

KILOWATT

MAKE YOUR ANNUAL MEETING RESERVATION NOW!

Kandiyohi Power Cooperative is holding our Annual Meeting April 28th at the Little Crow Golf Resort. The doors will open at 8:30 a.m. with the meeting beginning at 9:00 a.m. Due to limited space, we ask that you please RSVP NO LATER than April 15th if you plan on attending. Contact us at 800-551-4951 or by email at 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. We will have a membership gift and prize drawing for those in attendance.

ONLINE VOTING

This year marks our second year of offering online voting in the Director election process. While we continue to provide traditional paper ballot mailing, members have the convenient option to cast their votes electronically. Voting packets were mailed on March 23. Your voting packet includes all the information you need to cast your vote online or by mail.

Be sure to participate and make your voice count!



2025 FINANCIALS & PATRONAGE ALLOCATION

In this edition of The Kilowatt, we present the December 31, 2025 financial statements, comprised of the year-end balance sheet and operating statement. As the operating statement illustrates, costs to serve the membership and support operations in 2025 were \$24,484,122, compared to \$24,129,907 of operating revenues collected. Simply put, more dollars were spent than earned by the Cooperative's core function during the year, resulting in a \$354,215 operating loss. Fortunately for our patrons, there was much more to consider during the past year.



Patrick Krueger
Chief Financial Officer

Although it is unsustainable to operate any business at a loss long-term, Kandiyohi Power's management team and directors were aware of and proactively budgeted for non-operating items specific to 2025, such as the sale of KPC's former headquarters building in early 2025. The gain from this sale yielded a benefit of over \$1,000,000 to the membership, subsidizing the organization as a whole and allowing KPC to keep rates lower than otherwise possible throughout the year. Good fortune continued for the Cooperative as the year drew to a close, with non-operating margins increasing by nearly \$800,000 due to payroll tax credits and profitable equity investments. Most notably, our share of the earnings generated by our power provider, Great River Energy, brought about an additional \$1,300,000 in non-operating income. These earnings, all of which have already been allocated to KPC members, will not be realized in cash until they are retired at Great River's discretion at some point in the future.

In total, KPC's \$354,215 operating loss and \$3,348,875 non-operating gain translates to 2025 net income of \$2,994,660. Of this amount, \$1,744,908 will be returned to member-owners in future capital credit retirements. The remaining income, generated by equity investments and the sale of the former headquarters building, will be permanently retained by the Cooperative to offset operating expenses, strengthen our balance sheet, and keep member electric rates as low as possible across all rate classes, producing a positive benefit to all constituents.

Looking forward and understanding that the unique, non-operating revenue earned in 2025 would not reoccur again in the future, directors made a prudent decision based on management's recommendations to appropriately raise rates in 2026 and recover a greater amount of fixed costs through fixed charges. This decision is consistent with cooperative principles and aligns with our intention to provide electricity at cost and to recover these costs as equitably as possible, ensuring the financial integrity of the Cooperative to provide high quality electric service to our members not only today, but long into the future.

Our team understands that there will be no shortage of challenges ahead, motivating us to find new opportunities inside of these difficulties. By embracing technology and fostering the strengths of a lean, talented, and passionate staff, we will continue to unlock member value and provide affordable solutions to meet the unique needs of all those we serve.

SAVE THE DATE

Member Appreciation
Stingers Game June 9th



December 31, 2025

Balance Sheet

ELECTRIC PLANT

| | |
|---------------------------------------|----------------------|
| Electric Distribution Plant | \$ 69,980,503 |
| General and Intangible Plant | 13,488,659 |
| TOTAL UTILITY PLANT IN SERVICE | \$ 83,469,162 |
| Less: Accumulated Depreciation | (29,171,368) |
| NET UTILITY PLANT IN SERVICE | \$ 54,297,794 |
| Construction Work in Progress | 920,670 |
| TOTAL ELECTRIC PLANT | \$ 55,218,464 |

INVESTMENTS

| | |
|-----------------------------|----------------------|
| Patronage Capital | \$ 11,420,103 |
| Other | 2,235,339 |
| Investments in Subsidiaries | 1,167,012 |
| TOTAL INVESTMENTS | \$ 14,822,454 |

CURRENT & ACCRUED ASSETS

| | |
|---|---------------------|
| Cash & Temporary Investments | \$ 431,984 |
| Accounts Receivable, Net of Reserve | 3,714,526 |
| Materials & Supplies | 3,588,764 |
| Prepayments & Other Accrued Assets | 384,699 |
| TOTAL CURRENT & ACCRUED ASSETS | \$ 8,119,973 |

| | |
|-------------------------|-------------------|
| DEFERRED CHARGES | \$ 469,232 |
|-------------------------|-------------------|

| | |
|---------------------|----------------------|
| TOTAL ASSETS | \$ 78,630,123 |
|---------------------|----------------------|

EQUITIES & MARGINS

| | |
|--|----------------------|
| Patronage Capital Assigned to Membership | \$ 33,671,149 |
| Other Equities | 5,185,041 |
| TOTAL EQUITIES & MARGINS | \$ 38,856,190 |

LONG-TERM LIABILITIES

| | |
|-------------------------------------|----------------------|
| Long-Term Debt Obligation to NRUCFC | \$ 31,895,957 |
| Long-Term Debt - Great River Energy | 315,000 |
| TOTAL LONG-TERM LIABILITIES | \$ 32,210,957 |

CURRENT & ACCRUED LIABILITIES

| | |
|--|---------------------|
| Accounts Payable | \$ 3,958,448 |
| Current Portion of Long-Term Debt | 1,652,093 |
| Income Taxes Due from Sale of Old HQ | 412,273 |
| Consumers' Deposits | 71,614 |
| Other Current & Accrued Liabilities | 1,201,478 |
| TOTAL CURRENT & ACCRUED LIABILITIES | \$ 7,295,906 |

| | |
|-------------------------|-------------------|
| DEFERRED CREDITS | \$ 267,070 |
|-------------------------|-------------------|

| | |
|---|----------------------|
| TOTAL EQUITIES & LIABILITIES | \$ 78,630,123 |
|---|----------------------|

December 31, 2025

Operating Statement

OPERATING REVENUES

| | |
|---------------------------------|----------------------|
| Sales of Electric Energy | \$ 23,920,923 |
| Miscellaneous Electric Revenue | 172,835 |
| Consumer Late Fee Charges | 36,149 |
| TOTAL OPERATING REVENUES | \$ 24,129,907 |

OPERATING EXPENSES

| | |
|---|----------------------|
| Cost of Power | \$ 14,738,376 |
| Depreciation and Amortization | 2,589,453 |
| Operations and Maintenance | 2,449,553 |
| Administrative and General | 2,132,951 |
| Interest | 1,322,230 |
| Consumer Accounts | 497,499 |
| Customer Service | 423,695 |
| Property Taxes | 210,528 |
| Directors' Compensation & Ancillary Costs | 107,757 |
| Other | 12,080 |
| TOTAL OPERATING EXPENSES | \$ 24,484,122 |

| | |
|-----------------------|---------------------|
| OPERATING LOSS | \$ (354,215) |
|-----------------------|---------------------|

NON-OPERATING MARGINS

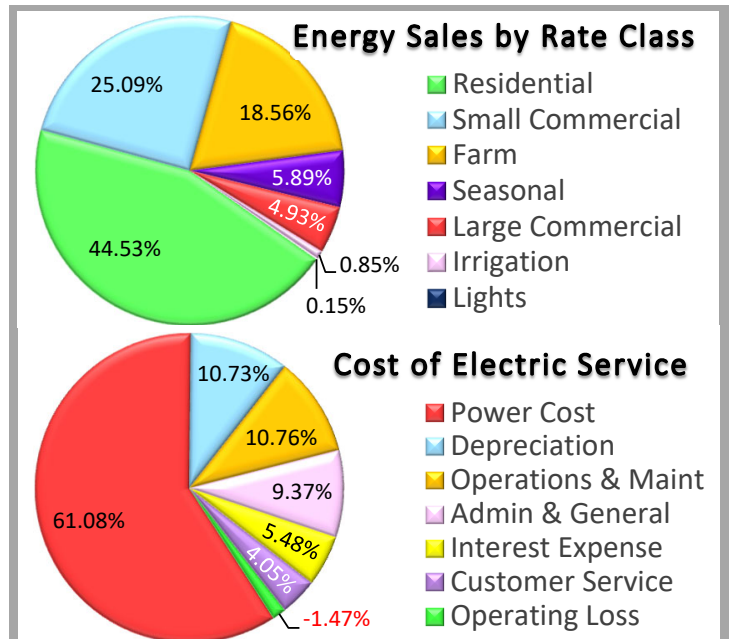
| | |
|---|---------------------|
| Capital Credits - Great River Energy | \$ 1,301,212 |
| Gain on Sale of Old HQ, net of Income Tax | 1,063,339 |
| Employee Retention Tax Credits | 467,566 |
| Equity Investment and Other Income | 298,509 |
| Capital Credits - Other | 96,305 |
| Interest Income | 65,679 |
| Capital Credits - NRUCFC | 56,265 |
| TOTAL NON-OPERATING MARGINS | \$ 3,348,875 |

| | |
|--------------------------------|---------------------|
| TOTAL KPC MARGINS (NET) | \$ 2,994,660 |
|--------------------------------|---------------------|

WHAT WE OWN

WHAT WE OWE

As of December 31, 2025, KPC has retired \$24,521,037 in capital credits to our members.



2026 ANNUAL MEETING PROGRAM

9:00 AM CALL TO ORDER

Dale Anderson, Chairman

INVOCATION

Todd Post, Vice Chair

PLEDGE OF ALLEGIANCE

APPOINTMENT OF PARLIAMENTARIAN

Chad Felstul

APPOINTMENT OF SECRETARY

Ashley Veeder

REPORT OF QUORUM

Rollo Campe, Secretary/Treasurer

READING OF NOTICE OF ANNUAL MEETING

Rollo Campe, Secretary/Treasurer

AFFIDAVIT OF MAILING

Rollo Campe, Secretary/Treasurer

DECLARATION – FILE REPORT ON QUORUM

Dale Anderson, Chairman

APPROVAL OF 2025

ANNUAL MEETING MINUTES

Dale Anderson, Chairman

BOARD CHAIRMAN COMMENTS

Dale Anderson

FINANCIALS

Patrick Krueger, Chief Financial Officer

RELIABILITY REPORT

James Pachon, Engineering and

Operations Manager

CEO COMMENTS

Ryan Nelson

OPERATION ROUND-UP UPDATE

INTRODUCTION OF DIRECTORS

Chair Anderson

Introduction of Nominees by District:

- District 1

Larry Powers (Incumbent)

Appointed by Acclamation

– no other candidates ran for District 1

- District 2

Steven Combs (Nominee)

Bonnie Watson (Nominee)

- District 3

Dale Fladeboe (Nominee)

Steven Gehrke (Nominee)

Logan Kalkbrenner (Nominee)

Lyle Mangen (Nominee)

Brittany VanDerBill (Nominee)

OLD BUSINESS – Chad Felstul

NEW BUSINESS – Chad Felstul

REPORTS OF ELECTION RESULTS

Chad Felstul

10:30 AM MOTION TO ADJOURN

10:30 AM Brunch and

door prizes to follow.



NOTICE OF ONGOING WORK

As the weather warms up, KPC contractors will be working on load management equipment at various sites across our service area. This initiative reflects our continued dedication to enhancing system reliability and ensuring consistent service for our members. You may observe work taking place in your neighborhood. We're making every effort to minimize disruptions during this process and appreciate your patience and understanding. If you have any questions or concerns, please don't hesitate to contact our Member Services team.



**February's
\$25 Winner
Loren & Susan
Newberg**

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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WWW.FACEBOOK.COM/KANDIYOHIPOWERCOOPERATIVE

KPC
KANDIYOHI POWER
COOPERATIVE

BOARD MEETING SUMMARY

March 30, 2026

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 Regular Agenda: None

The following reports were given:

- CEO Report
 - New ERA, MN Dept. of Commerce Update.
 - NRECA annual meeting review.
 - GRE MMG meeting update.
 - MREA Annual Meeting review.
 - Line loss project results.
 - Contract Summary – Distributed Solar PPA Between Engie & GRE.
- Member Services/Communications
 - Load management changeouts resumed.
 - Annual meeting and election update.
 - Auto pay metrics.
 - Insights and analytics.
- Engineering & Operations Report
 - YTD 2026 services: two new services connected; one retired.
 - New ERA Grant (no update).
 - North Central Rural Engineering Conference update.
 - The Rest of the Story – Antony Davies
 - OH vs URD Consideration
 - Fleet update.
- Finance Report
 - 2025 financial audit complete.
 - Form 7 report complete and submitted.
 - Withlacochee River Electric FEMA audit support.
 - Property tax reporting in process.
 - Lending and loan repricing review.

Regular Agenda

Consent Agenda:

- February 2026 Meeting Minutes
- March Write-offs

MREA Legislative Update

Dave Baker, Minnesota House of Representatives

- Legislative Update

Policy Review

Closed Session- Director Monthly Retainer Discussion

Upcoming Meetings & Conferences

Great River Energy (GRE)

-GRE Report – Dale Anderson

Motions made and approved by the Board:

- Regular & Consent Agendas with revisions.
- Review of Board Policies 101 & 103.
- Review of Board Policy 106 with revisions.
- Adjourn meeting.

Next regular board meeting is April 29th 2026



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Phone: 1-800-551-4951
Fax: 320-796-0620

Tom McCormick
Electric Inspector: 612-246-8017

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

Ryan Nelson, CEO 320-796-1160

| | |
|---------------------------------------|-----------------|
| BOARD OF DIRECTORS: | District |
| Dale Anderson, Chair - 320-894-1687 | 1 |
| Rollo Campe, Secretary - 320-894-1601 | 1 |
| Larry Powers - 320-212-7960 | 1 |
| Dan Pomranke - 320-894-7113 | 2 |
| Todd Post, VC - 320-212-1119 | 2 |
| Ken Warner - 320-212-8700 | 2 |
| Kelly Erickson - 320-894-2930 | 3 |
| Robert Moller - 320-295-1362 | 3 |

KILOWATT STAFF:
 Michele Scheffler, Editor

Equal opportunity provider and employer.



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

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**ASHP Rebate
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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 2026.

| Ducted ASHP | Promotional Rebate |
|---|--------------------|
| High Efficiency | \$750.00 |
| Premium Efficiency | \$1000.00 |
| ≤ 5 ton & Quality Installation required. Efficiency based on AHRI directory certificate provided by HVAC Quality Installer. | |
| Ductless ASHP | Promotional Rebate |
| Primary Heat Source is Delivered Fuels | \$550.00 |
| Primary Heat Source is Electric Heat | \$700.00 |
| High 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.

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