

2025 YEAR IN REVIEW

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CEO MESSAGE

FROM MICHAEL J. HENKE, PRESIDENT & CEO

mhenke@peoplesenergy.coop

This is the last time I will share a message with you as the President and CEO of People's Energy Cooperative.

At the end of the month, I will be retiring after spending over 14 years in leadership at the Cooperative, with over six years as your CEO.

I am grateful and honored to have had the pleasure of serving you. I love this cooperative and I love the cooperative business model. Working for you, the member-owner, within a democratically controlled not-for-profit structure gave me a greater sense of pride and purpose than any other job I have held. As I reflect, the people and relationships are what make it special for me. Many of you have become my friends and I cherish that.

From my close relationship with your seven Board of Directors and 65 staff, I have the unique vantage point of regularly witnessing their commitment to you and your best interest in all they do. I hope you can also see the 'cooperative difference' in their service to you.

During my tenure as CEO, I am most proud of the improvement of our reliability metrics to a world-class standard and achieving improved financial stability, all while maintaining affordable rates for members. Also, I was proud to be part of the Alliant Energy acquisition in 2015, which has proven to be a great financial benefit for our cooperative. And lastly, I am proud to have led

an internal culture transition, establishing a culture of collaboration which solidifies People's Energy as a desired employer in Southeast Minnesota.

As I step into retirement, I want to reassure you that you are in good hands. Please join me in welcoming your new President and CEO, Gwen Stevens. With local roots, Gwen has been a dedicated part of People's Energy leadership team for the last 14 years and is a good friend of mine. I know she will lead with compassion, wisdom, and a steadfast commitment to serving you well.

I have been blessed in so many aspects of my life and am grateful for everything. In retirement I plan to travel with my wonderful wife, spend lots of time with my kids and grandkids, become more engaged with my church, enjoy time on the lake fishing, and stay active golfing, bowling, and working out.

Be Well and God Bless!



Sincerely,

A handwritten signature in red ink that reads "Michael J. Henke".

Michael J. Henke
President & CEO
(800) 214-2694



Get Social with Us!

Are you on social media? We are! We utilize Facebook and X (Twitter) to share information about topics such as electrical safety, energy efficiency, cooperative events, and peak energy alerts. We also provide information when major outages occur.

MONTHLY MEETING HIGHLIGHTS

PEC's Board of Directors held its monthly meeting on November 25, 2025. During the meeting, the following items were discussed: winter driving safety; MISO transmission projects within our service territory; a large solar project slated for our region; an update on due diligence for a pending property sale; reliability metrics; Minnesota Rural Electric Association's call for resolutions; Oronoco Crossings Housing project; an update on Dairyland Power; and a review of meetings attended.

A quorum of directors was present, and the following actions were taken:

- ▶ *Approved a power cost adjustment charge (PCA) of 3.297 mills per kWh for November usage billed in December.*
- ▶ *Approved voting delegates to represent People's Energy Cooperative at national and regional industry meetings in 2026.*
- ▶ *Approved OneEnergy Solar PPA rate change.*
- ▶ *Approved preliminary budget and rate increase based on changes to revenue and power cost projections.*

DID YOU KNOW?

People's Energy Cooperative is part-owner of Heartland Security

Based in Melrose, Minnesota, Heartland Security designs and installs custom home and business security systems that protect property and people. The company is owned by 13 rural electric cooperatives – one of which is People's Energy Cooperative.

As a cooperative member, you qualify for a special discount from Heartland Security on a professionally installed and monitored security system. Their award-winning emergency response, exceptional service, and competitive rates will give you peace of mind and keep your home or business running smoothly. Heartland Security serves and protects more than 8,000 families and businesses in western, central, and southern Minnesota and northern Iowa.



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MANAGEMENT

Michael J. Henke,
President/CEO

Michelle Olson,
*Vice President of
Information & Services*

Gwen Stevens,
*Vice President of
Cooperative Relations*

Dody Wubker, *CFO*

Nicholas Woetzel,
*Vice President of
Operations*

Jeff Holley,
*Vice President of
Engineering*

BOARD OF DIRECTORS

DISTRICT 1:
Jon Kroening

DISTRICT 2:
Jodie Tvedt, *Vice Chair*

DISTRICT 3:
John Winter, *Secretary*

DISTRICT 4:
Tracy Lauritzen, *Treasurer
& MREA Board Director*

DISTRICT 5:
Jerry Wooner, *Board Chair*

DISTRICT 6:
Art Friedrich,
Dairyland Director

DISTRICT 7:
Jeff Orth

Visit peoplesenergy.coop
for a listing of the areas
covered by each district.

Business Hours:
7:30 am – 4:00 pm, M–F

\$30 SPOT YOUR NUMBER

Each month, we hide four account numbers (without the last two digits) within the text of the newsletter. If you find your number, contact the Cooperative by the 15th of the next month at **(800) 214-2694** or memberservices@peoplesenergy.coop to receive a \$30 credit on your bill.

Good luck in finding your account number!

Holiday Office Closures

Please note that we will be closed on the following dates for our employees to spend time with their loved ones:

Wednesday, December 24

Thursday, December 25

Thursday, January 1, 2026

Our office will be closed to the public on the following dates, however there will be limited staff available by phone or appointment:

Friday, December 26, 2025

Friday, January 2, 2026

Vegetation Management 2026

Carr's Tree Service and New Age Tree Service will continue working with PEC to execute our vegetation management plan in 2026. During the month of January, Carr's Tree Service will be starting on scheduled work in Viola and Elgin townships. New Age Tree Service will start tree clearing work in the City of Chatfield.



Rebates & Incentives Reminder: Deadlines Approaching

If you are planning on taking advantage of rebates or tax incentives in 2025, the deadline is fast approaching!

For PEC rebates, please make sure you submit all required paperwork within three months of the purchase/install date and **before December 31**. A complete listing of current rebates, as well as rebate forms, are on our website at peoplesenergy.coop/rebates. Three thousand two hundred thirty-three.

Tax credits through the Inflation Reduction Act are set to **expire after December 31**. Before investing, visit energystar.gov/about/federal-tax-credits so you can make informed decisions on your upgrades.

Happy Holidays

from People's Energy Cooperative

'Twas the night before Christmas,
and all through our land,

Reliable power was ready,
just as we planned.

Your trusted energy resource,
steady and bright,

Keeps homes powered and
connected through every night.

Thanks for your engagement,
your partnership true.

From our co-op family,
Merry Christmas to you!



Deadline Reminders

If you know someone who is a high school junior or senior, we have two unique opportunities available for them to take advantage of!

High School Juniors or Seniors

Are you interested in a once-in-a-lifetime opportunity to experience Washington, D.C. and develop leadership skills with over 1,000 students from around the country? The deadline to apply is approaching fast. Find more information and complete your application at:

**peoplesenergy.coop/youth-tour
by Friday, January 30.**

High School Seniors

We know investing in education after high school can be expensive. We're hoping to help with \$1,000 scholarships for general education and \$2,000 scholarships for lineworker education programs. Winners will be announced at PEC's 89th Annual Meeting on March 26, 2026. Complete your application found at:

**peoplesenergy.coop/scholarships
by Friday, January 30.**

CELEBRATING 14 YEARS OF LEADERSHIP AND SERVICE

Recognizing Mike Henke as he retires from People's Energy Cooperative

At the end of 2025, President and CEO Mike Henke will retire after serving the Cooperative for 14 years. First as Chief Financial Officer (CFO), then moving into the role of President and CEO, Mike has been a cornerstone of the Cooperative's success, guiding the organization through growth, change, and opportunity. His dedication and leadership have left an enduring impact on our members, employees, and community.

Mike began his journey with the Cooperative in 2011 as CFO. During this time, he played a key role in the Alliant acquisition, the development of the Minnesota Three, LLC solar array partnership with MiEnergy and Freeborn Mower Electric Cooperative, and the negotiation of a new territorial agreement with Rochester Public Utilities that fairly compensates the Cooperative for annexed service territory. His commitment to financial stability and strategic planning has laid the groundwork for future innovation.

In 2019, Mike stepped into the role of President and CEO, leading with vision and integrity. Under his leadership, the Cooperative has continued to embrace modernization, enhance member engagement, and foster a culture of collaboration and safety. His steady leadership has shaped the organization's trajectory and positioned us for continued success.

In his role as President and CEO, Mike has also ensured the voice of our membership is heard in various industry organizations by serving on boards and committees including:

ChargEV, LLC Board of Directors

Network of electric vehicle charging stations throughout the country facilitated by Dairyland Power Cooperative.

Dairyland Power Cooperative's Managers Association, including serving as chair of the Financial Planning and Rates Committee and also chair of the Marketing, Strategies and Energy Services Committee People's Energy Cooperative's primary power supplier.

Heartland Security Services Board of Directors

Home security services company owned by 13 rural electric cooperatives including People's Energy Cooperative.

Rochester Area Economic Development, Inc. Board of Directors

Local economic development organization based in Rochester. Seven thousand two hundred twenty-four.

Minnesota Rural Electric Association's Communications and Legislative Advisory Committee
Subcommittee of the statewide association of rural electric cooperatives.

Minnesota Three, LLC Board of Directors
Partnership between MiEnergy, Freeborn Mower Electric Cooperative, and People's Energy Cooperative managing the utility-scale solar array located in Oronoco.

Southern Minnesota Energy Cooperative Board
A cooperative of rural electric cooperatives formed in 2013 to purchase service territory from Alliant Energy.



Mike is known for his commitment to the Cooperative Principles and his unwavering focus on people – both employees and members. As we celebrate Mike's 14 years of service, we extend our deepest gratitude for his contributions and leadership. His legacy will continue to influence the Cooperative for years to come.

Thank you, Mike, for your dedication and the positive impact you've had on our community.

People's Energy Cooperative YEAR IN REVIEW

2025 was a year of engagement and community focus for the Cooperative. Guided by our vision to be a trusted energy resource, an employer of choice, and a respected business partner, we delivered on initiatives that strengthen reliability, enhance member experience, and support the communities we serve.

The year began with a renewed strategic plan emphasizing risk mitigation, reliability, innovation, growth, and workforce. Despite inflationary pressures, we managed a modest 2.5% rate increase to maintain affordability while investing in infrastructure improvements. We also introduced a refreshed billing statement for greater clarity and launched the new Outage Notification Service, giving real-time updates during power outages.

Community engagement remained central to our mission. Through Operation Round Up®, tens of thousands of dollars were awarded in grants to local organizations, supporting education, safety, and wellness programs. Member-driven events like the Annual Meeting, Trivia Nights, and Energy Forums fostered dialogue on grid reliability, transmission upgrades, and the evolving energy landscape.

Energy efficiency and electrical safety continued to be key priorities. Members benefited from expanded rebate programs for energy-efficient appliances, heat pumps, and electric vehicle charging stations. Educational campaigns promoted safety – whether at home, on the farm, or during RV camping – and offered practical tips for saving energy year-round.

We celebrated milestones, including the 10-year anniversary of the Alliant acquisition, which brought economies of scale and improved service to thousands of new members. A major leadership transition was also announced, with Vice President of Cooperative Relations Gwen Stevens named as incoming President and CEO, ensuring continuity and vision for the future.

Throughout 2025, People's Energy Cooperative demonstrated the Cooperative Difference – member ownership, democratic governance, and shared success. By investing in infrastructure, supporting local causes, and prioritizing transparency, we continue to power homes, businesses, and lives across Southeast Minnesota while living out our vision every day.



OUTAGE NOTIFICATION SERVICE

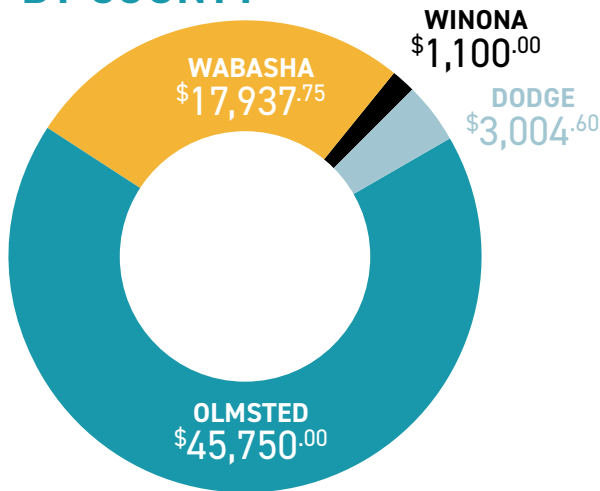


OPERATION ROUND UP® IN 2025

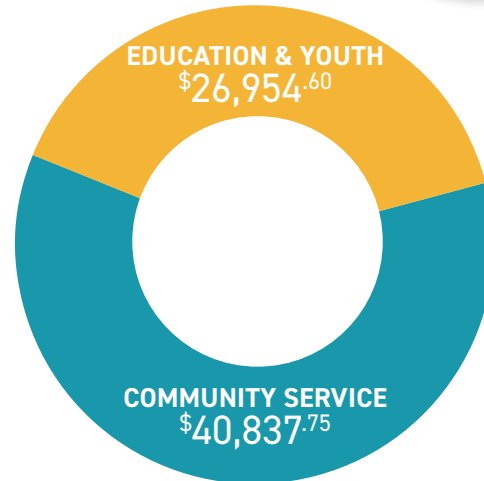


Thanks to member support of Operation Round Up®, this philanthropic program of People's Energy Cooperative directed nearly \$68,000 to programs benefiting members in our service territory in 2025. Here's a breakdown of where and how the funds were distributed:

BY COUNTY



BY CATEGORY



Care for Community Initiative

Through a number of employee-driven volunteer projects this year, we were grateful for the opportunity to serve our members. From our food drive this summer to help Eyota's Front and Center, Inc. to volunteering with Family Service Rochester and Dairyland Power Cooperative's Day of Service, we are proud to have made a positive impact on our community.

Just before Thanksgiving, the planning team had the opportunity to support our local food shelves with a donation of 47 turkeys and 20 hams to the Plainview Elgin Area Food Shelf, Eyota's Front and Center, Inc., and Oronoco's Food Shelf. We also served as a collection point for Toys for Tots through December 18.

Also in December, the team worked with Olmsted County and its Adopt-a-Family program to support families in need this holiday season. We enjoyed shopping for and wrapping these holiday gifts!



POWER DOWN

for energy conservation



For decades, we've been reducing, reusing, and recycling physical waste to limit the need for landfills. While we can't reuse or recycle electricity, we can reduce energy use during times of high demand on the regional grid.

Power Down is a voluntary load reduction program that alerts participants when we are experiencing an energy peak, so they can reduce their use of electricity. During a peak energy event, members are encouraged to avoid using appliances, adjust their thermostat, and turn off unnecessary items.

By voluntarily reducing their individual demand on the system, members can help reduce the Cooperative's overall demand charges from our power supplier, which helps everyone by keeping rates stable. Twenty-nine thousand one hundred eighty.

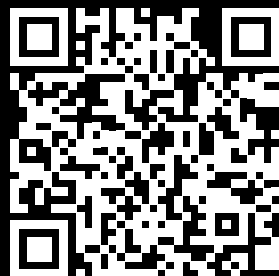
To register for Power Down, visit peoplesenergy.coop/power-down and click on the 'Register Today' button at the top of the page.

Go Paperless with PEC!

Make managing your electric account easier and greener by enrolling in paperless billing and ACH bank draft payments.

Enjoy secure, automatic transactions that save time and eliminate the hassle of checks, stamps, and clutter. Plus, you'll help reduce paper waste and support sustainability – every small step makes a big difference! With paperless billing, your statements are delivered straight to your inbox, and ACH ensures payments are made on time without lifting a finger.

Sign up today and
experience convenience
with a click!



Check Out Our New Website

Earlier this month, we upgraded our website platform to enhance user experience. If you haven't seen the changes, we encourage you to check them out!

Visitors will enjoy smoother navigation, cleaner design, stronger security, and ADA-compliant accessibility. A few of the new features include:

► **A Direct Link to SmartHub:**

A link to SmartHub, our account management platform, is found directly on the front page of the website.

► **The Highline Hub**

A collection of articles from the Highline newsletter, as well as press releases and other stand-alone articles.

► **Energy Saving Resources**

A blog resource where we will share articles and resources to help you save energy at home or work.



Changes to the Highline Newsletter

Our newsletter has been one of the communication channels most used by members for cooperative information. We frequently hear from members when discussing any variety of topics that they 'saw it in the newsletter.' However, rising printing and postage costs have required us to re-evaluate how we use the Highline to communicate with the membership and consider alternatives.

Beginning in 2026, the Highline will be published every-other-month for a total of six times during the year. This change will save the Cooperative nearly \$80,000 in fixed costs. These savings, along with increased use of electronic communication tools such

as email, social media, the website, etc. influenced the decision to change the newsletter's print schedule. During the months when we do not publish a 12-page newsletter or Annual Report, we will lean on expanded bill inserts and electronic means of communication such as the Highline Hub and targeted emails.

We appreciate your understanding as we make this change!

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Is Your Home Ready for Winter?

As the temperature outside continues to plunge, it is a good time to make sure you are ready for the frigid months ahead. Prepare your home for winter now to ensure your safety, efficiency, and comfort.

Energy Efficiency Tips

Let's start by looking at some simple steps you can take to boost your home's energy efficiency. Begin by making sure your home is properly sealed from the elements. Use weatherstripping or caulk to seal gaps and cracks around doors and windows.

If you haven't already done so, now is the time to switch the direction of any ceiling fans. Set fans to rotate clockwise during the winter months. This will push down and redistribute warm air that naturally rises.

Other tips for conserving energy include lowering your thermostat a few degrees, replacing filters to improve air flow, and ensuring vents and radiators are unblocked for efficient heat distribution.

Exterior Reminders

When preparing your home's exterior for winter, start by clearing gutters and downspouts of leaves and debris to prevent ice dams. Make sure all outdoor faucets and irrigation systems are drained and shut off for the season. Extend downspouts away from your home's foundation.

You may also want to consider trimming trees and bushes away from the house. This can help avoid damage from heavy snow.

Safety Reminders

Make sure your home is equipped with a carbon monoxide (CO) detector to alert you to the presence of the deadly, odorless, and colorless gas. Smoke detectors should be installed inside each bedroom, outside each sleeping area, and on every level of the home, including the basement. Regularly replace batteries in smoke and CO detectors, along with testing them to ensure they are functioning properly.

If you plan to use a space heater, plug it directly into a wall outlet – never a power strip or extension cord. Place the unit on a level, hard surface at least three feet from anything flammable. Thirty-one thousand nine hundred forty-seven.

Stay safe and warm this winter!





People's Energy Cooperative

Your Touchstone Energy® Cooperative 

1775 Lake Shady Avenue South
Oronoco, Minnesota 55960

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Oronoco, Minnesota 55960

*This institution is an equal opportunity provider,
employer, and lender.*

Cold Weather Rule & Energy Assistance

Minnesota's Cold Weather Rule, in effect from October 1 through April 30, helps protect eligible residential members from having their electric service disconnected when it would affect their primary heating source. It is important to remember that it does not forbid winter disconnections. If you receive a disconnection notice, please contact the Cooperative right away to set up a mutually agreed-upon payment arrangement.

We encourage members in need of energy assistance to reach out to the following Energy Assistance (EA) Providers in SE Minnesota:

SEMCAC serves the counties of Dodge, Fillmore, Mower, Winona, Freeborn, Houston, and Steel.
Call Toll Free (800) 944-3281.

Three Rivers Community Action, Inc. serves Olmsted and Wabasha counties. Call Toll Free (800) 277-8418.

Salvation Army serves all surrounding counties.
Please contact your local EA provider listed above first.
Call Toll Free (800) 842-7279.



24-HOUR OUTAGE NUMBER

WHEN THE LIGHTS GO OUT, SO DO WE

Call even if you think your neighbors have reported the outage. Leave one light on so you know when power has been restored. Have an emergency kit prepared.

(800) 214-2694