

KILOWATT

2022 FINANCIALS AND PATRONAGE ALLOCATION

BOARD MEETING SUMMARY

March 22, 2023

The Kandiyohi Power Cooperative Board of Directors held their regular monthly meeting. There were nine directors present. Chairman, Dale Anderson called the meeting to order.

Additions made to the agenda:

- None

The following reports were given:

- CEO Report
 - Recruiting started for Data Analyst role
 - Rental properties and unpaid tenant write-offs
 - NRECA PowerXchange Conference recap
 - Annual Meeting touch base
 - Bylaw update discussion
 - MREA & NRECA International conversation
- Member Services/Communications
 - CURE scorecard – no update as of now
 - GRE Strategist visit to KPC
 - Annual Meeting items
 - Youth Tour applicant paperwork in process
 - Remit Plus Program is live
 - Crisis Communications Working Group meeting recap
 - Community Solar update
 - Facebook and Website analytics recap
 - Line loss data explanation
- Engineering Report
 - Safety and services update
 - Update on current projects
 - Filed paperwork for MN Regional Grant
 - Safety Committee Meeting & Program overview
- Finance Report
 - Annual audit, tax items, and Form 7 process in progress.
 - 2022 Margin Allocation recap
 - Bi-annual review with Federated Insurance recap
 - FEMA project closed at Federal and State levels
 - Recap of Cobank MN Member Meeting
 - GRE update and discussion

Executive Session

Brady Martz Audit Presentation

Policy Review

Upcoming Meetings & Conferences

REPAC/ACRE Memberships

PowerXchange Conference Recap

Great River Energy (GRE) Director's

Report by Chair Anderson

Motions made and approved by the Board:

- Regular Agenda
- February Minutes with revisions
- March write offs
- Approval of policies: 205 (Rate Policy) with revisions, 300 (Service Standards)
- Chair Anderson appointed KPC's representative at GRE Annual Meeting
- Director Helgeson appointed KPC's alternate representative at GRE Annual Meeting
- Adjourn meeting
- Next regular board meeting is April 26, 2023

In this month's edition of The Kilowatt, we present the December 31, 2022 financial statements, comprised of both the year-end balance sheet and operating statement. The operating statement, also known as the statement of margins, displays total net margins of \$1,097,998 for the year. This equates to less than 5% of revenue generated by Kandiyohi Power in 2022, primarily from sales of electric energy. This amount is not retained permanently by KPC, but instead is returned to our membership in the form of capital credits, also known as patronage capital. As a member-owner, your portion of 2022 margins will ultimately be returned to you as either a bill credit (active members) or via paper check (inactive members) when this obligation is retired in the future. It is the policy of KPC to retire capital credits at the discretion of the Board of Directors, as the financial condition of the Cooperative permits.

Nearly all the \$1,097,998 in 2022 margins will be returned to member-owners in future capital credit retirements. Of this amount, \$760,018 was allocated by KPC from 2022 operating margins and will be returned to our membership in the coming years. \$252,757 was also allocated back to KPC by our power provider, Great River Energy, all of which will be returned to our member-owners over time. The only amount that will not be returned to our patrons is the income generated from

Patrick Krueger
Chief Financial Officer



KPC's equity investments, which totaled \$85,223 in 2022. This amount will be retained by the Cooperative, but still yields an indirect benefit to all our members. This additional source of income from equity investments is used to offset operating expenses and allows KPC to keep member electric rates lower across all rate classes, producing a positive benefit to all those we serve.

Throughout 2022, less than 4/10 of a single penny made its way to KPC's bottom line for each kWh sold to our membership. As explained above, this small amount remaining on the bottom line after all operating expenses were covered will be returned to our members in future years as the financial condition of the Cooperative allows. Our Cooperative is organized as a nonprofit, and the retirement of capital credits back to our member-owners is consistent with our intention to provide electricity at cost.

We at KPC are proud of the low energy rates we offer, and despite the thin margins we operate on, we remain committed to fulfilling our mission to safely provide reliable, sustainable, and innovative energy solutions to meet all our unique members' needs.

MAKE YOUR ANNUAL MEETING RESERVATION NOW!

Kandiyohi Power Cooperative is holding their Annual Meeting April 25th at the Little Crow Event Center. The doors will open at 8:30 a.m. with the meeting beginning at 9:00 a.m. sharp with brunch to follow.

Due to limited space, we ask that you please RSVP NO LATER than April 14th.

Contact us at 1-800-551-4951 or by email to contactus@kpcoop.com.

We hope that you will be able to join us and take this opportunity to visit with your Board Directors and hear what is happening at your cooperative.

December 31, 2022

Balance Sheet

UTILITY PLANT

Electric Plant in Service	\$ 77,044,450
Construction Work in Progress	501,871
TOTAL UTILITY PLANT	\$ 77,546,321
Less: Accumulated Depreciation	(24,846,768)
NET UTILITY PLANT	\$ 52,699,553

NON-UTILITY PROPERTY (NET)	\$ 1,158,767
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INVESTMENTS

Patronage Capital	\$ 9,906,809
Other	1,718,567
Investments in Subsidiaries	695,178
TOTAL INVESTMENTS	\$ 12,320,554

CURRENT & ACCRUED ASSETS

Cash & Temporary Investments	\$ 689,574
Accounts Receivable, Net of Reserve	2,985,931
Materials & Supplies	2,520,424
Prepayments & Other Accrued Assets	478,881
TOTAL CURRENT & ACCRUED ASSETS	\$ 6,674,810

DEFERRED CHARGES	\$ 755,351
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TOTAL ASSETS	\$ 73,609,035
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EQUITIES & MARGINS

Patronage Capital Assigned to Membership	\$ 30,254,859
Other Equities	4,177,886
TOTAL EQUITIES & MARGINS	\$ 34,432,745

LONG-TERM LIABILITIES

Long-Term Debt Obligation to NRUCFC	\$ 32,018,874
Long-Term Debt - Great River Energy	34,667
TOTAL LONG-TERM LIABILITIES	\$ 32,053,541

CURRENT & ACCRUED LIABILITIES

Accounts Payable	\$ 2,733,845
Current Portion of Long-Term Debt	1,528,167
Notes Payable	1,185,532
Consumers' Deposits	43,504
Other Current & Accrued Liabilities	1,197,453
TOTAL CURRENT & ACCRUED LIABILITIES	\$ 6,688,501

DEFERRED CREDITS	\$ 434,248
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TOTAL EQUITIES & LIABILITIES	\$ 73,609,035
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December 31, 2022

Operating Statement

OPERATING REVENUES

Sales of Electric Energy	\$ 21,277,348
Capital Credits - Great River Energy	252,757
Capital Credits - NRUCFC	109,502
Capital Credits - Other	21,521
Miscellaneous Electric Revenue	120,014
Consumer Late Fee Charges	31,975
TOTAL OPERATING REVENUES	\$ 21,813,117

OPERATING EXPENSES

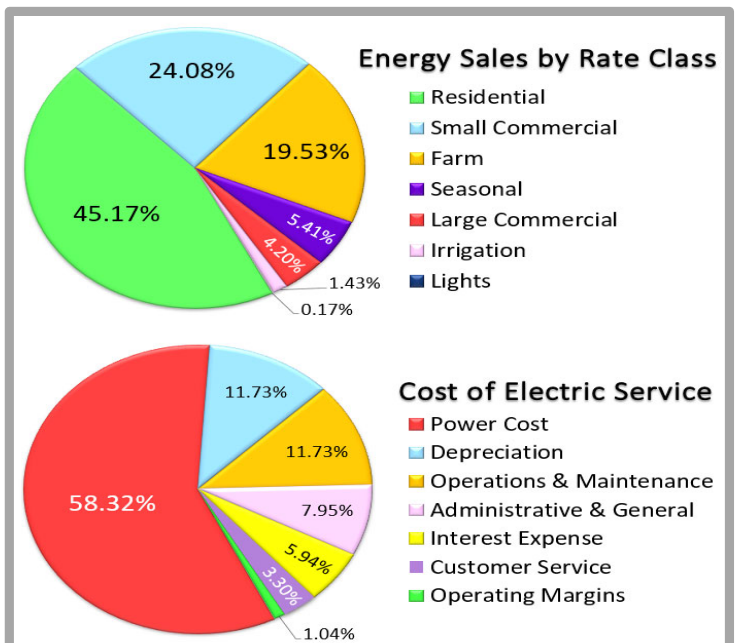
Cost of Power	\$ 12,496,825
Depreciation and Amortization	2,514,500
Operations and Maintenance	2,345,887
Administrative and General	1,509,554
Interest	1,272,065
Customer Service	380,440
Consumer Accounts	327,397
Property Taxes	214,696
Directors' Compensation & Ancillary Costs	119,942
Other	26,192
TOTAL OPERATING EXPENSES	\$ 21,207,498

OPERATING MARGINS	\$ 605,619
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NON-OPERATING MARGINS

Income from Equity Investments	\$ 85,223
Rental Income (Net) - Old HQ Building	120,472
Other Non-Operating Income	197,352
Interest Income	89,332
TOTAL NON-OPERATING MARGINS	\$ 492,379

TOTAL KPC MARGINS (NET)	\$ 1,097,998
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As of December 31, 2022, KPC has retired \$21,194,404 in capital credits to our members.

BOARD DIRECTOR FILING FOR 2023

The filing period for election to the Board of Directors closed on March 6th, 2023.

Filings were received for the following seats up for election:

District 1:

1. Larry Powers

District 2:

1. Dan Pomranke
2. Rick Nass
3. John Wallin

District 3 (1 year):

1. Kelly Erickson

2. Dawn Witt

District 3 (3 year):

1. Robbert Stone
2. Roger Steinke
3. Darrell Fostervold
4. Jerrell (Stan) Stanley

Article IV, Section 4.2 of the KPC bylaws states "In the event that there is only one candidate for election to a Director position, either through filing or by nomination, the single candidate shall be deemed elected by acclamation as an unopposed candidate and no voting shall be required for such an uncontested Director election."

Voting will be for KPC Members in District 2 and District 3.

Ballots were mailed to all members in District 2 and District 3 on April 3.



8605 47th Street NE
Spicer, MN 56288-0040
Phone #: 800-551-4951
Fax #: 320-796-0620
www.kpcoop.com


NOTICE OF THE ANNUAL MEMBERS' MEETING of the KANDIYOHI POWER COOPERATIVE


NOTICE IS HEREBY GIVEN, that the Annual Meeting of the Members of the Kandiyo Power Cooperative will be held at Little Crow Gold Resort, 15980 MN-23, Spicer, Minnesota on Tuesday, April 25th, 2023. The Annual Business Meeting of the Members will be called to order at 9:00a.m. The following business will be transacted:

- 1) To hear, examine, and approve of the reports of the officers, directors, and committees.
- 2) To elect four (4) Directors for said Association for the ensuing term.
- 3) For the transaction of such other and further business as may lawfully be brought before the membership of the Association and as may be deemed to be in the best interest of the Association.

DATED: Spicer, Minnesota, February 27th, 2023

BY ORDER OF THE BOARD OF DIRECTORS


Dale Anderson, Chairman


Stanley Wubben, Secretary/Treasurer

ANNUAL MEETING PROGRAM

9:00 a.m. - CALL TO ORDER

- Dale Anderson, Chairman

INVOCATION - Stan Wubben

NATIONAL ANTHEM

APPOINTMENT OF PARLIAMENTARIAN

- Benjamin Bohnsack

APPOINTMENT OF SECRETARY - Kim Hanson

REPORT OF QUORUM

- Stanley Wubben, Secretary/Treasurer

READING OF NOTICE OF ANNUAL MEETING

- Stanley Wubben, Secretary/Treasurer

AFFIDAVIT OF MAILING

- Stanley Wubben, Secretary/Treasurer

DECLARATION - FILE REPORT ON QUORUM

- Dale Anderson, Chairman

APPROVAL OF 2022 ANNUAL MEETING MINUTES

- Dale Anderson, Chairman

GRE GUEST PRESENTATION

- John Brekke, 2040 Carbon Free Standard

BOARD CHAIRMAN COMMENTS

- Dale Anderson

CEO COMMENTS - Ryan Nelson, CEO

FINANCIALS - Patrick Krueger, CFO

OPERATION ROUND-UP UPDATE

INTRODUCTION OF DIRECTORS

- Dale Anderson, Chairman

Introduction of Nominees by District:

- District 1 - Larry Powers (Incumbent) - Appointed by Acclamation - no other candidates ran for District 1.
- District 2 - Dan Pomranke (Incumbent)
Rick Nass (Nominee)
John Wallin (Nominee).
- District 3 - 1 Year Term
Kelly Erickson (Incumbent)
Dawn Witt (Nominee)
- District 3 - 3 Year Term
Robbert Stone (Incumbent)
Roger Steinke (Nominee)
Darrel Fostervold (Nominee)
Jarrell (Stan) Stanley (Nominee)

OLD BUSINESS - Benjamin Bohnsack, Attorney

NEW BUSINESS - Benjamin Bohnsack, Attorney

REPORTS OF ELECTION RESULTS

- Benjamin Bohnsack, Attorney

MOTION TO ADJOURN - Dale Anderson, Chairman

10:30 AM Brunch to follow



8605 47th Street NE, Spicer, MN 56288
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Office Hours: Mon.-Fri. 7:30am – 4pm
Phone: 1-800-551-4951
Fax: 320-796-0620

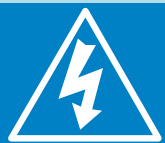
Tom McCormick
Electric Inspector: 320-221-2809

Drop boxes available for your convenience
at Cash Wise and our headquarters
building near flag pole.

Ryan Nelson, CEO	320-796-1160
Michele Scheffler,	
Member/Communications	320-796-0982
Brent Hatlestad,	
Line Superintendent	320-796-1163
Patrick Krueger, CFO	320-796-0991

BOARD OF DIRECTORS:	District
Dale Anderson, Chair - 320-894-1687	1
Rollo Campe - 320-894-1601	1
Larry Powers - 320-212-7960	1
Dan Pomranke - 320-894-7113	2
Todd Post, VC - 320-212-1119	2
Stan Wubben, Secretary - 320-905-8325	2
Kelly Erickson - 320-894-2930	3
Diane Helgeson - 320-220-3745	3
Robbert Stone - 320-894-8867	3

KILOWATT STAFF:
Michele Scheffler, Editor



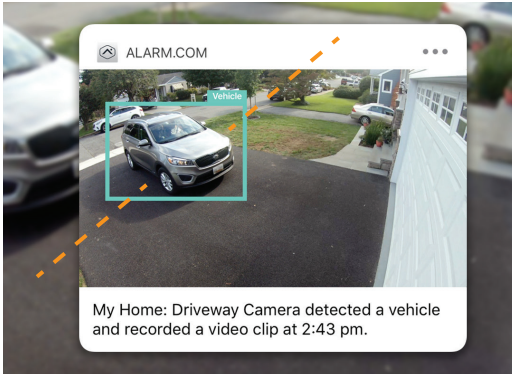
**24-HOUR
OUTAGE
NUMBER**

When your lights go out, so do we.

Call us if your power goes out even if you think your neighbors
already did. Leave one light on so you know when power has
been restored and make sure you have an emergency kit ready.

1-800-551-4951

The Cooperative will attempt to furnish continuous
service but will not guarantee uninterrupted service.



Create a line of defense.

**CREATE TRIPWIRE LINES SHOWING
WHEN VEHICLES AND PEOPLE CROSS
INTO YOUR PROPERTY.**

You can create "tripwire" alerts to show
activity on specific pathways, like
driveways, sidewalks, or gates.



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ASHP Rebate Promotional Special

Take advantage of these hot
promo rebates when you install
a qualifying, energy-saving
air source heat pump!



Air source heat pumps are a high efficiency heating system. By switching to
air source heat pumps, you can reduce your energy bills as you'll be using the
outside air for your heating and cooling needs. If you are considering installing
an air source heat pump, take advantage of these rebates!

Equipment must be purchased and installed in May, June, July or August 2023.

Ducted ASHP	Promotional Rebate
≥ HSPF 8.2 / HSPF ₂ 7	\$750.00
≥ HSPF 9 / HSPF ₂ 7.7	\$1,250.00
*Quality installation required	

Ductless ASHP	Promotional Rebate
Delivered Fuels	\$450.00
Electric Heat	\$750.00
Efficiency Requirments: ≥ 14.5 SEER/SEER ₂ ; ≥ 8.2 HSPF/7.9 HSPF ₂	

Limited funds are available and awarded on a first-come, first-served basis.
Rebate amounts and programs are subject to
change without notice.



March's \$25 Winner: David and Pam Vansloun

Enroll in our Auto Pay program to be entered into a monthly drawing for a
\$25.00 bill credit. Save time and money!

Must be on Auto Pay to be eligible to win. You can also select email as your only delivery option.
You will then receive an email instead of a paper bill when your bill is ready for payment.