In May 2024, the EPA finalized the ELG rule that further regulates wastewater discharges associated with coal-fired power plants. The rule focuses on wastewater discharges from flue gas desulfurization, combustion residual leachate, and bottom ash transport water. The rule also regulates legacy wastewater that is discharged from certain surface impoundments.

See Footnote 16.a. of the Notes to the Consolidated Financial Statements in Part II, Item 8 of this Report for further discussion of environmental compliance obligations. Based on previous treatment of environmental compliance projects, management believes that any compliance costs will be recovered in future rates.

Cooling Water Intake Rules (Section 316(b))

Section 316(b) of the Clean Water Act requires that cooling water intake structures at electric power plants meet best available technology (BTA) standards to reduce mortality from entrainment (drawing aquatic life into a plant's cooling system) and impingement (trapping aquatic life on screens of cooling water intake structures). The EPA finalized its Section 316(b) rule for existing facilities in 2014. Section 316(b) requirements are implemented in Wisconsin through modifications to WPDES permits, which govern plant wastewater discharges.

Blount received its most recent 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 optimization study to demonstrate compliance with impingement BTA standards in the latest permit which needs to be completed by January 2028. Once the WDNR determines the impingement requirements at Blount, MGE will be able to determine any compliance costs of meeting Blount's permit requirements. Based on previous treatment of environmental compliance projects, management believes that any compliance costs will be recovered in future rates.

Intakes at Columbia are subject to this rule. The Columbia operator timely submitted its renewal application to the WDNR. Columbia's operator anticipates that BTA improvements required by the future renewal permit will be coordinated with the WDNR by the end of 2029. MGE will continue to work with Columbia's operator to evaluate regulatory requirements. MGE does not expect this rule to have a material effect on Columbia.

Air Quality

Air quality regulations promulgated by the EPA and WDNR in accordance with the Federal Clean Air Act and the Clean Air Act Amendments of 1990 impose restrictions on the emission of particulates, sulfur dioxide (SO₂), nitrogen oxides (NO_x), hazardous air pollutants and other pollutants, and require permits for the operation of emission sources. These permits must be renewed periodically. Various newly enacted and/or proposed federal and state initiatives may result in additional operating and capital expenditure costs for fossil-fueled electric generating units. Based on previous treatment of environmental compliance projects, management believes that any compliance costs will be recovered in future rates.

Ozone NAAQS

The Elm Road Units are located in Milwaukee County, Wisconsin, a nonattainment area for the 2015 Ozone NAAQS. 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 direct material effect on the Elm Road Units.

Fine Particulate Matter (PM_{2.5}) NAAQS

In March 2024, the EPA published a final rule to lower the average annual PM_{2.5} NAAQS from 12 ug/m³ to 9 ug/m³, effective May 2024. The new annual PM_{2.5} NAAQS could impact Milwaukee County, where the 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, the final impact of this rule will not be known until 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 (SO₂) emissions, including the Cross State Air Pollution Rule's (CSAPR) Good Neighbor Plan and Clean Air Visibility Rule

The EPA's CSAPR and its progeny (e.g. the Good Neighbor Plan) are a suite of interstate air pollution transport rules designed to reduce ozone and PM_{2.5} 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 SO₂ from qualifying fossil-fuel fired power plants and industrial boilers in upwind "contributing" states. NO_x and SO₂ 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 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 (Good Neighbor Plan). The EPA has temporarily halted the enforcement of the Good Neighbor Plan's requirements for all pollution sources in states affected by the plan, including Wisconsin. This action follows legal challenges to the plan. While the EPA addresses these concerns, interim rules have been implemented. See Footnote 16.a. of the Notes to the Consolidated Financial Statements in this Report for further discussion of the proposed rule.

Clean Air Visibility Rule

Columbia is subject to the best available retrofit technology (BART) regulations, a subsection of the Clean Air Visibility Rule, which may require pollution control retrofits. Columbia's existing pollution control upgrades, and the EPA's stance that compliance with the CSAPR and its progeny such as the Good Neighbor Plan satisfy the requirements of BART, should mean that Columbia will not need to do additional work to meet BART requirements. Wisconsin's 2021 State Implementation Plan (SIP) finds that Wisconsin will meet its current regional haze goals based on expected emissions reductions. MGE will continue to monitor legal developments and any future updates to this rule.

Global Climate Change

MGE produces greenhouse gas (GHG) emissions, primarily from the fossil fuel generating facilities it uses to meet customers' energy needs, as well as from its natural gas pipeline system and fleet vehicles. Climate change and the regulatory response to it could significantly affect our operations in a number of ways, including increased operating costs and capital expenditures, restrictions on energy supply options, operational limits on fossil fuel fired plants, permitting difficulties, and emission limits. MGE would expect to seek and receive rate recovery of associated compliance costs, if and when required. MGE continues to monitor proposed climate change legislation and regulation.

MGE has taken steps to address GHG emissions and is targeting net-zero carbon electricity by 2050. As part of this strategy, MGE continues to evaluate the role of coal fired generation in its portfolio, including previously announced plans regarding the Columbia Energy Center and the planned fuel transition at the Elm Road Units. MGE remains focused on reducing reliance on coal over time and expanding ownership of renewable generation to support a cleaner, reliable energy future. Renewable energy continues to play a critical role in MGE's strategy for reducing carbon emissions. See "Electric Utility Operations - Fuel supply and generation" above for further information.

Building upon MGE's 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 in a quick and cost-effective manner.

Greenhouse Gas Reduction Guidelines under the Clean Air Act 111(d) Rule

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 granted 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. Preliminary evaluation of the final ruling showed that MGE met the requirements for the gas-fired boilers at Blount. Evaluations done by the owners of Columbia and the Elm Road Units in 2024 indicated that they have a plan for complying with the May 2024 rule.

In June 2025, the EPA published a proposed rule with two potential options: (1) repeal the performance standards and emission guidelines under Section 111 of the Clean Air Act associated with GHG emissions from fossil fuel-fired power plants, or (2) retain only the efficiency-based requirements for new natural gas-fired power plants and repeal all other aspects of the rule.

In July 2025, the EPA released a new proposed rule titled "Reconsideration of 2009 Endangerment Finding and Greenhouse Gas Vehicle Standards." In February 2026, the EPA finalized the proposed rule which repeals the 2009 Endangerment Finding and Greenhouse Gas Vehicle Standards. The repeal will effectively undo the basis for federal regulation of GHG emissions under the Clean Air Act. Several states have already initiated legal challenges to the repeal, and other stakeholders are expected to do so. The scope and timing of any impacts on federal GHG regulation remain uncertain pending litigation and potential further agency action. MGE will continue to monitor developments.

Federal Action on Climate Change

In January 2025, the Trump Administration issued several executive orders relating to energy and climate policy, including directing the United States' withdrawal from the Paris Agreement. As of January 2026, the U.S. has formally withdrawn. MGE continues to monitor the development of agency recommendations, implementation plans, and other administrative actions resulting from these orders to assess their relevance to MGE's decarbonization strategy, capital investment plans, and environmental compliance obligations, as well as any potential impacts on our operations.

State and Regional Action on Climate Change

In August 2019, Wisconsin Governor Tony Evers signed an executive order to establish the Office of Sustainability and Clean Energy (OSCE). The order tasks the OSCE with, among other things, ensuring that the actions of the State of Wisconsin are aligned with the goals and recommendations of the Paris Agreement, verifying that electricity consumed by the State of Wisconsin is 100% carbon-free by 2050, and developing a comprehensive multi-sector clean energy plan for the state. In April 2022, the OSCE released Wisconsin's Clean Energy Plan. The plan includes a goal to achieve net zero carbon by 2050. MGE is engaged in this process by participating on a Stakeholder Advisory Team in a voluntary capacity. MGE will continue to evaluate this plan for its applicability to MGE's decarbonization plans and to evaluate potential impact on our operations.

Solid Waste

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. Columbia's obligations under this portion of the CCR Rule are now complete. Review of the Elm Road Units has indicated that the costs to comply with this rule are not expected to be significant.

In May 2024, the EPA published its final CCR Legacy Rule. The CCR Legacy Rule applies to previously closed disposal sites. Columbia's operator has evaluated the rule and determined that parts of the rule apply to Columbia's previously closed site.

In February 2026, the EPA finalized the CCR Management Unit Deadline Extension Rule, which provides a one-year extension for the submission of Facility Evaluation Reports and extends the deadline for the implementation of groundwater monitoring systems at legacy CCR management units to February 2031. Columbia is evaluating the impact of this extension on its compliance timeline.

See Footnote 16.a. of the Notes to the Consolidated Financial Statements in this Report for further discussion of compliance costs for Columbia. Based on previous treatment of environmental compliance projects, management believes that any compliance costs will be recovered in future rates.

Renewable Energy Standards

Wisconsin law establishes a minimum amount of energy MGE must supply from renewable sources. MGE currently exceeds the applicable minimum requirement of approximately 8%. The costs to comply with this requirement are being recovered in rates.

Human Capital

MGE Energy and MGE are committed to attracting, developing, and retaining a sustainable workforce and aim to foster a diverse, equitable, and inclusive culture.

As of December 31, 2025, MGE Energy and its subsidiaries had 726 employees, 318 of whom were covered by collective bargaining agreements as described below:

Union	Number of Employees Represented	Expiration of Collective Bargaining Agreement
Local Union 2304 of the International Brotherhood of Electrical Workers	234	April 30, 2028
Local Union No. 39 of the Office and Professional Employees International Union	80	May 31, 2028
Local Union No. 2006, Unit 6 of the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial, and Service Workers International Union	4	October 31, 2028

As of December 31, 2025, women and ethnic minorities represented 27% and 10% of our total workforce, respectively.

Governance

The Human Resources and Compensation Committee of the Board of Directors of MGE Energy oversees MGE Energy's human resource strategies. It reviews the salaries, fees and other benefits of officers and directors and recommends compensation adjustments to the board. The committee determines the amounts and elements of compensation for the company's executive officers and provides overall guidance for the company's executive compensation policies and programs. Such policies relate to Stock Ownership Guidelines, the recovery, or the "clawback" of, excess compensation based on erroneous data, and succession planning.

Development and Training

The energy industry is ever-changing. MGE believes it is important to continue to engage human capital resources as the industry evolves. MGE is committed to sustainable workforce practices such as career development and training. MGE offers all employees the opportunity to learn and grow—whether it is to become more proficient in their job, improve decision-making skills, or prepare for a move to another role. MGE works to provide employees with the right tools—learning and content—needed to develop the knowledge and skills necessary to grow and to ensure MGE has a workforce that is knowledgeable, prepared, and high performing to deliver on our goals and objectives. All employees have access to a variety of learning resources to help ensure they are equipped with the knowledge and skills to effectively navigate the evolving utility industry.

Workplace Culture

MGE supports an inclusive, respectful work environment where individuals and groups can achieve their full potential. MGE seeks to attract and retain the best people to do the job. A wide range of backgrounds and ideas strengthens MGE's work environment. MGE's goal is to create a healthy and productive work environment that provides a sense of belonging for all MGE employees. MGE's employee-led steering team on workplace culture works to engage employees and identify opportunities for connecting and for living our values. As a community energy company, this commitment creates value-added partnerships with the broader community.

Safe and Healthy Working Conditions

"We power safety. Work safe. Home safe." That is the commitment at MGE, and it is embraced by employees. MGE's journey to safety excellence is guided by the Safety Steering Team. The team meets regularly to examine safety topics and to identify and to prioritize continuous improvement opportunities. MGE goes beyond applicable occupational health and safety standards by involving employees from all levels of the organization in the continuous improvement of the company-wide safety culture. MGE's continuous improvement process incorporates safety perception surveys, improvement projects, and monitoring of leading indicators. Stop Work Authority is an employee-developed program to communicate that all employees have equal authority and responsibility to stop work when a perceived unsafe condition or behavior is reported.

MGE encourages employees across the company to make health and wellness a priority. Good health brings vitality and energy to employees' work lives and home lives. MGE's programs to promote health and wellness include hybrid work schedules, the Healthy Rewards program, and access to occupational therapists for sprain and strain prevention and ergonomic assessments.

Financial Information About Segments

See Footnote 22 of the Notes to the Consolidated Financial Statements in Part II, Item 8 of this Report for financial information relating to MGE Energy's and MGE's business segments.

Information About our Executive Officers

The names, ages, and positions of MGE Energy and MGE's executive officers are listed below along with their business experience during the past five years.

Executive	Title	Effective Date	Service Years as an Officer
Jeffrey M. Keebler ^(a) Age: 54	Chairman of the Board, President, and Chief Executive Officer	10/01/2018 – present	14
Jared J. Bushek ^(a) Age: 45	Vice President – Chief Financial Officer and Treasurer Vice President – Finance, Chief Information Officer and Treasurer	03/01/2023 – present 09/01/2020 – 03/01/2023	10
Melissa T. Garner ^(b) Age: 44	Vice President – People and Community Engagement Assistant Vice President – Human Resources Director – Talent Management	03/01/2025 – present 03/01/2022 – 03/01/2025 03/01/2015 – 03/01/2022	3
Lynn K. Hobbie ^{(b)(c)} Age: 67	Executive Vice President – Marketing and Communications	03/01/2017 – 12/31/2025	31
Jenny L. Lagerwall ^(a) Age: 42	Assistant Vice President – Accounting and Controller (Chief Accounting Officer) Assistant Vice President – Accounting Director – Financial Reporting	07/01/2024 – present 03/01/2024 – 07/01/2024 10/01/2015 – 03/01/2024	1
James J. Lorenz ^(b) Age: 59	Vice President – Energy Operations Assistant Vice President – Energy Operations	05/01/2021 – present 10/01/2018 – 05/01/2021	7
Cari Anne Renlund ^(a) Age: 52	Vice President, General Counsel and Secretary	09/01/2020 – present	10
Scott R. Smith ^(b) Age: 54	Vice President – Business and Regulatory Strategy Assistant Vice President – Business and Regulatory Strategy	05/01/2021 – present 03/01/2018 – 05/01/2021	7

(a) Executive officer of MGE Energy and MGE.

(b) Executive officer of MGE.

(c) Retired effective December 31, 2025.

Item 1A. Risk Factors.

MGE Energy and our subsidiaries, including MGE, operate in a regulated market environment that involves significant risks, many of which are beyond our control. The following risk factors may adversely affect our results of operations, cash flows and financial position and market price for our publicly traded securities. While we believe we have identified and discussed below the key risk factors affecting our business, additional unknown risks and uncertainties may adversely affect our performance or financial condition in the future.

Regulatory Risk

We are subject to extensive government regulation in our business, which affects our costs and ability to respond to changing events and circumstances.

Our business is subject to regulation at the local, state, and federal levels. The regulations adopted by local, state, and federal agencies affect how we do business, our ability to undertake specified actions since pre-approval or authorization may be required for projects, the costs of operations, and the rates we are authorized to charge to recover those costs. Our ability to attract capital also depends, in part, upon our ability to recover our costs and obtain a fair return for shareholders.

MGE Energy is subject to regulation as a holding company by the PSCW. The PSCW regulates MGE's rates; terms and conditions of service; various business practices and transactions; financing; the closure of generating facilities and related cost recovery; and transactions between it and its affiliates, including MGE Energy. MGE is also subject to regulation by the FERC, which regulates certain aspects of its business, including certain accounting policies.

MGE is subject to oversight and monitoring by MISO. Changes in MISO's resource adequacy process, including seasonal reserve margin requirements and capacity accreditation rules, impact how generating facilities, such as MGE's solar projects, are recognized for capacity. New methodologies, like the direct loss-of-load approach, could require MGE to revise its resource plans, add capacity, or purchase additional resources, potentially leading to costs that may not be recoverable through rates. In addition, existing or new facilities may have a reduction accredited capacity under MISO's seasonal process.

ATC, in which we have an investment, is subject to regulation by FERC as to, among other things, rates.

Failure to comply with applicable regulations may result in customer refunds, penalties, and other payments which could materially and adversely affect our financial condition, results of operations, and liquidity.

Our utility revenues are subject to regulatory proceedings and/or negotiated settlements, which can affect our ability to recover, and the timing of recovery of, costs that we incur in our operations.

Our utility customer rates have a material impact on our financial condition, results of operations, and liquidity. Our ability to obtain adjustments to those rates depends upon timely regulatory action under applicable statutes and regulations. These proceedings typically involve multiple parties, including governmental bodies and officials, consumer advocacy groups, and various consumers of energy, who may focus on differing elements of the rate setting process, including environmental matters, addressing affordability concerns. Decisions are subject to judicial review, potentially leading to additional uncertainty associated with the approval proceedings, including with respect to outcome and timing. Rate regulation provides us an opportunity to recover costs that have been reasonably incurred and the ability to earn a reasonable rate of return on invested capital. However, we have no assurance that our regulators will consider all of our costs to have been reasonably incurred. In addition, our rate proceedings may not always result in rates that fully recover our costs or provide a reasonable return on equity. We estimate the impacts of changes in customer growth and weather as part of our customer rates. Any reduction of sales from these factors may not result in rates that fully recover our costs and may require adjustments to our rates, which we cannot guarantee will be approved.

Under applicable accounting for regulated operations, certain costs and revenues are deferred as regulatory assets and liabilities for future recovery or refund to customers, as authorized by our regulators. If recovery of regulatory assets is not approved or is no longer deemed probable, these costs would be recognized as a current period expense and could materially and adversely impact our operations and financial performance in that period.

We could be subject to higher costs and potential penalties resulting from mandatory reliability standards.

MGE must adhere in its electric distribution system to mandatory reliability standards established by NERC. These standards cover areas such as critical infrastructure protection, emergency preparedness, facility design, and transmission operations, among others. The critical infrastructure protection standards focus on physical and access security of cyber assets, as well as incident response and

recovery planning. Compliance with these standards affects our operating costs and any noncompliance could result in sanctions, including monetary penalties.

We are subject to changing environmental laws and regulations that may affect our costs and business plans.

We are subject to environmental laws and regulations that affect the manner in which we conduct business, including capital expenditures, operating costs, and potential liabilities. There is uncertainty regarding whether and how the current and future Presidential administrations will address climate change-related matters, including restrictions on greenhouse gas emissions, such as carbon. While it is difficult to know the extent of possible legislation or regulatory activity, there may be an increase in the number and scope of environmental laws and regulations aimed at carbon sources, including fossil-fueled generation and the transportation of natural gas. These possible changes, as well as evolving consumer sentiment, have affected and may continue to affect our business plans, make them more costly, or expose us to liabilities for past, present, or future operations.

Numerous environmental laws and regulations govern many aspects of our present and future operations. These include: air emissions limits and reporting; ambient air quality standards; water quality; water intake and discharges; wetlands; solid and hazardous waste; handling and disposal of hazardous substances; protection of endangered resources, such as threatened and endangered species, protection of cultural resources and archaeological sites; remediation and management of contaminated sites; and control of potential pollution from electric and gas construction sites. These evolving regulations have affected us, and may continue to affect us by, among other items:

- Introducing uncertainty into our planning and capital expenditures processes, as changes in requirements may affect the timing and choice of compliance methods and require costly revisions to prior plans and commitments.
- Imposing or modifying limits on the operations of our facilities in order to meet restrictions on air emissions, water use or water discharges.
- Requiring capital expenditures and changes in operating procedures and costs as a result of the need to install additional pollution controls or more advanced technology or equipment at new or existing facilities.
- Mandating increasing purchases of renewable energy, which affects the use of existing generation, and energy efficiency initiatives, which affect revenues.

We may be subject to future laws, regulations, or actions associated with public concern with fossil-fuel generation, greenhouse gases, and the effects of global climate change.

Our subsidiaries operate or co-own electric power plants that burn fossil fuels, deliver natural gas, and deliver electricity to customers. These business activities are subject to evolving public concern regarding greenhouse gases (GHG), legislative and regulatory action, and possible litigation in response to that public concern. The primary greenhouse gas associated with our subsidiaries' combustion of fossil fuels, and the largest emission in our system overall, is carbon dioxide (CO₂).

Our subsidiaries have incurred and may continue to incur costs from more stringent regulation of GHG from power plants, natural gas delivery, GHG used in power distribution, and efficiencies lost during power distribution. Compliance with such regulation may result in increased capital and operating costs, including expenditures for equipment, technology, and monitoring activities. While it is difficult to know the extent of possible legislation or regulatory activity, the federal government may consider, and could pass, some form of greenhouse gas legislation or regulations. In addition, litigation targeting GHG emissions from the electric power industry may also occur if the federal government fails to act on greenhouse gas initiatives.

We face risk regarding the recovery of fuel and purchased power costs.

MGE has price risk exposure with respect to the price of natural gas, electricity, coal, emission credits, and oil. MGE burns natural gas in several of its electric generation facilities. In many cases, the cost of purchased power is tied to the cost of natural gas. In the event of an interruption in energy supply, whether due to equipment problems, transmission constraints, or otherwise, we may incur additional costs to obtain alternative sources of energy supply, in order to meet our contractual or regulatory obligations to our customers. Electric 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 electric fuel-related costs are subject to an excess revenue 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. MGE assumes the risks and benefits of variances that are within the cost tolerance band.

Changes in federal income tax policy, including provisions under the Inflation Reduction Act (IRA) and One Big Beautiful Bill Act (OBBBA), or our inability to use or generate tax credits, may adversely affect our financial condition, results of operations, and cash flows, and credit ratings.

If corporate tax rates or policies change, we may be required to record material charges against earnings. Increased tax rates could create timing delays before regulated rates allow recovery of those tax increases in revenues. In addition, IRS tax policies such as tax normalization, Treasury Regulations, and evolving guidance under the IRA and OBBBA may impact our ability to economically deliver certain types of resources relative to market prices. OBBBA includes provisions for the phase-out of certain tax credits over time, creating uncertainty around long-term project economics and potentially accelerating investment timelines. These changes could require us to modify resource plans, accelerate construction schedules, or seek alternative financing structures, all of which may increase costs and risk. There is uncertainty regarding whether and how the current and future Presidential administrations or U.S. Congress will continue to address tax policy and regulation.

We have historically reduced our consolidated federal and state income tax liability through various tax credits. We may not be able to fully use these tax credits if future taxable income is insufficient or if transferability options are limited. Any future disallowance of credits due to legislative changes or adverse determinations could materially affect our tax obligations and financial results. The IRA introduced new labor requirements that are conditions to qualification for renewable tax credits. Failure to meet these requirements on renewable projects that began construction after January 28, 2023, could result in a significant reduction in the amount of renewable tax credits, which could adversely impact our financial condition and results of operations. OBBBA introduces additional eligibility requirements, including compliance with Foreign Entity of Concern (FEOC) rules, which may restrict the use of certain equipment or components in renewable projects. Failure to meet FEOC requirements could disqualify projects from tax credits, significantly increasing costs and reducing expected returns.

Our utility business owns and operates renewable energy generating facilities that produce PTC and ITC credits. The amount of credits earned depends on facility in-service dates and operating factors, including generation output, transmission constraints, pricing trends, adverse weather conditions, equipment reliability, and the applicable credit rates. These factors, combined with labor requirements under IRA and FEOC compliance risks and credit phase-outs under OBBBA, could reduce credits and increase federal income tax expense. We could also be forced to replace lost generation capacity with additional power purchases from third parties, potentially leading to increased costs. Any of the considerations mentioned above could have an adverse impact on our financial condition and results of operations, which could be material depending upon the cause of the disruption and its duration.

There is also uncertainty as to when or how credit rating agencies, capital markets, the FERC, or state public utility commissions will treat impacts of any future federal or state tax regulation. These impacts could result in credit rating downgrades or negatively affect financial metrics such as funds from operations-to-debt ratios.

Operating Risk

We are affected by weather, which affects customer demand and can affect the operation of our facilities.

The demand for electricity and gas is affected by weather. Very warm and very cold temperatures, especially for prolonged periods, can dramatically increase the demand for electricity and gas for cooling and heating, respectively, as opposed to the softening effect of more moderate temperatures. Our electric revenues are sensitive to the summer cooling season and, to a lesser extent, the winter heating season. Similarly, very cold temperatures can dramatically increase the demand for gas for heating. A significant portion of our gas system demand is driven by heating. Extreme summer conditions or storms may stress electric systems, resulting in increased maintenance costs and limiting our ability to meet peak customer demand. As a result, our overall operating results may fluctuate substantially on a seasonal basis.

Demand for electricity and gas associated with existing data centers, and data centers developed in the future, could have a material impact on our operations.

We serve a variety of industries, including customers with large load requirements, such as data centers and other facilities. At this time, our service area does not include any large-scale data centers. The recent and ongoing expansion of data centers associated with increasing demand for artificial intelligence (AI) and other cloud-based services is a national trend. This trend could lead to a significant increase in demand for electricity and gas if data centers expand or are developed within our service area over the next several years, which could require a rapid and significant increase in generation capacity and the development of related infrastructure. Alternatively, demand for electricity and gas could be lower than currently expected if the expansion of data centers and the associated increase in demand does not develop as anticipated.

We continue to evaluate the potential impacts of the development, construction, and operation of new data centers in our service area and will continue to evaluate potential mitigants to these risks, which could materially impact our operations, financial

condition and results of operations. However, we cannot predict whether the data centers under consideration will ever commence operations in our service area or the size of the load obligations of data centers that do become operational. Furthermore, the City of Madison has enacted a temporary moratorium on the development of new large-scale data centers to evaluate their impact on local infrastructure and resources, which may delay or prevent the commencement of operations for planned projects within the City of Madison. Other pending or future legislative or regulatory actions may also impact the development, construction and operation of new data centers in our service area.

We could be adversely affected by changes in the development, and utilization by our customers, of power generation, storage, and use technologies, as well as emerging technologies such as AI.

Our revenues and the timing of cost recovery could be adversely impacted by improvements in power generation, storage, and use of technology to minimize energy use. Advancements in distributed generation, including commercial and residential solar installations and commercial micro turbines, continue to improve the cost-effectiveness of customer self-supply of electricity. Similarly, improvements in energy storage technology, such as batteries and fuel cells, enable customers to meet their around-the-clock electricity needs without relying on the electricity we provide.

Legislation or regulations could support these technologies, permit third-party sales, and allow interconnection to our distribution system. Improvements in energy efficiency and voluntary conservation efforts will also affect consumption. AI-driven energy management tools could also enable customers to optimize usage and further reduce purchases from us. Such developments could reduce customer purchases of electricity but may not reduce our investment and operating requirements due to our obligation to serve customers, including those whose self-supply resources fail. Because a portion of our costs are recovered through volumetric charges, reductions in electricity deliveries could affect the timing of our recovery of those costs and may require changes to rate structures.

We are affected by local, national, and worldwide economic activity.

MGE Energy's and MGE's operations are affected by local, national, and worldwide economic conditions. The consequences of a prolonged period of reduced economic activity may include lower demand for energy, uncertainty regarding energy prices and the capital and commodity markets, and increased credit risk. A decline in energy consumption may adversely affect our revenues and future growth. Increased credit risk reflects the risk that our retail customers will not pay their bills in a timely manner or at all, which may lead to a reduction in liquidity and an eventual increase in bad debt expense.

Higher levels of development and business activity within our service area generally increases the number of customers and their use of electricity and gas. Likewise, recessionary economic conditions generally have an adverse impact on our results of operations. Our business activities, including those of our subsidiaries, are concentrated in the State of Wisconsin. Changes in our local economy could negatively impact the financial condition of our customers, the growth opportunities available to us and our subsidiaries, and our results from operations.

Our operations have been, and may continue to be, impacted by domestic and global supply chain disruptions which are delaying the delivery of materials, equipment, and other resources that are critical to our business operations and projects under construction, including our renewable energy projects. Supply interruptions could affect our ability to operate and maintain our system and ability to implement our long-term goals. Inflation has also increased prices of equipment, materials, employee wages and benefits, and other resources. Inflationary pressures in the economy could lead to higher expenses which may adversely impact our financial condition and results of operations.

Our operations could be adversely affected by global climate change.

A changing climate creates uncertainty and could result in broad changes, both physical and financial in nature, to our operations. Physical risks arising from extreme weather events and changing climate patterns, including swings in intensity, disruption of operations, infrastructure damage, and impact of customer demand. Extreme weather events could lead to substantial financial losses including increased maintenance costs, or unanticipated capital expenditures. The cost of storm restoration efforts may also not be fully recoverable through the regulatory process. We may also incur costs associated with actions taken due to investor interest in reducing our subsidiaries' reliance on fossil fuel generation, and coal in particular. Investors may also move away from investing in fossil fuel generated electricity for reputational or perceived risk-related reasons, which could raise our costs of attracting capital. If we are seen as being proactive in addressing concerns we may experience reputational issues among our customers and the communities that we serve. Those issues could affect customers' energy choices, including efforts at self-supply, and could affect the handling and treatment of our rate requests and cost recovery. We cannot provide any assurance regarding the potential impacts of climate change or related policies and regulations to reduce GHG emissions on our operations, which could have a material adverse impact on our financial condition and results of operations.

The ability to obtain an adequate supply of coal could limit the ability to operate the co-owned coal-fired facilities from which we receive a significant portion of our electric supply.

Changes to the availability of coal and the means to transport coal could:

- Affect our operating costs due to increased costs associated with lower levels of owned generation or the need for alternate coal supply or transportation,
- Limit the ability to generate electricity if the plant operator is unable to arrange timely deliveries of adequate supplies of coal, and
- Result in potentially higher costs for replacement purchased power as well as potential lost market sales opportunities.

A significant portion of our electric generating capacity is dependent on coal. Demand for coal has been, and may continue to be, impacted by prevailing prices for natural gas and coal plant closures and may affect mine performance. Consequently, we are exposed to the risk that counterparties to these contracts will not be able to fulfill their obligations. Disruption in the delivery of fuel, including disruptions as a result of transportation delays, weather, labor relations, force majeure events, or environmental regulations affecting any of our fuel suppliers, has affected, and could in the future affect, our ability to generate electricity at our facilities at the desired level. Should counterparties fail to perform, or other unplanned disruptions occur, we may be forced to fulfill the underlying obligation at higher prices. The Columbia plant operator has been, and the plant operators may be, forced to reduce generation at our jointly-held coal units, which would cause us to replace this generation through additional power purchases from third parties. These factors may also affect the terms under which any of the existing coal supply or transportation agreements are renewed or replaced upon the expiration of their current terms.

Our ability to manage our purchased power costs is influenced by a number of uncontrollable factors.

We have been, and will continue to be, exposed to additional purchased power costs to the extent that our power needs cannot be fully covered by the supplies available from our existing facilities and contractual arrangements. Those needs, and our costs, could be affected by:

- Increased demand due to, for example, abnormal weather, customer growth, or customer obligations,
- The inability to transmit our owned or contracted power from the generation source to our customers due to transmission line constraints, outages, or equipment failures,
- Reductions in the availability of power from our owned or contracted generation sources due to equipment failures, shortages of fuel or environmental limitations on operations, and
- Failure to perform on the part of any party from which we purchase capacity or energy, whether due to equipment failures or other causes.

An unexpected change in demand or the availability of generation or transmission facilities can expose us to increased costs of sourcing electricity in the short-term market where pricing may be more volatile.

The equipment and facilities in our operational system are subject to risks that may adversely affect our financial performance.

Weather conditions, accidents, and catastrophic events can result in damage or failures of equipment or facilities and disrupt or limit our ability to generate, transmit, transport, purchase, or distribute electricity and gas. Efforts to repair or replace equipment and facilities may take place over prolonged periods or may be unsuccessful. We may also be unable to make the necessary improvements to our operational system, causing service interruptions. Furthermore, our facilities are interconnected with third-party transmission providers. Damage to or failures of these providers' equipment or facilities is out of our control but could lead to service interruptions. Any resulting interruption of services would result in lost revenues and additional costs. Lack of gas or decreased gas pressure from interstate pipeline systems may result in unexpected energy interruptions and may lead to additional costs for alternative energy sources. We are also exposed to the risk of accidents or other incidents that could result in damage to or destruction of our facilities or damage to persons or property. Such issues could adversely affect revenues or increase costs to repair and maintain our systems.

Our operations and confidential information are subject to the risk of physical or cyber attacks, which could have an adverse effect on our business and performance.

We operate in a highly engineered industry that requires the continued operation of sophisticated information technology systems and network infrastructure to manage our finances, operate our control facilities, provide electric and gas service to our customers, and enable compliance with applicable regulatory requirements. Our generation and distribution facilities and computer-based systems and other infrastructure or physical assets are vulnerable to interruption, the introduction of viruses, malware, ransomware, security breaches, terrorist-style attacks, fire, power loss, system malfunction, network outages, unauthorized access, and other events that may be beyond our control. System interruptions or failures, whether isolated or more widespread, could

impact our ability to provide service to our customers, which could have a material adverse effect on our operations and financial performance.

Generation, transmission systems, and natural gas pipelines are part of an interconnected system. Therefore, a disruption caused by the impact of a cybersecurity incident on the regional electric transmission grid, natural gas pipeline infrastructure or other fuel sources of our third-party service providers' operations, could also negatively impact our business.

Our business includes the collection and retention of personally identifiable information of our customers, shareholders, and employees, who expect that we will adequately protect such information. In some cases, we outsource certain functions to vendors that could be targets of cyber attacks. A significant theft, loss, or fraudulent use of personally identifiable information may cause our business reputation to be adversely impacted and could lead to potentially large costs to notify and protect the impacted persons and subject us to legal claims, fines, or penalties.

We maintain security measures to protect our information technology and control systems, network infrastructure and other assets. Despite such measures, we have been and may in the future be subject to cyber incidents. While we have not been subject to cyber incidents that have had a material impact on operations to date, the safeguards we have may not always be effective due to the evolving nature of cyber attacks. Moreover, the rapid evolution and increased adoption of AI technologies may intensify our cybersecurity risks. We cannot guarantee that the protections we have in place will be completely successful in the event of a cyber attack. If the technology systems were to fail or be breached by a cyber attack, and not be recovered in a timely fashion, we may be unable to fulfill critical business functions, equipment may fail to work and confidential data could be compromised, any additional costs may not be recoverable in rates, or may exceed cyber insurance limits, or may not be covered by cyber insurance and could adversely impact our results of operations.

Catastrophic and unpredictable events, including, but not limited to, terrorist or other physical attacks, could have a material adverse effect on our business.

A terrorist attack, war, natural disaster, wildfire, severe storms, pandemic virus or disease, or other catastrophic or unpredictable event could adversely affect our future revenues, expenses and operating results by: interrupting our normal business operations; causing employee absences or casualties, including loss of our key employees; interrupting or affecting supplier operations; requiring substantial expenditures and expenses to repair, replace and restore normal business operations; reducing investor confidence; and disrupting, or causing volatility in, capital markets. No assurance can be given that future losses for such events will not exceed the limits of our insurance coverage, if applicable. While we maintain insurance coverage for certain losses arising from catastrophic events, such coverage may be subject to limits, retentions (deductibles), exclusions, or delays in recovery, and may materially increase in cost in the future. Uninsured or underinsured losses could materially and adversely affect our financial condition and results of operations. Facilities for electric generation, transmission, and gas and electric distribution are potential targets of terrorist threats and activities, including both physical or cyber attacks. A terrorist act or catastrophic event at our facilities or the facilities of other companies to which we are interconnected could result in a disruption of our ability to generate, transmit, transport, purchase, or distribute electricity or natural gas. Such an event would have additional adverse effects, including environmental ramifications, increased security and insurance costs, as well as general economic volatility or uncertainty within our service territories. The inability to maintain operational continuity and any additional costs incurred for repairing our facilities or making alternative arrangements could materially and adversely affect our financial condition and results of operations.

We face risk in connection with the completion of significant capital projects.

Our capital projects, such as our renewable generation and storage projects, are subject to various completion risks that could cause increases in costs or delays in completion. These risks include shortages of, the inability to obtain, the cost of, and the consistency of, labor, materials and equipment; the inability of the contractors to perform under their contracts; the inability to agree to terms of contracts or disputes in contract terms; work stoppages; adverse weather conditions; the inability to obtain necessary permits in a timely manner; changes in applicable laws or regulations; adverse interpretation or enforcement of permit conditions; governmental actions or tariffs; legal action; and unforeseen engineering or technology issues. Our capital projects may also be adversely affected by geopolitical instability, trade policy changes, or shortages of critical materials and equipment. Disruptions in global supply chains could delay project completion, increase costs, or affect system reliability. In the case of our renewable generation projects, we may face delays in the completion of the necessary transmission system connections or upgrades to accommodate the project.

If a capital project exceeds the approved project costs approved by the PSCW, we may not be able to recover those excess costs through regulated customer rates. If that happens, we may have to finance overruns through cash from operations, which may delay other projects, or by securing additional financing. Any or all of these methods may not be available when or in the amounts needed, on reasonable terms or at all.

Inability to recover excess costs, obtain additional financing when or if needed on reasonable terms or complete the project in a timely manner, could adversely impact our financial condition and results of operations. Further, our revenues and cash flows may not increase immediately following our expenditure of funds on a particular project or in the period during which the expenditure occurs, which could affect our liquidity and financial position.

Our stated long-term goals are based on various assumptions and beliefs that may not prove to be achievable in the time frame projected.

Some of our current long-term goals include MGE's target of net-zero carbon electricity by 2050 and MGE's Energy 2030 framework, which describes our plan for growth in renewables generation. MGE is working to achieve a more sustainable energy future using cost-effective renewable generation and storage technologies. Management established these goals in conjunction with our board of directors based upon a number of different internal and external factors that characterize and influence our current and expected future activities. These long-term goals are based on certain assumptions regarding the timing, scope, and relative costs of technological advancements, including generation, storage and energy use technologies; levels of customer participation in programs and partnerships; our ability to transition away from or displace existing coal-fired resources; our ability to complete renewable generation and storage projects in a timely manner and within approved budgets; our ability to obtain recovery of costs in rates; and our ability to obtain the necessary permits or licenses for such projects. These assumptions may differ materially from actual future developments. Accordingly, we may not achieve our stated long-term goals in the timeframe projected or at all.

Failure to attract and retain an appropriately qualified workforce could affect our operations.

Because we operate in an industry that requires employees with specialized technical skills, we must attract, train, and retain a specialized workforce to meet current and future needs. Events such as an aging workforce without sufficient replacement workers, mismatch of skill sets to future needs, labor market conditions, evolving employee culture expectations, or unavailability of contract resources may lead to operating challenges and increased costs. Some of the challenges include lack of resources, loss of knowledge, and time required for replacement employees to develop necessary skills. Failure to identify qualified replacement employees could increase costs as a result of decreased productivity and increased safety incidents. If we are unable to attract and retain an appropriately qualified workforce, our operations could be negatively affected. We are also subject to multiple collective bargaining agreements covering approximately 318 employees as of December 31, 2025. Future negotiation of these collective bargaining agreements could lead to work stoppages or other disruptions to our operations, which could adversely affect our financial condition and results of operations.

Financial Risk

We are exposed to commodity price risk relating to our purchases of natural gas, electricity, coal, oil, and environmental allowances.

We face commodity price risk exposure with respect to the purchase of natural gas, electricity, coal, oil, and environmental allowances. We also face risk through our use of derivatives, such as futures, forwards, and swaps, to manage our commodity price risk. We could experience increased costs as a result of volatility in the market values of those commodities. We could also experience losses on our derivative contracts as a result of that market value volatility or if a counterparty fails to perform under a contract.

Interest rate movements and market performance affects our employee benefit plan costs.

Prevailing interest rates affect our assessment and determination of discount rates and are a key assumption in the determination of the costs and funding of our defined benefit pension plans. Changes in rates may impact the amount of expense and timing of contributions to those plans. The performance of the capital markets affects the values of the assets that are held in trust to satisfy the future obligations under our pension and postretirement benefit plans. We have significant obligations in these areas and hold significant assets in these trusts. A decline in the market value of trust fund assets may increase our current and longer-term funding requirements by increasing the level of contributions required to meet benefit obligations. In addition, changes in workforce demographics, retirement patterns, life expectancy, or eligibility requirements for Social Security or Medicare could increase benefit costs and funding requirements for our pension and postretirement benefit plans.

We are exposed to interest rate risk.

We are exposed to interest rate risk on our variable rate financing. Our borrowing levels under commercial paper arrangements vary from period to period depending upon capital investments and other factors. Such interest rate risk means that we are exposed to potential increased financing costs and associated cash payments as a result of changes in short-term interest rates.

We are exposed to counterparty credit risk primarily through our regulated energy business.

Credit risk is the loss and additional expense that may result from counterparty nonperformance. We face credit risk primarily through MGE's regulated energy business. Failure of contractual counterparties to perform their obligations under purchase power agreements, commodity supply arrangements, or other agreements may result in increased expenses for MGE as a result of being forced to cover the shortfall in the spot or short-term market, where prices may be more volatile. That risk may be increased during periods of weak or stressed economic conditions.

As a holding company, we are dependent on upstream cash flows from our subsidiaries for the payment of dividends on our common stock.

MGE Energy is a holding company, with no operations of its own, and its ability to pay dividends on our common stock is dependent on the earnings and cash flows of operating subsidiaries and their ability to pay upstream dividends or to repay funds to MGE Energy. Our subsidiaries have financial obligations that must be satisfied before funding MGE Energy. These obligations include debt service and obligations to trade creditors, among others. Our subsidiaries are also subject to contractual and regulatory restrictions that may limit or impair their ability to pay dividends to MGE Energy. Certain regulatory orders impose conditions on dividend payments based on specified financial metrics or capital structure requirements, which could restrict the amount or timing of dividends paid to MGE Energy.

Disruptions in the financial markets or changes to our credit ratings may affect our ability to finance at a reasonable cost and in accordance with our planned schedule.

The credit markets have experienced disruption and uncertainty. To the extent that such issues affect the ability or willingness of credit providers or investors to participate in the credit markets or particular types of investments, or affect their perception of the risk associated with particular types of investments, our cost of borrowing could be affected. Furthermore, if we are unable to access the capital and credit markets on favorable terms, it could have a material adverse effect on our business, financial condition, results of operations, cash flows and liquidity and our ability to repay or refinance our debt. We also rely on our credit ratings to access the credit markets. If our credit ratings are downgraded for any reason, borrowing costs would increase, the number of potential investors could decrease, or we could be required to provide additional credit assurance, including cash collateral, to contract counterparties.

Item 1B. Unresolved Staff Comments.

MGE Energy and MGE

None.

Item 1C. Cybersecurity.

MGE Energy and MGE

Risk management and strategy

MGE manages its cybersecurity risk in accordance with the National Institute of Standards and Technology (NIST) Cybersecurity Framework. Using the core functions of the NIST framework – identify, protect, detect, respond, recover, and governance – MGE employs a cybersecurity strategy program with input from its information technology (IT) leadership, senior management, and MGE Energy's Board of Directors (the Board). MGE maintains policies and procedures concerning cybersecurity matters, including those related to antivirus/malware protection, remote access, authentication, and confidential information. These policies go through an internal review process and are approved by appropriate executives and members of management.

Cybersecurity is considered within MGE's overall Enterprise Risk Management (ERM) program, which establishes an overall approach to enterprise risk management that can be consistently applied across the enterprise. As part of the ERM program, management identifies, assesses, mitigates, and monitors key enterprise risks. The ERM program includes evaluation of cyber risks' causes, impacts, ratings, and mitigations. Enterprise risks are reviewed and updated by management semi-annually.

MGE's IT Security team trains and collaborates across the organization along with outside partners and governmental agencies to maintain visibility and detection of continuously evolving threats and protection of MGE's digital systems. MGE has developed a security awareness program to help employees make sound security decisions through ongoing security awareness, education, and training activities. MGE has cyber incident response plans that detail identification, response, and recovery procedures in the event of a cyber incident. Periodic third-party penetration tests and vulnerability scans are performed both internally and externally to assess MGE's security measures and validate MGE's processes and procedures during a threat. In addition to assessing its own cybersecurity preparedness, MGE's security team also considers and evaluates cybersecurity risks associated with use of third-party service providers to confirm that security standards are met. MGE relies on third parties to deliver its products and services to customers, and a cybersecurity incident at a supplier, subcontractor, or joint venture partner could materially impact MGE. Third-party cybersecurity controls are assessed through a cybersecurity questionnaire, and security and privacy addendums are included

in contracts when applicable. Furthermore, at least annually vendor System and Organization Controls (SOC) 1 or SOC 2 reports are reviewed by internal business owners, if available. MGE's assessment of risks associated with use of third-party providers is part of the overall cybersecurity risk management framework. MGE has a cyber insurance policy to mitigate risk of financial damages. In an event of a material cyber incident, MGE engages representatives of the insurer in accordance with the cyber incident response plan.

Governance

Enterprise-wide risk assessment and oversight are fundamental responsibilities of the Board, including cybersecurity. The Board, of which four members have technology and cybersecurity skills, is involved in the process of overseeing the primary risks faced in the conduct of our business. The Board receives, on an ongoing basis, information from management related to key business risks and mitigation strategies. These business risks include existing and emerging risks related to information technology systems and cybersecurity. Updates to the ERM risk register are provided to the Audit Committee of the Board semiannually, which includes a cybersecurity risk assessment. Annually, management presents the Company's cybersecurity strategy and initiatives to the Board. In addition, management provides quarterly cybersecurity updates to the Audit Committee to inform regarding any incidents, changes in risk or threat landscape, and provide any relevant information regarding trending topics in cybersecurity as it pertains to MGE Energy and its subsidiaries.

The Chief Financial Officer (CFO) & Treasurer and Chief Information Officer (CIO) are the system owners for electronic information and, in that capacity, are responsible for the processing, integrity, security, and availability of electronic information under their jurisdiction. The CFO has over 15 years of experience spanning several IT functions and levels of management, IT audit, applications development, project management, infrastructure and telecommunications, and cybersecurity. The CIO has over 25 years of IT experience, including ten years dedicated to cybersecurity in the utility, insurance, and financial sectors, and maintains a Certified Information Systems Security Professional (CISSP) certification. The CIO's cybersecurity experience includes engineering, architecture, incident response, and management.

MGE has had no material cyber security incidents that affected business strategy, results of operations, or financial condition as of the date of this report. However, MGE Energy and its subsidiaries face risks from cybersecurity threats, including as a result of any cyber incidents, that could materially affect its business strategy, results of operations, and financial condition, cash flows or reputation. However, such risks have not materially affected us to date. For more information about the cybersecurity-related risks we face, see the risks detailed under the heading "Our operations and confidential information are subject to the risk of physical or cyber attacks, which could have an adverse effect on our business and performance" included as part of our risk factor disclosures in Part I, Item 1A. of this Report.

Item 2. Properties.

Electric Generation

Net summer rated capacity in service as of December 31, 2025, was as follows:

Plants ^(b)	Location	Commercial Operation Date	Fuel	Nameplate Capacity (MW)	Net Summer Rated Capacity (MW) ^(a)	No. of Units
Coal Facilities:						
Columbia ^(c)	Portage, WI	1975 & 1978	Low-sulfur Coal	211	213	2
Elm Road Units ^(c)	Oak Creek, WI	2010 & 2011	Coal	106	109	2
Natural Gas Facilities:						
Blount	Madison, WI	1957 & 1961	Natural Gas	100	96	2
Nine Springs	Madison, WI	1964	Natural Gas	16	14	1
Sycamore	Madison, WI	1967 & 1971	Natural Gas	38	30	2
Fitchburg	Fitchburg, WI	1973	Natural Gas	53	34	2
West Marinette	Marinette, WI	2000	Natural Gas/Oil	90	71	1
WCCF ^(c)	Madison, WI	2005	Natural Gas/Oil	157	132	2
West Riverside ^(c)	Beloit, WI	2020	Natural Gas	50	47	2
Distributed Generators:						
Multiple Locations	Madison, WI	1998-2021	ULSFO ^(d)	70	53	60
Wind Facilities:						
Lincoln-Red River	Kewaunee County, WI	1999	Wind	11	1	17
Top of Iowa	Brookfield, IA	2008	Wind	30	4	18
Forward ^(c)	Dodge & Fond du Lac Counties, WI	2008	Wind	18	3	86
Saratoga	Howard County, IA	2019	Wind	66	17	33
Red Barn ^(c)	Grant County, WI	2023	Wind	9	2	28
Solar Facilities:						
Morey Field	Middleton, WI	2020	Solar	6	3	4
Two Creeks ^(c)	Two Creeks, WI	2020	Solar	50	36	48
Dane County	Madison, WI	2020	Solar	10	7	4
O'Brien	Fitchburg, WI	2021	Solar	22	14	8
Badger Hollow I & II ^(c)	Monfort, WI	2021 & 2023	Solar	100	72	400
Hermisdorf	Madison, WI	2022	Solar	8	6	64
Tyto	Fitchburg, WI	2024	Solar	6	4	24
Paris ^(c)	Paris, WI	2024	Solar	20	15	53
Strix	Fitchburg, WI	2025	Solar	6	2	24
Darien ^(c)	Rock & Walworth Counties, WI	2025	Solar	25	17	65
Energy Storage:						
Paris ^(c)	Paris, WI	2025	Battery	11	10	30
Total				1,289	1,012	

(a) Net summer rated capacity is determined by annual testing (measured in June, July or August) and may vary from year to year due to, among other things, the operating and physical conditions of the units.

(b) All facilities shown are owned by MGE unless footnoted otherwise.

(c) MGE jointly owns these facilities with various other utilities. The capacity shown represents MGE's ownership share:

- Columbia is jointly-owned by MGE, WPSC and WPL, which operates the facility. MGE's ownership interest is 19%. See "Columbia" below for further information.
- Elm Road Units is jointly owned by MGE, WPPI Energy, Inc, and WEC, which operates the units. MGE's ownership interest is 8.33%. See "Elm Road Units" below for further information.
- WCCF is jointly-owned by MGE and UW. Per the joint plant agreement, the UW is allocated 17 MW of the net capability of these units during the summer cooling season. The net summer-rated capacity shown reflects this decrease. MGE's ownership interest is 55%. See "WCCF" below for further information.
- West Riverside is jointly owned by multiple parties including MGE and WPL, which operates the facility. Power from this facility is shared in proportion to each owner's ownership interest. Commercial operation date of facility was 2020. MGE purchased its ownership interest of 6.9% in 2023 and 2024.

- Forward is jointly owned by MGE, WPL and WPSC, which operates the facility. Power from this facility is shared in proportion to each owner's ownership interest. Commercial operation date of facility was 2008. MGE purchased its 12.8% ownership interest in 2018.
- Red Barn is jointly owned by MGE and WPSC, which operates the facility. MGE's ownership interest is 10%.
- Two Creeks and Badger Hollow I and II are both jointly owned with WPSC, which operates the facilities. MGE's ownership interest is 33%.
- Paris and Darien are both jointly owned by MGE, WPSC and WEPCO, which operates the facilities. MGE's ownership interest is 10%.

(d) ULSFO is ultra low-sulfur fuel oil.

Columbia

MGE and two other utilities jointly own Columbia, a coal-fired generating facility consisting of two units, which, as of December 31, 2025, accounted for 21% of MGE's net summer rated capacity. Power from this facility is shared in proportion to each owner's ownership interest. As of December 31, 2025, MGE had a 19% ownership interest in Columbia. The other owners are WPL, which operates Columbia, and WPSC. Operational, regulatory, and environmental regulation considerations have impacted and continue to impact Columbia's generation planning. MGE, as a minority owner, and Columbia's other co-owners continue to evaluate transitioning away from coal and continue to evaluate replacing the generation from Columbia while maintaining electric service reliability. MGE and Columbia's co-owners are exploring converting Columbia to natural gas.

The Columbia units burn low-sulfur sub-bituminous coal obtained from the Powder River Basin coal fields located in Wyoming. The coal inventory supply for the Columbia units was approximately 87 days as of December 31, 2024, and approximately 84 days as of December 31, 2025.

Elm Road Units and WCCF

MGE Power Elm Road and two other utilities own undivided interests in the Elm Road Units, consisting of two units, which, as of December 31, 2025, accounted for 11% of MGE's net summer rated capacity. Power from these units is shared in proportion to each owner's ownership interest. MGE Power Elm Road owns an 8.33% ownership interest in the Elm Road Units, and its interest in the Elm Road Units is leased to MGE. The other owners are Wisconsin Energy Corporation, which operates the units, and WPPI Energy, Inc. The Elm Road Units burn sub-bituminous coal from the Powder River Basin in Wyoming and bituminous coal obtained from northern West Virginia and southwestern Pennsylvania. MGE's share of the coal inventory supply for the Elm Road Units was approximately 59 days as of December 31, 2024, and approximately 48 days as of December 31, 2025. MGE Power Elm Road's share of the Elm Road Units is reflected in "Property, plant, and equipment, net" on MGE Energy's and MGE's consolidated balance sheets. In October 2025, MGE, along with the plant co-owners, filed a joint application with the PSCW 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. By the end of 2030, coal is expected to be used only as a backup fuel at the Elm Road Units. By the end of 2032, MGE expects that the Elm Road Units will be fully transitioned away from coal.

MGE Power West Campus and the UW jointly own undivided interests in a natural gas-fired cogeneration facility on the UW campus. The facility has the capacity to produce 30,000 tons of chilled water, 500,000 pounds per hour of steam, and approximately 150 MW of electricity. The UW owns 45% of the facility, which represents its interest in the chilled-water and steam assets. These assets are used to meet a part of the UW's need for air-conditioning and steam-heat capacity. MGE Power West Campus owns 55% of the facility, which represents its interest in the electric generating assets. These assets are used to provide electricity to MGE's customers. The UW's share of the plant and portion of the earnings from the WCCF are not reflected in the consolidated financial statements of MGE Energy or MGE. MGE Power West Campus's share of the plant is reflected in "Property, plant, and equipment, net" on MGE Energy's and MGE's consolidated balance sheets.

MGE leases MGE Power Elm Road's ownership interest in the Elm Road Units pursuant to two separate facility leases. MGE leases the electric generating assets owned by MGE Power West Campus and is responsible for operating the entire facility. At the end of the respective lease terms, MGE may, at its option, renew the facility lease for an additional term, purchase the leased ownership interest at fair market value, or allow the lease to end. The financial terms of the facility lease agreements are as follows:

Facilities	Assumed Capital Structure	Assumed Return on Equity	Lease Expiration
Elm Road Units	55% equity and	12.7%	Unit 1: 2040
	45% long-term debt		Unit 2: 2041
WCCF	53% equity and 47% long-term debt	12.1%	2035

Electric and Gas Distribution Facilities

As of December 31, 2025, MGE owned 811 miles of overhead electric distribution line and 1,386 miles of underground electric distribution cable, all of which are located in Wisconsin. These electric distribution facilities are connected by 47 substations, installed with a capacity of 1.2 million kVA. MGE's gas facilities include 3,117 miles of distribution mains, which are all owned by MGE.

A significant portion of MGE's electric and gas distribution facilities are located above or underneath highways, streets, other public places, or property otherwise not owned by MGE. MGE believes that it has satisfactory rights to use those places or property in the form of permits, grants, easements, and licenses; however, it has not necessarily undertaken to examine the underlying title to the land upon which the rights rest.

Encumbrances

As of December 31, 2025, the principal plants and properties of MGE were subject to a lien related to its Indenture of Mortgage and Deed of Trust dated as of January 1, 1946, as amended and supplemented, under which MGE's first mortgage bonds were issued. On January 27, 2026, MGE completed a redemption of all outstanding first mortgage bonds, and delivered to the Trustee a satisfaction and discharge which, pursuant to the terms of the Indenture, effectively discharged the Indenture. MGE Power Elm Road has collaterally assigned its right to lease payments from MGE for the Elm Road Units in order to secure the repayment of the senior secured notes issued by MGE Power Elm Road. MGE Power West Campus has collaterally assigned its right to lease payments from MGE for the WCCF in order to secure the repayment of the senior secured notes issued by MGE Power West Campus. See Footnote 14 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report for additional information regarding these first mortgage bonds and the entitlement of certain senior notes issued by MGE to be equally and ratably secured if MGE issues additional first mortgage bonds.

Item 3. Legal Proceedings.

MGE Energy and MGE

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 "Environmental Regulations" under Part I, Item 1. Business and Footnote 16.a. of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report for a description of several environmental proceedings affecting MGE. See Footnote 16b. of the Notes to Consolidated Financial Statements under Part II, Item 8. Financial Statements and Supplementary Data in this Report for a description of other legal matters.

Item 4. Mine Safety Disclosures.

MGE Energy and MGE - Not applicable.

PART II.

Item 5. Market for Registrants' Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities.

Market for Common Equity

MGE Energy

MGE Energy common stock is traded on Nasdaq under the symbol MGEE. As of February 20, 2026, there were 13,655 shareholders of record. The number of record holders is based upon the actual number of holders registered on our books at such date and does not include holders of shares in "street names" or persons, partnerships, associations, corporations or other entities identified in security position listings maintained by depository trust companies.

For additional information regarding dividends and dividend restrictions, see Footnote 15 of the Notes to the Consolidated Financial Statements under Part II, Item 8. Financial Statements and Supplementary Data in this Report.

MGE

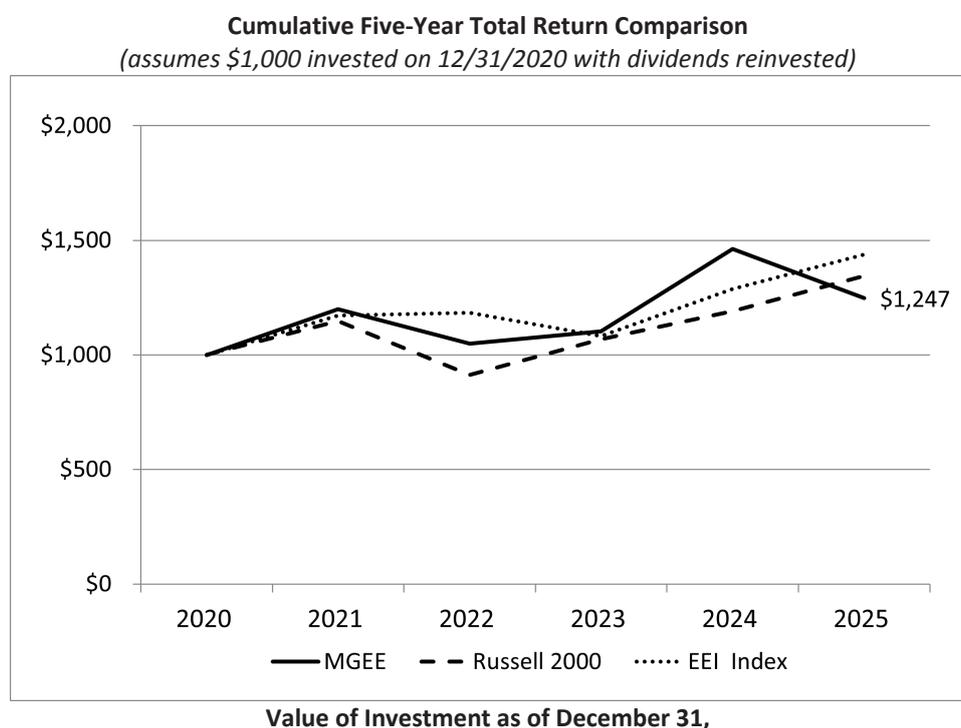
As of February 20, 2026, there were 17,347,894 outstanding shares of MGE common stock, all of which were held by MGE Energy. There is no market for shares of common stock of MGE.

Equity Compensation Plans

See Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters below in this report.

Stock Performance Graph

The performance graph below illustrates a five-year comparison of cumulative total returns based on an initial investment of \$1,000 in MGE Energy common stock, as compared with the Russell 2000 and the EEI Index for the period 2020 through 2025. The EEI Index reflects the consolidated performance of Edison Electric Institute investor-owned electric utilities. The cumulative total returns over the indicated period are based on historical data and should not be considered indicative of future returns.



Item 6. [Reserved]

Item 7. 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 170,000 customers in Dane County, Wisconsin,
- Regulated gas utility operations, conducted through MGE, which distribute natural gas to approximately 180,000 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 investing in companies and property that relate to the regulated operations and financing the regulated operations, through its wholly owned subsidiaries CWDC, MAGAEL, and North Mendota, and corporate operations and services.

Our primary focus is our core utility customers, which are served by MGE as well as creating long-term value for our shareholders. MGE seeks to meet its customers' expectations for reasonably priced, reliable electric and gas service provided in a responsible manner. That responsibility is manifested in actions MGE has taken, and will continue to take, to achieve its goal of net-zero carbon by 2050.

As part of this long-term transition, MGE continues to evaluate the role of coal-fired generation in its portfolio, including previously announced plans regarding the Columbia Energy Center and the planned fuel transition at the Elm Road Units. MGE remains focused on reducing reliance on coal over time and expanding ownership of renewable generation to support a cleaner, reliable energy future.

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 UW-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.

We have not included a discussion of results of operations and changes in financial position for the year ended December 31, 2024, as compared to the year ended December 31, 2023. That discussion can be found in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our annual report on Form 10-K for the year ended December 31, 2024, which was filed with the SEC on February 25, 2025.

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, but not limited to:

- Weather, and its impact on customer sales,
- Economic conditions, including current business activity and employment and their impact on customer demand,
- Rates, 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 of this Report.

During the year ended December 31, 2025, MGE Energy's earnings were \$135.9 million or \$3.72 per share compared to \$120.6 million or \$3.33 per share for the same period in the prior year. MGE's earnings for the year ended December 31, 2025, were \$104.1 million compared to \$89.4 million for the same period in the prior year.

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

<i>(In millions)</i>	Year Ended December 31,	
	2025	2024
Business Segment:		
Electric Utility	\$ 85.8	\$ 74.5
Gas Utility	16.3	13.7
Nonregulated Energy	24.8	24.1
Transmission Investments	9.5	8.9
All Other	(0.5)	(0.6)
Net Income	<u>\$ 135.9</u>	<u>\$ 120.6</u>

Our net income during 2025 compared to 2024 primarily reflects the effects of the following factors:

Electric Utility

Earnings for 2025 increased year-over-year, primarily driven by a rise in the rate base due to increased electric investments approved in the 2024/2025 rate case. Additionally, higher electric residential sales contributed to the increase, partially due to growth in residential customers. Favorable weather conditions further contributed to increased residential sales in 2025.

Gas Utility

Higher gas retail sales in 2025 contributed to higher gas earnings for 2025, compared to the same period in the prior year. Gas retail sales increased approximately 14% for 2025, compared to the prior year period. Heating degree days (a measure for determining the impact of weather during the heating season) increased by approximately 18% in 2025 compared to the same period in the prior year.

Significant Events

The following events affected our results of operations in 2025:

2024/2025 Rate Proceeding: In December 2023, the PSCW approved a 4.17% increase to electric rates and 1.32% increase to gas rates for 2025. The PSCW approved a 2025 Fuel Cost Plan in December 2024. The plan lowered the 2025 increase in electric rates to 2.63%. See "Other Matters" below for additional information on the 2024/2025 rate proceeding.

The 2024/2025 rate order included an earnings sharing mechanism, under which, if MGE earns above the 9.7% ROE authorized in the rate order: (i) MGE 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 recently completed or under construction, are summarized in the following table. Incurred costs are reflected in "Property, plant, and equipment, net" for projects placed in service, or "Construction

work in progress" for projects under construction on the consolidated balance sheets. See "Capital Expenditures" below for additional information on projects.

Source (In millions)	Share of Estimated Costs ^(a)	Costs Incurred as of December 31, 2025 ^{(a)(b)}
Solar	\$ 584.0	\$ 185.4
Wind	73.0	10.7
Battery	224.3	85.1
Storage	22.0	2.7
Other	11.0	0.1

(a) Excluding AFUDC.

(b) MGE received specific approval to recover 100% AFUDC. After tax, MGE recognized \$5.4 million, \$3.2 million, \$2.3 million, \$1.4 million, \$0.6 million of AFUDC equity earnings through December 31, 2025, on Paris, Darien, Koshkonong, High Noon, and other projects, respectively, during construction. AFUDC has been excluded from the costs incurred in the table above.

Deferred Fuel Savings: As of December 31, 2025, MGE deferred \$7.1 million of 2025 fuel savings. These costs will be subject to the PSCW's annual review of 2025 fuel costs, expected to be completed during 2026. See Footnote 9.b. of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report for further information regarding fuel proceedings.

2024 Annual Fuel Proceeding: MGE had fuel savings in 2024. As of December 31, 2024, MGE deferred \$3.0 million of 2024 fuel savings. The PSCW has completed their review of 2024 fuel costs and approved MGE's return of these savings in October 2025. There was no change to the costs to be refunded as a result of the fuel rules proceedings from the amount MGE deferred in 2024.

Tax Update: On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was signed into law, introducing significant changes to tax credits and compliance requirements. See "Other Matters" below for additional information on the OBBBA.

ATC Return on Equity: As discussed in "Other Matters" below, ATC's authorized ROE, which is used in calculating its rates and revenues, was the subject of a challenge before FERC. A decrease in ATC's ROE could result in lower equity earnings and distributions from ATC in the future. MGE Energy derived approximately 6.6% and 7.4% of net income for 2025 and 2024, respectively, from the investment in ATC.

During 2026, several items may affect our financial condition and results of operations, including:

2026/2027 Rate Settlement Agreement: In December 2025, the PSCW approved a unanimous settlement agreement that MGE reached with intervening parties in its 2026/2027 rate case. As part of the settlement agreement, the PSCW approved a 0.15% increase for electric rates and a 2.77% increase to gas rates for 2026 and a 3.63% increase for electric rates and a 2.04% increase to gas rates for 2027. See "Other Matters" below for additional information on the 2026/2027 rate case settlement.

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. MGE 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 - MGE continues to work toward its goal of net-zero carbon electricity by 2050. Solar, wind, and battery storage projects are a major step toward deep decarbonization and greater use of clean energy sources in pursuit of our goal.

- *Growing renewable generation and storage.* MGE is seeking to acquire, or has acquired, joint interests in several renewable generation and storage projects. The forecasted capital expenditures include approximately 252 MW of solar, 18 MW of wind, and 125 MW of storage, which include projects approved or pending PSCW approval. See the 2026-2030 capital expenditures forecast included under "Liquidity and Capital Resources" below for information on those projects.
- *Transitioning away from coal.* Elm Road Units: In October 2025, MGE, along with the plant co-owners, filed a joint application with the PSCW to end the use of coal as a primary fuel at the Elm Road Units and transition the plant to natural gas. See the

2026-2030 capital expenditures forecast included under "Liquidity and Capital Resources" below for additional information. By the end of 2030, coal is expected to be used only as a backup fuel at the Elm Road Units. By the end of 2032, MGE expects that the Elm Road Units will be fully transitioned away from coal.

Columbia: Operational, regulatory, and environmental regulation considerations have impacted and continue to impact Columbia's generation planning. MGE, as a minority owner, and Columbia's other co-owners continue to evaluate transitioning away from coal and continue to evaluate replacing the generation from Columbia while maintaining electric service reliability. MGE and Columbia's co-owners are exploring converting Columbia to natural gas.

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 in a quick and cost-effective manner. MGE offers two voluntary renewable natural gas programs. The initial program, launched in May 2024, enables customers to offset emissions associated with their natural gas consumption through a mechanism in which MGE purchases renewable thermal credits and retires them on behalf of participating customers. The second program, launched in January 2026, enables customers to inject renewable natural gas produced on the customer's premise into MGE's distribution system; customers may sell the natural gas to MGE or another third party and may retain or sell to MGE or another third party the associated environmental attributes.

Solar Procurement Disruptions: MGE is monitoring import regulations under the Uyghur Forced Labor Prevention Act and the U.S. Department of Commerce's 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.

Tariffs: MGE is monitoring the actions of the Trump Administration with respect to certain proposed or recently implemented import tariffs on foreign goods. These tariffs have a potential impact on cost of operations and on current and future capital projects. See "Other Matters" below for additional information on the executive orders on Tariffs.

Financing and Equity Issuance Plans: As of December 31, 2025, MGE has \$230 million of remaining regulatory authority from the PSCW to issue long-term debt to finance authorized utility capital expenditures. In January 2026, MGE issued \$90 million of long-term debt. See "Liquidity and Capital Resources" below for additional information. MGE expects to use a portion of the remaining authority during 2026 to finance authorized utility capital expenditures. In 2026, MGE Energy expects to begin issuing new shares of common stock to participants in our Direct Stock Purchase and Dividend Reinvestment Plan. The amount and timing of any financings will be primarily driven by capital investments and cash requirements and will depend upon market conditions, regulatory approvals, and other factors.

Large-Load Growth: Management is seeing growing interest from large-load customers, including data-intensive and technology-focused operations, seeking reliable and scalable electric service in our service territory. Our favorable location, strong regional transmission access, and proximity to major economic and research institutions support this interest. MGE engages early with prospective customers to evaluate load needs, interconnection requirements, and potential system impacts. Although the timing and size of individual projects remain uncertain, these inquiries represent a potential source of incremental and durable load growth.

The following discussion is based on the business segments as discussed in Footnote 22 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report.

Results of Operations

Year Ended December 31, 2025, Versus the Year Ended December 31, 2024

Electric sales and revenues

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

(In thousands, except CDD)	Revenues			Sales (kWh)		
	2025	2024	% Change	2025	2024	% Change
Residential	\$ 187,264	\$ 174,756	7.2%	899,781	860,759	4.5%
Commercial	258,044	255,240	1.1%	1,807,517	1,777,835	1.7%
Industrial	12,330	12,948	(4.8)%	143,206	141,976	0.9%
Other-retail/municipal	40,048	40,796	(1.8)%	370,046	373,272	(0.9)%
Total retail	497,686	483,740	2.9%	3,220,550	3,153,842	2.1%
Sales to the market	30,654	10,893	181.4%	402,875	226,004	78.3%
Other revenues	3,214	3,040	5.7%	—	—	—%
Total	\$ 531,554	\$ 497,673	6.8%	3,623,425	3,379,846	7.2%
Cooling degree days (normal 733)				757	728	4.0%

Electric revenue increased \$33.9 million during 2025 compared to 2024, due to the following:

(In millions)	
Sales to the market	\$ 19.8
Rate changes	10.0
Increase in residential volume	6.7
Customer fixed and demand charges	4.9
Net increase in commercial, industrial and other-retail/municipal volume	2.9
Other	0.2
Revenue subject to refund, net	(10.6)
Total	\$ 33.9

- **Sales to the market.** Sales to the market typically occur when MGE has more generation 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 2025, market volumes increased compared to 2024, reflecting increase in sales. Additionally, the cost of capacity sold increased, contributing to the revenue generated from increased sales to the market from excess generation and purchases. The revenue generated from these sales is largely offset by fuel rules costs, and do not have a significant impact on net income. See fuel rules discussion in Footnote 9 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report.
- **Rate changes.** In December 2024, the PSCW authorized MGE to increase 2025 rates for retail electric customers by approximately 2.63%. Rates charged to retail customers during 2025 were \$10.0 million higher than those charged during 2024. See Footnote 9 of the Notes to Consolidated Financial Statements in Part II, Item 8 of 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.
- **Residential Volume.** During 2025, residential sales increased by approximately 5% compared to 2024. This increase was driven by favorable weather conditions and an increase in customers during 2025, compared to the same period in the prior year.
- **Customer fixed and demand charges.** During 2025, fixed and demand charges increased \$4.9 million primarily attributable to the increase in demand charges for commercial customers.
- **Commercial, industrial, and other-retail/municipal volume.** During 2025, there was an approximately 2% increase in commercial sales compared to the same period in the prior year. This increase was driven by more favorable weather conditions and increased use per customer in the current year.

- *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.

Electric fuel and purchased power

(In millions)	Year Ended December 31,		
	2025	2024	\$ Change
Fuel for electric generation	\$ 70.8	\$ 54.0	\$ 16.8
Purchased power	20.0	32.9	(12.9)

The \$16.8 million increase in fuel for electric generation was due to an approximately 16% increase in internal generation as well as an approximately 13% increase in the average cost.

Excluding deferred fuel costs, purchased power decreased \$6.2 million. The decrease in purchased power was due to an approximately 39% decrease in market purchases as a result of increased internal generation. Furthermore, there was an approximately 1% increase in average cost partially offsetting the decrease in market purchases. Deferred fuel cost recovered in 2024 was \$6.7 million. There were no deferred fuel costs recovered during 2025.

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 outside the fuel rules bandwidth in customer rates. See Footnote 9 of the Notes to Consolidated Financial Statements in Part II, Item 8 of 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 during each of the years indicated:

(In thousands, except HDD and average rate per therm of retail customer)	Revenues			Therms Delivered		
	2025	2024	% Change	2025	2024	% Change
Residential	\$ 123,719	\$ 106,150	16.6%	107,304	93,613	14.6%
Commercial/Industrial	80,560	65,021	23.9%	104,697	91,804	14.0%
Total retail	204,279	171,171	19.3%	212,001	185,417	14.3%
Gas transportation	6,582	6,905	(4.7)%	73,342	70,001	4.8%
Other revenues	562	511	10.0%	—	—	—%
Total	\$ 211,423	\$ 178,587	18.4%	285,343	255,418	11.7%
Heating degree days (normal 6,876)				6,845	5,812	17.8%
Average rate per therm of retail customer	\$ 0.964	\$ 0.923	4.4%			

Gas revenue increased \$32.8 million during 2025 compared to 2024, due to the following:

(In millions)	
Rate changes	\$ 21.9
Increase in volume	18.2
Revenue subject to refund, net	(3.9)
Other	(3.4)
Total	\$ 32.8

- *Rate changes.* In December 2023, the PSCW authorized MGE to increase 2025 rates for retail gas customers by approximately 1.32%.

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 increased, driving higher rates during 2025.

The average retail rate per therm excluding customer fixed charges for 2025, increased approximately 4% compared to 2024, reflecting an increase in natural gas commodity costs (recovered through the PGA).

- *Volume.* For 2025, retail gas deliveries increased approximately 14% compared to 2024 primarily attributable to unfavorable weather conditions in 2024.
- *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.
- *Other.* Other gas revenues decreased in 2025 compared to 2024 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 2025 rate proceeding.

Cost of gas sold

Cost of gas sold increased \$24.3 million in 2025 compared to 2024. Therms delivered increased approximately 14% primarily driven by weather and cost per therm increased approximately 14%. 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

For 2025, operations and maintenance expenses increased \$8.0 million, compared to 2024. The following contributed to the net change:

<i>(In millions)</i>	
Increased transmission costs	\$ 3.2
Increased electric production expenses	3.0
Increased customer accounts costs	0.9
Increased administrative and general costs	0.8
Increased other expenses	0.7
Increased gas distribution expenses	0.3
Decreased electric distribution expenses	(0.9)
Total	<u>\$ 8.0</u>

- Increased transmission costs are primarily a result of an increase in transmission rate. 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 the Elm Road Units and renewable generating facilities.

Consolidated depreciation expense

Electric depreciation expense increased \$4.9 million and gas depreciation expense increased \$0.6 million for 2025, compared to 2024. Paris solar was placed in service in December 2024, Darien solar was placed in service in March 2025, and Paris battery was placed in service in June 2025. The timing of the in-service dates contributed to the increase in electric depreciation expense.

Electric and gas other income

Electric other income increased \$1.0 million and gas other income decreased \$0.4 million during 2025, compared to 2024, primarily related to pension and other postretirement costs, excluding service costs. The PSCW has approved MGE to defer as a regulatory asset or liability, the difference between actual pension and other postretirement costs included in rates and to be recovered or refunded in a future rate proceeding. Pension and other postretirement cost is generally offset by electric and gas revenue and does not have a significant impact on net income.

Nonregulated Energy Operations - MGE Energy and MGE

The nonregulated energy operations are conducted through certain of 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. For 2025 and 2024, net income at the nonregulated energy operations segment was \$24.8 million and \$24.1 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 2025 and 2024, other income from the transmission investment segment primarily reflected ATC's operations and was \$13.0 million and \$12.3 million, respectively. See Footnote 7 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report and "Other Matters" below for summarized financial information regarding ATC.

All Other Operations - MGE Energy

Other income

The increase of \$0.6 million in other income from all other operations during 2025 compared to 2024, primarily reflects results from investment gains recognized in the current year, from venture capital funds. 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. This increase was partially offset by a \$2.5 million (pre-tax) voluntary contribution to the Madison Gas and Electric Foundation, MGE's philanthropic arm, in 2025.

Consolidated Income Taxes - MGE Energy and MGE

See Footnote 10 of the Notes to Consolidated Financial Statements in Part II, Item 8 of 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 and MGE Power West Campus. 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's noncontrolling interest, net of tax, reflected on MGE's consolidated statement of income:

<i>(In millions)</i>	Year Ended December 31,	
	2025	2024
MGE Power Elm Road	\$ 15.2	\$ 15.6
MGE Power West Campus	7.5	7.3

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. During the beginning of 2025, MGE Energy issued new shares of common stock to participants in our Direct Stock Purchase and Dividend Reinvestment Plan until May 2025 when it purchased shares in the open market. Beginning in March 2026, MGE Energy expects to issue new shares of common stock to participants in the Direct Stock Purchase and Dividend Reinvestment Plan. MGE Energy also expects to generate funds from operations and both long-term and short-term debt financing. The amount and timing of any financings will be primarily driven by capital investments and cash requirements and will depend upon market conditions, regulatory approvals, and other factors. MGE plans to maintain a capital structure consistent with authorized levels approved by its regulator. See "Credit Facilities" below for information regarding MGE Energy's and MGE's credit facilities.

Cash Flows

The following summarizes cash flows for MGE Energy and MGE during 2025 and 2024:

<i>(In thousands)</i>	MGE Energy		MGE	
	2025	2024	2025	2024
Cash provided by (used for):				
Operating activities	\$ 263,234	\$ 277,784	\$ 254,651	\$ 272,953
Investing activities	(350,561)	(241,487)	(345,546)	(239,013)
Financing activities	71,567	(26,827)	76,154	(20,586)

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 (decreases) increases in cash flows from operating activities during 2025, compared to 2024, were as follows:

<i>(In millions)</i>	MGE Energy	MGE
Higher payments for fuel and purchased power at our generation plants, as well as higher natural gas costs to our customers	\$ (33.1)	\$ (33.1)
Higher payments for other operation and maintenance expenses	(32.1)	(32.9)
Changes in income taxes paid/received - includes proceeds from renewable tax credits transferred to other corporate taxpayers during 2025 and 2024 of \$10.9 million and \$18.5 million, respectively	(19.4)	(20.1)
Higher payments for hosted software asset expenditures	(2.3)	(2.3)
Higher payments for interest, driven by MGE's issuance of long-term debt	(1.4)	(1.4)
Higher overall collections from customers, driven by higher electric and gas residential sales	71.5	71.5
Higher dividends received from ATC investment	2.2	—
Decrease in cash provided by operating activities	\$ (14.6)	\$ (18.3)

Capital Requirements and Investing Activities

The principal (decreases) increases in cash flows from investing activities during 2025, compared to 2024, were as follows:

<i>(In millions)</i>	MGE Energy	MGE
Capital expenditures, primarily reflects an increase in electric and gas utility expenditures, specifically related to spending for High Noon, Sunnyside, and Koshkonong construction	\$ (106.3)	\$ (106.3)
Capital contributions in ATC and other investments	(4.7)	—
Proceeds from the sale of investments	1.9	—
Other investing activities	—	(0.2)
Decrease in cash flows from investing activities	\$ (109.1)	\$ (106.5)

See "Capital Expenditures" below for more information.

Capital Expenditures

The following table shows MGE Energy's actual capital expenditures for both 2024 and 2025, and forecasted capital expenditures for 2026 through 2030:

<i>(In thousands)</i>	Actual		Forecasted				
	2024	2025	2026	2027	2028	2029	2030
For the years ended December 31,							
Electric	\$ 192,469	\$ 285,576	\$ 350,000	\$ 530,000	\$ 250,000	\$ 260,000	\$ 260,000
Gas	38,101	48,003	35,000	35,000	40,000	40,000	45,000
Utility plant total	230,570	333,579	385,000	565,000	290,000	300,000	305,000
Nonregulated	6,355	9,641	10,000	15,000	10,000	10,000	10,000
MGE Energy total	\$ 236,925	\$ 343,220	\$ 395,000	\$ 580,000	\$ 300,000	\$ 310,000	\$ 315,000

Forecasted capital expenditures are based upon management's assumptions with respect to future events, including the timing and amount of expenditures associated with environmental compliance initiatives, legislative and regulatory action, supply chain and market disruptions, customer demand and support for electrification and renewable energy resources, energy conservation

programs, load growth, the timing of any required regulatory approvals, and the adequacy of rate recovery. Actual events may differ materially from these assumptions and result in material changes to those forecasted amounts.

Forecasted capital expenditures reflect the following significant generation and storage projects that are currently under construction or pending regulatory approval:

Project	Ownership Interest	Source	Share of Generation/Battery Storage	Share of Costs ^(b)	In-Service or Estimated Date of Commercial Operation
Darien ^(a)	10%	Battery	7.5 MW	\$18 million ^{(c)(d)(f)}	2026
Sunnyside ^(a)	100%	Solar/Battery	20 MW/40 MW	\$112 million ^(c)	2026
Koshkonong ^(a)	10%	Solar/Battery	30 MW/16.5 MW	\$93 million ^{(c)(d)(f)}	2026 Solar 2027 Battery
High Noon ^(a)	10%	Solar/Battery	30 MW/16.5 MW	\$99 million ^{(c)(d)}	2027
Columbia Energy Dome ^(a)	19%	Storage	3 MW	\$22 million ^{(c)(d)(f)(g)}	2027
Ursa ^(a)	10%	Solar	20 MW	\$46 million ^(c)	2027
Badger Hollow ^(a)	10%	Wind	11.2 MW	\$36 million ^(c)	2027
Whitetail ^(a)	10%	Wind	6.7 MW	\$23 million	2027
Forward Repower ^(a)	13%	Wind	18 MW	\$14 million ^(c)	2027
RockGen ^{(e)(i)}	33%	Natural Gas	168 MW	\$203 million	2027
Elm Road ^{(e)(h)}	8%	Natural Gas Conversion	106 MW	\$11 million	2028
Dawn Harvest ^(e)	10%	Solar	15 MW	\$34 million	2028
Good Oak ^(e)	10%	Solar	9.8 MW	\$22 million	2028
Gristmill ^(e)	10%	Solar	6.7 MW	\$15 million	2028
Saratoga ^(a)	10%	Solar/Battery	15 MW/5 MW	\$46 million ^(c)	2028
Fox ^(e)	10%	Solar	10 MW	\$27 million	2028
Superior ^(e)	10%	Solar	15 MW	\$40 million	2028
Akron ^(e)	10%	Solar	20 MW	\$52 million	2029
Dawn Break ^(e)	10%	Solar/Battery	18 MW/18 MW	\$78 million	2029
Emerald Bluffs ^(e)	10%	Solar	22.5 MW	\$57 million	2029

(a) Approved by the PSCW.

(b) Excluding AFUDC.

(c) MGE received PSCW approval to recover 100% AFUDC.

(d) See Footnote 6 of Notes to Consolidated Financial Statements in Part II, Item 8 of this Report for information on costs incurred.

(e) Pending approval by the PSCW.

(f) 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.

(g) The project was awarded with a grant from the U.S. Department of Energy Office of Clean Energy Demonstrations. The grant will reduce the total estimated project expenses. MGE holds a 19% ownership interest in this project and the cost, after grant, is expected to be approximately \$16 million.

(h) In October 2025, MGE and other co-owners filed a joint application with the PSCW for upgrades to the non-regulated Elm Road Units. The project would convert existing coal-fired boilers to natural gas. MGE holds an 8.33% ownership interest in the facility. MGE's estimated cost is approximately \$11 million. If approved, the project is expected to be placed in service in 2028.

(i) In February 2026, MGE executed an asset purchase agreement to acquire 33.4% ownership interest in the RockGen Energy Center, an existing natural gas-fired generating plant near Cambridge, Wisconsin. MGE's estimated cost is approximately \$203 million. If approved, the project is expected to be placed in service in 2027.

MGE continues to assess the potential impact of procurement disruptions on current and future generation projects that 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 further information on procurement disruptions discussed earlier under "Executive Overview."

Other local solar and battery storage projects: In 2026 through 2028, electric renewable capital expenditures include local investments in solar generation and battery storage. Forecasted total capital expenditures for those years is approximately \$55 million.

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 2025, compared to 2024, were as follows:

<i>(In millions)</i>	MGE Energy	MGE
Change in short-term debt borrowings, net	\$ 130.5	\$ 130.5
Lower distributions to parent (MGE Energy) from noncontrolling interest, representing distributions from MGE Power Elm Road and MGE Power West Campus ^(a)	—	5.7
Lower issuance of common stock	(27.9)	—
Lower cash distribution from parent (MGE Energy)	—	(22.3)
Higher cash dividends to parent (MGE Energy)	—	(17.0)
Higher cash dividends paid, dividend rate per share (\$1.85 vs. \$1.76)	(4.0)	—
Change in long-term debt ^(b)	(0.1)	(0.1)
Other financing activities	(0.1)	(0.1)
Increase in cash flows from financing activities	<u>\$ 98.4</u>	<u>\$ 96.7</u>

(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 both 2025 and 2024, MGE issued \$50 million of senior unsecured notes that were used to assist with financing additional capital expenditures and other corporate obligations.

Dividend Restrictions

Dividend payments by MGE to MGE Energy are subject to restrictions arising under a PSCW rate order. The PSCW order restricts any dividends that MGE may pay MGE Energy if its common equity ratio, calculated in the manner used in the rate proceeding, is less than 55%. MGE's thirteen month rolling average common equity ratio as of December 31, 2025, is 58.0%, as determined under the calculation used in the rate proceeding. This restriction did not restrict MGE's payment of dividends in 2025. Cash dividends of \$51.5 million and \$34.5 million, respectively, were paid by MGE to MGE Energy in 2025 and 2024. The rate proceeding calculation includes indebtedness imputed amounts for MGE's outstanding purchase power capacity payments and other PSCW adjustments but does not include the indebtedness associated with MGE Power Elm Road and MGE Power West Campus, which are consolidated into MGE's financial statements but are not direct obligations of MGE.

MGE covenanted with the holders of its first mortgage bonds not to declare or pay any dividend or make any other distribution on or purchase any shares of its common stock unless, after giving effect thereto, the aggregate amount of all such dividends and distributions and all amounts applied to such purchases, after December 31, 1945, shall not exceed the earned surplus (retained earnings) accumulated subsequent to December 31, 1945. As of December 31, 2025, approximately \$807.2 million was available for the payment of dividends under this covenant. On January 27, 2026, MGE completed a redemption of all outstanding first mortgage bonds, and delivered to the Trustee a satisfaction and discharge which, pursuant to the terms of the Indenture, effectively discharged the Indenture.

MGE Power West Campus has covenanted with the holders of its outstanding senior secured notes not to declare or make distributions to us in the event that, both before and after giving effect to such distribution, its total debt to total capitalization would exceed 0.65 to 1.00 or its projected debt service coverage ratio for the following four fiscal quarters would be less than 1.25 to 1.00. Projected debt service coverage considers the projected revenues available for debt service, after deducting expenses other than debt service, in relation to projected debt service on indebtedness.

MGE Power Elm Road has covenanted with the holders of its outstanding senior secured notes not to declare or make distributions to us in the event that, both before and after giving effect to such distribution, its projected debt service coverage ratio for the following four fiscal quarters would be less than 1.25 to 1.00. Projected debt service coverage considers the projected revenues available for debt service, after deducting expenses other than debt service, in relation to projected debt service on indebtedness.

Credit Facilities

As of December 31, 2025, MGE Energy and MGE had the following aggregate bank commitments and available capacity under their credit agreements:

Borrower	Aggregate Bank Commitments	Outstanding Commercial Paper	Letters of Credit Issued Inside Credit Facilities	Outstanding Borrowings	Available Capacity	Expiration Date
<i>(In millions)</i>						
MGE Energy	\$ 50.0	\$ —	\$ —	\$ —	\$ 50.0	November 8, 2027
MGE	\$ 130.0	\$ 92.5	\$ 0.6	\$ —	\$ 36.9	November 8, 2027

Borrowings under the Credit Agreements may bear interest at a rate based upon either a "floating rate" or an "Adjusted Term SOFR Rate," plus an adder based upon the credit ratings assigned to MGE's senior unsecured long-term debt securities. The "floating rate" is calculated on a daily basis as the highest of a prime rate and several adjusted interest rate indices (as set forth in the Credit Agreements), subject to a floor of one percent per annum or zero, depending on the credit agreement. The "floating rate" adder ranges from zero to 0.125%. The "Adjusted Term SOFR Rate" is calculated as provided in the Credit Agreements. The "Adjusted Term SOFR Rate" adder ranges from 0.625% to 1.125%.

The credit agreements require the borrower to maintain a ratio of consolidated debt to consolidated total capitalization not to exceed a maximum of 65%. In the case of MGE, the ratio calculation excludes assets, liabilities, revenues, and expenses included in MGE's financial statements as a result of the consolidation of VIEs, such as MGE Power Elm Road and MGE Power West Campus. As of December 31, 2025, the ratio of consolidated debt to consolidated total capitalization for each of MGE Energy and MGE, as calculated under the credit agreements' covenant, were 41.1% and 44.5%, respectively. See Footnote 13 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report for additional information regarding the credit facilities.

Capitalization Ratios

MGE Energy's capitalization ratios were as follows:

	MGE Energy	
	2025	2024
Common shareholders' equity	58.9%	61.5%
Long-term debt ^(a)	36.8%	38.5%
Short-term debt	4.3%	—

(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 and may affect the collateral required to be posted under derivative transactions.

Contractual Obligations and Commercial Commitments for MGE Energy and MGE

MGE Energy's and MGE's contractual obligations as of December 31, 2025, representing future cash obligations that are considered to be firm commitments, are as follows:

(In thousands)	Total	Payment Due Within:			Due After 5 Years
		1 Year	2-3 Years	4-5 Years	
MGE Energy					
Long-term debt ^(a)	\$ 818,115	\$ 21,633	\$ 80,641	\$ 62,036	\$ 653,805
Short-term debt ^(b)	94,527	94,527	—	—	—
Interest expense ^(c)	511,030	36,966	69,805	62,978	341,281
Leases ^(d)	58,686	2,427	3,510	2,218	50,531
Purchase obligations ^(e)	717,951	91,181	149,317	126,916	350,537
Construction obligations ^(f)	296,911	175,449	121,462	—	—
Other obligations ^(g)	17,602	13,663	1,479	1,127	1,333
Total MGE Energy contractual obligations	\$ 2,514,822	\$ 435,846	\$ 426,214	\$ 255,275	\$ 1,397,487
MGE					
Long-term debt ^(a)	\$ 818,115	\$ 21,633	\$ 80,641	\$ 62,036	\$ 653,805
Short-term debt ^(b)	94,527	94,527	—	—	—
Interest expense ^(c)	511,030	36,966	69,805	62,978	341,281
Leases ^(d)	58,686	2,427	3,510	2,218	50,531
Purchase obligations ^(e)	717,951	91,181	149,317	126,916	350,537
Construction obligations ^(f)	296,911	175,449	121,462	—	—
Other obligations ^(g)	11,719	7,780	1,479	1,127	1,333
Total MGE contractual obligations	\$ 2,508,939	\$ 429,963	\$ 426,214	\$ 255,275	\$ 1,397,487

- (a) Long-term debt consisting of unsecured medium-term notes and Industrial Development Revenue Bonds issued by MGE, and private placement debt issued by MGE, MGE Power Elm Road, and MGE Power West Campus. See Footnote 14 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report for further discussion of the long-term debt outstanding as of December 31, 2025.
- (b) Short-term debt consisting of commercial paper and a promissory note for MGE. See Footnote 13 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report.
- (c) Amount represents interest expense on long-term debt. See Footnote 14 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report for further discussion of the long-term debt outstanding as of December 31, 2025.
- (d) Leases. See Footnote 5 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report.
- (e) Purchase obligations consist primarily of the purchase of electricity and natural gas, electric transmission, natural gas storage capacity, natural gas pipeline transportation, and the purchase and transport of coal. See Footnote 16.c. of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report.
- (f) Construction obligations consist of solar, wind, and storage projects approved.
- (g) Other obligations are primarily related to investment commitments, environmental projects, and uncertain tax positions.

The above amounts do not include any contributions for MGE's pension and postretirement plans. MGE does not expect to need to make any required contributions to the qualified plans for 2026. The contributions for years after 2026 are not yet currently estimated. Due to uncertainties in the future economic performance of plan assets, discount rates, and other key assumptions, estimated contributions are subject to change. MGE may also elect to make additional discretionary contributions to the plans.

The above amounts do not include future capital calls by ATC and ATC Holdco. In January 2026, MGE Transco made a \$4.5 million contribution to ATC. The amount and timing of future capital calls to these entities is uncertain and primarily dependent on the operations and expansion of ATC and the development activities by ATC Holdco.

In January 2026, MGE entered into a private placement Note Purchase Agreement in which it issued \$90 million of senior unsecured notes. In January 2026, MGE completed a redemption of all \$1.2 million of its outstanding first mortgage bonds, which were the last remaining series of first mortgage bonds outstanding under the Indenture. See Footnote 14 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report for information on the senior note issuance and redemption of the first mortgage bonds.

MGE Energy's and MGE's commercial commitments as of December 31, 2025, representing commitments triggered by future events and including financing arrangements to secure obligations of MGE Energy and MGE, are as follows:

<i>(In thousands)</i>	Total	Expiration Within:			Due After 5 Years
		1 Year	2-3 Years	4-5 Years	
MGE Energy					
Lines of credit ^(a)	\$ 180,000	\$ —	\$ 180,000	\$ —	\$ —
MGE					
Lines of credit ^(b)	\$ 130,000	\$ —	\$ 130,000	\$ —	\$ —

- (a) Amount includes the facilities discussed in (b) plus an additional line of credit. MGE Energy has available at any time a \$50 million committed revolving credit agreement, expiring in November 2027. As of December 31, 2025, MGE Energy had no borrowings outstanding under this credit facility.
- (b) Amount includes two committed revolving credit agreements totaling \$130 million expiring in November 2027. These credit facilities are used to support commercial paper issuances. As of December 31, 2025, MGE had \$92.5 million of commercial paper outstanding backed by the facilities and no borrowings outstanding. As of December 31, 2025, MGE had \$0.6 million of letters of credit issued inside credit facilities.

Other Matters

Rate Matters

In December 2023, the PSCW approved the 2024/2025 rate application for a 4.17% increase for electric rates and a 1.32% increase to gas rates for 2025. The PSCW approved a 2025 Fuel Cost Plan in December 2024. The plan lowered the 2025 increase in electric rates to 2.63%.

In December 2025, the PSCW approved a settlement agreement for MGE's 2026/2027 rate case. As part of that settlement agreement, the PSCW approved a 0.15% increase for electric rates and a 2.77% increase to gas rates for 2026 and a 3.63% increase for electric rates and a 2.04% increase to gas rates for 2027.

Details related to MGE's 2024/2025 rate proceeding and 2026/2027 settlement are as follows:

<i>(Dollars in thousands)</i>	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 (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
Electric (2026 Test Period)	\$ 1,346,269	\$ 37,232	9.8%	56.09%	1/1/2026
Gas (2026 Test Period)	375,594	7,764	9.8%	56.09%	1/1/2026
Electric (2027 Test Period)	\$ 1,537,938	\$ 33,082	9.8%	56.05%	1/1/2027
Gas (2027 Test Period)	393,558	8,912	9.8%	56.05%	1/1/2027

- (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 which 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.a. of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report for further discussion of rate proceedings.

ATC

MISO transmission owners, including ATC, were previously involved in complaints filed at the FERC challenging the base ROE applicable to MISO transmission owners for historical periods. In October 2024, FERC issued a final order resolving the remaining matters related to these complaints, resulting in a four-basis-point reduction to the base ROE applicable to the first complaint period and periods subsequent to September 2016, while reaffirming dismissal of the second complaint. Prior to the ruling, MGE Energy's share of ATC's earnings reflected a possible loss of approximately \$1.2 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. As a result of the October 2024 ruling, during the fourth quarter 2024 earnings in ATC reflected an approximately \$0.8 million reduction of the reserve. These matters were fully resolved in 2024 and had no impact on the Company's results of operations, cash flows, or financial condition in 2025.

We derived approximately 6.6% and 7.4% of our net income for 2025 and 2024, 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. The WRO was superseded by the Uyghur Forced Labor Prevention Act (UFLPA), a federal law that became effective on June 21, 2022, which 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 and UFLPA compliance requirements, 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.

In January 2025, several more Chinese companies, including five solar supply chain providers, were banned under the UFLPA. MGE continues to ensure its compliance with the UFLPA.

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, from 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. This change went into effect in September 2024. In April 2025, the U.S. Department of Commerce issued final determinations indicating that panel cells imported from Cambodia, Malaysia, Thailand, and Vietnam are being unfairly traded. The U.S. International Trade Commission issued a final injury ruling in favor of the tariffs, which went into effect in June 2025. In August 2025, the U.S. Court of International Trade ruled that the two-year moratorium on these duties was illegal and therefore Customs and Border Protection may collect retroactive tariffs on imports that occurred during the moratorium. The case has been appealed to the U.S. Court of Appeals for the Federal Circuit and the order is stayed pending appeal. Furthermore, in late 2025, the Department of Commerce initiated new anti-dumping and countervailing duty investigations into solar imports from India, Indonesia, and Laos. Preliminary determinations for these investigations are expected in early 2026, which may further restrict the availability of alternative supply sources. Additionally, a new 'Section 232' national security investigation into the global polysilicon supply chain was launched in late 2025, which could result in broad, global tariffs on solar components regardless of their country of origin. MGE continues to assess the potential impact of these tariffs on current and future solar projects, which may result in increased costs, delays in construction timelines, or a new and potentially material financial liability due to retroactive tariffs. 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.

Tariffs

U.S. and international trade policies, including tariffs, port fees, trade sanctions, and other import/export regulations, continue to evolve, influenced by geopolitical developments and economic priorities. MGE is proactively evaluating the potential effects of these changes on operating costs and capital investments, particularly for renewable energy and battery storage initiatives. Such policy shifts could lead to higher costs or delays in project timelines.

Tax Update - One Big Beautiful Bill Act

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was signed into law, introducing significant changes to tax credits and compliance requirements. The OBBBA accelerates the termination of the Clean Electricity Production Tax Credit (PTC) and Clean Electricity Investment Tax Credit (ITC) for wind and solar projects placed in service after December 31, 2027, unless construction begins by July 4, 2026. The phase out of PTCs and ITCs does not apply to energy storage, hydroelectric facilities, nuclear, or any other zero emission technology. The OBBBA imposes stringent restrictions on tax credit eligibility, disallowing credits, and other provisions for projects involving material assistance from specified foreign entities or foreign-influenced entities for projects that begin construction after December 31, 2025. The Treasury Department issued new beginning of construction guidance in August 2025. The bill also increases domestic content requirements. On February 12, 2026, the Treasury Department and the IRS issued Notice 2026-15, providing interim guidance on these restrictions, including the establishment of the Material Assistance Cost Ratio (MACR) and related safe harbors to determine the impact of foreign-sourced components on credit eligibility. MGE has evaluated the impact of the OBBBA and will continue monitoring Treasury Department updates and engaging with industry groups to ensure compliance.

Critical Accounting Estimates - MGE Energy and MGE

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, estimates are evaluated, including those related to regulatory assets and liabilities, unbilled revenues, pension obligations, and income taxes. Estimates are based on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Those values may differ from these estimates under different assumptions or conditions. We believe the following critical accounting estimates affect the more significant judgments used in the preparation of the consolidated financial statements.

Regulatory Assets/Liabilities

Regulatory assets represent costs that have been deferred to future periods when it is probable that the regulator will allow future recovery of those costs through rates. MGE bases its assessment of recovery on precedents established by the regulatory body. Regulatory liabilities represent previous collections from customers that are expected to be refunded to customers in future periods. Regulatory assets and regulatory liabilities typically include deferral of energy costs, the normalization of income taxes, pension and other postretirement costs, the deferral of certain operating expenses, and non-ARO removal costs. The accounting for these regulatory assets and liabilities is in accordance with regulatory accounting standards.

MGE continually assesses whether the regulatory assets and liabilities meet the criteria for probability of future recovery or deferral. This assessment considers factors such as changes in the regulatory environment, recent rate orders to other regulated entities under the same jurisdiction, and the status of any pending or potential deregulation legislation. If future recovery of costs becomes no longer probable, the assets and liabilities would be recognized as current-period revenues or expenses.

Amortization of regulatory assets and liabilities is provided over the recovery or deferral period as allowed in the related regulatory agreement.

Unbilled Revenues

Revenues from the sale of electricity and gas are recorded when they are delivered to customers. Sales quantity is measured by customers' meters. Due to the large volume of those meters, it is impractical to read all of them at month end. Meters are read on a systematic basis throughout the month based on established meter-reading schedules. Consequently, at the end of any month, there exists a quantity of electricity and gas that has been delivered to customers but has not been captured by the meter readings. As a result, management must estimate revenue related to electricity and gas delivered to customers between meter-read dates and the end of the reporting period. These estimates include:

- The amount of electricity expected to be lost in the process of its transmission and distribution to customers (referred to as line loss) and the amount of electricity actually delivered to customers.
- The amount of gas expected to be lost in the process of distribution to customers and the amount of gas actually delivered to customers.

- The mix of sales between customer rate classes having different rates, which is based upon historical utilization assumptions.

MGE monitors the reasonableness of the unbilled revenue estimate through the review of ratios such as unbilled electric consumption compared to billed electric sales. To confirm the reasonableness of unbilled gas, the estimated unbilled consumption is compared to various other statistics, including percent of gas available for sale, change in unbilled month-to-month and change in unbilled compared to the prior year.

Pension and Other Postretirement Benefit Plans

MGE provides employees with certain retirement (pension) and postretirement (health care and life insurance) benefits. In order to measure the expense and obligations associated with these benefits, management must make a variety of estimates, including discount rates used to value certain liabilities, the expected return on plan assets set aside to fund these costs, the rate of compensation increase, employee turnover rates, retirement rates, health care trends, mortality rates, and other factors. These accounting estimates may change due to the uncertainty attached to the estimate as well as the fact that these estimates are difficult to measure. Different estimates used could result in recognizing different amounts of expense over different periods of time. Recovery in rates is expected.

MGE uses third-party specialists to assist with evaluating its assumptions and measurement of the costs and obligations associated with these retirement benefits. The discount rate and expected return on plan assets are based primarily on available investment yields and the historical performance of plan assets. They are critical accounting estimates because they are subject to management's judgment.

- *Assumed return on assets.* This assumption represents the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested (or to be invested) to provide for the benefits included in the projected benefit obligation. For 2025, MGE used an assumed return on assets of 7.00% for pension and 7.00% for other postretirement benefits. In 2026, the pension asset assumption will decrease to 6.84% and the postretirement benefit assumption will increase to 7.02%. The annual expected rate of return is based on projected long-term equity and bond returns, maturities and asset allocations. Holding other assumptions constant, for every 1% reduction in the expected rate of return on plan assets, annual pension and other postretirement cost would increase by approximately \$4.5 million, before taxes.
- *Discount rate.* The discount rate represents the rate at which pension obligations could effectively be settled on a present-value basis. MGE uses high-grade bond yields as a benchmark for determining the appropriate discount rate. MGE uses individual spot rates rather than a weighted average of the yield curve spot rates to measure the service cost and interest cost components for net periodic benefit cost. Holding other assumptions constant, a 0.5% decrease in the discount rate on the obligation balance as of December 31, 2025, would decrease annual pension and other postretirement credit by approximately \$1.3 million, before taxes.
- *Medical trend assumptions.* The health care cost trend rate is the assumed rate of increase in per-capita health care charges.
- *Mortality rate assumption.* Expected mortality rates are used in the valuation to determine the expected duration of future benefit payments to the plan participants. MGE utilizes mortality tables and projection scales developed by the society of actuaries. These tables and scales were last updated in 2021.

See Footnote 11 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report for additional discussion of these plans.

Income Tax Provision

MGE Energy's and MGE's income tax provisions, including both current and deferred components, are based on estimates, assumptions, calculations, and interpretation of tax statutes for the current and future years. Determination of current-year federal and state income tax will not be settled for years.

Management regularly makes assessments of tax return outcomes relative to financial statement tax provisions and adjusts the tax provisions in the period when facts become final.

Additionally, in determining the current income tax provision, an assessment is completed on temporary differences resulting from differing treatments of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are recorded in the balance sheets. For deferred tax assets, a likelihood assessment is completed to determine if these assets will be

recovered through adjustments to future taxable income. Future tax benefits are recognized to the extent that realization of such benefits is more likely than not. A valuation allowance is recorded for those benefits that do not meet this criterion. An allowance is recorded reducing the asset to a value that is believed to be recoverable based on the expectation of future taxable income. The accounting estimate related to the valuation allowance is believed to be a critical accounting estimate because it is highly susceptible to change from period to period as it requires management to make assumptions about the future income over the lives of the deferred tax assets, and the impact of increasing or decreasing the valuation allowance is potentially material to the results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

MGE Energy and MGE are potentially exposed to market risk associated with interest rates, commodity prices, and equity returns. MGE currently has no exposure to foreign currency risk. MGE manages some risk exposure through risk management policies and the use of derivative instruments. MGE's risk management policy prohibits speculative trading transactions.

Commodity Price Risk

MGE has commodity price risk exposure with respect to the price of natural gas, electricity, coal, emission credits, and oil. MGE's electric operations burn natural gas in several of its power plants and, in many cases, the cost of purchased power is tied to the cost of natural gas. MGE employs established policies and procedures to reduce the market risks associated with changing commodity prices. MGE's commodity risks are substantially mitigated by the current ratemaking process in place for recovering electric fuel cost, purchased energy costs, and the cost of natural gas.

The recovery of MGE's electric fuel costs is subject to fuel rules established by the PSCW. Fuel rules require Wisconsin utilities to defer electric fuel-related costs that fall outside a symmetrical cost tolerance band. 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. MGE was subject to a plus or minus 2% range in 2025. MGE assumes the risks and benefits of variances that are within the cost tolerance band. For 2026, \$65 million in fuel and purchased power costs is expected to be recovered in rates and are subject to this rule to the extent that actual costs vary from that amount. See Footnote 9.b. of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Report for additional information on fuel rules.

MGE recovers the cost of natural gas in its gas utility 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. If the commodity costs of gas exceed a monthly benchmark amount, the excess amount is subject to a prudence review and approval by the PSCW before it can be passed through to customers.

MGE also reduces price risk caused by market fluctuations via physical contracts and financial derivative contracts, including futures, swaps, options, forwards, and other contractual commitments. The maximum length of time over which cash flows related to energy commodities can be hedged under applicable PSCW approvals is four years.

MGE has financial gas and electric commodity contracts to hedge commodity price risk in the gas and electric utility segments. These contracts are primarily comprised of exchange-traded option and future contracts. MGE also holds financial transmission rights (FTRs), which are used to hedge the risk of increased transmission congestion charges. As of December 31, 2025, the cost basis of exchange traded derivatives and FTRs exceeded their fair value by \$1.4 million. Under the PGA clause and electric fuel rules, MGE may include the costs and benefits of the aforementioned fuel price risk management tools in the costs of fuel (natural gas or power). Because these costs or benefits are recoverable, the related unrealized loss or gain has been deferred on the consolidated balance sheets as a regulatory asset or liability, respectively.

Interest Rate Risk

Both MGE Energy and MGE may have short term borrowings at varying interest rates. MGE issues commercial paper for its short-term borrowings, while MGE Energy draws from its current credit facility to meet short-term borrowing needs. Borrowing levels vary from period to period depending upon capital investments and other factors. Future short-term interest expense and payments will reflect both future short-term interest rates and borrowing levels. MGE Energy and MGE manage interest rate risk by limiting their variable rate exposure and continually monitoring the effects of market changes on interest rates. MGE is not exposed to changes in interest rates on a substantial portion of its long-term debt until that debt matures and is refinanced at market rates. Assuming the current level of short-term borrowings and assuming a 1% change in the 2025 average interest rate under those borrowings, it is estimated that 2025 interest expense and net income would have increased/decreased by \$0.3 million for both MGE Energy and MGE.

Equity Price Risk - Pension-Related Assets

MGE currently funds its liabilities related to employee benefits through trust funds. These funds, which include investments in debt and equity securities, are managed by various third-party investment managers. Changes in the market value of these investments can have an impact on the future expenses related to these liabilities. Holding other assumptions constant, for every 1% reduction in the expected rate of return on plan assets, annual pension and other postretirement cost would increase by approximately \$4.5 million, before taxes. MGE's risk of expense and annuity payments, as a result of changes in the market value of the trust funds, is mitigated in part through future rate actions by the PSCW. For the years ended December 31, 2025 and 2024, the value of employee benefit plans trusts' assets increased in value by approximately 14% and 11%, respectively.

Credit Risk - Counterparty

Credit risk is the loss that may result from counterparty nonperformance. MGE is exposed to credit risk primarily through its merchant energy business. MGE uses credit policies to manage credit risk, which include an established credit approval process, counterparty limits, credit mitigation measures such as collateral or prepayment arrangements, and using netting agreements.

Due to the possibility of extreme volatility in the prices of energy commodities and derivatives, the market value of contractual positions with individual counterparties could exceed established credit limits or collateral provided by those counterparties. If such a counterparty were then to fail to perform its obligations under its contract (for example, fail to deliver the electricity MGE originally contracted for), MGE could sustain a loss that could have a material impact on its financial results.

Additionally, if a counterparty were to default and MGE were to liquidate all contracts with that entity, MGE's credit loss could include: the loss in value of mark-to-market contracts, the amount owed for settled transactions, and additional payments to settle unrealized losses. As of December 31, 2025, no counterparties had defaulted.

MGE is obligated to provide service to all electric and gas customers within its franchised territories. MGE's franchised electric territory includes a 264 square-mile area in Dane County, Wisconsin, and MGE's franchised gas territory includes a service area covering 1,722 square miles in Wisconsin. Based on results for the year ended December 31, 2025, no one customer constituted more than 10% of total operating revenues for MGE Energy and MGE. Credit risk for electric and gas is managed by MGE's credit and collection policies, which are consistent with state regulatory requirements.

Cash, cash equivalents, and customer accounts receivable are the financial instruments that potentially subject MGE Energy and MGE to concentrations of credit risk. MGE Energy and MGE place their cash and cash equivalents with high credit-quality financial institutions. MGE has limited concentrations of credit risk from customer accounts receivable because of the large number of customers and relatively strong economy in its service territory.

Item 8. Financial Statements and Supplementary Data.

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MGE Energy

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework in the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment under the framework in the Internal Control - Integrated Framework (2013), our management concluded that our internal control over financial reporting was effective as of December 31, 2025.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The effectiveness of MGE Energy's internal control over financial reporting as of December 31, 2025, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

February 24, 2026

MGE

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework in the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our assessment under the framework in the Internal Control - Integrated Framework (2013), our management concluded that our internal control over financial reporting was effective as of December 31, 2025.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

February 24, 2026

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of MGE Energy, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the consolidated financial statements, including the related notes, as listed in the index appearing under Item 15(a)(1), and the financial statement schedules listed in the index appearing under Item 15(a)(2), of MGE Energy, Inc. and its subsidiaries (the "Company") (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 8. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Regulatory Matters

As described in Notes 1 and 8 to the consolidated financial statements, regulatory assets and regulatory liabilities are recorded consistent with regulatory treatment. Regulatory assets represent costs which are deferred due to the probable future recovery from customers through regulated rates, while regulatory liabilities represent the excess recovery of costs or accrued credits which were deferred because management believes it is probable such amounts will be returned to customers through future regulated rates. As disclosed by management, management assesses whether the regulatory assets and liabilities meet the criteria for probability of future recovery or deferral. This assessment considers factors such as changes in the regulatory environment, recent rate orders to other regulated entities under the same jurisdiction, and the status of any pending or potential deregulation legislation. Regulatory assets and liabilities are amortized in the consolidated statements of income consistent with the recovery or refund included in customer rates. As of December 31, 2025, there were \$51.6 million of regulatory assets and \$208.9 million of regulatory liabilities.

The principal considerations for our determination that performing procedures relating to accounting for the effects of regulatory matters is a critical audit matter are a high degree of auditor effort in performing procedures and evaluating audit evidence related to assessing the effects of regulatory matters on the accounting for regulatory assets and liabilities, including the probability of recovery of regulatory assets and deferral of regulatory liabilities.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's assessment of regulatory proceedings, including controls over the probability of recovery of regulatory assets, deferral of regulatory liabilities, and the related accounting and disclosure impacts. These procedures also included, among others, (i) evaluating the reasonableness of management's assessment regarding the probability of recovery of regulatory assets and deferral of regulatory liabilities, (ii) assessing the effects of new or changes to existing rate orders on certain regulatory asset and liability balances, and (iii) testing, on a sample basis, regulatory assets and regulatory liabilities by considering the provisions outlined in rate orders, applicable information from other correspondence with regulators, and applicable regulatory precedents.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
February 24, 2026

We have served as the Company's auditor since 1993.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholder of Madison Gas and Electric Company

Opinion on the Financial Statements

We have audited the consolidated financial statements, including the related notes, as listed in the index appearing under Item 15(a)(1), and the financial statement schedule listed in the index appearing under Item 15(a)(2), of Madison Gas and Electric Company and its subsidiaries (the "Company") (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Accounting for the Effects of Regulatory Matters

As described in Notes 1 and 8 to the consolidated financial statements, regulatory assets and regulatory liabilities are recorded consistent with regulatory treatment. Regulatory assets represent costs which are deferred due to the probable future recovery from customers through regulated rates, while regulatory liabilities represent the excess recovery of costs or accrued credits which were deferred because management believes it is probable such amounts will be returned to customers through future regulated rates. As disclosed by management, management assesses whether the regulatory assets and liabilities meet the criteria for probability of future recovery or deferral. This assessment considers factors such as changes in the regulatory environment, recent rate orders to other regulated entities under the same jurisdiction, and the status of any pending or potential deregulation legislation. Regulatory assets and liabilities are amortized in the consolidated statements of income consistent with the recovery or refund included in customer rates. As of December 31, 2025, there were \$51.6 million of regulatory assets and \$208.9 million of regulatory liabilities.

The principal considerations for our determination that performing procedures relating to accounting for the effects of regulatory matters is a critical audit matter are a high degree of auditor effort in performing procedures and evaluating audit evidence related

to assessing the effects of regulatory matters on the accounting for regulatory assets and liabilities, including the probability of recovery of regulatory assets and deferral of regulatory liabilities.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's assessment of regulatory proceedings, including controls over the probability of recovery of regulatory assets, deferral of regulatory liabilities, and the related accounting and disclosure impacts. These procedures also included, among others, (i) evaluating the reasonableness of management's assessment regarding the probability of recovery of regulatory assets and deferral of regulatory liabilities, (ii) assessing the effects of new or changes to existing rate orders on certain regulatory asset and liability balances, and (iii) testing, on a sample basis, regulatory assets and regulatory liabilities by considering the provisions outlined in rate orders, applicable information from other correspondence with regulators, and applicable regulatory precedents.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
February 24, 2026

We have served as the Company's auditor since 1993.

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

	For the Years Ended December 31,		
	2025	2024	2023
Operating Revenues:			
Electric revenues	\$ 532,231	\$ 498,357	\$ 490,419
Gas revenues	211,423	178,587	200,012
<i>Total Operating Revenues</i>	<u>743,654</u>	<u>676,944</u>	<u>690,431</u>
Operating Expenses:			
Fuel for electric generation	70,847	53,994	57,627
Purchased power	20,004	32,852	41,224
Cost of gas sold	107,026	82,693	106,647
Other operations and maintenance	236,880	228,576	215,891
Depreciation and amortization	114,324	108,581	100,352
Other general taxes	23,920	23,986	22,305
<i>Total Operating Expenses</i>	<u>573,001</u>	<u>530,682</u>	<u>544,046</u>
Operating Income	<u>170,653</u>	<u>146,262</u>	<u>146,385</u>
Other income, net	19,800	17,833	29,546
Interest expense, net	(33,799)	(32,930)	(30,429)
Income before income taxes	156,654	131,165	145,502
Income tax provision	(20,765)	(10,596)	(27,803)
Net Income	<u>\$ 135,889</u>	<u>\$ 120,569</u>	<u>\$ 117,699</u>
Earnings Per Share of Common Stock			
Basic	\$ 3.72	\$ 3.33	\$ 3.25
Diluted	\$ 3.72	\$ 3.33	\$ 3.25
Dividends per share of common stock	\$ 1.85	\$ 1.76	\$ 1.67
Weighted Average Shares Outstanding			
Basic	36,534	36,210	36,163
Diluted	36,571	36,239	36,186

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

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

	For the Years Ended December 31,		
	2025	2024	2023
Operating Activities:			
Net income	\$ 135,889	\$ 120,569	\$ 117,699
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization	114,324	108,581	100,352
Deferred income taxes	7,623	608	22,999
Provision for doubtful receivables	8,800	8,800	1,764
Employee benefit plan (credit) cost	(5,045)	606	(5,796)
Cash contributions to pension and other postretirement plans	(7,979)	(7,722)	(7,747)
Equity earnings in investments	(13,009)	(12,275)	(10,631)
Dividends from investments	10,987	8,834	8,508
Changes in assets and liabilities			
Accounts receivable and unbilled revenues	(21,754)	(6,566)	11,174
Inventories	5,071	5,542	(850)
Prepaid taxes	(924)	3,921	(3,178)
Other current assets	(3,095)	665	950
Accounts payable	8,483	6,491	(5,208)
Deferred income taxes	10,996	18,501	—
Other current liabilities	2,242	6,337	4,168
Regulatory assets and liabilities, net	9,625	6,572	(968)
Other, net	1,000	8,320	4,325
<i>Cash Provided by Operating Activities</i>	<u>263,234</u>	<u>277,784</u>	<u>237,561</u>
Investing Activities:			
Capital expenditures	(343,220)	(236,925)	(222,071)
Capital contributions to investments	(9,496)	(4,792)	(6,995)
Other	2,155	230	(954)
<i>Cash Used for Investing Activities</i>	<u>(350,561)</u>	<u>(241,487)</u>	<u>(230,020)</u>
Financing Activities:			
Issuance of common stock, net	3,750	31,605	—
Cash dividends paid on common stock	(67,587)	(63,596)	(60,393)
Repayment of long-term debt	(5,285)	(5,146)	(54,314)
Issuance of long-term debt	50,000	50,000	139,300
Proceeds from (repayments of) short-term debt	92,525	(38,000)	(32,500)
Other	(1,836)	(1,690)	(2,576)
<i>Cash Provided by (Used for) Financing Activities</i>	<u>71,567</u>	<u>(26,827)</u>	<u>(10,483)</u>
Change in cash, cash equivalents, and restricted cash	(15,760)	9,470	(2,942)
Cash, cash equivalents, and restricted cash at beginning of period	24,496	15,026	17,968
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 8,736</u>	<u>\$ 24,496</u>	<u>\$ 15,026</u>

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

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

	As of December 31,	
	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 5,666	\$ 21,302
Accounts receivable, less reserves of \$8,578 and \$6,905, respectively	57,558	51,277
Other accounts receivable, less reserves of \$2,084 and \$2,124, respectively	12,983	10,067
Unbilled revenues	42,770	35,833
Materials and supplies, at average cost	37,850	36,187
Fuel for electric generation, at average cost	11,010	11,521
Stored natural gas, at average cost	15,317	19,937
Prepaid taxes	19,314	18,390
Regulatory assets - current	8,879	8,522
Other current assets	17,201	14,229
<i>Total Current Assets</i>	<u>228,548</u>	<u>227,265</u>
Regulatory assets	42,758	36,764
Pension and other postretirement benefit asset	164,985	132,264
Other deferred assets and other	18,348	26,285
Property, Plant, and Equipment:		
Property, plant, and equipment, net	2,279,899	2,149,138
Construction work in progress	292,969	138,208
<i>Total Property, Plant, and Equipment</i>	<u>2,572,868</u>	<u>2,287,346</u>
Investments		
	127,913	118,035
Total Assets	<u>\$ 3,155,420</u>	<u>\$ 2,827,959</u>
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Long-term debt due within one year	\$ 21,633	\$ 5,285
Short-term debt	94,527	—
Accounts payable	117,673	77,466
Accrued interest and taxes	10,269	11,558
Accrued payroll related items	17,244	15,870
Regulatory liabilities - current	23,490	7,966
Other current liabilities	11,873	7,418
<i>Total Current Liabilities</i>	<u>296,709</u>	<u>125,563</u>
Other Credits:		
Deferred income taxes	337,798	316,397
Investment tax credit - deferred	48,609	44,988
Regulatory liabilities	185,372	163,336
Accrued pension and other postretirement benefits	51,105	50,155
Asset retirement obligations	76,289	69,132
Other deferred liabilities and other	63,397	64,553
<i>Total Other Credits</i>	<u>762,570</u>	<u>708,561</u>
Capitalization:		
Common shareholders' equity:		
Common Stock - \$1 par value - 75,000 shares authorized; 36,542 and 36,490 shares issued and outstanding	36,542	36,490
Additional paid-in capital	434,959	429,515
Retained earnings	832,435	764,133
<i>Total Common Shareholders' Equity</i>	<u>1,303,936</u>	<u>1,230,138</u>
Long-term debt	792,205	763,697
<i>Total Capitalization</i>	<u>2,096,141</u>	<u>1,993,835</u>
Commitments and contingencies (see Footnote 16)		
Total Liabilities and Capitalization	<u>\$ 3,155,420</u>	<u>\$ 2,827,959</u>

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

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

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Total
	Shares	Value				
2023						
Beginning balance - December 31, 2022	36,163	\$ 36,163	\$ 395,657	\$ 649,854	\$ —	\$ 1,081,674
Net income				117,699		117,699
Common stock dividends declared (\$1.67 per share)				(60,393)		(60,393)
Equity-based compensation plans and other			1,093			1,093
Ending balance - December 31, 2023	<u>36,163</u>	<u>\$ 36,163</u>	<u>\$ 396,750</u>	<u>\$ 707,160</u>	<u>\$ —</u>	<u>\$ 1,140,073</u>
2024						
Net income				120,569		120,569
Common stock dividends declared (\$1.76 per share)				(63,596)		(63,596)
Direct Stock Purchase and Dividend Reinvestment Plan	314	314	31,386			31,700
Equity-based compensation plans and other	13	13	1,379			1,392
Ending balance - December 31, 2024	<u>36,490</u>	<u>\$ 36,490</u>	<u>\$ 429,515</u>	<u>\$ 764,133</u>	<u>\$ —</u>	<u>\$ 1,230,138</u>
2025						
Net income				135,889		135,889
Common stock dividends declared (\$1.85 per share)				(67,587)		(67,587)
Direct Stock Purchase and Dividend Reinvestment Plan	41	41	3,709			3,750
Equity-based compensation plans and other	11	11	1,735			1,746
Ending balance - December 31, 2025	<u>36,542</u>	<u>\$ 36,542</u>	<u>\$ 434,959</u>	<u>\$ 832,435</u>	<u>\$ —</u>	<u>\$ 1,303,936</u>

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

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

	For the Years Ended December 31,		
	2025	2024	2023
Operating Revenues:			
Electric revenues	\$ 532,231	\$ 498,357	\$ 490,419
Gas revenues	211,423	178,587	200,012
<i>Total Operating Revenues</i>	743,654	676,944	690,431
Operating Expenses:			
Fuel for electric generation	70,847	53,994	57,627
Purchased power	20,004	32,852	41,224
Cost of gas sold	107,026	82,693	106,647
Other operations and maintenance	235,835	227,671	214,897
Depreciation and amortization	114,324	108,581	100,352
Other general taxes	23,920	23,986	22,301
<i>Total Operating Expenses</i>	571,956	529,777	543,048
Operating Income	171,698	147,167	147,383
Other income, net	6,549	5,885	21,365
Interest expense, net	(34,102)	(33,369)	(30,651)
Income before income taxes	144,145	119,683	138,097
Income tax provision	(17,348)	(7,384)	(25,727)
Net Income	\$ 126,797	\$ 112,299	\$ 112,370
Less Net Income Attributable to Noncontrolling Interest, net of tax	(22,652)	(22,855)	(21,868)
Net Income Attributable to MGE	\$ 104,145	\$ 89,444	\$ 90,502

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

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

	For the Years Ended December 31,		
	2025	2024	2023
Operating Activities:			
Net income	\$ 126,797	\$ 112,299	\$ 112,370
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization	114,324	108,581	100,352
Deferred income taxes	6,458	(433)	21,536
Provision for doubtful receivables	8,800	8,800	1,764
Employee benefit plan (credit) cost	(5,045)	606	(5,796)
Cash contributions to pension and other postretirement plans	(7,979)	(7,722)	(7,747)
Changes in working capital items:			
Accounts receivable and unbilled revenues	(21,227)	(6,582)	11,130
Inventories	5,071	5,542	(850)
Prepaid taxes	(389)	3,979	(3,871)
Other current assets	(3,138)	676	954
Accounts payable	8,481	6,495	(5,209)
Deferred income taxes	10,996	18,501	—
Other current liabilities	(1,128)	8,191	4,573
Regulatory assets and liabilities, net	9,625	6,572	(968)
Other, net	3,005	7,448	3,584
<i>Cash Provided by Operating Activities</i>	<u>254,651</u>	<u>272,953</u>	<u>231,822</u>
Investing Activities:			
Capital expenditures	(343,220)	(236,925)	(222,071)
Other	(2,326)	(2,088)	(1,956)
<i>Cash Used for Investing Activities</i>	<u>(345,546)</u>	<u>(239,013)</u>	<u>(224,027)</u>
Financing Activities:			
Cash dividends paid to parent by MGE	(51,500)	(34,500)	(41,000)
Distributions to parent from noncontrolling interest	(16,250)	(22,000)	(20,500)
Capital contribution from parent	8,500	30,750	—
Repayment of long-term debt	(5,285)	(5,146)	(54,314)
Issuance of long-term debt	50,000	50,000	139,300
Proceeds from (repayments of) short-term debt	92,525	(38,000)	(32,500)
Other	(1,836)	(1,690)	(2,576)
<i>Cash Provided by (Used for) Financing Activities</i>	<u>76,154</u>	<u>(20,586)</u>	<u>(11,590)</u>
Change in cash, cash equivalents, and restricted cash	(14,741)	13,354	(3,795)
Cash, cash equivalents, and restricted cash at beginning of period	20,059	6,705	10,500
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 5,318</u>	<u>\$ 20,059</u>	<u>\$ 6,705</u>

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

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

ASSETS	As of December 31,	
	2025	2024
Current Assets:		
Cash and cash equivalents	\$ 2,248	\$ 16,865
Accounts receivable, less reserves of \$8,578 and \$6,905, respectively	57,558	51,277
Other accounts receivable, less reserves of \$2,084 and \$2,124, respectively	12,979	10,063
Unbilled revenues	42,770	35,833
Materials and supplies, at average cost	37,850	36,187
Fuel for electric generation, at average cost	11,010	11,521
Stored natural gas, at average cost	15,317	19,937
Prepaid taxes	18,748	18,359
Regulatory assets - current	8,879	8,522
Other current assets	17,225	14,740
<i>Total Current Assets</i>	224,584	223,304
Regulatory assets	42,758	36,764
Pension and other postretirement benefit asset	164,985	132,264
Other deferred assets and other	17,817	25,690
Property, Plant, and Equipment:		
Property, plant, and equipment, net	2,279,927	2,149,165
Construction work in progress	292,969	138,208
<i>Total Property, Plant, and Equipment</i>	2,572,896	2,287,373
Total Assets	\$ 3,023,040	\$ 2,705,395
LIABILITIES AND CAPITALIZATION		
Current Liabilities:		
Long-term debt due within one year	\$ 21,633	\$ 5,285
Short-term debt	94,527	—
Accounts payable	117,658	77,453
Accrued interest and taxes	10,234	11,866
Accrued payroll related items	17,244	15,870
Regulatory liabilities - current	23,490	7,966
Other current liabilities	8,843	7,418
<i>Total Current Liabilities</i>	293,629	125,858
Other Credits:		
Deferred income taxes	301,198	280,961
Investment tax credit - deferred	48,609	44,988
Regulatory liabilities	185,372	163,336
Accrued pension and other postretirement benefits	51,105	50,155
Asset retirement obligations	76,289	69,132
Other deferred liabilities and other	67,281	67,463
<i>Total Other Credits</i>	729,854	676,035
Capitalization:		
Common shareholder's equity:		
Common Stock - \$1 par value - 50,000 shares authorized; 17,348 shares outstanding	17,348	17,348
Additional paid-in capital	292,167	283,667
Retained earnings	741,049	688,404
<i>Total Common Shareholder's Equity</i>	1,050,564	989,419
Noncontrolling interest	156,788	150,386
<i>Total Equity</i>	1,207,352	1,139,805
Long-term debt	792,205	763,697
<i>Total Capitalization</i>	1,999,557	1,903,502
Commitments and contingencies (see Footnote 16)		
Total Liabilities and Capitalization	\$ 3,023,040	\$ 2,705,395

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

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

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Non- Controlling Interest	Total
	Shares	Value					
2023							
Beginning balance - December 31, 2022	17,348	\$ 17,348	\$ 252,917	\$ 583,958	\$ —	\$ 148,163	\$ 1,002,386
Net income				90,502		21,868	112,370
Cash dividends paid to parent by MGE				(41,000)			(41,000)
Distributions to parent from noncontrolling interest						(20,500)	(20,500)
Ending balance - December 31, 2023	<u>17,348</u>	<u>\$ 17,348</u>	<u>\$ 252,917</u>	<u>\$ 633,460</u>	<u>\$ —</u>	<u>\$ 149,531</u>	<u>\$ 1,053,256</u>
2024							
Net income				89,444		22,855	112,299
Capital contributions from parent			30,750				30,750
Cash dividends paid to parent by MGE				(34,500)			(34,500)
Distributions to parent from noncontrolling interest						(22,000)	(22,000)
Ending balance - December 31, 2024	<u>17,348</u>	<u>\$ 17,348</u>	<u>\$ 283,667</u>	<u>\$ 688,404</u>	<u>\$ —</u>	<u>\$ 150,386</u>	<u>\$ 1,139,805</u>
2025							
Net income				104,145		22,652	126,797
Capital contributions from parent			8,500				8,500
Cash dividends paid to parent by MGE				(51,500)			(51,500)
Distributions to parent from noncontrolling interest						(16,250)	(16,250)
Ending balance - December 31, 2025	<u>17,348</u>	<u>\$ 17,348</u>	<u>\$ 292,167</u>	<u>\$ 741,049</u>	<u>\$ —</u>	<u>\$ 156,788</u>	<u>\$ 1,207,352</u>

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

Notes to Consolidated Financial Statements
December 31, 2025, 2024, and 2023

This report is a combined report of MGE Energy and MGE. The notes to the consolidated financial statements that follow include consolidated MGE Energy footnotes and certain footnotes related to MGE as signified below.

1. Summary of Significant Accounting Policies.

a. Basis of Presentation - MGE Energy and MGE.

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), which give recognition to the rate making accounting policies for regulated operations prescribed by the regulatory authorities having jurisdiction, principally the PSCW and FERC. MGE's accounting records conform to the FERC uniform system of accounts.

b. Principles of Consolidation - MGE Energy and MGE.

MGE, a wholly owned subsidiary of MGE Energy, is a regulated electric and gas utility headquartered in Madison, Wisconsin. MGE Energy and MGE consolidate all majority owned subsidiaries in which they have a controlling influence.

Additional wholly owned subsidiaries of MGE Energy include CWDC, MAGAEL, MGE Power, MGE State Energy Services, MGE Services, MGE Transco, and MGEE Transco. CWDC owns 100% of North Mendota, a subsidiary created to serve as a development entity for property. MGE Power owns 100% of MGE Power Elm Road and MGE Power West Campus. MGE Power and its subsidiaries are part of MGE Energy's nonregulated energy operations, which were formed to own and lease electric generation projects to assist MGE. MGE Transco and MGEE Transco are nonregulated entities formed to own the investments in ATC and ATC Holdco, respectively. MGE did not own any subsidiaries as of December 31, 2025.

MGE Energy and MGE consolidate variable interest entities (VIEs) for which each is the primary beneficiary. Variable interest entities are legal entities that possess any of the following characteristics: equity investors who have an insufficient amount of equity at risk to finance their activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest), or equity holders who do not receive expected losses or returns significant to the VIE. Ongoing reassessments of all VIEs are performed to determine if the primary beneficiary status has changed. MGE has consolidated MGE Power Elm Road and MGE Power West Campus. Both entities are VIEs. See Footnote 3 for more discussion of these entities.

The consolidated financial statements reflect the application of certain accounting policies described in this note. All intercompany accounts and transactions have been eliminated in consolidation.

c. Use of Estimates - MGE Energy and MGE.

In order to prepare consolidated financial statements in conformity with GAAP, management must make estimates and assumptions. These estimates could affect reported amounts of assets, liabilities, and disclosures at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's estimates.

d. Supplemental Cash Flow Information – MGE Energy and MGE.

<i>(In Thousands)</i>	MGE Energy			MGE ^(b)		
	2025	2024	2023	2025	2024	2023
Interest Paid	\$ 35,755	\$ 34,306	\$ 29,526	\$ 35,755	\$ 34,306	\$ 29,526
Income taxes paid (receipts), net ^(a) :						
US Federal	(3,970)	(16,238)	4,000	(5,750)	(18,658)	3,450
US State and Local:						
Wisconsin	10,250	3,100	5,800	9,650	2,450	5,990
Other	66	36	—	—	—	—
Significant noncash investing activities:						
Accrued capital expenditures ^(c)	55,283	22,734	17,247	55,283	22,734	17,247

(a) During the years ended December 31, 2025 and December 31, 2024, federal tax payments and receipts included proceeds from the transfer of PTCs under Internal Revenue Code Section 6418. Cash received for income taxes in 2025 includes \$10.9 million related to PTCs generated in 2025

that were sold to a third party. Cash received for income taxes in 2024 includes \$18.5 million related to PTCs generated in 2024 and 2023 that were sold to a third party.

- (b) MGE Energy files a consolidated federal income tax return with its subsidiaries. While taxes are filed on a consolidated basis, MGE calculates its respective share of tax liability and makes intercompany tax payments to or from its parent company.
- (c) Includes a \$2.0 million unsecured promissory note, for an acquisition of land, issued to the seller, with all principal and interest paid in January 2026.

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

(In thousands) As of December 31,	MGE Energy		MGE	
	2025	2024	2025	2024
Cash and cash equivalents	\$ 5,666	\$ 21,302	\$ 2,248	\$ 16,865
Restricted cash	952	1,113	952	1,113
Receivable - margin account	2,118	2,081	2,118	2,081
Cash, cash equivalents, and restricted cash	\$ 8,736	\$ 24,496	\$ 5,318	\$ 20,059

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.

e. Trade Receivables, Allowance for Doubtful Accounts, and Concentration Risk - MGE Energy and MGE.

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. A 1% late payment charge is recorded on all receivables unpaid after the due date. The allowance for credit losses associated with these receivables represents MGE's best estimate of the amount of probable credit losses for existing accounts receivable. MGE manages concentration of credit risk through its credit and collection policies, which are consistent with state regulatory requirements. The allowance for credit losses is estimated based on historical write-off experience, regional economic data, review of the accounts receivable aging, and reasonable and supportable forecasts that affect the collectability of the reported amount.

As of December 31, 2025 and 2024, MGE had a reserve balance of \$10.6 million and \$9.0 million, respectively, against accounts receivable. For the years ended December 31, 2025 and 2024, MGE recorded \$4.3 million and \$4.0 million, respectively, in write-offs. For the years ended December 31, 2025 and 2024, MGE recorded \$5.9 million and \$4.9 million, respectively, of additional reserves. The current accounting treatment for bad debt expense allows MGE to defer any differential between bad debt expense reflected in rates and actual costs incurred in its next rate case filing. See Footnote 8 for further details of deferred bad debt expense.

f. Inventories - MGE Energy and MGE.

Inventories consist of natural gas in storage, fuel for electric generation, materials and supplies, and renewable energy credits (RECs). MGE values natural gas in storage, fuel for electric generation, and materials and supplies using average cost. REC allowances are included in "Materials and supplies" on the consolidated balance sheets and are recorded based on specific identification. These allowances are charged to purchase power expense as they are used in operations.

g. Derivative and Hedging Instruments - MGE Energy and MGE.

As part of regular operations, MGE enters into contracts, including options, swaps, futures, forwards, and other contractual commitments, to manage its exposure to commodity prices. MGE recognizes derivatives, excluding those that qualify for the normal purchases or normal sales exclusion, in the consolidated balance sheets at fair value, with changes in the fair value of derivative instruments to be recorded in current earnings or deferred in accumulated other

comprehensive income (loss), depending on whether a derivative is designated as, and is effective as, a hedge and on the type of hedge transaction. Derivative activities are in accordance with the company's risk management policy.

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. Cash flows from such derivative instruments are classified on a basis consistent with the nature of the underlying hedged item.

h. Regulatory Assets and Liabilities - MGE Energy and MGE.

Regulatory assets and regulatory liabilities are recorded consistent with regulatory treatment. Regulatory assets represent costs which are deferred due to the probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits which were deferred because MGE believes it is probable such amounts will be returned to customers through future regulated rates. Regulatory assets and liabilities are amortized in the consolidated statements of income consistent with the recovery or refund included in customer rates. MGE believes it is probable that its recorded regulatory assets and liabilities will be recovered and refunded, respectively, in future rates. See Footnote 8 for further information.

i. Debt Issuance Costs - MGE Energy and MGE.

Premiums, discounts, and expenses incurred with the issuance of outstanding long-term debt are amortized over the life of the debt issue. Any call premiums or unamortized expenses associated with refinancing higher-cost debt obligations used to finance utility-regulated assets and operations are amortized consistent with regulatory treatment of those items. These costs are included as a direct reduction to the related debt liability on the consolidated balance sheets.

j. Property, Plant, and Equipment - MGE Energy and MGE.

Property, plant, and equipment is recorded at original cost. Cost includes indirect costs consisting of payroll taxes, pensions, postretirement benefits, other fringe benefits, and administrative and general costs. Also, included in the cost is AFUDC for utility property and capitalized interest for nonregulated property. Additions for significant replacements of property are charged to property, plant, and equipment at cost; and minor items are charged to maintenance expense. Depreciation rates on utility property are approved by the PSCW, based on the estimated economic lives of property, and include estimates for salvage value and removal costs. Removal costs of utility property, less any salvage value, are adjusted through regulatory liabilities. Depreciation rates on nonregulated property are based on the estimated economic lives of the property. See Footnote 4 for further information.

Provisions at composite straight-line depreciation rates approximate the following percentages for the cost of depreciable property:

	2025	2024	2023
Electric	3.7%	3.8%	3.8%
Gas	2.2%	2.1%	2.1%
Nonregulated	2.3%	2.3%	2.3%

k. Asset Retirement Obligations - MGE Energy and MGE.

A liability is recorded for the fair value of an asset retirement obligation (ARO) to be recognized in the period in which it is incurred if it can be reasonably estimated. The offsetting associated asset retirement costs are capitalized as a long-lived asset and depreciated over the asset's useful life. The expected present value technique used to calculate the fair value of ARO liabilities includes assumptions about costs, probabilities, settlement dates, interest accretion, and inflation. Revisions to the assumptions, including the timing or amount of expected asset retirement costs, could result in increases or decreases to the AROs. All asset retirement obligations are recorded as "Asset retirement obligations" on the consolidated balance sheets. MGE has regulatory treatment and recognizes regulatory assets or liabilities for the timing differences between when it recovers legal AROs in rates and when it would recognize these costs. See Footnote 17 for further information.

l. Repairs and Maintenance Expense - MGE Energy and MGE.

MGE utilizes the direct expensing method for planned major maintenance projects. Under this method, MGE expenses all costs associated with major planned maintenance activities as incurred.

m. Purchased Gas Adjustment Clause - MGE Energy and MGE.

MGE's natural gas rates are subject to a fuel adjustment clause designed to recover or refund the difference between the actual cost of purchased gas and the amount included in rates. Differences between the amounts billed to customers and the actual costs recoverable are deferred and recovered or refunded in future periods by means of prospective monthly adjustments to rates. These amounts are included as a regulatory asset or liability depending on whether MGE is under-collected or over-collected actual costs. See Footnote 8 for further information.

n. Revenue Recognition - MGE Energy and MGE.

Operating revenues are recorded as service is rendered or energy is delivered to customers. Meters are read on a systematic basis throughout the month based on established meter-reading schedules. At the end of the month, MGE accrues an estimate for the unbilled amount of energy delivered to customers. The unbilled revenue estimate is based on daily system demand volumes, weather factors, estimated line losses, estimated customer usage by class, and applicable customer rates. See Footnote 20 for further information.

o. Utility Cost Recovery - MGE Energy and MGE.

MGE's tariff rates include a provision for fuel cost recovery. The PSCW allows 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. Over-collection of fuel-related costs that are outside the approved range will be recognized as a reduction of revenue. Under-collection of these costs will be recognized in "Purchased power" expense in the consolidated statements of income. The cumulative effects of these deferred amounts will be recorded as a regulatory asset or regulatory liability until they are reflected in future billings to customers. See Footnote 9.b. for further information.

p. Regional Transmission Organizations - MGE Energy and MGE.

MGE reports on a net basis transactions on the MISO markets in which it buys and sells power within the same hour to meet electric energy delivery requirements.

q. Allowance for Funds Used During Construction - MGE Energy and MGE.

Allowance for funds used during construction is included in utility plant accounts and represents the cost of borrowed funds used during plant construction and a return on shareholder's capital used for construction purposes. In the consolidated income statements, the cost of borrowed funds (AFUDC-debt) is presented as an offset to "Interest expense, net" and the return on shareholder's capital (AFUDC-equity funds) is shown as an item within "Other income, net." For 2025, 2024, and 2023, as approved by the PSCW, MGE capitalized AFUDC-debt and equity on 50% of applicable average construction work in progress as shown in the following table:

	2025	2024	2023
Approved AFUDC retail rates	7.72%	7.73%	7.11%

MGE received specific approval to recover 100% AFUDC on certain costs for Badger Hollow I and II, Paris, Darien, Koshkonong, Sunnyside, High Noon, Columbia Energy Dome, Ursa, Forward Repower, Dawn Harvest, Good Oak, Gristmill, and Saratoga. These amounts are recovered under the ratemaking process over the service lives of the related properties. For the years ended 2025, 2024, and 2023, MGE recorded AFUDC-debt and AFUDC-equity as shown in the following table:

(In millions)	2025	2024	2023
AFUDC-debt	\$ 2.4	\$ 2.2	\$ 2.0
AFUDC-equity	6.2	5.7	5.8

r. Investments - MGE Energy and MGE.

Investments in limited liability companies that have specific ownership accounts in which MGE Energy or MGE's ownership interest is more than minor and are considered to have significant influence are accounted for using the equity method. For equity security investments without readily determinable fair values and for which MGE Energy and MGE do not have significant influence, MGE Energy and MGE have elected to use the practicability exception to measure these investments, defined as cost adjusted for changes from observable transactions for identical or similar investments of the same issuer, less impairment. Changes in measurement are reported in earnings. Equity security investments with

readily determinable fair values are carried at fair value. Realized and unrealized gains and losses are included in earnings. See Footnote 7 for further information on investments.

s. Capitalized Software Costs - MGE Energy and MGE.

The net book value of capitalized costs of internal use software included in property, plant, and equipment was \$64.4 million and \$67.5 million as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, accumulated amortization was \$84.5 million and \$74.4 million, respectively. For the years ended December 31, 2025, 2024, and 2023, MGE recorded \$10.1 million, \$10.5 million and \$10.4 million, respectively, of amortization expense. Capitalized software costs are amortized on a straight-line basis over the estimated useful lives of the assets. The useful lives range from three to fifteen years.

t. Capitalized Software Assets – Hosting Arrangements – MGE Energy and MGE.

The net book value of capitalized costs of internal use software incurred in a hosting arrangement was \$8.8 million and \$8.5 million as of December 31, 2025 and 2024, respectively. As of December 31, 2025 and 2024, accumulated amortization was \$17.9 million and \$14.6 million, respectively. Capitalized software assets for hosted arrangements and the related accumulated amortization expense are recorded in "Other deferred assets and other" on the consolidated balance sheets.

For the years ended December 31, 2025, 2024, and 2023, MGE recorded \$3.3 million, \$3.2 million, and \$2.9 million, respectively, of amortization expense related to software assets for hosted arrangements. These costs are recognized in "Other operations and maintenance" expense in the consolidated statements of income and are amortized on a straight-line basis over the term of the hosted contract, which includes renewable option periods. Software assets for hosted arrangements have terms ranging from three to thirteen years.

u. Impairment of Long-Lived Assets - MGE Energy and MGE.

MGE reviews plant and equipment and other property for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. MGE's policy for determining when long-lived assets are impaired is to recognize an impairment loss if the sum of the expected future cash flows (undiscounted and without interest charges) from an asset are less than the carrying amount of that asset. If an impairment loss is recognized, the amount that will be recorded will be measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset.

When it becomes probable that a generating unit will be retired before the end of its useful life, MGE assesses whether the generating unit meets the criteria for probability of abandonment. If a generating unit meets the applicable criteria to be considered probable of abandonment, MGE assesses the likelihood of recovery of the remaining net book value of that generating unit at the end of each reporting period. 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 for the difference of the remaining net book value of the generating unit that is greater than the present value of the amount expected to be recovered from ratepayers. There was no significant impairment of long-lived assets during 2025, 2024, and 2023.

v. Income Taxes and Excise Taxes - MGE Energy and MGE.

Income taxes

Under the balance sheet method, income taxes are deferred for all temporary differences between pretax financial and taxable income and between the book and tax basis of assets and liabilities using the tax rates scheduled by law to be in effect when the temporary differences reverse. Future tax benefits are recognized to the extent that realization of such benefits is more likely than not. A valuation allowance is recorded for those benefits that do not meet this criterion.

Accounting for uncertainty in income taxes applies to all tax positions and requires a recognition threshold and measurement standard for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in an income tax return. The threshold is defined for recognizing tax return positions in the financial statements as "more likely than not" that the position is sustainable, based on its merits. Subsequent recognition, derecognition, and measurement is based on management's best judgment given the facts, circumstances, and information available at the reporting date.

Regulatory and accounting principles have resulted in a regulatory liability related to income taxes. Excess deferred income taxes result from past taxes provided in customer rates higher than current rates. The income tax regulatory liability and deferred investment tax credit reflect the revenue requirement associated with the return of these tax benefits to customers.

Investment tax credits from regulated operations are amortized over related property service lives.

Transfer tax credits

MGE may determine to transfer certain tax credits to third parties in exchange for cash. MGE elects to account for the transferred tax credits under the scope of ASC 740. The sale of tax credits is presented in the operating activities section of the consolidated statements of cash flows consistent with the presentation of cash taxes paid. MGE includes any expected proceeds from the transfer of tax credits in the evaluation of realizability of deferred tax assets related to tax credits and records 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.

Excise taxes

MGE Energy, through its utility operations, pays a state license fee tax in lieu of property taxes on property used in utility operations. License fee tax is calculated as a percentage of adjusted operating revenues of the prior year. The electric tax rate is 3.19% for retail sales and 1.59% for sales of electricity for resale by the purchaser. The tax rate on sales of natural gas is 0.97%. The tax is required to be estimated and prepaid in the year prior to its computation and expensing. License fee tax expense, included in "Other general taxes," was \$17.0 million, \$17.0 million, and \$16.5 million for the years ended December 31, 2025, 2024, and 2023, respectively.

Operating income taxes, including tax credits and license fee tax, are included in rates for utility related items.

w. Share-Based Compensation - MGE Energy and MGE.

Eligible employees and non-employee directors may receive awards of restricted stock, restricted stock units, performance units, and dividend equivalents, or any combination of the foregoing. Stock-based compensation expense is recognized 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. Forfeitures are recognized as they occur, rather than estimating potential future forfeitures and recording them over the vesting period. See Footnote 12 for additional information on MGE's share-based compensation plans.

2. New Accounting Standards - MGE Energy and MGE.

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 became effective for fiscal years beginning after December 15, 2024. MGE adopted the standard as of the effective date. See Footnote 10 for income tax disclosures.

In November 2024, the Financial Accounting Standards Board issued authoritative guidance within the codification's Income Statement - Reporting Comprehensive Income topic, which added disclosure requirements for the disaggregation of certain income statement expenses. The authoritative guidance will become effective for annual reporting periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. 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 income, comprehensive income, financial position or cash flows.

In September 2025, the Financial Accounting Standards Board issued authoritative guidance within the codification's Internal-Use Software topic, which amends certain aspects of the accounting for and disclosure of software costs. The authoritative guidance will become effective for annual reporting periods beginning after December 15, 2027, and interim periods within those annual reporting periods; early adoption is permitted as of the beginning of an annual reporting period. MGE will adopt the standard as of the effective date. The adoption of this standard is not expected to have a material impact on MGE Energy's and MGE's financial statements.

3. Variable Interest Entities - MGE Energy and MGE.

MGE Power Elm Road and MGE Power West Campus are not subsidiaries of MGE, but they have been consolidated in the financial statements of MGE. MGE Power Elm Road and MGE Power West Campus were created for the purpose of owning new generating assets and leasing those assets to MGE. MGE Power Elm Road's sole principal asset is an undivided ownership interest in two coal-fired generating plants (the Elm Road Units) located in Oak Creek, Wisconsin, which it leases to MGE pursuant to long-term leases. MGE Power West Campus's sole principal asset is an ownership interest in WCCF, which it leases to MGE pursuant to a long-term lease. Based on the nature and terms of the contractual agreements, MGE is expected to absorb a majority of the expected losses or residual value associated with the ownership of the generation assets by MGE Power Elm Road and MGE Power West Campus and therefore MGE holds a variable interest despite the absence of an equity interest.

In accordance with applicable accounting guidance, MGE Energy and MGE consolidate VIEs of which they are the primary beneficiary. MGE has the power to direct the activities that most significantly impact both the Elm Road Units' and the WCCF's economic performance and is also the party most closely associated with MGE Power Elm Road and MGE Power West Campus. As a result, MGE is the primary beneficiary.

MGE has included the following significant accounts on its consolidated balance sheets related to its interest in these VIEs as of December 31:

<i>(In thousands)</i>	MGE Power Elm Road		MGE Power West Campus	
	2025	2024	2025	2024
Property, plant, and equipment, net	\$ 157,652	\$ 159,576	\$ 78,970	\$ 76,378
Construction work in progress	485	514	4,174	3,052
Affiliate receivables	—	—	861	911
Accrued interest and accrued (prepaid) taxes	(129)	(184)	(46)	(78)
Deferred income taxes	31,153	30,902	15,601	15,435
Long-term debt ^(a)	38,447	41,082	25,941	28,550
Noncontrolling interest	104,479	104,304	52,309	46,082

- (a) MGE Power Elm Road's long-term debt includes debt issuance costs of \$0.2 million as of December 31, 2025 and 2024. The debt is secured by a collateral assignment of lease payments that MGE makes to MGE Power Elm Road for use of the Elm Road Units pursuant to the related long-term leases. MGE Power West Campus's long-term debt includes debt issuance costs of \$0.1 million as of December 31, 2025 and 2024. The debt is secured by a collateral assignment of lease payments that MGE makes to MGE Power West Campus for use of the cogeneration facility pursuant to the long-term lease. See Footnote 14 for further information on the long-term debt securities.

MGE is permitted by PSCW order to recover lease payments made to MGE Power Elm Road and MGE Power West Campus in customer rates.

4. Property, Plant, and Equipment - MGE Energy and MGE.

Property, plant, and equipment consisted of the following as of December 31:

<i>(In thousands)</i>	MGE Energy		MGE	
	2025	2024	2025	2024
Utility:				
Electric ^{(a)(b)}	\$ 2,420,281	\$ 2,244,796	\$ 2,420,298	\$ 2,244,812
Gas	670,271	634,819	670,282	634,830
Utility property, plant, and equipment, gross	3,090,552	2,879,615	3,090,580	2,879,642
Less: Accumulated depreciation and amortization ^(b)	1,047,683	966,872	1,047,683	966,872
Utility property, plant, and equipment, net	2,042,869	1,912,743	2,042,897	1,912,770
Nonregulated:				
Nonregulated	335,005	326,574	335,005	326,574
Less: Accumulated depreciation and amortization	97,975	90,179	97,975	90,179
Nonregulated property, plant, and equipment, net	237,030	236,395	237,030	236,395
Construction work in progress:				
Utility construction work in progress ^(c)	288,310	134,642	288,310	134,642
Nonregulated construction work in progress	4,659	3,566	4,659	3,566
Total property, plant, and equipment	\$ 2,572,868	\$ 2,287,346	\$ 2,572,896	\$ 2,287,373

- (a) Includes Paris Battery and Darien Solar placed in service in 2025. See Footnote 6 for further information on Paris and Darien.
- (b) 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. As of December 31, 2024, coal operations at Columbia Units 1 and 2 were expected to conclude by the end of 2029, and therefore met the criteria to be considered probable of abandonment. The related net book value of \$121,576 (in thousands) was presented separately in the 2024 Form 10-K. As a minority owner, MGE and the other Columbia co-owners currently plan to continue coal operations at least through 2029. Final timing and retirement dates continue to be evaluated, and depend upon operational regulatory considerations, capacity needs, and availability. As of December 31, 2025, early retirement of Columbia Unit 1 and 2 was no longer probable.
- (c) Includes Koshkonong (solar and battery), High Noon (solar and battery), Sunnyside (solar and battery), and Saratoga (solar and battery) projects. See Footnote 6 for further information on renewable projects.

As of December 31, 2025, MGE's utility plant was subject to a lien with respect to its Indenture of Mortgage and Deed of Trust. In January 2026, MGE completed a redemption of all outstanding first mortgage bonds, and delivered to the Trustee a satisfaction and discharge which, pursuant to the terms of the Indenture, effectively discharged the Indenture. See Footnote 14 for further discussion of the mortgage indenture.

5. Leases - MGE Energy and MGE.

As part of its regular operations, MGE enters into various contracts related to IT equipment, substations, cell towers, land, wind easements, and other property in use for operations. A contract is or contains a lease if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. Determination as to whether an arrangement is or contains a lease is completed at inception. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets; lease expense for these leases are recognized on a straight-line basis over the lease term. Leases with initial terms in excess of 12 months are recorded as operating or financing leases on the consolidated balance sheets.

Operating lease assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. For leases that do not provide an implicit rate, a collateralized incremental borrowing rate based on the information available at commencement date, including lease term, is used in determining the present value of future payments. The operating lease asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Operating lease expense is recognized on a straight-line basis over the lease term. As of December 31, 2025, MGE had no significant leases not yet commenced that would create significant future rights and obligations.

The following table shows lease expense for the years ended December 31:

<i>(In thousands)</i>	2025	2024	Income Statement Location
Finance lease expense:			
Amortization of leased assets	\$ 1,704	\$ 1,598	Depreciation and amortization
Interest on lease liabilities	625	597	Interest expense, net
Operating lease expense	385	441	Other operations and maintenance
Total lease expense	\$ 2,714	\$ 2,636	

MGE has regulatory treatment and recognizes regulatory assets or liabilities for timing differences between net lease costs recognized and lease cash payments made. These deferred costs have not been reflected in the table above. See Footnote 8 for further details of deferred lease costs.

The following table shows the lease assets and liabilities on the consolidated balance sheets as of December 31:

<i>(In thousands)</i>	2025	2024	Balance Sheet Location
Lease assets:			
Finance lease assets	\$ 15,089	\$ 15,611	Property, plant, and equipment, net
Operating lease assets	7,249	7,400	Other deferred assets and other
Total lease assets	\$ 22,338	\$ 23,011	
Lease liabilities:			
Finance lease liabilities - current	\$ 1,271	\$ 1,297	Other current liabilities
Finance lease liabilities - long-term	18,317	18,466	Other deferred liabilities and other
Operating lease liabilities - current	73	65	Other current liabilities
Operating lease liabilities - long-term	7,708	7,781	Other deferred liabilities and other
Total lease liabilities	\$ 27,369	\$ 27,609	

The following table shows other lease information for the years ended December 31:

<i>(In thousands)</i>	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Finance leases - Financing cash flows	\$ 1,430	\$ 1,323
Finance leases - Operating cash flows	900	872
Operating leases - Operating cash flows	300	353
Lease assets obtained in exchange for lease liabilities:		
Finance leases	1,254	1,876
Operating leases	—	48

The following table shows the weighted average remaining lease terms and discounts as of December 31:

Weighted-average remaining lease terms (in years):	2025	2024
Finance leases	36	35
Operating leases	31	32
Weighted-average discount rates:		
Finance leases	4.53 %	4.49 %
Operating leases	3.10 %	3.11 %

The following table shows maturities of lease liabilities as of December 31, 2025:

<i>(In thousands)</i>	Finance	Operating
2026	\$ 2,122	\$ 305
2027	1,839	311
2028	1,043	317
2029	806	322
2030	762	328
Thereafter	39,647	10,884
Subtotal	46,219	12,467
Less: Present value discount	(26,631)	(4,686)
Lease liability	19,588	7,781
Less: current portion	(1,271)	(73)
Noncurrent lease liability	\$ 18,317	\$ 7,708

6. Joint Plant Ownership - MGE Energy and MGE.

MGE has undivided ownership interests in jointly owned facilities. Generation and operating expenses are primarily divided between the joint owners under the same method as ownership. MGE provides its own financing, and the respective portion of facilities and costs are included in the corresponding operating expenses (fuel for electric generation, purchased power, other operations and maintenance, etc.) in the consolidated statements of income.

The following tables show MGE's interest in utility plant in service, operating expense (net of deferred costs), and the related accumulated depreciation reserves and other information related to MGE's jointly owned facilities:

(In thousands, except for percentages and MW)

	Columbia ^(a)	Elm Road ^(b)	West Campus ^(c)	West Riverside ^(d)	Forward Wind ^(e)
Ownership interest	19 %	8.33 %	55 %	6.9 %	12.8 %
Fuel source	Coal	Coal	Natural gas	Natural gas	Wind
Share of generation	211 MW	106 MW	157 MW	50 MW	18 MW

For the year ended December 31,

Operating expense - 2025	\$ 37,684	\$ 23,809	(f)	\$ 1,826	\$ 596
Operating expense - 2024	29,815	21,511	(f)	5,954	755
Operating expense - 2023	30,103	21,072	(f)	3,214	677

As of December 31, 2025

Utility plant	\$ 301,705	\$ 209,502	\$ 124,316	\$ 56,394	\$ 34,348
Accumulated depreciation	(202,111)	(51,850)	(45,346)	(9,331)	(19,123)
Construction work in progress	4,665	485	4,174	342	3,954

As of December 31, 2024

Utility plant	\$ 299,048	\$ 207,070	\$ 118,317	54,996	\$ 34,363
Accumulated depreciation	(177,472)	(47,494)	(41,939)	(7,421)	(18,069)
Construction work in progress	1,724	514	3,052	404	—

- (a) As of December 31, 2024, coal operations were expected to conclude at Columbia Units 1 and 2 by the end of 2029, and thus at that time Columbia Units 1 and 2 met the criteria to be considered probable of abandonment. As a minority owner, MGE and the other Columbia co-owners currently plan to continue coal operations at least through 2029. Final timing and retirement dates continue to be evaluated, and depend upon operational regulatory considerations, capacity needs, and availability. As of December 31, 2025, early retirement of Columbia Unit 1 and 2 was no longer probable. See Footnote 4 for further information.
- (b) Two coal-fired generating units in Oak Creek, Wisconsin. In October 2025, MGE, along with the plant co-owners, filed a joint application with the PSCW to end the use of coal as a primary fuel at the Elm Road Units and transition the plant to natural gas. By the end of 2030, coal is expected to be used only as a backup fuel at the Elm Road Units. By the end of 2032, MGE expects that the Elm Road Units will be fully transitioned away from coal.
- (c) MGE Power West Campus and the UW jointly own the West Campus Cogeneration Facility (WCCF) located on the UW campus in Madison, Wisconsin. The UW owns a controlling interest in the chilled-water and steam plants, which are used to meet the needs for air-conditioning and steam-heat capacity for the UW campus. MGE Power West Campus owns a controlling interest in the electric generation plant, which is leased and operated by MGE.
- (d) In March 2023, MGE purchased an 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. In June 2024, MGE purchased an additional ownership interest in West Riverside, increasing its interest to 6.9%.
- (e) The Forward Wind Energy Center (Forward Wind) consists of 86 wind turbines located near Brownsville, Wisconsin.
- (f) Operating charges are allocated to the UW based on formulas contained in the operating agreement. Under the provisions of this arrangement, the UW is required to reimburse MGE for their allocated portion of fuel and operating expenses. For the years ended December 31, 2025, 2024, and 2023, the UW's allocated share of fuel and operating costs was \$8.4 million, \$7.0 million, and \$6.7 million, respectively.

(In thousands, except for percentages and MW)	Two Creeks ^(g)	Badger Hollow I & II ^(h)	Red Barn ⁽ⁱ⁾	Paris ^(j)	Darien ^(k)
Ownership interest	33 %	33 %	10 %	10 %	10 %
Fuel Source	Solar	Solar	Wind	Solar/Battery	Solar
Share of generation	50 MW	100 MW	9.16 MW	20/11 MW	25 MW

For the year ended December 31,

Operating expense - 2025	\$ 1,137	\$ 1,804	\$ 209	\$ 441	\$ 295
Operating expense - 2024	961	1,494	213	23	N/A
Operating expense - 2023	1,087	751	143	N/A	N/A

As of December 31, 2025

Utility plant	\$ 68,003	\$ 161,432	\$ 16,750	\$ 27,549	\$ 1,998
Accumulated depreciation	(12,357)	(16,276)	(1,391)	(586)	(44)
Construction work in progress	37	—	22	—	—

As of December 31, 2024

Utility plant	\$ 67,999	\$ 160,954	16,484	40,565	N/A
Accumulated depreciation	(9,951)	(10,639)	(872)	—	N/A
Construction work in progress	—	368	—	—	N/A

- (g) The Two Creeks solar generation array is located in the Town of Two Creeks and the City of Two Rivers in Manitowoc and Kewaunee Counties, Wisconsin. Date of commercial operation of the solar array was November 2020.
- (h) The Badger Hollow I and II solar farm is located in southwestern Wisconsin in Iowa County, near the villages of Montfort and Cobb. Date of commercial operation of Badger Hollow I was November 2021 and December 2023 for Badger Hollow II.
- (i) The Red Barn Wind Farm is located in the Towns of Wingville and Clifton in Grant County, Wisconsin. MGE purchased its share of Red Barn in 2023.
- (j) The Paris Solar-Battery Park is located in the Town of Paris in Kenosha County, Wisconsin. Date of commercial operation of the solar array was December 2024. Date of commercial operation of battery was June 2025.
- (k) The Darien Solar Energy Center is located in Walworth and Rock Counties in southern Wisconsin. Date of commercial operation of the solar array was March 2025.

MGE currently has ongoing jointly-owned generation construction projects, 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 December 31, 2025 ^(a)	Estimated Date of Commercial Operation
Darien ^(b)	10%	Battery	7.5 MW	\$18 million ⁽ⁱ⁾	\$7.4 million	2026
Koshkonong ^(c)	10%	Solar/Battery	30 MW/16.5 MW	\$93 million ⁽ⁱ⁾	\$64.7 million	2026 Solar 2027 Battery
High Noon ^(d)	10%	Solar/Battery	30 MW/16.5 MW	\$99 million	\$59.5 million	2027
Columbia Energy Dome ^(e)	19%	Storage	3 MW	\$22 million ⁽ⁱ⁾	\$2.7 million	2027
Badger Hollow ^(f)	10%	Wind	11.2 MW	\$36 million	\$5.6 million	2027
Whitetail ^(g)	10%	Wind	6.7 MW	\$23 million	\$1.2 million	2027
Ursa ^(h)	10%	Solar	20 MW	\$46 million	\$6.4 million	2028
Saratoga ⁽ⁱ⁾	10%	Solar/Battery	15 MW/5 MW	\$46 million	\$10.2 million	2028

- (a) Excluding AFUDC.
- (b) Darien Solar Energy Center is located in Walworth and Rock Counties in southern Wisconsin.
- (c) Koshkonong Solar Energy Center is located in the Towns of Christiana and Deerfield in Dane County, Wisconsin.
- (d) High Noon Solar Project is located in Columbia County, Wisconsin.
- (e) Columbia Energy Dome is located in Columbia County, Wisconsin.
- (f) Badger Hollow Wind is located in Iowa and Grant Counties, Wisconsin.
- (g) Whitetail Wind is located in Grant County, Wisconsin.
- (h) Ursa Solar Park is located in Columbia County, Wisconsin.
- (i) Saratoga Solar Energy Center is located in Wood County, Wisconsin.
- (j) 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.

7. Investments - MGE Energy and MGE.

a. Equity Securities, Equity Method Investments, and Other Investments.

<i>(In thousands)</i>	MGE Energy	
	2025	2024
Equity securities	\$ 22,591	\$ 23,119
Equity method investments:		
ATC and ATC Holdco	102,985	92,579
Other	39	39
Total equity method investments	103,024	92,618
Other investments	2,298	2,298
Total	\$ 127,913	\$ 118,035

Equity securities represent private equity investments in common stock of companies in various industries. MGE had no material investments in 2025 or 2024.

For the years ended December 31, 2025, 2024, and 2023, there were no material liquidated investments for MGE. For the years ended December 31, 2025, 2024, and 2023, certain investments were liquidated for MGE Energy. As a result of these liquidations, the following was received:

<i>(In thousands)</i>	2025	2024	2023
Cash proceeds	\$ 4,497	\$ 2,554	\$ 995
Gain (loss) on sale	3,263	239	(899)

b. ATC and ATC Holdco.

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.

As of December 31, 2025 and 2024, MGE Transco held a 3.6% ownership interest in ATC. As of December 31, 2025 and 2024, MGEE Transco held a 4.4% ownership interest in ATC Holdco. MGE Transco and MGEE Transco have accounted for their investment in ATC and ATC Holdco, respectively, under the equity method of accounting. Equity earnings from investments are recorded as "Other income, net" on the consolidated statements of income of MGE Energy. For the following years ended December 31, MGE Transco recorded the following:

<i>(In thousands)</i>	2025	2024	2023
Equity earnings from investment in ATC	\$ 12,682	\$ 12,498	\$ 10,515
Dividends received from ATC	10,612	8,635	8,397
Capital contributions to ATC	8,385	2,679	3,750

In January 2026, MGE Transco made a \$4.5 million capital contribution to ATC.

ATC Holdco was formed in December 2016. In 2025, 2024, and 2023 MGEE Transco recorded no capital contributions to ATC Holdco.

ATC's summarized financial data is as follows:

(In thousands)

Income statement data for the year ended December 31,	2025	2024	2023
Operating revenues	\$ 974,956	\$ 911,314	\$ 818,921
Operating expenses	(472,610)	(442,359)	(407,643)
Other income	1,364	1,407	2,452
Interest expense, net	(167,152)	(139,204)	(134,107)
Earnings before members' income taxes	<u>\$ 336,558</u>	<u>\$ 331,158</u>	<u>\$ 279,623</u>
Balance sheet data as of December 31,	2025	2024	
Current assets	\$ 137,522	\$ 126,628	
Noncurrent assets	7,590,778	6,792,600	
Total assets	<u>\$ 7,728,300</u>	<u>\$ 6,919,228</u>	
Current liabilities	\$ 839,789	\$ 482,440	
Long-term debt	3,156,253	3,083,409	
Other noncurrent liabilities	638,916	544,973	
Members' equity	3,093,342	2,808,406	
Total members' equity and liabilities	<u>\$ 7,728,300</u>	<u>\$ 6,919,228</u>	

MGE receives transmission and other related services from ATC. For the years ended December 31, 2025, 2024, and 2023, MGE recorded \$40.8 million, \$36.3 million, and \$33.8 million, respectively, for transmission services received from ATC. MGE also provides a variety of operational, maintenance, and project management work for ATC, which is reimbursed by ATC. As of December 31, 2025 and 2024, MGE had a receivable due from ATC of \$2.5 million and \$2.0 million, respectively, related primarily to transmission interconnection at renewable solar and battery generation sites. MGE will be reimbursed for these costs after the new generation assets are placed into service.

8. Regulatory Assets and Liabilities - MGE Energy and MGE.

The following regulatory assets and liabilities are reflected in MGE's consolidated balance sheets as of December 31:

(In thousands)	Recovery/Refund Period	2025	2024
Regulatory Assets			
Asset retirement obligation	ARO Asset lives	\$ 9,592	\$ 6,813
Bad debt expense	One to two years	2,250	5,200
Debt related costs	Term of related debt	\$ 6,077	\$ 6,538
Derivatives	One to four years	1,595	—
Leases	Lease term	5,031	4,598
Pension and other postretirement costs	One to four years	—	642
Tax recovery related to AFUDC equity	Plant lives	14,859	13,440
Transmission	One to two years	2,258	1,216
West Riverside	One to two years	3,453	1,276
Other	Various	6,522	5,563
<i>Total Regulatory Assets</i>		<u>\$ 51,637</u>	<u>\$ 45,286</u>

<i>(In thousands)</i>	Recovery/Refund Period	2025	2024
Regulatory Liabilities			
Cost of removal	Various	\$ 46,022	\$ 41,714
Elm Road	One to two years	1,444	1,700
Fuel savings	One year	7,140	3,043
Income taxes	Various	90,963	94,110
Pension and other postretirement costs	One to four years	4,919	—
Pension and other postretirement non-service costs	Plant lives	23,115	20,342
Purchased gas adjustment	Less than one year	4,736	1,441
Renewable project savings	One to two years	5,407	5,222
Unfunded pension and other postretirement asset	Various	24,019	3,489
Other	Various	1,097	241
<i>Total Regulatory Liabilities</i>		<u>\$ 208,862</u>	<u>\$ 171,302</u>

MGE expects to recover its regulatory assets and return its regulatory liabilities through rates charged to customers based on PSCW decisions made during the ratemaking process or based on PSCW long-standing policies and guidelines. The adjustments to rates for these regulatory assets and liabilities will occur over the periods either specified by the PSCW or over the corresponding period related to the asset or liability. Management believes it is probable that MGE will continue to recover from customers the regulatory assets described above based on prior and current ratemaking treatment for such costs. All regulatory assets for which a cash outflow had been made are earning a return.

Asset Retirement Obligation (ARO)

The recovery of the underlying asset investments and related removal and monitoring costs of recorded AROs is approved by the PSCW in depreciation rates. MGE records a regulatory asset and a regulatory liability for timing differences between the recognition of AROs for financial reporting purposes and the recovery of these costs from customers. The recovery period approximates the useful life of the assets to be removed. See Footnote 17 for a discussion of asset retirement obligations.

Bad debt expense

In March 2020, the PSCW issued an order authorizing deferral of expenditures incurred to ensure the provision of safe, reliable, and affordable access to utility services during the COVID-19 pandemic and late payment charges. Expenditures include items such as bad debt expense. Recovery of these expenditures occurred during 2024 and 2025. Beginning in 2021, the PSCW approved MGE to defer any differential between bad debt expense reflected in rates and actual costs incurred in its next rate filing.

Debt Related Costs

This balance includes debt issuance costs of extinguished debt and other debt related expenses, including make-whole premiums paid on redemptions of long-term debt. The PSCW has allowed rate recovery on unamortized issuance costs for extinguished debt facilities. When the facility replacing the old facility is deemed by the PSCW to be more favorable for the ratepayers, the PSCW will allow rate recovery of any unamortized issuance costs related to the old facility.

Derivatives

MGE has physical and financial contracts that are accounted for as derivatives. The amounts recorded for the net mark-to-market value of the commodity based contracts is offset with a corresponding regulatory asset or liability because these transactions are part of the PGA or fuel rules clause authorized by the PSCW. See Footnote 18 for further discussion.

Leases

For ratemaking all leases are treated as operating leases. MGE has regulatory treatment and recognizes regulatory assets or liabilities for timing differences between net lease costs recognized and lease cash payments made. See Footnote 5 for further information.

Pension and Other Postretirement Costs

The current accounting treatment for Pension and Other Postretirement costs allows MGE to reflect any differential between pension and other postretirement costs reflected in rates and actual costs incurred in its next rate filing.

Tax Recovery Related to AFUDC Equity

AFUDC equity represents the after-tax equity cost associated with utility plant construction and results in a temporary difference between the book and tax basis of such plant. Tax recovery related to AFUDC equity represents the revenue requirement related to recovery of these future taxes payable, calculated at current statutory tax rates.

Transmission Costs

The current accounting treatment for transmission costs allows MGE to reflect any differential between transmission costs reflected in rates and actual costs incurred in its next rate filing.

West Riverside

Recovery of costs related to MGE's investment in the West Riverside Energy Center.

Cost of Removal

The PSCW allows MGE to collect amounts from customers through depreciation rates to fund future asset removal activities. This regulatory liability is reduced as costs are incurred to remove the assets at the end of their useful lives.

Elm Road

Costs associated with Elm Road for lease payments, management fees, community impact mitigation, and operating costs.

Fuel Costs/Savings

See Footnote 9.b. for discussion regarding the rules affecting our fuel-related costs.

Income Taxes

Excess deferred income taxes result from a decrease in tax rates subsequent to ratemaking settlements. The settlements were reached using tax rates that are higher than the currently applicable rates, and MGE is required to return these tax benefits to customers. The regulatory liability and deferred investment tax credit reflects the revenue requirement associated with the return of these tax benefits to customers.

Changes in income taxes are generally passed through in customer rates for the regulated utility. The one-time 2017 impact on timing differences related to income taxes passed through to customer rates of the 2017 Tax Act was recorded as a regulatory liability. The amount and timing of the cash impacts will depend on the period over which certain income tax benefits are provided to customers, which will be subject to review by the PSCW. A portion of the regulatory liability will be returned to customers based on a mandated timeframe dictated by applicable tax laws.

Pension and Other Postretirement Non-Service Costs

These Pension and Other Postretirement non-service costs represents the non-service components of net periodic benefit cost capitalized in rates. The FASB issued authoritative guidance within the codification's Compensation-Retirement Benefits topic that only allows the service cost component of net periodic benefit cost to be eligible for capitalization within the consolidated balance sheets, all non-service costs are expensed. Under the current rate structure non-service cost is eligible for capitalization. The portion of net periodic benefit costs that are capitalized are being recovered as a component of depreciation expense. The non-service capitalized costs will be recovered in rates over the depreciable life of the asset for which net periodic benefit costs was applied. See Footnote 11 for further discussion.

Purchased Gas Adjustment

MGE's natural gas rates are subject to a fuel adjustment clause designed to recover or refund the difference between the actual cost of purchased gas and the amount included in rates. Differences between the amounts billed to customers and the actual costs recoverable are deferred and recovered or refunded in future periods by means of prospective monthly adjustments to rates.

Renewable Project Savings

The PSCW requires MGE to defer the revenue requirement impact for the change of the in-service date for Paris to a future rate proceeding.

Unfunded or funded Pension and Other Postretirement Asset or Liability

MGE records unrecognized net actuarial gains and losses as a net regulatory asset or liability in lieu of accumulated other comprehensive gain or loss on the balance sheet, as these amounts are expected to be recovered or refunded in future rates. See Footnote 11 for further discussion.

9. Rate Matters - MGE Energy and MGE.

a. Rate Proceedings

	Rate increase	Return on Common Equity	Common Equity Component of Regulatory Capital Structure	Effective Date
Approved 2024/2025 rate proceeding^{(a)(b)}				
Electric	1.54%	9.7%	56.1%	1/1/2024
Gas	2.44%	9.7%	56.1%	1/1/2024
Electric ^(c)	2.63%	9.7%	56.1%	1/1/2025
Gas	1.32%	9.7%	56.1%	1/1/2025
Approved 2026/2027 settlement^{(b)(d)}				
Electric	0.15%	9.8%	56.1%	1/1/2026
Gas	2.77%	9.8%	56.1%	1/1/2026
Electric	3.63%	9.8%	56.1%	1/1/2027
Gas	2.04%	9.8%	56.1%	1/1/2027

- (a) The electric rate increase was driven by an increase in rate base including our investments made in West Riverside, local solar, continued investment in grid modernization, as well as higher costs for transmission, pension and other post retirement benefits, 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 impacted 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 force majeure costs for Badger Hollow II and Paris 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 other post retirement benefits 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.
- (b) Includes an earnings sharing mechanism, under which, if MGE earns above the authorized Return on Equity (ROE) in the rate order: (i) MGE 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 customers; and (iii) 100.0% of any remaining excess earnings will be required to be refunded to customers. The earnings calculation excludes fuel rules adjustments. See "Fuel Rules" below.
- (c) The PSCW approved a 2025 Fuel Cost Plan in December 2024. The plan lowered the 2025 increase in electric rates to 2.63% to reflect lower expected fuel costs.
- (d) The electric rate increase reflects growth in rate base, primarily from investments in solar and battery projects, West Riverside, and continued investment in grid modernization, as well as higher costs for transmission. The increase in electric costs is offset by a decrease in fuel costs, changes in pension and other post retirement benefits, updated depreciation rates, and benefit from lower tax expense (including impacts from the Inflation Reduction Act). MGE will file an updated 2027 fuel forecast with the PSCW in 2026 which may impact rates in 2027, depending on any variance between the forecast submitted as a part of the proposed rates and updated forecast. The gas increase is driven by an increase in rate base including continued distribution infrastructure improvements designed to enhance reliability and safety and system modernization, and updated depreciation rates. The increase in gas costs is offset by changes in pension and other post retirement benefits.

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 was set at plus or minus 2% in 2025 and 2024. 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
2022	\$8.8 ^(a)	October 2023 through September 2024
2023	(\$7.2) ^(a)	October 2024 through December 2024
2024	(\$3.0) ^(a)	October 2025
2025	(\$7.1)	(b)

- (a) There was no change to the refund or recovery in the fuel rules proceedings from the amount MGE deferred.
- (b) These costs will be subject to the PSCW's annual review of 2025 fuel costs, expected to be completed in 2026.

10. Income Taxes.

a. MGE Energy and MGE Income Taxes.

MGE Energy files a consolidated federal income tax return that includes the operations of all subsidiary companies. The subsidiaries calculate their respective federal income tax provisions as if they were separate taxable entities.

On a consolidated and separate company basis, the income tax provision consists of the following provision (benefit) components for the years ended December 31:

(In thousands)	MGE Energy			MGE		
	2025	2024	2023	2025	2024	2023
Current payable:						
Federal	\$ 5,887	\$ 4,811	\$ 1,864	\$ 4,190	\$ 3,206	\$ 1,329
State	9,093	6,875	4,637	8,538	6,309	4,560
Net-deferred:						
Federal	4,335	(2,695)	16,317	3,567	(3,342)	15,345
State	3,287	3,303	6,683	2,891	2,909	6,191
Amortized investment tax credits	(1,838)	(1,698)	(1,698)	(1,838)	(1,698)	(1,698)
Total income tax provision	<u>\$ 20,765</u>	<u>\$ 10,596</u>	<u>\$ 27,803</u>	<u>\$ 17,348</u>	<u>\$ 7,384</u>	<u>\$ 25,727</u>

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:

(In thousands)	MGE Energy					
	2025		2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
Statutory federal income tax rate	\$ 32,897	21.0 %	\$ 27,544	21.0 %	\$ 30,555	21.0 %
State income taxes, net of federal benefit ^(a)	9,843	6.3	8,239	6.3	9,078	6.2
Tax credits:						
Amortized investment tax credits ^(b)	(1,697)	(1.1)	(2,775)	(2.1)	(952)	(0.7)
Production tax credits	(15,142)	(9.7)	(13,798)	(10.5)	(7,763)	(5.3)
Nontaxable or Nondeductible Items:						
AFUDC equity, net ^(c)	(1,033)	(0.6)	(946)	(0.7)	(938)	(0.6)
Other, net, individually insignificant	135	0.1	90	0.1	6	—
Other Adjustments:						
Amortization of utility excess deferred tax ^(d)	(4,238)	(2.7)	(7,758)	(5.9)	(2,183)	(1.5)
Effective income tax rate	<u>\$ 20,765</u>	<u>13.3 %</u>	<u>\$ 10,596</u>	<u>8.2 %</u>	<u>\$ 27,803</u>	<u>19.1 %</u>

(In thousands)	MGE					
	2025		2024		2023	
	Amount	Percent	Amount	Percent	Amount	Percent
Statutory federal income tax rate	\$ 30,270	21.0 %	\$ 25,133	21.0 %	\$ 29,000	21.0 %
State income taxes, net of federal benefit ^(a)	9,004	6.2	7,477	6.2	8,627	6.2
Tax credits:						
Amortized investment tax credits ^(b)	(1,698)	(1.2)	(2,775)	(2.3)	(952)	(0.7)
Production tax credits	(15,142)	(10.5)	(13,798)	(11.5)	(7,763)	(5.6)
Nontaxable or Nondeductible Items:						
AFUDC equity, net ^(c)	(1,033)	(0.7)	(946)	(0.8)	(938)	(0.7)
Other, net, individually insignificant	185	0.1	51	—	(64)	—
Other Adjustments:						
Amortization of utility excess deferred tax ^(d)	(4,238)	(2.9)	(7,758)	(6.5)	(2,183)	(1.6)
Effective income tax rate	<u>\$ 17,348</u>	<u>12.0 %</u>	<u>\$ 7,384</u>	<u>6.1 %</u>	<u>\$ 25,727</u>	<u>18.6 %</u>

(a) State taxes in Wisconsin made up the majority (greater than 50 percent) of the tax effect in this category.

(b) MGE accounts for investment tax credits using the deferral method. Under this method, the credits are initially recorded as a liability and amortized as an income tax benefit over the useful life of the related property. In addition, amortization for the year ended December 31, 2025, also reflects additional investment tax credit amortization on transferred credits included in the rate settlement for the period.

(c) The impact of non-taxable income related to equity portion of the AFUDC, net of depreciation.

- (d) Included are impacts of the 2017 Tax Act 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 the years ended December 31, 2025, 2024, and 2023, MGE recognized \$4.2 million, \$3.5 million, and \$3.5 million, respectively. Included in the 2024 rate settlement was a one-time return to customers of excess deferred taxes related to the 2017 Tax Act not restricted by IRS normalization rules. For the year ended December 31, 2024, MGE recognized \$4.1 million of deferred taxes not restricted by IRS normalization rules, compared to a net collection from customers of \$1.3 million for the year ended December 31, 2023.

The significant components of deferred tax assets and liabilities that appear on the consolidated balance sheets as of December 31 are as follows:

<i>(In thousands)</i>	MGE Energy		MGE	
	2025	2024	2025	2024
Deferred tax assets:				
Investment in ATC	\$ 17,657	\$ 18,467	\$ —	\$ —
Federal tax credits	13,003	21,252	13,003	21,252
Accrued expenses	12,695	11,614	12,662	11,566
Pension and other postretirement benefits	1,319	6,878	1,319	6,878
Deferred tax regulatory account	38,021	37,892	38,021	37,892
Derivatives	477	13	477	13
Leases	7,455	7,521	7,455	7,521
Other	32,342	29,290	32,202	29,048
Gross deferred income tax assets	122,969	132,927	105,139	114,170
Less: valuation allowance	(863)	—	(863)	—
Net deferred income tax assets	\$ 122,106	\$ 132,927	\$ 104,276	\$ 114,170

<i>(In thousands)</i>	MGE Energy		MGE	
	2025	2024	2025	2024
Deferred tax liabilities:				
Property-related	\$ 346,043	\$ 334,728	\$ 346,043	\$ 334,728
Investment in ATC	54,359	54,262	—	—
Bond transactions	288	349	288	349
Pension and other postretirement benefits	22,671	26,801	22,671	26,801
Derivatives	477	13	477	13
Tax deductible prepayments	10,280	9,677	10,269	9,666
Leases	7,455	7,521	7,455	7,521
Other	18,331	15,973	18,271	16,053
Gross deferred income tax liabilities	459,904	449,324	405,474	395,131
Deferred income taxes, net	\$ 337,798	\$ 316,397	\$ 301,198	\$ 280,961

The components of federal and state tax benefit carryovers as of December 31, are as follows:

<i>(In thousands)</i>	MGE Energy		MGE	
	2025	2024	2025	2024
Federal tax credits	\$ 13,003	\$ 21,252	\$ 13,003	\$ 21,252

Federal tax credit carryovers begin to expire in 2042. Federal tax credits represent the deferred tax asset.

See Footnote 1 for tax payments (receipts) made.

b. Accounting for Uncertainty in Income Taxes - MGE Energy and MGE.

The difference between the tax benefit amount taken on prior year tax returns, or expected to be taken on a current year tax return, and the tax benefit amount recognized in the financial statements is accounted for as an unrecognized tax benefit.

A tabular reconciliation of unrecognized tax benefits and interest is as follows:

(In thousands)

Unrecognized Tax Benefits:	2025	2024	2023
Unrecognized tax benefits, January 1,	\$ 1,546	\$ 1,615	\$ 2,485
Additions based on tax positions related to the current year	461	415	455
Additions based on tax positions related to the prior years	—	—	—
Reductions based on tax positions related to the prior years	(444)	(484)	(1,325)
Unrecognized tax benefits, December 31,	<u>\$ 1,562</u>	<u>\$ 1,546</u>	<u>\$ 1,615</u>

(In thousands)

Interest on Unrecognized Tax Benefits:	2025	2024	2023
Accrued interest on unrecognized tax benefits, January 1,	\$ 117	\$ 130	\$ 189
Reduction in interest expense on uncertain tax positions	(65)	(77)	(149)
Interest expense on uncertain tax positions	44	64	90
Accrued interest on unrecognized tax benefits, December 31,	<u>\$ 96</u>	<u>\$ 117</u>	<u>\$ 130</u>

Unrecognized tax benefits are classified with "Other deferred liabilities" on the consolidated balance sheets. The interest component recoverable in rates is offset by a regulatory asset.

As of December 31, 2025, 2024, and 2023, MGE Energy and MGE have an unrecognized tax benefit primarily related to temporary tax differences associated with the change in income tax method of accounting for electric generation and electric distribution repairs.

In addition, statutes of limitations will expire for MGE Energy and MGE tax returns. The impact of the statutes of limitations expiring is not anticipated to be material. The following table shows tax years that remain subject to examination by major jurisdiction:

Taxpayer	Open Years
MGE Energy and consolidated subsidiaries in federal return	2022 through 2025
MGE Energy Wisconsin combined reporting corporation return	2021 through 2025

11. Pension Plans and Other Postretirement Benefits - 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. MGE's costs for the 401(k) plans were \$6.9 million, \$6.5 million, and \$5.2 million for the years ended December 31, 2025, 2024, and 2023, respectively. A measurement date of December 31 is utilized for all pension and postretirement benefit plans.

All employees hired after December 31, 2006, have been enrolled in the defined contribution pension plan rather than the defined benefit pension plan previously in place.

a. Benefit Obligations and Plan Assets.

<i>(In thousands)</i>	Pension Benefits		Other Postretirement Benefits	
	2025	2024	2025	2024
Change in Benefit Obligations:				
Net benefit obligation as of January 1,	\$ 326,937	\$ 346,460	\$ 59,184	\$ 64,973
Service cost	2,612	3,078	743	856
Interest cost	17,139	17,118	3,028	3,126
Plan participants' contributions	—	—	1,081	1,045
Actuarial loss (gain) ^(a)	11,028	(16,669)	289	(3,769)
Settlements ^(b)	—	—	—	(1,227)
Gross benefits paid	(22,239)	(23,050)	(6,299)	(6,171)
Less: federal subsidy on benefits paid ^(c)	—	—	354	351
Benefit obligation as of December 31,	\$ 335,477	\$ 326,937	\$ 58,380	\$ 59,184
Change in Plan Assets:				
Fair value of plan assets as of January 1,	\$ 424,468	\$ 404,735	\$ 41,321	\$ 43,149
Actual return on plan assets	57,886	40,608	5,999	4,131
Employer contributions	2,304	2,175	739	682
Plan participants' contributions	—	—	1,081	1,045
Settlements ^(b)	—	—	—	(1,515)
Gross benefits paid	(22,239)	(23,050)	(6,299)	(6,171)
Fair value of plan assets at end of year	462,419	424,468	42,841	41,321
Funded Status as of December 31,	\$ 126,942	\$ 97,531	\$ (15,539)	\$ (17,863)

(a) Changes in discount rates were the primary driver of the actuarial loss (gain) in 2025 and 2024.

(b) In August 2024, MGE entered into an agreement to transfer the mortality and investment risk, as well as the administration of, its employer-paid life insurance plan to a third party. MGE accounted for the settlement under the scope of ASC 715.

(c) In 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 was signed into law authorizing Medicare to provide prescription drug benefits to retirees. For both the years ended December 31, 2025 and 2024, the subsidy due to MGE was \$0.3 million.

The accumulated benefit obligation for the defined benefit pension plans as of December 31, 2025 and 2024, was \$318.8 million and \$311.0 million, respectively.

The amounts recognized in the consolidated balance sheets to reflect the funded status of the plans as of December 31 are as follows:

<i>(In thousands)</i>	Pension Benefits		Other Postretirement Benefits	
	2025	2024	2025	2024
Long-term asset	\$ 162,493	\$ 131,418	\$ 2,492	\$ 846
Current liability	(2,477)	(2,441)	—	—
Long-term liability	(33,074)	(31,446)	(18,031)	(18,709)
Net asset (liability)	\$ 126,942	\$ 97,531	\$ (15,539)	\$ (17,863)

The following table shows the amounts that have not yet been recognized in our net periodic benefit cost as of December 31 and are recorded as regulatory asset (liability) in the consolidated balance sheets:

<i>(In thousands)</i>	Pension Benefits		Other Postretirement Benefits	
	2025	2024	2025	2024
Net actuarial loss (gain)	\$ (14,444)	\$ 3,699	\$ (9,575)	\$ (7,191)
Transition obligation	—	—	—	3
Total	\$ (14,444)	\$ 3,699	\$ (9,575)	\$ (7,188)

The projected benefit obligation and fair value of plan assets for pension plans with a projected benefit obligation in excess of plan assets as of December 31 are as follows:

<i>(In thousands)</i>	Pension Benefits	
	2025	2024
Projected Benefit Obligation in Excess of Plan Assets		
Projected benefit obligation, end of year	\$ 35,551	\$ 33,887
Fair value of plan assets, end of year	—	—

The accumulated benefit obligation and fair value of plan assets with an accumulated benefit obligation in excess of plan assets as of December 31 are as follows:

<i>(In thousands)</i>	Pension Benefits		Other Postretirement Benefits	
	2025	2024	2025	2024
Accumulated Benefit Obligation in Excess of Plan Assets				
Accumulated benefit obligation, end of year	\$ 33,553	\$ 32,463	\$ 44,007	\$ 43,882
Fair value of plan assets, end of year	—	—	25,976	25,172

b. Net Periodic Benefit Cost.

<i>(In thousands)</i>	Pension Benefits			Other Postretirement Benefits		
	2025	2024	2023	2025	2024	2023
Components of Net Periodic Benefit Cost:						
Service cost	\$ 2,612	\$ 3,078	\$ 2,892	\$ 743	\$ 856	\$ 780
Interest cost	17,139	17,118	17,319	3,028	3,126	3,308
Expected return on assets	(29,014)	(28,597)	(25,248)	(2,715)	(2,725)	(2,595)
Settlement cost	—	—	—	—	288	—
Amortization of:						
Transition obligation	—	—	—	3	3	3
Prior service credit	—	—	—	—	(242)	—
Actuarial loss (gain)	299	859	1,760	(642)	380	(190)
Net periodic benefit cost (credit)	\$ (8,964)	\$ (7,542)	\$ (3,277)	\$ 417	\$ 1,686	\$ 1,306

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 deferred costs have not been reflected in the table above. See Footnote 8 for further information.

c. Plan Assumptions.

The weighted-average assumptions used to determine the benefit obligations were as follows for the years ended December 31:

	Pension Benefits		Other Postretirement Benefits	
	2025	2024	2025	2024
Discount rate	5.45 %	5.64 %	5.34 %	5.59 %
Rate of compensation increase	3.58 %	3.81 %	N/A	N/A
Assumed health care cost trend rates:				
Health care cost trend rate assumed for next year	N/A	N/A	7.25 %	7.50 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	N/A	N/A	4.75 %	4.75 %
Year that the rate reaches the ultimate trend rate	N/A	N/A	2036	2036

MGE uses individual spot rates, instead of a weighted average of the yield curve spot rates, for measuring the service cost and interest cost components of net periodic benefit cost.

The weighted-average assumptions used to determine the net periodic cost were as follows for the years ended December 31:

	Pension Benefits			Other Postretirement Benefits		
	2025	2024	2023	2025	2024	2023
Discount rate	5.64 %	5.10 %	5.47 %	5.59 %	5.11 %	5.45 %
Expected rate of return on plan assets	7.00 %	7.24 %	7.00 %	7.00 %	6.81 %	6.59 %
Rate of compensation increase	3.83 %	4.32 %	3.28 %	N/A	N/A	N/A

MGE employs a building-block approach in determining the expected long-term rate of return for asset classes. Historical markets are studied and long-term historical relationships among asset classes are analyzed, consistent with the widely

accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors, such as interest rates and dividend yields, are evaluated before long-term capital market assumptions are determined.

The expected long-term nominal rate of return for plan assets is primarily a function of expected long-term real rates of return for component asset classes and the plan's target asset allocation in conjunction with an inflation assumption. Peer data and historical returns are reviewed to check for appropriateness.

d. Investment Strategy.

MGE employs a total return investment approach whereby a mix of equities, fixed income, and real estate investments are used to maximize the expected long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan-funded status, and corporate financial condition. The investment portfolio contains a diversified blend of equity, fixed income, and real estate investments. Investment risk is measured and monitored on an ongoing basis through periodic investment portfolio reviews and liability measurements.

Pension Plan Assets

The asset allocation for MGE's pension plans as of December 31, 2025 and 2024, and the target allocation for 2026, by asset category, follows:

	Target Allocation ^(b)	Percentage of Plan Assets at Year End	
		2025	2024
Equity securities ^(a)	45 %	48 %	56 %
Fixed income securities	50 %	47 %	38 %
Real estate	5 %	5 %	6 %

(a) Target allocations for equity securities are broken out as follows: 32% United States equity and 13% non-United States equity.

(b) The target allocation for MGE's pension plans were approved to be rebalanced in December 2025. The trades happened in two steps, the first in December 2025 and the second in January 2026.

Other Postretirement Plan Assets

Other Postretirement plan assets are comprised of specific assets within certain defined benefit pension plans (401(h) assets) as well as assets held in VEBA trusts. The asset allocation for MGE's 401(h) assets as of December 31, 2025 and 2024, and the target allocation for 2026, by asset category, follows:

	Target Allocation	Percentage of Plan Assets at Year End	
		2025	2024
Equity securities ^(a)	63 %	65 %	66 %
Fixed income securities	30 %	29 %	28 %
Real estate	7 %	6 %	6 %

(a) Target allocations for equity securities are broken out as follows: 45.5% United States equity and 17.5% non-United States equity.

The target asset allocation for the VEBA trusts are established based on a similar investment strategy as the 401(h) assets, with consideration for liquidity needs in the VEBA trusts.

e. Concentrations of Credit Risk.

MGE evaluated its pension and other postretirement benefit plans' asset portfolios for the existence of significant concentrations of credit risk as of December 31, 2025. Types of concentrations that were evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, and foreign country. As of December 31, 2025, there were no significant concentrations (defined as greater than 10 percent of plan assets) of risk in MGE pension and postretirement benefit plan assets.

f. Fair Value Measurements of Plan Assets.

Pension and other postretirement benefit plan investments are recorded at fair value. See Footnote 19 for more information regarding the fair value hierarchy.

The following descriptions are the categories of underlying plan assets held within the pension and other postretirement benefit plans as of December 31, 2025:

Cash and Cash Equivalents – This category includes highly liquid investments with maturities of less than three months which are traded in active markets.

Equity Securities – These securities consist of U.S. and international stock funds. The U.S. stock funds are primarily invested in domestic equities. Securities in these funds are typically priced using the closing price from the applicable exchange, NYSE, Nasdaq, etc. The international funds are composed of international equities. Securities are priced using the closing price from the appropriate local stock exchange.

Fixed Income Securities – These securities consist of U.S. bond funds and short-term funds. U.S. bond funds are priced by a pricing agent using inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads. The short-term funds are valued initially at cost and adjusted for amortization of any discount or premium.

Real Estate – Real estate funds are funds with a direct investment in pools of real estate properties. These funds are valued by investment managers on a periodic basis using pricing models that use independent appraisals.

Fixed Rate Fund – The Fixed Rate fund is supported by an underlying portfolio of fixed income securities, including public bonds, commercial mortgages, and private placement bonds. Public market data and GAAP reported market values are used when available to determine fair value.

All of the fair values of MGE's plan assets are measured using net asset value, except for cash and cash equivalents which are considered level 1 investments.

The fair values of MGE's plan assets by asset category as of December 31 are as follows:

<i>(In thousands)</i>	2025	2024
Cash and Cash Equivalents	\$ 695	\$ 772
Equity Securities:		
U.S. Large Cap	118,871	128,262
U.S. Mid Cap	23,180	27,960
U.S. Small Cap	32,676	37,222
International Blend	72,948	73,444
Fixed Income Securities:		
Short-Term Fund	18,467	7,231
High Yield Bond	25,154	24,231
Long Duration Bond	185,688	139,631
Real Estate	27,012	26,146
Fixed Rate Fund	569	890
Total	<u>\$ 505,260</u>	<u>\$ 465,789</u>

g. Expected Cash Flows.

MGE does not expect to need to make any required contributions to the qualified plans for 2026. The contributions for years after 2026 are not yet currently estimated. MGE has adopted the asset smoothing as permitted in accordance with the Pension Protection Act of 2006, including modifications made by WRERA.

Due to uncertainties in the future economic performance of plan assets, discount rates, and other key assumptions, estimated contributions are subject to change. MGE may also elect to make additional discretionary contributions.

MGE expects to contribute \$2.5 million and \$0.5 million to the pension and other postretirement benefit plans respectively in 2026.

h. Benefit Payments.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

(In thousands)	Pension		Other Postretirement Benefits		
	Pension Benefits		Gross Postretirement Benefits	Expected Medicare Part D Subsidy	Net Postretirement Benefits
2026	\$ 22,689		\$ 5,404	\$ (461)	\$ 4,943
2027	22,878		5,415	(504)	4,911
2028	23,123		5,383	(541)	4,842
2029	23,297		5,311	(577)	4,734
2030	23,392		5,247	(608)	4,639
2031 - 2035	118,606		24,843	(3,410)	21,433

12. Share-Based Compensation - MGE Energy and MGE.

In 2020, MGE Energy shareholders approved the 2021 Long-Term Incentive Plan (the 2021 Incentive Plan). It provides for the issuance of up to 500,000 shares of MGE Energy common stock in connection with awards made under the 2021 Incentive Plan. The 2021 Incentive Plan authorizes awards of restricted stock, restricted stock units, performance units, and dividend equivalents, or any combination of the foregoing for eligible employees and non-employee directors. Prior to the adoption of the 2021 plan, eligible employees could receive awards of performance units under the 2006 Performance Unit Plan, an inactive plan with final award paid to employees in 2024. For the years ended December 31, 2025, 2024, and 2023, MGE recorded \$3.3 million, \$4.5 million, and \$2.7 million, respectively, related to share-based compensation awards under the 2006 Performance Unit Plan and the 2021 Incentive Plan in "Other operations and maintenance" on the consolidated statements of income.

Restricted Stock Units - Equity Awards - Effective for awards granted in 2025, payouts of restricted stock units under the 2021 Incentive Plan are based on the expiration of a one-year time-vesting period for non-employee directors, and a three-year time-vesting period for officers. Prior to 2025, non-employee directors were based on a three-year time-vesting period. Restricted stock units granted are to be paid out in shares of MGE Energy common stock and are accounted for as equity awards. The fair value of each restricted stock unit granted is based on the closing market price of one share of MGE Energy common stock on the grant date of the award. Compensation expense is recorded ratably over the performance period based on the fair value of the awards on the grant date. The following activity occurred:

	2025		2024	
	Units	Weighted Average Grant Date Fair Value (per share)	Units	Weighted Average Grant Date Fair Value (per share)
Nonvested awards January 1,	42,281	\$ 65.65	33,467	\$ 71.02
Granted	26,398	92.67	29,733	63.19
Vested	(23,831)	77.83	(14,244)	72.46
Undistributed vested awards ^(a)	(1,650)	92.67	(6,187)	67.18
Forfeitures	—	—	(488)	63.19
Nonvested awards December 31,	43,198	\$ 74.44	42,281	\$ 65.65

(a) Represents restricted stock units that vested but were not distributed to retirement-eligible employees.

In the first quarter of 2025, 11,213 shares were distributed related to awards that were granted in 2022 under the 2021 Incentive Plan. In the first quarter of 2026, 22,050 shares were distributed related to awards granted in 2023 to employees and non-employee directors, and in 2025 to non-employee directors, under the 2021 Incentive Plan.

Performance Units - Liability Awards - Performance units under the 2021 Incentive Plan can be paid out in shares of MGE Energy common stock, cash or a combination of cash and stock. MGE assumes it will make future payouts of its performance units granted in cash; therefore, these performance units are accounted for as liability awards. Compensation expense for these performance units is recorded ratably over the performance period based on the fair value of the awards at each reporting period. The payout is based upon achievement of specified performance goals during a performance period set by the Human Resources and Compensation Committee of MGE Energy's Board of Directors. Awards are subject to vesting provisions providing for 100% vesting at the end of the performance period. Compensation cost for retirement eligible

employees or employees that will become retirement eligible during the vesting schedule are recognized on an abridged horizon as retirement eligibility accelerates vesting.

The performance units contain market and performance conditions. The market condition is based on total shareholder return relative to an investor-owned utility peer group. The performance condition is based on achievement of targets specified in the award agreement (such as an earnings growth target). The fair value of each performance unit is based on the fair value of the underlying common stock on the grant date and the probability of satisfying the market and performance conditions contained in the award agreement during the three-year performance period. The actual payments upon vesting depends upon actual performance and may range from zero to 200% of the granted number of performance units. The following activity occurred:

	2025	2024
Nonvested awards January 1,	22,098	18,779
Granted	18,136	16,414
Vested	(8,705)	(8,708)
Undistributed vested awards ^(c)	(1,650)	(3,899)
Forfeitures	—	(488)
Nonvested awards December 31,	29,879	22,098
Weighted average fair value of each nonvested award	\$ 85.47	\$ 130.73
Weighted average estimated payout % based on performance criteria	109.0%	139.1%

(c) Represents performance units that vested but were not distributed to retirement-eligible employees.

Awards granted in 2022, for the 2021 Incentive Plan, vested at 175% with \$1.2 million cash paid during the first quarter of 2025.

13. Notes Payable to Banks, Commercial Paper, and Lines of Credit - MGE Energy and MGE.

Information regarding lines of credit and short-term borrowings is shown below:

<i>(In thousands)</i>	MGE Energy ^{(a)(c)}		MGE	
	2025	2024	2025	2024
As of December 31,				
Lines of credit ^(b)	\$ 180,000	\$ 180,000	\$ 130,000	\$ 130,000
Available capacity under line of credit ^(e)	\$ 86,917	\$ 179,383	\$ 36,917	\$ 129,383
Short-term debt outstanding ^(e)	\$ 94,527	\$ -	\$ 94,527	\$ -
Letters of credit issued inside credit facilities	\$ 583	\$ 617	\$ 583	\$ 617
Required ratio of consolidated debt to consolidated total capitalization - not to exceed a maximum	65.00 %	65.00 %	65.00 % ^(d)	65.00 % ^(d)
Weighted-average interest rate	3.84 %	- %	3.84 %	- %
Year Ended December 31,				
Maximum short-term borrowings	\$ 109,527	\$ 67,500	\$ 109,527	\$ 67,500
Average short-term borrowings	\$ 25,280	\$ 39,257	\$ 25,280	\$ 39,257
Weighted-average interest rate	4.14 %	5.27 %	4.14 %	5.27 %

(a) MGE Energy short-term borrowings include MGE Energy and MGE lines of credit and MGE commercial paper.

(b) As of December 31, 2025, MGE Energy and MGE had no borrowings outstanding under these credit facilities and were in compliance with the covenant requirements of the credit agreements.

(c) A change in control constitutes a default under the agreement. Change in control events are defined as (i) a failure by MGE Energy to hold 100% of the outstanding voting equity interest in MGE or (ii) the acquisition of beneficial ownership of 30% or more of the outstanding voting stock of MGE Energy by one person or two or more persons acting in concert.

(d) The ratio calculation excludes assets, liabilities, revenues, and expenses included in MGE's financial statements as the result of the consolidation of VIEs, such as MGE Power West Campus and MGE Power Elm Road. A change in control constitutes a default under the agreements. Change in control events are defined as (i) a failure by MGE Energy to hold 100% of the outstanding voting equity interest in MGE or (ii) the acquisition of beneficial ownership of 30% or more of the outstanding voting stock of MGE Energy by one person or two or more persons acting in concert.

(e) Available capacity under the Company's line of credit is calculated as total committed revolving credit capacity less commercial paper outstanding as of December 31, 2025. The \$2.0 million unsecured promissory note, issued to the seller in connection with a land acquisition, is included in short-term debt outstanding but is not a borrowing under the Company's revolving credit facilities. The promissory note was fully repaid, including interest, in January 2026.

14. Long-Term Debt - MGE Energy and MGE.

a. Long-Term Debt.

<i>(In thousands)</i>	December 31,	
	2025	2024
First Mortgage Bonds:^(a)		
7.70%, 2028 Series	\$ 1,200	\$ 1,200
Tax Exempt Debt:		
3.75%, 2027 Series, Industrial Development Revenue Bonds	19,300	19,300
Medium-Term Notes:^(b)		
6.12%, due 2028	20,000	20,000
7.12%, due 2032	25,000	25,000
6.247%, due 2037	25,000	25,000
<i>Total Medium-Term Notes</i>	<u>70,000</u>	<u>70,000</u>
Other Long-Term Debt:^(c)		
3.29%, due 2026 ^(d)	15,000	15,000
3.11%, due 2027 ^(d)	30,000	30,000
2.94%, due 2029 ^(d)	50,000	50,000
2.48%, due 2031 ^(d)	60,000	60,000
5.43%, due 2032 ^(d)	25,000	25,000
5.43%, due 2033 ^(d)	15,000	15,000
5.68%, due 2033 ^(e)	15,726	17,297
5.19%, due 2033 ^(e)	10,250	11,298
2.63%, due 2033 ^(d)	40,000	40,000
5.61%, due 2034 ^(d)	40,000	40,000
5.53%, due 2035 ^(d)	35,000	35,000
5.12%, due 2036 ^{(d)(f)}	25,000	—
5.30%, due 2039 ^(d)	25,000	25,000
5.26%, due 2040 ^(d)	15,000	15,000
5.04%, due 2040 ^(g)	23,472	25,139
4.74%, due 2041 ^(g)	15,167	16,167
4.38%, due 2042 ^(d)	28,000	28,000
4.42%, due 2043 ^(d)	20,000	20,000
4.47%, due 2048 ^(d)	20,000	20,000
4.19%, due 2048 ^(d)	60,000	60,000
3.76%, due 2052 ^(d)	40,000	40,000
4.24%, due 2053 ^(d)	20,000	20,000
5.91%, due 2053 ^(d)	30,000	30,000
5.59%, due 2054 ^(d)	25,000	25,000
5.76%, due 2055 ^{(d)(f)}	25,000	—
4.34%, due 2058 ^(d)	20,000	20,000
<i>Total Other Long-Term Debt</i>	<u>727,615</u>	<u>682,901</u>
Long-term debt due within one year	(21,633)	(5,285)
Unamortized discount and debt issuance costs	(4,277)	(4,419)
<i>Total Long-Term Debt</i>	<u>\$ 792,205</u>	<u>\$ 763,697</u>

- (a) MGE's utility plant was subject to a lien related to its Indenture of Mortgage and Deed of Trust, under which its first mortgage bonds were issued. On January 27, 2026, MGE completed a redemption of all outstanding first mortgage bonds and delivered to the Trustee a satisfaction and discharge which, pursuant to the terms of the Indenture, effectively discharged the Indenture. The Mortgage Indenture provided that dividends or any other distribution or purchase of MGE shares may not be made if the aggregate amount thereof since December 31, 1945, would exceed the earned surplus (retained earnings) accumulated subsequent to December 31, 1945. As of December 31, 2025, approximately \$807.2 million was available for the payment of dividends under this covenant.
- (b) The indenture under which MGE's Medium-Term notes are issued provides that those notes will be entitled to be equally and ratably secured in the event that MGE issues any additional secured bonds.
- (c) Unsecured notes issued pursuant to various Note Purchase Agreements with one or more purchasers. The notes are not issued under, or governed by, MGE's Indenture dated as of September 1, 1998, which governs MGE's Medium-Term Notes.
- (d) Issued by MGE. Under that Note Purchase Agreement: (i) note holders have the right to require MGE to repurchase their notes at par in the event of an acquisition of beneficial ownership of 30% or more of the outstanding voting stock of MGE Energy, (ii) MGE must maintain a ratio of its consolidated indebtedness to consolidated total capitalization not to exceed a maximum of 65%, and (iii) MGE cannot issue "Priority Debt" in an amount exceeding 20% of its consolidated assets. Priority Debt is defined as any indebtedness of MGE secured by liens other than specified liens permitted by the Note Purchase Agreement and certain unsecured indebtedness of certain subsidiaries. As of December 31, 2025, MGE was in compliance with the covenant requirements.

- (e) Issued by MGE Power West Campus. The Note Purchase Agreements require MGE Power West Campus to maintain a projected debt service coverage ratio of not less than 1.25 to 1.00, and debt to total capitalization ratio of not more than 0.65 to 1.00. The notes are secured by a collateral assignment of lease payments that MGE is making to MGE Power West Campus for use of the WCCF pursuant to a long-term lease. As of December 31, 2025, MGE Power West Campus was in compliance with the covenant requirements.
- (f) In October 2025, MGE entered into a private placement Note Purchase Agreement in which it committed to issue \$25 million of new long-term debt (Series A), carrying an interest rate of 5.12% per annum over its 11-year life, and \$25 million of new long-term debt (Series B), carrying an interest rate of 5.76% per annum over its 30-year life. Funding occurred on November 13, 2025. The proceeds of the senior notes will be used to assist with capital expenditures and other corporate obligations. The covenants of this debt are substantially consistent with the covenants applicable to MGE's existing unsecured senior notes.
- (g) Issued by MGE Power Elm Road. The Note Purchase Agreement requires MGE Power Elm Road to maintain a projected and actual debt service coverage ratio at the end of any calendar quarter of not less than 1.25 to 1.00 for the trailing 12-month period. The notes are secured by a collateral assignment of lease payments that MGE is making to MGE Power Elm Road for use of the Elm Road Units pursuant to long-term leases. As of December 31, 2025, MGE Power Elm Road was in compliance with the covenant requirements.

b. Long-Term Debt Maturities.

Below is MGE Energy's and MGE's aggregate maturities for all long-term debt for years following December 31, 2025.

<i>(In thousands)</i>	2026	2027	2028	2029	2030	Thereafter
Long-term debt maturities	\$ 21,633	\$ 54,888	\$ 25,753	\$ 55,926	\$ 6,110	\$ 653,805

MGE includes long-term debt held by MGE Power Elm Road and MGE Power West Campus in the consolidated financial statements (see Footnote 3 for further information regarding these VIEs).

c. Long-Term Debt Issuance - MGE Energy and MGE.

On January 22, 2026, MGE entered into a private placement Note Purchase Agreement in which it committed to issue \$30 million of 5.05% senior unsecured notes due 2036, \$30 million of 5.25% senior unsecured notes due 2041, and \$30 million of 5.79% senior unsecured notes due 2056. The proceeds of the senior notes will be used to assist with capital expenditures and other corporate obligations. The covenants of these senior notes are substantially consistent with the covenants applicable to MGE's existing senior unsecured notes.

15. Common Equity.

a. Common Stock - MGE Energy and MGE.

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. Effective May 2025, MGE Energy transitioned to utilizing open market purchases for all shares issued under 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 year ended December 31, 2025, MGE Energy issued approximately 41,000 new shares of common stock. The net proceeds from these issuances were approximately \$3.8 million, which were used for general corporate purposes.

For the years ended December 31, 2025 and 2024, MGE Energy paid \$67.6 million (or \$1.85 per share) and \$63.6 million (or \$1.76 per share), respectively, in cash dividends on its common stock. Dividend payments by MGE to MGE Energy are subject to restrictions arising under a PSCW rate order and, to a lesser degree, MGE's first mortgage bonds. The PSCW order restricts any dividends, above the PSCW authorized amount that MGE may pay MGE Energy if MGE's common equity ratio, calculated in the manner used in the rate proceeding, is less than 55%. This restriction did not restrict MGE's payment of dividends in 2025. For the years ended December 31, 2025 and 2024, MGE paid \$51.5 million and \$34.5 million, respectively, in cash dividends to MGE Energy.

b. Dilutive Shares Calculation - MGE Energy.

As of December 31, 2025, 37,293 shares were included in the calculation of diluted earnings per share related to nonvested equity awards. See Footnote 12 for additional information on shared-based compensation awards.

16. Commitments and Contingencies.

a. Environmental - MGE Energy and MGE.

Water Quality

Water quality regulations promulgated by the EPA and WDNR in accordance with the Federal Water Pollution Control Act, commonly known as the Clean Water Act, impose restrictions on discharges of various pollutants into surface waters. The Clean Water Act also regulates surface water quality issues that affect aquatic life, such as water temperatures, chemical concentrations, intake structures, and wetlands filling into Waters of the U.S., defined by EPA regulation. The Clean Water Act also includes discharge standards, which require the use of effluent-treatment processes equivalent to categorical "best practicable" or "best available" technologies. The Clean Water Act regulates discharges from "point sources," such as power plants, by establishing discharge limits via water discharge permits. MGE's power plants operate under Wisconsin Pollution Discharge Elimination System (WPDES) permits issued by the WDNR to ensure compliance with these discharge limits. Permits are subject to periodic renewal.

Effluent Limitations Guidelines and Standards for Steam Electric Power Generating Point Source Category

The 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, 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 Supplemental Effluent Limitations Guidelines and Standards for the Steam Electric Power Generating Point Source Category (2024 ELG Rule) that further regulates the wastewater discharges associated with coal-fired power plants. The rule impacts Columbia and the Elm Road Units. The 2024 ELG Rule focuses on wastewater discharges from flue gas desulfurization, combustion residual leachate, and bottom ash transport water. The 2024 ELG Rule includes reduced 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. Although the 2024 ELG Rule is currently being challenged in federal court, the litigation is on hold while the EPA undertakes a reconsideration process. The 2024 ELG Rule builds upon the 2020 ELG Rule, which also remains under legal challenge and is similarly on hold pending the outcome of the EPA's review. In December 2025, the EPA published a rule (2025 Rule) that extended several rule deadlines. This rule has also been challenged. The operator of the Elm Road Units is in compliance with the 2024 ELG Rule. The operator of Columbia is currently in compliance with the 2024 ELG Rule and has indicated that they are reviewing the deadline extensions that are allowed under the 2025 Rule. MGE will continue to monitor the outcomes of the rule challenges and work with our co-owners on their compliance plans.

Cooling Water Intake Rules (Section 316(b))

The EPA's cooling water intake rules requires that cooling water intake structures at electric power plants 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 of cooling water intake structures).

Blount received its most recent 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 optimization study to demonstrate compliance with impingement BTA standards in the latest permit which needs to be completed by January 2028. 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 timely submitted its renewal application. BTA improvements required by the renewal permit will be coordinated with the WDNR. MGE will continue to work with Columbia's operator to evaluate regulatory requirements. MGE does not expect this rule to have a material effect on Columbia.

Air Quality

Federal and state air quality regulations impose restrictions on various emissions, including emissions of particulate matter (PM), sulfur dioxide (SO₂), nitrogen oxides (NO_x), and other pollutants, and require permits for operation of emission sources. These permits have been obtained by MGE and must be renewed periodically. Current EPA initiatives under the Clean Air Act, including the latest iteration of the Cross-State Air Pollution Rule (CSAPR), known as the Good Neighbor Plan, and National Ambient Air Quality Standards (NAAQS), have the potential to result in additional operating and capital expenditure costs for MGE.

Greenhouse Gas (GHG) Reduction Guidelines under the Clean Air Act 111(d) Rule

The Clean Air Act sets new source performance standards and emission guidelines for greenhouse gas (GHG) emissions from fossil fuel-fired electric generating units. These regulations apply to existing, new, and modified units and guide states in developing their emission control plans.

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 granted 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 established a process where states must submit plans to the EPA for establishing standards. States had two years from the publication date of these rules to submit plans to the EPA for review and approval. Preliminary evaluation of the final ruling showed that MGE met the requirements for the gas-fired boilers at Blount. Evaluations done by the owners of Columbia and the Elm Road Units in 2024 indicated that they have a plan for complying with the May 2024 rule.

In June 2025, the EPA published a proposed rule with two potential options: (1) repeal the performance standards and emission guidelines under Section 111 of the Clean Air Act associated with GHG emissions from fossil fuel-fired power plants, or (2) retain only the efficiency-based requirements for new natural gas-fired power plants and repeal all other aspects of the rule.

In July 2025, the EPA released a new proposed rule titled "Reconsideration of 2009 Endangerment Finding and Greenhouse Gas Vehicle Standards." In February 2026, the EPA finalized the repeal, which will effectively undo the basis for federal regulation of GHG under the Clean Air Act. Several states have already initiated legal challenges to the repeal, and other stakeholders are expected to do so. The scope and timing of any impacts on federal GHG regulation remain uncertain pending litigation and potential further agency action. MGE will continue to monitor developments.

National Ambient Air Quality Standards (NAAQS) and Related Rules

The EPA's NAAQS regulations have been developed to set allowable ambient levels of six pollutants to protect sensitive human populations (primary NAAQS) and the environment (secondary NAAQS) from the negative effects of exposure to these pollutants. The Clean Air Act requires that the EPA periodically review, and adjust as necessary, the NAAQS for these six air pollutants. The EPA's NAAQS review can result in a lowering of the allowed ambient levels of a pollutant, a change in how the pollutant is monitored, and/or a change in which sources of that pollutant are regulated. States implement any necessary monitoring and measurement changes and recommend areas for attainment (meets the ambient requirements) or nonattainment (does not meet these standards). The EPA makes final attainment and nonattainment determinations. States must come up with a State Implementation Plan (SIP) to get nonattainment areas into attainment and maintain air quality in attainment areas. Stationary sources of air emissions located in a nonattainment area will be most affected and may be subject to additional data submission and emission measurement requirements during permitting renewals, new emission limitations set by the SIP (which could result in significant capital expenditures), and additional expenses and/or permitting burdens for expanding existing facilities or building new facilities. The process, which starts with determining acceptable primary and/or secondary NAAQS and ends with executing SIPs, can take years. Since the NAAQS regulations have the potential to affect both existing and new facilities, MGE continuously monitors changes to these rules to evaluate whether changes could impact its operations. In addition, the EPA has adopted interstate transport rules, such as CSAPR, to address contributions to NAAQS nonattainment from upwind sources in neighboring states. In the following paragraphs we discuss specific NAAQS and transport rule developments that may affect MGE.

Ozone NAAQS

The Elm Road Units are located in Milwaukee County, Wisconsin, a nonattainment area for the 2015 Ozone NAAQS. The area was redesignated to serious nonattainment by the EPA in December 2024, effective January 2025, but is currently categorized as moderate nonattainment following a stay granted by the U.S. Court of Appeals for the Seventh Circuit in September 2025. 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 direct material effect on the Elm Road Units.

Fine Particulate Matter (PM_{2.5}) NAAQS

In March 2024, the EPA published a final rule to lower the average annual PM_{2.5} NAAQS from 12 ug/m³ to 9 ug/m³, effective May 2024. The new annual PM_{2.5} NAAQS could impact Milwaukee County, where the 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. In February 2025, Wisconsin's Governor Evers submitted a state-wide attainment recommendation to the EPA. The 2024 rule is on hold pending the EPA's reconsideration of this rule.

Multiple states and industry groups challenged the March 2024 PM_{2.5} NAAQS rule in the United States Court of Appeals for the District of Columbia Circuit. In March 2025, the EPA announced reconsideration of the rule and the litigation was put on hold pending completion of that process. In November 2025, the EPA filed a motion with the D.C. Circuit requesting to vacate the 2024 rule entirely due to error in the rulemaking process. The EPA has indicated that they intend to formally propose a revised rule in 2026.

The final impact of this rule will not be known until 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 (SO₂) emissions, including the Cross State Air Pollution Rule's (CSAPR) Good Neighbor Plan and Clean Air Visibility Rule

The EPA's Good Neighbor Plan and its progeny are a suite of interstate air pollution transport rules designed to reduce ozone and PM_{2.5} 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 SO₂ from qualifying fossil-fuel fired power plants and industrial boilers in upwind "contributing" states. NO_x and SO₂ 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 (Good Neighbor Plan). The Good Neighbor Plan impacts 23 states, including Wisconsin. For Wisconsin, the Good Neighbor Plan 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. Initial obligations under the Federal Implementation Plan were scheduled to begin during the 2023 ozone season. In 2026, additional obligations would go into effect, including a further reduction in emissions budgets. Wisconsin would need to submit a SIP to meet its obligations or accept the EPA's Good Neighbor Plan.

Multiple legal challenges to the Good Neighbor Plan and related state implementation plan disapprovals are pending, including 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 Good Neighbor Plan and block its enforcement pending judicial review by the U.S. Court of Appeals for the District of Columbia on the merits of petitioner's challenges to implementation of the rule. The EPA has temporarily halted the enforcement of the Good Neighbor Plan's requirements for all pollution sources in states affected by the plan, including Wisconsin. While the EPA addresses these concerns, interim rules have been implemented in Wisconsin to address interstate pollution. Based on MGE's current evaluation, if the Good Neighbor Plan goes into effect as-is, the 2026 additional emission reductions may impact the Elm Road Units. However, final impact of the rules will not be known until judicial reviews are completed and/or the EPA takes further action regarding the rule.

Clean Air Visibility Rule

Columbia is subject to the best available retrofit technology (BART) regulations, a subsection of Clean Air Visibility Rule, which may require pollution control retrofits. Columbia's existing pollution control upgrades, and the EPA's stance that compliance with the CSAPR and its progeny such as the Good Neighbor Plan satisfy the requirements of BART, should mean that Columbia will not need to do additional work to meet BART requirements. Wisconsin's 2021 SIP argues that Wisconsin will meet its current regional haze goals based on expected emissions reductions. MGE will continue to monitor legal developments and any future updates to this rule.

Solid Waste

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. At Columbia, the coal combustion residuals system completed in 2023 replaced the unlined surface impoundment, and Columbia complies with this rule.

Review of the Elm Road Units has indicated that the costs to comply with the CCR Rule are not expected to be significant.

In May 2024, the EPA published its final CCR Legacy Rule. The CCR Legacy Rule applies to previously closed disposal sites. In 2024, MGE recorded an 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 at Columbia. 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. See Footnote 17 for further information on asset retirement obligations.

In February 2026, the EPA finalized the CCR Management Unit Deadline Extension Rule, which provides a one-year extension for the submission of Facility Evaluation Reports and extends the deadline for the implementation of groundwater monitoring systems at legacy CCR management units to February 2031. Columbia is evaluating the impact of this extension on its compliance timeline. This update is not expected to materially affect anticipated compliance costs.

b. Legal Matters - MGE Energy and MGE.

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.

c. Purchase Contracts - MGE Energy and MGE.

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.

As of December 31, 2025, the future minimum commitments related to these purchase contracts were as follows:

<i>(In thousands)</i>	2026	2027	2028	2029	2030	Thereafter
Coal ^(a)	\$ 15,564	\$ 8,207	\$ 6,349	\$ —	\$ —	\$ —
Natural gas ^(b)	52,875	56,266	61,430	61,249	61,199	312,947
Purchase power ^(c)	5,980	5,795	258	—	—	—
Renewable energy ^(d)	7,369	3,403	3,434	1,385	1,413	36,370
Other	9,393	2,779	1,396	842	828	1,220
	<u>\$ 91,181</u>	<u>\$ 76,450</u>	<u>\$ 72,867</u>	<u>\$ 63,476</u>	<u>\$ 63,440</u>	<u>\$ 350,537</u>

- (a) Total coal commitments for MGE's share of the Columbia and Elm Road Units, including transportation. Fuel procurement for MGE's jointly owned Columbia and Elm Road Units is handled by WPL and WEPCO, respectively, who are the operators of those facilities.
- (b) 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.
- (c) MGE has a purchase power agreement to help meet future electric supply requirements.
- (d) Operational commitments for solar and wind facilities.

d. Other Commitments.

MGE Energy holds investments in nonpublic venture capital funds. From time to time, these entities require additional capital infusions from their investors. MGE Energy has committed to contribute \$5.1 million in capital for such infusions. The timing of these infusions is dependent on the needs of the investee and is therefore uncertain at this time.

In addition, MGE Energy has a three-year agreement with a venture debt fund expiring in December 2028. MGE Energy has committed to invest up to a total of \$1.5 million into this fund. As of December 31, 2025, MGE Energy has \$0.7 million remaining in commitments. The timing of infusions is dependent on the needs of the fund and is therefore uncertain at this time.

MGE has several other commitments related to various projects. Payments for these commitments are expected to be as follows:

<i>(In thousands)</i>	2026	2027	2028	2029	2030	Thereafter
Other commitments	\$ 333	\$ 333	\$ 333	\$ 333	\$ 333	\$ 1,333

17. Asset Retirement Obligations - MGE Energy and MGE.

MGE recorded an obligation for the fair value of its legal liability for asset retirement obligations (AROs) associated with removal of the West Campus Cogeneration Facility and the Elm Road Units, electric substations, combustion turbine generating units, wind generating facilities, solar generating facilities, and battery storage, all of which are located on property not owned and would need to be removed upon the ultimate end of the associated leases. The significant conditional AROs identified by MGE included the costs of abandoning in place gas services and mains, the abatement and disposal of equipment and buildings contaminated with asbestos and PCBs, and the proper disposal and removal of tanks, batteries, and underground cable. Changes in management's assumptions regarding settlement dates, settlement methods, or assigned probabilities could have a material effect on the liabilities and the associated regulatory asset recorded as of December 31, 2025.

MGE also may have AROs relating to the removal of various assets, such as certain electric and gas distribution facilities. These facilities are generally located on property owned by third parties, on which MGE is permitted to operate by lease, permit, easement, license, or service agreement. The asset retirement obligations associated with these facilities cannot be reasonably determined due to the indeterminate life of the related agreements.

The following table summarizes the change in AROs. Amounts include conditional AROs.

<i>(In thousands)</i>	2025	2024
Balance as of January 1,	\$ 69,132	\$ 54,430
Liabilities incurred ^(a)	3,010	25,756
Accretion expense	3,435	2,671
Liabilities settled ^(b)	(808)	(7,548)
Revisions in estimated cash flows ^(c)	1,520	(6,177)
Balance as of December 31,	<u>\$ 76,289</u>	<u>\$ 69,132</u>

(a) In June 2024, MGE recorded an 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 at Columbia. See Footnote 16 for further information on the CCR Legacy Rule.

(b) In 2024, MGE settled \$6.8 million of liabilities related to the Columbia Ash Pond.

(c) In December 2024, revisions were made related to the Columbia CCR asset retirement obligation estimates based on additional analysis completed on the impacted areas.

18. Derivative 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:

	December 31, 2025		December 31, 2024	
Commodity derivative contracts	224,360	MWh	307,640	MWh
Commodity derivative contracts	8,230,000	Dth	6,285,000	Dth
FTRs	2,413	MW	2,131	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 the instruments 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 December 31, 2025, the cost basis of exchange traded derivatives and FTRs exceeded their fair value by \$1.4 million. As of December 31, 2024, the fair value of exchange traded derivatives and FTRs exceeded their cost basis by \$0.1 million.

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.

<i>(In thousands)</i>	Derivative Assets	Derivative Liabilities	Balance Sheet Location
December 31, 2025			
Commodity derivative contracts ^(a)	\$ 448	\$ 2,380	Other current liabilities
Commodity derivative contracts ^(a)	366	185	Other deferred liabilities and other
FTRs	337	—	Other current assets
December 31, 2024			
Commodity derivative contracts ^(a)	\$ 927	\$ 1,121	Other current liabilities
Commodity derivative contracts ^(a)	286	140	Other deferred liabilities and other
FTRs	108	—	Other current assets

(a) As of December 31, 2025, and 2024, collateral of \$1.8 million and less than \$0.1 million, respectively, was posted against and netted with derivative liability positions. The fair value of the derivatives disclosed in this table has not been adjusted 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

<i>(In thousands)</i>	Gross Amounts	Gross Amounts Offset in Balance Sheets	Collateral Posted Against Derivative Positions	Net Amount Presented in Balance Sheets
December 31, 2025				
Assets				
Commodity derivative contracts	\$ 814	\$ (814)	\$ —	\$ —
FTRs	337	—	—	337
Liabilities				
Commodity derivative contracts	2,565	(814)	(1,751)	—
December 31, 2024				
Assets				
Commodity derivative contracts	\$ 1,213	\$ (1,213)	\$ —	\$ —
FTRs	108	—	—	108
Liabilities				
Commodity derivative contracts	1,261	(1,213)	(48)	—

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.

<i>(In thousands)</i>	2025		2024	
	Current and Long-Term Regulatory Asset (Liability)	Other Current Assets	Current and Long-Term Regulatory Asset (Liability)	Other Current Assets
Unrealized loss	\$ 3,149	\$ —	\$ 5,041	\$ —
Realized (loss) gain reclassified to a deferred account	(153)	153	(3,821)	3,821
Realized (loss) gain reclassified to income statement	(1,522)	27	(6,506)	(5,002)

<i>(In thousands)</i>	Realized Losses (Gains)			
	2025		2024	
	Fuel for Electric Generation/ Purchased Power	Cost of Gas Sold	Fuel for Electric Generation/ Purchased Power	Cost of Gas Sold
Year Ended December 31:				
Commodity derivative contracts	\$ 823	\$ (58)	\$ 7,052	\$ 3,726
FTRs	730	—	730	—

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 both December 31, 2025 and 2024, 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 December 31, 2025, no counterparties had defaulted.

19. Fair Value of Financial 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:

<i>(In thousands)</i>	December 31, 2025		December 31, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt ^(a)	\$ 818,115	\$ 768,889	\$ 773,400	\$ 698,765

(a) Includes long-term debt due within one year. Excludes debt issuance costs and unamortized discount of \$4.3 million and \$4.4 million as of December 31, 2025 and 2024, respectively.

b. Recurring Fair Value Measurements.

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

<i>(In thousands)</i>	Fair Value as of December 31, 2025			
	Total	Level 1	Level 2	Level 3
Assets:				
Derivatives, net ^(a)	\$ 1,151	\$ 568	\$ —	\$ 583
Liabilities:				
Derivatives, net ^(a)	\$ 2,565	\$ 1,331	\$ —	\$ 1,234
Deferred compensation	7,172	—	7,172	—
Total Liabilities	\$ 9,737	\$ 1,331	\$ 7,172	\$ 1,234

<i>(In thousands)</i>	Fair Value as of December 31, 2024			
	Total	Level 1	Level 2	Level 3
Assets:				
Derivatives, net ^(a)	\$ 1,321	\$ 987	\$ —	\$ 334
Liabilities:				
Derivatives, net ^(a)	\$ 1,261	\$ 480	\$ —	\$ 781
Deferred compensation	6,468	—	6,468	—
Total Liabilities	\$ 7,729	\$ 480	\$ 6,468	\$ 781

(a) As of December 31, 2025, and 2024, collateral of \$1.8 million and less than \$0.1 million, respectively, was posted against and netted with derivative liability positions. The fair value of the derivatives disclosed in this table has not been adjusted 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 that 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 is 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.

<i>(In thousands)</i>	2025	2024	2023
Realized and unrealized gains (losses):			
Included in regulatory assets	\$ (205)	\$ —	\$ (1,738)
Included in regulatory liability	—	2,159	—
Included in earnings	(1,602)	(6,209)	(9,211)
Settlements	1,603	6,207	9,211

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

<i>(In thousands)</i>	2025	2024	2023
Year Ended December 31,			
Purchased power expense	\$ (1,602)	\$ (6,209)	\$ (9,211)

- (b) MGE's exchange-traded derivative contracts, over-the-counter party transactions, purchased power agreement, 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.

20. Revenue - MGE Energy and MGE.

Revenues disaggregated by revenue source were as follows for the years ended December 31:

(In thousands)

	2025	2024	2023
Electric revenues			
Residential	\$ 187,264	\$ 174,756	\$ 171,137
Commercial	258,044	255,240	252,268
Industrial	12,330	12,948	13,759
Other-retail/municipal	40,048	40,796	40,815
Total retail	497,686	483,740	477,979
Sales to the market	30,654	10,893	10,163
Other revenues	3,214	3,040	1,587
Total electric revenues	531,554	497,673	489,729
Gas revenues			
Residential	123,719	106,150	116,640
Commercial/Industrial	80,560	65,021	75,410
Total retail	204,279	171,171	192,050
Gas transportation	6,582	6,905	7,399
Other revenues	562	511	563
Total gas revenues	211,423	178,587	200,012
Non-regulated energy revenues	677	684	690
Total Operating Revenue	\$ 743,654	\$ 676,944	\$ 690,431

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of contracts have a single performance obligation.

Retail Revenue (Residential, Commercial, Industrial, and Other Retail/Municipal)

Providing electric and gas utility service to retail customers represents MGE's core business activity. Tariffs are approved by the PSCW through a rate order and provide MGE's customers with the standard terms and conditions, including pricing terms. The performance obligation to deliver electricity or gas is satisfied over time as the customer simultaneously receives and consumes the commodities provided by MGE. MGE recognizes revenues as the commodity is delivered to customers. Meters are read on a systematic basis throughout the month based on established meter-reading schedules and customers are subsequently billed for services received. At the end of the month, MGE accrues an estimate for unbilled commodities delivered to customers. The unbilled revenue estimate is based on daily system demand volumes, weather factors, estimated line losses, estimated customer usage by class, and applicable customer rates.

Utility Cost Recovery Mechanisms

MGE's tariff rates include a provision for fuel cost recovery. Over-collection of fuel-related costs that are outside the approved range will be recognized as a reduction of revenue. Under-collection of these costs will be recognized in "Purchased power" expense in the consolidated statements of income. The cumulative effects of these deferred amounts will be recorded in "Regulatory assets" or "Regulatory liabilities" on the consolidated balance sheets until they are reflected in future billings to customers. See Footnote 9.b. for further information.

MGE also has other cost recovery mechanisms. For example, any over-collection of the difference between actual costs incurred and the amount of costs collected from customers is recorded as a reduction of revenue in the period incurred.

Sales to the Market

Sales to the market include energy charges, capacity or demand charges, and ancillary charges represented by wholesale sales of electricity made to third parties who are not ultimate users of the electricity. Most of these sales are spot market transactions on the markets operated by MISO. Each transaction is considered a performance obligation and revenue is recognized in the period in which energy charges, capacity or demand charges, and ancillary services are sold into MISO. MGE

reports, on a net basis, transactions on the MISO markets in which it buys and sells power within the same hour to meet electric energy delivery requirements.

Transportation of Gas

MGE has contracts under which it provides gas transportation services to customers who have elected to purchase gas from a third party. MGE delivers this gas via pipelines within its service territory. Revenue is recognized as service is rendered or gas is delivered to customers. Tariffs are approved by the PSCW through a rate order and provide gas transportation customers with standard terms and conditions, including pricing terms.

21. Noncontrolling Interest - MGE.

The noncontrolling interest in MGE's consolidated balance sheets as of December 31:

<i>(In thousands)</i>	2025	2024
MGE Power Elm Road ^(a)	\$ 104,479	\$ 104,304
MGE Power West Campus ^(a)	52,309	46,082
Total Noncontrolling Interest	\$ 156,788	\$ 150,386

The net income attributable to noncontrolling interest, net of tax, was as follows for the years ended December 31:

<i>(In thousands)</i>	2025	2024	2023
MGE Power Elm Road ^(a)	\$ 15,175	\$ 15,553	\$ 14,668
MGE Power West Campus ^(a)	7,477	7,302	7,200
Net Income Attributable to Noncontrolling Interest, Net of Tax	\$ 22,652	\$ 22,855	\$ 21,868

(a) MGE Power Elm Road and MGE Power West Campus are not subsidiaries of MGE; however, they have been consolidated in the consolidated financial statements of MGE (see Footnote 3). MGE Power Elm Road and MGE Power West Campus are 100% owned by MGE Power, and MGE Power is 100% owned by MGE Energy. MGE Energy's proportionate share of the equity and net income (through its wholly owned subsidiary MGE Power) of MGE Power Elm Road and MGE Power West Campus is classified within the MGE consolidated financial statements as noncontrolling interest.

22. Segment Information - MGE Energy and MGE.

The electric utility business purchases, generates and distributes electricity, and contracts for transmission service. The gas utility business purchases and distributes natural gas and contracts for the transportation of natural gas. Both the electric and gas segments operate through MGE Energy's principal subsidiary, MGE.

The nonregulated energy operations are conducted through MGE Energy's subsidiaries: MGE Power, MGE Power Elm Road, and MGE Power West Campus. These subsidiaries own electric generating capacity that they lease to MGE to assist MGE. MGE Power Elm Road has an ownership interest in two coal-fired generating units in Oak Creek, Wisconsin, which are leased to MGE, and MGE Power West Campus owns a controlling interest in the electric generation plant of a natural gas-fired cogeneration facility on the UW campus. MGE Power West Campus's portion is also leased to MGE.

The transmission investment segment invests in ATC, a company that provides electric transmission services primarily in Wisconsin, and ATC Holdco, a company formed to pursue electric transmission development and investments outside of Wisconsin. These investments are held in MGE Transco and MGEE Transco, respectively. See Footnote 7 for further discussion.

The "All Other" segment includes: corporate, CWDC, MAGAEL, MGE State Energy Services, MGE Services, and North Mendota. These entities' operations consist of investing in companies and property which relate to the regulated operations, and financing the regulated operations.

General corporate expenses include the cost of executive management, corporate accounting and finance, information technology, risk management, human resources and legal functions, and employee benefits that are allocated to electric and gas segments based on formulas prescribed by the PSCW. Identifiable assets are those used in MGE's operations in each segment.

Sales between our electric and gas segments are based on PSCW approved tariffed rates. Additionally, intersegment operations related to the leasing arrangement between our electric segment and MGE Power Elm Road/MGE Power West Campus are based on terms previously approved by the PSCW. Consistent with internal reporting, management has

presented the direct financing capital leases between MGE and MGE Power Elm Road/MGE Power West Campus based on actual lease payments included in rates. Lease payments made by MGE to MGE Power Elm Road and MGE Power West Campus are shown as operating expenses. The lease payments received by MGE Power Elm Road and MGE Power West Campus from MGE are shown as lease income in interdepartmental revenues. The depreciation expense associated with the Elm Road Units and WCCF is reflected in the nonregulated energy segment.

The Chief Executive Officer, Chief Operating Decision Maker (CODM), utilizes various reported measures of segment profit or loss to assess performance and allocate resources within the organization. Key metrics such as segment revenue, expenses, capital expenditures, and net income provide the CODM with valuable insights into each segment's financial health and operational efficiency. For instance, segment revenue helps gauge market performance and sales effectiveness, while net income reveals the profitability of core operations by accounting for both direct and indirect costs. By analyzing these measures, the CODM can identify high-performing segments that warrant increased investment, reallocate resources from underperforming areas, and implement strategic changes to optimize overall performance. This targeted approach ensures that resources are directed toward segments with the greatest potential for growth and profitability, aligning with the organization's broader strategic objectives.

Fuel and purchased power and Purchased gas costs are significant segment expenses as defined in Segment Reporting. The CODM does not review disaggregated assets on a segment basis; therefore, such information is not presented.

The following tables show segment information for MGE Energy's and MGE's operations:

<i>(In thousands)</i>			Non-Regulated	Transmission	Total Reportable	Consolidation/		Consolidated
MGE Energy	Electric	Gas	Energy	Investment	Segments	All Others	Elimination	Total
							Entries	
Year Ended December 31, 2025								
Operating revenues	\$ 531,554	\$ 211,423	\$ 677	\$ —	\$ 743,654	\$ —	\$ —	\$ 743,654
Interdepartmental revenues	(76)	20,876	44,743	—	65,543	—	(65,543)	—
Total operating revenues	531,478	232,299	45,420	—	809,197	—	(65,543)	743,654
Fuel and purchased power	(95,150)	—	—	—	(95,150)	—	4,299	(90,851)
Purchased gas costs	—	(123,648)	—	—	(123,648)	—	16,622	(107,026)
Depreciation and amortization	(89,212)	(17,376)	(7,736)	—	(114,324)	—	—	(114,324)
Interest expense	(27,035)	(7,388)	(3,519)	—	(37,942)	—	—	(37,942)
Other segment items ^(a)	(232,227)	(61,630)	(131)	—	(293,988)	(500)	44,622	(249,866)
Income tax (provision) benefit	(2,077)	(6,000)	(9,271)	(3,545)	(20,893)	128	—	(20,765)
Equity in earnings of investments	—	—	—	13,009	13,009	—	—	13,009
Net income (loss)	85,777	16,257	24,763	9,464	136,261	(372)	—	135,889
Year Ended December 31, 2024								
Operating revenues	\$ 497,673	\$ 178,587	\$ 684	\$ —	\$ 676,944	\$ —	\$ —	\$ 676,944
Interdepartmental revenues	(194)	14,983	43,831	—	58,620	—	(58,620)	—
Total operating revenues	497,479	193,570	44,515	—	735,564	—	(58,620)	676,944
Fuel and purchased power	(90,726)	—	—	—	(90,726)	—	3,880	(86,846)
Purchased gas costs	—	(93,834)	—	—	(93,834)	—	11,141	(82,693)
Depreciation and amortization	(84,264)	(16,779)	(7,538)	—	(108,581)	—	—	(108,581)
Interest expense	(25,616)	(6,943)	(3,793)	—	(36,352)	—	—	(36,352)
Other segment items ^(a)	(225,985)	(60,290)	(113)	—	(286,388)	(793)	43,599	(243,582)
Income tax (provision) benefit	3,620	(1,995)	(9,009)	(3,345)	(10,729)	133	—	(10,596)
Equity in earnings of investments	—	—	—	12,275	12,275	—	—	12,275
Net income (loss)	74,508	13,729	24,062	8,930	121,229	(660)	—	120,569
Year Ended December 31, 2023								
Operating revenues	\$ 489,729	\$ 200,012	\$ 690	\$ —	\$ 690,431	\$ —	\$ —	\$ 690,431
Interdepartmental revenues	922	15,501	41,586	—	58,009	—	(58,009)	—
Total operating revenues	490,651	215,513	42,276	—	748,440	—	(58,009)	690,431
Fuel and purchased power	(102,520)	—	—	—	(102,520)	—	3,669	(98,851)
Purchased gas costs	—	(118,509)	—	—	(118,509)	—	11,862	(106,647)
Depreciation and amortization	(77,440)	(15,531)	(7,381)	—	(100,352)	—	—	(100,352)
Interest expense	(22,883)	(6,146)	(4,062)	—	(33,091)	—	—	(33,091)
Other segment items ^(a)	(201,680)	(54,084)	(107)	2	(255,869)	(3,228)	42,478	(216,619)
Income tax (provision) benefit	(10,182)	(7,175)	(8,370)	(2,897)	(28,624)	821	—	(27,803)
Equity in earnings of investments	—	—	—	10,631	10,631	—	—	10,631
Net income (loss)	75,946	14,068	22,356	7,736	120,106	(2,407)	—	117,699

(a) Other segment items include AFUDC Income, Other Income, Net, Other Operations and Maintenance, Other General Taxes, and Interest Revenue.

(In thousands)	Electric		Gas	Non-Regulated Energy	Total Reportable Segments	Consolidation/ Elimination Entries	Consolidated Total					
MGE												
Year Ended December 31, 2025												
Operating revenues	\$	531,554	\$	211,423	\$	677	\$	743,654	\$	—	\$	743,654
Interdepartmental revenues		(76)		20,876		44,743		65,543		(65,543)		—
Total operating revenues		531,478		232,299		45,420		809,197		(65,543)		743,654
Fuel and purchased power		(95,150)		—		—		(95,150)		4,299		(90,851)
Purchased gas costs		—		(123,648)		—		(123,648)		16,622		(107,026)
Depreciation and amortization		(89,212)		(17,376)		(7,736)		(114,324)		—		(114,324)
Interest expense		(27,035)		(7,388)		(3,519)		(37,942)		—		(37,942)
Other segment items ^(a)		(232,227)		(61,630)		(131)		(293,988)		44,622		(249,366)
Income tax provision		(2,077)		(6,000)		(9,271)		(17,348)		—		(17,348)
Net income attributable to noncontrolling interest, net of tax		—		—		—		—		(22,652)		(22,652)
Net income attributable to MGE		85,777		16,257		24,763		126,797		(22,652)		104,145
Year Ended December 31, 2024												
Operating revenues	\$	497,673	\$	178,587	\$	684	\$	676,944	\$	—	\$	676,944
Interdepartmental revenues		(194)		14,983		43,831		58,620		(58,620)		—
Total operating revenues		497,479		193,570		44,515		735,564		(58,620)		676,944
Fuel and purchased power		(90,726)		—		—		(90,726)		3,880		(86,846)
Purchased gas costs		—		(93,834)		—		(93,834)		11,141		(82,693)
Depreciation and amortization		(84,264)		(16,779)		(7,538)		(108,581)		—		(108,581)
Interest expense		(25,616)		(6,943)		(3,793)		(36,352)		—		(36,352)
Other segment items ^(a)		(225,985)		(60,290)		(113)		(286,388)		43,599		(242,789)
Income tax (provision) benefit		3,620		(1,995)		(9,009)		(7,384)		—		(7,384)
Net income attributable to noncontrolling interest, net of tax		—		—		—		—		(22,855)		(22,855)
Net income attributable to MGE		74,508		13,729		24,062		112,299		(22,855)		89,444
Year Ended December 31, 2023												
Operating revenues	\$	489,729	\$	200,012	\$	690	\$	690,431	\$	—	\$	690,431
Interdepartmental revenues		922		15,501		41,586		58,009		(58,009)		—
Total operating revenues		490,651		215,513		42,276		748,440		(58,009)		690,431
Fuel and purchased power		(102,520)		—		—		(102,520)		3,669		(98,851)
Purchased gas costs		—		(118,509)		—		(118,509)		11,862		(106,647)
Depreciation and amortization		(77,440)		(15,531)		(7,381)		(100,352)		—		(100,352)
Interest expense		(22,883)		(6,146)		(4,062)		(33,091)		—		(33,091)
Other segment items ^(a)		(201,680)		(54,084)		(107)		(255,871)		42,478		(213,393)
Income tax provision		(10,182)		(7,175)		(8,370)		(25,727)		—		(25,727)
Net income attributable to noncontrolling interest, net of tax		—		—		—		—		(21,868)		(21,868)
Net income attributable to MGE		75,946		14,068		22,356		112,370		(21,868)		90,502

(a) Other segment items include AFUDC Income, Other Income, Net, Other Operations and Maintenance, Other General Taxes, and Interest Revenue.

The following tables show segment information for MGE Energy's and MGE's capital expenditures:

(In thousands)	Utility		Consolidated			Consolidation/ Elimination Entries	Total			
	Electric	Gas	Non-regulated Energy	Transmission Investment	All Others					
MGE Energy										
Year ended Dec. 31, 2025	\$	285,576	\$	48,003	\$	9,641	\$	—	\$	343,220
Year ended Dec. 31, 2024		192,469		38,101		6,355		—		236,925
Year ended Dec. 31, 2023		180,743		36,402		4,926		—		222,071

(In thousands)	Utility		Consolidated			Consolidation/ Elimination Entries	Total			
	Electric	Gas	Non-regulated Energy	Transmission Investment	All Others					
MGE										
Year ended Dec. 31, 2025	\$	285,576	\$	48,003	\$	9,641	\$	—	\$	343,220
Year ended Dec. 31, 2024		192,469		38,101		6,355		—		236,925
Year ended Dec. 31, 2023		180,743		36,402		4,926		—		222,071

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

MGE Energy and MGE

None.

Item 9A. Controls and Procedures.

MGE Energy and MGE

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

During the fourth quarter of 2025, 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 December 31, 2025, 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.

Changes in Internal Control Over Financial Reporting

During the quarter ended December 31, 2025, 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.

MGE Energy and MGE

Management of MGE Energy and MGE are required to assess and report on the effectiveness of its internal control over financial reporting as of December 31, 2025. As a result of that assessment, management determined that there were no material weaknesses as of December 31, 2025 and, therefore, concluded that MGE Energy and MGE's internal control over financial reporting was effective. Management's Report on Internal Control Over Financial Reporting is included in Item 8. Financial Statements and Supplementary Data of this Report.

Item 9B. Other Information.

MGE Energy

During the three months ended December 31, 2025, no director or officer of MGE 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.

MGE

On February 19, 2026, Madison Gas and Electric Company ("MGE") entered into an Asset Sale Agreement, pursuant to which MGE has agreed to acquire a 33.4% ownership interest in the RockGen Energy Center, a simple-cycle natural gas-fired electric generating facility located near Cambridge, Wisconsin.

The ownership interest represents approximately 168 MW of existing gas-fired electric generation capacity. The aggregate purchase price for the ownership interest is \$203 million, subject to customary purchase price adjustments.

The consummation of the transaction is subject to the receipt of required regulatory approvals, including approval from the PSCW, and the satisfaction of other customary closing conditions. If such approvals are obtained and conditions satisfied, the transaction is currently expected to close in late 2027.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

MGE Energy

None.

PART III.

Item 10. Directors, Executive Officers, and Corporate Governance.

MGE Energy

The information required by Item 10 relating to directors and nominees for election as directors at MGE Energy's annual meeting of shareholders is incorporated herein by reference to the information under the heading "Election of Directors" in MGE Energy's definitive proxy statement (2026 Proxy Statement) to be filed with the SEC before April 30, 2026. Information relating to compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated herein by reference to the information under the heading "Beneficial Ownership – Delinquent Section 16(a) Reports" in the 2026 Proxy Statement.

The information required by Item 10 relating to MGE Energy's corporate governance is incorporated herein by reference to the information under the heading "Board of Directors Information," including the information in the subheading "Audit Committee" in the 2026 Proxy Statement.

The information required by Item 10 relating to executive officers is set forth above in Item 1. Business - Executive Officers of the Registrants.

Code of Ethics

MGE Energy has adopted a Code of Ethics applicable to its directors and all of its employees, including its chief executive officer, chief financial officer, and principal accounting officer. The Code of Ethics is available on MGE Energy's website at www.mgeenergy.com. Information contained on MGE Energy's website shall not be deemed incorporated into, or to be a part of, this report.

Insider Trading Policy

The information required under Item 10 concerning insider trading policies and procedures is incorporated herein by reference to the information under the heading "Insider Trading Policy" in the 2026 Proxy Statement.

Item 11. Executive Compensation.

The information required by Item 11 relating to MGE Energy's executive and director compensation and certain related matters is incorporated herein by reference to the information under the heading "Executive Compensation," but not including the information under the subheadings "Compensation Committee Report," and "Pay Versus Performance" in the 2026 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

MGE Energy

The following table presents information regarding MGE Energy's equity compensation plans as of December 31, 2025:

	(a)	(b)	(c)
Plan category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by shareholders	—	\$—	325,723 ⁽¹⁾
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
Total	—	\$—	325,723

- (1) All of the available shares under the 2021 Long-term Incentive plan may be issued as awards in the form of restricted stock, restricted stock units, and performance units. Stock options are not authorized. As of December 31, 2025, there were restricted stock units and performance units outstanding under the 2021 Long-term Incentive Plan. Column (c) assumes the outstanding performance shares are settled in shares of common stock as opposed to cash.

The information required by Item 12 regarding the security ownership of certain beneficial owners and management and certain equity compensation plan information is incorporated herein by reference to the information under the heading "Beneficial Ownership," in the 2026 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

MGE Energy

The information required by Item 13 is incorporated by reference herein from the "Board of Directors Information" section in the 2026 Proxy Statement.

Item 14. Principal Accounting Fees and Services.

MGE Energy

The information required by Item 14 is incorporated herein by reference to the information under the heading "Ratification of PricewaterhouseCoopers LLP as our Independence Registered Public Accounting Firm" in the 2026 Proxy Statement.

MGE

Independent Registered Public Accounting Firm Fees Disclosure

	2025	2024
Audit fees ^(a)	\$ 1,305,905	\$ 1,252,042
Audit-related fees ^(b)	80,000	80,000
Tax fees ^(c)	111,491	131,383
All other fees	—	—

- (a) Professional services rendered for the audits of the financial statements, review of the interim financial statements, opinion on the effectiveness of our internal control over financial reporting for MGE Energy, and services that generally only the independent auditor can reasonably provide, such as comfort letters, statutory audits, consents, and assistance with and review of documents filed with the SEC.
- (b) Audit-Related Fees for 2025 and 2024 include professional services rendered in connection with utility commission-mandated obligations.
- (c) Tax Fees for 2025 and 2024 include the review of federal and state income tax returns. Tax fees for 2025 also include IRA Tax Credit Compliance (Domestic Content) advisory and compliance services. Tax fees for 2024 also include services related to Revenue Procedure 2013-15, Method for Repair and Maintenance Costs of Natural Gas Transmission and Distribution Property.

MGE is a wholly owned subsidiary of MGE Energy and does not have a separate audit committee. Instead, that function is fulfilled for MGE by the MGE Energy Audit Committee. The Audit Committee approves each engagement of the independent registered public accounting firm to render any audit or nonaudit services before the firm is engaged to render those services. The Chair of the Audit Committee or other designated Audit Committee member may represent the entire Audit Committee for purposes of this approval. Any services approved by the Chair or other designated Audit Committee members are reported to the full Audit Committee at the next scheduled Audit Committee meeting. No de minimis exceptions to this approval process are allowed under the Audit Committee Charter; and thus, none of the services described in the preceding table were approved pursuant to Rule 2-01(c)(7)(i)(C) of Regulation S-X.

PART IV.

Item 15. Exhibits and Financial Statement Schedules.

(a) 1. Financial Statements.

MGE Energy

Consolidated Statements of Income for the years ended December 31, 2025, 2024, and 2023	58
Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024, and 2023	59
Consolidated Balance Sheets as of December 31, 2025 and 2024	60
Consolidated Statements of Common Equity as of December 31, 2025, 2024, and 2023	61
Notes to Consolidated Financial Statements	66

MGE

Consolidated Statements of Income for the years ended December 31, 2025, 2024, and 2023	62
Consolidated Statements of Cash Flows for the years ended December 31, 2025, 2024, and 2023	63
Consolidated Balance Sheets as of December 31, 2025 and 2024	64
Consolidated Statements of Equity as of December 31, 2025, 2024, and 2023	65
Notes to Consolidated Financial Statements	66

2. Financial Statement Schedules.

MGE Energy

Schedule I – Condensed Parent Company Financial Statements as of December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024, and 2023.	115
Schedule II – Valuation and Qualifying Accounts for the years ended December 31, 2025, 2024, and 2023.	118

MGE

Schedule II – Valuation and Qualifying Accounts for the years ended December 31, 2025, 2024, and 2023.	118
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All other schedules have been omitted because they are not applicable or not required, or because the required information is shown in the consolidated financial statements or notes thereto.

3. All Exhibits Including Those Incorporated by Reference.

Exhibits. Several of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities Exchange Act of 1934, as amended. Pursuant to Item 601(b)(4)(iii)(A) of Regulation S-K, several other instruments, which would otherwise be required to be listed below, have not been so listed because those instruments do not authorize securities in an amount that exceeds 10% of the total assets of the applicable registrant and its subsidiaries on a consolidated basis. The relevant registrant agrees to furnish a copy of any instrument that was so omitted on that basis to the Commission upon request.

Ex. No.	Exhibit Description	Incorporated by Reference			
		Form	File No.	Exhibit	Date Filed
3.1	Amended and Restated Articles of Incorporation of MGE Energy, Inc.	S-3 Registration Statement	333-197423	4.1	7/15/2014
3.2	Amended and Restated Bylaws of MGE Energy, Inc.	8-K	0-49965	3.1	9/15/2023
3.3	Restated Articles of Incorporation of Madison Gas and Electric Company as in effect at October 25, 2012.	8-K	0-1125	3.1	10/25/2012
3.4	Amended Bylaws of Madison Gas and Electric Company as in effect at August 16, 2002	10-K	0-1125	3.3	3/26/2003
4.1	Indenture between Madison Gas and Electric Company and The Bank of New York Mellon Trust Company, N.A. (as successor to Bank One, N.A.), as Trustee	10-K	0-1125	4B	3/29/2000
4.2	** Description of Common Stock	-	-	-	-
<u>4.3</u>	Certain long-term debt instruments of the Company and its subsidiaries have not been filed as Exhibits, where the total amount of indebtedness authorized to be issued under an instrument does not exceed 10 percent of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees pursuant to Item 601(b)(4) of Regulation S-K to furnish to the Securities and Exchange Commission, upon request, a copy of all such agreements and instruments.				
10.1	Second Amended and Restated Credit Agreement dated as of November 8, 2022, among MGE Energy, Inc., the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent.	10-K	0-49965	10.1	2/22/2023
10.2	Second Amended and Restated Credit Agreement dated as of November 8, 2022, among Madison Gas and Electric Company, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent.	10-K	0-1125	10.2	2/22/2023
10.3	First Amendment to second Amended and Restated Credit Agreement dated January 30, 2023, among Madison Gas and Electric Company, the lenders named therein and JPMorgan Chase Bank, N.A., as Administrative Agent.	8-K	0-1125	10.1	2/01/2023
10.4	Second Amended and Restated Credit Agreement dated as of November 8, 2022, among Madison Gas and Electric Company, the Lenders party thereto and U.S. Bank National Association, as Administrative Agent.	10-K	0-1125	10.4	2/22/2023
10.5	Joint Power Supply Agreement with Wisconsin Power and Light Company and Wisconsin Public Service Corporation.	10-Q	0-49965	10.4	5/8/2018
10.6	Joint Power Supply Agreement (Exclusive of Exhibits) with Wisconsin Power and Light Company and Wisconsin Public Service Corporation.	10-Q	0-49965	10.5	8/7/2018
10.7	Second Amended and Restated Agreement for Construction and Operation of Columbia Generating Plant.	10-K	0-49965	10.6	2/22/2019
10.8	West Campus Cogeneration Facility Joint Ownership Agreement, dated as of October 13, 2003, among MGE Power West Campus, LLC, The Board of Regents of the University of Wisconsin System, and the State of Wisconsin, as Joint Owners.	10-Q	0-1125	10.19	11/8/2005
10.9	West Campus Cogeneration Facility Operation and Maintenance Agreement, dated as of October 13, 2003, among Madison Gas and Electric Company, as Operator, and the Board of Regents of the University of Wisconsin System, as Joint Owner.	10-Q	0-1125	10.20	11/8/2005
10.10	West Campus Cogeneration Facility Lease Agreement, dated as of March 18, 2004, among MGE Power West Campus, LLC, as Lessor, and Madison Gas and Electric Company, as Lessee.	10-Q	0-1125	10.21	11/8/2005
10.11	West Campus Cogeneration Facility Ground Lease, dated as of July 15, 2002, among MGE Power LLC, as Lessee, and the Board of Regents of the University of Wisconsin System, as Lessor.	10-Q	0-1125	10.22	11/8/2005
10.12	West Campus Cogeneration Facility Amendment of Ground Lease, dated as of March 18, 2004, among MGE Power West Campus, LLC, as Lessee, and the Board of Regents of the University of Wisconsin System, as Lessor.	10-Q	0-1125	10.23	11/8/2005
10.13	West Campus Cogeneration Facility MGE Ground Sublease, dated as of March 18, 2004, among MGE Power West Campus, LLC, as Lessee, and Madison Gas and Electric Company, as Lessor.	10-Q	0-1125	10.24	11/8/2005

10.14	Elm Road Generating Station Common Facilities Operating and Maintenance Agreement, dated as of December 17, 2004, among Madison Gas and Electric Company, Wisconsin Electric Power Company, and Wisconsin Public Power Inc., as Lessee/Owner Parties, and Wisconsin Electric Power Company, as Operating Agent.	10-Q	0-1125	10.7	11/8/2005
10.15	Elm Road Generating Station New Common Facilities Ownership Agreement, dated as of December 17, 2004, among MGE Power Elm Road, LLC, Elm Road Generating Station Supercritical, LLC, and Wisconsin Public Power Inc., as Joint Owners.	10-Q	0-1125	10.8	11/8/2005
10.16	Elm Road Generating Station I Ownership Agreement, dated as of December 17, 2004, among MGE Power Elm Road, LLC, Elm Road Generating Station Supercritical, LLC, and Wisconsin Public Power Inc., as Joint Owners, Elm Road Services, LLC, as Project Manager, and W.E. Power LLC.	10-Q	0-1125	10.9	11/8/2005
10.17	Elm Road Generating Station I Facility Lease Agreement, dated as of November 4, 2005, among MGE Power Elm Road, LLC, as Lessor, and Madison Gas and Electric Company, as Lessee.	10-Q	0-1125	10.10	11/8/2005
10.18	Elm Road Generating Station I Operating and Maintenance Agreement, dated as of December 17, 2004, among Madison Gas and Electric Company, Wisconsin Electric Power Company, and Wisconsin Public Power Inc., as Lessee/ Owners, and Wisconsin Electric Power Company, as Operating Agent.	10-Q	0-1125	10.11	11/8/2005
10.19	Elm Road Generating Station I Easement and Indemnification Agreement, dated as of December 17, 2004, among MGE Power Elm Road, LLC and Wisconsin Public Power Inc., as Grantees, and Wisconsin Electric Power Company, as Grantor.	10-Q	0-1125	10.12	11/8/2005
10.20	Assignment and Assumption Agreement, dated as of November 4, 2005 between MGE Power Elm Road, LLC and Madison Gas and Electric Company relating to Elm Road Generating Station I Easement and Indemnification Agreement, dated as of December 17, 2004, among MGE Power Elm Road, LLC and Wisconsin Public Power Inc., as Grantees, and Wisconsin Electric Power Company, as Grantor.	10-K	0-1125	10.16	3/8/2006
10.21	Elm Road Generating Station II Ownership Agreement, dated as of December 17, 2004, among MGE Power Elm Road, LLC, Elm Road Generating Station Supercritical, LLC, and Wisconsin Public Power Inc., as Joint Owners, Elm Road Services, LLC, as Project Manager, and W.E. Power LLC.	10-Q	0-1125	10.13	11/8/2005
10.22	Elm Road Generating Station II Facility Lease Agreement, dated as of November 4, 2005, among MGE Power Elm Road, LLC, as Lessor, and Madison Gas and Electric Company, as Lessee.	10-Q	0-1125	10.14	11/8/2005
10.23	Elm Road Generating Station II Operating and Maintenance Agreement, dated as of December 17, 2004, among Madison Gas and Electric Company, Wisconsin Electric Power Company, and Wisconsin Public Power Inc., as Lessee/ Owners, and Wisconsin Electric Power Company, as Operating Agent.	10-Q	0-1125	10.15	11/8/2005
10.24	Elm Road Generating Station II Easement and Indemnification Agreement, dated as of December 17, 2004, among MGE Power Elm Road, LLC and Wisconsin Public Power Inc., as Grantees, and Wisconsin Electric Power Company, as Grantor.	10-Q	0-1125	10.16	11/8/2005
10.25	Substation and Transformer Shared Use Agreement and Easement Agreement, dated as of September 29, 2006, among Madison Gas and Electric Company and Northern Iowa Windpower II LLC as Joint Owners.	10-Q	0-1125	10.6	11/7/2006
10.26	Management and Administration Agreement, dated as of October 13, 2006, among Madison Gas and Electric Company as Owner and Midwest Renewable Energy Resources, LLC as Manager.	10-Q	0-1125	10.7	11/7/2006
10.27	** Asset Sale Agreement, dated as of February 19, 2026, by and Between Dairyland Power Cooperative and Madison Gas and Electric Company.	-	-	-	-
10.28	* Form of Severance Agreement.	10-K	0-49965	10.37	2/26/2009
10.29	* Form of Amendment to Severance Agreement.	10-Q	0-49965	10.1	5/5/2016
10.30	* Form of Severance Agreement for Officers hired on or after January 1, 2012.	10-Q	0-49965	10.2	5/5/2016
10.31	* Form of Amended and Restated Deferred Compensation Agreement.	10-K	0-49965	10.39	2/26/2009

10.32	*	Amendment to Madison Gas and Electric Company Deferred Compensation Agreement	10-K	0-49965	10.31	2/22/2023
10.33	*	2023 Deferred Compensation Supplemental Executive Retirement Plan	10-K	0-49965	10.32	2/22/2023
10.34	*	Income Continuation Agreement - Keebler	10-K	0-49965	10.32	2/22/2018
10.35	*	Income Continuation Agreement - Hobbie	10-K	0-49965	10.34	2/22/2023
10.36	*	MGE Energy, Inc., 2021 Long-Term Incentive Plan	DEF 14A	0-49965	DEF 14A	3/31/2020
10.37	*	Form of Performance Unit Award Agreement for Employees pursuant to the MGE Energy Inc., 2021 Long-Term Incentive Plan	10-K	0-49965	10.43	2/24/2021
10.38	*	Form of Notice of Grant of Performance Unit Award Agreement for Employees pursuant to the MGE Energy Inc., 2021 Long-Term Incentive Plan	10-K	0-49965	10.44	2/24/2021
10.39	*	Form of Restricted Stock Award Agreement for Employees pursuant to the MGE Energy Inc., 2021 Long-Term Incentive Plan	10-K	0-49965	10.45	2/24/2021
10.40	*	Form of Restricted Stock Award Agreement for Directors pursuant to the MGE Energy Inc., 2021 Long-Term Incentive Plan	10-K	0-49965	10.46	2/24/2021
10.41	*	Form of Notice of Grant of Restricted Stock Award Agreement for Employees and Directors pursuant to the MGE Energy Inc., 2021 Long-Term Incentive Plan	10-K	0-49965	10.47	2/24/2021
10.42	*	Form of Restricted Stock Units Agreement for Employees pursuant to the MGE Energy Inc., 2021 Long-Term Incentive Plan	10-K	0-49965	10.48	2/24/2021
10.43	*	Form of Restricted Stock Units Agreement for Directors pursuant to the MGE Energy Inc., 2021 Long-Term Incentive Plan	10-K	0-49965	10.49	2/24/2021
10.44	*	Form of Notice of Grant of Restricted Stock Units Agreement for Employees and Directors pursuant to the MGE Energy Inc., 2021 Long-Term Incentive Plan	10-K	0-49965	10.50	2/24/2021
10.45	*	Form of Supplemental Disability	10-Q	0-49965	10.1	8/6/2024
19.1	**	Insider Trading Policies and Procedures	10-K	0-49965	19	2/21/2024
21	**	Subsidiaries of MGE Energy, Inc.	-	-	-	-
23.1	**	Consent of Independent Registered Public Accounting Firm - MGE Energy, Inc.	-	-	-	-
23.2	**	Consent of Independent Registered Public Accounting Firm - Madison Gas and Electric Company	-	-	-	-
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	-	-	-	-
97.1	*	Policy on Recoupment of Incentive Compensation	10-K	0-49965	97.1	2/21/2024

101.INS	**	XBRL Instance	-	-	-	-
101.SCH	**	Inline XBRL Taxonomy Extension Schema With Embedded Linkbases Document	-	-	-	-
104.1	**	Included in the cover page, formatted in Inline XBRL				

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

Item 16. Form 10-K Summary.

MGE Energy and MGE

None.

Schedule I
Condensed Parent Company Financial Statements

MGE Energy, Inc.
Statements of Income
(Parent Company Only)
(In thousands)

	For the Years Ended December 31,		
	2025	2024	2023
Operating Expenses:			
Other operations and maintenance	\$ 969	\$ 818	\$ 868
<i>Total Operating Expenses</i>	<u>969</u>	<u>818</u>	<u>868</u>
Operating Loss	(969)	(818)	(868)
Equity in earnings of investments	136,204	121,310	120,394
Other income (loss), net	293	(395)	(2,862)
Interest income, net	252	296	105
Income before income taxes	135,780	120,393	116,769
Income tax benefit	109	175	930
Net Income	<u>\$ 135,889</u>	<u>\$ 120,568</u>	<u>\$ 117,699</u>

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

MGE Energy, Inc.
Statements of Cash Flows
(Parent Company Only)
(In thousands)

	For the Years Ended December 31,		
	2025	2024	2023
Net Cash Flows Provided by Operating Activities	\$ 76,396	\$ 65,883	\$ 67,253
Investing Activities:			
Contributions to affiliates	(16,885)	(33,429)	(3,750)
Contributions to other investments	(1,037)	(1,964)	(3,080)
Other	4,466	329	987
<i>Cash Used for Investing Activities</i>	<u>(13,456)</u>	<u>(35,064)</u>	<u>(5,843)</u>
Financing Activities:			
Issuance of common stock, net	3,750	31,712	—
Cash dividends paid on common stock	(67,587)	(63,595)	(60,393)
Other	—	(94)	—
<i>Cash Used for Financing Activities</i>	<u>(63,837)</u>	<u>(31,977)</u>	<u>(60,393)</u>
Change in cash, cash equivalents, and restricted cash	(897)	(1,158)	1,017
Cash, cash equivalents, and restricted cash at beginning of period	3,195	4,353	3,336
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 2,298</u>	<u>\$ 3,195</u>	<u>\$ 4,353</u>

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

Schedule I
Condensed Parent Company Financial Statements (continued)

MGE Energy, Inc.
Balance Sheets
(Parent Company Only)
(In thousands)

ASSETS	As of December 31,	
	2025	2024
Current Assets:		
Cash and cash equivalents	\$ 2,298	\$ 3,195
Other current assets	3,830	3,284
<i>Total Current Assets</i>	6,128	6,479
Other deferred assets and other	117	163
Investments:		
Investments in affiliates	1,314,778	1,236,884
Other investments	22,227	22,785
<i>Total Investments</i>	1,337,005	1,259,669
Total Assets	\$ 1,343,250	\$ 1,266,311
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable to affiliates	\$ 63	\$ 591
Other current liabilities	2,515	14
<i>Total Current Liabilities</i>	2,578	605
Other Credits:		
Deferred income taxes	36,720	35,559
Other deferred liabilities	16	9
<i>Total Other Credits</i>	36,736	35,568
Shareholders' Equity:		
Common shareholders' equity	471,501	466,005
Retained earnings	832,435	764,133
<i>Total Shareholders' Equity</i>	1,303,936	1,230,138
Commitments and contingencies (see Footnote 3)		
Total Liabilities and Shareholders' Equity	\$ 1,343,250	\$ 1,266,311

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

Schedule I
Condensed Parent Company Financial Statements (continued)
Notes to Condensed Financial Statements
(Parent Company Only)

1. Basis of Presentation.

MGE Energy is a holding company and conducts substantially all of its business operations through its subsidiaries. For Parent Company only presentation, investment in subsidiaries are accounted for using the equity method. These condensed Parent Company financial statements and related notes have been prepared in accordance with Rule 12-04, Schedule I of Regulation S-X. These statements should be read in conjunction with the financial statements and the notes in Item 8. Financial Statements and Supplementary Data of the Annual Report on Form 10-K for the year ended December 31, 2025.

2. Credit Agreements.

As of December 31, 2025, MGE Energy had access to an unsecured, committed credit facility with aggregate bank commitments of \$50.0 million. As of December 31, 2025 and 2024, no borrowings were outstanding under this facility. See Footnote 13 of the Notes to Consolidated Financial Statements in this Report for further information regarding MGE Energy's credit agreement.

3. Commitments and Contingencies.

See Footnote 16 of the Notes to Consolidated Financial Statements in this Report for information regarding commitments and contingencies.

4. Dividends from Affiliates.

<i>(In thousands)</i>	Dividends from Affiliates		
	2025	2024	2023
MGE	\$ 51,500	\$ 34,500	\$ 41,000
MAGAEL	—	2,000	—
CWDC	—	2,000	—
MGE Power Elm Road	15,000	15,000	14,250
MGE Power West Campus	1,250	7,000	6,250
MGE Transco	7,157	5,230	5,533
MGEE Transco	287	260	79
Total	<u>\$ 75,194</u>	<u>\$ 65,990</u>	<u>\$ 67,112</u>

Dividend Restrictions

Dividend payments by MGE to MGE Energy are subject to restrictions arising under a PSCW rate order and, to a lesser degree, MGE's first mortgage bonds. The PSCW order restricts any dividends that MGE may pay MGE Energy if its common equity ratio, calculated in the manner used in the rate proceeding, is less than 55%. MGE's thirteen month rolling average common equity ratio as of December 31, 2025, is 58.0% as determined under the calculation used in the rate proceeding. This restriction did not impact MGE's payment of dividends in 2025. Cash dividends of \$51.5 million and \$34.5 million were paid by MGE to MGE Energy in 2025 and 2024, respectively. The rate proceeding calculation includes as indebtedness imputed amounts for MGE's outstanding purchase power capacity payments and other PSCW adjustments, but does not include the indebtedness associated with MGE Power Elm Road or MGE Power West Campus, which are consolidated into MGE's financial statements but are not direct obligations of MGE.

MGE has covenanted with the holders of its first mortgage bonds not to declare or pay any dividend or make any other distribution on or purchase any shares of its common stock unless, after giving effect thereto, the aggregate amount of all such dividends and distributions and all amounts applied to such purchases, after December 31, 1945, shall not exceed the earned surplus (retained earnings) accumulated subsequent to December 31, 1945. As of December 31, 2025, approximately \$807.2 million was available for the payment of dividends under this covenant. On January 27, 2026, MGE completed a redemption of all outstanding first mortgage bonds, and delivered to the Trustee a satisfaction and discharge which, pursuant to the terms of the Indenture, effectively discharged the Indenture.

See [Footnotes 13](#) and [14](#) of the Notes to Consolidated Financial Statements in this Report for more information on dividend restrictions appearing in credit agreements and long-term debt, respectively.

Schedule II
MGE Energy, Inc. and Madison Gas and Electric Company
Valuation and Qualifying Accounts

	Balance at Beginning of Period	Additions		Net Accounts Written Off ^(a)	Balance at End of Period
		Charged to Costs and Expenses ^(b)	Charged to Other Accounts		
Year ended 2023:					
Accumulated provision for uncollectibles	\$ 8,372,840	3,264,309	20,400	(3,559,473)	\$ 8,098,076
Year ended 2024:					
Accumulated provision for uncollectibles	\$ 8,098,076	4,850,000	54,000	(3,972,334)	\$ 9,029,742
Year ended 2025:					
Accumulated provision for uncollectibles	\$ 9,029,742	5,850,001	51,600	(4,269,143)	\$ 10,662,201

(a) Net of recovery of amounts previously written off.

(b) For both the years ended December 31, 2025 and 2024, MGE recovered \$4.9 million of bad debt expense as a regulatory asset. For the years ended December 31, 2025, 2024, and 2023, MGE deferred \$1.9 million, \$0.4 million, and \$1.5 million, respectively, of bad debt expense as a regulatory asset. See Footnote 8 of the Notes to Consolidated Financial Statements in this Report for further information.

Signatures - MGE Energy, Inc.

Pursuant to the requirements of Section 13 or 15(d) 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.
(Registrant)

Date: February 24, 2026

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 24, 2026.

/s/ Jeffrey M. Keebler Jeffrey M. Keebler
Chairman, President, and Chief Executive Officer and Director
(Principal Executive Officer)

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

/s/ Jenny L. Lagerwall Jenny L. Lagerwall
Assistant Vice President - Accounting and Controller
(Chief Accounting Officer)

/s/ Patricia K. Ackerman Patricia K. Ackerman, Director

/s/ Marcia M. Anderson Marcia M. Anderson, Director

/s/ James G. Berbee James G. Berbee, Director

/s/ Londa J. Dewey Londa J. Dewey, Director

/s/ Daniel J. Kelly Daniel J. Kelly, Director

/s/ James L. Possin James L. Possin, Director

/s/ Angela S. Rieger Angela S. Rieger, Director

/s/ Gary J. Wolter Gary J. Wolter, Director

/s/ Noble L. Wray Noble L. Wray, Director

Signatures - Madison Gas and Electric Company

Pursuant to the requirements of Section 13 or 15(d) 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 Company

(Registrant)

Date: February 24, 2026

/s/ Jeffrey M. Keebler

Chairman, President, and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 24, 2026.

/s/ Jeffrey M. Keebler

Jeffrey M. Keebler
Chairman, President, and Chief Executive Officer and Director
(Principal Executive Officer)

/s/ Jared J. Bushek

Jared J. Bushek
Vice President - Chief Financial Officer and Treasurer
(Chief Financial Officer)

/s/ Jenny L. Lagerwall

Jenny L. Lagerwall
Assistant Vice President - Accounting and Controller
(Chief Accounting Officer)

/s/ Patricia K. Ackerman

Patricia K. Ackerman, Director

/s/ Marcia M. Anderson

Marcia M. Anderson, Director

/s/ James G. Berbee

James G. Berbee, Director

/s/ Londa J. Dewey

Londa J. Dewey, Director

/s/ Daniel J. Kelly

Daniel J. Kelly, Director

/s/ James L. Possin

James L. Possin, Director

/s/ Angela S. Rieger

Angela S. Rieger, Director

/s/ Gary J. Wolter

Gary J. Wolter, Director

/s/ Noble L. Wray

Noble L. Wray, Director