

KILOWATT

KPC'S 2026 ACCESS CHARGE ADJUSTMENT: SAFEGUARDING OUR FUTURE

As we look ahead to 2026, KPC's Board of Directors has made a strategic decision to adjust our Access Charge, while keeping kWh and demand charges unchanged.



Ryan Nelson,
CEO

This targeted adjustment is based on careful analysis of our Cost-of-Service Studies, which indicate a need to collect a greater share of our fixed costs directly through the fixed Access Charge. By doing so, we better align our revenue structure with the realities of operating a rural electric cooperative and strengthen our financial foundation for the future.

Several pressures have contributed to the need for this adjustment. First, the cost of power continues to rise, increasing the baseline expenses we must cover to serve our member-owners reliably. In addition, interest expense has grown, reflecting the broader economic environment and the costs associated with maintaining and upgrading our infrastructure. Finally, the sunset of certain contracts has led to a loss of non-operating revenue, removing a source of financial support that previously helped offset costs. While these factors play a role in

prompting this adjustment, the most important decision for our board was how we collect the fixed costs essential to running a safe, reliable electric system.

The adjustment for 2026 translates to an effective year-over-year total electric revenue increase of 5.07%. For our Standard Residential Class, the 2026 Access Charge will increase from \$49.59 to \$61.04. For the average member-owner who uses 1,100 kWh per month, this adjustment translates to a 6.7% increase on their bill, while a member-owner using 2,000 kWh per month will recognize a 4.2% increase. Larger service classes, such as commercial accounts, pay a higher Access Charge than residential users because their cost to serve is greater; however, all Access Charges have been increased proportionally across all rate classes to ensure fairness and consistency in how these essential costs are recovered.

It's important to understand why collecting fixed costs through a fixed Access Charge is not only prudent, but necessary for a cooperative like KPC. Fixed costs include expenses that do not fluctuate with electricity usage, such as maintaining power lines, substations, and customer service functions. If these costs are recovered

primarily through variable charges like kWh or demand rates, the co-op's financial stability becomes vulnerable to swings in member usage patterns—especially as energy efficiency, distributed generation, and other technologies continue to reshape how member-owners use electricity.

When fixed costs are built into variable electricity rates, any drop in total energy consumption—whether due to conservation, rooftop solar, or changes in weather—can result in the cooperative not collecting enough revenue to cover essential operating costs. This can lead to underfunding of essential maintenance, delayed upgrades, or even financial distress, ultimately impacting service reliability for all members. By placing fixed costs in the Access Charge, KPC ensures these core expenses are covered regardless of fluctuations in usage, providing a more predictable and sustainable revenue stream.

The 2026 Access Charge adjustment is a measured response to evolving financial pressures and industry trends. It is a decision grounded in data, guided by sound principles, and made with the long-term interests of our member-owners in mind. By reinforcing our commitment to collecting fixed costs through a fixed charge, KPC's Board of Directors has taken a responsible step to ensure we continue providing reliable, affordable service to our community for years to come.

For more details specific to your service type, please visit our website. Once there you can find FAQ's, detailed rates, and more information about the Access Charge. Thank you for your continued support.



Happy Holidays

Kandiyohi Power Cooperative will be closed on December 24th and 25th and January 1st to observe the Christmas and New Year holidays.

Please call 800-551-4951 to report an outage.

ON YOUR BILL: ACCESS CHARGE

The Access Charge is a fixed fee and is on all member bills, regardless of how much or how little energy is used each month. The Access Charge is the cost to deliver energy to your location. This fee recovers a portion of the cost to maintain the electrical service at your home or location, including poles, meters, lines, substations, equipment, plant improvements, operations, maintenance, and administration. It's like the costs you pay to own your car, even when you aren't driving it.

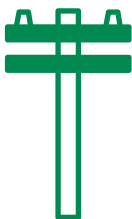
ITEMS NEEDED TO KEEP A VEHICLE ROAD READY:



- insurance
- taxes
- auto loan
- maintenance
- fuel

ITEMS NEEDED TO MAKE ELECTRIC SERVICE AVAILABLE TO YOU:

- safety equipment and training
- bucket trucks, poles, meters
- wire and line equipment
- computer systems and software
- employees, office building
- right of way maintenance
- system improvements
- insurance, taxes
- billing services
- storm repair
- 24/7 service



MORE INFO AT WWW.KPCOOP.COM



2025 CAPITAL CREDIT REFUNDS

Thank you for being a member!

As a valued member-owner, you'll see your share of profits from Kandiyohi Power Cooperative (KPC) and Great River Energy (GRE) applied as a credit on this month's electric bill. This retires patronage balance from KPC in 2005 and a portion from GRE in 1992.

If you were a member during those years, look for the credit on your December bill—it's one way we return value back to you for being part of our cooperative community.



November's \$25 Winner Phyllis Anderson

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.

NOTICE OF ONGOING WORK

Throughout the winter season, 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.

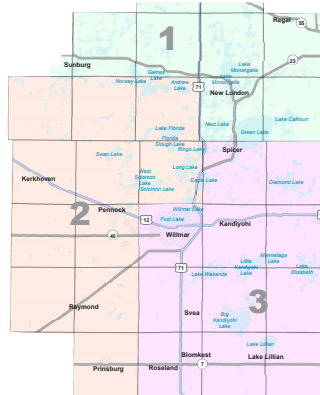
You may observe work taking place in your neighborhood. We're making every effort to minimize disruptions during this process and appreciate your patience and understanding.

If you have any questions or concerns, please don't hesitate to contact our Member Services team.



DIRECTOR FILINGS NOW OPEN FOR DISTRICTS 1, 2, AND 3

Are you interested in serving as a Director on the Kandiyohi Power Cooperative Board? We are now accepting filings for Directors in Districts 1, 2, and 3. To request a director's packet, please call the KPC office at 800-551-4951, send an email to khanson@kpcoop.com, or visit our office. The packet includes the cooperative's bylaws, and the qualifications required to become a director. As a Board Director, you will serve a 3-year term and must reside within the district for which you are filing. Filings are due at the KPC office by 4:00 pm on January 28th, 2026. Election results will be announced at our Annual Meeting on April 28th, 2026.



Filing Due Date: 4pm on January 28th, 2026

Annual Meeting Date: April 28th, 2026

Email address to contact for a Director packet: khanson@kpcoop.com

NOTICE OF TAX EXEMPTION FOR ELECTRIC HEAT

Electricity sold for residential heating use is exempt from Minnesota sales tax for the months of November through April if qualified. To qualify, a member must have electric heat as their primary source of heat. Primary source of heat is the source that supplies more heat than any other source for the largest period of time during the heating season.

If the primary source of residential heat is electricity and there is only one meter for that utility, then all electricity measured through that meter is not taxable during the winter heating months. A separate exemption form is required for each qualifying service location.

Members who have previously signed the form for their existing service location or members who have a dual fuel meter are already receiving the exemption. The Residential Sales Tax Exemption printable or online form can be found on our website: <https://www.kpcoop.com/sales-tax-exemption>.

KPC KANDIYOHI POWER COOPERATIVE

BOARD MEETING SUMMARY November 24, 2025

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: none.

The following reports were given:

- CEO Report
 - Fraud update.
 - Governance & CEO Evaluation review.
 - Southern Managers Group meeting update.
 - Federated claims review meeting.
 - Attended Kandiyohi Co. Economic Development Panel.
 - SECURE 2.0 ACT required changes for 457(b) plan.
 - GRE MMG review
- Member Services/Communications
 - Accepting Youth Tour applications.
 - Load Management Project update.
 - KPC's Halloween Event recap.
 - Energy Assistance update.
 - Updated Service Standard: 5.0 Credits & Debits.
 - Bremer to Old National bank transition.
 - Auto pay metrics.
 - Insights and analytics.
- Engineering Report
 - Fifty-three new services; forty-seven retired YTD.
 - Update on C-MIP (DER Processing).
 - End of season construction projects update.
 - 2026 Capital and Expense Budget.
 - Outage breakdown YTD.
 - Compliance and safety update for October.
- Finance Report
 - Preliminary Audit testing.
 - Old National Bank Conversion.
 - 2026 Budget presented.
 - Review of financials for October.
 - Five write-offs this month.
 - GRE update and discussion.
 - Capital Credits Retirements.
- IS/Maintenance
 - Avanan Email Security update.
 - New Cybersecurity Awareness Platform recap.
 - Password manager implementation.
 - Closed pole yard update.
 - Annual fire pump testing completed in October.
 - All tests passed for recent MN Dept. of Health 2025 testing.

Governance Training Video – table for next month.

Regular Agenda

Consent Agenda:

- October 2025 Meeting Minutes
- November Write-offs

GRE E3 Loan

Upcoming Meetings & Conferences

Closed Session – CEO Review

Great River Energy (GRE)

-GRE Report – Dale Anderson

Motions made and approved by the Board:

- Regular Agenda.
- Consent Agenda.
- Correct approved minutes of the June 2025 meeting, changing reference in the motion from E3 Loan to Colfax Livestock, LLC – E3 Loan.
- Approval of GRE E3 Loan Secretary's Certificate.
- Approval of Resolution regarding GRE / Colfax Livestock, LLC.
- Adoption of the Resolution to SECURE 2.0 and SECURE 2.0 Act Amendment for Executive Compensation 457(b) plan.
- Capital Credits Retirement: KPC's- \$252,585.63 FIFO method; GRE's- \$106,152.24 FIFO method.
- Adjourn meeting.

Meeting Adjourned- Next regular board meeting is Dec. 17, 2025.

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8605 47th Street NE, Spicer, MN 56288

www.kpcoop.com

Email: contactus@kpcoop.com

Office Hours: Mon.-Fri. 7:30am – 4pm

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

Darrell Fostervold - 320-212-4824 3

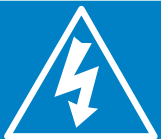
KILOWATT STAFF:

Michele Scheffler, Editor

Equal opportunity provider and employer.



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1-800-252-1166



**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.

How will you MAKE YOUR MARK?



**A week of building memories, skills, leadership
and friendships that will last a lifetime!**

Experience the trip of a lifetime with Youth Tour!

- Explore Washington, D.C. through historic monuments, world-class museums, and visits with elected officials.
- Build leadership skills and discover how you can make your mark on the future.
- Connect with students from across the country and form friendships that last a lifetime, all sponsored by your local electric cooperative.

**KPC KANDIYOHI POWER
COOPERATIVE**

Learn more about applying at
www.kpcoop.com/youth-tour

MAKE YOUR MARK!



Kandiyohi Power Cooperative is currently accepting applications from eligible high school sophomores and juniors for an all-expense paid trip to Washington D.C. for the 2026 Rural Electric Cooperative Youth Tour, June 15-20. You and your parents or guardian must be served by Kandiyohi Power Cooperative to be eligible, additional eligibility guidelines can be found on our website. Spend six days in our nation's capital visiting famous museums and historical sites and chatting with politicians.

Every year, 40 bright, enthusiastic, and passionate high schoolers are chosen to represent Minnesota on the Rural Electric Youth Tour. But we're not the only ones there. Youth Tour is a national sensation!

Over 1,900 student delegates from all over the country visit D.C. on this tour! They visit with their congressional representatives, tour some of the most famous museums in the world and make memories and friends that will last a lifetime.

Make 2026 the year you experience the monuments that are dedicated to our country's leaders. Let your voice be heard and get your questions answered.

This tour is coordinated by the Minnesota Rural Electric Association (MREA) and is scheduled for June 15 through June 20, 2026.

Visit our website www.kpcoop.com/youth-tour for the complete Youth Tour Contest Rules and how to apply. Or call 800-551-4951 for information. Application deadline is February 6, 2026. Additional information on the National Youth Tour can be found at <http://youthtour.coop>. for the complete Youth Tour Contest Rules and how to apply. Or call 800-551-4951 for information. Application deadline is February 6, 2026. Additional information on the National Youth Tour can be found at www.electric.coop/our-organization/youth-programs/about-the-youth-tour.