

KILOWATT

PREPARING FOR WHAT'S AHEAD: NAVIGATING RISING ENERGY COSTS TOGETHER

Ryan Nelson, CEO

In recent years, the costs associated with providing safe and reliable electricity have continued to climb. Rural electric cooperatives like ours operate on a not-for-profit basis. That means we exist solely to serve you, our member-owners, and no profits are returned to outside shareholders. Instead, the money you pay on your bill goes directly to cover the costs of keeping the lights on, maintaining our lines, and investing in the future of our community. When those costs rise, we must find ways to balance our budget. This is achieved through cost cutting measures, borrowing, and rates.

As we look ahead to 2026, a rate adjustment will be necessary to continue providing the safe and reliable electric service our member-owners expect. At this time, we do not yet know the exact amount of the adjustment. We are in the midst of our budgeting process, thoroughly reviewing all expenses and considering every possible avenue to minimize the impact on our member-owners. Once we have determined the specific changes, we will communicate early and openly with you, providing details and answering your questions.

Some of the biggest factors affecting energy prices around the country include an increase in the price of transformers, wire, trucks, meters, and other essential equipment. These components are the backbone of the grid, and prices have risen significantly due to supply chain disruptions and increased demand nationwide. Insurance expenses have also grown, driven by factors beyond

our local control. In 2026, this trend will continue as a result of market conditions, regulatory uncertainty, infrastructure projects, and fuel price volatility. Most significantly here at KPC, the cost of power itself, making up over 58% of our total expenses, continues to rise due to these same pressures. Over the last four years, KPC's revenue adjustments have totaled just 12.04%, while our cost of purchased power from our power providers has increased 23.62%.

We understand how important energy is to our rural communities. That's why our team has worked tirelessly to find efficiencies and control costs wherever possible. Through careful management, innovative projects, and a commitment to serving you better, we have been able to absorb many of these rising expenses without passing them all on to you immediately. This would not be possible without the dedicated and talented employees here at KPC. Some of our recent efforts include investing in system upgrades to improve reliability and reduce maintenance costs, seeking grants to obtain new sources of power, streamlining operations, and leveraging technology to find and enhance efficiencies.

We remain committed to operating as efficiently and transparently as possible. We appreciate your understanding and support as we navigate these challenges together. If you have questions or concerns, please reach out to our office. Your input matters, and together, we will continue to build a brighter future for our community.

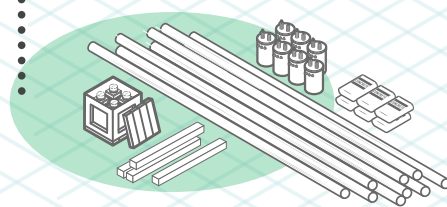
INFRASTRUCTURE COSTS

Over the past five years, electric utilities have faced rapidly rising costs driven by high demand, supply chain issues, material shortages, labor expenses, and tariffs. These pressures have led to more expensive power production, extended project timelines, and increased financing needs ultimately raising prices.

National average percent increases since 2020:

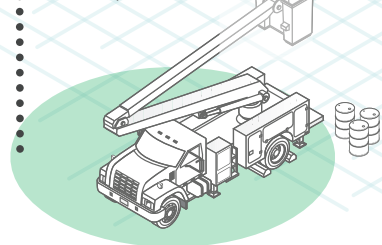
● Infrastructure

● Utility poles (wood, steel, composite)	+25-40%
● Crossarms & braces (steel/wood).....	+20-35%
● Conductor wire (aluminum/copper).....	+30-50%
● Transformers.....	+70-100%
● Grain-oriented electrical steel.....	+80-100%
● Oil/dielectric fluids.....	+25-40%
● Copper wiring.....	+50%
● Concrete.....	+25-35%
● Smart meters.....	+20-35%
● Pad-mounted switchgear.....	+25-40%
● Circuit breakers/reclosers.....	+20-35%



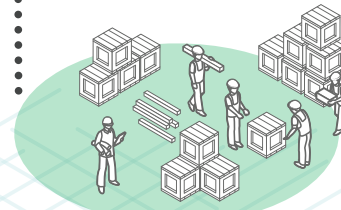
● Fleets

● Light trucks.....	+25-40%
● Bucket trucks, digger derricks.....	+20-50%
● Fuel costs (especially diesel).....	+20-30%
● Maintenance.....	+15-25%
● Insurance premiums.....	+20%



● Build-outs

● Utility construction labor.....	+20-40%
● Freight/logistics.....	+30-60%



NOTICE OF ONGOING WORK

Throughout the fall and winter seasons, 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.

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>.



COSTUMES, CANDY, AND COMMUNITY: THANK YOU!

To all of our amazing members — thank you for joining us at our annual Halloween Trick or Treat event! A special shoutout to our mini members — you absolutely stole the show with your fantastic costumes! From superheroes to spooky creatures, your creativity and enthusiasm brought smiles to everyone's faces. We're so grateful for your continued support and can't wait to see you again next year for even more festive fun!



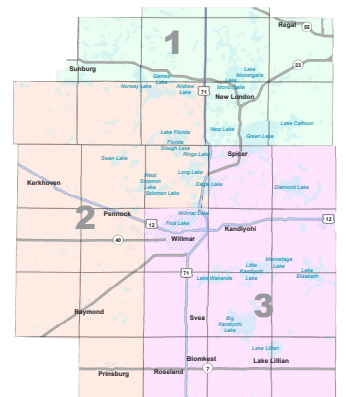
October's \$25 Winner: Daniel & Joy White

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.

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.



We're Grateful for Your Membership

Our offices will be closed

Thursday, November 27, and Friday, November 28

in observance of the Thanksgiving holiday.

We are incredibly grateful for your membership

as our team spends this special time with love ones.

From our co-op family to yours, we hope you have a wonderful Thanksgiving!



**WE ARE A DROP-OFF LOCATION
AND HAVE A BOX IN THE LOBBY
FOR PEOPLE TO DROP OFF TOYS.**
That will be through December 1st

GET LOAD MANAGEMENT NOTIFICATIONS WITH SMARTHUB

Want to stay informed about load management events? SmartHub makes it easy. Here's a step-by-step guide to help you sign up for load management notifications and stay connected with KPC.

Step 1: Access Your SmartHub Account

To begin, you'll need an active SmartHub account. If you haven't registered yet:

- Visit KPC's website at www.kpcoop.com/smarthub
- Choose to access SmartHub via desktop or download the SmartHub mobile app from your device's app store.
- Follow the prompts to create your account using your member information.

Step 2: Set Up Contact Methods

Before you can receive notifications, SmartHub needs to know how to reach you.

- On desktop: Go to Settings > Contact Methods.
- On mobile: Tap More > Settings > Contact Methods.
- Add your email address and/or mobile phone number.
- For email: Enter your address, click Save, and verify using the code sent to your inbox.
- For text messages: Enter your number, opt in to receive texts, and verify using the code sent to your phone.

Make sure you do not select "Do Not Call List" if you want to receive notifications.

Step 3: Enable Load Management Notifications

Once your contact methods are verified:

- Navigate to Manage Notifications under the Settings menu.
- Look for the category Load Management and click to open the menu.
- Choose how you want to be notified for the program(s) you are enrolled in —email, text, and/or phone call.
- Save your preferences.

For backup information, check KPC's website or Great River Energy's website.

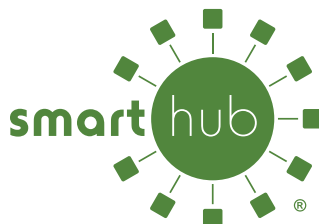
Why Opt In?

Stay up to date when load management events are happening. We ask that you manually opt-in to enroll in the events you would like to receive, even if we already have your contact info.

Need Help?

If you run into issues or have questions, reach out to our Member Services team. We can walk you through the process or help troubleshoot any notification problems.

By signing up for load management notifications through SmartHub, you'll be better prepared for service updates and energy-saving opportunities. It's a simple way to stay informed and in control.



BOARD MEETING SUMMARY

October 22, 2025

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

Additions made to the regular agenda: none.

The following reports were given:

- CEO Report
 - SECURE 2.0 ACT required changes for 457(b) plan.
 - Director expenses when budgeting.
 - New ERA update.
 - Heartland Security Meeting recap.
 - GRE MMG review
 - KPC sponsoring three Green Lake Baseball Association Scoreboards.
 - PSE budget scope for 2026 rate study.
- Member Services/Communications
 - Will continue budgeting for Youth Tour.
 - Load Management Project update.
 - KPC's Halloween Event – Oct. 31st.
 - Attending Agralite's Open House.
 - Increase in call volume due to Capital Credit bill insert.
 - Energy Assistance update.
 - Commercial Capital Credit Payout.
 - Auto pay metrics.
 - Insights and analytics.
- Engineering Report
 - Forty-four new services; forty-seven retired YTD.
 - Farmland grants update.
 - MREA Fall Engineering Conference recap.
 - Xcel Winter Powerline Project info.
 - Outage breakdown YTD.
 - Compliance and safety update for September.
- Finance Report
 - 2024 Form 990 & 990-T update.
 - Property taxes paid for second half of 2025.
 - Anderson E3 Loan approved by GRE Loan Committee.
 - July storm update – Gov. Walz storm declaration.
 - Review of financials for September.
 - Two write-offs this month.
 - GRE update and discussion.

Governance Training Video – Engaging Young Adult Members
Regular Agenda

Consent Agenda:

- September 2025 Meeting Minutes
- October Write-offs

Future Rate Strategies Presentation – KPC Data Analyst, Christopher Radel

Board Meeting Date Schedule – 2026

Upcoming Meetings & Conferences

Operation Round Up Q4 Recap – Director Moller

Closed Session – CEO Review – Tabled for November 6th

Great River Energy (GRE)

- GRE BOD – Guest Director Invite 2026 (Director Warner)
- GRE Report – Dale Anderson

Motions made and approved by the Board:

- Regular Agenda.
- Consent Agenda.
- Move forward with the PSE rate study and cost of service study.
- Inclusion of demand components, grid capacity charge, an access fee, a kilowatt hour charge, and staff involvement during the PSE cost of service and rate study.
- Capital Credit Payout for dissolved corporation.
- Director Powers' attendance at NRECA Directors Conference.
- Chair Anderson and Vice-Chair Post's attendance at NRECA's PowerXchange.
- Adjourn meeting.

Meeting Adjourned- Next regular board meeting is Nov. 24, 2025.



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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
Darrell Fostervold - 320-212-4824	3

KILOWATT STAFF:

Michele Scheffler, Editor

Equal opportunity provider and employer.

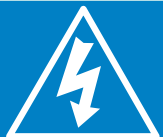
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When your lights go out, so do we.

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?

YOUTH TOUR

NRECA

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

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YT

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