

KILOWATT

2023 Financials & Patronage Allocation

In this month's edition of The Kilowatt, we present the December 31, 2023 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 \$2,631,637 for the year. This equates to roughly 5% of revenue generated by Kandiyohi Power in 2023, 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 2023 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 \$2,631,637 in 2023 margins will be returned to member-owners in future capital credit retirements. Of this amount, \$1,636,101 was allocated by KPC from 2023 operating margins and will be returned to our membership in the coming years. \$722,397 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 KPC's equity investments, which totaled \$273,139 in 2023. This amount will be

Patrick Krueger

Chief Financial Officer



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 2023, roughly 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 on a not-for-profit basis, 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.



**REGISTER
NOW!**

MAKE YOUR ANNUAL MEETING RESERVATION NOW!

Kandiyohi Power Cooperative is holding our Annual Meeting April 23rd 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 15th if you plan on attending the Annual Meeting. Contact us at 800-551-4951 or by email to contactus@kpcoop.com to make your reservation. 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. As always, we will have a welcome gift per membership and prize drawing.



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FACEBOOK

[WWW.FACEBOOK.COM/KANDIYOHIPOWERCOOPERATIVE](https://www.facebook.com/kandiyohipowercooperative)

December 31, 2023

Balance Sheet

UTILITY PLANT

Electric Plant in Service	\$ 79,401,414
Construction Work in Progress	709,786
TOTAL UTILITY PLANT	\$ 80,111,200
Less: Accumulated Depreciation	(26,652,511)
NET UTILITY PLANT	\$ 53,458,689
NON-UTILITY PROPERTY (NET)	\$ 1,080,793

INVESTMENTS

Patronage Capital	\$ 10,163,265
Other	1,803,750
Investments in Subsidiaries	870,078
TOTAL INVESTMENTS	\$ 12,837,093

CURRENT & ACCRUED ASSETS

Cash & Temporary Investments	\$ 352,075
Accounts Receivable, Net of Reserve	2,913,132
Materials & Supplies	3,393,259
Prepayments & Other Accrued Assets	239,690
TOTAL CURRENT & ACCRUED ASSETS	\$ 6,898,156

DEFERRED CHARGES	\$ 661,709
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TOTAL ASSETS	\$ 74,936,440
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EQUITIES & MARGINS

Patronage Capital Assigned to Membership	\$ 31,493,714
Other Equities	4,456,332
TOTAL EQUITIES & MARGINS	\$ 35,950,046

LONG-TERM LIABILITIES

Long-Term Debt Obligation to NRUCFC	\$ 31,349,522
Long-Term Debt - Great River Energy	18,667
TOTAL LONG-TERM LIABILITIES	\$ 31,368,189

CURRENT & ACCRUED LIABILITIES

Accounts Payable	\$ 2,847,813
Current Portion of Long-Term Debt	1,551,553
Notes Payable	1,186,336
Consumers' Deposits	46,883
Other Current & Accrued Liabilities	1,263,107
TOTAL CURRENT & ACCRUED LIABILITIES	\$ 6,895,692

DEFERRED CREDITS	\$ 722,513
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TOTAL EQUITIES & LIABILITIES	\$ 74,936,440
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December 31, 2023

Operating Statement

OPERATING REVENUES

Sales of Electric Energy	\$ 22,902,006
Capital Credits - Great River Energy	722,397
Capital Credits - NRUCFC	112,926
Capital Credits - Other	20,409
Miscellaneous Electric Revenue	139,299
Consumer Late Fee Charges	30,684
TOTAL OPERATING REVENUES	\$ 23,927,721

OPERATING EXPENSES

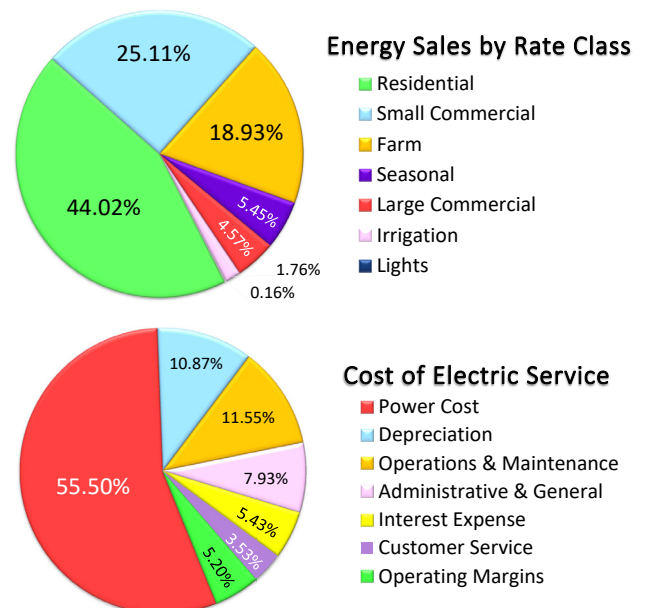
Cost of Power	\$ 12,805,371
Depreciation and Amortization	2,506,831
Operations and Maintenance	2,503,143
Administrative and General	1,665,073
Interest	1,251,825
Customer Service	400,932
Consumer Accounts	414,123
Property Taxes	206,030
Directors' Compensation & Ancillary Costs	108,259
Other	11,354
TOTAL OPERATING EXPENSES	\$ 21,872,941

OPERATING MARGINS	\$ 2,054,780
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NON-OPERATING MARGINS

Income from Equity Investments	\$ 273,139
Rental Income (Net) - Old HQ Building	114,382
Other Non-Operating Income	99,449
Interest Income	89,887
TOTAL NON-OPERATING MARGINS	\$ 576,857

TOTAL KPC MARGINS (NET)	\$ 2,631,637
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As of December 31, 2023, KPC has retired \$22,450,598 in capital credits to our members.

ANNUAL MEETING AGENDA

9:00 AM CALL TO ORDER
Dale Anderson, Chairman

INVOCATION
Stan Wubben

NATIONAL ANTHEM

APPOINTMENT OF PARLIAMENTARIAN
Chad Felstul

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 2023
ANNUAL MEETING MINUTES
Dale Anderson, Chairman

GUEST PRESENTATION
Dave Baker, Minnesota State Representative

GRE GUEST PRESENTATION
Zac Ruzycki, Resource Planning Director

BOARD CHAIRMAN COMMENTS
Dale Anderson

CEO COMMENTS – Ryan Nelson

FINANCIALS – CFO, Patrick Krueger

OPERATION ROUND-UP UPDATE

INTRODUCTION OF DIRECTORS
Chair Anderson

Introduction of Nominees by District:

- District 1
Rollo Campe (Incumbent)
Ross Erickson (Nominee)
- District 2
Rick Nass (Nominee)
Todd Post (Incumbent)
John Wallin (Nominee)
- District 3
Kelly Erickson (Incumbent)
Appointed by Acclamation
– no other candidates ran for District 3.

OLD BUSINESS – Chad Felstul

NEW BUSINESS – Chad Felstul

REPORTS OF ELECTION RESULTS
Chad Felstul

1. District Directors
2. Proposed Amendments to Kandiyohi Power Cooperative's Articles of Incorporation and Bylaws

10:30 AM MOTION TO ADJOURN

10:30 AM Brunch to follow.

BALLOT COUNTING VOLUNTEERS NEEDED!

As members of KPC, you have a unique opportunity to assist in the crucial democratic process of counting election and amendment ballots. No prior experience is necessary as our attorney will be on site instructing and assisting along the way. We're seeking six volunteers on Monday, April 22nd at 4:00pm.

First come, first serve. Anyone on the ballot or relatives of someone on the ballot will not be allowed to help count. Call Kim for more details and to volunteer (320)796-0989.



**March's \$25
Auto Pay
Winner: James and
Kaaren Harris**

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.



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BOARD MEETING SUMMARY

March 27, 2024

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

Additions made to the regular agenda:
- Tips.

The following reports were given:

- CEO Report
 - IJIA Consortium, Topic 3 Update.
 - New Era Grant Update.
 - Possible REDLG Discussion.
 - GRE Regional Meeting Recap.
 - NRECA PowerXchange Recap.
 - CoBank Customer Meeting Recap.
 - MREA Annual Meeting Recap.
 - Tantalus Event Update.
 - Annual Meeting Items.
 - Guatemala – International Program.
- Member Services/Communications
 - Annual Cogeneration Filings & Report.
 - Annual Meeting Items & Update.
 - Community Solar Update.
 - Insights & Analytics.
- Engineering Report
 - Safety and services update.
 - Update on current projects.
 - One unit tagged out of service for safety reasons.
- Finance Report
 - Review of financials for February
 - Capital Credit allocations.
 - Form 7.
 - TIER and OTIER

Upcoming Meetings & Conferences

PowerXchange Conference Recap

MREA Annual Meeting Recap

Directors Conference

Travel Expenses Protocol

Great River Energy (GRE) Director's Report
by Chair Anderson

Motions made and approved by the Board:

- Regular Agenda.
- Consent Agenda
- NRECA International – Guatemala Donation
- March Write-Offs
- Virtual Directors Conference Attendance
- Adjourn meeting.

Meeting Adjourned Next regular board meeting is
April 24, 2024.



8605 47th Street NE, Spicer, MN 56288
www.kpcoop.com

Office Hours: Mon.-Fri. 7:30am – 4pm
Phone: 1-800-551-4951
Fax: 320-796-0620

Tom McCormick
Electric Inspector: 320-221-2809

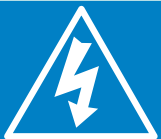
Drop boxes available for your convenience
at Cash Wise and our headquarters
building near flag pole.

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
Darrell Fostervold - 320-212-4824	3

KILOWATT STAFF:
Michele Scheffler, Editor

Equal opportunity provider and employer.



**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.

● ● ● YOUR SOURCE FOR ENERGY-EFFICIENT HEATING AND COOLING.

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 2024.

Ducted ASHP	Promotional Rebate
≥ 14.3 SEER2 & ≥ 7.5 HSPF2	\$600.00
≥ 15.2 SEER2 & ≥ 8.1 HSPF2	\$900.00
* ≤ 5 ton & Quality installation required	

Ductless ASHP	Promotional Rebate
Delivered Fuels	\$400.00
Electric Heat	\$600.00
Efficiency Requirements: >1 ton & ≥ 14.3 SEER2 & ≥ 7.5 HSPF2	

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



Correction Notice Regarding Articles of Incorporation Amendment

We are writing to bring to your attention an error in the recently mailed version of the redline proposed amendments to the Articles of Incorporation. Upon review, it has come to our attention that in Article 3, Section 2, the word "not" was incorrectly crossed out. This error was inadvertent and does not accurately reflect the intended language of the amendment. We apologize for any confusion. The corrected version of the amendment is as follows:

ARTICLE 3 SECTION 2.

~~with e~~Each Member shall be entitled to only one (1) vote ~~in the affairs of this Cooperative and~~ Memberships shall not be transferable ~~except only~~ with the consent and approval of the Board of Directors of this Cooperative. Voting by proxy shall be prohibited.

Please note that the correct language was presented in the clean copy on our website and in the proposed amendments to the Bylaws. If you have any questions or concerns regarding this correction, please do not hesitate to contact us.

A complete version of the proposed amendments to the Articles of Incorporation and the Bylaws are available at <https://www.kpcoop.com/articles-and-bylaws>.