



A NEW YEAR, A NEW LINE ON YOUR ELECTRIC BILL

January marks the start of something new on McLeod Co-op Power members' electric bills. The Time of Day Demand (TODD) charge is now in effect for rates 2, 5, and 18.

You may notice an additional line that looks different from the kilowatt-hours you are used to seeing. That is because demand measures electricity in a different way. It looks not at how much you use over the month, but how much you use at one time during on-peak hours.

On-peak hours are weekdays from 5 p.m. to 9 p.m., when energy use is typically highest across our system.

WHAT IS DEMAND

Think of electricity like water flowing through a pipe. Kilowatt-hours measure how much water you used over the month. Demand measures how wide the pipe had to be at its busiest moment.

If several high-energy appliances are running at the same time, especially during on-peak hours, your demand goes up. Spreading those activities out can lower your peak and help manage costs over time.

WHY DEMAND MATTERS

Demand reflects how your household uses electricity during the busiest times of day.

Because McLeod Co-op Power must build and maintain infrastructure to handle those peaks, managing demand helps keep the system reliable and costs more stable for all members.

The good news is that small habit changes can make a meaningful difference.

Continued on page 2.

REMINDER: OPERATION ROUND UP APPLICATION DEADLINE MARCH 1

The deadline to apply for funding through McLeod Co-op Power's Operation Round Up program is March 1, 2026.

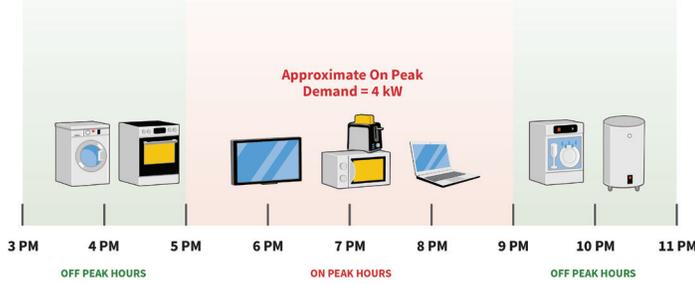
Operation Round Up lets members round up their electric bills to the nearest dollar, donating the spare change to the McLeod Co-op Operation Round Up Trust. These small contributions—averaging \$6 per year—fund impactful projects in McLeod, Renville, Carver, and Sibley Counties.

Non-profits in community service, education, youth, emergency assistance, environment, or disaster relief are encouraged to apply. Applications are available on our website or by contacting the Cooperative office. Funds will be distributed this spring to support local initiatives.

Submit your application by March 1 to make a difference in your community. For details, call our office or visit our website today! For details, call our office or visit our website today!

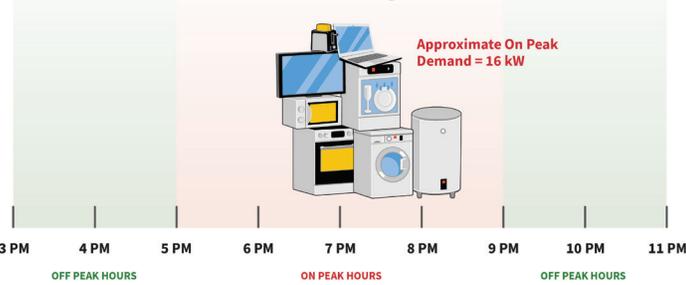
SPREAD OUT YOUR USAGE

Throughout the Day



DON'T STACK YOUR LOAD

This Drives Up Cost



SIMPLE WAYS TO MANAGE DEMAND

1. Spread out high-energy activities. Appliances like dryers, ovens, dishwashers, and space heaters use a lot of electricity. Running several of them at once, especially between 5 p.m. and 9 p.m., can quickly increase your demand. Try:

- Avoid running multiple high-energy appliances at once.
- Shift household chores to off-peak hours.
- Use appliance delay-start and timer settings.
- Pre-heat or pre-cool your home.
- Lower hot water use during peak hours.
- Turn off or unplug unused electronics.

2. Take advantage of energy management programs. Programs like Off-Peak Water Heating, Dual Fuel Heating, and Storage Heating automatically shift usage to off-peak hours. These programs can reduce demand, lower your rate, and often qualify for rebates. This benefits both your household and the cooperative.



LOOKING AHEAD

January is the perfect time to start paying attention to demand and making small changes. You do not have to overhaul your lifestyle to make an impact. Awareness alone goes a long way. If you have questions or would like help understanding your bill or options, call 320-864-3148 or visit mcleodcoop.com/demand.

3. Let smart technology do the work

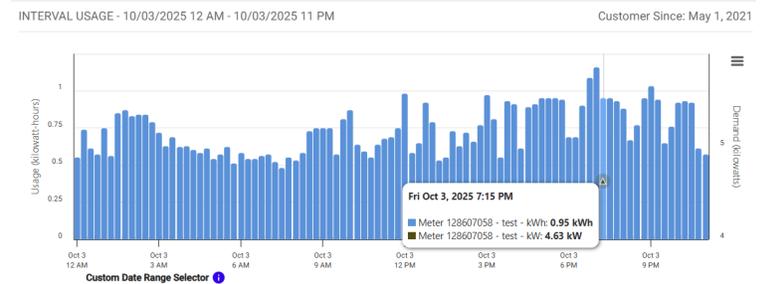
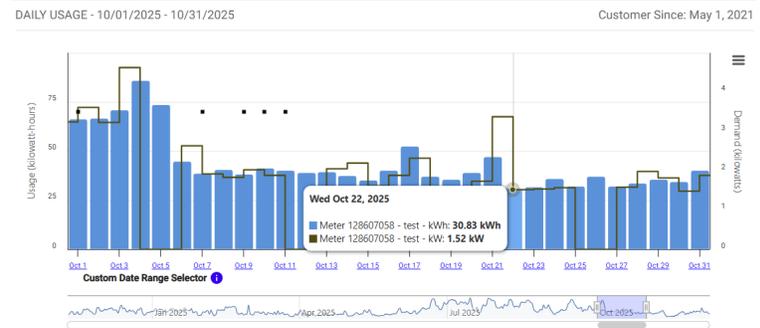
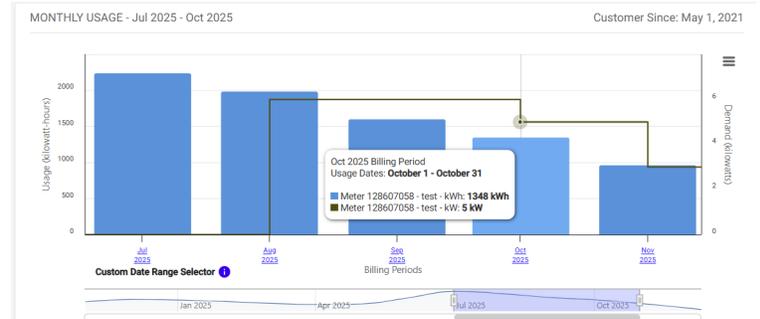
Smart thermostats, timers, and appliance scheduling tools make it easier to avoid peak hours without changing your routine. Pre-heat or pre-cool your home before 5 p.m., and schedule EV charging or water heating overnight.

SEE YOUR DEMAND IN SMARTHUB

Members can track their demand directly in SmartHub, which can be a helpful tool for understanding patterns over time. Using the drop-down menu, members can pick the option to display both their kWh and kW readings.

- The monthly usage graph displays both energy use and demand.
- Clicking on a month shows a daily breakdown.
- Clicking on a specific day allows you to scroll through usage intervals. The TODD value will appear at the interval where your highest demand occurred, along with the time of day.

This makes it easier to connect your habits, like cooking dinner or doing laundry, to when your demand peaks.



MANAGER'S MESSAGE

PUTTING THE PIECES TOGETHER: MCPA'S 2026 BUDGET

Puzzles! As the cooler temperatures come and the snow starts to settle on the ground, there are many who will open that puzzle box and start to analyze each piece that will eventually be put together to showcase a picture that was the result of dedication, thoughtfulness, and time. Back in February 2021 newsletter, I referred to the building of the upcoming year's budget as a puzzle.

Bringing that analogy back, the 2026 budget was again a puzzle that was fun to put together. Each piece matters, and the picture only comes together when everything fits just right. For 2026, we've been carefully sorting through those pieces to make sure we're planning responsibly while continuing to provide reliable power to our members.

One of the bigger puzzle pieces this year is energy use. We expect overall electric sales to be lower in 2026, mainly because of a large commercial member that will be generating more of its own power. Even so, the cost to purchase power for our members remains our largest expense — about 58% of our total costs. With a large usage member using less, the result is a lower wholesale power cost to the cooperative. However, to keep the puzzle balanced, the budget includes a modest 3% revenue increase and a new rate structure (TODD – Time of Day Demand) that better reflects the cost of demand on the system to stay financially healthy.

Another important piece is the day-to-day operations. Operations and maintenance costs are increasing by less than 1%, covering essential work like pole inspections, safety studies, system mapping, and long-range planning. These are the pieces



STEPH JAKEL

that often don't get mentioned too often, but without them, the picture wouldn't hold together. The budget also anticipates upcoming staff retirements and includes planning for temporary contracted support as positions are evaluated and reorganized.

When all the pieces are assembled, the puzzle of the 2026 budget starts to project a small positive operating margin. This is the result of knowing that today's dollar is valuable and important in all aspects of life, and the cooperative doesn't want to ask our members for more than necessary to meet our financial policy and loan covenants.

Finally, nearly \$2 million is budgeted for capital improvements in 2026, including converting roughly 13 miles of overhead power lines to underground. These projects are like the corner pieces of the puzzle, strengthening the foundation and improving reliability for years to come.

At the end of the day, every budget decision is another piece placed with care. Together, they form a clear picture of MCPA's commitment to reliable service, smart planning, and responsible use of member dollars — today and into the future.

Cooperatively,

DECEMBER 2025 BOARD MEETING HIGHLIGHTS

The Regular Meeting of the Board of Directors of McLeod Cooperative Power Association was held on December 18th, 2025, at McLeod Coop headquarters. Nine board members, CEO Ron Meier, and department managers participated in the meeting.

Highlights of the meeting included:

- The outage report for November was provided with a total of 30 outages, affecting 257 consumers.
- Manager of Finance Jakel reviewed the November financials.
- A motion carried approving the 2026 budget.
- Member Services Manager Ehrke reported that 2026 applications for the Line Worker Scholarship and Youth DC Trip can be found online.
- Manager of Information Systems Sell reported that Time of Day Demand readings are now visible to members through SmartHub.
- A motion carried approving Policy 4-4B Appeals Process Cold Weather Disconnection.
- A motion carried approving Policy 5-13 Non-Discrimination and Grievance Procedure.
- A motion carried approving Policy 5-20 Purchase of Merchandise.
- A motion carried approving Policy 5-38 Employee Personal Use of Company Equipment.
- A motion carried approving the 2026 Board Meeting Dates.

NOTICE TO COGENERATORS

In compliance with McLeod Cooperative Power Association's adopted rules relating to cogeneration and small power production, McLeod Cooperative Power Association is obligated to interconnect with and purchase electricity from cogenerators and small power producers, who satisfy the conditions as a qualifying facility.

McLeod Cooperative Power Association is obligated to provide information free of charge to all interested members upon request regarding rates and interconnection requirements. All interconnections require an application and approval to become a qualifying facility. Details on rates and applications can be found online (www.mcleodcoop.com/services/renewable-energy/) using the Coop's Nova Power Portal.

Any dispute over interconnections, sales, and purchases is subject to resolution by the McLeod Cooperative Power Association Board. Interested members should contact McLeod Co-op Power, 3515 11th St. East, Glencoe, MN 55336, or call (800) 494-6272.

UPDATED GRID ACCESS CHARGE & BUY-BACK RATE FOR 2026

The monthly grid access charges for DER accounts have been recalculated for 2026 based on the approved 2026 electrical rates and posted on MCPA's website under the Nova Power Portal for DER accounts. The Average Retail Cooperative Energy Rate (buy-back rate) for 2026 will also be posted on the Nova Power Portal on or before January 15th.

These changes go into effect January 1st (bills received in February) and are included in the Cooperative's annual filing to the State of Minnesota.

TAX REMINDER

As a reminder to our Distributed Energy Resource (DER) members, McLeod Co-op Power will issue 1099 forms to anyone who has received cash payments exceeding \$600 for excess energy within the year.

If you receive a 1099, it is your responsibility to consult a tax advisor to understand the implications of this income and how it may need to be reported on your taxes. Tax treatment can vary based on individual circumstances and the nature of the payments.

If you have any questions regarding the issuance of 1099 forms, feel free to contact our office for assistance. For tax-related inquiries, please consult with a qualified tax professional.



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GROW YOUR BUSINESS WITH THE CO-OP'S REVOLVING LOAN FUND

McLeod Cooperative Power is committed to strengthening the local economy, which includes supporting entrepreneurs and business owners right here in our communities. Our Economic Revolving Loan Fund (RLF) provides affordable GAP financing to help businesses expand, renovate, or launch new opportunities.

FLEXIBLE, AFFORDABLE FINANCING

Our loan program is designed to make borrowing accessible and manageable with Competitive Interest Rates and Flexible Terms.

DESIGNED TO COMPLEMENT OTHER FUNDING

The MCPA's RLF is structured to work alongside traditional bank financing, helping to fill funding gaps and move projects forward. RLF participation will not exceed 50% of eligible project costs, ensuring strong partnerships with other lenders and maximizing local investments.

ELIGIBLE PROJECT TYPES

Whether your business is just getting started or ready to grow, RLF funds can support:

- Land or building acquisition
- New construction or renovation projects
- Equipment and machinery
- Land improvements, sewer, and water upgrades
- Inventory or working capital needs

Local business growth strengthens the entire cooperative community. If you're planning an expansion, upgrading equipment, or investing in a new business idea, the Co-op's Revolving Loan Fund may be the tool to help bring your project to life.

INTERESTED IN APPLYING OR LEARNING MORE?

Contact McLeod Cooperative Power today at (800) 494-6272.

DO NOT SHUT OFF LOAD MANAGEMENT METERS

McLeod Cooperative Power reminds members participating in our Rate 3 load management programs to keep their load management meters powered on at all times. Turning off or disconnecting these meters can unintentionally shift controlled loads, such as electric heating, water heating, or other managed equipment, onto your primary meter, where they are no longer separated from your standard usage.

Flipping the breaker switch that the meter is tied to will disconnect power to the load management meter and shift controlled loads to your primary meter, meaning it would no longer be separated from your standard usage. Loads include electric heating, water heating, or other managed equipment that might be on the control programs.

This matters because your primary meter is subject to the Time of Day Demand charge, while Rate 3 load management meters are not. If load is transferred to the primary meter, even briefly, it can increase your monthly peak demand, resulting in higher demand charges.

To avoid unexpected billing impacts: Do not turn off your load management meter or any devices connected to it. Ensure equipment on load control remains on the proper meter and wired as originally installed. If you believe your system isn't operating correctly, or if you need work done on controlled equipment, contact McLeod Cooperative Power so we can assist.

Thank you for helping us maintain reliable service and fair billing for all cooperative members. If you have questions about your rate, load management program, or demand charges, our Member Services team is here to help.

DO NOT REMOVE YOUR METER WITHOUT CO-OP ASSISTANCE



Electricians and/or members are not authorized to pull an electric meter to perform work on a service. Electrical safety is a primary concern for McLeod Co-op Power. Removing or adjusting electrical equipment carries the potential to harm yourself and others. In attempt to prevent these risks, we stress the importance of never cutting the seal, tampering with, or removing a meter for any reason without assistance from the Co-op.

Our policy requires a trained co-op employee, using the proper protective equipment, to pull and reinstall any energized meter. A notice of two business days is requested, so coordinate your work needs with our team in advance by calling (800) 494-6272 during business hours (Monday through Friday, 8:00 a.m.- 4:00 p.m.).

WARNING: If an electrician or member does pull an electric meter to disconnect a service, significantly higher fees will incur. Disconnection or tampering of a meter sends a power outage alarm to the co-op. If a line crew responds to the outage, the member will be billed at the applicable line crew service call rate of \$335 during business hours, \$505 on evenings or Saturdays, and \$670 on a Sunday or holiday.

Your cooperation is appreciated. Our only goal is to protect you, your neighbors and our line workers from possible injury.



REMINDER: STAY WARM AND STAY CONNECTED

As temperatures drop, McLeod Co-op Power reminds members of the protections available under Minnesota's Cold Weather Rule. This rule ensures that residential members meeting certain criteria are safeguarded from utility disconnections between October 1 and April 30, ensuring your primary heat source remains uninterrupted.

To qualify for protection, you must:

- Have a household income below 50% of the State Median Income.
- Contact McLeod Co-op to set up a payment arrangement and stay reasonably current with payments.

If you meet these conditions, your electricity will not be disconnected. If you're struggling to pay your bill, the Cooperative can help with payment options and provide information on local energy assistance programs. Inability to pay forms are also available upon request.

Should a disconnection notice be issued, McLeod Co-op will thoroughly investigate occupancy, notify affected members of their rights, and provide details on available resources.

For assistance or to apply for energy aid, visit the Minnesota Energy Assistance Program or contact your local EAP provider. Let's work together to keep your home safe and warm this winter!

For more information, see the list of energy assistance providers below.



ENERGY ASSISTANCE PROVIDERS

KANDIYOHI, MCLEOD & MEEKER COUNTIES

United Community
Action Partnership
(800) 992-1710
Willmar: (320) 235-0850
Hutchinson: (320)587-5244

MCLEOD COUNTY AREA

McLeod County
Social Service Center
(320) 864-3144
(800)247-1756

Hutchinson:
(320) 484-4330

RENVILLE COUNTY AREA

United Community
Action Partnership
(320) 523-1842

SIBLEY COUNTY AREA

Sibley County Public Health
& Human Services
(507) 237-4000
(866) 396-9963

MN Valley Action Council
(800) 767-7139

Gaylord: (507) 237-2981
Mankato: (507) 345-6822

CARVER COUNTY AREA

Scott-Carver-Dakota
Community Action Agency
(952)-496-2125

WRIGHT COUNTY AREA

Wright County
Community Action
(320) 963-6500

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ENERGY.
SAVE
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No rebate paperwork.

The EnergyWise MN Store is an easy way for Minnesota electric cooperative members to make energy- and water-saving upgrades at home. Every product is carefully selected to help improve comfort, reduce energy use, and lower monthly utility costs — all at great prices.

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SHOP A WIDE SELECTION OF PRODUCTS, INCLUDING:

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OFFICE PHONE

(320) 864-3148
(800) 494-6272

24-HOUR OUTAGE PHONE

(800) 927-5685

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(952) 250-3109

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ENERGY EFFICIENCY

Winter weather can cause your home heating system to work overtime. Check for air leaks and drafts around doors and windows, then seal them with weatherstripping or caulk. Close fireplace dampers when not in use, and consider installing insulating curtains to help keep warm air inside. You can also save energy by lowering your thermostat a few degrees. Even small adjustments like these can reduce heating costs and improve comfort during the coldest months.



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WINTER POWER HAZARDS: WHAT TO WATCH FOR

Winter weather can create serious safety hazards beyond your home. Ice, snow, and freezing temperatures can affect trees, power lines, utility poles, and electrical equipment across the McLeod Co-op Power system. Knowing what to watch for and how to respond helps protect you, your neighbors, and the crews working to keep power safe and reliable throughout the winter season.



TREES, ICE, AND POWER LINES

Winter storms can add significant weight to tree branches and loosen root systems, causing branches or entire trees to sag, crack, or fall into overhead power lines. This can happen during a storm or later as ice melts and refreezes. Never attempt to remove branches or trim trees near power lines.



SNOW REMOVAL AND EQUIPMENT

Snow removal equipment can strike or bury transformers, meters, and other electrical equipment. Snow and ice can also block access to restricted areas, delaying emergency repairs. Avoid piling snow near electrical equipment, stay out of restricted areas, and report damage or blocked access to McLeod Co-op Power.



VEHICLE ACCIDENTS AND UTILITY POLES

Icy roads increase the risk of vehicles hitting utility poles. Even minor accidents can damage poles, transformers, or energized lines in ways that aren't immediately visible. Damaged poles may fail without warning. Keep your distance, call 911 if an accident occurs, and notify McLeod Co-op Power immediately.



ICE DAMS AND BUILDING HAZARDS

Ice buildup on roofs and gutters can shift building components or cause falling ice that damages nearby overhead service lines, reducing safe clearances. Do not attempt to remove ice near power lines. Report clearance or damage concerns to McLeod Co-op Power.



DOWNED OR SAGGING POWER LINES

Ice, tree damage, or accidents can cause power lines to fall or hang lower than normal. Snowbanks can hide these hazards. Even quiet-looking lines may still be energized. Always assume all lines are live, stay at least 30 feet away, and report them immediately to McLeod Co-op Power.



WARNING SIGNS OF SYSTEM STRESS

Flickering lights during calm weather or unusual sounds near meters and service lines may indicate stressed or damaged equipment. Report outdoor concerns to McLeod Co-op Power and contact a licensed electrician for interior wiring issues.