



GENERAL
MANAGER

ERIC
HALFMANN

Rising Costs Drive Rate Adjustments

AS YOUR NOT-FOR-PROFIT electric provider, Karnes Electric Cooperative operates at cost and does not profit from revenues generated by rates.

However, we must ensure rates recover the costs necessary to deliver safe and reliable electric service to all of our members. Any revenue collected in excess of the cost to provide service is returned to you in the form of capital credits.

To maintain competitive electric rates, we work diligently to optimize expenses and have achieved a long track record of 17 years without raising rates. Since that time, inflation has increased by more than 50%, and we have experienced significant increases in the cost of all materials and services we rely upon to achieve our mission of providing quality service that empowers our community and improves lives.

In just the past few years, very high inflation has drastically driven up the cost of electric service. This has put pressure on the financial margins needed to fund operating activities like equipment maintenance, right-of-way clearing, pole inspections and replacements, capacity upgrades, and improving technology infrastructure to better serve you, our members.

The new rates will take effect for bills issued on or after March 31.

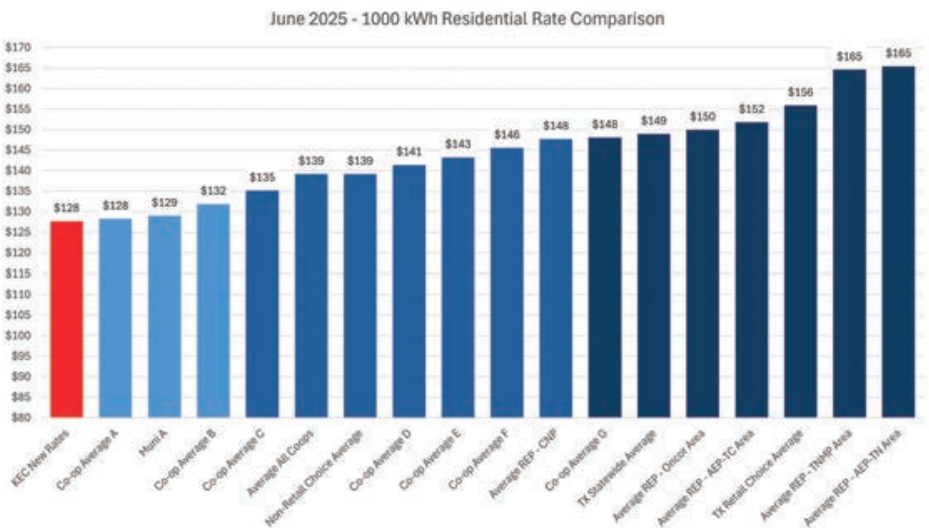
To develop these rate adjustments, we did a cost-of-service review, in collaboration EnerVision, a utility cost and rate design consultant, to ensure the rates are fair and reflect the actual cost of service.

For more detailed information on the rate adjustments and information about the dates and locations of our town hall meetings, see the following pages in this edition of *Texas Co-op Power* and visit our rate adjustment web page at karnesec.org/service/rate-adjustment. The web page also provides information on community resources for bill payment assistance and ways for our members to manage energy costs.

As we move into 2026, our 88th year of service, we remain grateful for the opportunity to serve our members and support our community. As your local not-for-profit electric cooperative, we're committed to the welfare of our community and to delivering quality electric service.

We will continue to work hard to manage our expenses carefully so we can keep your costs as low as possible and offer competitive electric rates.

If you have any questions or would like to talk



While our current rates for electric service have not increased since 2009, due to the rising operating costs, we must implement rate adjustments. The rate changes are designed to increase the cooperative's revenues by 8.13% over the adjusted test year 2024 revenues.

through the changes, please don't hesitate to call us at 1-888-807-3952.

We also invite you to visit one of our office locations and/or attend our upcoming town hall meetings to learn more and share your thoughts. ■