

**WELCOME
TO THE
2023 ANNUAL
MEETING**



Kandiyohi Power Cooperative annual meeting

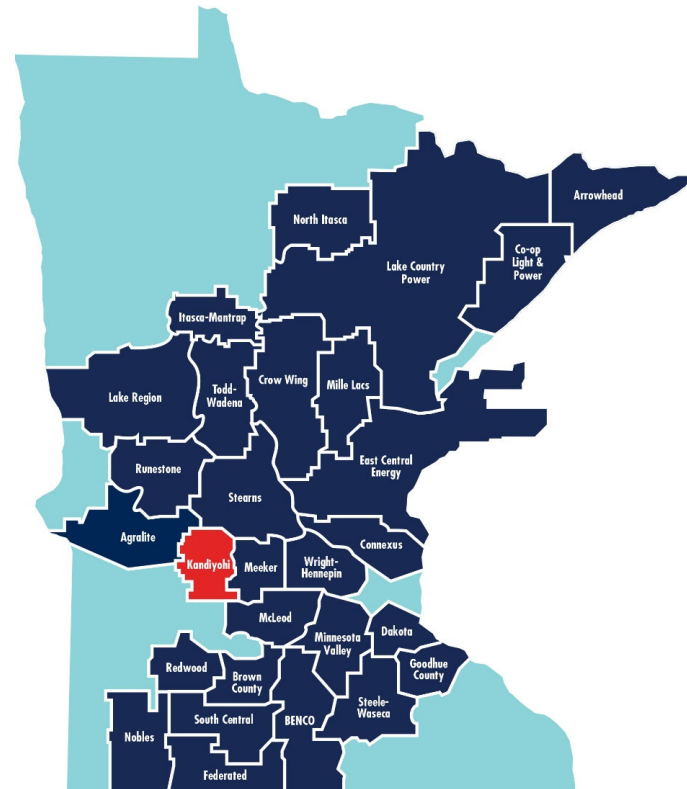
Jon Brekke

Vice president & chief power supply officer

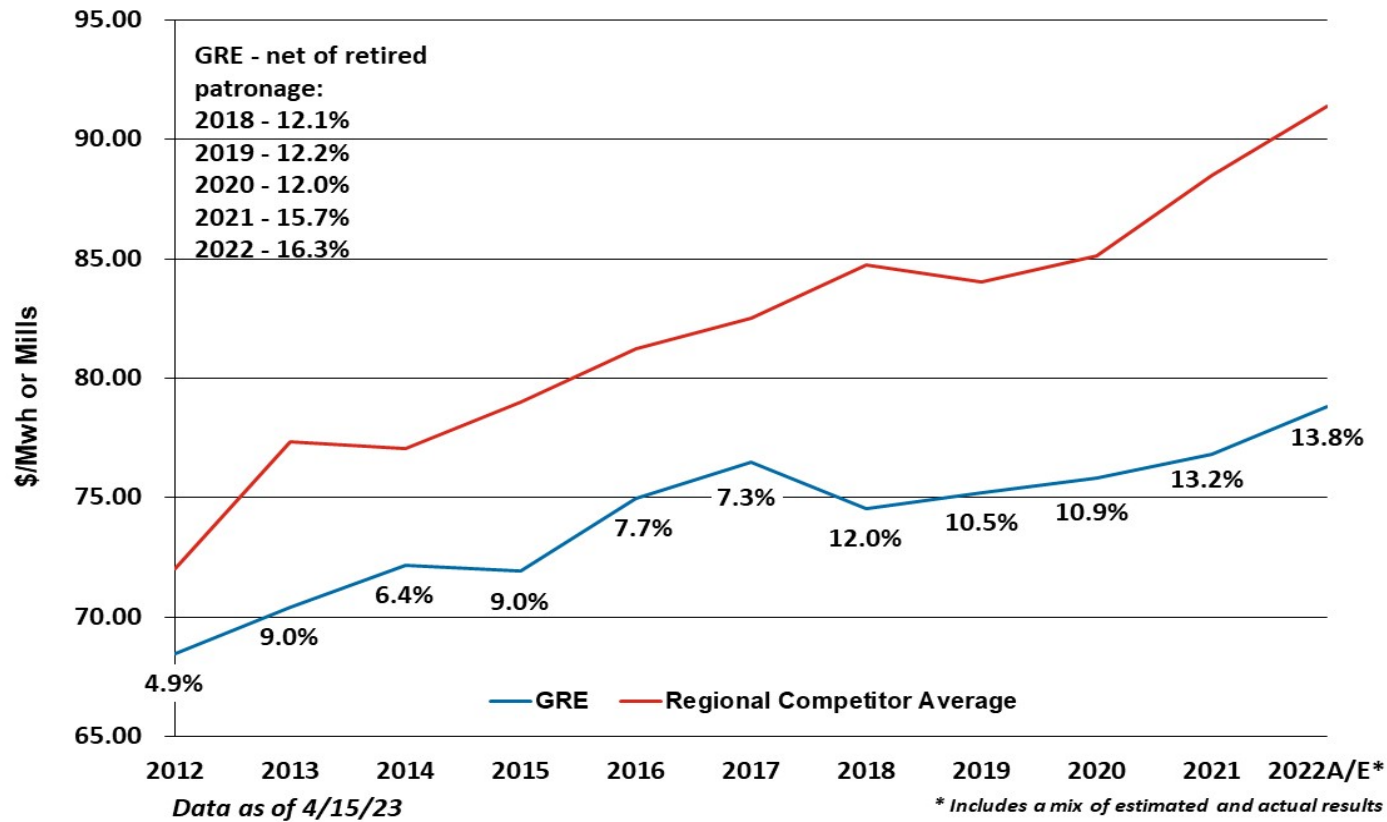


Great River Energy

- ▶ 27 member-owner cooperatives
 - 1.7M people
 - \$3.8B total assets
 - \$1.1B revenue
- ▶ 547 employees
- ▶ 3,100 MW generation
 - 960 MW wind
- ▶ 4,300 + miles of transmission lines
- ▶ Governance
 - 22-member board of directors
 - 26 member CEOs

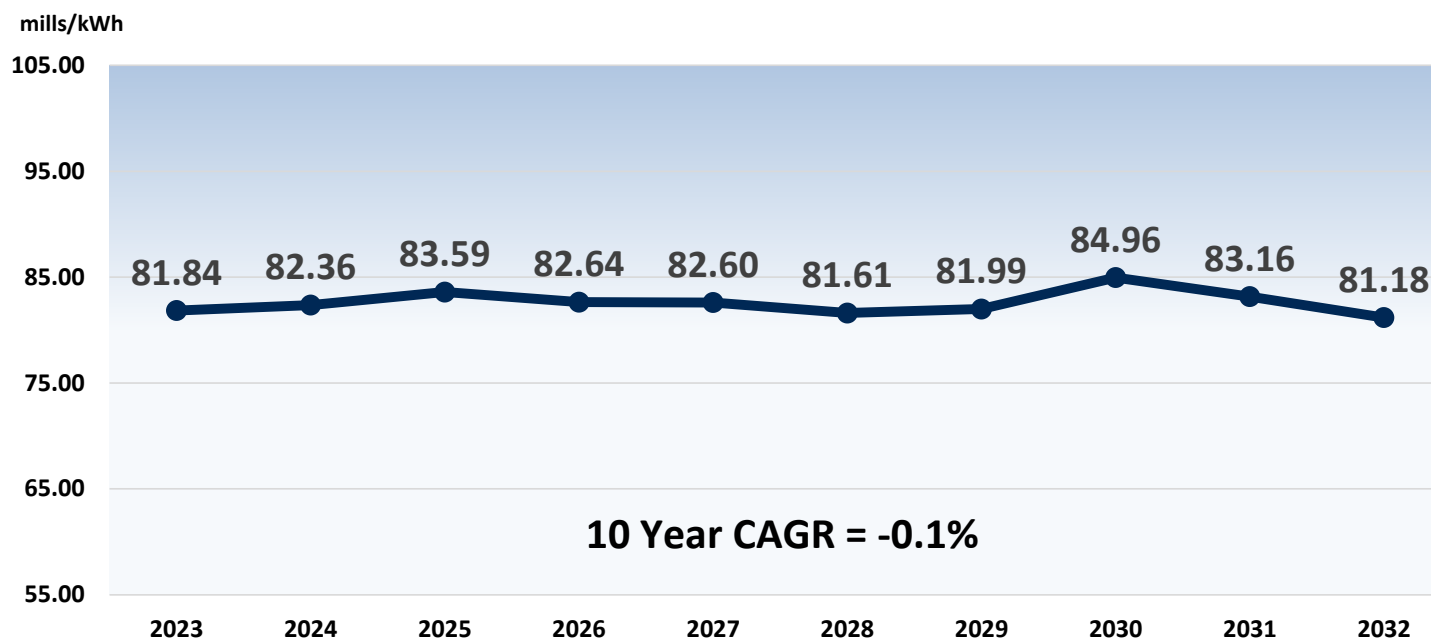


GRE vs competitor average rates



Stable financial forecast

GRE bundled rates 2023-2032



2022 highlights

- ▶ \$25M patronage capital
- ▶ \$38M bill credits
- ▶ Strong credit ratings affirmed
- ▶ Sold Coal Creek Station
- ▶ 866 MW wind under development
- ▶ Regional transmission investments
- ▶ Midwest AgEnergy sale
- ▶ Great Place to Work® Certified
- ▶ Corporate equality index perfect score (DEI)
- ▶ Healthiest 100 Workplaces in America Hall of Fame
- ▶ Beyond the Yellow Ribbon company

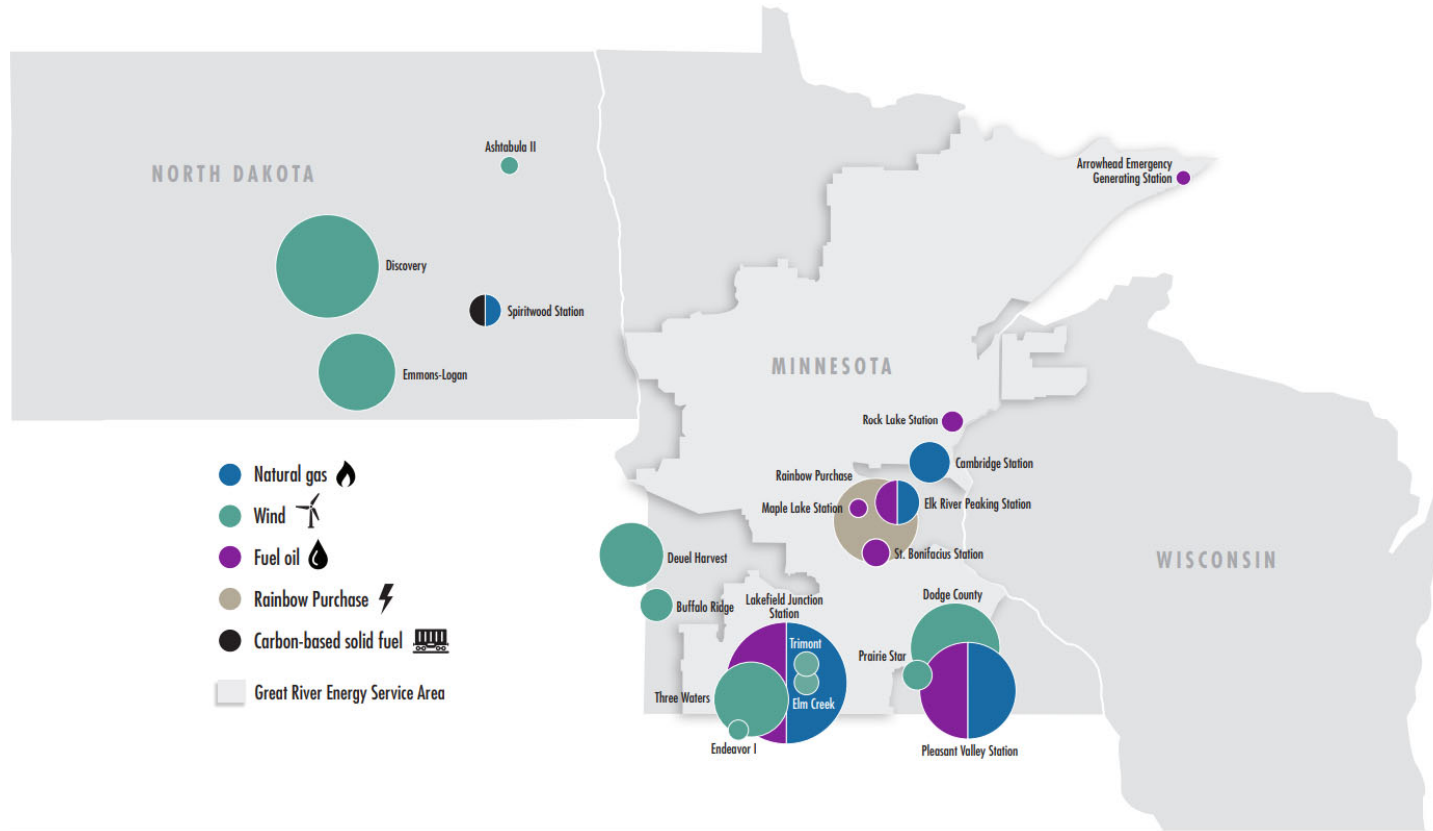
GRE integrated resource plan



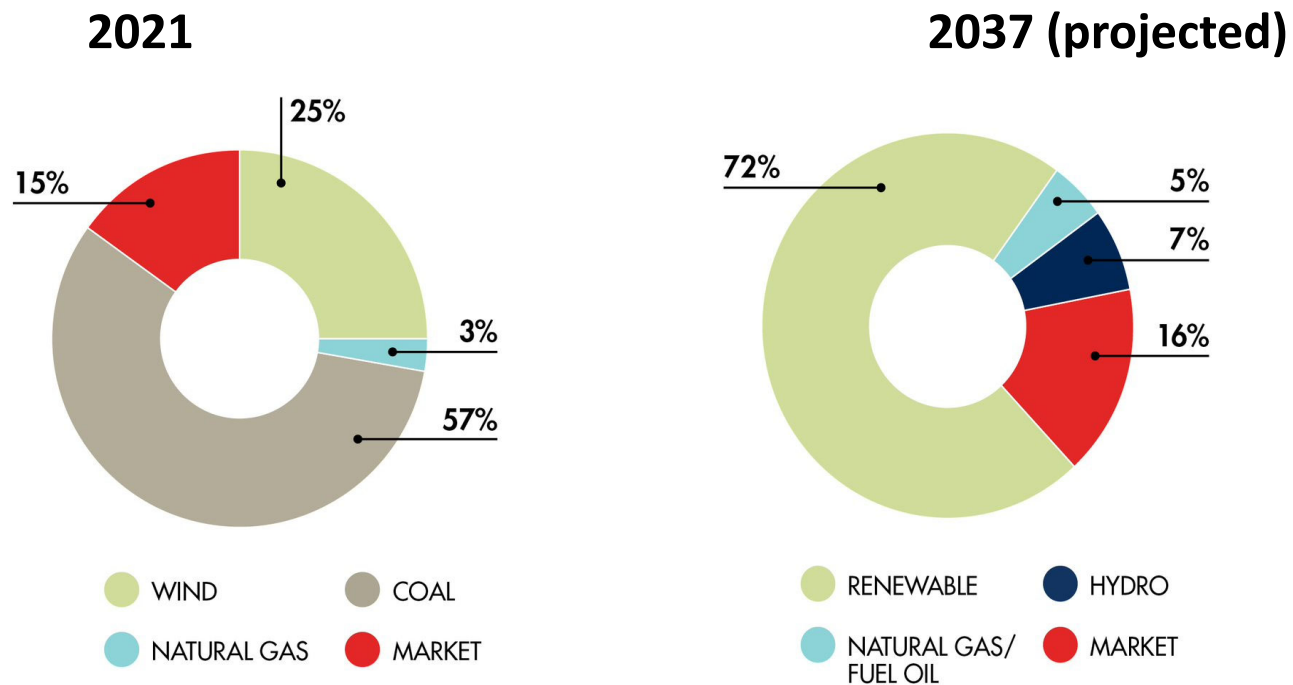
2023-2037 Integrated Resource Plan

Submitted to the Minnesota Public Utilities Commission
Docket No. EF-2/RP-22-75
March 31, 2023

Power supply resources



Power supply energy transition



Portfolio overview



Strong capacity position

- 1,400 MW peaking resources
- Rainbow power purchase agreement
- 200 MW Manitoba Hydro



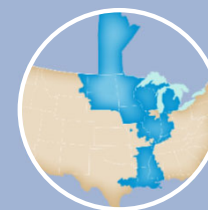
Energy supply

- 1,800 MW wind resources by 2025
- 400 MW in N.D. delivered on the DC line
- 500 MW Rainbow energy purchase agreement
- Natural gas hedges



Member resources

- Renewable member resource option
- Demand side management



Market as battery

Carbon free by 2040 legislation

Minnesota requirements

- ▶ 60% carbon free by 2030
- ▶ 90% carbon free by 2035
- ▶ 100% carbon free by 2040

Great River Energy



In progress*

* Allows use of RECs to offset carbon

* Credits for carbon free generation in the market

Portfolio outlook 2040

Capacity

- ▶ **Natural gas / oil peaking plants**
- ▶ **Wind**
- ▶ Demand side management
- ▶ Energy storage
- ▶ Biomass

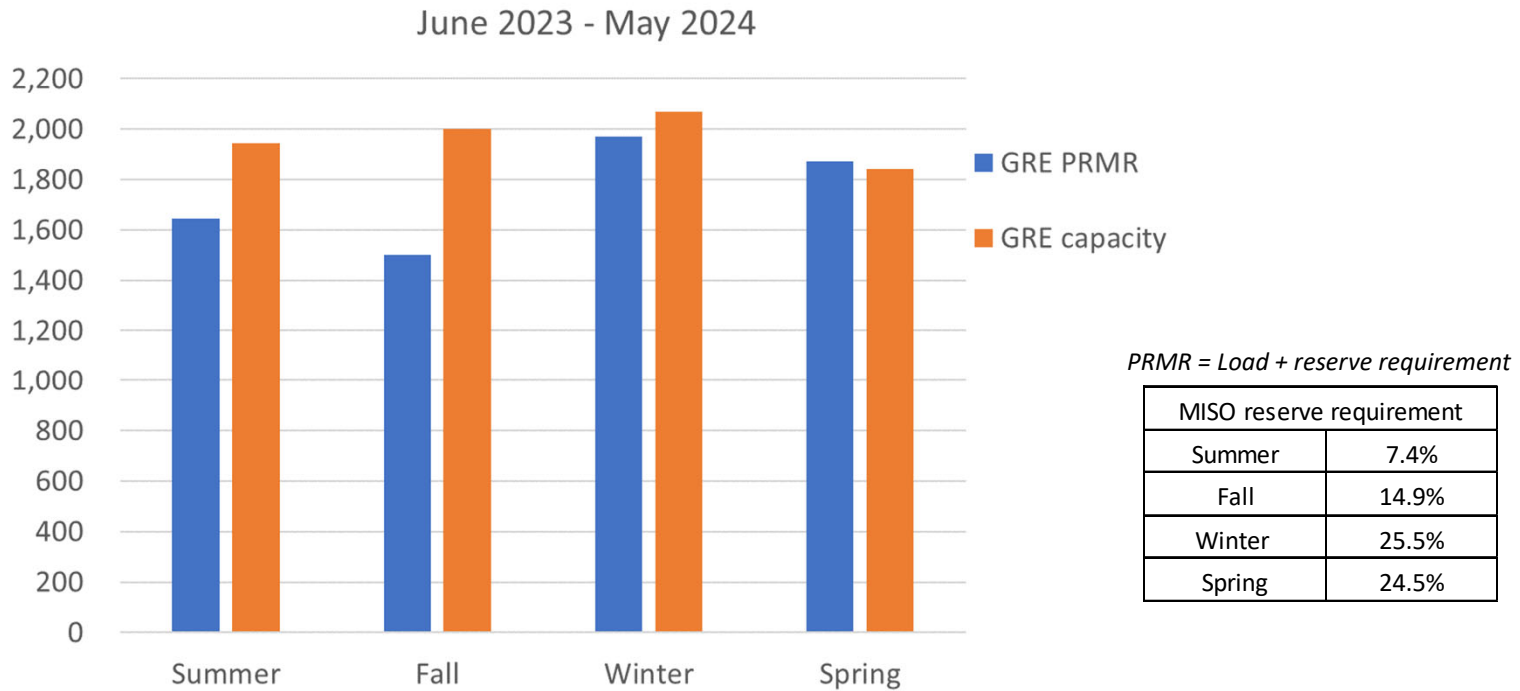
Energy

- ▶ **Wind**
- ▶ Energy storage
- ▶ Biomass
- ▶ Natural gas hedges

Carbon-free compliance

- ▶ **60% wind**
- ▶ 10% market
- ▶ 10% renewable member resources
- ▶ 20%
 - Hydro
 - Biomass
 - Solar

MISO capacity (GRE shared pool)



MISO day-ahead prices - 2022



Thank you

KPC

KANDIYOHI POWER
— COOPERATIVE —

2022 Year in Review



AFFORDABILITY & RELIABILITY CONCERNS

- Growing demand for electricity as other sectors of the economy are electrified.
- Decreasing electricity supply due to the retirement and insufficient replacement of existing generation.
- Supply chain challenges.
- Permitting delays that prevent new electric infrastructure from being built.

- **Energy Improvement in Rural and Remote Areas (IIRA)**
 - \$1 billion through 2026 (\$200m/year x 5 years)
 - **Topic area 1: community-scale demonstrations**
 - Federal cost share of \$5-\$10m
 - 4-8 awards
 - **Topic area 2: large-scale demonstrations**
 - Federal cost share of \$10-\$100m
 - 3-20 awards
 - Nonprofit cost share: 20%
 - FOA issued on March 1
- **40103 Grid Resilience R&D (state is the applicant)**
 - Innovative transmission, distribution, or generation projects
 - Up to 40 awards anticipated
 - 50% cost share
 - Concept papers were due Jan. 13
- **40101(D) Formula Grants to States**
 - Prevent outages and enhance resilience of electric grids
 - **Minnesota: \$6m per year for 5 years**
 - 30% cost share for small utilities (sell < 4 million MWh/year)
 - Each state establishes its own process, priorities
- **Rural Energy for America Program (REAP)**
 - Increased funding for next 3-5 years
 - Applications are on a continuous basis (April 1 cutoff)
 - 40% grant / 60% match
 - Grant awards: \$2,500 minimum / \$1 million maximum
 - Renewable energy systems and energy efficiency improvements
 - Can be combined with the ITC/PTC
 - Like to see all costs justified with quotes and financial modeling
- **Cooperative Transition Fund (IRA Section 22004)**
 - **\$9.7 billion in total funding – to be distributed over the next 10 years**
 - Eligibility – electric cooperatives that are or have been RUS borrowers, or serve a predominantly rural area, or wholly or jointly owned subsidiaries of such cooperatives
 - Loan and grant program (renewables, CCUS, BESS, nuclear, transmission efficiency)
 - 25% grant up to \$970 million for any one entity
 - Stackable with the ITC/PTC
 - In the comment period
 - Hope to begin making awards during FY 2023 (before September 30)
- **Energy Improvement in Rural and Remote Areas**
 - Eligible uses:
 - Overall cost-effectiveness of energy generation, transmission, or distribution systems;
 - Siting or upgrading transmission and distribution lines;
 - Reducing greenhouse gas emissions from energy generation by rural or remote areas;
 - Providing or modernizing electric generation facilities;
 - Developing microgrids; and
 - Increasing energy efficiency.
- **Forgivable Loans for Clean Energy Projects (IRA Section 22001)**
 - \$1 billion in total funding
 - Purposes: wind, solar, hydropower, biomass, geothermal, or BESS
 - Up to 50% of the loan may be forgiven
 - Loan interest rate = municipal rate (3-4% currently, depending on maturity date)
 - In the comment period
 - FOA issuance date TBD

INFLATION REDUCTION ACT PROGRAMS

Home Insulation or Window Replacement



30% Tax Credit on projects of \$1,200.00

Up Front discounts of up to \$1,600 for basic Weatherization (Income Qualified)

Air Source Heat Pump



30% Tax Credit of project up to \$2,000

Up to \$8,000 towards ASHP installation (Income Qualified)

Water Heating



30% Tax Credit of Air Source Heat Pump install up to \$2,000

Up to \$1,750 towards ASHP Water Heater (Income Qualified)

Energy Star Appliances



Up to \$840 for Electric Stove

Up to \$840 for Air Source Heat Pump Dryer

Electric Vehicles



Up to \$7,500 for qualifying new EVs

Up to \$4,000 for used EVs

Residential Solar



30% Federal Tax Credit

Battery Storage



30% Federal Tax Credit

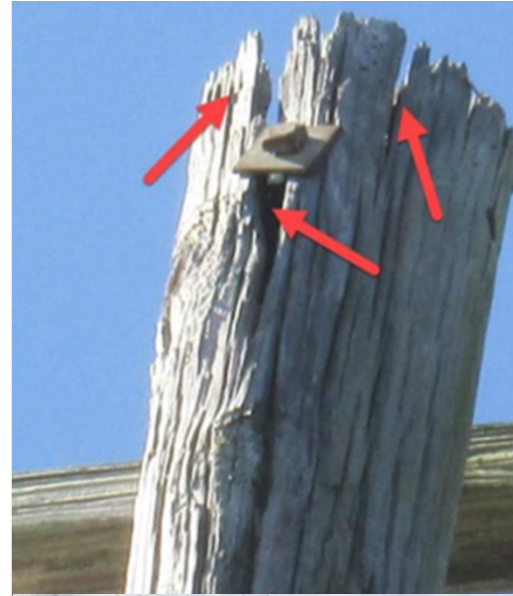
OPERATIONS HIGHLIGHTS

Total poles inspected – 1,114 (4.5%)

Total poles rejected and in need of replacing in 2023 – 79

Rejection rate – 7.2%

System is now almost 64% underground





OPERATIONS HIGHLIGHTS

New Services – 80

Retired & Removed Services – 14

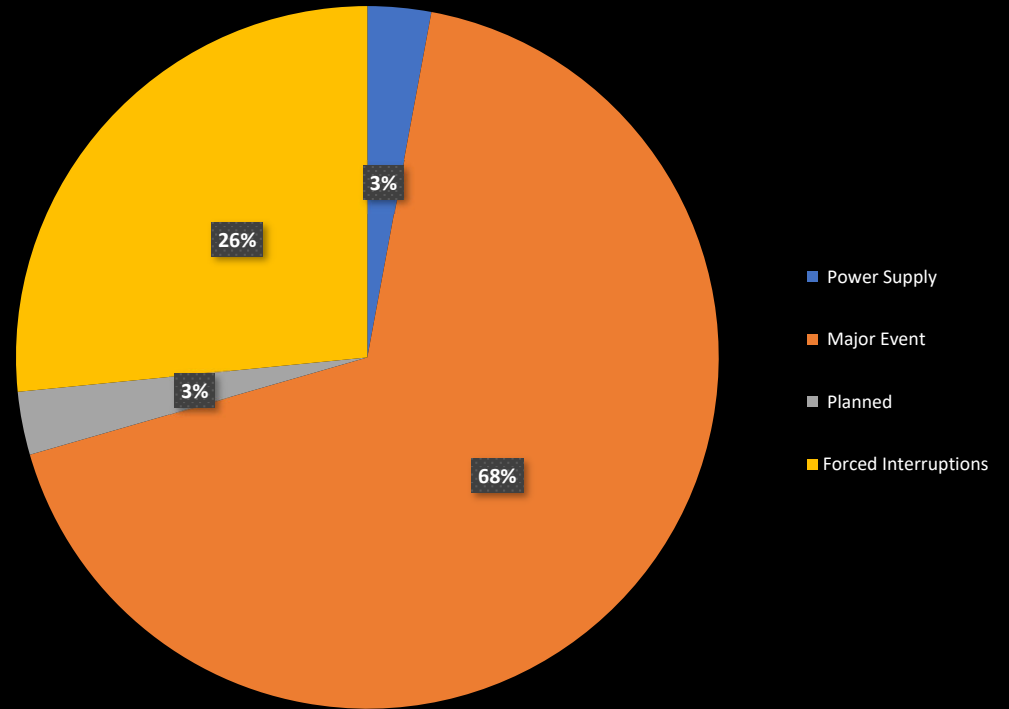
**ASAI (Average Service Availability Index) –
99.992%**

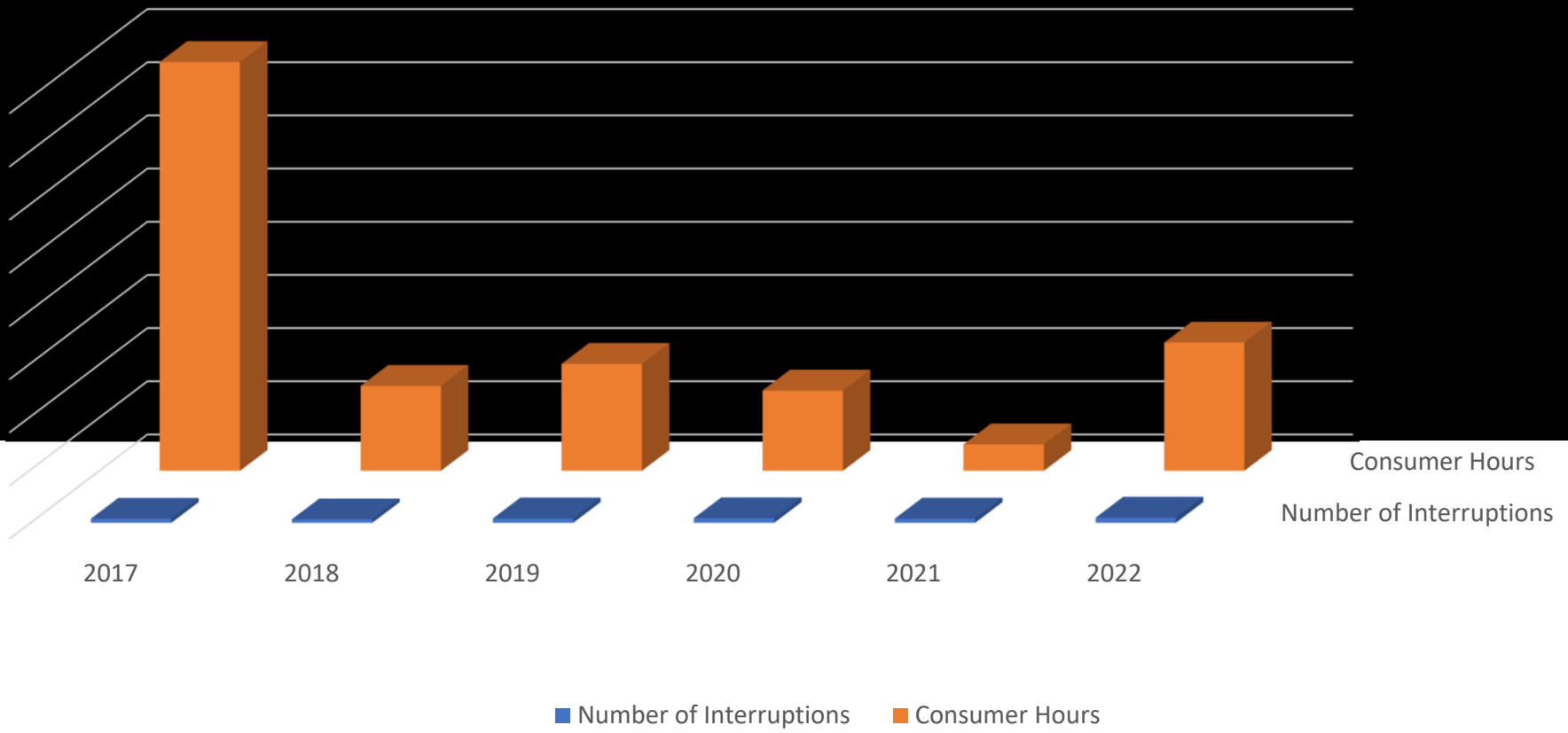
**Dealing with many struggles in the supply
chain we were still able to finish projects in
a timely manner**

CAUSES OF FORCED INTERRUPTIONS

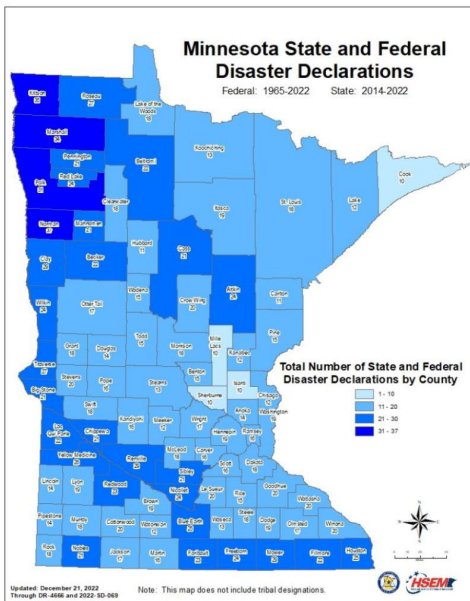
POWER SUPPLY	19.45%
WEATHER	10.92%
CAUSE UNKNOWN	2.05%
MATERIAL/EQUIPMENT FAULT	1.87%
MOTOR VEHICLE	1.56%
SQUIRREL	1.24%

2022 Outage Breakdown

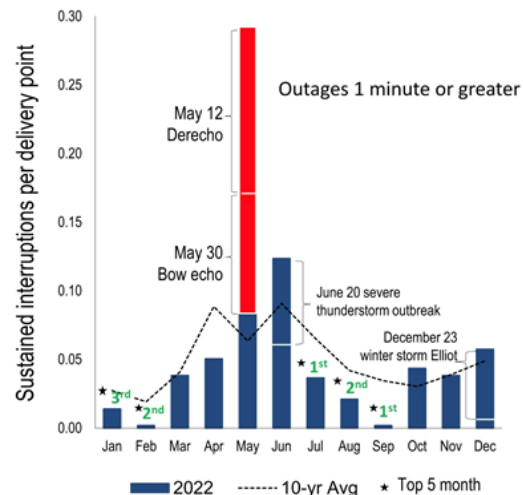
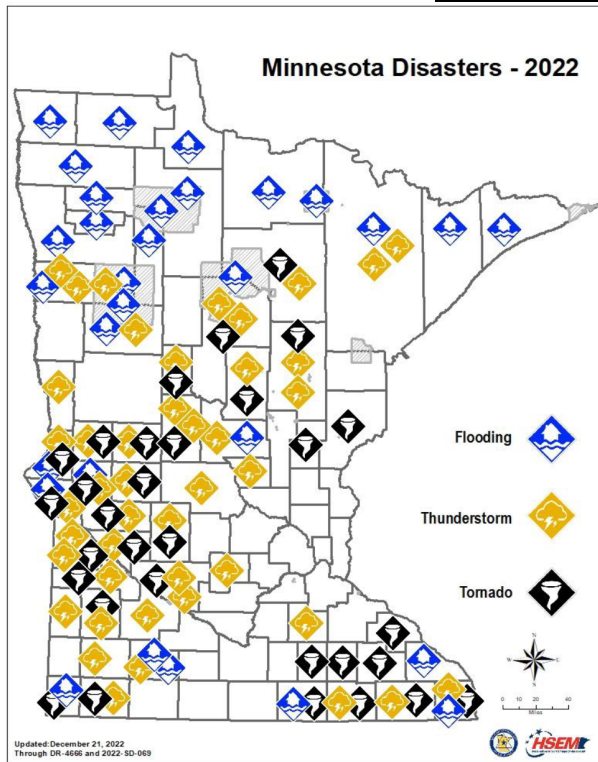




Disaster History in Minnesota



- 16 Federal Disaster in the Past 12 years
- 69 state disaster since 2014



Major outage event trends

RELIABILITY AND SAFETY

- MOEs use statistical measures to identify events outside normal distribution
 - Bow echoes, derechos, and ice and windstorms are major risks
- MOE frequency increasing
 - Prior to 2011, 1.0 MOE every 2.5 years
 - Since 2011, 1.7 MOEs per year
- MOE duration increasing
 - Prior to 2011, MOE SAIDI was 3.8 minutes
 - Since 2011, MOE SAIDI increased to 9.0 minutes



MAY 12TH STORM

Total number of members affected with a power interruption 4480

Total broken poles 12

Multiple conductors down system wide

Maximum outage duration 25 hours and 49 minutes



MAY 30TH STORM

Total number of members affected with a power interruption 8878

Total broken poles 13

Multiple conductors down system wide

Maximum outage duration 18 hours and 10 minutes



SAFETY TRAINING

Pole top and bucket rescue

Multiple safety trainings yearly

Attend Safety conferences

Staying up to date company wide on annual compliance trainings



INFORMATION TECHNOLOGY

SECURITY IMPROVEMENTS

- Multifactor Authentication implemented wherever possible
- Patch Management automation on workstations
- Routine patching of server and network devices

HARDWARE UPGRADES

- Server/SAN upgrades per industry standards – goal of zero downtime
- Radio system upgrades to maintain a reliable communication platform

TELECOMMUTING

- Telecommuting has continued to be a valuable tool when employees are unable to report to the office.
- All office employees can securely work when out of the office.

INFORMATION TECHNOLOGY

BACKUPS & RECOVERY

- Replication to a Disaster Recovery site
- Immutable Backups better protect backup data from cyber threats

SOFTWARE

- Ongoing effort to better use our software
 - We have focused a lot of attention on our Meter Data Management System (MDMS) in the past year. MDMS aids in our billing process and gives us a lot of tools for analyzing our meter data.

NETWORK IMPROVEMENTS

- Network segmentation adds a layer of security to network traffic
- Redundant ISP failover during a service interruption

2022 BY THE NUMBERS



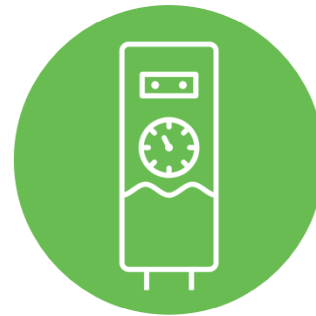
\$70,262.50

Saved by members
using rebates



8,632

Members assisted
over the phone by
Member Services



32

Water heaters sold



3,263

Households on a
load management
program

SMARTHUB AND AUTO PAY

2,859 member-owners have
signed up for SmartHub

5,254 member-owners are on
auto pay



DISTRIBUTED ENERGY RESOURCES

APPLICATIONS

- 11 renewable applications were filed in 2022.
- Proposed 251.42 kW in generation.
- 9 of these applications were for solar and 2 were for wind.

COMPLETED

- 6 of the renewable applications were completed in 2022.
- Resulting in 132.8 kW of connected generation.

COMMUNITY SOLAR

- Member-owners can purchase panel output from KPC's Community Solar Array.
- 68,428 kWh were produced on our Community Solar in 2022.

COMMUNITY

From hanging flags to driving in parades. From classroom education to Toys for Tots collection. We do it all for our local community because we are your neighbors.



COMMUNITY ENGAGEMENT

Hosted EV safety training for local first responders

44 attendees from 14 agencies

Visit to NLS Ag Program

Help set up for Celebrate the Light of the World

Visit to GRACE Homeschooling Co-op





MEMBER EVENTS



Heating and Cooling Rebates

Rebate program is subject to change or cancellation without notice. Completed rebate form and a copy of the original sales receipt within 90 days of purchase date required.

- A/C & ASHP Tune UP\$25.00
- ASHP - Ductless ≥ 14.5 SEER/SEER2; ≥ 8.2 HSPF/7.9 HSPF2
 Primary Heat is Delivered Fuels \$300.00
 Primary Heat is Electric\$500.00
- ASHP - QI (Quality Installation Required)
 \geq HSPF 8.2 / HSPF₂ 7\$500.00
 \geq HSPF 9 / HSPF₂ 7.7\$800.00
- Electronically Commutated Motor (ECM)
 Replacement Only (Energy Star)\$50.00
- GSHP - per ton (Energy Star)\$400.00
- Smart Thermostat\$25.00
- ETS Space Heating - per Kw
 (Load Management Required)\$25.00

Limited Time ASHP Promotion

Promotional rebate program is subject to change or cancellation without notice. Completed rebate form and a copy of the original sales receipt within 90 days of purchase date required.

- ASHP - Ductless ≥ 14.5 SEER/SEER2; ≥ 8.2 HSPF/7.9 HSPF2
 Primary Heat is Delivered Fuels \$450.00
 Primary Heat is Electric\$750.00
- ASHP - QI (Quality Installation Required)
 \geq HSPF 8.2 / HSPF₂ 7\$750.00
 \geq HSPF 9 / HSPF₂ 7.7\$1,250.00
- Promotion runs May through August - must be purchased and installed no later than August 31, 2023.



FINANCIAL REVIEW

2022

Patrick Krueger
Chief Financial Officer

BALANCE SHEET

2022 Highlights

Total Assets = \$73,609,034

Kandiyohi Power Cooperative experienced **year-over-year growth** in total utility plant assets of **2.03%**.

\$1,219,350 in capital credits were retired **back to our members** during the year.

Electric Plant
(Net of Depreciation)

\$52.7 Million

Extension & Replacement
of Electric Plant

\$2.5 Million

Great River Energy:
Capital Credits *Allocated**

\$252,757

Great River Energy:
Capital Credits *Retired**

\$488,148

Kandiyohi Power:
Capital Credits *Retired**

\$731,202

Equity Ratio:
As a % of Total Assets

46.8%

*As of December 31, 2022, KPC has retired
\$21,194,404 back to our members.*

OPERATING STATEMENT

2022 Highlights

Total Margins = \$1,097,998

Kandiyohi Power Cooperative provided Sales of Electric Energy totaling **\$21,429,337** in revenue.

Total # of Services Provided: **8,937**

Total # of kWh Sold: **167,291,844**

Operating Expenses

\$21,207,498

Operating Margin
before Capital Credits

\$221,839

Capital Credits Allocated
from Associated Organizations

\$383,780

Operating Margins

\$605,619

Non-Operating
Margins

\$492,379

Net Margins
\$1,097,998

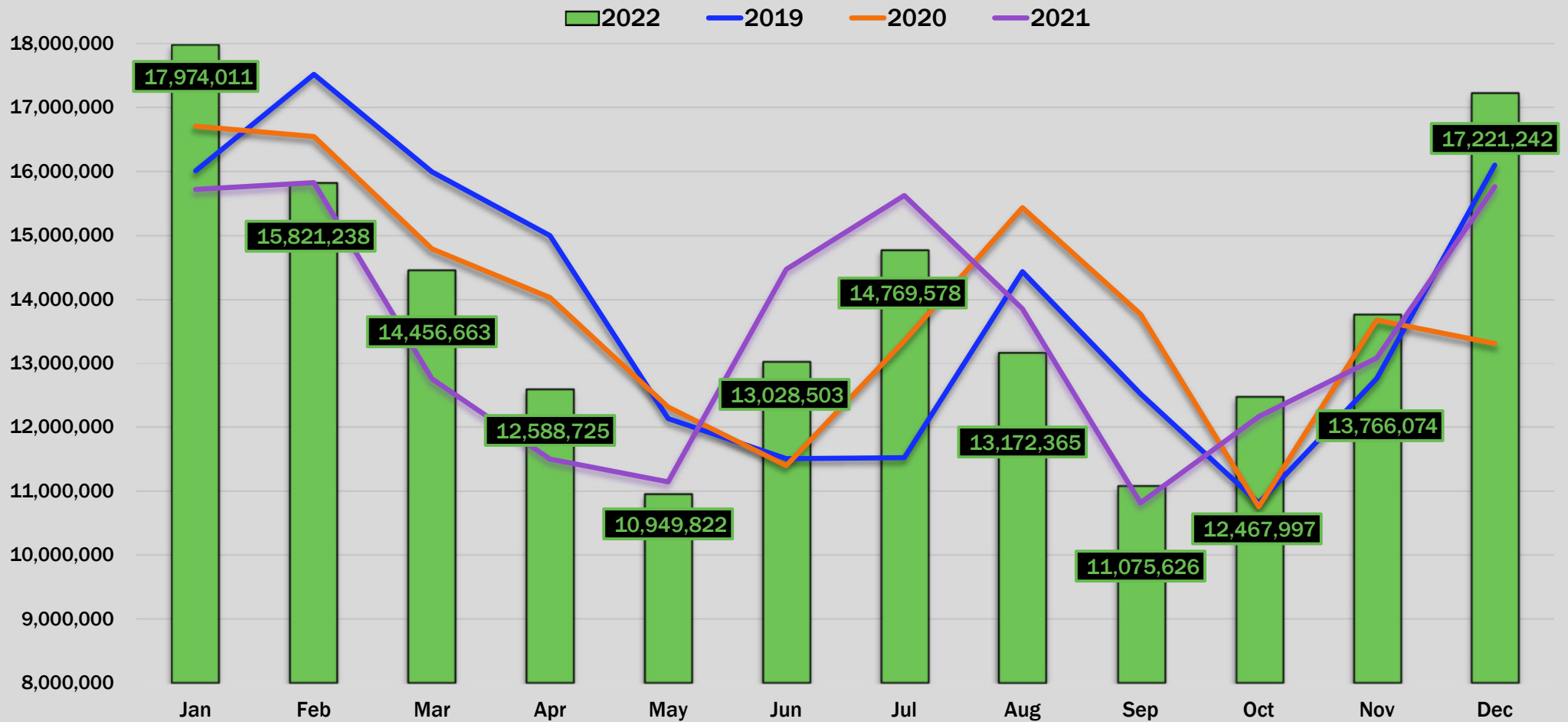
Patronage Allocated
\$1,012,775

All while keeping our competitive electric rates unchanged in 2020, 2021, and 2022.

KWH SALES

kWh Sold: 167,291,844

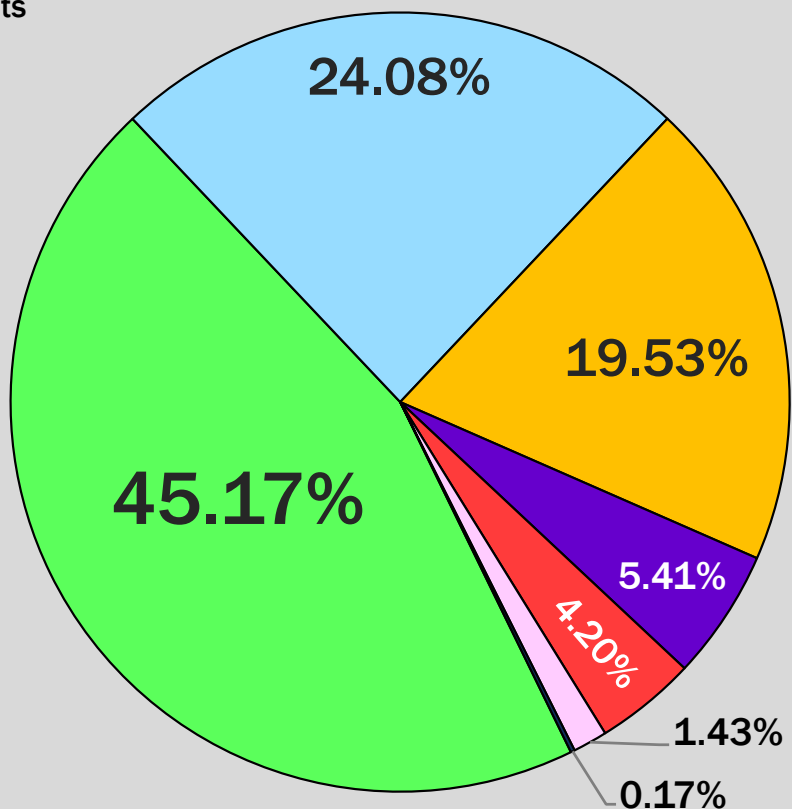
Electric Revenue: \$21,429,337



Where the dollars came from...

ENERGY SALES BY RATE CLASS

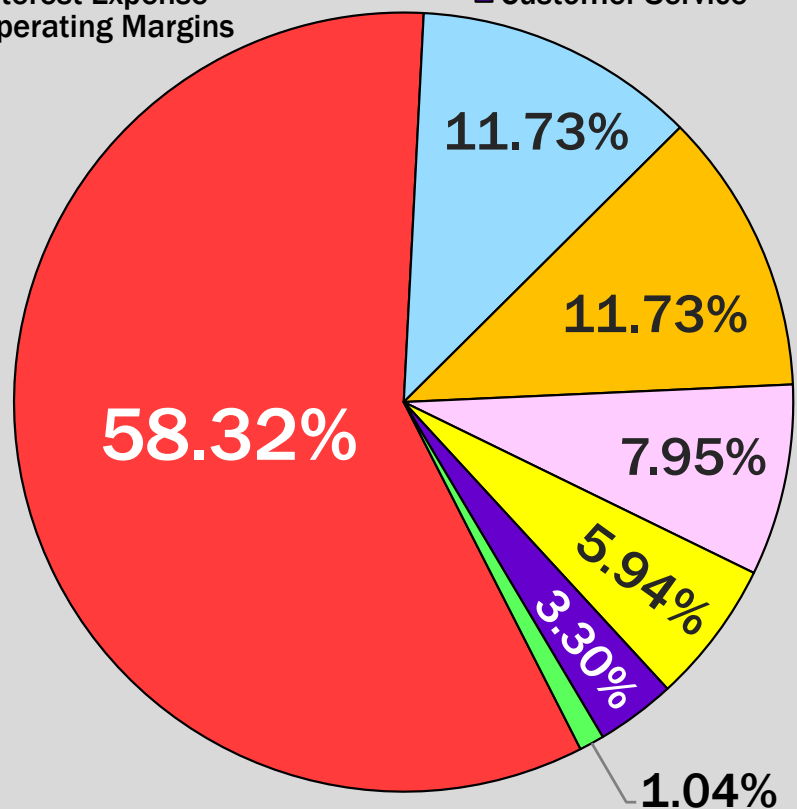
- Residential
- Small Commercial
- Farm
- Seasonal
- Large Commercial
- Irrigation
- Lights



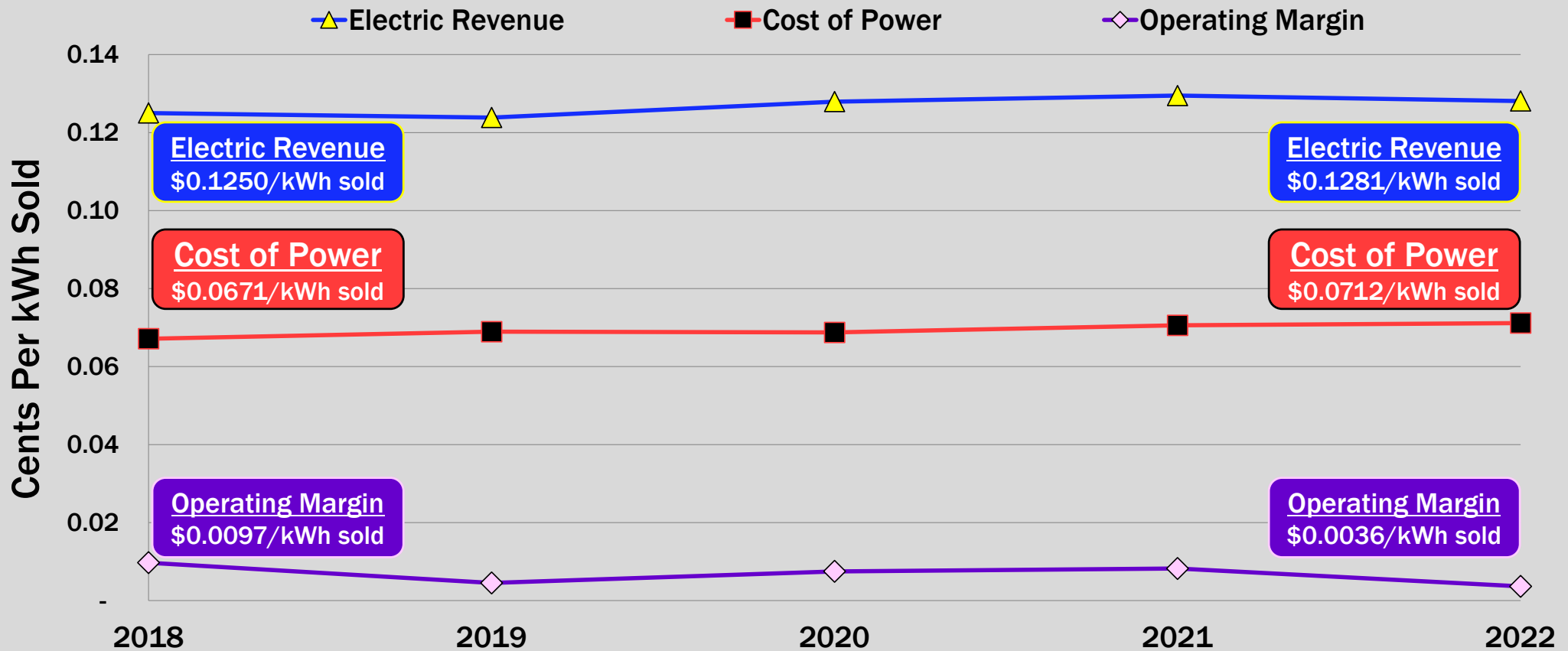
COST OF ELECTRIC SERVICE

Where the dollars went...

- Power Cost
- Operations & Maintenance
- Interest Expense
- Operating Margins
- Depreciation
- Administrative & General
- Customer Service

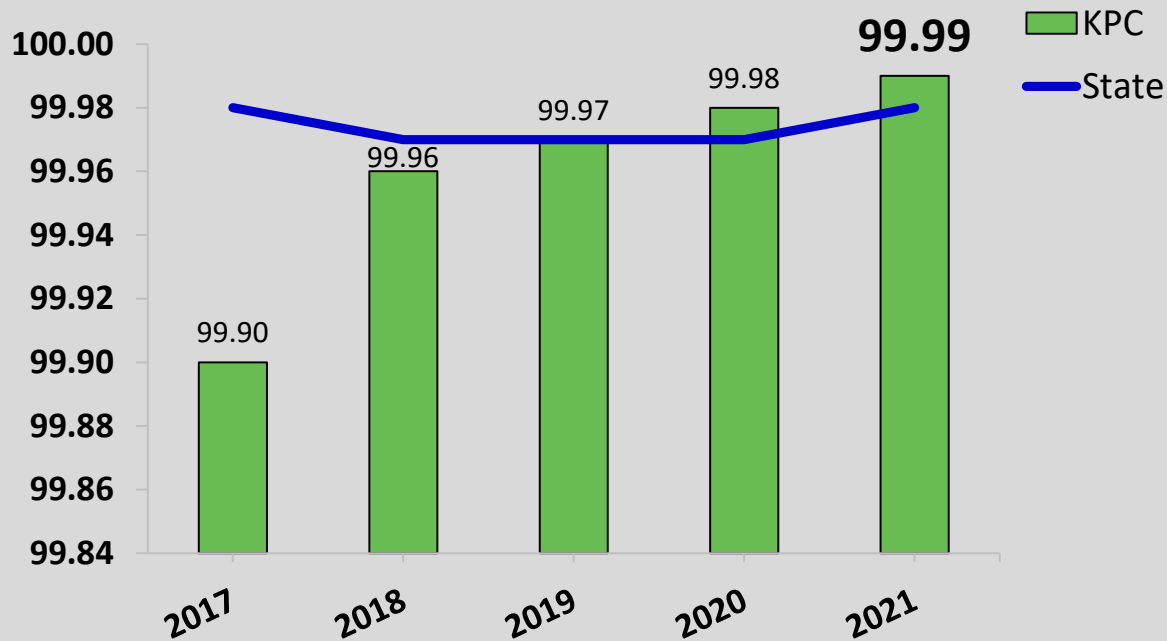


OPERATING MARGIN PER KWH SOLD



SERVICE RELIABILITY

RATIO 145 --- AVG. SERVICE AVAILABILITY INDEX (ASAI) - TOTAL (%)



KPC continues to provide reliable service to all those we serve, achieving a 99.99% availability rate in 2021.

This commitment to service will always remain at the forefront of our mission.

...especially when times are tough!

5/12/2022 Storm

**\$68,761
Total Damages**



5/30/2022 Storm

**\$82,934
Total Damages**

Thanks to folks like this...



- 4,480 outages were restored in under 26 hours (May 12th storm)
- 8,878 outages were restored in under 19 hours (May 30th storm)
- \$128,546 in damages were recovered through FEMA grants

COMMUNITY IMPACT

KPC Donations	\$ 25,216
Sharing Success	10,000
Unclaimed CC	25,729
Local Impact:	\$ 60,945

Unclaimed Capital Credits

CoBank Sharing Success

4-H \$1,200

YMCA \$8,300



Operation Round Up \$25,729

DATE 2/15/2022
 PAY TO THE ORDER OF Kandyphi Co Rescue Squad \$ 3,000.00
 Three Thousand and 00/100 DOLLARS
 Operation Round Up
 #1234567890 #47890=56730

DATE 10/11/2022
 PAY TO THE ORDER OF Kandyphi Co YMCA \$ 8,300.00
 Eight Thousand Three Hundred + 00/100 DOLLARS
 FOR Sharing Success Kandyphi Power
 #1234567890 #47890=56730

This concludes the 2022 Financial Review.

If you would like additional information related to today's presentation, a full copy of the 2022 financial statements and an article explaining the details of the 2022 patronage allocation can be found in the April edition of *The Kilowatt*.



Thank you for being a Kandiyo Power Cooperative member-owner.

OPERATION ROUND UP

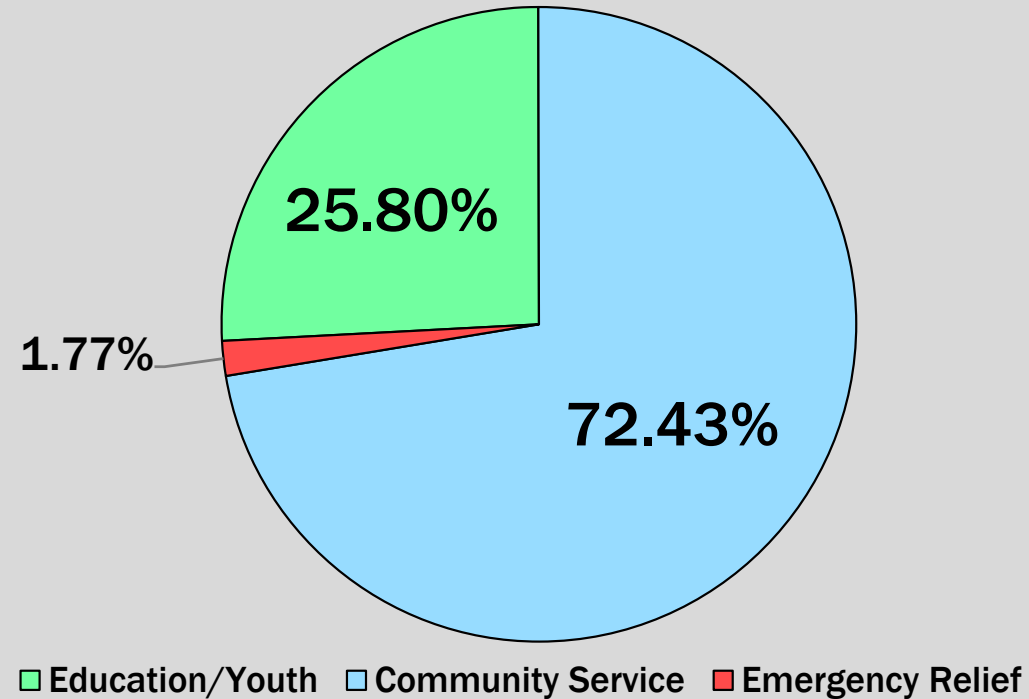


Operation RoundUp

For the Year Ended December 31, 2022

Cash Balance at 01/01/2022		\$ 17,871.83
Contributions Received		71,446.14
Interest Earned		14.64
Donations Made:		
Education / Youth	(10,775.00)	
Community Service	(30,250.00)	
Emergency Relief	(740.00)	
Total Donations		(41,765.00)
Miscellaneous Expense		(101.87)
Cash Balance at 12/31/2022		\$ 47,465.74

Over \$41,000 in donations to 45 local organizations!



*In Loving Memory
Ryan L. Erickson
1959 - 2022*



KPC

KANDIYOHI POWER
— COOPERATIVE —

2023 Annual Meeting